

Proposed Medium-Term Strategic Plan 2024-2028

**A presentation to the OFBank Board of Directors
10 November 2023**



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KEY PERFORMANCE INDICATORS (KPIs)

Socio Economic

Number of Financial Literacy Sessions, Webinars and PDOS
Partnership and Alliances with Government Agencies and Remittance Agencies

Financial

Total Revenue
Net Income
Operating Expenses
Outstanding Deposits

Customers/Stakeholders

Customer Satisfaction Rating
Applications Rating and Reviews
Innovative Products and Services
Number of Depositors

Internal Processes

Service Availability
Automated Processes
ISO Certification

Learning and Growth

Competency Level
Employee Satisfaction Rating
Number of Training Programs



OFBank STRATEGY MAP

Support the Governments Programs on Digital Transformation to Promote Greater Financial Inclusion

Increase Revenue and Net Income

Grow Deposit Base

Grow Loan Base

Increase Customer Satisfaction

Implement Marketing Plan

Launch Innovative Products/Services

Improve Service Availability

Implement Target Operating Model (TOM)

Automate Internal Processes

Outsource to TSPs

Implement Learning and Development Plan

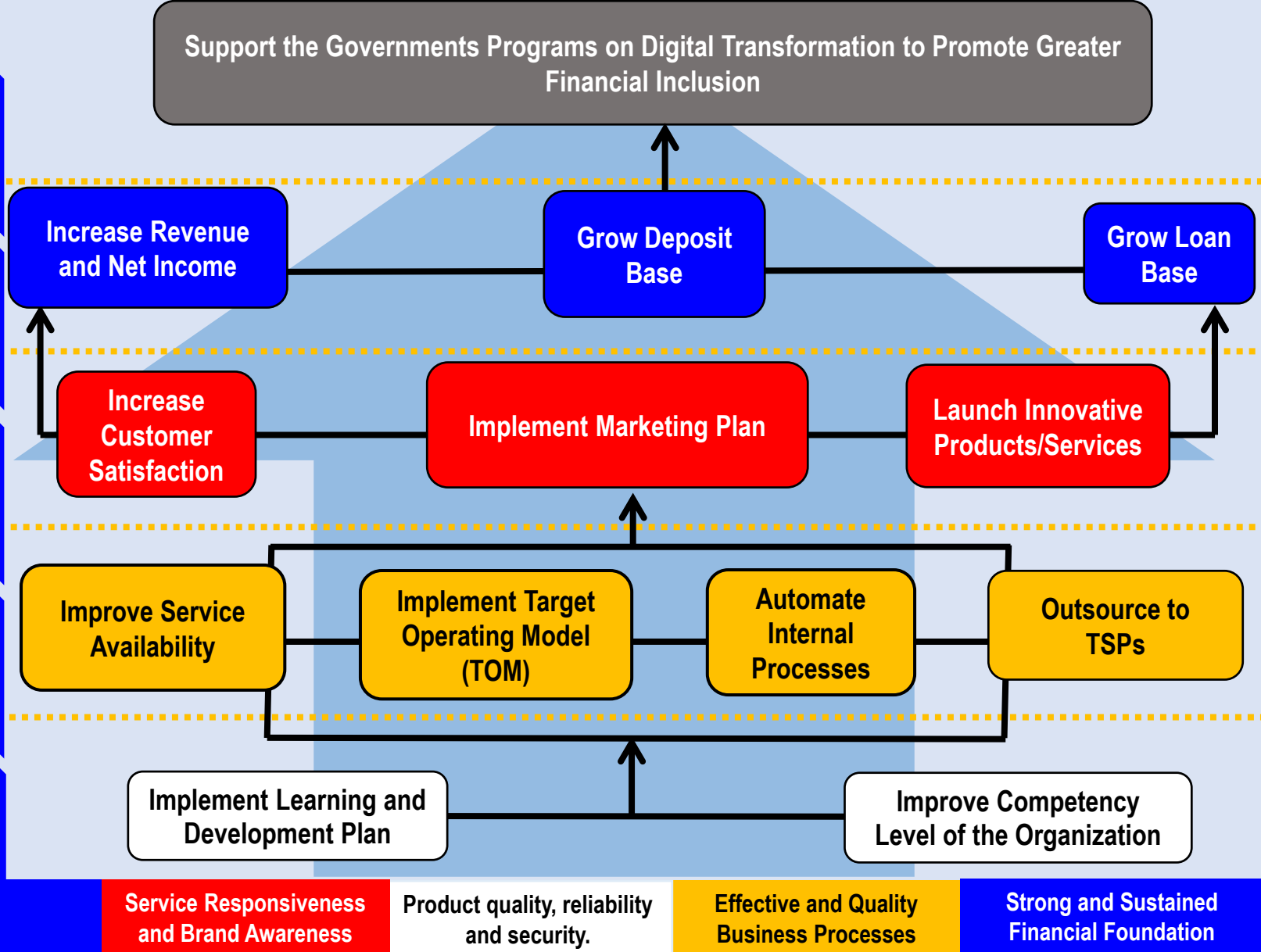
Improve Competency Level of the Organization

Service Responsiveness and Brand Awareness

Product quality, reliability and security.

