



# COOPERATIVE BANK *of* COTABATO

*"The Bank with Genuine Service"*

**44<sup>th</sup>**

ANNUAL GENERAL  
ASSEMBLY

2023 ANNUAL REPORT

## VISION

Cooperative Bank of Cotabato shall be strong, dynamic, socially responsive and sustainable financial service provider in the country.

## MISSION

Cooperative Bank of Cotabato is a genuine provider of socially responsive and innovative financial and non-financial products and services to enrich the socio-economic well-being of its clients and valued stakeholders.

## INTRODUCTION OF THE BANK'S BRAND

*"The Bank with Genuine Service"*

*It implied that CBC employees uphold the principles of effectiveness, efficiency, transparency, confidence and commitment in "providing genuine services" to all members with the value of integrity, diversity, equal opportunity and fair treatment without sacrificing high performance in all aspects of organizational work as the catalyst of change for bank's financial growth and socio-economic development of the populace.*

## BUSINESS MODEL OF THE BANK

*The Cooperative Bank of Cotabato as financial intermediary provides retail and institutionalized banking services, compasses of dual role: a Bank and Cooperative as well. It has specific value proposition for its institutional member-clients (the primary cooperative-affiliates) and the individual clients.*

*Anent to this, the Bank works to strengthen its member-affiliates based on their demonstrative bankability by offering products and services in consonance to their financial needs and organizational capacities;*

*And likewise, it provides affordable and flexible range, with enhanced, new products and services that have been tailored-fit to the institutional and individual needs and capacities; Also, facilitates the transfer of modern – innovative art of technologies and other financial inclusions that can help to improve member-affiliates and clients business revenue streams and efficiencies through cost reduction and managing risk in the long run.*



# TABLE OF contents

4	President's Message
6	Chairman's Report
8	Committee Reports
10	Minutes of the General Assembly
31	Financial Highlights
32	2024 Bank Plan and Loan Budget
37	Risk Management Framework
38	Anti-Money Laundering Framework
39	Corporate Governance Framework
45	List of Executive Officers/Senior Management
46	Performance Assessment Program, Orientation and Education Program, Retirement & Succession Policy, Remuneration Policy
49	Related Party Transactions
51	Self-Assessment Function (Internal Audit & Compliance)
53	Consumer Protection Practices
54	Corporate Social Responsibility and Sustainability
56	Audited Financial Statements
124	List of Stockholders and their Stockholdings
130	Manpower Directory
155	Organizational Structure
156	Directory of Offices & Branches / Products & Services

# PRESIDENT'S MESSAGE

2023 has been one of the most challenging years of the Cooperative Bank of Cotabato. As we continued our journey towards sustainability, our resilience has been constantly challenged by the evolving economic landscape of the banking industry; stiffer regulations, emerging innovations of financial technologies and changing business models. Time and again, our learning experiences have always taught us that collaboration and teamwork are the uniting force to withstand those challenges and that we were able to sustain a positive result.

With utmost gratitude, we are proud to present this 2023 annual report which highlights the bank's significant accomplishments and remarkable financial performances across all aspects of the general operations.

Despite the unpredictable changing landscape of the banking industry, the bank has delivered and maintained a strong financial performance in 2023 and remained to be one of the few billionaire coopbanks in the country having recorded a total resources of P3.4 billion, an asset growth of 7.24%. Also worth noting is the total loan portfolio at P2.9 billion, an increase of 17.42% from 2022's P2.5 billion. The continuing trust of our clients is manifested in the increase of deposit portfolio at P1.98 billion from P1.70 billion of previous year. With the continuing risk management efforts to properly manage profitability and the emerging delinquency, the bank still able to realize a year-end net income of P23 million.

This remarkable growth is a manifestation of dedication and hardwork of the management team and Board of Directors coupled with our ability to adapt to the dynamics of changing market of our cooperative banking endeavors.

With the bank's lifetime commitment for genuine service provision, we have always put our clients and their satisfaction as top priority. We have implemented the enhanced financial consumer protection assistance mechanisms to properly address the needs and expectations of our diverse clients as well as in providing personalized solutions to their growing demands.

In this post-pandemic era where digital banking becomes a fundamental change in the way we work and do business, the bank has embarked on its digital roadmap. We have embraced the challenge of digital transformation and that we capitalized on financial technology platforms to improve and enhance our core banking system and management information processes. We have also invested on mobile banking and collection applications to provide real-time services and convenient banking solutions to our clients. Upon full implementation, these innovative initiatives may not only improve our operational efficiency but will enable us to capture new markets.

In our continuing goal to have a stronger market presence, the bank has successfully established three (3) branches/offices across 2 Regions in 2023, namely Tacurong Branch in Sultan Kudarat; Makilala Branch-lite in North Cotabato and Sta. Cruz Branch in Davao del Sur. We can truly affirm with great pride that our 18 branches/offices in total are representation and symbol of our strength, resilience and exceptional capabilities.

With our commitment for genuine provision of socially responsive and innovative financial and non-financial products and services, we continuously enhanced our product and service offerings to meet the growing needs of our clients and that we were able to

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expand our market outreach through collaboration and partnership with concerned agencies.

With the bank successfully hosted the annual general assembly of the Cooperative Banks Federation of the Philippines (BANGKOOP) on August 2023, we have proven our worth and competence as one of the top performing coopbanks in the country.

As it has been our commitment and mandate to be socially responsive and making a positive impact,



we have initiated and supported various community programs relating to health, education, and environmental sustainability. We continually recognize our obligation to give back to the communities we serve with the goal of empowering our clients while helping them to improve and uplift their socio-economic well-being.

As we move forward for a more productive year, I am confident that with our renewed optimism and determination, we can navigate any challenge and emerge stronger. As we embrace new opportunities that may come our way, we will continue innovating and focus on our strategic priorities in improving our systems and processes, intensifying our digital capabilities, further enhancing our product and service offerings and delivering value to our stockholders, clients and valued partners.

I wish to express my sincere appreciation and gratitude for the support of our Stockholders, continuing guidance from our Board of Directors, dedication and hardwork of our employees, unending trust and loyalty of our clients and partner agencies. Together we have achieved this remarkable success and will forever inspire us to reach new heights and to continue upholding our commitment for genuine service provision as we continue to build a brighter future for Cooperative Bank of Cotabato.

With GOD's grace and guidance, we look forward to another year of shared accomplishments and to achieving greater milestones together!



**ROLLY R. DELA CRUZ, MBA**

*President*



# CHAIRMAN'S REPORT

*“Cognizant of the challenges and the 44 years journey of the Cooperative Bank of Cotabato, we are steadfast in our commitment to promote growth and reliable banking services along with the continuous reliance to sustainability towards equal opportunity among bank’s clients, the stakeholders and the public in general, we your Board of Directors has done our duties to enliven another year of service with the Cooperative Bank”.*

Upon assumption to office, one of the main objectives of the bank is to upscale its services toward online banking payment facility to cope up with the demand of the market. With the initiative of the management and the Board, we availed the services of the Philippine Payment and Settlement System (PhilPass) – a facility payment used by Banks in settling interbank payment and/or atm transactions. Coping with the digitalized services and improved banking operations, we partnered with Traxion for the availment of the Coopnet Teller Machine. This was deployed in CBC Executive Office subject for User’s Acceptance Test.

In our advocacy for expansion and upgrading the bank’s facilities, we acquired properties intended for our Don Carlos Branch, Sulop Branch and Glan Branch. Moreover, we have planned for the construction of new bank building for our Antipas, Bansaalan and Lebak Branches.

In our desire to solidify our Cooperative Development Unit (CDU) as discussed and approved, the position of the Cooperative Development Assistant (CODA) was filled-up to generally assist the Cooperative Development Officer (CODO) in ensuring the continued progress of the member-affiliates and prompt compliance with the mandates of the regulating bodies. We have conducted 3-batches of Eskwela Kooperatiba with forty-one (41) micro-cooperatives and eighty-three (83) graduates in partnership with the Provincial Cooperative

Development Council. Learning on the Fundamentals of Cooperative, Cooperative Management and Governance, Strategic Planning, Policy Formulation and Values Formation was given priority as refresher course.

In our effort to recognize and accept membership, geared towards our advocacy of members expansion and recruitment, four (4) new cooperative members are accepted and to be confirmed namely (1) MARB-Agrarian Reform Beneficiaries Cooperatives (2) Paglaum Consolidated Multipurpose Cooperative (3) Bon Bosco Multipurpose Cooperative (4) Polomolok Marbel General Santos (POLMARGEN)Transport Multipurpose Cooperative.

To be more effective and efficient in extending its services, the bank strikes balance and recognizes its social responsibilities through giving back to the community through various outreach program especially for those under privileged customers and stockholders. The services offered to clients are the following:

a. Financial assistance to selected clients as recipients of the livelihood program.

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b. Allocation of funds for the roofing of makeshift school building of New Leon High School.

c. Granting scholarship to the deserving sons and daughters of cooperative stockholders.

With our goal to go green and be an environment-friendly institution, we have acquired the installation of an off-grid Solar Panel in our Executive Office building aimed to conserve renewable energy supply and cut-cost on electric consumption. Its functionality



and reliability will be appropriately assessed before it will be availed and installed to other CBC branches/offices.

Being your servant leaders, task is not easy, yet we tendered services according to the best of our ability and capacity, and we implemented programs and projects in accordance with the approved and accepted existing policy of the institution. Upholding the welfare of the bank's stockholders, employees, clients and the integrity of the bank in general is our outmost concern.

Thank you so much for the trust and confidence. Moving forward, given another chance to prove our worth as leaders, we choose to serve the bank and will continue to aspire for a better, improved and sustainable banking services. Together we believe, we commit, and we fulfill.

We are truly grateful to everyone who have done their roles in order to have a fruitful and productive banking year. Above all, we give back glory and honor to our Almighty Father for making these things possible.

Salamat at Mabuhay ang Kooperatibang Pangkalahatan! May God Bless us all!



**GIL D. PASTOLERO**  
*Chairman*





# CREDIT COMMITTEE REPORT

TO OUR FELLOW STOCKHOLDERS:


It is with great honor to present to the General Assembly our accomplishment report in accordance to the duties and responsibilities of the Committee. The meetings conducted by the committee through evaluation and review of loans submitted are done every second and last Wednesday of the month from January to December 31, 2023.

Loans approved and released for the year 2023 are as follows:

TYPE OF LOAN	ACTUAL NO. ACCOUNTS	ACTUAL LOAN RELEASE
Agricultural Loans		
• Supervised Credit	30	20,847,750.00
• Non-Supervised Credit	6,032	734,905,000.00
Commercial Loan	7,479	774,032,900.00
Microfinance Loans	35,147	903,530,731.00
MSME	98	352,451,743.00
Other Loans/Salary Loans	58,694	1,046,271,707.00
GRAND TOTAL	58,694	3,832,039,831.00

We therefore extend our deepest gratitude to the Board of Directors, Management and Staff for their unwavering support and the valued members and clients who are continuously patronizing the services of the Bank.

For the Credit Committee:

  
**JELITO G. JUGAS**  
Committee Chairman

# EDUCATION COMMITTEE REPORT

Cooperative Bank of Cotabato aims to ensure the continued progress of its cooperative members, thus the Education Committee constantly provide trainings regarding ethics, bylaws, technology, professionalism and other pertinent information and topics. Cooperative members are given the opportunity to achieve the level of knowledge and skill necessary to serve the public with competence and professionalism.

For the year 2023, the Education Committee had implemented the following projects:

- The Education Committee conducted a 10-day Basic Cooperative Entrepreneurial Short Course dubbed as “ESKWELA KOOPERATIBA” in partnership with the Provincial Cooperative Development Office (PCDO) thru the recognized resource speaker Mr. Jose Alcatara. This was held at CBC Training Center, Lanao, Kidapawan City and CBC Midsayap Branch on August 2023 to October 2023 with 37 participants for the whole duration of seminar.

The objective of this training workshop is to help/assist cooperatives and enable them to understand the following:

1. Duties and responsibilities of being a Chairman & Manager of a cooperative
  2. Development of Business Plan
  3. Financial Stability and Profit Earning
- The Cooperative Development Officer (CODO) continuously assist Thirty Two (32) Cooperative affiliates on submitting mandatory reports using the Cooperative Assessment Information System (CAIS) for the release of the Certificate of Compliance (COC).
  - There are Four (4) cooperative-applicants for membership pending the final approval by the Board subject for the confirmation of General Assembly namely:
    1. MARB AGRARIAN REFORM COOPERATIVE
    2. DON BOSCO MULTI-PURPOSE COOPERATIVE
    3. POLMARGEN TRANSPORT MULTI-PURPOSE COOPERATIVE
    4. PAGLAUM CONSOLIDATED MULTI-PURPOSE COOPERATIVE
  - Cooperative Development Assistant (CODA) was hired to assist affiliates.
  - We have extended financial assistance to members who attended mandatory trainings set by the Cooperative Development Authority (CDA)
  - The Education Committee conducted a raffle during the General Assembly Meeting for the ten (10) lucky winners of five (5) units of printer and five (5) units of personal computer.

The Education Committee with the CODO, CODA and the management will assure continued and upkeep support to the cooperative affiliates of the bank. Let's all have a meaningful and productive years ahead of us.

For the Education Committee:

  
**ERMA R. ODAL**  
Committee Chairman

# MINUTES OF THE 43<sup>RD</sup> ANNUAL GENERAL ASSEMBLY AND ELECTION OF BOARD OF DIRECTORS & ELECTION OF COMMITTEE MEMBERS

30 June 2023 @ 7:05 A.M.  
CBC Training Center@ the Executive Office, Brgy. Lanao, Kidapawan City

## ORDER OF BUSINESS

**Registration (7:00 a.m. to 9:00 a.m.)**

**Pre-Assembly Program:**

Arrival/Breakfast/Registration  
Invocation  
Pambansang Awit  
Cooperative Hymn  
Cooperative Pledge

**GENERAL ASSEMBLY MEETING PROPER**

- 1.0 Call to Order**
- 2.0 Proof of Due Notice**
- 3.0 Certification of Quorum by the Secretary**
- 4.0 Presentation & Confirmation of New Members**
  - 4.1 Sangat Farmers Credit Cooperative formerly Sangat SN Multipurpose Cooperative
  - 4.2 Mt. Apo 10KM Radius Multipurpose Cooperative
- 5.0 Adoption of House Rule**
- 6.0 Amendments/Insertion to the Proposed Agenda**
- 7.0 Reading/Corrections/ Disposition of the Minutes of the previous GA meeting dated June 30, 2022 and Matters Arising from the Minutes**
- 8.0 Annual Report 2022**
  - 8.1 Report of the Chairman of the Board
  - 8.2 Report of the President and Presentation of the 2023 Bank Plan and Loan Budget
  - 8.3 Report of the Bank's External Auditor –QUILAB & GARSUTA CPA
- 9.0 Report of the Different Standing and Working Committees**
  - 9.1 Report of the Education Committee
  - 9.2 Report of the Credit Committee
  - 9.3 Report of the ELECOM with Amendments in the Election Primer
- 10.0 Election of Board of Directors for District 2 & 3 and Members of the ELECOM**
  - 10.1 Recognition and Awarding 2022
- 11.0 New Business**
  - 11.1 Confirmation and Approval of the 2023 Summary of Approved Board Resolutions
  - 11.2 Approval of the 2022 Allocation and Declaration of Cash Dividends amounting to P 8,347,109.02
  - 11.3 Presentation and Confirmation of the Code of Ethics and Good Governance
  - 11.4 Presentation and Confirmation of the GAD Committee Charter, GAD Policy and GAD Mainstreaming Process
  - 11.5 Proposed Stockholder's Day with Recognition and Awarding
  - 11.6 Confirmation & Approval of the Patronage Refund
  - 11.7 Status of the Suspension of Dir. Marianita D. Soterno
  - 11.8 Surallah Case
  - 11.9 Presentation of the Revised Organizational Structure
  - 11.10 Amendments of the Articles of Cooperation and By-Laws
- 12.0 Announcement- Slot Available for District 1 & 3 for the Sons and Daughters Scholarship Program**
- 13.0 Adjournment**

## I. MEETING PROPER

Before the 43<sup>rd</sup> Annual General Assembly was called to order by the Chairman of the Board Mr. Jelito G. Jugas, he warmly welcomes all the official delegates Member-Stockholders, bank officers, the External Auditor, guests and other visitors.

### 1.0 Call to Order

The Presiding Officer/Chairman of the Board Mr. Jelito G. Jugas called the meeting to order at exactly 9:05 in the morning.

### 2.0 Proof of Due Notice

Notices were served to all active member cooperatives/Samahang Nayons' Chairpersons and their respective representatives.

### 3.0 Certification of Quorum

Board Secretary Mary Grace S. Macadato called the roll of all the official delegates to the assembly. The number of the official delegates present was 71 out of the 71 active members, thus signify a quorum, to wit;

	Name of Cooperative	Name of Representative	Position
1	Berada Multipurpose Cooperative	Florencia H. Idao	Chairperson
2	Kalaisan Credit Cooperative	Willington C. Galbizo	Chairperson
3	Lanao Credit Cooperative	Carolina G. Daguman	Manager
4	Macebolig Farmers Credit Cooperative	Teofila Ramos	Chairperson
5	Mua-an Farmers Credit Cooperative	Editha A. Antipuesto	Chairperson
6	Rainbow Family Multipurpose Cooperative	Marianita D. Soterno	Chairperson
7	Sumbac Multipurpose Cooperative	Ma. Anally G. Dano	Chairperson
8	Cotabato Prov'l Gov't. Employees & Retirees Co.	Erlinda O. Pantaleon	Manager
9	MAGIRCO	Alverico R. Rapacon	Chairperson
10	Bulucanon SN Credit Cooperative	Edtami P. Mansayagan	Chairperson
11	Garsika Multipurpose Cooperative	Leopoldo Tado	Chairperson
12	Kisante Credit Cooperative	Jean Y. Meperanum	Treasurer
13	Goshen Water Service Cooperative	Joel Lariosa	Chairperson
14	Prime Saguing Credit Cooperative	Edzel R. Magbanua	BOD Member
15	Makilala Senior Citizen Multipurpose Cooperative	Cirila C. Palacios	Treasurer
16	San Vicente Farmers Multipurpose Cooperative	Thomas I. Rebelala	Manager
17	Bagontapay Credit Cooperative	Cecille D. Colima	Chairperson
18	Bialong Credit Cooperative	Romeo G. Lobaton	Chairperson
19	Dugong Credit Cooperative	Erlinda P. Rico	Chairperson
20	United Rice Farmers Credit Cooperative	Aylyn G. Leysa	Chairperson
21	Katipunan Farmers Credit Cooperative	Memie S. Tayco	Chairperson
22	Nuestra Señora De Salvacion Credit Cooperative	Maribel E. Nortez	Chairperson
23	Pulanglupa Farmers Cooperative	Gil P. Sodusta	Chairman
24	Mannah Farmers Agri.Cooperative	Noraima J. Abdullah	Chairperson
25	Cuyapon Farmers Agri-Marketing Cooperative	Danilo B. Malangay, Sr.	Chairperson
26	Sangat Farmers Credit Cooperative	Jessie D. Castor	Chairperson
27	Katidtuan Marketing Cooperative	Samuel Aquino	Chairperson
28	Lower Paatan Multipurpose Cooperative	Rogelio D. Caoagdan	Chairperson
29	Osias SN Multipurpose Cooperative	Erma R. Odal	Chairperson
30	Aringay Farmers Credit Cooperative	Fidela P. Torres	Chairperson
31	Dagupan SN Multipurpose Cooperative	Miriam I. Espino	Treasurer
32	Cotabato Intg. Seed Producers Marketing Coop.	Leo M. Manuel	Chairperson
33	Dalapitan Credit Cooperative	Loreto F. Martinez	Chairperson
34	Estado Farmers Credit Cooperative	Jonathan M. Viajante	Chairperson
35	Kibia Rice Producers Marketing Cooperative	Danilo V. Asio, Sr.	Chairperson

36	Kibudoc Sugarcane Planters Cooperative	Roy C. Panes	Chairperson
37	Farmers of Marbel Credit Cooperative	Lorvalent Acoba	Chairperson
38	Linao Farmers Marketing Cooperative	Danilo V. Valdez	Chairperson
39	Taculen Multipurpose Cooperative	Rebecca Dumingsel	Compliance Officer
40	Matalam Rubber Planters Integrated Cooperative	Mercy Fe G. Dalisay	Board Secretary
41	Bobugan Consumers Cooperative	Jocelyn C. Andea	Chairperson
42	Dualing Marketing Cooperative	John Mark C. Cambel	Chairperson
43	Lawili Multipurpose Cooperative	Innocencio Cajutol, Jr.	Chairperson
44	New Leon Multipurpose Cooperative	Gil P. Pastolero	Chairperson
45	Taguan Credit Cooperative	Teresita Cagape	Chairperson
46	Nalpan Multipurpose Cooperative	Amyrose C. Casiron	Chairperson
47	San Mateo Consumers Cooperative	Isabelita S. Tadulan	Chairperson
48	Active & Concern Employee's Credit Cooperative	Jay Anthony D. Donopol	Chairperson
49	Bagumba Credit Cooperative	Lucia T. Fernandez	Chairperson
50	Agriculture Farmers Multipurpose Cooperative	Catalino F. Fugata, Jr.	Chairperson
51	Greater Midsayap Area MPC	Estelita M. Fermil	Chairperson
52	COHESCO	Maximiano De Asis	BOD
53	Lagumbingan Farmers Credit Cooperative	Christopher Dacula	Chairperson
54	Lower Glad Agriculture Cooperative	Monalie Siminig	Secretary
55	Nalin Credit Cooperative	Roberto J. Eliseo, Sr.	Chairperson
56	Patindeguin Farmers Credit Cooperative	Adela G. Niedo	Chairperson
57	Rangebana Farmers Credit Cooperative	Melecio Villon	Chairperson
58	Tumbras SN Integrated Cooperative	Romulo P. Robles, Sr.	Chairperson
59	Villarica SN Multipurpose Cooperative	Ricardo M. Carmona	Chairperson
60	Sayap Multipurpose Cooperative	Nicanor Nanlabi	Chairperson
61	Samahang Magniniyog ng Pikit Multipurpose Coop.	Lyn Marie Flores	Treasurer
62	Pigcawaran Marketing Cooperative	Ruben J. Señerez	Chairperson
63	Libungan Marketing Cooperative	Ruben D. Pedrero	Chairperson
64	Baguer Credit Cooperative	Lorena H. Camino	BOD Member
65	Batiocan Consumers Cooperative	Cleto P. Carbonell, Jr.	Chairperson
66	Ulamian Credit Cooperative	Jeanette B. Olveros	Chairperson
67	Bulucaon Farmers Multipurpose Cooperative	Mia Gonzaga	Chairperson
68	Malu-ao Farmers Credit Cooperative	Joemarie L. Ebido	Chairperson
69	Midpapan 1 Credit Cooperative	Joseroy A. Dagoldagol	Chairperson
70	Capayuran Farmers Credit Cooperative	Jelito G. Jugas	Chairperson
71	Upper Baguer SN Integrated Cooperative	Rutchell S. Omadle	Chairperson
72	Bual Sur Farmers Marketing Cooperative	Primo S. Sotomil	Chairperson
73	Mt. Apo 10 K M Radius Multipurpose Cooperative	Danilo A. Emba	Chairperson

Also acknowledged were the presence of the bank's officers and personnel, viz;

1. Rolly R. Dela Cruz - President
2. Jesus S. Jaoud - Vice President for Admin.Services
3. Edelle G. Hernandez - Vice President for Branch Operations
4. Liezl L. Magbanua - Vice President for Credit
5. Defer R. Villaruz - Vice President for Finance
6. Marygrace S. Macadato - Board Secretary
7. Florelyn S. Pagaduan - HR Manager
8. Diane Jane D. Escarlan - Chief Compliance Officer
9. Jude A. Dacutan - Accounting Manager
10. April Marie Irig - RDM Manager
11. Dexter G. Pinagayao - CODO

#### 4.0 Presentation and Acceptance of New Members- Bual Sur Farmers Marketing Cooperative and Mt. Apo 10KM Radius Multipurpose Cooperative

Presented to the august body the newly reactivated and registered new member the Bual Sur Marketing Cooperative as well as 10KM Radius Multipurpose Cooperative as new member for acceptance.



Upon a motion by Chairman Alverico Rapacon duly seconded, the presented new member and newly rehabilitated member was accepted and confirmed to wit;

**General Assembly Resolution No. 2023-01**- Resolved as it is hereby resolved to confirm the membership of Bual Sur Farmers Marketing Cooperative and Mt. Apo 10KM Radius Multipurpose Cooperative. Approved unanimously.

## **5.0 Adoption of House Rule**

Chairman Jugas requested the Board Secretary to present and read the proposed house rules. The assembly then were also informed that copies of the house rules were already been distributed ahead of time. Since there was no question, comments or objections on the presented house rule, on a motion by Chairman Alverico Rapacon of MARPICO duly seconded, the presented house rule was accepted and adopted as presented to wit;

**General Assembly Resolution No. 2023-02**-Resolved as it is hereby resolved to approve the presented House Rules. Approved unanimously.

## **6.0 Amendments or Insertion to the Agenda**

Chairman Edtami Mansayagan of Bulucanon SN MPC inserted an agenda regarding the status of the suspended member of the Board Ms. Marianita D. Soterno; Chairman Ruben Señerez of Pigcawaran Marketing Cooperative likewise inserted an agenda about the development of the Surallah Case; Chairman Catalino F. Fugata, Jr. inserted an agenda on the request for a mediation of AFMPC and the pleasure of the general assembly on the undivided cash dividends of the bank; Other agenda as per requested by the management were as follows; (1) Declaration of Patronage Refund (2) Presentation of the Revised Organizational Structure (3) Amendments of the Articles of Cooperation and By-Laws.

Upon a motion by Chairman Rapacon duly seconded, the agenda presented and inserted was accepted by the assembly.

## **7.0 Reading, Correction and Disposition of the Minutes of the Previous Meeting dated June 29, 2022**

Chairman Mansayagan moved to dispense the reading of the minutes of the previous meeting and to discuss the matters arising from the previous minutes.

*“Chairman Mansayagan corrected the name of his cooperative Bulacan on instead of Bulucanon, Chairman Taculen corrected the name of her Cooperative that was already changed to MPC and not Marketing Cooperative; Chairman Panes also corrected in terms of the Report of the Election Committee, for District 2 only two (2) BODs will be elected the figure is corrected to only two instead of three (3); Chairman Galbizo also corrected the name of his Cooperative to Credit Cooperative not Multipurpose Cooperative; Chairman Valdez likewise corrected the name of his Cooperative to Linao Farmers Marketing Cooperative not Linao Farmers Credit Cooperative;*

### **7.1 Matters Arising from the Minutes of the Previous Meeting**

*Chairman Fernandez made a clarification on the paid-up capital of her cooperative saying that they added an investment of 20,000 on the year 2022 but was not yet added to their paid-up share. Chairman Jugas said that their inquiry will be checked and to be verified to the Accounting Unit. Chairman Señerez made an inquiry regarding the report on the Annual Report 2022 saying that his picture was no longer included in the 2022 Annual Report. President Dela Cruz explained that Mr. Señerez retired on February 2022 and the Annual Report was as of 31 December 2022. As for Dir. Soterno, her name was included in the Annual Report but she refuses to attend the pictorial as per scheduled. An inquiry was also raised by Chairman Fugata regarding the approved amendments to the Election Primer on the redistricting, he observed that the said redistricting was not yet followed. Chairman Jugas mentioned that the inquiry of Dir. Fugata will be responded by the Election Committee during the presentation of their report.*

Since there were no other comments, questions and objections, on a motion by Chairman Nanlabi the minutes of the previous meeting was accepted and adopted as corrected and discussed on joint sponsorship.

## **8.0 Annual Report 2022**

### **8.1 Report of the Chairman**

As for the Report of the Chairman, he mentioned that his report was already incorporated in the Annual Report. His report highlighted the following changes and improvement when it comes to (1)

Infrastrure and Expansion on the opening of one branch in Tacurong City (2) Recruitment and Placement (3) Enhancement, Orientation and Continued Education (4) Digital and Technological Transformation and Reporting System (5) Cooperative Development Assistance (6) Productivity and Economic Progress (7) Enhanced Policies and Procedures. He acknowledged the un-ending support of the Stockholders, the officers and employees to the continued success of the bank.

After the presentation and on a motion by Chairman Dano of Sumbac MPC duly seconded moved to adopt the Chairman's Report for 2022 to wit;

**General Assembly Resolution No. 2023-03** Resolved as it is hereby resolved that the Chairman's Report 2022 was accepted and adopted as presented and discussed on joint sponsorship. Approved unanimously.

## **8.2 Report of the President and Presentation of the 2023 Bank Plan and Loan Budget**

President Dela Cruz presented the financial highlights of the bank for the year 2022 with comparison from the year 2021. He presented the total asset of the bank from 2.24 Billion from last year with an increase of almost 26.16% from the previous year. Said increase was brought by the purchased of various lot properties intended for bank buildings and branching out and series of constructions. Also he presented the increased on bank's portfolio to more or less 2.5 Billion portfolios at the closed of the year from 2021. The increased propelled by the high volume of loan releases and implementation of new loan products. As for deposit portfolio, it was made higher by at least 226.4 Million or 17.16% and was able to register a deposit portfolio of 1.75 Billion or a 23.5% increase as the closed of the fiscal year which means that the public trust for the bank is still in place. As for share capital, the bank registers an amount accumulated amounting to 76.7Million with a total of 3.07Million additional contribution of the members. With means that there were members who infuses fresh capital as additional investment aside from the mandatory deduction of their subscription from their cash dividends. As for net income, there was decrease of net income which this was brought about by the effect of pandemic as also experienced by other banks. However, despite of the pandemic and other factors, he bank was able to register an income of 37.6Million. He made mentioned that the booking of ACL amounting to 70Million was one of the contributing factor for the decrease of net income. This made the bank to request for a moratorium from the BSP or regulatory relief for a staggered booking instead of outright booking. This was the effect of the 2019 up to 2021 pandemic which affected the repayment of the borrowers particularly unsecured loans on Microfinance Loans until 2022. Despite everything, he mentioned that the bank still overcome the challenged and the bank still managed to grow. Also despite the request for moratorium which might affect the declaration of the interest on share capital, still the Board and the Management made the request for approval for the assembly since this was already a yearly declaration for the Stockholders.

As for the 2023 Bank Plan and Loan Budget, he presented the bank's target in terms of portfolio amounting to 334Million. As for total asset this will increase up to 3.3Billion and 417Million other asset with past due ratio of 12%. He challenged the management for the target to be achieved by 2023. A projection of net income amounting to 65Million by the end of the year. He also presented the budgeted procurement and IT acquisition and other projection for the 2023. He also mentioned the opening of Sta. Cruz, Makilala Branch Lite and Glan Branch for next year. As for the IT improvement, he highlighted the improvement made and procurement made in terms of digitalization for the bank. According to him, this will entail a huge cost for the bank if the bank will plan to procure and improve better its IT system. He also urged the Stockholders to use the CBC Apps but with only limited platform. He also mentioned that the bank is on the process for PhilPass Membership. This was further explained by VP Villaruz saying that this will enable the bank to go ONLINE BANKING subject for approval by the necessary approving body/agency or the BSP. According to him, by 2024, this will be acquired by the bank so that the bank can compete with other commercial banks in terms of digital improvement.

