



SUPPLEMENTAL/BID BULLETIN NO. 1
For LBP-HOBAC-ITB-CS-20190718-04

PROJECT : **Engagement of Third Party Consultant for the United Coconut Planters Bank (UCPB) Acquisition**

IMPLEMENTOR : **Procurement Department**

DATE : **August 16, 2019**

This Supplemental/Bid Bulletin is issued to modify, amend and/or clarify certain items in the Bid Documents. This shall form an integral part of the Bid Documents.

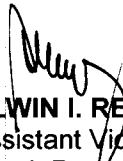
Modifications, amendments and/or clarifications:

- 1) Item No. 11 of the Request for Expression of Interest, ITB Clauses 6.1, 10.1(b) and 33.2 of Section III (Bid Data Sheet), and Section VI (Terms of Reference) have been revised. Please see attached revised specific sections of the Bidding Documents.

2) Bidder's Queries/Clarifications	LANDBANK Responses
1) Part II, Section III.6.1 Bid Data Sheet, Page 57: a. What are the requirements if the Consultant will hire subconsultants such as Appraiser or Legal Consultant?	<ul style="list-style-type: none"> • Paragraph 6.3 of the Instructions to Bidders states that if the Consultant opts to disclose the name of the subconsultant during bid submission, the Consultant shall include the required documents as part of the technical component of its bid. A subconsultant that is identified by the Consultant during contract implementation must comply with the eligibility criteria and documentary requirements and secure approval of the Procuring Entity.
2) Part II, Section VI.C.2: Terms of Reference, Scope of Due Diligence: a. Financial Due Diligence (Page 95 to 96) <ul style="list-style-type: none"> • What is the extent of the Financial Due Diligence Review (FDDR)? 	<ul style="list-style-type: none"> • The FDDR should be sufficient enough to provide a reasonable valuation of UCPB.

<p>b. Shareholding Structure (Page 96)</p> <ul style="list-style-type: none"> • What is the coverage of the review of the shareholding structure? <p>c. Legal Risk Due Diligence (Page 98)</p> <ul style="list-style-type: none"> • What is the extent of the Legal Due Diligence Review? <p>d. Other Major Items (Page 99)</p> <ul style="list-style-type: none"> • What is the parameter of the review of subsequent events? 	<ul style="list-style-type: none"> • As of June 30, 2019. <ul style="list-style-type: none"> • The Consultant is free to set the criteria to determine the legal cases that will materially impact the valuation. <ul style="list-style-type: none"> • If there are subsequent events that have material impact on the information on the report that occur after the cut-off date but prior to the submission of the Final Report, the Due Diligence Report and Valuation Study shall additionally contain details of such events, along with an estimate of the financial impact of such events.
<p>3) Part I, Section I.11 (Page 7) and Part II, Section III (Page 63) and Section VI.G (Page 104)</p> <p>a. What is the extent of information that will be provided to the Consultant?</p> <p>b. What is the cut-off period of the Due Diligence and Valuation Study?</p> <p>c. Are there other documents that can be submitted as proof to the satisfactory completion of completed contracts?</p> <p>d. Do we include the review of all subsidiaries of UCPB?</p>	<ul style="list-style-type: none"> • Land Bank of the Philippines will ensure that all information needed by the Consultant will be provided. <ul style="list-style-type: none"> • As of June 30, 2019. <ul style="list-style-type: none"> • No other equivalent documents will be accepted aside from the documents listed on page 147. <ul style="list-style-type: none"> • As stated in Section VI.B.5: Terms of Reference, Objectives of the Assignment, Page 94, the review will include the assessment of the fair value of investments in material subsidiaries and affiliates only.

<p>e. Can a foreign-owned Company be eligible to participate in the Bidding?</p>	<ul style="list-style-type: none">● Based on Part I, Section 1.6 (Page 5), Bidding is restricted to Filipino citizens/sole proprietorships, cooperatives, and partnerships or organizations with at least sixty percent (60%) interest or outstanding capital stock belonging to citizens of the Philippines.
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ALWIN I. REYES, CSSP
Assistant Vice President
Head, Procurement Department and
HOBAC Secretariat



Land Bank of the Philippines

**Request for Expression of Interest for
Engagement of Third Party Consultant for
the United Coconut Planter Bank (UCPB)
Acquisition**

1. The LAND BANK OF THE PHILIPPINES (LANDBANK), through its Corporate Budget approved by the Board of Directors for 2019 intends to apply the sum of Forty Five Million Pesos Only (Php45,000,000.00) being the Approved Budget for the Contract (ABC) to payments under the contract for Engagement of Third Party Consultant for the United Coconut Planters Bank (UCPB) Acquisition / ITB No. LBP-HOBAC-ITB-CS-20190718-04.

Bids received in excess of the ABC shall be automatically rejected at the opening of the financial proposals.

2. The LANDBANK now calls for the submission of eligibility documents for Engagement of Third Party Consultant for the United Coconut Planters Bank (UCPB) Acquisition. Eligibility documents of interested consultants must be duly received by the BAC Secretariat on or before August 29, 2019, 11:00 AM at 25th Floor, Procurement Department, LANDBANK Plaza Building, 1598 M.H. Del Pilar corner Dr. J. Quintos Streets, Malate, Manila. Applications for eligibility will be evaluated based on a non-discretionary "pass/fail" criterion.
3. Interested bidders may obtain further information from LANDBANK and inspect the Bidding Documents at the address given below during 8:00 A.M. to 5:00 P.M.:
Procurement Department
Land Bank of the Philippines
25th Floor, LANDBANK Plaza
1598 M.H. Del Pilar corner Dr. J. Quintos Streets,
Malate, Manila, 1004
lbphobac@mail.landbank.com
4. A complete set of Bidding Documents may be acquired by interested Bidders on August 5 to 29, 2019 from the address indicated above and upon payment of the applicable fee for the Bidding Documents, pursuant to the latest Guidelines issued by the GPPB, in the amount of Twenty Two Thousand Five Hundred Pesos Only (Php22,500.00).

It may also be downloaded free of charge from the website of the Philippine Government Electronic Procurement System (PhilGEPS) and the website of the Procuring Entity, provided that Bidders shall pay the applicable fee for the Bidding Documents not later than the submission of their bids.

5. The LANDBANK will hold a Pre-Bid on August 15, 2019 - 2:00 PM, at the Bidding Room, 25th Floor, LANDBANK Plaza Building, 1598 M.H. Del Pilar corner Dr. J. Quintos Streets, Malate, Manila which shall be open to prospective bidders.

Bidders are prohibited from recording (audio and video) the proceedings of the pre-bid conference.