Effective and Quality Business Processes

Strong and Sustained Financial Foundation



Strategy Formulation: Business Targets for 2024-2028

KPIs	2024	2025	2026	2027	2028	Notes
Revenue	445.64	576.67	834.99	1,227.90	1,723.22	In Php Millions
Net Income (NIAT)	13.55	23.19	121.65	230.69	397.20	In Php Millions
Total Expenses	427.58	545.75	672.79	920.31	1,193.63	In Php Millions
Customer Satisfaction	90%	90%	91%	92%	93%	
Number of Depositors	400,000	700,000	1,200,000	2,000,000	3,000,000	
Outstanding Deposits	4,261.16	6,661.13	11,494.40	19,227.63	28,894.18	In Php Millions
Innovative Products / Services	5	3	2	2	2	
Service Availability	99.90% 24/7	99.90% 24/7	99.90% 24/7	99.90% 24/7	99.90% 24/7	
Automated Processes	2	2	2	2	2	
Competency Level	Intermediate	Advanced	Advanced	Expert	Expert	
Employee Satisfaction	85%	90%	90%	92%	92%	

Strategy Formulation: Financial Ratios

	2024	2025	2026	2027	2028
A. CAPITAL ADEQUACY					
Capitalization *	1,156.88	1,180.07	1,301.72	1,535.91	1,933.11
Equity to Total Assets	20.88%	14.69%	9.92%	7.21%	6.11%
Capital Adequacy Ratio	40.23%	37.56%	35.86%	33.13%	32.58%
B. ASSET QUALITY					
Past Due *	52.72	62.55	75.15	86.10	99.39
Past Due Ratio	2.61%	3.10%	3.99%	4.28%	4.34%
NPL Coverage	100%	100%	100%	100%	100%
C. PROFITABILITY					
Net Interest Margin Ratio	5.24%	5.44%	4.32%	3.50%	2.78%
Return on Total Assets	0.25%	0.34%	1.15%	1.34%	1.50%
Return on Equity	1.11%	1.98%	9.80%	16.26%	22.90%
D. LIQUIDITY					
Loans to Deposit Ratio	49.01%	28.53%	15.81%	11.31%	8.17%
*in millions					

NOTE: Amounts in Php Millions

Strategies and Programs

Strategies

1. Increase revenues and income from loans, investments and fees.
2. Grow deposit and loan base.
3. Increase customer satisfaction.
4. Launch innovative products and services.
5. Implement Marketing Plan.
6. Implement Target Operating Model (TOM) for OFB.
7. Improve service availability.
8. Automate internal processes.
9. Outsource to fintechs, technology, and other third-party service providers.
10. Implement Learning and Development Plan
11. Improve organization competency level.

Programs

1. Deposit Account Opening Campaign
2. Strategic Partnerships with Key Government Agencies
3. Strategic Partnerships with Schools, NGOs, Fintechs, TSPs
4. Inclusion of Filipinos and Other Potential Clients Overseas
5. Aggressive Marketing Campaign
6. New Loan Products
7. YaniRemit: Account-to-Account Remittance Solution
8. Ongoing Products Enhancements and Innovations
9. Automation of Internal Processes
10. Target Operating Model (TOM) for OFB
11. Upgrading of OFB's Organization Competency

Critical Success Factors

1. Implementation of the Bank's Target Operating Model (TOM). The TOM will describe the desired state of the Bank's operational capabilities and functions. It will provide a vision for the future state of the Bank, explaining how it should operate to deliver its strategy and achieve its business goals efficiently (Organizational Structure; Processes and Operations; Technology and Infrastructure; and People and Skills).
2. Deposit interest rate that is competitive with the interest rates of the other digital banks.
3. New loans and other innovative products and services.
4. Partnerships with Government Agencies, FinTechs, Non-government and Civil Society Organizations.
5. Aggressive marketing campaign that will significantly increase OFB's brand awareness; attract new customers; retain existing customers, build loyalty, and turn them into brand advocates.
6. Enhancement of the OFB MBA for a better customer experience.