Chairman Señerez commented informing the members on his observation that the presentation of the President was a consolidate presentation of the highlights of the financial status of the bank saying that the individual performance of the branches was not presented. He said that the bank should consider on slowing down the procurement of properties. The President said that the members can also inquire from the External Auditor about the performance of the bank. He also reminded the Stockholders to also inquire from the Finance Department the individual performance of the branches since his report was consolidated.

After a thorough and lengthy presentation and discussion, on the motion of Chaiman Nanlabi duly seconded the report of the President was accepted and adopted as presented and discussed, to wit;

**General Assembly Resolution No. 2023-04** Resolved as it is hereby resolved to approve the amendments under the Amended Election Primer. Approved unanimously.

### **8.3 Independent Report of the External Auditor – Quilab & Garsuta CPA**

With the presence of the External Auditors from Quilab & Garsuta CPA, they presented to the assembly the report of the External Auditor the Quilab & Garsuta CPA, the financial statement in accordance with the requirement or standard set for cooperative banks with emphasis on the role of the Board who are responsible in overseeing the financial report of the bank. It was mentioned as per their opinion that the accompanying financial statements present fairly, in all material respects, the financial position of CBC as of December 31, 2022 and of its financial; performance and its cash flows for the year then ended in accordance with the Philippine Financial Reporting Standards (PFRSs). As for the report, there was a material increase in the asset of the bank. As for loans and receivable there was also a material increase on this aspect from 1.8Billion to 2.2Billion. The bank's premises also increased because of the asset constructed and purchased. For simple explanation, the over-all financial aspect of the bank according to their report, was fairly presented in all material aspects. Over-all performance, the financial condition of the bank as of December 31, 2022 which comprises the statement of financial position and the statement of profit or loss, statement of changes in equity and statement of cash flows for the year ended and noted to financial statements comprising of a summary of significant accounting policies and other explanatory notes.

Chairman Dumingsel on her part commented on the decreased of past due and the booking of the ACL of 70Million. She then questioned the huge undivided surplus of the bank asking the Auditor if its healthy for the bank to have a huge undivided surplus. The External Auditor explained that, it would be a strategy of some banks that the undivided surplus will be for usage of some projects. In some ways, the bank should balance these aspects on its financial condition. President Dela Cruz likewise explained that since the bank is regulated by the BSP, we will abide by the policy of the BSP in terms of the undivided surplus. As for the booking of ACL, he explained the payment holiday that was implemented because it was a government policy which the bank needed to follow. According to him, the BSP mandated the bank the outright booking of 380Million yet the bank made a compromise requesting for a staggered booking and outright booking separately computed. For further explanation, the bank's Chief Compliance Officer Ms. Escarlan explained as for plowed back of surplus free, she mentioned that each stockholder is only limited to 10% stockholdings. The BSP standard for Capital Adequacy Ratio (CAR) is 10%. If ever, the CAR will fall below the standard ratio of 10% the tendency would be, the stockholders will infuse fresh capital. The undivided net surplus is one of the factor that the bank is maintaining its standard CAR or more than of the standard required by the BSP.

Chairman Fugata insisted that a portion of the undivided net surplus must be plowed back. The President explained that there is the policy of the bank on the Minimum Liquidity Ratio of 20%. He also mentioned that the bank has a hard time determining as to how much will be plowed back for each of the member-cooperatives as to the computation of possible plowed back. He also mentioned that this will be one of the area to be referred to the BSP if ever the bank will be examined by the BSP.

Chairman Sodusta likewise inquires as to the tax liability of the bank. The External Auditor explained that the bank has religiously remitted its tax liability and complied accordingly with the BIR.

Since there were no comments and objections on a motion duly seconded, unto the report of the External Auditor, the report was accepted and adopted as presented and discussed on joint sponsorship.

## **9.0. Report of the Different Standing Committees**

### **9.1 Report of the Education Committee**

The Chairman of the Education Committee Ms. Erma R. Odal presented to the assembly the report of the Education Committee highlighting the following: (1) the CODO along with the BODs and the CCO attended the CAIS Hands-on training conducted by the CDA (2) Supplementary training on CAIS was initiated by the CODO and was able to assist 19 Cooperative Affiliates on their mandatory reports using CAIS system for the release of their Certificate of Compliance (COC) (3) There is significant increase in paid-up capital due to cash infusion by some active members from (4) Conduct of lakbay-aral for the Stockholders and (5) Continuous recruitment of new members was initiated.

Chairman Fugata inquires as to the application for membership of some applicant and their status. The Board Secretary mentioned that there were three (3) applicants for new membership yet the bank cannot accept yet the two because of the concerned on the area of operation. As for CAASCO which she mentioned that this was particularly visited by the Board and that said Co-op was found out to be not in compliant with the BIR yet. Mr. Fugata then requested a formal information to the CAASCO on the findings of the Board. This was noted by the Board.

Since there were no comments and objections on a motion duly seconded, unto the report of the Education Committee, the report was accepted and adopted as presented and discussed on joint sponsorship.

## 9.2. Report of the Credit Committee for the year ending December 31, 2022

The Committee presented the report of the Credit Committee for the Loans approved and released for the year 2022, viz;

KIND OF LOAN	ACTUAL NO. OF ACCOUNTS	ACTUAL LOAN RELEASE
Agricultural Loans		
• Supervised Credit	30	25,582,650.00
• Non-Supervised Credit	8,658	703,737,100.00
Commercial Loans	6,549	682,252,362.00
Microfinance Loans	40,088	1,022,032,870.00
MSME	84	323,770,000.00
Other Loans/Salary Loans	9,755	937,329,300.00
GRAND TOTAL	65,166	3,694,704,282.00

Chairman Rapacon inquires if the loan releases were only limited under the Credit Committee level. The President said that the report presented covers all type of loans within the different level of authority in accordance with the approve CASA. Chairman Señerez suggested to include in the next report the report on past due loans, current loans and other report when it comes to loan releases. The President mentioned that the report on past due was already under the report of the External Auditor but if the Stockholders would prefer a more detailed report, then the management will make a revision of the report of the Credit Committee.

Chairman Fugata likewise inquires as to the commitment of the bank to reduce the past due loans. President Dela Cruz explained that the majority of the loan exposure of the bank is under unsecured loan. However, the bank is slowly and gradually transition to secured loan. That is why there were 84 accounts or almost 324 Million release of MSME which are secured loan. He also explained that the bank is always committed to lower the past due ratio by the Credit Department.

Since there were no comments and objections on a motion duly seconded, unto the report of the Credit Committee, the report was accepted and adopted as presented and discussed on joint sponsorship.

## 9.3 Report of the Election Committee and Recommendation

Presented to the assembly was the report of the Election Committee on their sole responsibilities as stipulated under Rule 7 Sec. 4.4.4 of RA 9520, the term of office of the Elected BODs and their evaluation conducted for election.

The Election Committee as one of the standing committees mandated in accordance with Rule 7 Sec. 4.4.4 of RA 9520. As such, they have the duties and responsibilities to;

- a. Formulate election rules and guidelines and recommend to the General Assembly for approval;
- b. Implement election rules and guidelines duly approved by the General Assembly;
- c. Recommend necessary amendments to the election rules and guidelines, in consultation with the Board of Directors for the General Assembly's approval;
- d. Supervise the conduct, manner and procedure of election and other election related activities and act on the changes thereto;
- e. Canvass and certify the results of the election;
- f. Proclaim the winning candidates;
- g. Decide election and other election related cases except those involving the Election Committee members;
- h. Perform such other functions as prescribed in the By-Laws or authorized by the General Assembly.

### Term of office of Elected BODs

The election for BODs will take place for District 2 & 3. Only one (1) Director is to be elected for District 2 while two (2) Directors is to be elected for District 3. The elected members of the board will serve the regular term of office of two (2) years.



## Evaluation conducted for Election

With fervor and enthusiasm, in accordance with the Election Primer, the Election Committee conducted the following:

- a) Sent notices to all identified active members for evaluation;
- b) Conducted actual evaluation to those who opted to be evaluated;
- c) Sent notices of qualification/disqualification;
- d) Sent Certificate of Candidacy for evaluation of representatives or candidates to run;
- e) Final selection of official qualified candidates.

After the selection, the following were the official qualified candidates for the two districts:

### District 2:

- |                          |                                |
|--------------------------|--------------------------------|
| 1. Mr. Gil P. Sodusta    | Pulanglupa Farmers Cooperative |
| 2. Ms. Cecille D. Colima | Bagontapay Credit Cooperative  |

### District 3:

- |                             |                                                |
|-----------------------------|------------------------------------------------|
| 1. Ms. Erma R. Odal         | Osias SN Multipurpose Cooperative              |
| 2. Ms. Rebecca O. Dumingsel | Taculen Farmers Multipurpose Cooperative       |
| 3. Mr. Leo M. Manuel        | Cotabato Integrated Seed Producers Mktg. Coop. |

## Proposed Amendments on the Election Primer

In order to strengthen and improve the Election Primer, the Election Committee proposed the amendments to the Election Primer. The proposed amendments are highlighted and italicized with emphasis on the attached copy of the actual Election Primer as distributed. These were the proposed amendments:

1. *To amend on Article 4 Item B under Pre-Qualification of Cooperatives as addendum;*
  - Signage as prescribed and mandated by the Cooperative Development Authority
  - Functional Organizational Structure
2. *To amend On Article 4 Item B- To include the words “for the last two years”.*
3. *To amend On Article 4 Item C – And/or latest Acknowledgement Receipt duly issued by the CDA if ever, upon the issuance of the COC of elected candidate, the same shall be submitted to the Election Committee for verification. Failure to submit said COC within ninety days (90) upon election is a ground for temporary disqualification until such time that it will be submitted.*
4. *To amend on Article 4 Item D- average monthly balance of 20,000.*
5. *To amend on Article 4 Item E- the investment required from 100,000 to 400,000 & from 200,000 to 500,000.00*
6. *To amend on Article 5 Item 5 Pre-qualification of Candidates – Any aspiring candidate must have no multiple position as BOD/Officer to any primary cooperatives and other existing organization.*
7. *To amend on Article 5 Section 7. – Any aspiring candidate who has direct contact with the Stockholders is disqualified from running as Board of Director. Direct Contact means availing of the personal services thru consultation, bookkeeping and managing with corresponding professional fees for the last two (2) years.*
8. *To amend Article 7 Section 4- Nomination at large is allowed and election at large if ever, elected candidate is not qualified, the CBC BODs has the option to fill-in the position by appointment.*

Since there were no comments and objections, on a motion duly seconded, unto the report of the Election Committee, the report was accepted and adopted as presented and discussed on joint sponsorship.

As for the proposed amendments on item 1, the assembly approved the above proposal. And as for proposal No. 2, the Election Committee discussed that in order for an aspiring candidate to be compliant with the BSP, there should be no past due of the aspiring candidate for the past two years. On a motion by Chairman Dano, duly seconded, the proposal on Item No. 2 is approved but was put into a division of the house since there was an objection on the motion. There was also a motion from Dir. Fugata that the Election Primer will remain as is with no amendments.

- As for proposal No. 1 there was no objection, this was approved by the assembly.
- As for the proposal for the “last two years” there was a division of the house. There were 47 votes who voted for not in favor of the proposal. The provision in the election primer will remain as is.
- As for proposal No. 3, on a motion by Chairman Nanlabi duly seconded, this particular amendment is approved.



- As for proposal No. 4 item C and D, on a motion by Chairman Eliseo duly seconded, this particular amendment is approved.
- As for proposal No. 5 item E, on a motion duly seconded, this particular amendment is approved.
- As for proposal No. 6, item 5, Chairman Fugata objected on the proposal saying that the amendment is irrelevant to the mandate of the CDA requirements to be a member of other cooperatives. Chairman Niedo explained that even the BSP is not allowing holding other government position when functioning as Board. Chairman De Asis also pointed out that as long as it was not in conflict with being a BOD with the bank from that of other institutions then being a Board in one of more organization is not a problem. Chairman Mansayagan also explained that said proposal is imposing limitation on the capacities of those who wanted to served. Chairman Niedo explained the rationale of prioritization of working as BOD of the bank and to see to it that it will not hamper his/her work as BOD. Chairman Aquino explained the provision of the law as per RA 9520 on holding multiple position to any cooperatives/organization. The bank's CCO likewise explained the BSP provision of an interlocking Directors, saying that multiple membership/officership to any institution will be reported to the BSP and the later will make an evaluation when it comes to association affiliation. As for the justification on the imposition of the said amendments, it was observed that that there were instances that some members of the board or members of the committees cannot attend a meeting due to conflict of schedule and other commitments. The tendency would be, the bank will adjust on the availability of the officers (BODs and members of the Committees) during the conduct of meetings and other activities.

After a thorough discussion, there was a division of the house. Majority of the votes were not in favor of the proposal.

- As for the proposal No. 7, the ELECOM explained the significant of the influence of exposure of a candidate to the Stockholders. Dir. Soterno commented that she is not in favor of the proposal since even the CCDC and the CDA has organize the association of Bookkeepers mentioning that she is the current President. Chairman Señerez likewise mentioned that as long as she/he can deliver the work of being a Board being a Bookkeeper is not a problem. Chairman Fugata likewise inquires as there were no particular provision on the law that prohibits a Bookkeeper to run as Board of CBC then it will not be a problem for aspiring candidate. Chairman Niedo explained the rationale of the “influence” of some aspiring candidate to the Stockholders.

The proposal was then resolved by a division of the house and majority of the members objected on the proposal.

- As for proposal No. 8, on a motion duly seconded, the proposal is approved.

**General Assembly Resolution No. 2023-05** Resolved as it is hereby resolved to approve the amendments under the Amended Election Primer. Approved unanimously.

## 10.0 Election Proper

The ELECOM presented to the assembly the herein qualified candidates for election based on the qualification set under the Election Primer.

District	Candidate's Name	Cooperative's Represented	Position
2	GIL D. SODUSTA	Pulanglupa Farmers Cooperative	Chairperson
	CECILLE D. COLIMA	Bagontapay Credit Cooperative	Chairperson
3	ERMA R. ODAL	Osias SN Multipurpose Cooperative	Chairperson
	REBECCADUMINGSEL	Taculen Multipurpose Cooperative	Chairperson
	LEO M. MANUEL	Cotabato Integrated Seed Producers Marketing Cooperative	Chairperson

All candidates were given three (3) minute privileged speech to openly campaign for their candidacy.

However, Chairman Valdez raised his inquiry on the disqualification made by the ELECOM of his candidacy due to his hearing impairment. He presented the medical certificate from his attending physician that his hearing has no problem. Chairman Fermil explained what is in the election primer on the physical requirements of being physically fit of a candidate. She said that as per provision of the Election Primer, the Election Committee just followed what is in the election guidelines. Chairman De Asis supported the plea of Chairman Valdez to consider his candidacy since it was medically certified by his attending physician that he has no impairment of hearing. Chairman Fermil said that he Election Committee already disqualified the candidacy of Chairman Valdez based on the guidelines under the Election Primer and that there was also no Certificate of Candidacy filed by Chairman Valdez. Chairman Mansayagan then moved for the division

of the house since the assembly is the highest policy making body. Chairman Martinez mentioned that even if Chairman Valdez has a medical certificate he did not file his Certificate of Candidacy. Chairman Fugata pointed out that there was already a motion for the division of the house. Chairman Panes said that the independent of the Election Committee was being questioned and that, their being elected by the assembly was already been compromise. He then urged the assembly to respect the recommendation of the Elecom. On the other hand, Chairman Fermil mentioned that the Elecom did not play favoritism on the part of the candidates and that they were duty bound implement the election guidelines.

Without any other objection, it was ruled out by the Chairman to follow the decision of the Election Committee as the independent body elected by the assembly.

- ✓ All candidates were given a time for their privilege speech.

### **RECOGNITION AND AWARDING 2022 with Plaque of Appreciation**

While DIGITAL VOTING is conducted, there was awarding of the **TOP 20 STOCKHOLDERS** in terms of highest Stockholdings, **TOP 3** in terms of **DEPOSIT**, **TOP 3** in terms of **LOAN AVAILMENT** and **TOP 3** in terms of **Additional Capital Infusion**.

#### **TOP 20 STOCKHOLDERS AND THEIR STOCKHOLDINGS**

*With Cut-off date as of December 31, 2022*

RANK	NAME OF COOPERATIVE
1	Active & Concern Employees Cooperative
2	Estado Farmers Credit Cooperative
3	Kibia Rice Producers Cooperative
4	Dugong Credit Cooperative
4	Cotabato Integrated Seed Producers Marketing Cooperative,Inc.
5	Patindeguen Farmers Credit Cooperative
5	Makilala Senior Citizen Multipurpose Cooperative
6	Batican Consumers Cooperative
7	Bagontapay Credit Cooperative
8	Rainbow Family Multipurpose Cooperative
9	Agriculture Farmers Multipurpose Cooperative
10	Bulacanon Samahang Nayon Credit Cooperative
11	Osias Samahang Nayon Multipurpose Cooperative
12	New Leon Multipurpose Cooperative
13	Bialong Farmers Credit Cooperative
13	Pigcawaran Marketing Cooperative
14	Lower Glad Agricultural Services Cooperative
15	Pulanglupa Farmers Cooperative
15	Villarica Samahang Nayon Multipurpose Cooperative
16	Farmers of Marbel Credit Cooperative
17	Upper Baguer Samahang Nayon Integrated Cooperative
18	Greater Midsayap Area Multipurpose Cooperative
19	Lagumbingan Credit Cooperative
20	Kalaisan Credit Cooperative

#### **TOP 3 STOCKHOLDERS IN TERMS OF DEPOSIT**

RANK	NAME OF COOPERATIVE
1	Rainbow Family Multipurpose Cooperative
2	Kibia Rice Producers Cooperative
3	Dugong Credit Cooperative

#### **TOP 3 STOCKHOLDERS IN TERMS OF ADDITIONAL CAPITAL INFUSION**

RANK	NAME OF COOPERATIVE
1	Makilala Senior Citizen Multipurpose Cooperative
2	Active & Concern Employees Cooperative
3	Rainbow Family Multipurpose Cooperative

### TOP 3 PATRONIZER IN TERMS OF LOAN AVAILMENT

RANK	NAME OF COOPERATIVE
1	Osias Samahang Nayon Multipurpose Cooperative
2	Estado Farmers Credit Cooperative
3	Kibudoc Sugarcane Planters Credit Cooperative
3	Capayuran Farmers Credit Cooperative

Moreover, raffle draw was also initiated for the winner of BRAND NEW EPSON PRINTER AND DESKTOP COMPUTER as follows:

WINNER EPSON PRINTER L121	WINNER DESKTOP COMPUTER
Patindeguin Farmer Credit Cooperative	Lower Glad Agri.Services Cooperative
MARPICO	Bobugan Consumers Cooperative
Mt. Apo 10KM Radius MPC	Kibudoc Sugarcane Planters Credit Cooperative
Berada MPC	Kisante Credit Cooperative
Bialong Farmers Credit Cooperative	Aringay Farmers Credit Cooperative

It was announced that items won will be used for office purposes and not for personal use of the members. It was also pointed out that members who already won for the previous raffle draw as well as the raffle draw conducted will no longer be included in the next raffle draw if there's, any.

**PROCLAIMED WINNERS AS BOARD OF DIRECTORS** – The result of the election through digital voting were as follows:

District	Name of Director	Number of Votes	Rank
District 2	SODUSTA, Gil P.	33,209	3 <sup>rd</sup>
District 3	ODAL, Erma R.	44,606	2 <sup>nd</sup>
	MANUEL, Leo M.	45,258	1 <sup>st</sup>

**General Assembly Resolution No. 2023-06** Resolved as it is hereby resolved confirming the newly elected members of the Board Namely Dir. Gil P. Sodusta, Dir. Erma R. Odal and Dir. Leo M. Manuel. Approved unanimously.

The assembly likewise proceeded to the election of the members of the Election Committee by nomination The following were the nominated and winning candidates as members of the Election Committee, with their corresponding number of votes:

**General Assembly Resolution No. 2023-07** Resolved as it is hereby resolved to approve the amendments under the Amended Election Primer. Approved unanimously.

Name	Name of Cooperative	Number of Votes
ACOBA, Lorvalent	Farmers of Marbel Credit Cooperative	45 votes (1 <sup>st</sup> )
LOBATON, Romeo	Bialong Farmers Credit Cooperative	42 votes (2 <sup>nd</sup> )
DUMINGSEL, Rebecca	Taculen Multipurpose Cooperative	40 votes (3 <sup>rd</sup> )

**General Assembly Resolution No. 2023-08** Resolved as it is hereby resolved to confirm the new members of the Election Committee. Approved unanimously.

## 11.0 NEW BUSINESS

### 11.1 Confirmation & Approval of 2022 Summary of Approved Board Resolutions

Presented to the assembly was the summary of all the approved Board Resolutions for 2022. Chairman Fugata mentioned that for the next conduct of assembly an advance copy of the approved Board Resolutions will be forwarded to the members for scrutiny before the assembly proper. Since there was no objection from the august body, this was approved to wit:

**General Assembly Resolution No. 2023-09-** Resolved as is it hereby resolved confirming BR No. 057-2022-Resolution approving the 2022 Summary of Approved Board Resolutions. Approved unanimously.

### **11.2 Confirmation & Approval of 2022 Declaration of Cash Dividends**

Presented to the assembly was the confirmation of the 2022 Declaration of Cash Dividends amounting to P 8,347,109.02. Chairman Mansayagan pointed out that all matters presented for approval should be forwarded to the members for advanced reading by the assembly. Chairman Fugata mentioned to increase the amount to be declared in the form of Stock Dividends. President Dela Cruz explained that when it comes to the declaration of stock dividends, the bank cannot exactly give an exact amount because it will depend on the pro-rated amount for all the active and inactive stockholders. There is the need for appropriate computation to be prepared by the management. If the assembly will decide to plowback, the management will make the proper computation and will also observe what is the implication to the capital investment of the bank. The President mentioned that the cash dividends will only be released if the Capital Adequacy Ratio (CAR) of the bank will no longer fall below 20% as explained earlier by the Compliance Officer. The President suggested that this will be forwarded to the Board for further study. Since there was no objection from the august body and on a motion by Chairman Rapacon duly seconded, this was approved to wit;

**General Assembly Resolution No. 2023-10-** Resolved as is it hereby resolved approving the allocation and declaration of the 2022 Cash Dividends amounting to P8,347,109.02. Resolved further that cash dividends will only be released if the Capital Adequacy Ratio (CAR) will not fall below 20%. Approved unanimously.

On the other hand, Chairman Aquino inquires as to the members of the Audit Committee why the assembly did not elect its committee members. The bank's CCO explained that the membership of the Audit Committee as per BSP requirement should be members of the Independent Directors which are the same members of the Corporate Governance Committee. The Independent Directors as elected by the assembly will automatically be the members of the Audit Committee and the Board will appoint additional one (1) member. Chairman Fugata brought the issue of the Independent Director wherein the assembly already approved the amendments in the By-Laws. However, it was explained to the body that the approval made outside of North Cotabato was not acceptable to the BSP

### **11.3 Presentation and Confirmation of the Code of Ethics and Good Governance**

Presented to the assembly was the confirmation of the Code of Ethics and Good Governance. Since there was no objection from the august body and on a motion duly seconded, this was approved to wit;

**General Assembly Resolution No. 2023-11-** Resolved as is it hereby resolved confirming the Code of Ethics and Good Governance. Approved unanimously.

### **11.4 Confirmation & Approval of GAD Committee Charter, GAD Policy and GAD Mainstreaming Process**

Presented to the assembly the approval of GAD Committee Charter, GAD policy and GAD Mainstreaming Process Since there was no objection from the august body, this was approved to wit;

**General Assembly Resolution No. 2023-12-** Resolved as is it hereby resolved confirming the GAD Committee Charter, GAD Policy and GAD Mainstreaming Process. On a motion by Chairman Rapacon duly seconded. Approved unanimously.

### **11.5 Proposed Stockholder's Day every five (5) years.**

Presented to the assembly was the conduct of a Stockholder's Day before the General Assembly proper. This shall be done very five (5) years before the assembly proper. Since there was no objection and on a motion by Chairman Dano duly seconded, from the august body, this was approved to wit;

**General Assembly Resolution No. 2023-13-** Resolved as is it hereby resolved approving the proposed Stockholder's Day. Approved unanimously.

### **11.6 Confirmation & Approval of the Declaration of Patronage Refund amounting to P22,000.00**

The bank's Accounting Manager Mr. Jude Dacutan presented to the assembly the computation for the declaration of the Patronage Refund. Mr. Dacutan explained that the computation was still done manually but an improvement on the system was being conducted for the computation of patronage refund. Chairman Fugata inquires wherein said computation differs from that of the computation imposed by the CDA. President Dela Cruz explained that out of the 2Billion loan portfolio only minimal amount comprises that from the members. Majority of the loaners are non-members. That is why, the bank's computation differs from that of the computation for primary cooperative.

After a lengthy discussion and on a motion by Chairman Rapacon duly seconded, the above recommendation is approved to wit;

**General Assembly Resolution No. 2023-14-** Resolved as is it hereby resolved confirming and approving the declaration of patronage refund. Approved unanimously.

### **11.7 Status of Dir. Marianita D. Soterno as Temporarily Suspended**

Presented to the assembly by Chairman Mansayagan his inquiry as to the suspension of Dir. Soterno wherein as per his observation, the Board already acted as a "court" for their fellow Board imposing a 3-6 months' suspension. He also questioned the policy of the bank when it comes to the imposition of sanction to their fellow Board. The Board Secretary then read in verbatim the approved Board Resolution on the temporary suspension of Dir. Soterno. The body was also informed that a warning letter was also served to Ms. Soterno. Also the Board Resolution approving the recommendation of the Ethics Committee was presented to the body. After the reading, Chairman Señerez on his opinion mentioned that even if the Board will base their decision on any BSP regulations, there was a provision in the By-Laws for the right to be heard. For him the suspension made by the Board was a mistake on their part. He said that the resolution made by the Board is inconsistent and that the authority to remove any elected BOD should emanate from the assembly. Chairman Jugas clarified that Dir. Soterno was only suspended for three months and was not remove from her seat as board. However, upon investigation conducted by the Ethics Committee, a recommendation of another three months' suspension was presented to the Board and was duly confirmed.

President Dela Cruz likewise pointed out that his letter to RFC signifies his being a member of RFC and not his position as the President. He explained that as a member, informing the RFC of the unprofessional ways of the Chairman for the Coop to undergo the process was the right thing to do.

Chairman Mansayagan on his part said that with the presentation made by the Board, all his queries were answered. He then inquires if said Director can resume office after her suspension.

On the other hand, Chairman Lariosa of Goshen Water Services Cooperative reiterated the similar event that happened to their Cooperative wherein they also suspended through preventive suspension their Chairman of the Board because of some violations committed. According to him, as per their consultation with the CDA, they were informed of the sole authority of the Board as collegial body to act for the best interest of their cooperative and its capacity to impose sanction to erring BODs. He said that they have same scenario from that of the suspension imposed upon said Director of CBC.

Moreover, on a motion by Dir. Colima was to declare vacant the one seat of Board of Director and to oust Dir. Soterno. Dir. Sodusta objected on the motion saying that, the assembly was trying to solved the problem and not to oust Dir. Soterno. Chairman Fugata pointed out that the motion of Dir. Colima was not yet seconded and further inquires what was the basis for the ousting.

Dir. Colima explained the loss of trust and confidence was the basis for the ousting of Dir. Soterno. On the other hand, Chairman Lobaton said that the assembly will wait until September 01,2023 to declare the position vacant. After the suspension, if said Director will again misbehave, then the position will be declared vacant.

Meanwhile, the assembly decided that Dir. Soterno will assume office on September 02,2023.

**General Assembly Resolution No. 2023-15-** Resolved as is it hereby resolved approving that Ms. Marianita D. Soterno will resume office on September 02,2023. Approved unanimously.

### **11.8 Surallah Case**

Brought to the attention of the assembly by Chairman Señerez the Surallah case wherein he requested an update with the management as to the development of the case. President Dela Cruz on his part mentioned that the Branch Manager of CBC Surallah branch in the person of Ms. Marife Estelloso who committed fraud along with a certain employee of DSWD. Said Branch Manager was already terminated



along with some other employees involved. Other employees who were directly involved were suspended after undergoing the necessary Administrative Hearing conducted by the Admin Services Department. The President mentioned that said incident were also similarly happened to other banks not only to CBC. According to him, there's no amount of internal control can prevent fraud if the bank's employees were involved.

The VP for Admin. Services Mr. Jauod explained the upon knowledge on the occurrence of the incident, the processed made by the management was in accordance to the policy of the bank wherein there was thorough investigation made and series of hearings were conducted. He further explained that they imposed the highest sanction of termination to the Branch Manager and with one of the employee's involved. Others were put under suspension and were transferred to other branches. Since the bank will file a case against Ms. Estelloso, these employees will later on be used by the bank as witnesses to the filing of a case. Meanwhile, the bank is on negotiation with a lawyer for the possible filing of the case against Ms. Estelloso.

Meanwhile, due to some issues and concerned regarding establishment of new branches and that the management can focus on the existing branches, Chairman Señerez then requested that branching out will be halted temporarily so that the management can concentrate on the operation of the existing branches. However, President Dela Cruz explained that if the area of coverage of the bank is already been saturated due to establishment of other CFIs, the bank has no other option than to venture and look for another area. According to him, this was the strategy made by the bank during the pandemic which made the bank able to survived the effect of pandemic.

### 11.9 Presentation of the Revised Organizational Structure

Presented to the assembly by the VP Jauod the bank's Revised Organizational Structure giving emphasis on new positions that were filled-in. already as needed. Since there was no objection from the august body, this was approved to wit;

**General Assembly Resolution No. 2023-16-** Resolved as is it hereby resolved approving the Revised Organizational Structure. Approved unanimously.