6. Bidding will be conducted through open competitive bidding procedures using non-discretionary "pass/fail" criterion as specified in the IRR of RA 9184. Bidding is restricted to Filipino citizens/sole proprietorships, cooperatives, and partnerships or organizations with at least sixty percent (60%) interest or outstanding capital stock belonging to citizens of the Philippines.
7. Interested consultants must drop three (3) sets of their eligibility & technical and financial components in three (3) separate sealed envelopes at the designated Bid Box located at the Procurement Department, PROPERLY SEALED, MARKED AND TIME STAMPED on or before the 11:00 A.M. deadline on August 29, 2019. All bids must be accompanied by a bid security in any of the acceptable forms and in the amount stated in ITB Clause 15.1.

Bid opening shall be on August 29, 2019 - 11:00AM at Bidding Room, 25th Floor, LANDBANK Plaza Building, 1598 M.H. Del Pilar corner Dr. J. Quintos Streets, Malate, Manila. Bids will be opened in the presence of the Bidder's representatives who choose to attend at the address above. Late bids shall not be accepted.

8. After the receipt of bids, the Eligibility & Technical Component (First Envelope) shall first be opened and evaluated in the presence of the prospective bidder's representatives who choose to attend at the time, on the date and at the place specified below.
9. The BAC shall draw up the short list of consultants from those who have been determined as eligible in accordance with the provisions of Republic Act 9184 (RA 9184), otherwise known as the "Government Procurement Reform Act", and its Implementing Rules and Regulations (IRR). The short list shall consist of three (3) prospective bidders who will be entitled to submit bids. The criteria and posting system for short listing are:

TECHNICAL CRITERIA															
	Weight	Score	Remarks												
1. Firm Credentials	60%														
<p>a. Completed engagements in consulting work and advisory services relative to due diligence and valuation services for mergers and acquisitions projects for the last 10 years</p> <p>Philippine Universal/Commercial Banks</p> <table border="1" style="width: 100%;"> <tr> <td>3 or more engagements</td> <td style="text-align: center;">30</td> </tr> <tr> <td>1-2 engagements</td> <td style="text-align: center;">20</td> </tr> <tr> <td>None</td> <td style="text-align: center;">0</td> </tr> </table> <p>Top 500 Philippine Corporations</p> <table border="1" style="width: 100%;"> <tr> <td>3 or more engagements</td> <td style="text-align: center;">20</td> </tr> <tr> <td>1-2 engagements</td> <td style="text-align: center;">10</td> </tr> <tr> <td>None</td> <td style="text-align: center;">0</td> </tr> </table>	3 or more engagements	30	1-2 engagements	20	None	0	3 or more engagements	20	1-2 engagements	10	None	0	30%		
3 or more engagements	30														
1-2 engagements	20														
None	0														
3 or more engagements	20														
1-2 engagements	10														
None	0														
<p>b. Completed engagements in advisory services in capital, planning, risk management, tax, information technology, quantitative analysis and/or strategic planning for the last 10 years for Philippine universal/commercial banks</p> <table border="1" style="width: 100%;"> <tr> <td>3 or more engagements</td> <td style="text-align: center;">10</td> </tr> <tr> <td>1-2 engagements</td> <td style="text-align: center;">5</td> </tr> <tr> <td>None</td> <td style="text-align: center;">0</td> </tr> </table>	3 or more engagements	10	1-2 engagements	5	None	0	10%								
3 or more engagements	10														
1-2 engagements	5														
None	0														
2. Personnel Qualifications and Number of Project Team Members	30%														
<p>a. Project Director to be assigned is highly qualified to implement the engagement</p> <table border="1" style="width: 100%;"> <tr> <td>Exceeds minimum qualifications</td> <td style="text-align: center;">7</td> </tr> <tr> <td>Meets minimum qualifications</td> <td style="text-align: center;">5</td> </tr> </table>	Exceeds minimum qualifications	7	Meets minimum qualifications	5	7%										
Exceeds minimum qualifications	7														
Meets minimum qualifications	5														
<p>b. Financial Adviser to be assigned is highly qualified to perform its duties under the engagement</p> <table border="1" style="width: 100%;"> <tr> <td>Exceeds minimum qualifications</td> <td style="text-align: center;">5</td> </tr> <tr> <td>Meets minimum qualifications</td> <td style="text-align: center;">3</td> </tr> </table>	Exceeds minimum qualifications	5	Meets minimum qualifications	3	5%										
Exceeds minimum qualifications	5														
Meets minimum qualifications	3														
<p>c. Tax Adviser to be assigned is highly qualified to perform its duties under the engagement</p> <table border="1" style="width: 100%;"> <tr> <td>Exceeds minimum qualifications</td> <td style="text-align: center;">5</td> </tr> <tr> <td>Meets minimum qualifications</td> <td style="text-align: center;">3</td> </tr> </table>	Exceeds minimum qualifications	5	Meets minimum qualifications	3	5%										
Exceeds minimum qualifications	5														
Meets minimum qualifications	3														

<p>d. Legal Adviser to be assigned is highly qualified to perform its duties under the engagement</p> <table border="1" data-bbox="260 349 943 427"> <tr> <td>Exceeds minimum qualifications</td> <td>5</td> </tr> <tr> <td>Meets minimum qualifications</td> <td>3</td> </tr> </table> <p>e. IT Adviser to be assigned is highly qualified to perform its duties under the engagement</p> <table border="1" data-bbox="260 573 943 651"> <tr> <td>Exceeds minimum qualifications</td> <td>5</td> </tr> <tr> <td>Meets minimum qualifications</td> <td>3</td> </tr> </table> <p>f. Size of the team to be assigned to perform the engagement (including the Project Director and the Advisers)</p> <table border="1" data-bbox="260 835 943 913"> <tr> <td>Exceeds minimum qualifications</td> <td>3</td> </tr> <tr> <td>Meets minimum qualifications</td> <td>1</td> </tr> </table>	Exceeds minimum qualifications	5	Meets minimum qualifications	3	Exceeds minimum qualifications	5	Meets minimum qualifications	3	Exceeds minimum qualifications	3	Meets minimum qualifications	1	<p>5%</p> <p>5%</p> <p>3%</p>		
Exceeds minimum qualifications	5														
Meets minimum qualifications	3														
Exceeds minimum qualifications	5														
Meets minimum qualifications	3														
Exceeds minimum qualifications	3														
Meets minimum qualifications	1														
<p>3. Plan of Approach and Methodology</p>	<p>10%</p>														
<p>TOTAL</p>	<p>100%</p>														

Hurdle rate to be met – 75%

10. The Procuring Entity shall evaluate bids using the Quality-Cost Based Evaluation (QCBE) procedure. The weights to be allocated for the Technical and Financial Proposals, and the criteria and rating system for the evaluation of bids shall be as follows:
 - a. Technical Criteria
(Raw score is the shortlisting score) – 60%
 - b. Financial Criteria – 40%
11. The project is estimated to be completed for a period of **14 weeks** from receipt of the Notice to Proceed (NTP).
12. The LANDBANK reserves the right to reject any and all bids, declare a failure of bidding, or not award the contract at any time prior to contract award in accordance with Section 41 of RA 9184 and its IRR, without thereby incurring any liability to the affected bidder or bidders.
13. Bidders should have no negative dealings/transactions with LANDBANK or its subsidiaries.