Interim Manpower Requirements for OFBank

Resource	Number Requested
Product Management Team Lead	1
Product Management Team Assistant	1
Marketing Team Lead	1
Marketing Team Assistant	1
Relationship Officers	3
Technical Assistant	1
Project Manager	1
Business Analyst	1
Operations Staff	1
Financial Analyst (CPA)	1
IT Architecture Lead	1
Central Point of Contact Staff (for Audit, Compliance, Risk)	3
Personnel Administration Staff	1
Facilities Management Staff	1
Administrative Assistants	2

Strategy Formulation: Strategies

- 1) *Increase revenues and income from loans, investments and fees (please refer to the projected income statements).*
- 2) *Grow deposit and loan base.*
 1. Run a promotional campaign offering higher deposit interest rates (*Target Start: Q4 2023*).
 2. Forge strategic alliances with government agencies to make OFB the go-to bank of the government for all its overseas Filipino (OF) / Overseas Filipino Worker-related financial services requirements and initiatives (*Target Completion: Q4 2023*).
 - Advocate for the:
 - Opening of OFB accounts for Overseas Filipino Workers (OFWs) and their families to promote financial inclusion;
 - Opening of deposit accounts for OFWs in the countries where they work, and the crediting of their salaries in these deposit accounts;
 - Digital disbursement of various aids (e.g., welfare assistance) to the OFWs.

Strategy Formulation: Strategies

2) *Grow deposit and loan base.*

3. Forge strategic partnerships maritime/healthcare/engineering/IT/vocational schools, NGOs for financial education and account opening for the students and employees (*Target Start: Nov 2023, continuing until 2028*).
4. Enable ex-Filipinos and other clients overseas to avail of the products and services of OFB using their valid foreign-issued passports for the eKYC process (*Target Launch: Q1 2024*).
5. Increase OFB brand awareness.
 - Develop and execute the OFB Promotions Plan in collaboration with LBP-CAG (*Target Start of Plan Execution: Nov 2023*).
6. Get the payroll accounts of Manpower Agencies (*Target Completion: Dec 2023*).
7. Increase the use of the OFB savings account opened by customers, and lessen the number of savings accounts that are automatically closed.
 - Launch an information campaign to promote savings and increase awareness on the uses (eg., Bill Payment; Fund Transfer) and benefits of the OFB account (*Target Start of Campaign: Nov 2023*).

Strategy Formulation: Strategies

3) *Increase customer satisfaction.*

1. Enhance the OFB Mobile Banking App (MBA) to improve the customer experience.
 - Enhance the labels, instructions, messages to make them easier to understand (*Target Completion: Dec 2023*).
2. Resolve the system-related issues commonly raised by the customers.
3. Deliver innovative and customer-centric solutions within faster turn-around times.
 - Leverage on big data, analytics, alternative data sources, and agile-based technologies to gain insights on customers, enhance decision-making, and provide excellent digital-only experiences (*Target Launch: Q1 2024, and continuing until 2028*).
4. Implement chatbot facility to improve the timeliness, accessibility, and reliability of customer service (*Target Launch: Dec 2023*)

Strategy Formulation: Strategies

- 4) *Launch innovative products and services (Target Launch: Q1 2024, and continuing until 2028).*
- 5) *Implement Marketing Plan.*
 1. Develop and execute the Marketing Plan *(Target Start of Plan Execution: Q4 2023, continuing until 2028).*
- 6) *Implement Target Operating Model (TOM) for OFB* *(Target Start of TOM Implementation: June 2024).*
 1. Hire the right talents who can take on the roles and responsibilities of LBP seconded personnel.
 - Work with the Governance Commission for GOCCs (GCG) for the upgrade of the level and nature of contribution of jobs performed by OFB personnel *(Target Completion: June 2024).*
 2. Hire project-based personnel to work on the various projects and campaigns of OFB that do not require General Banking Law (GBL) personnel *(Target Start: Nov 2023).*

Strategy Formulation: Strategies

- 7) Improve service availability.
- 8) Automate internal processes.
- 9) Outsource to fintechs, technology, and other third-party service providers.
- 10) Implement Learning and Development Plan (Target Start of Plan Execution: Q1 2024, continuing until 2028).
- 11) Improve organization competency level (Target Completion: Dec 2028).

Strategy Formulation: Programs for 2024-2028

Program 1	Deposit Account Opening Campaign
Description	<p>Campaign to increase the active deposit accounts base of OFB.</p> <ol style="list-style-type: none">1. Market PDOS participants and OFWs with LBP accounts;2. Tie-up with LGU - Public Employment Service Offices (PESOs), TESDA, MARINA, SSS, schools/colleges/universities, Philippine embassies/ consulates for financial literacy and account opening campaigns;3. Integrate with the Apps of the DICT, and embed the OFB account opening in their registration and membership process;4. Run a Referral Incentive Campaign (eg., Referrer gets PhP50, while the new accountholder gets PhP25 for every successful account opened).
Objective	To increase the number of active OFB deposit accounts.
Proposed Target	<ul style="list-style-type: none">• 2,900,000 active deposit accounts by Dec 2028.
Estimated Budget	Included in the marketing campaign budget.