### 11.10 Amendments of the Articles of Cooperation and By-Laws

Presented to the assembly the proposed Amendments to the ARTICLES OF COOPERATION of the bank to wit;

Article	Proposed Amendments																		
SECOND	To add the word; <u>and</u> under Item 2;_ 2. To sell, solicit or market micro insurance products and render services as an insurance agent, provided that such products are issued by life and non-life insurance companies authorized by the Insurance Commission in accordance with Bangko Sentral ng Pilipinas rules and regulations; <u>and</u> To add as Item 3._ 3. <u>To perform any or all transactions and banking services offered by other types of banks subject to applicable laws, rules and regulations.</u>																		
THIRD	To amend the area of operation. That the area of operation is within <u>the Philippines.</u>																		
TENTH	To amend the number of directors from seven (7) to nine (9).  That the number of directors of said Cooperative Bank shall be <u>nine (9)</u> and that the names, citizenship and addresses of the directors who are to serve until their successors shall have been elected and qualified as provided by the laws are as follows: <table border="1"> <thead> <tr> <th>Name</th> <th>Citizenship</th> <th>Address</th> </tr> </thead> <tbody> <tr> <td>1. Nicasio L. Into, Sr.</td> <td>Filipino</td> <td>San Vicente, Makilala, N. Cot.</td> </tr> <tr> <td>2. David J. Torres</td> <td>Filipino</td> <td>Lower Malamote, Kabacan, N. Cot.</td> </tr> <tr> <td>3. Raymundo F. Flauta</td> <td>Filipino</td> <td>Cabpangi, Libungan, N. Cot.</td> </tr> <tr> <td>4. Celestino Larena</td> <td>Filipino</td> <td>Kalaisan, Kidapawan, N. Cot.</td> </tr> <tr> <td>5. Francis R. Fugata, Sr.</td> <td>Filipino</td> <td>Agriculture, Midsayap, N. Cot.</td> </tr> </tbody> </table>	Name	Citizenship	Address	1. Nicasio L. Into, Sr.	Filipino	San Vicente, Makilala, N. Cot.	2. David J. Torres	Filipino	Lower Malamote, Kabacan, N. Cot.	3. Raymundo F. Flauta	Filipino	Cabpangi, Libungan, N. Cot.	4. Celestino Larena	Filipino	Kalaisan, Kidapawan, N. Cot.	5. Francis R. Fugata, Sr.	Filipino	Agriculture, Midsayap, N. Cot.
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5. Francis R. Fugata, Sr.	Filipino	Agriculture, Midsayap, N. Cot.																	

Moreover, also presented to the assembly were the proposed amendments under the BY-LAWS of the bank, to wit:

<b>Article</b>	<b>Proposed Amendments</b>
Article IV General Assembly	<p>To amend provision on Section 3. Regular Meeting, item a.</p> <p>a. A regular General Assembly meeting shall be held annually <u>within the second (2<sup>nd</sup>) quarter</u> at a place within the province where the principal office is located.</p> <p>Additional paragraph on Section 6. Quorum <u>The quorum requirements for amendments of the Articles of Cooperation and By-Laws shall be three fourths (3/4) of all the members with voting rights, present and constituting a quorum. The voting rights of the members shall be proportionate to the number of their paid-up share.</u></p>
Article IV General Assembly	<p>To amend provision on Section 8. Order of Business, item e to include the position of President to be read as follows:</p> <p><b>Section 8. Order of Business</b> The order of business in regular General Assembly meetings shall, at a minimum, include the following:</p> <ol style="list-style-type: none"> <li>a. Call to order by the Chairman</li> <li>b. Proof of notice</li> <li>c. Roll call and declaration of quorum</li> <li>d. Reading and disposition of the minutes of the previous meeting</li> <li>e. Annual reports of: <ul style="list-style-type: none"> <li>- Chairman of the Board of Directors</li> <li>- <u>President/General Manager</u> and/or other officers</li> <li>- Committees</li> </ul> </li> <li>f. Audit report of the external auditor</li> <li>g. Approval of development plan/annual plan and budget</li> <li>h. Election of the members of the Board of Directors, if applicable</li> <li>i. Other matters</li> <li>j. Adjournment</li> </ol>
Article V Board of Directors	<p>To amend the provision in Section 1, letter c to be read as follows.</p> <p><b>Section 1. The Board of Directors.</b></p> <p>c. <u>On the first election upon approval of the By-Laws, the first four (4) Board of Directors who garnered the highest number of votes shall serve for a term of two (2) years and the remaining elected Board of Directors shall serve for a term of one (1) year.</u></p>
Article V Board of Directors	<p>To amend the provision of Section 3. Term of Office, Powers and Duties</p> <p><b>Section 3. Term of Office, Powers and Duties</b> Unless otherwise provided in the bylaws, the direction and management of the affairs of the cooperative shall be vested in a board of directors which shall be composed of <u>nine (9) members of which seven (7) are regular directors and two (2) are independent directors</u> elected by the general assembly for a term of two (2) years and shall hold office until their successors are duly elected and qualified, or until duly removed for cause.</p>

<p>Article V Board of Directors</p>	<p>To provide additional Sections to be read as Section 8,9,10 &amp; 11</p> <p><b><u>Section 8. Independent Directors</u></b>  <u>An independent director shall refer to a person who –</u></p> <ol style="list-style-type: none"> <li>(1) <u>is not or was not a director, officer or employee of the bank, its subsidiaries, affiliates or related interests during the past three (3) years counted from the date of his election;</u></li> <li>(2) <u>is not or was not a director, officer, or employee of the bank’s substantial stockholders and their related companies during the past three (3) years counted from the date of his election;</u></li> <li>(3) <u>is not an owner of more than two percent (2%) of the outstanding shares or a stockholder with shares of stock sufficient to elect one (1) seat in the board of directors of the institution, or in any of its related companies or of its majority corporate shareholders;</u></li> <li>(4) <u>is not a close family member of any director, officer or stockholder holding shares of stock sufficient to elect one (1) seat in the board of directors of the Bank or any of its related companies or of any of its substantial stockholders;</u></li> <li>(5) <u>is not acting as a nominee or representative of any director or substantial shareholder of the Bank, any of its related companies or any of its substantial shareholders;</u></li> <li>(6) <u>is not or was not retained as professional adviser, consultant, agent or counsel of the bank, any of its related companies or any of its substantial shareholders, either in his personal capacity or through his firm during the past three (3) years counted from the date of his election;</u></li> <li>(7) <u>is independent of management and free from any business or other relationship, has not engaged and does not engage in any transaction with the bank or with any of its related companies or with any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arm’s length and could not materially interfere with or influence the exercise of his judgment;</u></li> <li>(8) <u>was not appointed in the bank, its subsidiaries, affiliates or related interests as Chairman “Emeritus”, “Ex- Officio”, Directors/Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the board of directors in the performance of its duties and responsibilities during the past three (3) years counted from the date of his election;</u></li> <li>(9) <u>is not affiliated with any non-profit organization that receives significant funding from the bank or any of its related companies or substantial shareholders; and</u></li> <li>(10) <u>is not employed as an executive officer of another company where any of the bank’s executives serve as directors. For this purpose, executive officers pertain to the Vice Presidents and President.</u></li> </ol>
	<p><b><u>Section 9. Composition of Independent Directors</u></b>  <u>At least two (2) members of the board of directors shall be independent directors.</u></p>

	<p><b><u>Section 10. Qualifications of an Independent Director</u></b>  <u>In addition to Section 8, an independent director shall have the following minimum qualifications:</u></p> <ol style="list-style-type: none"> <li>(1) <u>He must be at least a college graduate or he shall have been engaged or exposed to the credit or banking operations for at least five (5) years; and</u></li> <li>(2) <u>He must be fit and proper for the position of a director. In determining whether a person is fit and proper for the position of a director, the following matters must be considered:</u> <ol style="list-style-type: none"> <li>i. <u>integrity/probity.</u></li> <li>ii. <u>physical/mental fitness;</u></li> <li>iii. <u>relevant education/financial literacy/training;</u></li> <li>iv. <u>possession of competencies relevant to the job, such as knowledge and experience, skills, diligence and independence of mind; and sufficiency of time to fully carry out responsibilities.</u></li> </ol> </li> </ol> <p><u>In assessing a director's integrity/probity, consideration shall be given to the director's market reputation, observed conduct and behavior, as well as his ability to continuously comply with company policies and applicable laws and regulations, including market conduct of rules and the relevant requirements and standards of any regulatory body, professional body, clearing house or exchange, or government and any of its instrumentalities/agencies.</u></p>
	<p><b><u>Section 11. Term of Office of an Independent Director</u></b></p> <ol style="list-style-type: none"> <li>(1) <u>An independent director of the bank shall hold office for a term of two (2) years and shall hold office until their successors are duly elected and qualified, or until duly removed for cause.</u></li> <li>(2) <u>An independent director of the bank may only serve as such for a maximum cumulative term of nine (9) years. After which, the independent director shall be perpetually barred from serving as independent director in the bank, but may continue to serve as regular director. The nine (9) year maximum cumulative term for independent directors shall be reckoned from 2012.</u></li> <li>(3) <u>In case of resignation, disqualification or cessation of independent directorship, the vacancy shall be filled by the stockholders in a regular or special meeting called for that purpose. An independent director so elected to fill a vacancy shall serve only for the unexpired term of his predecessor in office.</u></li> </ol>
Article VI Committees	<p>To amend Section 3. Corporate Governance and Ethics Committee to change it to Section 3. Corporate Governance Committee</p> <p><b><u>Section 3. Corporate Governance Committee</u></b></p>
Article VI Committees	<p>To amend by deletion Section 4. Risk Management Committee to change it to Section 4. Ethics Committee</p> <p><b><u>Section 4. Ethics Committee</u></b>  <u>An Ethics Committee shall be composed of three (3) members to be appointed by the Board of Directors. Within ten (10) days after their appointment, they shall elect from among themselves a Chairperson, Vice Chairman and a Secretary who shall serve for a term of one (1) year or until their successors shall have been appointed and qualified and without prejudice to their reappointment. No member of the committee shall hold any other position in the Cooperative during his/her term of office. (continue on next page)</u></p>

	<p><u>The duties and responsibilities of the Ethics Committee are as follows:</u></p> <ol style="list-style-type: none"> <li>a. <u>Develop Code of Governance and Ethical Standards to be observed by the members, officers and employees of the cooperative subject to the approval of the Board of Directors and ratification of the General/ Representative Assembly;</u></li> <li>b. <u>Disseminate, promote and implement the approved Code of Governance and Ethical standards;</u></li> <li>c. <u>Monitor compliance with the Code of Governance and Ethical Standards and recommend to the Board of Directors measures to address the gap, if any;</u></li> <li>d. <u>Conduct initial investigation or inquiry upon receipt of a complaint involving Code of Governance and Ethical Standards and submit report to the Board of Directors together with the appropriate sanctions.</u></li> <li>e. <u>Recommend ethical rules and policy to the Board of Directors; and</u></li> <li>f. <u>Perform such other function as maybe prescribed in the by-laws or authorized by the Board of Directors.</u></li> </ol>
	<p>Section 5. Mediation and Conciliation Committee is amended to Section 5. Gender and Development (GAD) Committee to be read as;</p> <p><b><u>Section 5. Gender and Development Committee</u></b>  <u>The Committee shall be composed of at least three (3) members, provided that at least one member shall come from the Board. The Committee shall elect from among themselves a Chairperson. The Committee members shall hold office until replaced by the Board.</u></p> <p><u>The duties and responsibilities of the GAD Committee are as follows:</u></p> <ol style="list-style-type: none"> <li>a. <u>Conduct gender analysis;</u></li> <li>b. <u>Develop and recommend GAD and gender equality (GE) policies and programs/activities/projects of the Board;</u></li> <li>c. <u>Monitor and assess progress in the implementation of GAD programs/ activities/projects towards achieving GE;</u></li> <li>d. <u>Submit report to the Board;</u></li> <li>e. <u>Provide directional guidance; and</u></li> <li>f. <u>Perform such other function as maybe prescribed in the by-laws or authorized by the Board of Directors.</u></li> </ol>
	<p>Section 5 is renumbered as Section 6. Mediation and Conciliation Committee.</p> <p><b><u>Section 6. Mediation and Conciliation Committee</u></b></p>
	<p>Section 6 is renumbered as Section 7. Credit Committee. To amend the provision to include the position of President to be read as follows;</p> <p><b><u>Section 7. Credit Committee</u></b>  <u>The Credit Committee shall be comprised of two (2) members of the Board of Directors and the <u>President</u>/General Manager as regular permanent member. The Secretary shall serve as an ex-officio secretary of the Credit Committee. The Board of Directors may also elect one additional Director to serve as an alternate member in the absence or inability of any regular permanent member. A member of the Credit Committee may be removed at any time by a majority vote of the Board of Directors.</u></p> <p><u>The Credit Committee shall meet twice a month. Its main function is to scrutinize loan applications and recommend approval or rejection to the Board of Directors.</u></p>
	<p>Section 7 is renumbered as Section 8. Other Committees</p> <p><b><u>Section 8. Other Committees</u></b></p>



	<p>Section 8 is renumbered as Section 9. Quorum</p> <p><b><u>Section 9. Quorum</u></b></p>
	<p>Section 9 is renumbered as Section 10. Keeping of Records</p> <p><b><u>Section 10. Keeping of Records</u></b></p>
Article VII The Officers of the Cooperative Bank	<p>To amend the provision of Section 6. General Manager, to include the position of President to be read as follows;</p> <p><b><u>Section 6. President/General Manager</u></b></p> <p>The Board of Directors shall provide for the position of the <u>President or</u> General Manager who shall serve as the head of the Management Staff, and/or Chief Executive Officer of the Cooperative Bank. He shall, subject to the policies of the Board, be responsible on the day-to-day management and administration of the business affairs of the Cooperative Bank. He shall have the power to appoint and remove subordinate employees of the Cooperative Bank subject to the confirmation of the Board of Directors.</p>
	<p>To amend the provision of Section 7 to include the position of Vice President to be read as follows;</p> <p><b><u>Section 7. Vice Presidents</u></b></p> <p><u>The Board of Directors shall provide for the position of the Vice Presidents who shall be under the direction of the President. As such, these Vice Presidents shall:</u></p> <ol style="list-style-type: none"> <li>a. <u>oversee the day to day functions and business transactions of the branches.</u></li> <li>b. <u>ensure that the back office support to business operations and other groups is provided. He/She will ensure support in terms of research and development, human resource management and general services.</u></li> <li>c. <u>ensure proper management of the Bank's financial resources, focusing on treasury, accounting and IT services.</u></li> <li>d. <u>be accountable for the entire credit granting process, including the consistent application of a credit policy, periodic credit reviews of existing customers and the assessment of the credit worthiness of potential customers, with the goal of optimizing the bank's profitability.</u></li> </ol>
	<p>Section 7 is renumbered as Section 8. Internal Auditor. To amend the provision to include the position of President to be read as follows;</p> <p><b><u>Section 8. Internal Auditor</u></b></p> <p>The Internal Auditor shall be under the <u>President/General Manager</u> for the purpose of administrative supervision, but shall be directly responsible to the Board of Directors in the performance of his functions and duties.</p>
	<p>Section 8 is renumbered as Section 9. Compliance Officer.</p> <p><b><u>Section 9. Compliance Officer</u></b></p>
	<p>Section 9 is renumbered as Section 10. Other Officers, Employees, and Agents.</p> <p><b><u>Section 10. Other Officers, Employees, and Agents</u></b></p>
	<p>Section 10 is renumbered as Section 11. Qualifications of an Officer. Amendments of the provision under letter b, to include the position of President to be read as follows;</p> <p style="text-align: right;"><i>(continue on next page)</i></p>

	<p><b><u>Section 11. Qualifications of an Officer</u></b></p> <p>b. He shall be at least a college graduate, or have at least five (5) years' experience in banking or trust operations or related activities or in a field related to his position and responsibilities, or have undergone training in banking or trust operations acceptable to the BSP; Provided however, That trust officers shall have at least five (5) years of actual experience in trust operations, or at least three (3) years of actual experience in trust operations and completed at least one (1) year training program in trust operations acceptable to the BSP, or at least five (5) years of actual experience as officer of a bank or related activities and completed at least one (1) year training program in trust operations acceptable to the BSP; Provided, further, That the <u>President/General Manager</u> shall have actual banking experience (at least manager or assistant manager); and</p>
	<p>Section 11 is renumbered as Section 12. Removal</p> <p><b><u>Section 12. Removal</u></b></p>
Article IX Arbitral Clause	<p>Article IX. Miscellaneous Provisions is amended to Article IX. Arbitral Clause to be read as follows;</p> <p style="text-align: center;"><b><u>Article IX</u></b> <b><u>Arbitral Clause</u></b></p> <p><u>Any dispute, controversy or claim arising out of or relating to this By-Laws, the cooperative laws and related rules, administrative guidelines of the CDA shall be exclusively referred to and finally resolved by voluntary arbitration under the institutional rules promulgated by the CDA, after compliance with the conciliation or mediation mechanisms, embodied in the By-Laws and in such other pertinent laws and regulations.</u></p>
Article X	<p>Article IX Miscellaneous Provisions is renumbered as Article X.</p> <p style="text-align: center;"><b><u>Article X.</u></b> <b><u>Miscellaneous Provisions</u></b></p>
	<p>Section 7. Amendments, shall be amended to delete the statement (As amended on April 20, 2012) to be read as follows.</p> <p>Subject to the approval of the BSP and the CDA, the By-Laws may be amended or repealed in whole or in part, at any regular or special meeting of the General Assembly, <u>by three-fourths (3/4) of the number of voting shares of all members with voting rights, present and constituting a quorum.</u> The voting rights of members shall be proportionate to the number of their paid up shares.</p>

To amend the last statements to be read as follows:

**VOTED UPON AND ADOPTED** this 30<sup>th</sup> day of June 2023 at CBC Training Center, Lanao, Kidapawan City, Philippines by the undersigned, representing at least three-fourths (3/4) of the number of voting shares of all members with voting rights, present and constituting a quorum, of the Cooperative Bank.

**(SGD) JELITO G. JUGAS**  
Chairman of the Board

**(SGD) ERMA R. ODAL**  
Vice-Chairman of the Board

**(SGD) GIL. D. PASTOLERO**  
Director

**(SGD) RICARDO M. CARMONA**  
Director

**(SGD) MARIANITA D. SOTERNO**  
Director

**(SGD) CECILLE D. COLIMA**  
Director

**(SGD) JONATHAN D. VIAJANTE**  
Director

**(SGD) MARY GRACE S. MACADATO**  
Board Secretary

Since there were no objections, comments and questions on the above proposal, the amendments for the Articles of Cooperation and By-Laws was approved to wit;

**General Assembly Resolution No. 2023-17-** Resolved as is it hereby resolved approving the proposal to amend the Articles of Cooperation and By-Laws of the Cooperative Bank of Cotabato. Approved unanimously.

#### **Announcement**

It was announced to the assembly the available slot for the scholarship of the bank for District 3 respectively.

#### **Adjournment**

For there being no other matters to be discussed, the General Assembly meeting was adjourned at exactly 5:25 PM

PREPARED & CERTIFIED CORRECT

  
**MARYGRACE S. MACADATO**  
Board Secretary

ATTESTED BY:

  
**JELITO G. JUGAS**  
Chairman

# FINANCIAL HIGHLIGHTS

(In Thousands except selected ratios, per common share data and head count)

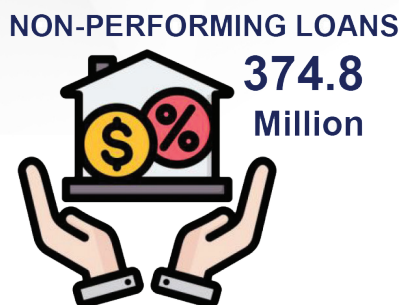
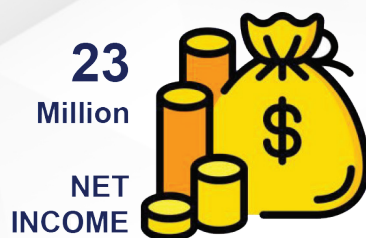
Minimum Required Data	2023	2022	Change
<b>PROFITABILITY</b>			
Total Net Interest Income	294,013.00	294,394.00	-0.13%
Total Non-Interest Income	189,670.00	139,542.00	35.92%
Total Non-Interest Expense	342,441.00	325,467.00	5.22%
Pre-Provision Profit	18,729.00	38,449.00	-51.29%
Provision for Probable Losses	122,513.00	70,021.00	74.97%
Net Income	23,012.00	37,058.00	-37.90%
Total Comprehensive Income	23,012.00	39,010.00	-41.01%
<b>SELECTED BALANCE SHEET DATA</b>			
Liquid Assets	600,017.00	751,441.00	-20.15%
Gross Loans	2,938,651.00	2,502,800.00	17.41%
Total Assets	3,440,724.00	3,208,268.00	7.25%
Deposits	1,978,557.00	1,708,044.00	15.84%
Total Equity	700,533.00	730,028.00	-4.04%
<b>SELECTED RATIOS</b>			
Return on Equity	3.22%	5.14%	
Return on Assets	0.69%	1.28%	
Net Interest Margin	6.13%	11.42%	
<b>CAPITAL ADEQUACY RATIO</b>			
Tier 1 Capital Ratio	17.42%	18.17%	
Capital Adequacy Ratio	18.04%	18.82%	
<b>PER COMMON SHARE DATA</b>			
Basic & Diluted Earnings Per Share	221	351	
Others			
Head Count			
Officers	102	92	
Staff	298	288	

## CAPITAL STRUCTURE

The Bank's capital adequacy ratio were 18.04% and 18.82% in 2023 and 2022, respectively, which are above the BSP standard CAR of 10%.

PARTICULARS	AMOUNT
Calculation of Qualifying Capital	
Tier 1 Capital	
Common Equity Tier 1 Capital	612,199,998.00
Additional Tier 1 Capital	2,441,000.00
Tier 2 Capital	25,282,998.70
<b>Total Qualifying Capital</b>	<b>639,923,996.70</b>
Calculation of Risk-Weighted Assets	
Total Credit Risk-Weighted Assets	3,002,158,032.77
Risk-Weighted On-Balance Sheet Assets	3,002,158,032.77
Risk-Weighted Off-Balance Sheet Assets	
Counterparty Risk-Weighted Assets	
<b>Total Credit Risk Weighted Assets</b>	<b>3,002,158,032.77</b>
Deductions from Total Credit Risk-Weighted Assets	
General Loan Loss Provision (in excess of the amount permitted to be included in Tier 2 capital)	
Unbooked allowance for credit losses and other capital adjustments affecting asset accounts based on the latest report of examination as approved by the Monetary Board	
Total Deductions	
<b>Total Operational Risk-Weighted Assets</b>	<b>549,003,826.09</b>
<b>Total Market Risk-Weighted Assets</b>	<b>0.00</b>
<b>Total Risk-Weighted Assets</b>	<b>3,551,161,858.85</b>
Minimum Capital Ratios	
<b>RISK-BASED CAPITAL ADEQUACY RATIO</b>	<b>18.04%</b>
Common Equity Tier 1 Ratio	17.24%
Capital Conservation Buffer	11.24%
Tier 1 Capital Ratio	17.42%

# FINANCIAL HIGHLIGHTS



The Bank proactively registered its total resources into P3.44 billion from P3.21 billion, a P232.4 million or 7.24% increase from previous year. The Bank's loan portfolio, net at the end of 2023 is P2.64 billion with past due ratio of 13.36%, an increase of P405.1 million or 18.15% from 2022's P2.23 billion. Non-performing loans is 374.8 million.

The bank's deposit portfolio is up by P270.60 million or 15.84% from 2022's P1.7 billion and be able to register a P1.98 billion at the close of the year. Demand and savings deposit grew to P1.1 billion while time deposit increased to

P861.4 million – a P191.7 million or 20.71% and P78.8 million or 10% higher from 2022's P925.5 million and P782.5 million, respectively.

With our strong foundation, we have been able to sustain our resiliency by having a capital of P700.5 million. The bank earned P23 million net income, a decrease of P14.1 million from the P37.10 million realized during previous year. The decrease in net income was significantly caused by booking of allowance for credit losses.

Gross income from 2022's P498.8 million went up to 2023's P565.4 million – an increase of P66.6 million or 13.35% from

previous year. Revenues coming from interest income is up by P16.4 million or 4.6% while non-interest income increased by 50 million or 35.92%.

Bank's total expenses increased to P542.4 million from 2022's P461.7 million, up by P80.7 million or 17.48% increase from previous year. The increase was caused primarily by increase in interest expense on bills payable by 11 million.

With solid capital and liquidity position, the bank's CAR and MLR is 18.04% and 29.89%, respectively, above the regulatory limit.



# CREDIT BUDGET CONSOLIDATED

(For the Calendar Year 2024)

PARTICULAR	1st QUARTER		2nd QUARTER		3rd QUARTER		4th QUARTER		TOTAL		Percentage to Total
	No. of Borrowers	Amount	No. of Borrowers	Amount	No. of Borrowers	Amount	No. of Borrowers	Amount	No. of Borrowers	Amount	
<b>AGRICULTURAL LOANS</b>											
<b>A. Supervised Credit</b>											
1. Agricultural Loan (PD717-Agra) - Member	10	4,350,000.00	15	6,500,000.00	5	3,625,000.00	20	7,300,000.00	50	21,775,000.00	
2. Agricultural Loan (PD717-Agra)-Non-Member	135	13,241,000.00	-	-	-	-	213	3,000,000.00	348	16,241,000.00	
<b>Sub-total</b>	<b>145</b>	<b>17,591,000.00</b>	<b>15</b>	<b>6,500,000.00</b>	<b>5</b>	<b>3,625,000.00</b>	<b>233</b>	<b>10,300,000.00</b>	<b>398</b>	<b>38,016,000.00</b>	<b>1.16%</b>
<b>B. Non-Supervised Credit</b>											
1. Agricultural Loan (PD717-Agra)	1,650	194,248,000.00	313	24,296,000.00	165	11,405,000.00	1,335	60,000,000.00	3,463	289,949,000.00	
2. Agricultural Loan(PLEA)	-	-	-	-	-	-	-	-	-	-	
3. Agricultural Loan (Other Agri) - Member	2	100,000.00	4	650,000.00	3	1,100,000.00	4	650,000.00	13	2,500,000.00	
4. Agricultural Loan (Other Agri)-Non-Member	61	10,905,000.00	76	14,853,000.00	87	18,000,000.00	81	18,134,000.00	305	61,892,000.00	
<b>Sub-total</b>	<b>1,713</b>	<b>205,253,000.00</b>	<b>393</b>	<b>39,799,000.00</b>	<b>255</b>	<b>30,505,000.00</b>	<b>1,420</b>	<b>78,784,000.00</b>	<b>3,781</b>	<b>354,341,000.00</b>	<b>10.84%</b>
<b>TOTAL AGRICULTURAL LOANS</b>	<b>1,858</b>	<b>222,844,000.00</b>	<b>408</b>	<b>46,299,000.00</b>	<b>260</b>	<b>34,130,000.00</b>	<b>1,653</b>	<b>89,084,000.00</b>	<b>4,179</b>	<b>392,357,000.00</b>	<b>12.00%</b>
<b>COMMERCIAL LOANS</b>											
1. Commercial Loan - Regular (Member)	-	-	-	-	-	-	-	-	-	-	
2. Commercial Loan - Regular (Non Member)	1,241	116,812,000.00	1,335	142,495,000.00	1,528	154,922,000.00	1,988	183,950,000.00	6,092	598,179,000.00	
3. Commercial Loan - IFP	-	-	1	100,000.00	-	-	-	-	1	100,000.00	
4. Commercial Loan - Back To Back	21	12,465,000.00	27	11,624,000.00	33	12,698,000.00	39	18,848,000.00	120	55,635,000.00	
5. Credit Line - Member	4	1,600,000.00	4	3,600,000.00	4	2,600,000.00	7	6,600,000.00	19	14,400,000.00	
6. Credit Line - Non-Member	-	-	-	-	-	-	-	-	-	-	
<b>Sub-total</b>	<b>1,266</b>	<b>130,877,000.00</b>	<b>1,367</b>	<b>157,819,000.00</b>	<b>1,565</b>	<b>170,220,000.00</b>	<b>2,034</b>	<b>209,398,000.00</b>	<b>6,232</b>	<b>668,314,000.00</b>	<b>20.44%</b>
<b>MICRO-FINANCE LOANS</b>											
1. Kapit Bisig	5,107	120,746,000.00	5,563	122,232,000.00	5,508	119,832,000.00	6,287	132,782,000.00	22,465	495,592,000.00	
2. MAP PSM	272	5,390,000.00	269	6,043,000.00	330	7,933,000.00	385	12,663,000.00	1,256	32,029,000.00	
3. Micro Negosyo	583	38,195,000.00	748	39,137,000.00	878	44,957,000.00	940	48,207,000.00	3,149	170,496,000.00	
4. Wash Loans	37	900,000.00	32	950,000.00	48	1,200,000.00	50	1,150,000.00	167	4,200,000.00	
<b>Sub-total</b>	<b>5,999</b>	<b>165,231,000.00</b>	<b>6,612</b>	<b>168,362,000.00</b>	<b>6,764</b>	<b>173,922,000.00</b>	<b>7,662</b>	<b>194,802,000.00</b>	<b>27,037</b>	<b>702,317,000.00</b>	<b>21.48%</b>
<b>SME LOANS</b>	<b>22</b>	<b>106,800,000.00</b>	<b>45</b>	<b>96,305,000.00</b>	<b>51</b>	<b>114,305,000.00</b>	<b>61</b>	<b>127,905,000.00</b>	<b>179</b>	<b>445,315,000.00</b>	<b>13.62%</b>
<b>INDUSTRIAL LOANS</b>											
	-	-	-	-	-	-	-	-	-	-	<b>0.00%</b>
<b>OTHER LOANS &amp; DISCOUNTS</b>											
1. Salary - DepEd	234	71,662,000.00	257	58,100,000.00	278	52,855,000.00	291	61,755,000.00	1,060	244,372,000.00	
2. Salary - Non DepEd	357	81,277,000.00	435	80,405,000.00	520	86,225,000.00	727	97,225,000.00	2,039	345,132,000.00	
3. CBC Employees	59	10,540,000.00	40	7,215,000.00	51	8,440,000.00	60	10,190,000.00	210	36,385,000.00	
4. Fringe Benefit	9	1,410,000.00	13	4,950,000.00	10	2,650,000.00	13	3,600,000.00	45	12,610,000.00	
5. Pension Loan	87	9,660,000.00	109	11,096,000.00	112	12,265,000.00	131	13,315,000.00	439	46,336,000.00	
6. Salary - Barangay Loan	252	13,000,000.00	152	8,975,000.00	50	2,750,000.00	92	7,750,000.00	546	32,475,000.00	
7. Multipurpose Loan - Barangay	101	4,619,000.00	68	2,983,000.00	63	2,740,000.00	215	5,100,000.00	447	15,442,000.00	
8. Multipurpose Loan - DepEd	213	8,396,000.00	737	45,650,000.00	293	13,250,000.00	682	48,450,000.00	1,925	115,746,000.00	
9. Multipurpose Loan - Non DepEd	59	2,433,000.00	313	11,250,000.00	105	5,445,000.00	363	12,250,000.00	840	31,378,000.00	
10. Show Money Loan	28	13,550,000.00	26	13,700,000.00	34	16,600,000.00	38	19,600,000.00	126	63,450,000.00	
11. Personal Loan	32	11,600,000.00	40	14,750,000.00	39	16,400,000.00	51	22,150,000.00	162	64,900,000.00	
12. MASA Loan	11	1,057,000.00	1	100,000.00	2	200,000.00	3	300,000.00	17	1,657,000.00	
13. Vehicle Loan	6	5,700,000.00	14	15,100,000.00	12	9,700,000.00	20	20,882,000.00	52	51,382,000.00	
<b>Sub-total</b>	<b>1,448</b>	<b>234,904,000.00</b>	<b>2,205</b>	<b>274,274,000.00</b>	<b>1,569</b>	<b>229,520,000.00</b>	<b>2,686</b>	<b>322,567,000.00</b>	<b>7,908</b>	<b>1,061,265,000.00</b>	<b>32.46%</b>
<b>GRAND TOTAL</b>	<b>10,593</b>	<b>860,656,000.00</b>	<b>10,637</b>	<b>743,059,000.00</b>	<b>10,209</b>	<b>722,097,000.00</b>	<b>14,096</b>	<b>943,756,000.00</b>	<b>45,535</b>	<b>3,269,568,000.00</b>	<b>100.00%</b>