14. For further information, please refer to:

Mr. Alwin I. Reyes, CSSP
Assistant Vice President
Head, Procurement Department
1598 M.H. Del Pilar cor. Dr. J. Quintos Sts.
Malate, Manila, 1004
Tel. (+632) 522-0000 or 551-2200 local 7370
Fax (+632) 528-8587
Email: lbphobac@mail.landbank.com

(Sgd)

JULIO D. CLIMACO JR.
Executive Vice President
Chairman, Bids and Awards Committee

Bid Data Sheet

ITB Clause	
1.1	The Procuring Entity is LAND BANK OF THE PHILIPPINES (LANDBANK). The evaluation procedure is: Quality-Cost Based Evaluation.
1.2	The Funding Source is: The Government of the Philippines (GOP) through the Corporate Budget for the contract approved by the LANDBANK Board of Directors for 2019 in the amount of Forty Five Million Pesos Only (Php45,000,000.00). The name of the project is Engagement of Third Party Consultant for the United Coconut Planters Bank (UCPB) Acquisition.
1.3	The name of the Contract is: Engagement of Third Party Consultant for the United Coconut Planters Bank (UCPB) Acquisition
1.4	No further instructions.
5	No further instructions.
6.1	Subcontracting is allowed.
6.2	Not applicable.
7.1	The Procuring Entity will hold a pre-bid conference for this Project on _____ at Bidding Room, 25 th Floor, LANDBANK Plaza Building, 1598 M.H. Del Pilar corner Dr. J. Quintos Streets, Malate, Manila.
8.1	The Procuring Entity's address is: Land Bank of the Philippines 25th Floor, LANDBANK Plaza Building 1598 M.H. Del Pilar corner Dr. J. Quintos Streets Malate, Manila, 1004 Contact person: Mr. Alwin I. Reyes, CSSP Assistant Vice President Head, Procurement Department 1598 M.H. Del Pilar cor. Dr. J. Quintos Sts. Malate, Manila, 1004 Fax (02)528-8587 www.landbank.com lbphobac@mail.landbank.com
10.1(b)	The project is estimated to be completed for a period of 14 weeks from receipt of the Notice to Proceed.

10.1(c)	The minimum required experience of proposed professional staff: (see attached Terms of Reference)	
11.5	Cost by activity associated with the assignment, including professional fees and reimbursable/other cost relative to the consultancy engagement shall be inclusive of 12% VAT and Final Taxes.	
11.7	The ABC is Forty Five Million Pesos Only (Php45,000,000.00). Any bid with a financial component exceeding the ABC shall not be accepted.	
13.1	The bid prices shall be quoted in Philippine Pesos.	
13.3	No further instructions.	
14.1	Bids will be valid until 120 calendar days from date of opening of bids.	
15.1	The bid security shall be limited to Bid Securing Declaration or any of the following forms and amounts:	
	Form of Bid Security	Minimum Amount of Bid Security
	(a) Cash or cashier's/ manager's check issued by a Universal or Commercial Bank	P 900,000.00
	(b) Bank draft/guarantee or irrevocable letter of credit issued by a Universal or Commercial Bank; Provided, however, that it shall be confirmed or authenticated by a Universal or Commercial Bank, if issued by a foreign bank; and	
	(c) Surety bond callable upon demand issued by a surety or insurance company duly certified by the Insurance Commission as authorized to issue such security.	P 2,250,000.00
	1. If bid security is in the form of cash, a bidder is required to secure a Payment Acceptance Order (PAO) from LANDBANK Procurement Department. The PAO shall then be presented to any of the Tellers at the Cash Department (Ground Floor, LANDBANK Plaza Building) together with the corresponding cash. The Cash Department Teller shall issue a machine validated Official Receipt (OR) evidencing payment of the bid security. The original and/or certified true copy of the Official Receipt shall be enclosed in Bid Envelope No. 1 (Eligibility and Technical Proposal/Documents). The original official receipt shall be returned by the BAC Secretariat to the bidder	

immediately after the opening of bids.

2. If bid security is in the form of cashier's/manager's check, the check should be payable to LAND BANK OF THE PHILIPPINES.
3. If in the form of bank draft/guarantee, the bidder may use the standard format of the issuing Bank, provided the ITB No. and Name of the Project are indicated.
4. If in the form of Standby Letter of Credit, it may be secured through LANDBANK Corporate Banking Department 2 (CBD 2) and Small and Medium Enterprises – Market Lending Department 2 (SME-MLD 2) with the following contact details:
 - (a) CBD 2 – 18th Floor, LANDBANK Plaza Building
Ms. Erlin G. Del Rosario – Account Officer
Telephone No. 405-7345 local 2117
(For Assets 1 Billion and up)
 - (b) SME-MLD 2 - 18th Floor, LANDBANK Plaza Building
Mr. Ronaldo Robles – Account Officer
Telephone No. 405-7431 local 7431
(For Assets below 1 Billion)
5. If in the form of surety bond, it should be issued by a surety or insurance company duly accredited by the Insurance Commission (IC) and has not been issued a cease and desist order by the IC or is currently not included in the list of blacklisted firms.
The surety bond may be secured through LANDBANK Insurance Brokerage, Inc. (LIBI) with the following contact details:
 - (a) LIBI-Forex
14th Floor, LANDBANK Plaza Building
Telephone 710-7114
(Every Tuesday and Thursday)
 - (b) 12th Floor, SSHG Law Center Bldg.
105 Paseo de Roxas, Legaspi Village
Makati City
Telephones 812-4911 and 867-1064

Surety bonds with the following or similar conditions/phrases shall not be accepted:

- (a) "In case of default by the Principal, this bond shall only answer for the difference in the bid price of the winning bidder and that of the next lowest complying bidder or that of the new winning bidder in case of re-bidding plus necessary expenses incurred by the Obligee in the re-bidding which liability shall in no case exceed the amount of the bond"; or
- (b) "That the amount of liability of the Surety under this bond is