Strategy Formulation: Strategies

Deposit Account Opening Campaign

Agency	Target Number of Accounts to be Opened Annually
DMW, OWWA	
Pre-Departure Orientation Seminar	10,000
Integration with the DMW App	70,000
LGU Public Employment Service Offices (PESO)	2,000
MARINA/TESDA/Philippine Embassies/Consulates	20,000
Schools, Colleges, Universities	10,000
Referral Incentive Campaign	86,000
Inclusion of Filipinos Overseas	2,000
Total	200,000

Strategy Formulation: Programs for 2024-2028

Program 2	Strategic Partnerships with Key Government Agencies
Description	<p>Partnerships with government agencies (e.g., DMW, OWWA, DICT, DOF, BTr, DFA, SSS, TESDA, LGUs, etc.) to leverage on the “government conglomerate” and make OFB the go-to bank of the government for all its OF/OFW-related financial services requirements and initiatives.</p> <p>Advocacy for the:</p> <ul style="list-style-type: none">• Opening of OFB accounts for OFWs and their families to promote financial inclusion;• Opening of transaction accounts for OFWs in the countries where they work, and the crediting of their salaries in these accounts;• Digital disbursement of various aids (e.g., welfare assistance) to the OFWs.
Objective	To achieve synergies in government for its financial inclusion and digital payments goals.
Proposed Targets	<ul style="list-style-type: none">• 102,000 new accounts per year;• Starting Nov 2023, continuing until 2028.
Estimated Budget	PhP 0.

Strategy Formulation: Programs for 2024-2028

1. DMW & OWWA: Overseas Representative Officers (OROs) from OFBank conduct tailored Financial Literacy Awareness and Inclusion campaigns for OFWs. They conduct 34 online sessions exclusively for Domestic Helpers at OWWA and 4 online and 4 face-to-face sessions for name-hired and Government-to-Government hiring programs at DMW each week, from Monday to Thursday and Saturdays. During these sessions, the OROs introduce the Overseas Filipino Bank and promote its deposit accounts.
2. TESDA & MARINA: Initial negotiations have been conducted to collaborate with these agencies. OFBank Marketing Officers will conduct Financial Literacy and Inclusion Campaigns for their students and trainees. Priority areas will be based on the percentage of OFW locations, that is CALABARZON (15.9%), Central Luzon (15.5%), Western Visayas (9.8%), Ilocos Region (8.9%), Cagayan Valley (7.1). However due to its proximity campaign will start in Metro Manila who has about 8.3% of the OFW population.
3. OROs will strategically promote OFBank products and services, collaborating with Philippine Embassies, Consulates, and Migrant Workers Offices overseas to conduct Financial Literacy and Inclusion campaigns. High OFW population areas will be prioritized for deployment of OROs, these includes Saudi Arabia (24.4% of total OFWs), United Arab Emirates (14.4% of OFWs), Europe (9.3% of OFWs), North America & Canada (8.9% of OFWs), Hong Kong (6.7%), Kuwait (5.9%), Singapore (5.8%), and Qatar (4.8%).
4. The proposed collaboration also involves utilizing limited bank premises for the Pre-Departure Orientation Seminars of these agencies.

Strategy Formulation: Programs for 2024-2028

Program 3	Strategic Partnerships with Schools, NGOs, Fintechs, TSPs
Description	Partnerships with: <ul style="list-style-type: none"> • Maritime, healthcare, engineering, IT, and vocational schools for financial education and account opening for their students and employees; • Non-government and civil society organizations that provide economic, social, and other services to OFs and their families, for financial education and account opening; • Fintechs, technology, and other third-party service providers.
Objectives	<ul style="list-style-type: none"> • To expand and deepen the reach of OFB; and to achieve synergies and create value amongst stakeholders within the OF ecosystem; • To gain access to new technologies and expertise that can help OFB improve its products and services.
Proposed Targets	<ul style="list-style-type: none"> • 10,000 new accounts per year; • Starting Nov 2023, continuing until 2028.
Estimated Budget	PhP 0.

Strategy Formulation: Programs for 2024-2028

Program 4	Inclusion of Filipinos and Other Clients Overseas
Description	<p>Per the Commission on Filipinos Overseas (CFO), there are about 10.2M overseas Filipinos (cfo.gov.ph/statistics-2). A significant number of them do not have valid Philippine government-issued IDs. Thus, these OFs cannot avail of OFB’s services.</p> <p>The OFB account opening process will be enhanced to include the valid foreign-issued passports of potential clients overseas as acceptable ID in the eKYC process.</p> <p>The BSP has approved the DOF-BTr’s request to allow OFB to accept foreign-issued passports as valid IDs for dual citizens so that they can participate in the Retail Dollar Bonds. The SSS has also requested OFB to enable SSS pensioners who are already based abroad to open accounts with OFB. SSS intends to disburse the pensions to the OFB accounts.</p>
Objective	To enable potential clients overseas to open accounts using their foreign-issued passports.
Proposed Targets	<ul style="list-style-type: none"> • 1,000 new accounts per year; • Q1 2024.
Estimated Budget	PhP 10M.