# PROJECTED STATEMENT OF CONDITION

(For the Calendar Year 2024)

ASSETS	ACTUAL 31/12/2023	1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER
<b>CASH &amp; DUE FROM BANKS</b>					
Cash on Hand	32,557,296.40	43,331,000.00	45,050,000.00	50,281,000.00	47,670,000.00
Checks & Other Cash Items	23,772,529.29	17,835,000.00	15,810,000.00	17,345,000.00	17,699,000.00
Due from BSP	33,661,127.42	34,000,000.00	34,000,000.00	34,500,000.00	35,000,000.00
Due from Banks	446,696,486.67	595,800,000.00	636,165,000.00	661,760,000.00	696,272,000.00
<b>LOANS &amp; DISCOUNTS</b>					
Current	2,546,029,649.14	2,446,329,000.00	2,439,251,000.00	2,420,470,000.00	2,622,700,000.00
Past Due	390,677,693.74	421,449,000.00	391,374,000.00	369,580,000.00	356,612,000.00
Items in Litigations	1,943,442.08	1,548,000.00	1,262,000.00	1,054,000.00	890,000.00
Less: Allowance for Probable Losses	(301,291,433.48)	(310,611,000.00)	(319,994,000.00)	(329,392,000.00)	(339,722,000.00)
INVESTMENTS	1,589,343.12	1,535,000.00	1,585,000.00	1,635,000.00	1,635,000.00
BANK PREMISES, FURNITURE, FIXTURE & EQUIPMENT (NET)	186,984,096.20	213,466,000.00	214,930,000.00	215,129,000.00	214,001,000.00
NCAHS	3,478,288.56	3,500,000.00	3,500,000.00	3,500,000.00	3,500,000.00
ROPA (NET)	609,443.27	532,000.00	465,000.00	409,000.00	360,000.00
OTHER INTANGIBLE ASSETS (NET)	-	-	-	-	-
OTHER ASSETS (NET)	138,032,085.36	157,847,000.00	163,427,000.00	169,822,000.00	173,591,000.00
DUE FROM BRANCHES					
<b>TOTAL ASSETS</b>	<b>3,504,740,047.77</b>	<b>3,626,561,000.00</b>	<b>3,626,825,000.00</b>	<b>3,616,093,000.00</b>	<b>3,830,208,000.00</b>
<b>LIABILITIES &amp; CAPITAL ACCOUNTS</b>					
<b>LIABILITIES</b>					
Demand Deposits	18,722,196.87	22,031,000.00	26,916,000.00	33,977,000.00	38,017,000.00
Savings Deposits	1,097,668,120.99	1,120,460,000.00	1,141,358,000.00	1,161,600,000.00	1,192,100,000.00
Time Deposits	861,358,836.56	880,575,000.00	908,279,000.00	934,129,000.00	969,633,000.00
Special Savings Deposits	808,099.28	808,000.00	808,000.00	808,000.00	808,000.00
NON-RESERVE DEPOSITS	-	-	-	-	-
TCD -Special Financing	-	-	-	-	-
BILLS PAYABLE	640,949,546.76	654,227,000.00	616,227,000.00	603,877,000.00	581,327,000.00
OTHER LIABILITIES	126,867,312.33	135,077,000.00	134,097,000.00	129,439,000.00	136,552,000.00
DUE TO HEAD OFFICE					
<b>TOTAL LIABILITIES</b>	<b>2,746,374,112.79</b>	<b>2,813,178,000.00</b>	<b>2,827,685,000.00</b>	<b>2,863,830,000.00</b>	<b>2,918,437,000.00</b>
<b>CAPITAL ACCOUNTS</b>					
Common Stocks	78,592,000.00	79,392,000.00	80,392,000.00	81,592,000.00	82,992,000.00
Preferred Stocks	2,441,000.00	2,441,000.00	2,441,000.00	2,441,000.00	2,441,000.00
STOCK DIVIDEND DISTRIBUTABLE	85,158.55	87,000.00	87,000.00	87,000.00	87,000.00
UNDREALIZED GAIN/LOSS ON TRUST INVESTMENT	(8,881,723.42)	(8,000,000.00)	(7,000,000.00)	(6,000,000.00)	(5,000,000.00)
SURPLUS -FREE	501,676,255.98	506,676,000.00	499,008,000.00	474,091,000.00	594,091,000.00
SURPLUS -RESERVES	151,542,584.20	198,277,000.00	179,066,000.00	151,065,000.00	187,160,000.00
UNDIVIDED PROFIT	32,910,659.67	34,510,000.00	45,146,000.00	48,987,000.00	50,000,000.00
TOTAL CAPITAL ACCOUNTS	758,365,934.98	813,383,000.00	799,140,000.00	752,263,000.00	911,771,000.00
<b>TOTAL LIABILITIES &amp; CAPITAL ACCTS.</b>	<b>3,504,740,047.77</b>	<b>3,626,561,000.00</b>	<b>3,626,825,000.00</b>	<b>3,616,093,000.00</b>	<b>3,830,208,000.00</b>

# PROJECTED STATEMENT OF INCOME & EXPENSES

(For the Calendar Year 2024)

	ACTUAL 31/12/2023	1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER	TOTAL
<b>INCOME</b>						
Interest Earned -Loans	374,441,414.30	124,658,000.00	104,866,000.00	102,637,000.00	101,835,000.00	433,996,000.00
Interest on Deposits w/ Banks	1,242,385.92	877,000.00	923,000.00	927,000.00	954,000.00	3,681,000.00
Interest on Investments/SCR/AR	13,813.80	51,000.00	90,000.00	121,000.00	163,000.00	425,000.00
Bank Commission	-	-	-	-	-	-
Service Charges/Fees	124,587,358.00	33,909,000.00	31,343,000.00	30,436,000.00	39,109,000.00	134,797,000.00
Recovery on Charged-off Assets	611,717.14	298,000.00	306,000.00	294,000.00	298,000.00	1,196,000.00
Profit from Assets Sold/Exchange	520,272.62	25,000.00	30,000.00	25,000.00	410,000.00	490,000.00
Other Income	10,051,752.30	3,091,000.00	3,470,000.00	3,612,000.00	3,954,000.00	14,127,000.00
<b>GROSS INCOME</b>	<b>511,468,714.08</b>	<b>162,909,000.00</b>	<b>141,028,000.00</b>	<b>138,052,000.00</b>	<b>146,723,000.00</b>	<b>588,712,000.00</b>
<b>EXPENSES</b>						
Interest on Deposits	59,298,643.85	15,256,000.00	15,729,000.00	16,095,000.00	16,607,000.00	63,687,000.00
Interest on Borrowed Funds	22,109,371.16	7,774,000.00	7,235,000.00	7,099,000.00	6,775,000.00	28,883,000.00
Compensations & Fringe Benefits	199,588,759.40	55,979,000.00	55,979,000.00	55,979,000.00	55,979,000.00	223,916,000.00
Directors, Comm. & Members' Fees	2,255,232.75	572,000.00	673,000.00	622,000.00	751,000.00	2,618,000.00
General Assembly Expenses	732,212.50	-	-	1,000,000.00	-	1,000,000.00
Management & Professional Fees	2,618,859.78	638,000.00	656,000.00	649,000.00	1,218,000.00	3,161,000.00
Bank Charges /Fines/Supervision	8,003,799.20	1,949,000.00	1,829,000.00	1,815,000.00	1,903,000.00	7,496,000.00
Taxes & Licenses	9,034,969.41	2,452,000.00	2,659,000.00	2,775,000.00	3,461,000.00	11,347,000.00
Insurances	10,665,470.80	2,852,000.00	2,949,000.00	2,995,000.00	3,113,000.00	11,909,000.00
Impairment Loss	-	20,000.00	20,000.00	20,000.00	20,000.00	80,000.00
Litigations	14,546.00	16,000.00	16,000.00	16,000.00	16,000.00	64,000.00
Depreciation/Amortization	12,986,793.35	3,359,000.00	3,485,000.00	3,683,000.00	3,772,000.00	14,299,000.00
Provision for Probable Losses	46,007,750.00	11,983,000.00	12,127,000.00	12,267,000.00	13,400,000.00	49,777,000.00
Other Expenses	100,437,966.90	24,514,000.00	26,115,000.00	28,161,000.00	37,350,000.00	116,140,000.00
<b>TOTAL EXPENSES</b>	<b>473,754,375.10</b>	<b>127,364,000.00</b>	<b>129,472,000.00</b>	<b>133,176,000.00</b>	<b>144,365,000.00</b>	<b>534,377,000.00</b>
NET INCOME (LOSS) BEFORE TAX	37,714,338.98	35,545,000.00	11,556,000.00	4,876,000.00	2,358,000.00	54,335,000.00
Provision for Income Taxes	4,803,679.31	1,035,000.00	920,000.00	1,035,000.00	1,345,000.00	4,335,000.00
<b>NET INCOME (LOSS)</b>	<b>32,910,659.67</b>	<b>34,510,000.00</b>	<b>10,636,000.00</b>	<b>3,841,000.00</b>	<b>1,013,000.00</b>	<b>50,000,000.00</b>

# PROJECTED BREAKDOWN OF COMPENSATION/FRINGE BENEFITS AND OTHER EXPENSES

(For the Calendar Year 2024)

	<b>ACTUAL 31/12/2023</b>	<b>1ST QUARTER</b>	<b>2ND QUARTER</b>	<b>3RD QUARTER</b>	<b>4TH QUARTER</b>	<b>TOTAL</b>
<b>COMPENSATION/FRINGE BENEFIT</b>						
Salaries & Wages	104,410,747.33	26,157,000.00	26,157,000.00	26,157,000.00	26,157,000.00	104,628,000.00
SSS & EC Premium - BS	8,812,882.00	1,654,000.00	1,654,000.00	1,654,000.00	1,654,000.00	6,616,000.00
Philhealth Premium - BS	1,946,160.40	1,127,000.00	1,127,000.00	1,127,000.00	1,127,000.00	4,508,000.00
Pag-ibig Premium - BS	1,763,294.46	754,000.00	754,000.00	754,000.00	754,000.00	3,016,000.00
Employees' Retirement Premium - BS	10,954,729.00	3,280,000.00	3,280,000.00	3,280,000.00	3,280,000.00	13,120,000.00
Staff Benefits	71,700,946.21	23,007,000.00	23,007,000.00	23,007,000.00	23,007,000.00	92,028,000.00
<b>TOTAL</b>	<b>199,588,759.40</b>	<b>55,979,000.00</b>	<b>55,979,000.00</b>	<b>55,979,000.00</b>	<b>55,979,000.00</b>	<b>223,916,000.00</b>
<b>OTHER EXPENSES</b>						
Rent	4,648,684.97	1,123,000.00	1,200,000.00	1,210,000.00	1,289,000.00	4,822,000.00
Power, Light & Water	5,700,870.64	1,396,000.00	1,438,000.00	1,475,000.00	1,510,000.00	5,819,000.00
Fuel & Lubricants	3,662,464.58	951,500.00	948,500.00	963,500.00	1,049,500.00	3,913,000.00
Travelling expenses	16,114,645.33	3,690,000.00	4,035,000.00	4,246,000.00	4,439,000.00	16,410,000.00
Repairs & Maintenance	2,622,548.80	692,500.00	739,500.00	801,500.00	863,000.00	3,096,500.00
Information Technology Expense	9,259,427.66	3,171,500.00	3,391,500.00	3,592,500.00	3,852,500.00	14,008,000.00
Security, Mess'gerial & Jan. Serv.	17,113,031.90	4,510,000.00	4,685,000.00	4,755,000.00	5,370,000.00	19,320,000.00
Postage, Telephone, Cables & Telgrms.	3,298,013.94	924,000.00	966,000.00	996,000.00	1,059,000.00	3,945,000.00
Stationery & Office Supplies Used	5,215,838.54	1,302,500.00	1,414,500.00	1,478,500.00	1,614,500.00	5,810,000.00
Periodicals & Magazines	-	10,000.00	10,000.00	10,000.00	10,000.00	40,000.00
Advertising & Publicity	9,819,069.56	1,014,000.00	1,170,000.00	2,292,000.00	8,064,000.00	12,540,000.00
Representation & Entertainment	10,018,795.03	2,238,000.00	2,471,000.00	2,635,000.00	2,906,500.00	10,250,500.00
Membership Fees & Dues	103,740.00	56,000.00	46,000.00	47,000.00	48,000.00	197,000.00
Donations & Char'ble Contributions	771,496.12	194,000.00	208,000.00	222,000.00	246,000.00	870,000.00
Training Expenses	2,160,479.87	950,000.00	950,000.00	900,000.00	1,200,000.00	4,000,000.00
Miscellaneous Expenses	742,949.74	186,000.00	215,000.00	247,000.00	288,000.00	936,000.00
Incentive Fees	9,185,910.22	2,105,000.00	2,227,000.00	2,290,000.00	3,541,000.00	10,163,000.00
<b>TOTAL</b>	<b>100,437,966.90</b>	<b>24,514,000.00</b>	<b>26,115,000.00</b>	<b>28,161,000.00</b>	<b>37,350,000.00</b>	<b>116,140,000.00</b>



# RISK MANAGEMENT FRAMEWORK

Cooperative Bank of Cotabato in its process of financial inter-mediation adopts risk management procedures which includes plan for risk reduction, prevention, and avoidance to preempt unnecessary surprises such as unforeseen events that can threaten the bank's viability.

Risk management involves different employees of the bank, in coordination with the senior management and Board of Directors; collectively they integrate considering the importance to improve the ability to identify, measure, monitor and control the overall level of risks undertaken.

## Identify, assess and prioritize risks

The risk management process begins with senior management and the Board of Directors in identifying and prioritizing the key risk, which are reviewed and approved by the board of directors. It requires the senior management and the Board of Directors to determine the degree of the risk the bank should tolerate and to conduct assessments for each risk of the potential negative impact if it is not controlled. The most significant risks faced by the bank include credit, financial, operation, market, strategic, compliance and legal risks.

## Develop strategies to measure risks

The board approves policies for measuring and tracking risks and monitors the management adherence to them. Management identifies key indicators and ratios that can track and analyzed regularly to assess the bank's exposure to risk in each area of operations. Management sets the acceptable range for each indicator, outside of which would indicate excessive risk exposure. It also determines the frequency with which each indicator should be monitored and analyzed.

## Design policies and procedures to mitigate risks

The Board of Directors together with the Management develops sound procedures and operational guidelines to mitigate each risk to the degree desired or is tolerable. Sound policies and procedures clearly instruct employees how to conduct transactions and incorporate effective internal control measures.

## Implement controls into operations and assign responsibilities

Management implements cost-effective risks and seeks input from the operational staff on their appropriateness and assign managers to oversee implementation of the controls and to monitor them over time.

## Test the effectiveness and evaluate results

The bank has set clearly defined indicators and parameters that determine when a risk is not adequately controlled. Then, the board and management review the operating results to assess whether the current policies and procedures are having the desired outcome and whether the bank is adequately managing its risks.

## Revise policies and procedures as necessary

In many cases, the results will suggest a need for changes to policies and procedures and possibly identify previously unidentified risk exposures. In these cases, management designs new risk control measures and oversees their implementation. Management may determine that additional staff training is needed or decide to modify existing policies or procedures or create new ones. After the new controls are implemented, the bank tests their effectiveness and evaluates the results.

# ANTI MONEY LAUNDERING FRAMEWORK

Cooperative Bank of Cotabato supports the international drive against serious crimes, especially terrorism and proliferation financing that has led to an obligation on banks to avoid transactions of criminals in laundering the proceeds of their crime. The Bank is committed to assist authorities in identifying potential money laundering transactions.

During the year, the Bank adopted its AML Institutional Risk Assessment (IRA) Framework as approved per BOD Resolution No. 2023-113 dated May 5, 2023. In identifying and assessing indicators of ML/TF risk to which it is exposed, the bank considers a range of factors that include Products and Services, Customer Profile, Geographical Location, Delivery Channel, Volume and size of transactions and Self-assessment processes.

The purpose or goal of the assessment is:

- To review the Institutional Risk Assessment of the Bank;
- To determine the risk exposure of the Bank in terms of Anti-Money Laundering; and
- Determine if existing control measures are adequate or if more should be done.

The Bank has adopted Anti-Money Laundering (AML) policies embodied in its Money Laundering & Terrorist Financing Prevention Plan (MLPP) manual. This is aimed to support government, law enforcement agencies and international bodies in their efforts to combat the use of financial system for the laundering of the proceeds of crime. The Bank is committed to full compliance with all the applicable laws and regulations regarding anti-money laundering rules and regulations and shall strictly enforce the provisions set forth in this program in order to prevent and detect money laundering, terrorist financing and other related illegal activities.

The MLPP is designed to ensure compliance with the Anti-Money Laundering Law and its implementing rules and regulations, as well as other applicable regulations; protect the integrity and confidentiality of bank accounts and to prevent making the bank as money laundering site for the proceeds of an unlawful activity of criminals; protect life, liberty and property from acts of terrorism and reinforce the fight against terrorism by criminalizing the financing of terrorism and related offenses; and ensure that the bank's directors and employees are aware of the anti-money laundering rules and regulations and be equipped with the required knowledge necessary for the execution of their individual job functions.

The MLPP also covers strict compliance on risk-based classification of customers, monitoring, investigation and reporting of covered and/or suspicious transactions, record keeping and retention and the provision of continuous trainings to those personnel in charge in the implementation of anti-money laundering.

The Board of Directors approves and oversees the design, enhancements and implementation of the MLPP related standards, policies and procedures, and means to ensure compliance with said standards and/or policies as well as applicable laws and regulations. They are primarily responsible in defining the risk tolerance level, understanding the nature and degree of risks the bank will be exposed to, and ensuring that these risks are properly addressed.

The Senior Management oversees the day-to-day management of the covered person, ensures effective implementation of AML/CFT policies approved by the Board and alignment of activities with strategic objectives, risk profile and corporate values set by the Board. Senior Management is responsible in the establishment of management structure to promote accountability and transparency and approves checks and balances.

The bank maintains a system of verifying the true identity of its customers and establishes an effective Know Your Customer policy. It establishes and records the true identity of the customers based on valid identification documents. The bank develops and implements clear and graduated acceptance policies and procedures to identify types of customers based on their likeliness to pose low, normal or high risk to the bank's operations. An interview was done by the New Accounts Clerk and employees of the bank to know more about the true identity of a client as well as the standards in applying customer due diligence.

The bank reports all covered and suspicious transactions (CT/ST) to the AMLC. If there is a reasonable basis for considering a suspicious transaction, or other unlawful activity, this shall be reported immediately. The Compliance Unit monitors all covered transactions to ensure that these were reported to the AMLC within the prescribed period. To ensure accurate information, the bank regularly updates customer identification information depending on the client's risk assessment.

# CORPORATE GOVERNANCE

## OVERALL CORPORATE GOVERNANCE STRUCTURE AND PRACTICES

Corporate Governance is the system by which the Cooperative Bank of Cotabato (CBC or “Bank”) is directed, managed and controlled. The Corporate governance structure specifies the distribution of rights and responsibilities among different participants in the organizations such as the Board of Directors (“Board”), Senior Management (“Management”), shareholders, regulators/supervisors, and other stakeholders, and spells out the rules and/or guidelines for making decision on corporate affairs. By doing this, it also provides the structure through which the Bank’s objectives are set, and the means of attaining those objectives and monitoring performance.

## SELECTION PROCESS FOR THE BOARD OF DIRECTORS

By virtue of the authority vested under Rule 7, Section 3 Paragraph 4.4 of Republic Act 9520 otherwise known as the Philippine Cooperative Code of 2008, unto the Committee on Election (ELECOM), the said Election Committee of the Cooperative Bank of Cotabato hereby promulgate and implement the ELECTION PRIMER – Policy and Guidelines for the conduct of the Election Process. The over-all selection process for the Board is conducted by the ELECTION COMMITTEE that has the following duties and responsibilities in accordance with Rule 7 Sec. 4.4.4 of Republic Act 9520;

- a. Formulate election rules and guidelines and recommend to the General Assembly for approval;
- b. Implement election rules and guidelines duly approved by the General Assembly;
- c. Recommend necessary amendments to the election rules and guidelines, in consultation with the Board of Directors for the General Assembly’s approval;
- d. Supervise the conduct, manner and procedure of election and other election related activities and act on the changes thereto;
- e. Canvass and certify the results of the election;
- f. Proclaim the winning candidates;
- g. Decide election and other election related cases except those involving the Election Committee members;
- h. Perform such other functions as prescribed in the By-Laws or authorized by the General Assembly.

## BOARD’S OVERALL RESPONSIBILITY

The position of the Board of Directors is a position of trust. A Director assumes certain responsibilities to different constituents or stakeholders, the bank itself, its stockholders, its depositors and other creditors, its management and employees, the regulators, deposit insurer and the public at large. These constituencies or stakeholders have the right to expect that the institution is being run in a prudent and sound manner. The Board of Directors is primarily responsible for approving and overseeing the implementation of the banks strategic objectives, risk strategy, corporate governance and corporate values. Further, the Board of Directors is also responsible for monitoring and overseeing the performance of senior management as the latter manages the day to day affairs of the bank.

## DESCRIPTION OF THE ROLE AND CONTRIBUTION OF EXECUTIVE, NON-EXECUTIVE, INDEPENDENT DIRECTORS AND OF THE CHAIRMAN OF THE BOARD

### ▪ **Chairman of the Board**

The Chairman of the Board is responsible to provide leadership in the board of directors. He shall ensure effective functioning of the board, including maintaining a relationship of trust with board members. The Chairman of the Board shall ensure a sound decision making process and he should encourage and promote critical discussions and ensure that dissenting views can be expressed and discussed within the decision-making process.

- **President**

The President of the Bank shall be the Chief Executive Office who shall be chosen and may remove, for cause by the Board of Directors. He has the duties and responsibilities to set the tone of good governance from the top. He is responsible to oversee the day to day management of the bank, to ensure that duties and effectively delegated to the staff and to establish a management structure that promotes accountability and transparency and above all, to promote and strengthen checks and balances systems in the bank.

- **Independent Director**

An Independent Director shall be considered to ensure that he will be able to devote sufficient time to effectively carry out his duties and responsibilities. An independent director shall refer to a person (1) Is not or has not been a member of the executive committee of the board of directors, an officer or employee of the bank, its subsidiaries of affiliates or related interest during the past three (3) years counted from the date of his election;(2) Is not a director of officer of the related companies of the bank's majority shareholder; (3) Is not a stockholder with shares of stock sufficient to elect one set in the board of directors of the institution, or any of its related companies or of its majority corporate shareholder (4) Is not a relative within the fourth degree of consanguinity or affinity, legitimate or common –law of any director, officer or stockholder holding shares of stock sufficient to elect one set in the board of directors or its related companies (5) Is not acting as a nominee or representative of any director or substantial shareholder of the bank and (6) Is not retained as professional adviser, consultant, agent or counsel of the institution.

**BOARD COMPOSITION, TYPE OF DIRECTORSHIP, PRINCIPAL STOCKHOLDER REPRESENTED, NO. OF YEARS SERVED AS DIRECTOR, NUMBER OF SHARES HELD AND PERCENTAGE OF SHARES HELD TO TOTAL OUTSTANDING SHARES OF THE BANK**

Board Composition	Type of Directorship	Principal Stockholder Represented	No. of Years Served as Director	No. of Shares Held (As of 12/31/2023)	Percentage of Shares Held to Total Outstanding Shares of the Bank
Gil D. Pastolero	Chairman	New Leon Multipurpose Cooperative	2 years & 9 months	1,655	2.11%
Erma R. Odal	Vice Chairman	Osias SN Multipurpose Cooperative	2 years & 9 months	1,729	2.20%
Jelito G. Jugas	Director	New Leon Multipurpose Cooperative	8 years	558	0.71%
Ricardo M. Carmona	Director	Villarica SN Multipurpose Coop.	2 years	1,353	1.72%
Marianita D. Soterno	Director	Rainbow Family MPC	1 year & 6 months	2,006	2.55%
Gil P. Sodusta	Director	Pulanglupa Farmers Cooperative	5 months	1,359	1.73%

**BOARD QUALIFICATION**

The ELECOM shall pre-screen and shortlist all candidates nominated to become a member of the Board of Directors in accordance with the qualifications set forth under the ELECTION PRIMER as simplified;

- He shall be at least twenty-five (25) years of age at the time of his election or appointment;
- He shall be at least a college graduate or have at least five (5) years' experience in business;
- He must have attended special seminar on corporate governance for board of directors conducted or accredited by BSP and;
- He must be fit and proper for the position of a director of the bank. In determining whether a person is fit and proper for the position of a director, the following matters must be considered: integrity/probity, physical/mental fitness, competence, relevant education/financial literacy/training, diligence and knowledge experience.



**Additional Qualifications:**

- That the person qualified to become a director must be the Chairman of the primary cooperative he/she represents;
- That the primary cooperative he is representing should be existing, active and have economic activity or engage in viable business enterprise;
- That the business enterprise engaged in at present should be profitable, viable and sustainable as shown in the audited financial statement;
- That the candidate or the cooperative he is representing should have no past due account at the time of the election;
- That the cooperative he is representing must have at least 5 years membership with the bank.
- The members of the Board of Directors shall possess the foregoing qualifications for directors in addition to those required or prescribed under Subsection X-141.2 & 142.3 of the MORB and other existing applicable laws and regulations.

**LIST OF BOARD LEVEL COMMITTEES INCLUDING MEMBERSHIP AND FUNCTION**

Board Level Committees	Committee Members	Function
Credit Committee	Jelito G. Jugas Ricardo M. Carmona	The Credit Committee (CRECOM) shall be composed of two (2) members of the board of directors, one of them as Chairman and the other as member together with the President as permanent member. Its main function is to oversee and appraise credit risk inherent to the Bank's lending activities.
Bids and Awards Committee	Gil D. Pastolero Erma R. Odal Jelito G. Jugas	The Bids and Awards Committee shall take charge in the preparation of bidding documents; ensure that the same property reflects the requirements of the bank and that these conform to the standards set by the Board.
Audit Committee	Gil P. Sodusta Marianita D. Soterno	The Audit Committee shall be composed of at least three (3) members of the Board two (2) of whom shall be independent director including the Chairperson, preferably with accounting or related financial management expertise or experience. The Audit Committee provides oversight over the institution's financial reporting policies, practices and control in the internal and external audit functions.
Corporate Governance Committee	Ricardo M. Carmona Gil P. Sodusta	Corporate Governance Committee shall be composed of at least three (3) members of the board of directors two of whom shall be independent directors including the chairperson. The CGC is tasked to advice the Board of Directors on the composition, organization, effectiveness and compensation of the Board and its committees and on other issue relating to the Bank's corporate governance.
Mediation and Conciliation Committee	Alverico Rapacon Jeanette Olveros Ma. Anally Dano	The Conciliation and Mediation Committee is to provide guidelines in the conduct of a mediation and conciliation proceedings. These guidelines shall apply to all disputes among members, officers, directors and committee members, as far as practicable, be settled amicably in accordance with the conciliation of mediation mechanism, embodied in the by-laws of cooperatives and in such other applicable laws.

Education and Training Committee	Erma R. Odal Edzel R. Magbanua Jonathan M. Viajante	The Education Committee is to provide needed trainings/seminars to the affiliates particularly those required and prescribed by the regulating authority. Per CDA Memorandum Circular No. 2011-27 dated December 22, 2011– to rationalize the implementation of Rule 7 of the Implementing Rules and Regulation of RA 9520, the prioritization of training courses to be taken or complied with by the officers of the cooperative bank.
Social Performance Committee	Ricardo M. Carmona Jelito G. Jugas	The committee will oversee services offered to clients for their socio-economic growth and welfare. The Bank existence will not be considered as a guarantee, worthy and or to proclaim as its highest attainment, unless, the Bank will not extend its social responsibilities to the community through various outreach programs for under-privilege clients' customers and stockholders. The success of certain organization cannot be measured through its liquidity and profitability. It can only be gauged and determined by the social performance of member-clients socio-performance of member-clients through social impact of valued constituents, that they uplift their standard of living as result of various services extended by the bank to them.
Election Committee	Rebecca T. Dumingsel Romeo Lobaton Lorvalent Acoba	The Election Committee shall be composed of three (3) members in good standing and elected at large during the General Assembly. They will elect from among themselves a Chairperson who shall serve for a term of at least one (1) year. All the members of the committee shall hold office for a period of one (1) year and/or until their successors have been elected. No member of the Election Committee shall hold any other position within the Cooperative Bank during his term of office. The Election Committee shall have the following duties and responsibilities in accordance with Rule 7 Sec. 4.4.4 of Republic Act 9520.
Gender and Development Committee	Marianita D. Soterno Florentina H. Idao Editha A. Antipuesto	The Gender and Development Committee was created to: (1) Assist the Board of Directors in implementing mainstreaming of Gender and Development (2) Assist the Board of Directors in the formulation of strategies/ programs/activities/projects that address issues and concerns on gender and policy implementation of the bank (3) Review and evaluate mechanisms and instruments established in the cooperative that will ensure GAD mainstreaming is facilitated, implemented and monitored (4) Assist the Board of Directors in the concern of everyone in the bank, regardless of gender. They shall ensure that everyone must have the same rights, opportunities and conditions to develop and contribute to the bank's development (5) Ensure that respect is embodied within the bank and warrant that each of the employees make the most of their competencies, experiences and values so that they can become fully developed individuals in their respective professional roles;

Ethics Committee	Erlinda O. Pantaleon Rutchel S. Umadle	The Ethics Committee was created for the following objectives (a) Develop Code of Governance and Ethical Standards to be observed by the members, officers and employees of the cooperative subject to the approval of the Board of Directors and ratification of the General/ Representative Assembly (b) Disseminate, promote and implement the approved Code of Governance and Ethical standards (c) Monitor compliance with the Code of Governance and Ethical Standards and recommend to the Board of Directors measures to address the gap, if any, (d) Conduct initial investigation or inquiry upon receipt of a complaint involving Code of Governance and Ethical Standards and submit report to the Board of Directors together with the appropriate sanctions € Recommend ethical rules and policy to the Board of Directors; (f) Perform such other functions as may be prescribed in the By-laws or authorized by the General/Representative Assembly.
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### DIRECTOR'S ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

Regular Board Meeting	Bids and Awards Meeting	Social Performance Meeting	Education Committee Meeting	Mediation Committee Meeting	Corporate Governance Meeting	Audit Com. Meeting	Credit Com. Meeting
24 Meetings 100%	3 Meetings 100%	1 Meeting -----	1 Meeting 100%	0 Meeting 100%	2 Meetings 100%	3 Meetings 100%	24 Meetings 100%

Attendance (Regular Meetings)	No. of Meetings Attended	No. of Meetings	Percentage Rating
Jelito G. Jugas	24	24	100%
Erma R. Odal	24	24	100%
Gil Pastolero	24	24	100%
Ricardo M. Carmona	24	24	100%
Marianita D. Soterno	20	24	83%
Gil P. Sodusta	10	24	42%

### CHANGES IN THE BOARD OF DIRECTORS

As newly approved amendments in the ELECTION PRIMER is the manner of election wherein the seven (7) members of the Board are district directors representing two (2) districts divided by municipalities all throughout the Province as follows;

District 1 1 Director	District 2 1 Director	District 3 2 Directors	District 4 2 Directors	District 5 1 Director
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The manner of election is by district wherein in the first year, election for District Director is conducted for district 1, 4 & 5 that is, only four (4) of the BODs is subjected for election. The three (3) remaining directors will serve their term of two (2) years. In the next year, the election for District 2 & 3 will take place for another 2-year term. The cycle continuous with the guarantee that there is always a remaining Board to function every year.