	<p>limited to the actual loss or damage sustained and duly proven by the Obligee."</p> <p>6. If in the form of Bid Securing Declaration, the attached form (Form No. 8) must be used.</p>
15.2	The bid security shall be valid until 120 calendar days from date of opening of bids.
15.5(b)(iii)	No further instructions.
17.1	No further instructions.
17.3	Each Bidder shall submit three (3) sets of Eligibility and Technical Component (First Envelope), Project Technical Component (Second Envelope) and Financial Component (Third Envelope) labeled as "Original Copy 1", "Original Copy 2" and "Original Copy 3. The Eligibility/Technical Documents shall be enclosed in the Eligibility/Technical Component (First Envelope) of the Bid.
18	<p>The address for submission of bids is:</p> <p>Procurement Department Land Bank of the Philippines 25th Floor, LANDBANK Plaza Building 1598 M.H. Del Pilar corner Dr. J. Quintos Streets Malate, Manila, 1004 www.landbank.com lbphobac@mail.landbank.com</p> <p>The deadline for submission of bids is on _____.</p>
21.2	<p>The address for opening of bids is:</p> <p>Procurement Department Land Bank of the Philippines 25th Floor, LANDBANK Plaza Building 1598 M.H. Del Pilar corner Dr. J. Quintos Streets Malate, Manila, 1004 www.landbank.com lbphobac@mail.landbank.com</p> <p>The date and time for opening of bids is _____.</p>
22.1	No further instructions.
25.1	<p>The following processes for the opening and evaluation of bids shall be adopted:</p> <p>a) The technical proposal shall be considered in the ranking of consultants. The technical proposals shall be evaluated first using the criteria in ITB Clause 25.2. The financial proposals of the consultants who meet the minimum technical score shall then be opened.</p> <p>b) The financial and technical proposals shall be given corresponding</p>

	<p>weights of forty percent (40%) and sixty percent (60%), respectively. The BAC shall rank the consultants in descending order based on the combined numerical ratings of their technical and financial proposals and identify the Highest Rated Bid.</p> <p>c) The HoPE shall approve or disapprove the recommendations of the BAC within two (2) calendar days after receipt of the results of the evaluation from the BAC.</p> <p>d) After approval by the HoPE of the Highest Rated Bid, the BAC shall, within three (3) calendar days, notify and invite the consultant with the Highest Rated Bid for negotiation in accordance with ITB Clause 27.</p>
25.3	<p>The minimum required St for each criterion is as follows:</p> <ul style="list-style-type: none"> • 60% - Technical Criteria • 40% - Financial Criteria
26.1	<p>The opening of Financial Proposals shall be on _____ at Bidding Room, 25th Floor, LANDBANK Plaza Building, 1598 M.H. Del Pilar corner Dr. J. Quintos Streets, Malate, Manila.</p> <p>Financial Proposals shall be opened in public.</p>
26.2	<p>After the evaluation of quality is completed, the Procuring Entity shall notify those Consultants whose Bids did not meet the minimum qualifying mark or were considered non-responsive to the Bidding Documents and TOR, indicating that their Financial Proposals shall be returned unopened after completing the selection process. The Procuring Entity shall simultaneously notify the Consultants that have secured the minimum qualifying mark, indicating the date and time set for opening the Financial Proposals. The opening date shall not be sooner than two weeks after the notification date unless otherwise specified in ITB Clause 26.1. The notification may be sent by registered letter, facsimile, or electronic mail.</p> <p>The Financial Proposals shall be opened publicly in the presence of the Consultants' representatives who choose to attend. The name of the Consultant, the quality scores, and the proposed prices shall be read aloud and recorded when the Financial Proposals are opened. The Procuring Entity shall prepare minutes of the public opening.</p> <p>The BAC shall determine whether the Financial Proposals are complete, <i>i.e.</i>, whether all the documents mentioned in ITB Clause 11 are present and all items of the corresponding Technical Proposals that are required to be priced are so priced. If not, the Procuring Entity shall reject the proposal. The BAC shall correct any computational errors, and convert prices in various currencies to the Philippine Peso at the rate indicated in ITB Clause 13. The Financial Proposal shall not exceed the ABC and</p>

	<p>shall be deemed to include the cost of all taxes, duties, fees, levies, and other charges imposed under the applicable laws. The evaluation shall include all such taxes, duties, fees, levies, and other charges imposed under the applicable laws; where special tax privileges are granted to a particular class or nationality of Consultant by virtue of the GoP's international commitments, the amount of such tax privileges shall be included in the Financial Proposal for purposes of comparative evaluation of Bids.</p> <p>The lowest Financial Proposal (FI) shall be given a Financial Score (Sf) of 100 points. The Sf of other Financial Proposals shall be computed based on the formula indicated below:</p> $Sf = 100 \times FI/F$ <p>Where: Sf is the financial score of the Financial Proposal under consideration, FI is the lowest Financial Proposal, and F is the Financial Proposal under consideration.</p> <p>Using the formula $S = St \times T\% + Sf \times F\%$, the Bids shall then be ranked according to their combined St and Sf using the weights (St is the technical score of the Technical Proposal under consideration; T = the weight given to the Technical Proposal; F = the weight given to the Financial Proposal; $T + F = 1$) indicated below:</p> <p>T 0.60; and F 0.40</p>
27.1	<p>The address for negotiations is:</p> <p>Land Bank of the Philippines Procurement Department 25th Floor, LANDBANK Plaza Building 1598 M.H. Del Pilar corner Dr. J. Quintos Streets Malate, Manila, 1004 www.landbank.com lbphobac@mail.landbank.com</p>
27.2(e)	No negotiations pertaining to the Financial Proposal shall be undertaken.
28.2	Certified true copy of Value Added Tax (VAT) or Percentage Tax (PT) Returns for the last two (2) quarters filed manually or through the BIR Electronic Filing and Payment System (EFPS). Tax returns filed manually or through EFPS and taxes paid shall be accepted.
31.4.6	No additional requirement.
32.1	No further instructions.
32.2	If in the form of Standby Letter of Credit, it may be secured through LANDBANK Corporate Banking Department 2 (CBD 2) and Small and Medium Enterprises – Market Lending Department 2 (SME-MLD 2) with

	<p>the following contact details:</p> <p>(a) CBD 2 – 18th Floor, LANDBANK Plaza Building Ms. Erlin G. Del Rosario – Account Officer Telephone No. 405-7345 local 2117 (For Assets 1 Billion and up)</p> <p>(b) SME-MLD 2 - 18th Floor, LANDBANK Plaza Building Mr. Ronaldo Robles – Account Officer Telephone No. 405-7431 local 7431 (For Assets below 1 Billion)</p>
33.2	The project is estimated to be completed for a period of 14 weeks from receipt of the Notice to Proceed (NTP).

TERMS OF REFERENCE

FOR THE DUE DILIGENCE AUDIT AND VALUATION STUDY OF UNITED COCONUT PLANTERS BANK (UCPB)

A. BACKGROUND

The purpose of this document is to define the scope of the Due Diligence Audit and Valuation Study as regards the acquisition by Land Bank of the Philippines (LBP) of the United Coconut Planters Bank (UCPB) shares held by private and government shareholders, henceforth referred to as "Terms of Reference (TOR)". This document also outlines the broad terms and conditions for the engagement of the third party consultant, who shall be selected thru a competitive bidding process, to conduct the due diligence audit and valuation study.