Strategy Formulation: Programs for 2024-2028

Program 5	Aggressive Marketing Campaign
Description	Development and implementation of a comprehensive Marketing Plan to: a. Significantly increase awareness of the OFB brand; b. Engage prospective customers to generate interest and desire to avail of OFB's products and services; c. Incite prospective customers to avail of OFB's products and services; and d. Retain customers, build loyalty, and turn customers into brand advocates.
Objective	To increase brand awareness, customer onboarding, customer profitability.
Estimated Budget	PhP 66M (over a 5-year period).
Proposed Targets	<ul style="list-style-type: none">• Develop Marketing Plan: Nov 2023.• Implement Marketing Plan: Starting Q4 2023, continuing until 2028.

Strategy Formulation: Programs for 2024-2028

<p>Program 5</p>	<p>Aggressive Marketing Campaign</p>
<p>Proposed Targets</p>	<ul style="list-style-type: none"> • By 2024, <ul style="list-style-type: none"> ○ At least 30% level of awareness of OFWs and their families about OFB (from less than 2%, based on the informal survey conducted by the LBP OROs); ○ At least 30% of those who are aware of OFB will open an OFB account; ○ At least 65% of OFB accountholders will actively use their OFB accounts (from the current 44%); ○ At least 50% of clients will advocate for and promote OFB. • By 2026, <ul style="list-style-type: none"> ○ At least 90% level of awareness of OFWs and their families about OFB; ○ At least 60% of those who are aware of OFB will open an OFB account; ○ At least 80% of OFB accountholders will actively use their OFB accounts; ○ At least 75% of clients will advocate for and promote OFB. • By 2028, <ul style="list-style-type: none"> ○ At least 98% level of awareness of OFWs and their families about OFB; ○ At least 70% of those who are aware of OFB will open an OFB account; ○ At least 85% of OFB accountholders will actively use their OFB accounts; ○ At least 80% of clients will advocate for and promote OFB.

Strategy Formulation: Programs for 2024-2028

Program 6	New Loan Products
Description	<p>Multi-purpose Loan, Pre-departure Loan, and Education Loan products will be launched to help the OFB customers to:</p> <ul style="list-style-type: none"> a. make ends meet; b. finance significant expenses or any immediate financial needs; c. finance the working capital or fixed assets acquisition expenses of qualified OFWs; or d. finance the matriculation expenses of OFWs or their dependents.
Objective	To facilitate access to credit for credit-worthy OFW and their families.
Proposed Target	<p>Jul 2024.</p> <p>Please see the next slide for the revenue and income targets.</p>
Estimated Budget	<p>PhP 0.</p> <p>OFB Management is proposing to engage a third-party service provider (TSP) on a revenue-sharing partnership agreement.</p>

Strategy Formulation: Programs for 2024-2028

1. OFBank has developed a strategic plan to introduce three loan facilities tailored specifically to meet the financial needs of overseas Filipino workers (OFWs): the Multi-purpose Loan, Pre-departure Loan, and Educational Loan Facilities.
2. Based on projections for these three new loan facilities, over a period of five years, the average loan releases are expected to reach PhP 5.177.42M. This would result in a gross income contribution of PhP 776.61M, leading to a projected net income of PhP 466.88M, after deducting the PhP 100.00M share of the system owner (Fintech Company).

Strategy Formulation: Programs for 2024-2028

Particulars	First Year	Second Year	Third Year	Fourth Year	Fifth Year
Projected Average Loan Releases	275,000,000.00	570,000,000.00	823,500,000.00	1,003,050,000.00	1,227,465,000.00
Projected Interest Income from Proposed 3 loan facilities	37,046,668.86	76,787,640.90	110,937,933.83	135,126,040.71	165,358,143.23
Projected Net Income	12,844,054.88	26,258,596.65	46,418,898.82	56,909,507.83	71,656,391.99
Net Interest Margin	4.67%	4.61%	5.64%	5.67%	5.84%

Projection for annual increase on the loan availers:

- a. For Pre-departure, a 100% increase is projected in the second year, followed by a 20% increase in the third year, and 10% in the fourth and fifth year.
- b. Multi-purpose Loan, an 80% increase is projected in the second year, followed by a 20% increase in the third year, and 10% in the fourth and fifth year.
- c. For Educational Loan, projections were based on three-point estimates.