Elections for District 1, 4 & 5 with number of candidates to be elected;

- a. District 1 - one (1) Board of Director
- b. District 4 - two (2) Board of Directors
- c. District 5 - one (1) Board of Director

Elections for District 2 & 3 with number of candidates to be elected;

- a. District 2 - one (1) Board of Director
- b. District 3 - two (2) Board of Directors

## **DIVIDEND POLICY**

The dividend declaration is subject to the following policy:

1. The liability for dividends declared shall be taken up in the books of Cooperative Bank of Cotabato;
2. Cash dividends due on delinquent stocks, if any, shall first be applied to the unpaid balance on the subscription plus costs and expenses pursuant to Section 43 of Batas Pambansa Bldg. 68;
3. The dividends shall not be treated as interest expense, and;
4. Payment of the cash dividends shall not be made if the same will adversely affect the bank's liquidity position.



# LIST OF EXECUTIVE OFFICERS/ SENIOR MANAGEMENT

For the year 2023

## A. Board of Directors

1. Gil D. Pastolero	Chairman
2. Erma R. Odal	Vice-Chairman
3. Ricardo M. Carmona	Director
4. Cecille D. Colima	Director
5. Jelito G. Jugas	Director
6. Marianita D. Soterno	Director

## B. Key Officers

1. Rolly R. Dela Cruz, MBA	President
2. Defer R. Villaruz, MBA	Vice President for Branch Operations
3. Liezl L. Magbanua, MBA	Vice President for Credit Management
4. Edelle G. Hernandez, CPA, MBA	Vice President for Finance
5. Jesus S. Jauod	Vice President for Administrative Services
6. Consuelo O. Paque	Credit Manager
7. Allan A. Aquino	Credit Manager
8. Lloyd Dex S. Cordero	Credit Manager
9. Rhea May O. Oswa	Acting Credit Manager
10. Myrna R. Cantoja	Manager, Head Office
11. Glenn O. Parreño	Acting Manager, Midsayap
12. Arlene Joy P. Porras	Branch Manager, Mlang
13. Rowie P. Yu	Branch Manager, Pigcawayan
14. Mildred G. Mansayagan	Branch Manager, Antipas
15. Hermelita O. De Vera	Branch Manager, Kabacan
16. Edeliza B. Bustamante, MBA	Branch Manager, Isulan
17. Jefferson M. Madrid	Branch Manager, Koronadal
18. Edgardo V. Baria, Jr.	Branch Manager, Bansalan
19. Jackshon B. Sedano	Branch Manager, Polomolok
20. Rosebel C. Jerez	Acting Manager, Surallah
21. Janifer A. Masanit	Branch Manager, Lebak
22. Charlemagne V. Rodriguez	Branch Manager, Don Carlos
23. John Elmer P. Morales, MBA	Branch Manager, Sulop Branch
24. Ername T. Cariño	Acting Manager, Tacurong
25. Atty. Dionesio T. Alave, Jr., MBA	Legal Officer concurrent Planning Officer
26. Jude A. Dacutan, CPA	Accounting Manager
27. Ivy Jean C. Porras, CPA, MBA	Internal Auditor
28. Diane Jane D. Escarlan, CPA, MBA	Chief Compliance Officer
29. Florelyn S. Pagaduan	HR Manager
30. April Marie G. Irig	RDM Manager
31. Mary Grace S. Macadato	BOD Secretary

# PERFORMANCE ASSESSMENT PROGRAM

The Cooperative Bank of Cotabato provides a competency-based comprehensive and systematic Performance Appraisal System (PAS). It serves as a source and reference document in promoting, professional advancement, training, transferring, demoting or dismissing employees, performance incentives or any other Human Resource (HR) action that pertain to the employees' performance.

The appraisal tool can be used as frequent as decided by the management. Simultaneously the supervisor (rater) and the supervisee (ratee) accomplish the appraisal tool. Once completed, the supervisor will schedule the one-on-one session with the supervisee. They, together shall discuss the evaluation and the supervisor makes the final rating for submission to HR Unit. The supervisor shall discuss with the ratee his rating, providing positive reinforcement for his strength and stressing corrective actions for areas that need improvements. Unsatisfactory ratings, both the rater and the ratee shall identify ways and means for corrective measures to improve performance.

The President will be rated by the Board of Directors, the Vice-Presidents will be rated by the President. For the Branch Managers & Unit Managers, they will be rated by their concerned Vice-Presidents. The performance evaluation will be done once every six months, one in July to cover the period of January to June, and one in January of the coming year to cover the period July to December. The performance evaluation system has 4 sections; Section I: Performance based on Result (Work Plan, Objectives and Key result areas (KRAs) 60% of the overall weight; Section II: Performance based on Competency 40% of the overall weight; Section III: Comments regarding staff overall performance and Part IV: Decision/Personnel Actions. The KRAs and specific targets are based on job function and the Bank's annual target. Each target/deliverable are rated as follows: 5-Exceeded Target (more than 100% Achievement), 4- On Target (100% Achievement), 3-Below Target (85%-99% Achievement), 2-Way Below the Target (75%-84% Achievement) and 1-Unsatisfactory (less than 75% Achievement). On the employee performance based on competency, each attribute and work-related behavior is evaluated in the following scale: 5-Outstanding, 4-Exceeds Expectation, 3-Meet Expectation, 2-Below Expectation, 1-Unsatisfactory. To get the overall rating, add the score in Section I and Section II. The values for the overall rating are as follows: Outstanding, Very Satisfactory, Satisfactory, Pass, Needs Improvement and Unsatisfactory/Poor. After generating the over-all rating, the rater shall provide comments regarding staff overall performance, decision/personnel action and signature to make the evaluation official. The completed performance evaluation will be submitted to Human Resource Unit for acceptance, execution of appropriate action and 201 filing.

For the Board of Directors and Committees, there is an established annual performance evaluation to be administered by the Corporate Governance Committee which is designed to assess their effectiveness. The tool takes the form of a series of assertion which should be awarded a rating on a scale of 1 to 3 by individual directors or by the Board as a whole. A space has been provided after each question for any specific comments that they may have, once complete, the matters should be discussed at a Board Meeting.

## ORIENTATION AND EDUCATION PROGRAM

An orientation of the newly-hired employee shall be the joint responsibility of Administrative Services Department Head-HR Unit and the Concerned Department Manager where he/she will be assigned.

The immediate supervisor shall conduct subsequent follow-ups on the new employee/s to answer further questions and in coordination with the Manager. The Admin. Services-HR Unit will check the success of an initial job placement during the probationary period of employment.

In addition to the abovementioned orientation program, personnel who are accepted or promoted to higher supervisory or management position should undergo a training program prior to undertake an

actual work assignment. This training program will be prepared and coordinated with the concerned Vice Presidents & Area Managers.

The CCOT prepares Annual Training Plan which shall become the guide for training, education and development for its senior management and other employees. Upon assumption of office of the Board of Director and Senior Management, they are required to attend the Corporate Governance and Risk Management Seminar. Other trainings are stipulated in the annual training plan of the Bank. The Education Committee also prepares training plan matrix for all active Member-Stockholders including the Board of Directors.

All Branch Managers and Vice-President are subject to regular rotation to broaden their knowledge and expertise to other functions of other departments/branches, develop a wider range of work experience and maximize exposure to customer.

The Bank also adapts the following training methodologies; a. In-house training, wherein the training is held in the company premise and the trainers are competent Managers of the bank to conduct orientation on new policies/regulations and refresher course on the existing policies & procedures. The Bank also tap variety of specialized trainers to educate, develop, improve the employee's skills, behavior and knowledge; b. External Trainings, wherein employees will be sent to trainings outside the company premise to learn from other industry experts or run by training organization.

## RETIREMENT & SUCCESSION POLICY

The Bank hereby establishes a retirement plan known to be as "Cooperative Bank of Cotabato Employees Retirement Fund". It is created to provide a retirement fund for employees benefit who have rendered continuous services and loyalty to the bank as payment of retirement, disability, death, separation benefits to its concerned employees or beneficiaries as the case maybe, subject to the conditions and limitations as set forth hereof.

That all employees of the bank are automatically a member of the plan from the date of his regular status of employment. Each member-employee can retire automatically upon reaching the age of sixty (60) as "Compulsory Retirement", provided he/she has rendered of at least five (5) years of continuous service with the bank. He/she has an option to avail an "Early Retirement" upon completion of at least twenty (20) years in the service or upon reaching the age fifty (50) to fifty nine (59) years old whichever comes first.

In like manner, any employee can avail "Involuntary Separation" who suffers from a disease and his/her continued employment is prohibited by law or prejudicial to health of his/her co-employees or terminated beyond his/her control due to installation of labor-savings devices, redundancy, retrenchment program initiated by the employer as a result of merger and prevent losses of other similar causes.

As per qualification set forth under the CCOT Election primer, the term of office of a Director elect is two (2) years or until their successors have been elected and qualified. There is no retirement age as long as they fall under the category set under qualification for a Board of Director under the Manual of Regulations for Banks.

## SUCCESSION PLAN

The Bank dreams to foster, promote and inculcate continual development of its employees to ensure that "Key Positions" shall maintained some measures of stability in achieving the purpose. It recognizes that some jobs are lifeblood of the organization and its too critical to left vacant or fill-up by most qualified persons. This plan has vital role at times of untoward incidents to officers or leaders and rank and file employees even in a natural or normal vacancies may arise in the institution.

It is a systematic replacement approach to establish a leadership pipeline or talent pool; develop potential successors and identify access – employees Knowledge, Attitude, Skill, Habit & Experiences (KASHE); and ensure a continuous supply of talent by helping employees to enhance their potentials as successor of

key detrimental positions or to replace needed job positions due to sickness, accident, unplanned leaves, disability, deaths, retirements and other unexpected losses. Other consideration on succession plan, viz.:

- A.) Employee's reshuffling is inevitable and become a habit of the organization. However, reshuffling has always good or valid reason. No reshuffle should ever take place simply because, it is assumed that there should be one!
- B.) B.) Job Rotation as a management strategy in which an employee is taken in one department to another, over a period which been trained on different aspects of the job to gain exposure to different roles and functions. This involves an employee changing position a w a y from boredom. It is a designed technique in which an employees are moved between or more job in a planned manner purposely to: reduce monotony, creates right employee to fit job exposing workers to all vertical skills and competencies; and develop a wide range of employee-work experience.

## REMUNERATION POLICY

The Cooperative Bank of Cotabato (CBC) Salary Structure is based on the revised CBC's rationalized organizational structure. The current salary levels adopted, minimum wage, market rate, taking into consideration the rates of existing Cooperatives and Cooperative Banks with similar size as that of CBC. This has been revised to standardize basic salary among staff and reduce disparity and distortion in the intra- and inter job levels/categories.

The senior management officers of the bank are the President, Vice-Presidents and Managers. Their remuneration includes basic pay and other benefits such as representation & travelling allowance, rice allowance and medical allowance approved by the Board of Directors in line with the policy.

The Board of Directors and members of different committees are entitled to honoraria/per diem based on their attendance during meetings. The amount is approved by the General Assembly.

## SELECTION PROCESS FOR SENIOR MANAGEMENT

Candidates for President and Vice-Presidents will undergo an in-depth evaluation and screening. They must possess the established qualification standard of the position such as educational attainment, work experience, applicable attributes and skills. He has at least Average performance in his last two ratings and maintained such level of performance up to the date of promotion. He has no record of disciplinary action in form of suspension or graver penalty at least one year prior to the expected date of promotion. Has no pending case or any violation on the Banks Code of Conduct warranting to suspension. Candidates will undergo psychological examination designed to measure the supervisory/management skills, work-related attitudes & values and overall personality strengths and weaknesses. Candidates who passed the psychological examination will be scheduled for a Panel Interview. It will be composed of 6 members, 3 from the Board of Directors, incumbent President, VP for Admin Services and Human Resource Manager. Each member of the panel will rate the candidates using the approved Interview Rating Sheet. Ratings will be gathered, computed and tabulated; members of the panel will discuss their ratings and decide who will be hired for the position.



# RELATED PARTY TRANSACTIONS (RPT)

Cooperative Bank of Cotabato has approved and adopted guidelines on Related Party Transactions (RPT) pursuant to BSP Circular No. 895. The bank recognizes the significance of exercising appropriate oversight and implements effective control systems for managing related party transactions as these may potentially lead to abuses that are detrimental to the bank and its depositors, creditors and stakeholders. The policy defines and widely includes transactions entered into by the bank with related parties and outstanding transactions dealt with unrelated parties that subsequently become a related party.

The RPT policy specifically covers the roles and responsibilities of the Board of Directors and Senior Management. It also includes materiality thresholds and limits as well as exclusions from transactions considered as related party. Appropriate reporting and disclosure are also emphasized to comply with regulatory standards. The policy emphasizes and restricts that any member of the approving authorities such as the Board and related committees to inhibit and not to participate in discussion and or approval of any related party transactions.

The Board of Directors are responsible in observing good governance and approve an overarching policy on handling RPTs and ensures that there is effective compliance with existing laws, rules and regulations at all times and that RPTs are conducted in a regular course of business and not undertaken on favorable economic terms.

They shall approve all material RPTs, those that cross the materiality threshold and write-off of material exposures to related parties and submit the same for confirmation by majority vote of the stockholders in the annual stockholders' meeting. The Board delegates to appropriate management committee the approval of RPTs that is below the materiality threshold, subject to confirmation by the board of directors and maintain adequate capital against risks associated with exposures to related parties.

Senior Management implements appropriate controls to effectively manage and monitor RPTs on per transaction and aggregate basis. Exposures to related parties are monitored on an ongoing basis to ensure compliance with the bank's policy and BSP's regulations. For the year 2023, the bank has accommodated and approved a total of P21,110,000.00 material related party transactions which consisted of 13 member-cooperatives who are stockholders of the bank, 1 Officer of the Bank and 1 Related Party to an Officer of the Bank as outlined in the table below. These transactions were reported to the BSP accordingly.

Transaction Date	Related Party	Relationship between the Parties	Type of Transaction	Amount/ Contract Price	Terms
February 16, 2023	Taculen Farmers Multipurpose Cooperative	Stockholder	Availment of Credit Line	P1,000,000.00	Payable in 720 days, with interest at 12% per annum, plus service charge of 2%
February 28, 2023	Kibia Rice Producers Cooperative	Stockholder	Availment of Credit Line	P1,000,000.00	Payable in 720 days, with interest at 12% per annum, plus service charge of 2%
March 14, 2023	Lower Paatan Multipurpose Cooperative	Stockholder	Availment of Credit Line	P1,000,000.00	Payable in 720 days, with interest at 12% per annum, plus service charge of 2%
March 28, 2023	Katidtuan Marketing Cooperative	Stockholder	Availment of Credit Line	P1,000,000.00	Payable in 720 days, with interest at 12% per annum, plus service charge of 2%

March 28, 2023	Osias Sn Multipurpose Cooperative	Stockholder	Availment of Supervised Agricultural Loan	P1,262,500.00	Payable in 180 days, with interest at 16% per annum, plus service charge of 4%
February 16, 2023	Sheila Mae M. Yu	Related Party to an Officer Of the Bank	Availment of Back to Back Loan	P1,300,000.00	Payable in 60 days, with interest at 13% per annum, plus service charge of 2%
May 5, 2023	Estado Farmers Credit Cooperative	Stockholder	Availment of Supervised Agricultural Loan	P1,550,000.00	Payable in 360 days, with interest at 16% per annum, plus service charge of 4%
May 31, 2023	Kibudoc Sugarcane Planters Credit Cooperative	Stockholder	Availment of Supervised Agricultural Loan	P1,915,000.00	Payable in 360 days, with interest at 16% per annum, plus service charge of 4%
June 27, 2023	Kibia Rice Producers Cooperative	Stockholder	Availment of Supervised Agricultural Loan	P2,250,000.00	Payable in 180 days, with interest at 16% per annum, plus service charge of 4%
June 27, 2023	Consuelo O. Paque	Officer of the Bank	Availment of Back to Back Loan	P1,670,000.00	Payable in 360 days, with interest at 12% per annum, plus service charge of 2%
August 14, 2023	Rainbow Family Multipurpose Cooperative	Stockholder	Availment of Credit Line	P1,000,000.00	Payable in 360 days, with interest at 12% per annum, plus service charge of 1%
August 29, 2023	Farmers Of Marbel Credit Cooperative	Stockholder	Availment of Supervised Agricultural Loan	P1,725,000.00	Payable in 360 days, with interest at 16% per annum, plus service charge of 4%
September 14, 2023	Osias Sn Multipurpose Cooperative	Stockholder	Availment of Supervised Agricultural Loan	P1,250,000.00	Payable in 180 days, with interest at 16% per annum, plus service charge of 4%
September 26, 2023	Agriculture Farmers Multipurpose Cooperative	Stockholder	Availment of Supervised Agricultural Loan	P1,262,500.00	Payable in 180 days, with interest at 16% per annum, plus service charge of 4%
December 28, 2023	Kibia Rice Farmers Multipurpose Cooperative	Stockholder	Availment of Supervised Agricultural Loan	P1,925,000.00	Payable in 180 days, with interest at 16% per annum, plus service charge of 4%
<b>TOTAL</b>				<b>P21,110,000.00</b>	

The Internal Audit Unit and Compliance Unit conducts a periodic formal review of the effectiveness of the bank's system and internal controls governing RPTs to assess consistency with board-approved policies and procedures. The resulting audit reports, including exceptions or breaches in limits, are communicated directly to the Audit Committee and/or Board of Directors.

The Compliance function ensures that the bank complies with relevant rules and regulations and is informed of regulatory developments in areas affecting related parties. It shall aid in the review of the bank's transactions and identify any potential RPT that would require review by the Board of Directors. It shall ensure that the RPT policy is kept updated and is properly implemented throughout the bank.

# SELF-ASSESSMENT FUNCTION

Structure of the internal audit and compliance functions including its role, mandate/authority, and reporting process

The Internal Audit Unit and Compliance Unit are considered as independent units from the management functions. Since both functions are considered to be independent, both are administratively reporting to the President.

The Internal audit is an independent, objective assurance and consulting function established to examine, evaluate and improve the effectiveness of risk management, internal control, and governance processes of an organization. It is a vital component of the management of the bank. The mission of the Internal Audit Unit is to provide independent, objective assurance and consulting services designed to add value and improve the organization's operations. It assists the organization in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control, and governance processes.

- Provide a wide range of quality independent internal auditing services for the bank and consulting services for Management;
- Perform independent assessments of the systems of risk management, internal controls and operating efficiency, guided by professional standards and using innovative approaches;
- Support the organization's efforts to achieve their objectives through effective independent auditing services and consulting services; and

## ***The Internal Auditor:***

- ✓ is in charge of overseeing the internal audit unit
- ✓ takes the lead in developing short and long term audit strategies and systems in accordance with the strategic direction of the organization
- ✓ provides thorough examination, analysis, and verification of compliance for all offices
- ✓ provides management and board with objective assessment of the institution's internal control mechanisms

## ***The Chief Compliance Officer:***

- ✓ is responsible in leading the Compliance Unit
- ✓ is providing strategic direction and focus and the development of a bank-wide compliance coverage plans
- ✓ should establish and continuously improve a consistent operating framework for the identification, management, monitoring and reporting of compliance risks and issues
- ✓ is also responsible in providing an effective compliance risk management framework and appropriately resourced specialized regulatory compliance support to the bank

The Internal Audit and Compliance noted exceptions were discussed with the management for validation and verification. Any significant violations found, the management can dispute the findings or provide additional insight into the employee of unit/department performance. This is also to ensure that noted exceptions will be minimizing the sooner and to avoid additional exceptions and error in the subsequent transactions or activities. At the end of the meeting and discussion, a final report will be issued.

The Chief Compliance Officer shall submit periodic reports, at least quarterly, to the Board of Directors on violations noted, the actions taken by the management to correct said violations and appropriate recommendations for expeditious resolution of issues.

On the other hand, results of the conducted examination of the Internal Audit unit, noted exceptions or findings that have an effect on the bank's compliance system and operations, were directly reported to the Audit Committee. The latter then will report and discuss to the board the noted exceptions by the Internal Audit Unit. Results were also provided to the management for reference of compliance and proper action.

The Chairman of the Board shall inform the President in writing detailing the violations noted during the examination. A written report and discussion during board meeting will be required from the Management for the action taken and plan of action to correct the noted exceptions.

Review process adopted by the board to ensure effectiveness and adequacy of the internal control system

The board of directors is primarily responsible for approving and overseeing the implementation of the bank's strategic objectives, risk strategy, corporate governance and corporate values. Further, the board of directors is also responsible for monitoring and overseeing the performance of senior management as the latter manages the day to day affairs of the bank. In order to effectively carry-out its oversight functions, the bank's Board of Directors (BODs) conducts its regular meeting at least twice in a month (every second and fourth Thursday of the month). The BODs monitored the reports of the management represented by the President during Board meeting. There then discussed the issues affecting the bank's interest and other related issues that may directly or indirectly affect the bank. Any discussion resulting to further clarification is discussed with the President then the latter has the prerogative to call for the attention of the concerned personnel for reference, if any.

The bank being under the supervision of the BSP and CDA, it is required to establish certain committees in order to effectively manage its operations including the Audit Committee.

The audit committee shall be composed of members of the Board of Directors, at least two (2) of whom shall be independent directors, including the Chairman, preferably with accounting, auditing, or related financial management expertise or experience. The Board of Directors shall appoint the committee members and the committee chair. The Audit Committee has the authority to conduct or authorize investigations into any matters within its scope of responsibility. The committee will meet at least six (6) times a year, every third week of the odd month, with authority to convene additional meetings, as circumstances require at the bank's Executive Office at Lanao, Kidapawan City or to any branch offices agreed by the members.

The audit committee is monitoring the reports of the internal audit unit represented by the Internal Auditor during audit committee meeting. There then discussed the issues and concerns brought by the exceptions noted by the internal audit unit from the examination conducted. Any discussion resulting to further clarification and follow-up to management will be part of the agenda of the audit committee during the board meeting. Further updates on the noted exceptions by the Internal Audit unit and Compliance unit are discussed by the board of directors together with the President, then the latter has the prerogative to call the attention of the concerned personnel for follow-up and provide insight in the employee/department/unit's performance. The Chairman of the Board shall inform the President detailing the exceptions noted during the examination. A written report will be required from the Management for the action taken and plan of action to correct the noted exceptions.



# CONSUMER PROTECTION PRACTICES

Cooperative Bank of Cotabato acknowledges the role of financial consumers in bringing about a strong and stable financial system, their right to be protected in all stages of their transactions with the bank, and be given an avenue to air out their feedbacks or grievances with the bank.

On September 24, 2015, the bank approved and adopted a Consumer Assistance Management System (CAMS) policy in accordance with the guidelines of BSP Circular No. 857; on regulations to Financial Consumer Protection.

The Board of Directors is responsible for the delivery of effective recourse to the bank's consumers. Pursuant thereto, the Board designs and approves the consumer assistance policies and procedures, approves risk assessment strategies relating to effective recourse by the consumer, ensures compliance with consumer assistance policies and procedures, provides adequate resources devoted thereto, and reviews the Consumer Assistance policies at least annually.

Bank's Senior Management is responsible in the implementation of the Consumer Assistance policies and procedures.

The bank's Head Office/Branch Managers act as the Consumer Assistance Officer of the office or branch. They are incharge in the handling of customer feedbacks or complaints. They are responsible to receive and acknowledge consumer concerns or complaints and record the same in a register. They shall conduct initial review and investigation, process those concerns and shall provide official reply to the consumer within specified timeframe and that customer shall be requested of his feedback on the bank's reply. A report of which will then be submitted to the Head of Consumer Assistance Group who is the Vice – President for Branch Operations.

The Vice-President for Branch Operations as the Head of Consumer Assistance Group is responsible to monitor consumer assistance process; keep track, identify, and analyze the nature of complaints and recommend solutions to avoid recurrence; report to senior management the complaints received on a monthly basis including reasons for such complaints, the recommended solutions to avoid recurrence, and suggestions for process or personnel competency needing improvement; and to ensure immediate escalation of any significant complaint to the concerned unit of the bank.

Consumer Assistance Channels of the bank include:

- walk-in or personal visit through the bank's offices/branches,
- letters,
- bank's proprietary electronic mails,
- telephones, facsimile, mobile phones,
- client feedback through provision of suggestion/feedback boxes and online google forms
- Facebook Page

For the year 2023, the bank was able to report consumer complaints through the Compliance Unit to Bangko Sentral ng Pilipinas per Memorandum No. M-2018-017 dated May 10, 2018. Complaints were assessed by the Chief Compliance Officer as to product/service, channel, standard of conduct, volume of transactions and its resolution.

Hereunder are bank's standard timeline for processing client's complaints/request;

	<b>SIMPLE*</b>	<b>COMPLEX*</b>
Acknowledgement	Within 2 banking days	Within 2 banking days
Processing and resolution (assess, investigate, and resolve)	Within 7 banking days	Within 45 banking days
Communication of resolution	Within 9 banking days	Within 47 banking days

\* All periods are reckoned from receipt of complaint/request.

# CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY

Cooperative Bank of Cotabato (CBC) acknowledges its role in maintaining stability being one of the catalyst for countryside development. More than the financial stability, the bank ensures that the welfare of the environment and communities are also sustained.

## Carbon Footprint Reduction

The bank make every effort to understand the impacts of climate change on our operations and supply chain better through increased monitoring of our carbon footprint, particularly in energy management, waste management, and water consumption, with an aim to maintain resource efficiency even as our business grows. The following schemes were implemented:

- Office equipment and gadgets must be switched off when not in use and upon leaving the office/branches.
- Employees shall throw their garbage separately --- “Biodegradable”, “Non-Biodegradable” and “Recyclable”
- Single-use plastic containers and utensils are discouraged.
- Paper waste reduction and recycling must be observed.
- Think before printing or photocopying to avoid waste.
- Adjust the margins to fit more on each page or reduce the size of the copier. Print on both sides of the paper. If possible, keep all records such as memos, advisories and other files in digital format to reduce paper usage.
- Instead of burning, the bank implement shredding of documents qualified for disposal.

## Occupational Health and Safety

The health and well-being of the employees are important to the success of the bank. The bank shall make every effort to provide a healthy and safe work environment for the employees, suppliers, clients, and visitors, following applicable health and safety legal requirements.

The bank implemented the following occupational health and safety programs:

- Drug Prevention and Control Program
- Annual Physical Examination
- Health Care Program
- Financial Assistance Programs
- Disaster Management and Emergency Preparedness Trainings

## Community Development Programs and Services

Various advocacy and community programs were conducted by the bank in near and far flung areas. These activities were facilitated by the branches of the bank especially during the celebration of the bank’s Anniversary and the celebration of the Cooperative Month.

- Tree Planting
- Blood Letting Activity
- Medical Outreach Programs
- Clean Up Drive
- Feeding Programs
- Relief Operations
- Educational Programs
- Sustainable Livelihood Programs
- Other community outreach programs

The bank conducted various activities with the strong support of its dedicated employee-volunteers and were also made possible by the generous assistance of corporate partners, both government and non-governmental organizations. These initiatives demonstrated the bank’s commitment to active community participation with the aim of uplifting the lives of the people it serves and means of expressing gratitude to the trust and patronage of the clients through the years.



<b>List of Environmental and Social Programs for the year 2023</b>	<b>Amount Utilized</b>
1 Tree Planting	18,700.00
2 Clean Up Drive	68,300.00
3 Donations and Charitable Contributions	662,000.00
4 Scholarship Program	312,100.00
5 Canopy Tent Installations @ various check-points	231,200.00
6 Blood Letting Activity	4,200.00
7 Poultry and Livestock Livelihood Program	70,000.00
8 Financial Literacy Training Program for Primary Cooperatives (Eskwela Cooperatiba)	123,500.00
Total	1,490,000.00

## Highlights for the year 2023





# AUDITED FINANCIAL STATEMENTS



## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURNS

The management of Cooperative Bank of Cotabato is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2023. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value-added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, management affirms that the attached audited financial statements for the year ended December 31, 2023, and the accompanying Annual Income Tax Return are in accordance with the books and records of Cooperative Bank of Cotabato, complete and correct in all material respects.

Management likewise affirms that:

- a) The Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- b) Any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules have been reported as reconciling items and maintained in the Bank's books and records in accordance with the requirements of Revenue Regulation No. 8-2007 and other relevant issuances;
- c) The Cooperative Bank of Cotabato has filed all applicable returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

Maharlika Highway, Lanao, Kidapawan City, North Cotabato

  
GIL D. PASTOLERO  
Chairman, Board of Directors

  
ROLLY R. DELA CRUZ  
President

  
EDELLE G. HERNANDEZ  
Vice President for Finance

**REPORT OF INDEPENDENT AUDITORS  
TO ACCOMPANY INCOME TAX RETURNS**

Contact Information

MF, RDRDC Building, Pioneer Avenue, General Santos City, 9500, fgarsuta@yahoo.com  
(063) 83552-4043, 091-75966762  
quilabgarsuta.com

Current Accreditations

BOA, BIR, SEC, BSP, IC  
CDA, NEA, MISEREOR, KNH

The Board of Directors  
**Cooperative Bank of Cotabato**  
Maharlika Highway, Lanao, Kidapawan City,  
North Cotabato

We have audited the financial statements of Cooperative Bank of Cotabato. as of and for the year ended December 31, 2023, on which we have rendered the attached report, dated March 26, 2024.

In compliance with Revenue Regulations V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the Chairman of the Board, President or principal stockholders of the Bank.