B. OBJECTIVES OF THE ASSIGNMENT

The main objectives of the assignment are to conduct a comprehensive due diligence audit and valuation of the assets and liabilities of UCPB in order for LBP to determine the appropriate price per share at which to purchase. The Valuation Advisor or Consulting Firm or Consultant should review the valuation of all material assets and liabilities on the balance sheet (including contingent liabilities) and in particular:

1. Conduct a comprehensive review of the bank's loan portfolio;
2. Assess the bank's loan portfolio quality and deliver forward-looking estimates as to further deterioration of the loan portfolio;
3. Analyse the non-performing loan (NPL) recognition policy, and the adequacy of loan loss reserve (provisions) levels as per International Financial Reporting Standard (IFRS), and based on the analysis of the due diligence, estimate the fair NPL level as well as shortfall in the provisions and its impact on the bank's capital (IFRS);
4. Estimate the expected impairment expense and impact on the bank's capital (IFRS);
5. Assess the fair value of the equity and debt instruments (whether held as available for sale, held to maturity or in other assets), investments in **material subsidiaries** and affiliates, and investment property and identify any additional provisions required and their impact on the bank's capital (IFRS);
6. Review and estimate the potential losses / gains from off-balance sheet exposures;
7. Review and estimate the potential losses/liabilities arising from pending or threatened cases;
8. Outline key weaknesses identified in the bank's impairment and/or valuation policy as well as weaknesses in the practical application of such policy identified during the loan file review;
9. Identify key weaknesses in the bank's proceedings of approving/granting loans and establishment of securities;
10. Review the valuation of all borrowings, debt securities, derivatives and other liabilities and consider whether additional provisions should be made for contingent or other liabilities; and,

11. Based on due diligence, determine and present in detail the adjustments to be done on the current book value of UCPB's capital.

C. SCOPE OF DUE DILIGENCE AUDIT

The Due Diligence Audit shall gather, analyse and report the relevant information necessary to perform a valuation appropriate to the nature or type of the engagement. Such information shall include but not be limited to:

1. BASIC BACKGROUND INFORMATION

- a. Brief background and history of UCPB
- b. Organizational structure - governance and management (including corporate governance)
- c. Accounting policies, reconciliation issue, accruals, payables and audit issues

2. FINANCIAL DUE DILIGENCE

To avoid inherent risks associated with information as they appear in the Books of Accounts and to avoid any un-pleasant surprises, financial due diligence shall be carried out and, inter alia, will have the following objectives:

- a. Ascertain whether or not the financial statements present a true and fair view;
- b. Ascertain whether systems and controls are established, adequately in place and are actually followed;
- c. Ascertain uniformity of accounting policies;
- d. Ascertain availability of record and quality of record keeping;
- e. Examine existence of fixed assets and ownership of those assets;
- f. Ascertain if there exists any undisclosed liabilities;
- g. Ascertain possible exposure to future liabilities;
- h. Examine contingent liabilities, their nature and quantum of commitments made by the entity that might have future implication;
- i. Analyse cash flow, sustainability of earnings as well as forecasted performance;
- j. Ascertain realizable value of business;
- k. Understand and assess the management information systems to provide an understanding of what information is available and how it is generated;
- l. Perform post-merger financial modelling of financial and capital positions of the merged entities;
- m. Recommend the appropriate capital structure to conform with Basel III and other regulatory requirements such as liquidity coverage ratio, net stable funding ratio, leverage ratio; and
- n. Discuss whether UCPB's financial assistance agreement (FAA) with Philippine Deposit Insurance Corporation (PDIC) is properly accounted for and determine the financial impact to UCPB without the FAA.

In essence the scope of a financial due diligence includes a detailed review and analysis of the following:

- a. Capital adequacy
- b. Assets
- c. Liabilities

- d. Off Balance sheet items
- e. Liquidity
- f. Cash flow
- g. Income & expenses
- h. Intangible assets
- i. Accounting policy and compliances
- j. Business Valuation**
 - i. Net worth
 - ii. Fair buying price
 - iii. Discounted Cash Flow**
- k. Projection
 - i. Projected financials for 5 Years
 - ii. Post-acquisition projected financials for 5 years

3. SHAREHOLDING STRUCTURE

Review of the shareholding structure and present a detailed composition. **The coverage of the review of the shareholding structure will be as of 30 June 2019.**

4. CAPITAL ADEQUACY AND COMPOSITION

Thorough review of the Bank's capital adequacy based on the Basel III framework, particularly:

- a. Analysis of capital and leverage ratios (CAR and CET1) with breakdown per component;
- b. 5-year historical data;
- c. Estimated capital infusion to attain BSP-required capital and leverage ratios;
- d. Assess whether Capital adequacy has been calculated as per the Framework (classification and risk weightings) prescribed by BSP or not and whether the capital adequacy is adequate or not as stipulated by the directive or such other additional instructions if any;
- e. Evaluate whether the Bank has optimum capital utilization or not;
- f. Evaluate if the risks are weighted adequately and no further provisions or risk down grading is required; and,
- g. Any other issues relating to Capital adequacy and its impact in business valuation if any

5. LOAN PORTFOLIO

The Valuation Advisor or Consulting Firm or Consultant must conduct a thorough review of the loan portfolio on the basis of Loans Outstanding **as of 30 June 2019 and its historical behavior in the past five years.** There should be a breakdown by industry/ economic sector and loan quality per industry, particularly but not limited to:

- a. Regional breakdown of loan accounts and loan balances;
Sufficiency of valuation reserves and estimated value to attain 100% NPL coverage;
- b. Assess the quality of credit risk assets in the Bank's Book and suggest any adjustments/provisioning if required;
- c. Identify potential threats that might lead to degradation of quality of assets, including non-recovery and estimate adjustments/ provisioning;

- d. Examine whether the loan classification is as per BSP regulations and prudential norms;
- e. Assess adequacy of Loan Loss provisioning with respect to BSP regulations and prudential norms and determine adjustments/ provisioning, if any;
- f. Adequacy of allowance for credit losses based on PFRS 9, Financial Instruments and BSP Circular 855, Guidelines on Sound Credit Risk Management Practices
- g. Assess risk concentration of loan portfolio and form opinion on the risk potential of such exposure;
- h. Review Interest and Interest receivable portion of the Loans and suggest any adjustment/provisioning;
- i. Review of all legal documents, property title documents and the like executed for extending Loans & advances and examine its enforceability for recovery if the situation demands and also suggest any adjustments/provisioning if required; and,
- j. Analyse possible loan defaults and necessary precautions.