In addition to the above computation, we considered the quota of OFWs under the G2G hiring program for identified countries, the percentage of the age group 39 years and above, who likely have school-age children for Educational Loan, and the percentage of the number of accounts to be onboarded per year, excluding OFs, beneficiaries acquired through LGUs, and Schools.

Strategy Formulation: Programs for 2024-2028

Program 7	<u>YaniRemit</u>: Account-to-Account Remittance Solution
Description	More secure, reliable, and economical mode of digitally transferring money from a foreign account to an OFB account.
Objectives	<ul style="list-style-type: none">• To enable OFB to fulfill its mandate of delivering quality and efficient foreign remittance service.• To promote customer stickiness.
Proposed Target	Phase 1: Jul 2024. Phase 2: Sep 2024. Please see the next slide for the revenue and income targets.
Estimated Budget	PhP 0. OFB Management is proposing to engage a third-party service provider (TSP) on a revenue-sharing partnership agreement.

Value Proposition:

Pinaka sulit at sigurado na,
very convenient pa.

Strategy Formulation: Programs for 2024-2028

1. To project the income from the proposed remittance business, we conservatively considered the total volume based on BSP's projection and historical rate of increase. We expect a very conservative market share of 0.5%, 2%, 3%, 5%, and 8% for the years 2024 to 2028.
2. To disrupt the market, OFBank plans to lower the average traditional remittance fee from 1% to 0.5% of the volume using an end-to-end digital process.
3. At the end of the 5-year period, OFBank projects to earn PhP560.73 Million net of the one-time USD 3.5 KYC fee for new customers, as well as the 35% and 15% shares of the partners and systems provider, respectively
4. The business will be jointly marketed by OFBank, the system provider, and its local partner in the host countries. The implementation plan, agreed with the system provider (Fintech Company) and its partners, starting with countries such as USA, Canada, UK, Italy, Germany, and Spain in March 2024, we will expand to Australia and Singapore in the later part of first quarter, followed by UAE and Switzerland, Japan, and South Korea, and finally Saudi Arabia later in 2024.

Value Proposition:

Pinaka sulit at seguridad na,
very convenient pa.

Strategy Formulation: Programs for 2024-2028

Program 8	Ongoing Products Enhancements and Innovations
Description	<ul style="list-style-type: none"> • Enhancement of the processes, labels, instructions, and messages of the OFB Mobile Banking App (MBA) to make them easier to understand and to improve the customer experience. • Delivery of innovative and customer-centric solutions within faster turn-around times by leveraging on big data, analytics, and agile-based technologies to gain insights on customers, enhance decision-making, and provide excellent digital-only experiences (eg., Digital loan products; YaniRemit; chatbot; Integration with DMW App).
Objective	To improve customer experience, and to provide excellent digital solutions.
Proposed Targets	<ul style="list-style-type: none"> • 5 enhancements/innovations in 2024; 3 for 2025; at least 2 for 2026-2028. • Customer Satisfaction: 90% by 2024; 93% by 2028. • OFB MBA Enhancements: Dec 2023. • Innovative, Customer-centric Solutions: Starting Q1 2024, continuing until 2028.
Estimated Budget	<p>OFB MBA Enhancements: PhP 15M.</p> <p>Innovative, Customer-centric Solutions: For Business Case preparation.</p>

Programs 2024-2028

Program 9	Automation of Internal Processes
Description	<p>OFB personnel are doing work which are significantly manual in nature. Based on data of the OFB personnel, the average daily working hours rendered by the Unit Heads are 10 hours during weekdays, and 3.75 hours during weekends. For the rest of the staff, the average daily working hours are 9.94 hours during weekdays, and 3.75 hours during weekends.</p> <p>Automating as many of the manual work processes as possible is expected to improve the OFB personnel productivity and work-life balance, and have a positive impact on employee satisfaction.</p>
Objective	To automate as many of the internal processes of the digital bank as possible.
Proposed Target	<ul style="list-style-type: none">• 2 processes per year (a total of 10 processes by 2028).• Employee Satisfaction: 90% by 2025; 92% by 2027.
Estimated Budget	PhP 15M (over a 5-year period).



Strategy Formulation: Programs for 2024-2028

Program 10	Target Operating Model (TOM) for OFB
Description	<p>Development and implementation of a practical TOM for OFB that will take into account the following core building blocks:</p> <ul style="list-style-type: none"> • Organization. Entities and lines of business needed and how they will be structured. • Processes. Key procedures and process flows necessary to run OFB. • IT. Technology and IT architecture needed to support and enable OFB. • People. Key roles, responsibilities, types of people and skillsets needed in OFB.
Objective	<ul style="list-style-type: none"> • To implement a practical TOM that will enable OFB to effectively and successfully deliver and execute on its strategies. • The TOM will serve as a basis for OFB to request the GCG’s approval of OFB’s new organization structure and upgraded CPCS classification.
Proposed Targets	<ul style="list-style-type: none"> • Service Availability: 24/7, 99.9%. • Employee Satisfaction: 90% by 2025; 92% by 2027. • TOM Development: June 2024. • TOM Implementation: Starting July 2024.
Estimated Budget	TOM Development: PhP 10M.