**QUILAB & GARSUTA, CPAs**

By:



**RICCO P. QUILAB**  
Partner

CPA Cert. No. 46034

TIN No. 129-040-841

PRC/BOA Cert. No. 7787, 2023-2026

BIR No. 16-007506-001-2022, 2022-2024

46034-SEC Group B, 2020-2024

46034-BSP Group B, 2020-2024

46034-IC Group A, 2020-2024

PTR No. 5864057 A

January 3, 2024

Cagayan de Oro City

March 26, 2024  
Cagayan de Oro City, Philippines



## REPORT OF INDEPENDENT AUDITORS

Contact Information

MF, RDRDC Building, Pioneer Avenue, General Santos City, 9500, fgarsuta@yahoo.com  
(063) 83552-4043, 091-75966762  
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Current Accreditations

BOA, BIR, SEC, BSP, IC  
CDA, NEA, MISEREOR, KNH

The Board of Directors  
**Cooperative Bank of Cotabato**  
Maharlika Highway, Lanao, Kidapawan City, North Cotabato

### Report on the Financial Statements

Opinion

We have audited the financial statements of Cooperative Bank of Cotabato (Bank), which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to financial statements comprising of a summary of material accounting policy information and explanatory information, collectively referred to as 'financial statements'.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Cooperative Bank of Cotabato as of December 31, 2023 and 2022, and of its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the *Code of Ethics for Professional Accountants in the Philippines* (Code of Ethics), together with the 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 and the Code of Ethics. 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 Bank'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 Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditors' 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 auditors' 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 PSAs will always detect a material misstatement when it exists. Misstatements can arise from

fraud or error and are considered material if, individually or in 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 PSAs, we exercise professional judgment and maintain professional skepticism throughout the audits. 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 Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates 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 Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Bank 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 audits.

**Report on the Supplementary Information Required by Supervising Agencies of the Bank**

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The following supplementary information are presented as compliance to the requirements by the corresponding supervising Government agencies in the prudential reporting of the Bank and are not required parts of the basic financial statements.

<i>Supervising Government</i>	<i>Nature of Information</i>	<i>Presented in</i>
CDA	Supplementary Information Required By The CDA	Note 15
BIR Revenue Regulation 15-2010	Supplementary Information on Taxes, Licenses, and Fees	Note 27
BSP Circular No.1074	Supplementary Information Required By The BSP	Appendix I

Such information is the responsibility of management. The foregoing information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements, taken as a whole.

**QUILAB & GARSUTA, CPAs**

By:



**RICO P. QUILAB**

Partner

CPA Cert. No. 46034

TIN No. 129-040-841

PRC/BOA Cert. No. 7787, 2023-2026

BIR No. 16-007506-001-2022, 2022-2024

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46034-IC Group A, 2020-2024

PTR No. 5864057 A

January 3, 2024

Cagayan de Oro City

March 26, 2024

Cagayan de Oro City, Philippines

# STATEMENTS OF FINANCIAL POSITION

Cooperative Bank of Cotabato

December 31, 2023 2022

## ASSETS

<b>Cash and Cash Equivalents</b> (Note 5)	<b>₱600,016,648</b>	₱751,441,133
<b>Loans and Receivables – Net</b> (Note 6)	<b>2,579,452,471</b>	2,246,599,499
<b>Bank Premises, Furniture, Fixtures and Equipment – Net</b> (Note 7)	<b>185,858,163</b>	144,898,474
<b>Right-of-Use Assets</b> (Note 8)	<b>5,258,135</b>	4,914,187
<b>Investment Properties – Net</b> (Note 9)	<b>2,760,796</b>	4,159,254
<b>Other Assets</b> (Note 10)	<b>67,378,122</b>	56,255,295
	<b>₱3,440,724,335</b>	₱3,208,267,842

## LIABILITIES AND MEMBERS' EQUITY

### Liabilities

Deposit liabilities (Note 11)	<b>₱1,978,557,254</b>	₱1,708,044,059
Bills payable (Note 12)	<b>640,949,546</b>	612,729,040
Other liabilities (Note 13)	<b>115,157,480</b>	152,467,600
Lease liabilities (Note 8)	<b>5,527,493</b>	4,999,453
<b>Total Liabilities</b>	<b>2,740,191,773</b>	2,478,240,152

### Members' Equity

Share capital (Note 15)	<b>82,033,000</b>	77,155,159
Statutory reserves (Note 16)	<b>94,125,913</b>	154,774,000
Revaluation reserves (Note 14)	–	(8,881,722)
Reserve for retirement of preferred shares (Note 15)	<b>3,441,000</b>	3,441,000
Undivided surplus (Note 16)	<b>520,932,649</b>	503,539,253
<b>Total Members' Equity</b>	<b>700,532,562</b>	730,027,690

**₱3,440,724,335** **₱3,208,267,842**

See Notes to Financial Statements.

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Cooperative Bank of Cotabato

Years Ended December 31,	2023	2022
<b>INTEREST INCOME</b>		
Loans and receivables (Note 6)	₱374,455,228	₱358,370,769
Bank deposits (Note 5)	1,242,386	881,643
Total	375,697,614	359,252,412
<b>INTEREST EXPENSE</b>		
Deposit liabilities (Note 11)	59,298,644	53,596,548
Bills payable (Note 12)	22,109,371	11,170,391
Lease liabilities (Note 8)	276,340	91,360
Total	81,684,355	64,858,299
<b>NET INTEREST INCOME</b>	<b>294,013,259</b>	<b>294,394,113</b>
<b>LESS PROVISION FOR EXPECTED CREDIT LOSSES (ECL) (Note 6)</b>	<b>122,513,112</b>	<b>70,020,700</b>
<b>INTEREST INCOME AFTER PROVISION FOR ECL</b>	<b>171,500,147</b>	<b>224,373,413</b>
<b>SERVICE FEES AND OTHER INCOME (Note 17)</b>	<b>189,670,076</b>	<b>139,542,324</b>
<b>NET SURPLUS BEFORE OPERATING EXPENSES</b>	<b>361,170,223</b>	<b>363,915,737</b>
<b>OPERATING EXPENSES (Note 18)</b>	<b>(342,441,136)</b>	<b>(325,466,662)</b>
<b>NET SURPLUS BEFORE INCOME TAX EXPENSE</b>	<b>18,729,087</b>	<b>38,449,075</b>
<b>INCOME TAX EXPENSE (Note 19)</b>		
Current	(4,275,415)	(5,215,223)
Deferred	8,558,450	3,824,318
Net	4,283,035	(1,390,905)
<b>NET SURPLUS FOR THE YEAR</b>	<b>23,012,122</b>	<b>37,058,170</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		
<i>Item that will not be reclassified subsequently to profit or loss:</i>		
Remeasurements of post-employment defined benefit obligation (Note 14)	-	2,602,588
Deferred Tax Income (Expense) (Note 19)	-	(650,647)
Other Comprehensive Income (Loss) - net of tax	-	1,951,941
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>₱23,012,122</b>	<b>₱39,010,111</b>

See Notes to Financial Statements.



# STATEMENTS OF CHANGES IN EQUITY

Cooperative Bank of Cotabato

December 31,	2023	2022
<b>SHARE CAPITAL</b> (Note 15)		
<b>Ordinary (Common) Shares</b> – ₱1,000 par value		
Opening balances	₱73,714,159	₱69,664,159
Additional shares issued during the year	4,877,841	4,050,000
Closing balances	78,592,000	73,714,159
Preferred Shares	3,441,000	3,441,000
Total Share Capital	82,033,000	77,155,159
<b>STATUTORY RESERVES</b> (Note 16)		
Opening balances	154,774,000	149,278,518
Allocation from net surplus during the year	4,682,272	9,612,268
Charges during the year	(65,330,359)	(4,116,786)
Closing Balances	94,125,913	154,774,000
<b>RESERVE FOR RETIREMENT OF PREFERRED SHARES</b> (Note 15)	3,441,000	3,441,000
<b>REVALUATION RESERVES</b> (Note 14)		
Opening balances	(8,881,722)	(10,833,663)
Other comprehensive income (loss) for the year	–	1,951,941
Transfer from Optional Fund (Note 16)	8,881,722	–
Closing balances	–	(8,881,722)
<b>UNDIVIDED SURPLUS</b>		
Opening balances	503,539,253	495,560,214
Allocation from net surplus during the year (Note 16)	17,393,396	25,523,448
Cash dividends declared (Note 15)	–	(16,528,883)
Patronage refund	–	(46,235)
Charges during the year (Note 16)	–	(969,291)
Closing balances	520,932,649	503,539,253
	<b>₱700,532,562</b>	<b>₱730,027,690</b>

See Notes to Financial Statements.

## STATEMENTS OF CASH FLOWS

Cooperative Bank of Cotabato

Years Ended December 31,

2023

2022

### CASH FLOWS FROM OPERATING ACTIVITIES

Net surplus for the year before income tax expense	₱18,729,087	₱38,449,075
Add (deduct) adjustments for:		
Depreciation and amortization (Notes 7 and 9)	18,050,888	16,843,516
Depreciation on right-of-use assets (Note 8)	2,903,101	1,921,390
Provision for expected credit losses (Note 6)	122,513,112	70,020,700
Provision for retirement benefit obligation (Note 14)	3,973,941	3,824,760
Operating surplus before changes in working capital	166,170,129	131,059,441
Add (deduct) changes in working capital, excluding cash and cash equivalents:		
Increase in loans and receivables (Note 6)	(439,332,259)	(480,628,931)
Increase in other assets (Note 10)	(11,122,827)	(5,245,716)
Increase in deposit liabilities (Note 11)	270,513,195	256,389,469
Increase (decrease) in other liabilities (Note 13)	(27,564,493)	8,313,528
Net cash used for operations	(41,336,255)	(90,112,209)
Income taxes paid (Note 19)	(4,669,637)	(2,737,911)
Net Cash Used for Operating Activities	(46,005,892)	(92,850,120)

### CASH FLOWS FROM INVESTING ACTIVITIES

Additions to bank premises, furniture, fixtures and equipment (Note 7)	(59,309,704)	(38,872,632)
Increase in investment in financial asset at FVOCI (Note 10)	–	(1,000,000)
Disposal of bank premises, furniture, fixtures and equipment (Note 7)	3,258,304	10,166,455
Disposal of Investment property (Note 9)	1,416,410	–
Net Cash Used for Investing Activities	(54,634,990)	(29,706,177)

### CASH FLOWS FOR FINANCING ACTIVITIES

Repayment of bills payable (Note 12)	(709,410,723)	(207,733,294)
Proceeds from bills payable availed of during the year (Note 12)	737,631,230	520,752,624
Cash dividends paid (Note 13)	(13,429,992)	(5,940,259)
Disbursements from statutory funds (Note 16)	(56,448,637)	(4,116,786)
Additional issuance of shares (Note 15)	4,877,841	4,050,000
Payment of interest and patronage refund	–	(18,028)
Contribution to plan assets (Note 14)	(339,015)	(10,189,144)
Retirement benefits paid (Note 14)	(10,668,958)	–
Repayment of lease liabilities (Note 8)	(2,995,349)	(1,978,000)
Net (Used for) Cash Provided from Financing Activities	(50,783,603)	294,827,113

**NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS** (151,424,485) 172,270,816

**OPENING CASH AND CASH EQUIVALENTS** 751,441,133 579,170,317

**CLOSING CASH AND CASH EQUIVALENTS** (Note 5) **₱600,016,648** **₱751,441,133**

See Notes to Financial Statements.

## NOTES TO FINANCIAL STATEMENTS

Cooperative Bank of Cotabato

As of and for the Years Ended December 31, 2023 and 2022

### Note 1

#### General Information

##### Organization

The Cooperative Bank of Cotabato (Cooperative Bank) was organized and registered with the Cooperative Development Authority (CDA) on April 18, 1979, under Registration No. F-127CB-02-DVO in accordance with the provision of Republic Act (R.A.) No. 6938, otherwise known as the Cooperative Code of the Philippines. The Bank was re-registered with the CDA under Registration No. 9520-12005732 on January 7, 2010 to carry on the business of a rural bank in accordance with the provisions of R.A. No. 7353 (Rural Banks Act of 1992) and R.A. No. 9520 (Philippine Cooperative Code of 2008).

The Bank was granted Certificate of Authority by the Bangko Sentral Ng Pilipinas (BSP) under the provisions of Republic Act No. 720, as amended. The Bank officially started operations by April 18, 1979.

As of December 31, 2023, the Bank has a total of 124 shareholders (active and inactive) on record.

##### Addresses of Head Office and Branches

The registered office address of the Bank is at Maharlika Highway, Lanao, Kidapawan City, North Cotabato. The Bank operates within the Provinces of North Cotabato, Sultan Kudarat, South Cotabato, Davao Del Sur, and Bukidnon. It has existing branches and microbanking office in the following areas:

##### Branches

- Kidapawan, at Jose Abad Santos St., Kidapawan City, North Cotabato
- Midsayap, at Sto. Niño St., Poblacion 1, Midsayap, North Cotabato
- M'lang, at George Gauran Sr. St., M'lang, North Cotabato
- Pigcawayan, at Corner Roxas & Sinsuat Sts., Poblacion 2, Pigcawayan North Cotabato
- Antipas, at Public Terminal, Poblacion, Antipas, North Cotabato
- Kabacan, at Roxas St., Poblacion (Public Market), Kabacan, North Cotabato
- Isulan, at National Highway, Kalawag III, Isulan, Sultan Kudarat
- Koronadal, at Jose Abad Santos St., Brgy Zone 3, Poblacion, Koronadal City, South Cotabato
- Bansalan, at Viacrusis St., Poblacion 2, Bansalan, Davao Del Sur
- Polomolok, at Corner Cannery Road and Meleguas Road, Poblacion, Polomolok, South Cotabato
- Lebak, at Poblacion 1, Lebak, Sultan Kudarat
- Don Carlos, at Cor Rizal-Diego Silang Sts., P-6, Poblacion Sur, Don Carlos, Bukidnon
- Sulop, at Purok 5, Poblacion, Sulop, Davao Del Sur
- Tacurong, at Magsaysay Avenue, Tacurong, Sultan Kudarat
- Surallah, at R.N. Estanislao Bldg., Camia St., Surallah, South Cotabato
- Santa Cruz, at National Highway, Zone 3, Sta Cruz, Davao Del Sur.

##### MicroBanking Office

- Makilala, at 893 Crossing, Poblacion, Makilala, North Cotabato

### Tax Exemption

The Bank serves both members and non-members. Since the Bank's accumulated reserves and undivided net savings exceeds the ₱10 million threshold for tax exemption, the Bank's transactions with non-members are subject to the following taxes:

- 1) Business transactions with members shall be exempt from all national internal revenue taxes;
- 2) Business transactions with non-members shall be taxed in full rate as follows:
  - (a) Income tax on the amount allocated for interest on share capital of non-members;
  - (b) Value-Added Tax (VAT) under Section 109 pars. (r), (s), (t) and (u) of the Tax Code of 1997; except those falling under pars. (L), (M) and (N), as amended by R.A. 9337;
  - (c) Percentage Tax on all sales of goods and/or services to non-members, except sales made to producers, marketing or service cooperatives;
  - (d) All other internal revenue taxes unless otherwise provided by the law.
  - (e) Limited or full deductibility of donations to duly accredited charitable, research and educational institutions, and reinvestment to socio-economic projects within the area of operation of the cooperative; and
  - (f) Exemption from all taxes on transactions with insurance companies and banks, including but not limited to 20% final tax on interest deposits and 7.5% final income tax on interest income derived from a depository bank under the expanded foreign currency deposit system.

Notwithstanding the foregoing, all income of the Bank not related to the main/principal business/es under its Articles of Cooperation shall be subject to all the appropriate taxes under the NIRC, as amended.

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## **Note 2**

### **Statement of Compliance with Philippine Financial Reporting Standards (PFRSs)**

#### Statement of Compliance

The financial statements of the Bank have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs) and Philippine Interpretations-IFRIC.

PFRSs include statements named PFRSs and Philippine Accounting Standards (PAS/IAS), and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) of the Philippine Board of Accountancy (BOA) from the pronouncements issued by the International Accounting Standards Board and approved by BOA and adopted by the Securities and Exchange Commission (SEC).

#### Prudential Reporting Requirements of BSP and CDA and PFRSs

Because the Bank is a supervised financial institution (BSFI) by the Bangko Sentral ng Pilipinas (BSP), it also abides by the prudential regulations of BSP particularly those that are set forth in the Manual of Regulations for Banks (MORB), and all applicable BSP Circulars and accounting requirements. These regulations and requirements are substantially compliant with PFRSs.

In its Circular No. 494 dated September 20, 2005, BSP emphasized that, as a general rule, BSFIs shall comply in all respect with the provisions of PFRSs in preparing both their audited financial statements and the financial statements for prudential reporting. In its Circular No. 915 dated 05 July 2016 BSP clarified that deviations between local and international accounting standards only apply to the preparation of prudential reports to the BSP. The accounting treatment for prudential reporting aims to ensure that the financial statements provide a suitable basis for measuring risks and ratios of BSFIs.

The preparation of the Bank's financial statements took into considerations deviations from PFRSs that are allowed by BSP for prudential reporting purposes but are incorporated in these financial reporting as explained in the following paragraphs. The Bank prepares only a single set of audited financial statements for general use and for submission to BSP.

- Consolidation of Financial Statements  
Under PAS/IAS 27, all bank/quasi-bank subsidiaries, regardless of type, are consolidated on a line-by-line basis. For prudential reporting purposes, however, financial allied subsidiaries, except insurance companies, are consolidated with the financial statements of the parent bank on a line-by-line basis. Non-financial allied subsidiaries and insurance subsidiaries, on the other hand, are accounted for using the equity method. This requirement has no impact on the Bank as it has no subsidiaries.
- Provisioning Requirement  
In preparing general purpose audited financial statements, BSFIs adopt the provisions of PFRSs in booking provisions for credit losses. For prudential reporting purposes, however, BSFIs are required to adopt the expected credit loss model in measuring credit impairment in accordance with the provisions of PFRS 9. BSFIs are also required to set up a general loan loss provision (GLLP) equivalent to 1 percent (1%) of all outstanding Stage 1 on-balance sheet loans, except for accounts considered as credit risk-free under existing regulations. BSFIs are not required to provide a 1 percent (1%) GLLP on other credit exposures covered by PFRS 9 such as off-balance sheet accounts and investments. Allowance for credit losses for Stages 1, 2 and 3 accounts are recognized in the profit or loss statement. In cases when the computed allowance for credit losses on Stage 1 accounts is less than the 1 percent GLLP required, the deficiency shall be recognized by appropriating the Retained Earnings (RE) account.

The Bank generally follows the foregoing provisioning requirements for loans and discounts and adopted the provisions of PFRSs for the provisioning requirements of other financial instruments.

- Deemed Cost of ROPA in Settlement of Loans  
In computing the deemed cost of real and other properties acquired (ROPA), BSFIs are required to value the property at initial recognition based on the carrying amount of the asset given up in the exchange, i.e., carrying amount of the loan, instead of the fair value of the real and other property acquired. The Bank values its ROPA in accordance with this requirement; however, it has subjected the ROPA to impairment testing and disclosed their fair market values at the reporting date.
- Accrual of Interest Income on Non-Performing Loans  
Interest income is allowed to be recognized on non-performing exposures for the purposes of preparing the general-purpose financial statements. For prudential reporting purposes, however, BSFIs are not allowed to recognize interest income on non-performing exposures, except when payment is received. The Bank follows this requirement in preparing these financial statements as dictated by prudence and conservatism.

The Bank is also supervised by the CDA. It has generally complied with the requirements of the Cooperative Code of the Philippines particularly in the aspects of its members' equity. In the distribution of net surplus at the end of the year, however, the Bank follows the rules and regulations of Section 124 of the MORB which prohibits banks to declare dividends unless it has complied with all the requirements imposed by BSP.

#### New and Amended IFRS Accounting Standards that are Effective for the Current Year

In the current year, the Bank has applied a number of amendments to PFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and adopted by the FSRSC (as Philippine Financial Reporting Standards) that are mandatorily effective for an accounting period that begins on or after January 1, 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.



*Amendments to PAS/IAS 1 Presentation of Financial Statements and IFRS Practice  
Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies*

The Bank has adopted the amendments to PAS/IAS 1 for the first time in the current year. The FSRSC adopted these amendments on April 14, 2021 and made them effective starting January 1, 2023. The amendments change the requirements in PAS/IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term ‘significant accounting policies’ with ‘material accounting policy information.’ Accounting policy information is material if, when considered together with other information included in the Bank’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in PAS/IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

*Amendments to PAS/IAS 12 Income Taxes—Deferred Tax  
related to Assets and Liabilities arising from a Single Transaction*

The Bank has adopted the amendments to PAS/IAS 12 for the first time in the current year. The FSRSC adopted these amendments on June 9, 2021 and made them effective starting January 1, 2023. The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit. Following the amendments to PAS/IAS 12, the Bank is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in PAS/IAS 12.

The Bank did not have single transaction involving deferred tax asset and deferred tax liability during the year.

*Amendments to PAS/IAS 12 Income Taxes—International Tax Reform—Pillar Two Model Rules*

The Bank has adopted the amendments to PAS/IAS 12 for the first time in the current year. The FSRSC adopted these amendments on June 19, 2023 and made it retroactive to January 1, 2023. The IASB amends the scope of PAS/IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top-up taxes described in those rules. The amendments introduce a temporary exception to the accounting requirements for deferred taxes in PAS/IAS 12, so that an entity would neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. Presently, the Pillar Two model rules have not yet been adopted by Philippine tax authorities.

*Amendments to PAS/ IAS 8 Accounting Policies, Changes in  
Accounting Estimates and Errors—Definition of Accounting Estimates*

The Bank has adopted the amendments to PAS/IAS 8 for the first time in the current year. The FSRSC adopted these amendments on April 14, 2021 and made them effective beginning January 1, 2023. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are ‘monetary amounts in financial statements that are subject to measurement uncertainty.’ The definition of a change in accounting estimates was deleted.

*New and Revised IFRS Accounting Standards in Issue But Not Yet Effective*

At the date of authorization of these financial statements, the Bank has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective and in some cases had not yet been adopted by the FSRSC.

- PFRS 17 *Insurance Contracts* (including the June 2020 and December 2021 amendments to IFRS 17)
- Amendments to PFRS 10 and PAS/IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to PAS/IAS 1 *Non-current Liabilities with Covenants*
- *Amendments to PAS/IAS 7 and PFRS 7 Supplier Finance Arrangements*
- Amendments to PFRS 16 *Lease Liability in a Sale and Leaseback*

The management of the Bank does not expect that the adoption of the foregoing Standards will have a material impact on the financial statements of the Bank in future periods.

#### PFRS 17 Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 *Insurance Contracts*. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

In June 2020, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the IASB issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023.

In December 2021, the IASB issued Initial Application of IFRS 17 and IFRS 9—*Comparative Information (Amendment to IFRS 17)* to address implementation challenges that were identified after IFRS 17 was published. The amendment addresses challenges in the presentation of comparative information. IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

The FSRSC adopted the amendments to IFRS 17 on December 15, 2021 (and identified the standard as PFRS 17) and amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

The Bank is aware that the new standard applies to any insurance contract regardless of who issued it. The Bank, however, has determined that it has no contracts or arrangements containing insurance risks. The Bank has not issued any financial guarantees; it has no credit card contracts, nor it engages in derivatives. It has also not engaged in issuing deposit accounts bundled with insurance. The Board of Directors has determined that PFRS 17, when effective by January 1, 2025, will have no significant impact on the Bank's operations.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture  
The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets

between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The FSRSC has deferred the review of the foregoing amendments.

The Board of Directors of the Bank however anticipates that the application of these amendments may not have an impact on the Bank's financial statements in the present or in future periods.

*Amendments to PAS/IAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants*

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or noncurrent). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g., a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments are applied retrospectively for annual reporting periods beginning on or after 1 January 2024. Earlier application of the amendments is permitted. If an entity applies the amendments for an earlier period, it is also required to apply the 2020 amendments early.

The FSRSC adopted the amendments on November 18, 2022 and becomes effective starting January 1, 2024. The Board of Directors of the Bank, however, anticipates that the application of these amendments may not have an impact on the Bank's financial statements in future periods.

*Amendments to PAS/IAS 7 Statement of Cash Flows and PFRS 7  
Financial Instruments: Disclosures—Supplier Finance Arrangements*

The amendments add a disclosure objective to PAS/IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, PFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk. The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- The terms and conditions of the arrangements
- The carrying amount, and associated line items presented in the entity's statement of financial

position, of the liabilities that are part of the arrangements

- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement
- Liquidity risk information

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, were adopted by the FSRSC on June 19, 2023, and are applicable for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

Amendment to IFRS 16 Leases—Lease Liability in a Sale and Leaseback

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognize a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognized by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognized a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

As part of the amendments, the IASB amended an Illustrative Example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15, is a lease liability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. If a seller-lessee applies the amendments for an earlier period, it is required to disclose that fact. A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

The amendments were adopted by the FSRSC on October 14, 2022 and are applicable for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. The Board of Directors of the Bank anticipate that the application of these amendments may not have an impact on the Bank's financial statements.

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**Note 3**

**Summary of Material Accounting Policy Information**

The material accounting policies that have been used in the preparation of these financial statements are summarized below. The Bank's management expects these policies to influence the decisions of users of the financial statements. Accounting policies related to immaterial transactions or events were no longer disclosed.

Going Concern

The Board of Directors has, at the time of approving the financial statements, a reasonable expectation that the Bank has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing financial statements.

### Basis of Preparation

The financial statements have been prepared using a historical cost basis, except for financial instruments that are measured at fair values at the end of the year, as explained in the following accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Bank takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the financial statements is determined on such a basis, except for leasing transactions that are within the scope of PFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in PAS/IAS 2 or value in use in PAS/IAS 36.

The financial statements are presented in Philippine peso, which is the Bank's functional and presentation currency, and all values are recorded to the nearest peso except when otherwise indicated.

The preparation of the financial statements made use of estimates, assumptions and judgments by management based on management's best knowledge of current and historical facts as at reporting date. These estimates and judgments affect the reported amounts of assets and liabilities and contingent liabilities as at statement of financial position date, as well as affecting the reported income and expenses for the year. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

### Presentation of Financial Statements

The Bank's statements of financial position are presented broadly in order of liquidity. An analysis regarding recovery (asset) or settlement (liability) within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) are disclosed in Note 23. Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expense are not offset in the statement of income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Bank.

### Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (a) in the principal market for the asset or liability; or (b) in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Bank.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:



- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Bank determines whether transfers have occurred between Levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

#### Financial Instruments

Financial assets and financial liabilities are recognized in the Bank's statement of financial position when the Bank becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value, except for trade and other receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Although the Bank does not have all of the following financial instruments in its financial statements, the policies governing the accounting of these financial instruments are discussed in detail to allow for the proper understanding of the policies governing such financial instruments.

#### Financial Assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

#### Classification of Financial Assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost: (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI): (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Bank may make the following irrevocable election/designation at initial recognition of a financial asset: (a) the Bank may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met [see (iii) below]; and (b) the Bank may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch [see (iv) below].

(i) Amortized Cost and Effective Interest Method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below).

For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Bank recognizes interest income by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition. The calculation does not revert to a gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

The Bank's financial assets at amortized costs include cash and cash equivalents and loans and discounts and investments in treasury bonds.

◦ Cash and Cash Equivalents

Cash and cash equivalents substantially consist of cash on hand and other cash items, amounts due from BSP and other banks that are known amounts of cash with maturities of three months or less from dates of placements and that are subject to insignificant risk of changes in value. These are carried in the books at cost, which approximates market.

◦ Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise with the Bank providing money, goods and services directly to the debtor with no intention of trading the receivables. Included in this category are financial assets arising from direct loans to customers, sales contract receivables and all receivables from customers and other banks (due from other banks). They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

The Bank's loan receivables represent the amounts granted to borrowers with interest charged at the prevailing lending rate approved by the Bank's Board of Directors. The loan policies followed by the Bank hew closely to the policies allowed by the Bangko Sentral ng Pilipinas (BSP). Loans are particularly monitored for impairment in accordance with Appendix 15 of the MORB.

Individually significant other receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of the counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

(ii) Debt Instruments Classified as at FVTOCI

Debt instruments classified as at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these debt instruments as a result of foreign exchange gains and losses (see below), impairment gains or losses (see below), and interest income calculated using the effective interest method (see (i) above) are recognized in profit or loss.

The amounts that are recognized in profit or loss are the same as the amounts that would have been recognized in profit or loss if these debt instruments had been measured at amortized cost. All other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. When these debt instruments are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss.

(iii) Equity Instruments Designated as at FVTOCI

On initial recognition, the Bank may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

A financial asset is held for trading if: (1) it has been acquired principally for the purpose of selling it in the near term; (2) on initial recognition it is part of a portfolio of identified financial instruments that the Bank manages together and has evidence of a recent actual pattern of short-term profit-taking; or (3) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive incomes and accumulated in the investments revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss in accordance with PFRS 9 unless the dividends clearly represent a recovery of part of the cost of the investment.

(iv) Financial Assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI [see (i) to (iii) above] are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Bank designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition [see (iii) above].

- Debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria [see (i) and (ii) above] are classified as at FVTPL. In addition, debt instruments that meet either the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Bank has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship (the Bank has no hedge investments). The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'other services and other income' line item. Fair value is determined in the manner described in the Bank's material accounting policy information.

#### Impairment of Financial Assets

The Bank recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at FVTOCI, lease receivables, trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Bank always recognizes lifetime ECL (expected credit losses) for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Bank's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Bank recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Bank measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

#### (i) Significant Increase in Credit Risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Bank compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Bank considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Bank's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Bank's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g., a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor; and
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Bank presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Bank has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Bank assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if: (1) the financial instrument has a low risk of default; (2) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and (3) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Bank considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing.' Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Bank regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of Default

The Bank considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable: (1) when there is a breach of financial covenants by the debtor; or (2) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Bank, in full (without taking into account any collateral held by the Bank).

Irrespective of the above analysis, the Bank considers that default has occurred when a financial asset is more than 90 days past due unless the Bank has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events: (a) significant financial difficulty of the issuer or the borrower; (b) a breach of contract, such as a default or past due event (see (ii) above); (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty,



having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or (e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-Off Policy

The Bank writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Bank's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

(v) Measurement and Recognition of Expected Credit Losses (ECL)

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guaranty contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Bank's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Bank in accordance with the contract and all the cash flows that the Bank expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with PFRS 16.

For a financial guarantee contract, as the Bank is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Bank expects to receive from the holder, the debtor or any other party.

If the Bank has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Bank measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which the simplified approach was used.

The Bank recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve and does not reduce the carrying amount of the financial asset in the statement of financial position.

The key elements used in the calculation of ECL are as follows:

- Probability of Default (PD) – It is an estimate of likelihood of a borrower defaulting on its financial obligation over a given time horizon, either over the next 12 months (12-month PD) or over the remaining lifetime (lifetime PD) of the obligation.
- Loss Given Default (LGD) – It is an estimate of loss arising in case where a default occurs at a given time (either over the next 12 months or 12-month LGD), or over the remaining lifetime or lifetime LGD). It is based on the difference between the contractual cash flows of a financial instrument due

from a counterparty and what the Bank would expect to receive, including the realization of any collateral. It is presented as a percentage loss per unit of exposure at the time of default.