6. FIXED ASSETS

A review and verification of major fixed assets must be undertaken.

- a. Review and verify major agreements (relating to fixed assets), lease hold assets, vehicles, office equipment, machinery and other assets;
- b. Ascertain the current valuation (Fair Market Value) of the ten largest fixed assets (land and buildings);
- c. Adjust valuation of the Land, Building and Vehicle for the current value;
- d. Ensure that fixed assets physically exist and are in productive conditions and identify which assets need to be written off from the books;
- e. Confirm that there is no asset impairment apart from that represented by depreciation. If there is any additional depletion on any asset, determine if the adjustment/provisioning for such depletion have been done appropriately;
- f. Assess that there are no unworthy or dummy or useless assets in the Books;
- g. Evaluate the cost of transfer of assets and cost of transfer of ownership and associated hidden costs if any; and,
- h. Review of foreclosed assets and valuation reserves
 - i. 5-year historical data with breakdown by asset classification (commercial, industrial, residential, agricultural lands)
 - ii. Sufficiency of valuation reserves and estimated value to reach BSP-required reserves

7. INVESTMENTS

Review the entire investment portfolio, income recognition practices and of these compliance to BSP directives.

- a. Review whether valuation of investment is done as per BSP directives;
- b. Examine whether investments are adequately done in the entire portfolio to meet BSP requirements;
- c. Confirm the investment balances;
- d. Confirm that there are no impaired investments;

- e. Review/evaluate the investment portfolio of the Bank (i.e. Government securities, placements, bonds, foreign securities, stocks and others);
- f. Assess the quality of investments of the Bank and take into account any required adjustments/provisions;
- g. Confirm that investments are fairly valued in the books and no investments are at risk and subject to further additional adjustments/ provisioning;
- h. Confirm that income is duly and correctly recognized in accordance with BSP regulations and no income has been deferred or no un-earned income is booked; and,
- i. Make sure that title deeds of such investments are intact and legally enforceable.

8. ACCOUNTING POLICIES

Review current accounting policies and practices in use at the Bank with regard to applicable Accounting Standards, BSP directives, as well as IAS/IFRS.

- a. Examine compliance to relevant accounting standards/directives;
- b. Estimate the quantum of adjustments (Short term or permanent) if there are instances of deviation from stipulated accounting standards and policies; and,
- c. Get assurance that the prepared and reviewed financial statements are comparable in terms of following of same standards;

9. TAX DUE DILIGENCE

- a. Review the status of tax returns of UCPB and its subsidiaries for the last three (3) years (2016 - 2018);
- b. Review open correspondences, including pending assessments/appeals/protests, and the like with the tax authorities; and
- c. Describe and comment on potential tax exposures and whether provision in the financial statements covers such exposures, in particular, income tax, documentary stamp tax, withholding tax and gross receipts tax.

10. LEGAL RISK DUE DILIGENCE

- a. Evaluate all existing legal cases, including threatened/possible legal actions with estimated impact on valuation;
- b. Identify and evaluate areas/incidents/contracts that could ripen into lawsuits, whether to be initiated by or filed against UCPB, including contracts that are grossly disadvantageous to UCPB;
- c. Determine whether there are decisions/resolutions/awards issued by courts/quasi-judicial bodies in favor of UCPB that cannot be implemented;
- d. Review of material non-loan contracts; and
- e. Identify potential closing problems including but not limited to pending legislations, possible injunction suits and other cases arising from the intended transaction, and compliance with existing regulatory requirements.

11. IT INFRASTRUCTURE

- a. List of **major IT systems** and networks in place **amounting to P5 Million and above** with brief description (e.g. ownership, year acquired, cost, capacity, maintenance);

- b. **List of major IT investments amounting to P5 million and above in the past 3 years (2017-2019) with costs and names of suppliers;** and,
- c. Major IT incidents and security breaches in the past 3 years (2017-2019).

12. OTHER MAJOR ITEMS

- a. Report on manpower profile and compensation structure, as well as a review of personnel separation costs, adequacy of retirement fund, adequacy of accrual of its retirement obligation and estimated financial impact on valuation;
- b. Analysis of PDIC and BTr financial assistance and contribution to net income, particularly the estimated impact to net income upon termination of PDIC-BTr assistance; and,
- c. Composition and breakdown of deposits (segmentation by geographical distribution, duration or term, client type, and the like).

The Due Diligence Report and Valuation Study shall also contain the following information and disclosures:

- a. Details of valuation methods of Assets and Liabilities;
- b. Details of changes in Capital structure, control and ownership after acquisition;
- c. Any extraordinary assumptions used in the assignment, including any hypothetical conditions;
- d. The information and documents relied upon by the Team in each case, and the extent of the verification, if any, to test the accuracy of such information;
- e. If the Team relied upon projected information, the basis of such information and the extent of verification, if any, made by in relation to such information. The report must include explanations of how factors such as discount rates, capitalization rates, or valuation multiples were determined and used. The rationale and/or supporting data for any premiums or discounts must be clearly presented;
- f. Capitalization factor and weighted average cost of capital (WACC) used for the purposes of the valuation and justification for the same; and
- g. **If there are subsequent events that have material impact on the information on the report that occur after the due diligence cut-off date but prior to the submission of the Final Report, the Due Diligence Report and Valuation Study shall additionally contain details of such events, along with an estimate of the financial impact of such events.**

D. QUALIFICATIONS OF THE CONSULTING FIRM

Qualifications Requirements	Specific Documentary Requirements
1. The Consulting Firm has been doing consulting work and advisory services relative to due diligence and valuation studies for mergers and acquisitions (M&A) projects in the Philippines for at least 10 years (2009-2018).	1. List of completed consulting work and advisory services related to due diligence and valuation studies for mergers and acquisitions (M&A) projects in the Philippines for at least 10 years (2009-2018) using format in Annex B.