Strategy Formulation: Programs for 2024-2028

Program 11	Upgrading of OFB’s Organization Competency
Description	<p>Formulation and implementation of a Learning and Development Plan (LDP) for OFB personnel that will hasten the creation of a culture of:</p> <ul style="list-style-type: none"> • Customer-centricity; • Exceptional customer service and support; • Continuous learning; • Ongoing innovation; and • Digital-first, data-driven organization.
Objective	For OFB personnel to attain the competencies required for a digital-only bank, to enable OFB to effectively function and accomplish its goals.
Proposed Targets	<ul style="list-style-type: none"> • “Advanced” competency level by 2025; “Expert” by 2027. • Employee Satisfaction: 90% by 2025; 92% by 2027. • LDP Formulation: Dec 2023. • LDP Implementation: Starting Jan 2024, continuing until 2028.
Estimated Budget	LDP Formulation and Training: PhP 27M (over a 5-year period).

Strategy Formulation: Financial Projections – Balance Sheet

ACCOUNTS	Year 1	Year 2	Year 3	Year 4	Year 5
ASSETS	2024	2025	2026	2027	2028
Due from Bangko Sentral ng Pilipinas (DDA, O	1,154.44	821.95	1,966.94	5,733.65	9,137.51
Due from other banks	38.67	58.00	96.67	154.66	193.33
Available for sale - debt securities (net)	46.63	46.30	-	-	-
Held to Maturity - debt securities (net)	1,415.24	1,370.90	1,372.75	1,342.19	12.70
Investments in IMA	500.00	3,500.00	7,500.00	11,500.00	19,500.00
Loans - net	2,036.68	1,834.65	1,738.80	2,084.90	2,258.81
> PRP	1,914.55	1,580.64	1,375.13	1,638.90	1,708.09
> New Loans	122.13	254.01	363.67	446.00	550.72
Bank premises, furniture and equipment - ne	3.10	15.10	21.10	21.10	21.10
Other assets - net	344.84	384.32	427.75	475.53	528.08
TOTAL ASSETS	5,539.59	8,031.22	13,124.01	21,312.03	31,651.53
LIABILITIES AND EQUITY					
Liabilities					
Deposit liabilities	4,261.16	6,661.13	11,494.40	19,227.63	28,894.18
Other liabilities	121.55	190.02	327.89	548.49	824.24
Total Liabilities	4,382.71	6,851.15	11,822.29	19,776.12	29,718.42
Equity					
Common stock	2,548.99	2,548.99	2,548.99	2,548.99	2,548.99
Retained earnings , beg.	(1,402.16)	(1,388.61)	(1,365.42)	(1,243.77)	(1,013.08)
Add: Net Income/loss	13.55	23.19	121.65	230.69	397.20
Retained earnings, end.	(1,388.61)	(1,365.42)	(1,243.77)	(1,013.08)	(615.88)
Other Comprehensive Income	(3.50)	(3.50)	(3.50)	-	-
Total Equity	1,156.88	1,180.07	1,301.72	1,535.91	1,933.11
TOTAL LIABILITIES AND EQUITY	5,539.59	8,031.22	13,124.01	21,312.03	31,651.53

NOTE: Amounts in Php Millions

Strategy Formulation: Financial Projections – Income Statement

ACCOUNTS	Year 1	Year 2	Year 3	Year 4	Year 5
	2024	2025	2026	2027	2028
INTEREST INCOME	420.73	510.21	719.66	1,056.83	1,431.82
Loans	226.02	240.48	271.56	300.31	345.02
> PRP	197.90	176.44	168.52	168.82	183.93
> New loan products	28.12	64.04	103.04	131.49	161.09
Due from BSP	112.42	140.15	165.70	303.47	402.75
Deposit in other bank	0.19	0.29	0.48	0.77	0.97
Government securities	1.40	1.40	1.05	-	-
HTM (Bonds)	65.97	65.45	63.91	63.53	16.88
IMA	14.73	62.44	216.96	388.74	666.21
OTHER INCOME	24.91	66.46	115.33	171.07	291.40
Fees and commission	24.78	66.32	115.18	170.90	291.21
> E-banking transactions	6.32	7.90	10.91	14.60	17.55
> Acct. to Acct. Remittance facility (fee s	9.54	51.57	93.05	146.91	259.66
> PRP upfront fees	8.42	5.80	9.57	7.07	10.96
> New loan products	0.50	1.05	1.65	2.32	3.04
Other Income	0.13	0.14	0.15	0.17	0.19
TOTAL INCOME	445.64	576.67	834.99	1,227.90	1,723.22
OPERATING EXPENSES					
Variable cost/ expenses	218.71	237.08	358.31	593.00	851.24
Interest on deposits	160.26	161.70	280.76	471.25	709.37
Insurance on deposits	14.32	13.32	22.99	38.46	57.79
Documentary stamps	10.50	-	-	-	-
GRT	13.14	16.77	21.72	26.99	37.65
Provision for credit losses	20.49	45.29	32.84	56.30	46.43