- Exposure at Default (EAD) – It represents the gross carrying amount of the financial instruments subject to impairment calculation; hence, this is the amount that the Bank expects to be owed at the time of default over the next 12 months (12-month EAD) or over the remaining lifetime (lifetime EAD). In the event of a loan commitment, the Bank shall include the undrawn balance (up to the current contractual limit) at the time of default should it occur.

The measurement of the ECL reflects: (i) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; (ii) the time value of money; and (iii) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

#### Derecognition of Financial Assets

The Bank derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in an equity instrument which the Bank has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss but is transferred to retained earnings.

#### Modification of Loans

When the Bank derecognizes a financial asset through renegotiation or modification of contractual cash flows of loans to customers, the Bank assesses whether or not the new terms are substantially different to the original terms. The Bank considers, among others:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay, whether any substantial new terms are introduced that will affect the risk profile of the loan, significant extension of the loan term when the borrower is not in financial difficulty, significant change in the interest rate, change in the currency the loan is denominated in, and/or, insertion of collateral, other security or credit enhancements that will significantly affect the credit risk associated with the loan.
- If the terms are substantially different, the Bank derecognizes the financial asset and recognizes a "new" asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Bank also assesses whether the new financial asset recognized is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are as gain or loss on derecognition of financial assets in profit or loss.

- If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Bank recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognizes a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows of the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

#### Derecognition of Financial Assets Other than Modification

A financial asset (or where applicable, a part of a financial asset or part of a group of financial assets) is derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognize the financial asset and a collateralized borrowing for the proceeds received

#### Financial Liabilities and Equity

##### Classification as Debt or Equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Bank are recognized at the proceeds received, net of direct issue costs. Repurchase of the Bank's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Bank's own equity instruments.

##### Financial Liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Bank, are measured in accordance with the specific accounting policies set out below.

Financial liabilities, which include deposit liabilities, bills payable and accrued expenses and other liabilities (excluding tax-related payables), are recognized when the Bank becomes a party to the contractual terms of the instrument. All interest-related charges incurred on a financial liability are recognized as an expense in profit or loss under the caption Interest Expense in the statement of profit or loss.

Deposit liabilities are recorded or stated at amounts in which they are to be paid.

Bills payables are recognized initially at fair value, which is equivalent to the proceeds of the loan (fair value of consideration received). Bills payables are subsequently stated at amortized cost; any difference between the proceeds, net of transaction costs and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

Accrued expenses and other liabilities are recognized initially at their fair value and subsequently measured at amortized cost less settlement payments. Dividend distributions to shareholders are recognized as financial liabilities when the dividends are approved by the shareholders and the BSP.

##### Financial Liabilities Measured Subsequently at Amortized Cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for

trading, or (iii) designated as at FVTPL, are measured subsequently at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

#### Derecognition of Financial Liabilities

The Bank derecognizes financial liabilities when, and only when, the Bank's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the Bank exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Bank accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognized in profit or loss as the modification gain or loss within other gains and losses.

#### Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the statement of financial position when the Bank currently has legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future events. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and must be legally enforceable for both entity and all counterparties to the financial instrument

#### Bank Premises, Furniture, Fixtures and Equipment

Bank premises, furniture, fixtures and equipment, except for land, are carried at acquisition cost or construction cost less subsequent depreciation and amortization and any impairment losses. Land held for administration is stated at cost less any impairment losses.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized while expenditures for repairs and maintenance are charged to expense as incurred.

Depreciation is computed on the straight-line basis over the estimated useful lives of the assets as follows:

- Buildings and improvement 20 to 25 years
- Transportation equipment 8 to 10 years
- Furniture, fixtures and equipment 2 to 5 years
- Information technology equipment 2 to 5 years

Leasehold improvements are amortized over the term of the lease or the estimated useful lives of the improvements of two years, whichever is shorter.

Construction in progress represents properties under construction and is stated at cost. This includes the costs of construction and other direct costs. The account is not depreciated until such a time that the assets are completed and available for use.

Fully-depreciated and fully-amortized assets are retained in the accounts until they are no longer in use and no further charge for depreciation is made in respect of those assets. The estimated useful lives and method of depreciation and amortization of bank premises, furniture, fixtures and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

The carrying values of bank premises, furniture, fixtures and equipment are reviewed for impairment when changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. The recoverable amount of bank premises, furniture, fixtures and equipment is the greater of net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's-length transaction.

An item of bank premises, furniture, fixtures and equipment, including the related accumulated depreciation and impairment losses, if any, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year the item is derecognized.

#### Investment Properties

Investment properties include parcels of land acquired by the Bank from defaulting borrowers that are not expected to be sold within the next 12 months. These are initially measured at acquisition cost, which comprises the carrying amount of the related loan after adjustments for unamortized premium or discount less allowance for credit losses plus accrued interest and directly attributable costs. Investment properties also include building and improvements with currently undetermined use. Subsequently, investment properties are stated at cost less accumulated depreciation (except for land) and any impairment in value.

Transfers from other accounts (such as bank premises, furniture, fixtures and equipment) are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party or holding the property for capital appreciation, while transfers from investment properties are made when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use.

ROPAs are booked initially at the carrying amount of the loan (i.e., outstanding loan balance adjusted for any unamortized premium or discount less allowance for credit losses computed based on PFRS 9 provisioning requirements, which take into account the fair value of the collateral) plus booked accrued interest less allowance for credit losses plus transaction costs incurred upon acquisition (such as non-refundable capital gains tax and documentary stamp tax paid in connection with the foreclosure/purchase of the acquired real estate property). If the carrying amount of ROPA exceeds ₱5.0 million, the appraisal of the foreclosed/purchased asset is to be conducted by an independent appraiser acceptable to the BSP.

The carrying amount of ROPA are allocated to land, building, other non-financial assets and financial assets (e.g., receivables from third party or equity interest in an entity) based on their fair values, which allocated carrying amounts shall become their initial costs.

The non-financial assets portion of ROPA shall remain in ROPA and shall be accounted for as follows:

- (1) Land and buildings are accounted for using the cost model under PAS/IAS 40 *Investment Property*;



- (2) Other non-financial assets are accounted for using the cost model under PAS/IAS 16 *Property Plant and Equipment*;
- (3) Buildings and other non-financial assets are depreciated over the remaining useful life of the assets, which shall not exceed twenty-five (25) years and ten (10) years from the date of acquisition, respectively; and
- (4) Land, buildings and other non-financial assets are subject to the impairment provisions of PAS/IAS 36 *Impairment of Assets*.

Expenditures incurred after the investment properties have been put into operation, such as repairs and maintenance, security maintenance and other holding costs are normally charged to income in the period in which the costs are incurred.

Investment properties are derecognized when they have either been disposed of or when investment properties are permanently withdrawn from use and no future benefit is expected from their disposal. Any gain or loss on derecognition of an investment property is recognized in the statement of income in the year of derecognition.

#### Prepayments and Other Resources

Prepayments and other resources pertain to other resources controlled by the Bank as a result of past events. These are recognized in the financial statements when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

#### Intangible Asset

Intangible asset (presented as part of Prepayments and Other Resources in the statements of financial position) pertains to an acquired computer software license used in the performance of financial services and administration, which is accounted for under the cost model. The cost of the asset is the amount of cash or cash equivalents paid or the fair value of the other considerations given up acquiring an asset at the time of its acquisition. Capitalized costs are amortized on a straight-line basis over the estimated useful lives of two years as the lives of the intangible asset is considered finite.

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and install the specific software. Costs associated with maintaining computer software are recognized as expense in profit or loss as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset and is recognized in profit or loss.

#### Impairment of Non-Financial Assets

The Bank's bank premises, furniture, fixtures and equipment and investment properties are subject to impairment testing. Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Bank's latest approved

budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the assets or cash-generating unit's recoverable amount exceeds its carrying amount.

#### Share Capital and Other Equity Accounts

Share capital, which consists of common and preferred shares, represents the nominal value of shares that have been issued.

Reserve for retirement of preferred shares was established by the Bank to comply with the requirements of BSP as reserves for the retirement of preferred shares. Allocation to this fund is an appropriation from net profit, as authorized by the Bank's BOD.

Revaluation reserves comprise gains and losses on remeasurements of post-employment defined benefit assets or obligation.

Surplus and statutory reserves include all distributions of net surplus from current and prior period results, net of interest on share capital and patronage refunds, as reported in the statement of profit or loss, reduced by the amounts of dividends declared and any disbursements from the statutory reserves.

#### Statutory Funds

The Bank establishes statutory funds in accordance with the provisions of R.A. No. 9520, An Act Amending the Cooperative Code of the Philippines to be Known as the "Philippine Cooperative Code of 2008".

The following are the nature of these funds:

a) General Reserve Fund (GRF)

The General Reserve Fund, which receives 10% allocation every year from the net surplus of the Bank, is intended for the stability of the Bank and to meet losses in its operations. The General Assembly may decrease the amount allocated to the Fund when the Fund already exceeds the authorized share capital. Such sum of the reserve fund in excess of the share capital may be used at any time for any project that would expand the operations of the Bank upon the resolution of the General Assembly. Any sum recovered on items previously charged to the reserve fund shall be credited to such fund.

The Fund shall not be utilized for investments other than those allowed by the Cooperative Code. Upon the dissolution of the Bank, the General Reserve Fund shall not be distributed to members. However, the General Assembly may resolve to establish a usufructuary trust fund for the benefit of any federation or union to which the Bank is affiliated, or to donate, contribute, or otherwise dispose of the amount for the benefit of the community where the Bank operates. If the General Assembly cannot decide upon the disposal of the Fund, the same shall go to the federation or union to which the Bank is affiliated.

b) Cooperative Education and Training Fund (CETF)

The Cooperative Education and Training Fund, which also receives 10% allocation from the net surplus of the Bank every year, is intended for the education and training and other purposes of the Bank's members. Half of the allocation to the Fund is remitted to the Cooperative Education and Training Fund of the federation or union to which the Bank is affiliated. Upon the dissolution of the Bank, the unspent balance of the Fund shall be credited to the Cooperative Education and Training Fund of the federation or union to which the Bank is affiliated.

c) Community Development Fund (CDF)

The CDF receives 3% allocation from the net surplus of the Bank every year and is intended to be used for projects or activities that will benefit the community where the Bank operates.

d) Optional Fund

The Optional Fund is intended either for land and building or any purposes. It receives 7% allocation from the net surplus of the Bank every year.

Revenue and Cost Recognition

The Bank's revenue is derived substantially from banking business and related activities and comprises net interest income and non-interest income. Income is recognized on an accrual basis in the period in which it accrues. Management has determined that the revenue from interest on loans and receivables are within the scope of PFRS 9 while the income from non-interest related activities are within the scope of PFRS 15. The following specific criteria are the bases used in recognizing revenue:

Under PFRS 9

- (a) Interest income and interest expenses are recognized in the statement of income for all financial assets or liabilities using the effective interest method on the basis of the cost of the individual financial instrument. The effective interest method is a method of calculating the amortized costs of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

- (b) Interest expense on deposit liabilities are recognized based on the accrual method of accounting, using the effective interest method which is the rate that exactly discounts estimated future cash flows through the expected life of the interest-bearing financial instruments to the net carrying amount of the financial liability.

Under PFRS 15

The Bank earns service fees and commissions on various banking services, which are supported by contracts approved by the parties involved. These revenues are accounted for by the Bank in accordance with PFRS 15. The Bank has evaluated that these revenues are within the scope of PFRS 15, based on the following gating criteria:

For each contract with a customer, the Bank:

- (1) Identifies the contract with a customer;
- (2) Identifies the performance obligations in the contract;
- (3) Determines the transaction price which takes into account estimates of variable consideration and the time value of money;
- (4) Allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and
- (5) Recognizes revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognized as deferred revenue in the form of a separate refund liability. The Bank recognizes income from other sources as follows:

- (c) Service charges, loan fees and commissions are generally recognized when earned over the term of the credit lines granted to each borrower. Other non-finance charges on loans and penalties on delinquent accounts are recognized as the related services are performed.
- (d) Income from assets sold or exchanged is recognized when the title to the assets is transferred to the buyer or when collectability of the entire sales price is reasonably assured. This is included in the statement of income as part of Service Fees and Other Income.

#### Cost and Expenses

Costs and expenses are recognized in the statement of income when a decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen, which can be measured reliably. Costs and expenses are recognized in the statement of income: i) on the basis of a direct association between the cost incurred and the earnings of specific items of income; ii) on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or iii) immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statement of financial position as an asset.

- (e) Administrative and other operating expenses include the costs directly associated with the generation of revenue and cost of administering the business, and these are expensed as incurred.

#### Compensation and Fringe Benefits Expense

Employee benefits are all forms of consideration given by the Bank in exchange for services rendered by employees or for the termination of their employment in the Bank. The Bank recognizes: (a) a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and (b) an expense when the Bank consumes the economic benefit arising from the service provided by an employee in exchange for employee benefits. The following represent the accounting followed by the Bank for all types of employee benefits, except share-based payment, to which there is none:

##### a) Short-Term Employees' Benefits

Short-term employees' benefits are those expected to be settled wholly before twelve months after the end of the annual reporting period during which employee services are rendered, but do not include termination benefits. These benefits include wages, salaries, profit-sharing and bonuses (if there are any) and non-monetary benefits paid to current employees. These are recognized when the employee has rendered the service and are measured at the undiscounted amount of benefits expected to be paid in exchange for that service. The benefits also include compensated absences which are recognized for the number of paid leave days (including holiday entitlement) remaining at the reporting date. The expected cost of short-term compensated absences is recognized as the employees render service that increases their entitlement or, in the case of non-accumulating absences, when the absences occur, and includes any additional amounts the Bank expects to pay as a result of unused entitlements at the end of the period.

The amounts recognized are included in the Other Liabilities account in the statement of financial position at the undiscounted amount that the Bank expects to pay as a result of the unused entitlement.

b) Post-employment Defined Benefit Plan

A defined benefit plan is a post-employment plan that defines the amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of postemployment plan remains with the Bank, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. The Bank's post-employment defined benefit plan covers all regular full-time employees. The pension plan is tax-qualified, noncontributory and administered by a trustee.

The liability recognized in the statement of financial position for a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated at least every two years by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows for expected benefit payments using a discount rate derived from the interest rates of a zero coupon government bonds [using the reference rates published by Bloomberg using its valuation technology, Bloomberg Valuation (BVAL)], that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability. BVAL provides evaluated prices that are based on market observations from contributed sources.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the return on plan assets (excluding amount included in net interest) are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise. Net interest is calculated by applying the discount rate at the beginning of the period, taking account of any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. Net interest is reported as part of either Interest Expense or Interest Income in the statement of profit or loss.

Past service costs are recognized immediately in profit or loss in the period of a plan amendment and curtailment.

c) Post-employment Defined Contribution Plan

A defined contribution plan is a post-employment plan under which the Bank pays fixed contributions into an independent entity, such as the Social Security System. The Bank has no legal or constructive obligation to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities or assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

Leases – The Bank as Lessee

The Bank's leases substantially involve the use of office spaces that are used for its branch offices. The Bank assesses whether a contract is or contains a lease, at inception of the contract. The Bank recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these low value leases, the Bank recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Bank uses its incremental borrowing rate.

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined



based on a series of inputs including: the risk-free rate based on Government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Bank and the lease does not benefit from a guarantee from the Bank. For the purpose of discounting, the Bank is using the average borrowing rate of its bills payable and time deposits.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payment of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Bank remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Bank incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under PAS/IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Bank expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Bank applies PAS/IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the bank premises, furniture, fixtures and office equipment policy. Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and

the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Rent' in the statement of profit or loss.

As a practical expedient, PFRS 16 permits a lessee not to separate non-lease components, and instead accounts for any lease and associated non-lease components as a single arrangement. The Bank has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Bank allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

#### Leases – The Bank as Lessor

The Bank is not a lessor of properties.

#### Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity, if any.

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, which are uncollected or unpaid at the end of the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for using the liability method, on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Bank expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if the Bank has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred taxes relate to the same entity and the same taxation authority.

### Earnings per Share

Basic earnings per share (EPS) is computed by dividing the net surplus for the year attributable to common shareholders (net income for the period less dividends on convertible redeemable preferred shares) by the weighted average number of common shares issued and outstanding during the year and adjusted to give retroactive effect to any stock dividends declared during the period.

Diluted EPS is computed by dividing the net surplus for the year attributable to common shareholders by the weighted average number of common shares outstanding during the year adjusted for the effects of dilutive convertible redeemable preferred shares. Diluted EPS assumes the conversion of the outstanding preferred shares. When the effect of the conversion of such preferred shares is anti-dilutive, no diluted EPS is presented.

### Distribution of Net Surplus

In accordance with the provisions of Republic Act 9520, otherwise known as the Philippine Cooperative Code of 2008, the Bank distributes its net surplus as follows:

- (1) At least ten percent (10%) is set aside as General Reserve Fund (GRF), to provide for the stability of the Bank and to absorb losses in its operations, if any;
- (2) Not more than ten percent (10%) is set aside for Cooperative education and training, with half of the amount to be used for the Bank's own education and training activities and the other half to be remitted to the Cooperative Education and Training Fund (CETF) of the federation or union to which the Bank is affiliated;
- (3) Not more than seven percent (7%) is set aside as Land and Building Fund, which is optional; and
- (4) At least three percent (3%) is set aside for the Community Development Fund.

The remainder is allocated for interest on share capital and/or patronage refund as determined by the Board of Directors, provided that the interest on capital shall not exceed the normal rate of return on investments prescribed by CDA.

### Related Party Relationships and Transactions

Related party transactions are transfers of resources, services or obligations between the Bank and its related parties, regardless of whether a price is charged. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Bank; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the Bank that gives them significant influence over the Bank and close members of the family of any such individual; and (d) the Bank's funded retirement plan. In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

### Contingencies

A contingency arises when there is a situation for which the outcome is uncertain, and which should be resolved in the future, possibly creating a loss. The accounting for a contingency is essentially to recognize only those losses that are probable and for which a loss amount can be reasonably estimated. Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable. Contingent liabilities are not recognized either, but these are generally disclosed unless the possibility of an outflow of resources is remote.

### Provisions and Contingent Liabilities

Provisions are recognized when the Bank has a present obligation (legal or constructive) as a result of a past event, it is probable that the Bank will be required to settle that obligation and a reliable estimate can be made

of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### Events After Reporting Date

Post year-end events that provide additional information about the Bank's position at statement of financial position date (adjusting events), are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

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#### **Note 4**

#### **Significant Accounting Judgment and Key Sources of Estimation Uncertainty**

In applying the Bank's accounting policies, which are described in Note 3, *Summary of Material Accounting Policy Information*, the management of the Bank are required to make judgments (other than those involving estimations) that have a significant impact on the amounts recognized and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### Critical Judgments in Applying the Bank's Accounting Policies

The following are the critical judgments, apart from those involving estimations (which are presented separately below), that the management of the Bank have made in the process of applying the accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

– Business Model Assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Bank determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Bank monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Bank's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

– Determination of Lease Term of Contract with Renewal Options

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options are only included in the lease term if the lease is reasonably certain to be extended.

The renewal options are subject to mutual agreement of the lessor and lessee. The Bank did not include

the renewal periods as part of the lease term for its leases since the renewal options are not enforceable considering that both parties still need to agree to renew, including the terms of the renewal, even if both parties have historically always come to a mutual agreement.

The lease term is reassessed if an option is actually exercised or not exercised or the Bank becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Bank.

- *Distinction between Investment Properties and Owner-occupied Properties*  
The Bank determines whether a property qualifies as investment property. In making its judgment, the Bank considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the Bank's operations
- *Classification and Determination of Fair Value of Acquired Properties*  
The Bank classifies its acquired properties as Bank Premises, Furniture, Fixtures and Equipment if used in operations, as Investment Properties if held for rental or for currently undetermined future use and is regarded as held for capital appreciation, or as financial assets in accordance with PFRS 9. At initial recognition, the Bank determines the fair value of acquired properties through internal and external appraisal depending on the Bank's threshold policy. The appraised value is determined based on the current economic and market conditions, as well as the physical condition of the property.
- *Recognition of Provisions and Contingencies*  
Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provisions and contingencies are discussed in Note 2.

#### *Key Sources of Estimation Uncertainty*

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

- *Estimation of Allowance for ECL*  
When measuring ECL the Bank uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.
- *Estimating Useful Lives of Bank Premises, Furniture, Fixtures and Equipment*  
The Bank reviews annually the estimated useful lives of its bank premises, furniture, fixture and equipment based on expected asset utilization. It is possible that future results of operations could be materially affected by changes in these estimates. A reduction in the estimated useful lives of these properties would increase recorded depreciation and amortization expense and decrease the related asset accounts.
- *Determination of Realizable Amount of Deferred Tax Assets*  
Deferred tax assets are recognized for all unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with



future tax planning strategies. The estimates of future taxable income indicate that certain temporary differences will be realized in the future. The Bank reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

- *Impairment of Non-Financial Assets*  
The Bank assesses the impairment of its non-financial assets whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs. For impairment loss on specific asset, the recoverable amount represents the net selling price. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Bank is required to make estimates and assumptions that can materially affect the Bank's financial statements.
- *Fair Value Measurement for Financial Assets*  
The Bank carries financial asset at fair value which requires judgment and use of accounting estimates. In cases when active market quotes are not available, fair value is determined by reference to the current market value of another financial instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net base of the instrument or other more appropriated valuation techniques. The amount of changes in fair value would differ if the Bank had utilized different valuation methods and assumptions. Any change in fair value of the financial asset would affect other comprehensive income.
- *Determination of Appropriate Discount Rate in Measuring Lease Liabilities*  
The Bank measures its lease liabilities at the present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the Bank's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.
- *Determination of Fair Value of Investment Properties*  
Investment Properties are measured using the cost model. The fair values that are disclosed in the financial statements are determined by the Bank based on the appraisal reports of a professional and independent appraiser. (see Note 9). The fair values are determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and seller in an arm's length transaction as at the valuation date. Such an amount is influenced by different factors including the location and specific characteristics of the property, quantity of comparable properties in the market, and economic condition and behavior of the buying parties. A significant change in these elements may affect prices and the value of the assets.
- *Valuation of Post-employment Defined Benefit Asset or Obligation*  
The determination of the Bank's asset or obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by independent actuaries engaged by the Bank in calculating such amounts. Those assumptions include, among others, discount rates and salary rate increases. A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income or losses and the carrying amount of the post-employment benefit obligation in the next reporting period.

**Note 5**  
**Cash and Cash Equivalents**

This consists of the following:

<i>December 31,</i>	<b>2023</b>	<b>2022</b>
Due from other banks	<b>₱509,989,695</b>	₱682,553,528
Cash and other cash items	<b>56,365,826</b>	38,855,279
Due from Bangko Sentral ng Pilipinas	<b>33,661,127</b>	30,032,326
	<b>₱600,016,648</b>	₱751,441,133

The due from other banks represents restricted and unrestricted cash and earns interest at prevailing market rates. Interest income from bank deposits amounted to ₱1,242,386 and ₱881,643 in 2023 and 2022, respectively, which is presented as interest income on deposits with other banks in the statements of profit or loss.

Cash on hand represents the daily minimum cash balance in the vault of the Bank for a certain percentage of the deposit liabilities required by BSP to be retained. Other cash items include cash items (other than currency and coins on hand) such as checks drawn on other banks or other branches after the Bank's clearing cut-off time until the close of the regular banking hours.

Due from Bangko Sentral ng Pilipinas represents the Bank's demand deposit with the BSP in compliance with BSP's reserve requirements. The Bank has satisfactorily complied with the reserve requirements of the BSP. The deposit does not earn interest.

**Note 6**  
**Loans and Receivables**

The loans and receivables from the Bank's customers are categorized as follows:

<i>December 31,</i>	<b>2023</b>	<b>%</b>	<b>2022</b>	<b>%</b>
Loans receivable	<b>₱2,938,650,785</b>	<b>99.36</b>	₱2,502,799,508	99.38
Accrued interest receivable	<b>18,129,762</b>	<b>0.61</b>	13,489,538	0.54
Accounts receivables	<b>729,409</b>	<b>0.02</b>	1,851,651	0.07
Sales contract receivable	<b>103,000</b>	<b>0.01</b>	140,000	0.01
Total	<b>2,957,612,956</b>	<b>100.00</b>	2,518,280,697	100.00
Less allowance for expected credit losses	<b>378,160,485</b>	<b>12.79</b>	271,681,198	10.79
Net	<b>₱2,579,452,471</b>	<b>87.21</b>	₱2,246,599,499	89.21

*Breakdown of Loans Receivable*

Loans receivable:				
Individual consumption	<b>₱1,028,813,098</b>	<b>35.01</b>	₱1,301,116,289	51.98
Agricultural	<b>799,521,420</b>	<b>27.21</b>	541,488,052	21.63
Commercial	<b>754,454,379</b>	<b>25.67</b>	333,657,176	13.34
Others	<b>355,861,888</b>	<b>12.11</b>	326,537,991	13.05
Total	<b>2,938,650,785</b>	<b>100.00</b>	2,502,799,508	100
Less allowance for expected credit losses	<b>377,615,498</b>	<b>12.83</b>	270,439,347	10.81
Net	<b>₱2,561,035,287</b>	<b>87.17</b>	₱2,232,360,161	89.19

<i>December 31,</i>	<b>2023</b>	<b>%</b>	2022	%
<i><u>Breakdown of Accrued Interest Receivable</u></i>				
Accrued interest receivable:	<b>₱18,129,762</b>	<b>100</b>	₱13,489,538	100
Allowance for expected credit losses	<b>(181,298)</b>	<b>1</b>	(134,895)	1
	<b>₱17,948,464</b>	<b>99</b>	₱13,354,643	99

<i><u>Breakdown of Accounts Receivable</u></i>				
Accounts receivable:	<b>₱729,409</b>	<b>100</b>	₱1,851,651	100
Allowance for expected credit losses	<b>(363,689)</b>	<b>50</b>	(1,106,956)	60
	<b>₱365,720</b>	<b>50</b>	₱744,695	40

Loans receivable bear interest rates ranging from 6% to 30% per annum collectible over a period of 1 month to 10 years. Income on loans recognized in the statements of profit or loss amounted to ₱374,455,228 in 2023 and ₱358,370,769 in 2022. Loan servicing fees amounted to ₱124,587,358 in 2023 and ₱125,802,101 in 2022. (See Note 17.)

The Cooperative bank assigned its loans amounting to ₱502,967,286 in 2023 and ₱345,520,062 in 2022 to secure the bills payable under rediscounting lines with the following banks.

<i>December 31,</i>	<b>2023</b>	2022
Small Business Corp. (SBGFC)	<b>₱319,776,163</b>	₱-
Land Bank of the Philippines (LBP)	<b>145,493,010</b>	345,520,062
Development Bank of the Philippines (DBP)	<b>37,698,113</b>	-
	<b>₱502,967,286</b>	₱345,520,062

Loans to Directors, Officers, Stockholders and Related Interests (DOSRI) amounted to ₱29,360,354 in 2023 and ₱26,902,821 in 2022 representing 1.0% and 1.17% of the total loan portfolio, respectively. Other loans mainly pertain to salary loan releases, the proceeds of which are being used by the borrowers in different industries. Accounts receivable represents amounts due from members, employees and other parties, which is due and demandable within one year.

<i>December 31,</i>	<b>2023</b>	<b>%</b>	2022	%
<i><u>Breakdown by Concentration of Credit</u></i>				
Agriculture, forestry and fishing	<b>₱971,930,533</b>	<b>33.07</b>	₱732,310,760	29.26
Wholesale and retail trade	<b>791,074,782</b>	<b>26.92</b>	574,071,048	22.94
Information and communication	<b>450,997,612</b>	<b>15.35</b>	397,653,123	15.89
Human health and social work activities	<b>144,141,405</b>	<b>4.91</b>	193,179,860	7.72
Real estate activities	<b>12,113,777</b>	<b>0.41</b>	101,837,904	4.07
Accommodation and food storage	<b>63,243,831</b>	<b>2.15</b>	69,272,537	2.77
Financial and insurance activities	<b>35,213,211</b>	<b>1.20</b>	40,268,406	1.61
Construction	<b>50,307,097</b>	<b>1.71</b>	76,955,882	3.07
Manufacturing	<b>95,786,621</b>	<b>3.26</b>	69,824,506	2.79
Transportation and storage	<b>19,061,889</b>	<b>0.65</b>	16,549,320	0.66
Other service activities	<b>304,780,027</b>	<b>10.37</b>	230,876,162	9.22
	<b>₱2,938,650,785</b>	<b>100.00</b>	₱2,502,799,508	100.00

The BSP considers that concentration of credit exists when total loan exposure to a particular industry or economic sector exceeds 30% of total loan portfolio.

December 31,	2023	%	2022	%
<u>Breakdown by Type of Security</u>				
Secured by real estate	<b>₱519,358,794</b>	<b>17.76</b>	₱360,546,554	14
Secured by chattel	<b>13,882,439</b>	<b>0.47</b>	9,797,658	4
Other security	<b>51,652,079</b>	<b>1.77</b>	41,665,443	1.6
Secured loans	<b>584,893,312</b>	<b>20</b>	412,009,655	16
Unsecured loans	<b>2,353,757,473</b>	<b>80</b>	2,090,789,853	84
Total loans	<b>₱2,938,650,785</b>	<b>100</b>	₱2,502,799,508	100

<u>Maturity Profile</u>				
Due within 12 months	<b>₱1,080,619,482</b>	<b>36.77</b>	₱1,415,938,908	56.57
Due more than 12 months	<b>1,858,031,303</b>	<b>63.23</b>	1,086,860,600	43.43
Total loans and receivables	<b>₱2,938,650,785</b>	<b>100</b>	₱2,502,799,508	100

Breakdown by Age of Accounts

December 31, 2023	Current	Past Due	In Litigation	Total
Individual consumption	₱833,357,568	₱194,275,271	₱1,180,259	<b>₱1,028,813,098</b>
Agricultural	704,361,190	49,829,981	263,208	<b>754,454,379</b>
Commercial	280,774,215	74,587,698	499,975	<b>355,861,888</b>
Others	727,536,676	71,984,744	–	<b>799,521,420</b>
	<b>₱2,546,029,649</b>	<b>₱390,677,694</b>	<b>₱1,943,442</b>	<b>₱2,938,650,785</b>
	86.64%	13.30%	0.06%	<b>100.0%</b>

<u>December 31, 2022</u>				
Individual consumption	₱1,052,723,964	₱247,173,364	₱1,218,961	₱1,301,116,289
Agricultural	485,066,493	56,139,352	282,208	541,488,053
Commercial	273,873,875	59,236,818	546,483	333,657,176
Others	320,754,302	5,783,688	–	326,537,990
	<b>₱2,132,418,634</b>	<b>₱368,333,222</b>	<b>₱2,047,652</b>	<b>₱2,502,799,508</b>
	85.20%	14.72%	0.78	100.0%

Breakdown As to Status of Loans

December 31, 2023	Performing	%	Non-Performing	%	Total	%
Individual consumption	₱846,906,749	33	₱181,906,349	49	<b>₱1,028,813,098</b>	<b>35</b>
Agricultural	708,613,680	28	45,840,698	12	<b>754,454,378</b>	<b>26</b>
Commercial	280,774,215	11	75,087,673	20	<b>355,861,888</b>	<b>12</b>
Others	727,536,676	28	71,984,745	19	<b>799,521,421</b>	<b>27</b>
	<b>₱2,563,831,320</b>	<b>100</b>	<b>₱374,819,465</b>	<b>100</b>	<b>₱2,938,650,785</b>	<b>100</b>

<u>December 31, 2022</u>						
Individual consumption	₱1,146,332,722	53	₱238,450,692	69	₱1,384,783,414	55
Agricultural	493,108,614	23	48,379,438	14	541,488,052	22
Commercial	266,678,151	12	59,783,301	17	326,461,452	13
Others	249,142,529	12	924,061	0	250,066,590	10
	<b>₱2,155,262,016</b>	<b>100</b>	<b>₱347,537,492</b>	<b>100</b>	<b>₱2,502,799,508</b>	<b>100</b>

Non-Performing Loans

The non-performing loans as defined under Section 304 of the MORB amounted to ₱374,819,465 in 2023 and ₱347,537,492 in 2022. Under banking regulations, loan accounts shall be considered non-performing, even without any missed contractual payments, when they are considered impaired under existing accounting standards, classified as doubtful or loss, in litigation, and/or there is evidence that full repayment of principal or

interest is unlikely without foreclosure of collateral, if any. All other loans, even if not considered impaired, shall be considered non-performing if any principal and/or interest are unpaid for more than 90 days from contractual due date, or accrued interests for more than 90 days have been capitalized, refinanced, or delayed by agreement.