<p>a. The Consulting Firm has undertaken a due diligence and valuation study of at least one Philippine universal/commercial bank in the past 10 years.</p> <p>b. The Consulting Firm has undertaken a due diligence and valuation study of at least one Top 500 Philippine Corporation in the past 10 years (2009-2018).</p> <p>2. The Consulting Firm must have experience and expertise in advisory services in the field of capital planning, risk management, tax, information technology, quantitative and strategic planning for Philippine universal/commercial banks.</p> <p>a. The Consulting Firm must have undertaken at least one of the above projects for a Philippine universal/commercial bank in the past 10 years (2009-2018).</p> <p>3. The Consulting Firm must have a good understanding of Philippine commercial banking laws, rules and regulations (BSP, PDIC, AMLC) and bank taxation laws and regulations (BIR).</p> <p>4. The Consulting Firm should not be the incumbent external auditor of UCPB.</p>	<p>2. List of completed advisory services related to capital planning, risk management, tax, information technology, quantitative and strategic planning for Philippine universal/commercial banks in the past 10 years (2009-2018) using format in Annex B.</p> <p>3. Certification under oath from the Head of Consulting Firm that the Consulting Firm has a good understanding of the Philippine commercial banking laws, rules & regulations, and bank taxation laws & regulations.</p> <p>4. Certification under oath from the Head of Consulting Firm that the Consulting Firm is not the incumbent external auditor of UCPB</p>
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E. PROJECT TEAM COMPOSITION

The Project Team shall be comprised of a Project Director and such number of members as the Consulting Firm may deem fit, provided that it shall have at least one designated Adviser for each area (Financials, Tax, Legal and IT). No person shall hold more than one Adviser position. The Legal Adviser may, however, also be designated as the Tax Adviser, provided he meets the minimum qualifications for both positions. The minimum qualifications of the Project Team members are as follows:

1. Project Director
 - Direct experience in managing at least one project on due diligence and valuation studies for mergers and/or acquisitions in the Philippines

- At least 10 years work experience in management consulting or financial advisory services or auditing
 - Must at least be a Master's degree holder
2. Financial Adviser
- Direct experience or involvement in the conduct of at least one project on due diligence and valuation studies for mergers and acquisitions in the Philippines
 - At least 8 years work experience in management consulting or financial advisory services or auditing
 - Must at least be a Bachelor's degree holder
3. Tax Adviser
- At least 3 years direct experience or involvement in the conduct of tax due diligence for mergers, acquisitions or similar projects
 - At least 8 years work experience in taxation
 - Must at least be a Bachelor's degree holder
4. Legal Adviser
- At least 3 years direct experience or involvement in the conduct of legal due diligence for mergers, acquisitions or similar projects
 - At least 8 years legal work experience
 - Must be a member of the Bar in good standing
5. IT Adviser
- At least 3 years direct experience or involvement in the conduct of IT systems due diligence for mergers, acquisitions or similar projects
 - At least 8 years relevant work experience in the field of Information Technology
 - Must at least be a holder of Bachelor's degree and such other relevant IT certifications

F. BID EVALUATION

A. Bid Evaluation Procedure – Quality-Cost Based Evaluation (QCBE) / Selection (per RA 9184)

B. Overall Bid Evaluation Criteria and Rating System

	Weight (a)	Raw Score (b)	Weighted Score (ab)	Remarks
1. Technical Criteria (Firm Credentials; Personnel Qualifications and Number of Project Team Members; and Plan of Approach and Methodology)	60%			

<p>2. Financial Criteria The proposed bid price shall be scored as follows:</p> <table border="1" data-bbox="225 315 837 622"> <tr> <td>Condition</td> <td>Raw Score</td> </tr> <tr> <td>Lowest Bid</td> <td>100</td> </tr> <tr> <td>Other Bids</td> <td>BS</td> </tr> <tr> <td colspan="2">BS = 100 * BL / B</td> </tr> <tr> <td colspan="2">Where:</td> </tr> <tr> <td colspan="2">BS – Score of bid under consideration</td> </tr> <tr> <td colspan="2">BL – Price of lowest bid</td> </tr> <tr> <td colspan="2">B – Price of bid under consideration</td> </tr> </table>	Condition	Raw Score	Lowest Bid	100	Other Bids	BS	BS = 100 * BL / B		Where:		BS – Score of bid under consideration		BL – Price of lowest bid		B – Price of bid under consideration		40%			
Condition	Raw Score																			
Lowest Bid	100																			
Other Bids	BS																			
BS = 100 * BL / B																				
Where:																				
BS – Score of bid under consideration																				
BL – Price of lowest bid																				
B – Price of bid under consideration																				
TOTAL	100%																			

TECHNICAL CRITERIA																					
	Weight	Score	Remarks																		
1. Firm Credentials	60%																				
<p>a. Completed engagements in consulting work and advisory services relative to due diligence and valuation services for mergers and acquisitions projects for the last 10 years</p> <p>Philippine Universal/Commercial Banks</p> <table border="1" data-bbox="300 1077 984 1193"> <tr> <td>3 or more engagements</td> <td style="text-align: center;">30</td> </tr> <tr> <td>1-2 engagements</td> <td style="text-align: center;">20</td> </tr> <tr> <td>None</td> <td style="text-align: center;">0</td> </tr> </table> <p>Top 500 Philippine Corporations</p> <table border="1" data-bbox="300 1263 984 1379"> <tr> <td>3 or more engagements</td> <td style="text-align: center;">20</td> </tr> <tr> <td>1-2 engagements</td> <td style="text-align: center;">10</td> </tr> <tr> <td>None</td> <td style="text-align: center;">0</td> </tr> </table> <p>b. Completed engagements in advisory services in capital, planning, risk management, tax, information technology, quantitative analysis and/or strategic planning for the last 10 years for Philippine universal/commercial banks</p> <table border="1" data-bbox="300 1637 984 1753"> <tr> <td>3 or more engagements</td> <td style="text-align: center;">10</td> </tr> <tr> <td>1-2 engagements</td> <td style="text-align: center;">5</td> </tr> <tr> <td>None</td> <td style="text-align: center;">0</td> </tr> </table>	3 or more engagements	30	1-2 engagements	20	None	0	3 or more engagements	20	1-2 engagements	10	None	0	3 or more engagements	10	1-2 engagements	5	None	0	30%		
3 or more engagements	30																				
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1-2 engagements	10																				
None	0																				
3 or more engagements	10																				
1-2 engagements	5																				
None	0																				
2. Personnel Qualifications and Number of Project Team Members	30%																				