NOTE: Amounts in Php Millions

Strategy Formulation: Financial Projections – Income Statement

ACCOUNTS	Year 1	Year 2	Year 3	Year 4	Year 5
Manpower costs	31.77	137.85	199.39	199.39	199.39
OFB organic - salaries and fringe benefit	25.38	127.76	189.00	189.00	189.00
Directors' per diems/ allowances/other	4.14	4.14	4.14	4.14	4.14
Seminars and trainings	2.25	5.95	6.25	6.25	6.25
Other operating expenses	177.10	170.82	115.09	127.92	143.00
Mgt. and other prof. fees - BSP/COA	1.39	1.51	2.05	3.25	4.73
Mgt. and other prof. fees - Others	59.46	50.29	9.98	10.98	12.08
> LBP seconded	41.21	41.21	-	-	-
> Outsourcing costs	8.25	9.08	9.98	10.98	12.08
> TOM consultant fee	10.00	-	-	-	-
Rent	3.80	6.00	6.00	6.00	6.00
Taxes and Licenses - others	3.32	4.95	6.39	9.23	13.56
Insurance - others	0.43	0.49	0.52	0.52	0.52
Representation & Entertainment	1.86	7.46	9.52	9.60	9.63
> RATA (Representation Allowance)	1.12	6.65	8.64	8.64	8.64
> BDE	0.74	0.81	0.88	0.96	0.99
Power, Light and Water	2.18	2.40	7.19	7.19	7.19
Postage, Telephone, Cables and Telegram	13.84	15.14	17.98	19.46	21.09
Repairs and maintenance	0.09	0.10	0.36	0.39	0.43
Security services	1.18	1.30	1.43	1.57	1.73
Clerical, janitorial and messengerial	6.65	7.32	1.66	1.83	2.01
Information and technology expenses	3.80	4.18	4.60	5.06	5.57
Fees and commissions expense	14.78	14.19	4.97	6.33	8.24
> Service Fees (PRP)	0.27	0.09	0.14	0.20	0.26
> Service Fees (new loans- salary loan)	3.24	2.73	2.67	2.73	3.02
> OTC fees	0.67	1.04	1.80	3.01	4.53
> Account Opening Fees (ORO)	10.00	10.00	-	-	-
> Others (Appraisal fees, Philpass/We a	0.60	0.33	0.36	0.39	0.43

NOTE: Amounts in Php Millions

Strategy Formulation: Financial Projections – Income Statement

ACCOUNTS	Year 1	Year 2	Year 3	Year 4	Year 5
Fuel and lubricants	0.44	0.48	0.53	0.59	0.64
Advertising and publicity	11.64	12.64	12.60	13.81	15.14
Litigation	-	14.28	-	-	-
Membership fees and dues	0.43	0.48	0.53	0.58	0.64
Stationery and supplies	0.25	0.28	1.39	1.53	1.68
Travelling Allowance/Expense	8.03	13.68	10.54	10.69	10.85
> ORO (International)	5.27	5.27	-	-	-
> Organic (International)	1.00	1.10	1.21	1.33	1.46
> Organic (Local)	0.24	0.26	0.29	0.32	0.35
> Director (local)	0.40	0.40	0.40	0.40	0.40
> Travelling allowance Organic (TA)	1.12	6.65	8.64	8.64	8.64
Miscellaneous/ others	0.06	0.07	0.08	0.09	0.10
Depreciation and amortization and impai	8.74	12.14	14.34	15.34	16.34
Impairment Losses	33.75	-	-	-	-
Provision for probable losses - fraud	0.97	1.45	2.42	3.87	4.83
TOTAL OPERATING EXPENSES	427.58	545.75	672.79	920.31	1,193.63
NET INCOME (LOSS) BEFORE TAX	18.06	30.92	162.20	307.59	529.60
LESS: INCOME TAX	4.52	7.73	40.55	76.90	132.40
NET INCOME (LOSS) AFTER TAX	13.55	23.19	121.65	230.69	397.20

NOTE: Amounts in Php Millions