a. Project Director to be assigned is highly qualified to implement the engagement	<table border="1"> <tr> <td>Exceeds minimum qualifications</td> <td>7</td> </tr> <tr> <td>Meets minimum qualifications</td> <td>5</td> </tr> </table>	Exceeds minimum qualifications	7	Meets minimum qualifications	5	7%					
Exceeds minimum qualifications	7										
Meets minimum qualifications	5										
b. Financial Adviser to be assigned is highly qualified to perform its duties under the engagement	<table border="1"> <tr> <td>Exceeds minimum qualifications</td> <td>5</td> </tr> <tr> <td>Meets minimum qualifications</td> <td>3</td> </tr> </table>	Exceeds minimum qualifications	5	Meets minimum qualifications	3				5%		
Exceeds minimum qualifications	5										
Meets minimum qualifications	3										
c. Tax Adviser to be assigned is highly qualified to perform its duties under the engagement	<table border="1"> <tr> <td>Exceeds minimum qualifications</td> <td>5</td> </tr> <tr> <td>Meets minimum qualifications</td> <td>3</td> </tr> </table>	Exceeds minimum qualifications	5	Meets minimum qualifications	3	5%					
Exceeds minimum qualifications	5										
Meets minimum qualifications	3										
d. Legal Adviser to be assigned is highly qualified to perform its duties under the engagement	<table border="1"> <tr> <td>Exceeds minimum qualifications</td> <td>5</td> </tr> <tr> <td>Meets minimum qualifications</td> <td>3</td> </tr> </table>	Exceeds minimum qualifications	5	Meets minimum qualifications	3				5%		
Exceeds minimum qualifications	5										
Meets minimum qualifications	3										
e. IT Adviser to be assigned is highly qualified to perform its duties under the engagement	<table border="1"> <tr> <td>Exceeds minimum qualifications</td> <td>5</td> </tr> <tr> <td>Meets minimum qualifications</td> <td>3</td> </tr> </table>	Exceeds minimum qualifications	5	Meets minimum qualifications	3	5%					
Exceeds minimum qualifications	5										
Meets minimum qualifications	3										
f. Size of the team to be assigned to perform the engagement (including the Project Director and the Advisers)	<table border="1"> <tr> <td>Exceeds minimum qualifications</td> <td>3</td> </tr> <tr> <td>Meets minimum qualifications</td> <td>1</td> </tr> </table>	Exceeds minimum qualifications	3	Meets minimum qualifications	1				3%		
Exceeds minimum qualifications	3										
Meets minimum qualifications	1										
3. Plan of Approach and Methodology		10%									
TOTAL		100%									

**Eligible Consultants shall pass the Hurdle Rate of 75% to be shortlisted. The top 3 who passed the Hurdle Rate shall be shortlisted.*

G. TIMELINE

The project is estimated to be completed for a period of **14 weeks** from receipt of the Notice to Proceed (NTP) from LBP Procurement Department.

H. PAYMENT MILESTONES

Payments shall be in accordance with the following delivery schedule:

Deliverables	Scope of Work	Timeline	Valuation Fee		Billing Schedule
			%	Amount (In PHP)	
1. Inception Report	1. Basic Background Information (C.1) 2. Shareholding Structure (C.3) 3. Capital Adequacy and Composition (C.4) 4. IT Infrastructure (C.11)	5 weeks from NTP	10	XXXXXXXXXX	15 days after the submission of Inception Report
2. Preliminary Valuation Report (Presentation to LBP Management and Board of Directors)	All	4 weeks after submission of Inception Report	40	XXXXXXXXXX	15 days after the submission of Preliminary Valuation Report
3. Final Valuation Report (Approval of LBP Management and Board of Directors)	Revised Valuation Report (after incorporating comments from LBP Management and Board of Directors)	4 weeks after submission of Preliminary Valuation Report	20	XXXXXXXXXX	15 days after the submission of Final Valuation Report
5. Acceptance of Valuation Report		1 week after submission of Final Valuation Report	30	XXXXXXXXXX	15 days after the acceptance of Valuation Report
TOTAL		14 weeks	100	XXXXXXXXXX	

I. MISCELLANEOUS PROVISIONS

1. *Confidentiality.* It is understood that all confidential information discussed between LBP and the Consultant, as well as the External Parties, shall remain confidential and may not be shared with other parties without the express written approval of all parties concerned. All project staff of the Consultant as well as the External Parties it may engage shall be required to sign a non-disclosure agreement immediately at the start of the project and before commencing work. It is also understood that any financial advice rendered, packages, transactions and or structures recommended by the Consultant shall remain LBP's proprietary information and as such may not be shared with other parties without the express written consent of the **Land Bank of the Philippines**.

LBP and the Consultant will mutually agree on whether or not any transaction, advice or information may be disclosed to any third party or made public, except those which LBP and/or Consultant have to disclose because of legal, contractual, statutory and regulatory requirements. The terms of engagement are and must remain confidential, regardless of whether or not they are accepted by LBP.

Consultant and its affiliates as well as External Parties shall not use the Confidential Information for any purpose other than those permitted by this engagement without prior written approval of LBP.

2. *Exclusivity.* By accepting the terms of this engagement, LBP exclusively mandates the Consultant to conduct a Due Diligence and Valuation Study and shall not engage the services of other institutions to provide similar services without the prior written consent of the Consultant.
3. *External Parties.* The Consultant may engage the services of third parties, independent consultants including, but not limited to, auditor consultants, appraisers, and others. The selection and appointment of the external parties shall be undertaken with the consent of LBP, and the Consultant shall bear all fees and charges to these engagements, unless otherwise agreed upon.
4. *Conflict of Interest.* LBP understands and agrees that other parties with conflicting interests may also be customers of the Consultant or any of their affiliates, and the Consultant may be providing other services to them. The Consultant hereby assures LBP that the Consultant will neither use confidential information obtained from LBP on behalf of any other customer nor make the same available to any of their other customers. By the same token, the Consultant shall neither use on behalf of the LBP nor make available to the LBP confidential information obtained from any other customer.
5. *Indemnification.* The parties shall indemnify and hold each other, their affiliates and any of their respective officers, directors and agents free and harmless from any and all losses, costs, expenses, claims, damages or liabilities to which they may be subject or arising from their work in relation to

this engagement except in case of gross negligence or willful misconduct. Either party will reimburse the other party for any legal and other expenses incurred by them in connection with investigating or defending against any such pending or threatened claim, damage, liability, action or proceeding arising therefrom, provided however, the party at fault shall pay damages in case of gross negligence or willful misconduct.

6. *Information.* LBP shall supply the Consultant with all information that is or may be relevant for the performance of Consultant's services in connection with the transaction and will ensure that all such information is accurate. LBP shall provide the Consultant reasonable access to officers, directors, employees and professional advisers of agencies to be involved. Notwithstanding the foregoing, LBP shall involve the Consultant in or keep the Consultant apprised of all material discussions between LBP and any participants in the transaction.
7. *Termination.* The Consultant's engagement shall remain in force until the completion of the services unless terminated by any party after due notice to the other party. Termination of the engagement shall neither deny the Consultant the right to collect fees based on services rendered, nor the right to collect out-of-pocket expenses already incurred prior to such termination.

Termination of the engagement shall neither deny the Consultant the right to collect fees based on services rendered, nor the right to collect out-of-pocket expenses already incurred prior to such termination. Provided, however, that LBP reserves the right to verify and validate all the fees and charges incurred by the Consultant.

8. *Validity.* The engagement between LBP and the Consultant shall be valid until the issuance of the final valuation report.
9. *Amendments.* Any amendment or waiver of, or any consent given under, any provision of this engagement shall be in writing and, in the case of an amendment, signed by the parties.
10. *Governing Law.* This engagement shall be governed by the laws of the Republic of the Philippines.