Restructured loans shall be considered non-performing. However, if prior to restructuring, the loans were categorized as performing, such classification shall be retained. Moreover, NPLs shall remain classified as such until (a) there is sufficient evidence to support that full collection of principal and interests is probable and payments of interest and/or principal are received for at least 6 months; or (b) written off. The Bank reported no restructured loans in 2023 and in 2022.

Interest income recognized on impaired loans and receivables amounted to ₱39,983,416 and ₱61,143,091 in 2023 and 2022, respectively.

Allowance for Expected Credit Losses (ECL)

The accounts were subjected to impairment testing using the loan loss estimation methodology, provisioning and allowance for credit losses prescribed by the Bangko Sentral ng Pilipinas. The Appendix 15 of the MORB forms the basis of the procedures followed by the Bank. Generally, BSP reviews the Bank's provisioning every year and any deficiency noted by the BSP is recorded in the books.

The recorded ECL have been determined from the analysis performed by the Bank on its accounts which are in accordance with Appendix 15. A 12- month ECL was provided at 1% of on all current accounts (general loan-loss provisions) and ECL at graduated rates for accounts classified as past due as follows:

I. Individually Assessed Loans and Other Credit Accommodations

A. For Unsecured Loans and Other Credit Accommodations

<i>No. of Days Unpaid/with Missed Payments</i>	<i>Classification</i>	<i>ECL Rate</i>
31-90 days	Substandard	10%
91-120 days	Substandard	25%
121-180 days	Doubtful	50%
181 days and over	Loss	100%

B. For Secured Loans and Other Credit Accommodations

31-180 days	Substandard	10%
181-365 days	Substandard	25%
Over 1 year to 5 years	Doubtful	50%
Over 5 years	Loss	100%

C. For Loans and Other Credit Exposures (Classified Accounts)

Especially Mentioned		5%
Substandard – Secured		10%
Substandard – Unsecured		25%
Doubtful		50%
Loss		100%

II. Collectively Assessed Loans and Other Credit Exposures

D. For Unsecured Loans and Other Credit Accommodations

<i>No. of Days Unpaid/with Missed Payments</i>	<i>Classification</i>	<i>ECL Rate</i>
1-30 days	LEM	2%
31-60 days	Substandard	25%
61-90 days	Doubtful	50%
Over 90 days	Loss	100%



E. <u>For Secured Loans and Other Credit Accommodations</u>		
31-90 days	Substandard	10%
91-120 days	Substandard	15%
121-360 days	Doubtful	25%
361 days-5 years	Loss	50%
Over 5 years	Loss	100%

Roll-Forward Analysis of the Allowance for ECL

<u>December 31,</u>	<u>2023</u>	<u>2022</u>
Opening balances	<b>₱271,681,198</b>	₱208,546,075
Additional provisions for the year (Note 16)	<b>122,513,112</b>	70,020,700
Written-off accounts	<b>(16,033,825)</b>	(6,885,577)
Closing balances	<b>₱378,160,485</b>	₱271,681,198

The Bank has determined that after the provision of additional expected credit losses, the level of its allowance for expected credit losses approximates the requirements of Section 143 of the MORB.

Allocation of Provision for ECL for Non-Members of Income Tax Computations

The provisions for ECL allocated to non-members for income tax purposes amounted to ₱40,306,814 in 2023 and ₱18,625,506 in 2022, representing 70% of the total provisions. Written-off accounts allocated to non-members for income tax purposes amounted to ₱5,275,128 in 2023 and ₱1,831,563 in 2022. (See note 19.)

**Note 7**

**Bank Premises, Furniture, Fixtures and Equipment and Right of Use Assets**

This account consists of the following:

<u>December 31,</u>	<u>2023</u>	<u>2022</u>
Land	<b>₱60,285,562</b>	₱44,780,235
Buildings	<b>90,514,178</b>	83,945,801
Furniture, fixtures, and office equipment	<b>37,667,565</b>	31,027,539
Transportation equipment	<b>33,589,509</b>	25,324,218
Information technology equipment	<b>31,480,806</b>	28,360,207
Construction in Progress	<b>13,516,342</b>	8,400,588
Leasehold Improvement	<b>19,942,913</b>	9,508,322
Total	<b>286,996,875</b>	231,346,910
Less accumulated depreciation	<b>101,138,712</b>	86,448,436
Net Book Value	<b>₱185,858,163</b>	₱144,898,474

Reconciliation of the Movements of the Accounts

<u>December 31, 2023</u>	<u>Opening Balances</u>	<u>Additions</u>	<u>Retiremnts/Reclass</u>	<u>Closing Balances</u>
<u>Cost</u>				
Land	₱44,780,235	₱15,505,327	₱-	<b>₱60,285,562</b>
Buildings	83,945,801	6,568,377	-	<b>90,514,178</b>
Furniture, fixtures, & office equip't	31,027,519	6,640,046	-	<b>37,667,565</b>
Transportation equipment	25,324,218	10,654,009	(2,388,718)	<b>33,589,509</b>
Information technology equipment	28,360,207	3,215,796	(95,197)	<b>31,480,806</b>
Construction in progress	8,400,588	5,115,754	-	<b>13,516,342</b>
Leasehold improvements	9,508,342	11,610,395	(1,175,824)	<b>19,942,913</b>
Total	231,346,910	59,309,704	(3,659,739)	<b>286,996,875</b>

(Carried Forward.)

(Brought Forward.)

December 31, 2023	Opening Balances	Additions	Retirements/Reclass	Closing Balances
<u>Less accumulated depreciation</u>				
Building	27,240,427	4,720,164	–	<b>31,960,591</b>
Furniture, fixtures, & office equip't	23,019,198	4,215,888	(5,909)	<b>27,229,177</b>
Transportation equipment	12,829,356	3,201,543	(2,076,571)	<b>13,954,328</b>
Information technology equipment	18,900,306	4,882,014	–	<b>23,782,320</b>
Leasehold improvements	4,459,149	928,971	(1,175,824)	<b>4,212,296</b>
Total	86,448,436	17,948,580	(3,258,304)	<b>101,138,712</b>
<b>Net Book Value</b>	<b>₱144,898,474</b>	<b>₱41,361,124</b>	<b>(₱401,435)</b>	<b>₱185,858,163</b>

December 31, 2022

<u>Cost</u>				
Land	₱38,895,946	₱7,060,250	(₱1,175,961)	₱44,780,235
Buildings	80,759,392	7,003,872	(3,817,463)	83,945,801
Furniture, fixtures, & office equip't	28,180,068	2,847,451	–	31,027,519
Transportation equipment	32,426,170	5,410,425	(12,512,377)	25,324,218
Information technology equipment	24,221,398	4,156,309	(17,500)	28,360,207
Construction in progress	4,201,829	4,552,034	(353,275)	8,400,588
Leasehold improvements	4,549,966	7,842,291	(2,883,915)	9,508,342
Total	213,234,769	38,872,632	(20,760,491)	231,346,910
<u>Less accumulated depreciation</u>				
Buildings	24,739,308	4,340,462	(1,839,343)	27,240,427
Furniture, fixtures, & office equip't	19,583,502	3,369,559	66,137	23,019,198
Transportation equipment	18,433,006	2,577,491	(8,181,141)	12,829,356
Information technology equipment	15,363,106	3,791,340	(254,140)	18,900,306
Leasehold improvements	2,306,799	2,152,350	–	4,459,149
Total	80,425,721	16,231,202	(10,208,487)	86,448,436
<b>Net Book Value</b>	<b>₱132,809,048</b>	<b>₱22,641,430</b>	<b>(₱10,552,004)</b>	<b>₱144,898,474</b>

In 2023 and 2022, the Bank recognized gain on retirement of bank premises, furniture, fixtures and equipment amounting to ₱371,163 and ₱3,297,816, respectively. The amount is presented as part of Other Operating Income in the statements of profit or loss. (See Note 17.)

## Note 8

### Right-of-Use Asset

This account consists of the following:

December 31,	2023	2022
Right-of-use assets	<b>₱11,990,957</b>	₱8,743,908
Accumulated depreciation	<b>(6,732,822)</b>	(3,829,721)
<b>Net Book Value</b>	<b>₱5,258,135</b>	₱4,914,187

The Bank has leases for buildings and spaces occupied by its branches dispersed in strategic locations within Mindanao. With the exception of short-term leases and leases of low value assets, the leases are reflected on the statement of financial position collectively as right-of-use assets and lease liabilities. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liabilities and assets.

The Bank discounted the future lease payments at 2.879% per annum, the incremental borrowing rate (IBR) based on the average borrowing rate of the Bank's existing loans payable to a Government banks. (See Note 13.). The observable rate was no longer adjusted for credit risk and other factors as management determined that any adjustments are immaterial. The Bank applied a single discount rate to the portfolio of leases as it considers the leases similar in class of underlying assets in a similar economic environment.

During 2023, the Bank recognized its right-of-use assets at ₱3,247,049 and lease liability at ₱3,247,049, interest expense of ₱276,340 and depreciation expense of ₱2,903,101. Total lease payments (including interest) amounted ₱2,995,349 in 2023 and ₱1,978,000 in 2022. Deductible rent expense allocated to non-members for income tax purposes amounted to ₱985,470 in 2023 and ₱526,148 in 2022.

Reconciliation of Carrying Amounts

<i>December 31, 2023</i>	<i>Opening Balances</i>	<i>Additions</i>	<i>Disposal/Adjustment</i>	<i>Closing Balances</i>
Right-of-use assets	₱8,743,908	₱3,247,049	₱-	<b>₱11,990,957</b>
Less accumulated depreciation	3,829,721	2,903,101		<b>6,732,822</b>
<b>Net Book Value</b>	<b>₱4,914,187</b>	<b>₱343,948</b>	<b>₱-</b>	<b>₱5,258,135</b>
<i>December 31, 2022</i>				
Right-of-use assets	₱4,513,999	₱4,229,909	₱-	₱8,743,908
Less accumulated depreciation	1,908,331	1,921,390		3,829,721
<b>Net Book Value</b>	<b>₱2,605,668</b>	<b>₱2,308,519</b>	<b>₱-</b>	<b>₱4,914,187</b>

Lease Liabilities

Lease liabilities are presented in the statement of financial position as follows:

<i>December 31,</i>	<b>2023</b>	2022
Current	<b>₱2,425,107</b>	₱1,598,741
Non-current	<b>3,102,386</b>	3,400,712
	<b>₱5,527,493</b>	<b>₱4,999,453</b>

Each lease generally imposes a restriction that, unless there is a contractual right for the Bank to sublet the asset to another party, the right-of-use asset can only be used by the Bank. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. The Bank is prohibited from selling or pledging the underlying leased assets as security and must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Bank must incur maintenance fees on the leased assets in accordance with the lease contracts.

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities at December 31, 2023 are as follows:

<i>December 31, 2023</i>	<i>Within one year</i>	<i>1 to 2 years</i>	<i>2 to 5 years</i>	<b>Total</b>
Lease payments	₱2,608,789	₱1,665,224	₱1,580,163	<b>₱5,854,176</b>
Finance Charges	(183,683)	(97,167)	(45,834)	<b>(326,684)</b>
<b>Net present values</b>	<b>₱2,425,106</b>	<b>₱1,568,057</b>	<b>₱1,534,329</b>	<b>₱5,527,492</b>
<i>December 31, 2022</i>				
Lease payments	₱1,735,400	₱1,183,840	₱2,420,387	₱5,339,627
Finance Charges	(136,659)	(92,600)	(110,915)	(340,174)
<b>Net present values</b>	<b>₱1,598,741</b>	<b>₱1,091,240</b>	<b>₱2,309,472</b>	<b>₱4,999,453</b>

Lease Payments Not Recognized as Liabilities

The Bank has elected not to recognize a lease liability for short-term leases or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognized as lease liabilities and are expensed as incurred. The rent payments amounted to ₱1,653,336 and ₱3,600,728 in 2023 and 2022, respectively and is presented as part of Other Operating Expense in the statement of profit or loss. (See Note 18.)

Details of Depreciation Expense

Depreciation as presented in profit or loss consisted of the following:

<i>December 31,</i>	<b>2023</b>	<b>2022</b>
Depreciation on bank premises, furniture, fixture and equipment	<b>₱16,060,047</b>	₱16,231,202
Depreciation on right-of-use assets	<b>2,903,102</b>	1,921,390
Investment property (Note 9)	<b>102,308</b>	612,314
	<b>₱19,065,457</b>	₱18,764,906

**Note 9**

**Investment Properties**

This account consists of land and real properties acquired in settlement of loans, which are held for capital appreciation. In 2020, certain land and buildings that are no longer used in operations were transferred to noncurrent assets held for sale from bank premises, furniture, fixtures and equipment. Investment properties are carried at cost less accumulated depreciation and allowance for impairment.

<i>December 31,</i>	<b>2023</b>	<b>2022</b>
Cost	<b>₱5,218,685</b>	₱6,635,095
Accumulated depreciation	<b>(2,421,329)</b>	(2,319,021)
Allowance for impairment	<b>(36,561)</b>	(156,820)
Net carrying amount	<b>₱2,760,795</b>	₱4,159,254

Reconciliation of the Carrying Amount of Investment Properties

Opening balances	<b>₱4,159,254</b>	₱4,310,235
Additions	-	461,333
Disposal	<b>(1,416,410)</b>	-
Depreciation	<b>(102,308)</b>	(612,314)
Reversal of impairment	<b>120,259</b>	-
Closing balances	<b>₱2,760,795</b>	₱4,159,254

Income from disposed-off investment properties amounted ₱120,260 in 2023 and ₱1,578,940 in 2022. The fair market value of assets disposed amounted to ₱6,595,000. (See Note 17).

**Note 10**

**Details of Other Assets**

<i>December 31,</i>	<b>2023</b>	<b>2022</b>
Deferred tax assets (Note 19)	<b>₱56,804,123</b>	₱48,245,673
Prepayments	<b>6,553,871</b>	4,019,872
Stationery and supplies on hand	<b>2,430,785</b>	2,227,175
Financial asset at FVOCI	<b>1,156,263</b>	1,156,263
Financial asset at amortized cost	<b>433,080</b>	606,312
	<b>₱67,378,122</b>	₱56,255,295

This account consists of the following: (a) prepayments pertain to advance payments of insurance expenses covering Bank premises, furniture, fixtures and equipment, money securities and payroll; (b) financial asset at fair value thru other comprehensive income consists of investment in Cooperative Insurance System of the Philippines (CISP), Metro South Cooperative, BANGKOOP and DIGICOOP, and (c) financial asset at amortized cost consists of the investments in bonds of Land Bank of the Philippines.

The Bank has determined that its other assets have not been impaired at the end of the year.

**Note 11**  
**Deposit Liabilities**

This account is composed of the following:

<i>December 31,</i>	<b>2023</b>	<b>2022</b>
Savings deposits	<b>₱1,098,476,220</b>	₱900,419,477
Time deposits	<b>861,358,837</b>	782,516,957
Demand deposits	<b>18,722,197</b>	25,107,625
	<b>₱1,978,557,254</b>	₱1,708,044,059

*Maturity Analysis of Time Deposits*

<i>December 31,</i>	<b>2023</b>	<b>2022</b>
12 months and below	<b>₱675,590,450</b>	₱621,590,025
Over 12 months to five years	<b>185,768,387</b>	160,926,932
	<b>₱861,358,837</b>	₱782,516,957

The deposit liabilities earn annual fixed interest of 1% for savings deposits, and from 1% to 12% for time deposits.

Total interest incurred amounted to ₱59,298,644 in 2023 and ₱53,596,548 in 2022. Deposits of Directors, Officers, Stockholders and Related Interests (DOSRI) amounted to ₱14,242,865 in 2023 and ₱12,248,829 in 2022, representing 0.72% of the total depository balance as at those dates, respectively.

**Note 12**  
**Bills Payable**

This consists of the following:

<i>December 31,</i>	<b>2023</b>	<b>2022</b>
Land Bank of the Philippines (LBP)	<b>₱301,678,605</b>	₱308,741,188
Development Bank of the Philippines (DBP)	<b>196,645,358</b>	194,700,000
SB-Guarantee Finance Corporation (SB-GFC)	<b>137,955,123</b>	109,287,852
Rizal Commercial Banking Corporation (RCBC)	<b>4,670,460</b>	–
	<b>₱640,949,546</b>	₱612,729,040

*Maturity Profile*

<i>December 31,</i>	<b>2023</b>	<b>2022</b>
One year and below	<b>₱99,225,138</b>	₱66,680,730
More than one year	<b>541,724,408</b>	546,048,310
	<b>₱640,949,546</b>	₱612,729,040



The bills payable to DBP bears interest of 2.76% per annum and is collateralized by assigning the Bank's promissory notes amounting to ₱37,698,113 in 2023 and ₱0 in 2022. Loans amounting to ₱145,493,010 in 2023 and ₱374,445,228 in 2022 are assigned to secure the bills payable to LBP under the Coop Bank's rediscounting lines with LBP. The bills payable to SBGFC bear an interest rate of 2.00% to 8.00% per annum with two years term and payable quarterly. (See Note 7.)

Interest incurred on bills payable amounted ₱22,109,371 in 2023 and ₱11,170,391 in 2022. Accrued interest payable at the end of the year amounted to ₱9,215,806 in 2023 and ₱10,144,868 in 2022.

Accounting of the Movements During the Year:

<i>December 31,</i>	<b>2023</b>	2022
Opening balances	<b>₱612,729,040</b>	₱299,709,710
Additional loans availed during the year	<b>737,631,229</b>	520,752,624
Payments of principal amortizations during the year	<b>(709,410,723)</b>	(207,733,294)
Closing balances	<b>₱640,949,546</b>	₱612,729,040

**Note 13**

**Other Liabilities**

This consists of the following:

<i>December 31,</i>	<b>2023</b>	2022
Retirement fund payable (Note 14)	<b>₱50,036,399</b>	₱57,630,392
Accrued expenses (See paragraph below.)	<b>17,725,694</b>	27,633,999
Cash dividend payable (See table below.)	<b>14,629,902</b>	28,059,894
Due to CETF	<b>11,124,699</b>	18,823,216
Accrued interest payable (Note 12)	<b>9,215,806</b>	10,144,868
Documentary stamp tax (DST) payable	<b>5,162,090</b>	1,849,602
Income tax payable	<b>2,083,090</b>	2,477,312
Withholding tax payable	<b>903,624</b>	3,253,606
Accounts payable	<b>63,464</b>	1,673,500
Others	<b>4,212,712</b>	921,211
	<b>₱115,157,480</b>	₱152,467,600

Cash Dividends Payable

The accounting of the movements of the Account during the year follows:

<i>December 31,</i>	<b>2023</b>	2022
Opening balances	<b>₱28,059,894</b>	₱17,303,228
Dividend declared (Note 16)	-	17,104,154
Adjustments	-	(407,229)
Cash dividends paid during the year	<b>(13,429,992)</b>	(5,940,259)
Closing balances	<b>₱14,629,902</b>	₱28,059,894

Accrued and Other Liability Accounts

Accrued expenses represent payables to various suppliers that remain unpaid at the end of the year that are expected to be settled within 12 months from the end of the reporting period. CETF payable refers to the amount for remittance to the apex organization of which the Bank is a member.

**Note 14**  
**Post-employment Defined Benefit Obligation**

The Bank's employees are provided with separation benefits at retirement in accordance with the provisions of R.A. 7641. The Bank maintains a partially funded, tax-qualified, noncontributory post-employment benefit plan that is being administered by trustee banks that are legally separated from the Bank. The post-employment plan covers all regular full-time employees. Normal retirement benefit is equivalent to 125% of the employee's final monthly covered compensation (average monthly basic salary during the last 12 months of credit service), plus one twelfth (1/12) of the 13<sup>th</sup> month pay, and cash equivalent of not more than five (5) days of service incentive leaves, multiplied by the number of years of service. A fraction of six (6) months is considered as one whole year. A fraction of one (1) month is considered six (6) months.

The Bank's retirement benefits obligation as of the year end were established based on actuarial valuations as required under PAS/IAS 19 Employee Benefits and PAS/IAS 26, Accounting and Reporting by Retirement Benefit Plans. The computed retirement benefits obligation approximates the recorded retirement liability, thereby stating fairly the Bank's retirement benefits liability at the end of the year. All amounts presented below are based on the actuarial valuation report obtained from an independent actuary with a valuation dated December 31, 2022 with projected amounts for 2023.

<i>December 31,</i>	<b>2023</b>	<b>2022</b>
<i>Components of Post-Employment Defined Benefit Asset</i>		
Fair value of plan assets	<b>(P58,868,887)</b>	(P69,198,830)
Present value of the obligation	<b>50,036,399</b>	57,630,392
Net Obligation/ (Asset)	<b>(P8,832,488)</b>	(P11,568,438)

<i>Movements in the Present Value of Post-Employment Defined Benefit Obligation</i>		
Balance at beginning of year	<b>P57,630,392</b>	P55,038,285
Actuarial losses (gains)	-	(3,990,071)
Current service cost	<b>3,973,941</b>	3,824,760
Net Interest expense (income)	<b>(898,976)</b>	2,757,418
Benefits paid	<b>(10,668,958)</b>	-
Balance at end of year	<b>P50,036,399</b>	P57,630,392

<i>Movements in the Present Value of Plan Assets</i>		
Balance at beginning of year	<b>P69,198,830</b>	P57,515,636
Actual contribution	<b>39,397,400</b>	10,189,144
Withdrawals	<b>(39,058,385)</b>	-
Benefits paid	<b>(10,668,958)</b>	-
Interest income	-	2,881,533
Return on plan assets (excluding amounts included in net interest)	-	(1,387,483)
Balance at end of year	<b>P58,868,887</b>	P69,198,830

The components of amounts recognized in profit or loss and in other comprehensive income in respect of the post-employment defined benefit plan are as follows:

<i>As Reported in Profit or Loss</i>		
Current service cost	<b>P3,973,941</b>	P3,824,760
Net interest expense (income)	<b>(898,976)</b>	(124,115)
	<b>P3,074,965</b>	P3,700,645

The non-deductible retirement expense, for income tax purposes representing 70% of the total retirement

expense amounted to ₱2,152,476 in 2023 and ₱2,590,451 in 2022. (See Note 19.)

The net interest income and expense are presented as Interest Expense and Interest Income on the net Post-employment Defined Benefit Obligation or Asset, respectively, in the statements of profit or loss.

Amounts recognized in other comprehensive income were included within items that will not be reclassified subsequently to profit or loss.

<i>December 31,</i>	<b>2023</b>	<b>2022</b>
<b><i>As Reported in Other Comprehensive Income</i></b>		
Actuarial (gains) losses arising from:		
Change in financial assumptions	<b>₱-</b>	<b>₱8,193,392</b>
Due to Experience	-	(4,203,321)
Return on plan assets (excluding amount included in net interest)	-	(1,387,483)
<b>Total</b>	<b>-</b>	<b>2,602,588</b>
Deferred tax (asset)/liability	-	(650,647)
<b>Remeasurement gain (loss) – net of tax</b>	<b>-</b>	<b>₱1,951,941</b>

***Movement in the Net Liability/(Asset) Recognized in the Balance Sheet***

Opening Net Liability/ (Asset)	<b>(₱11,568,438)</b>	<b>(₱2,477,351)</b>
Amount to be Recognized in Profit or Loss	<b>3,074,965</b>	<b>3,700,645</b>
Amount to be Recognized in OCI	-	(2,602,588)
Actual contributions	<b>(339,015)</b>	<b>(10,189,144)</b>
<b>Liability/(asset) to be recognized at the end of the year</b>	<b>(₱8,832,488)</b>	<b>(₱11,568,438)</b>

***Movement in the Revaluation Surplus Recognized in the Balance Sheet***

Opening Balance	<b>(₱8,881,722)</b>	<b>(₱10,833,663)</b>
Transfer from Optional Fund (Note 16)	<b>8,881,722</b>	-
Amount to be Recognized in OCI	-	2,602,588
Deferred Tax Asset	-	(650,647)
<b>Revaluation Surplus at the end of the year</b>	<b>₱-</b>	<b>(₱8,881,722)</b>

In determining the amounts of the defined benefit post-employment obligation, the significant actuarial assumptions used in both years are: (a) discount rates, 7.44% and expected rate of salary increases, 1.00%.

***Sensitivity Analysis***

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the defined benefit obligation as of December 31, 2023 and 2022:

***Impact on post-employment defined benefit obligation:***

<i>December 31, 2023</i>	<i>Change in assumption</i>	<i>Increase in assumption</i>	<i>Decrease in assumption</i>
Discount rate	+/- 1.00%	(2,274,145)	<b>2,837,081</b>
Salary increase rate	+/- 1.00%	2,937,836	<b>(2,378,329)</b>
<b><i>December 31, 2022</i></b>			
Discount rate	+/- 1.00%	(2,274,145)	2,837,081
Salary increase rate	+/- 1.00%	2,937,836	(2,378,329)

***Funding Arrangements and Expected Contributions***

The plan is currently overfunded by ₱8.8 Million based on the latest actuarial valuation. The Bank does not expect to make contribution to the plan during the next financial year. The weighted average duration of the defined benefit obligation at the end of the reporting period is 20 years.

There were no significant changes in the retirement profile, demographic and financial assumptions and other circumstances that could materially impact the valuation and remeasurements of the Bank's post-employment defined benefit obligation as of December 31, 2023, from the assumptions and circumstances as of December 31, 2022.

<i>December 31,</i>	<b>2023</b>	2022
Within one year	<b>₱6,130,728</b>	₱6,130,728
More than one year to five years	<b>13,709,529</b>	13,709,529
More than five years to ten years	<b>13,217,595</b>	13,217,595
More than ten years to fifteen years	<b>43,191,494</b>	43,191,494
More than 15 years to 20 years	<b>36,360,044</b>	36,360,044
More than 20 years	<b>376,258,992</b>	376,258,992
	<b>₱488,868,382</b>	₱488,868,382

### **Note 15** **Share Capital**

This account consists of the following:

<i>December 31,</i>	<b>2023</b>	2022
<i>Ordinary (Common) Shares</i>		
Authorized – 164,000 shares, ₱1000 par value		
Issued and outstanding shares: 78,592 in 2023 and 73,629 in 2022	<b>₱78,592,000</b>	₱73,629,000
Fractional shares – 85.159 in 2022		85,159
<i>Preference (Preferred) Shares “A”</i>		
Non-Voting and Convertible, Authorized – 1,000 shares, ₱1000 par value		
Issued and outstanding – 1000 shares	<b>1,000,000</b>	1,000,000
<i>Preference (Preferred) Shares “B”</i>		
Non-Voting and Convertible, Authorized – 5,000 shares, ₱1000 par value		
Issued and outstanding – 0 shares	–	–
<i>Preference (Preferred) Shares “C”</i>		
Non-Voting and Convertible, Authorized – 30,000 shares, ₱1000 par value		
Issued and outstanding – 2441 shares	<b>2,441,000</b>	2,441,000
	<b>₱82,033,000</b>	₱77,155,159

#### *Nature of Capital*

Preference (preferred) shares ‘A’ are issued only against investments of the Development Bank of the Philippines (DBP) in the share capital of the Bank and shall have preference over common shares in the assets of the Bank in the event of liquidation. However, in case of sale of the Development Bank of the Philippines of its preferred shares to those qualified to be members of the Bank, such shares shall automatically become common shares with voting rights, thereby reducing the number of outstanding preferred shares ‘A’ and increasing the number of outstanding common shares. When preferred shares ‘A’ of the Bank have been sold to member-cooperatives, the Articles of Cooperation of the Bank shall be amended to reflect the conversion of preferred shares into common shares. These shares are entitled to a maximum of two percent (2%) interest on share capital, subject to the declaration of interest on common shares.

Preference (preferred) shares “B” shall be issued only to cover investments of the Land Bank of the Philippines in the share capital of the Bank and shall have preference over common shares in the assets of the Bank in the event of

liquidation. These shares are entitled to preference as to profits before any cash/stock dividends are declared and paid out to holders/owners of the common shares. It shall earn non-cumulative cash dividend at the following rates:

- a) Four percent (4%) per annum if redeemed within the first two (2) years from issuance of the shares;
- b) Six Percent (6%) per annum if redeemed within the 3rd to the 4th year from issuance of the shares;
- c) Eight percent (8%) per annum if redeemed within the 5th to the 6th year from issuance of the shares;
- d) Ten percent (10%) per annum if redeemed within the 7th to the 8th year from issuance of the shares;
- e) Twelve percent (12%) per annum if redeemed within the 9th to the 10th year from issuance of the shares.

Preference (preferred) shares “B” are convertible into common shares after the tenth year at the same par value as before conversion. Preference (preferred) shares “C” shall be issued only to cover the investment of qualified non-cooperative institutions, private persons and individuals and shall have preference over the common stock as to assets in case of dissolution. These shares are entitled to a maximum of 2.00% interest.

#### Reserve for retirement of preferred shares

Reserve for retirement of preferred shares amounting to ₱3,441,000 in 2023 and 2022 was established by the Bank to comply with the requirements of BSP as reserves for the retirement of preferred shares. Allocation to this fund is an appropriation from net profit, as authorized by the Bank’s BOD.

#### Compliance with Minimum Capital Required

In accordance with Section 121 *Minimum Required Capital* of the MORB, the Bank’s minimum capital is pegged at ₱40 million. As of 2023, the Bank has complied with this capitalization requirement.

#### Compliance with Regulatory Requirements

Under existing BSP regulations, the determination of the Bank’s compliance with regulatory requirements and ratios is based on the amount of the Bank’s unimpaired capital (regulatory net worth) reported to the BSP, determined on the basis of regulatory accounting policies, which differ from PFRSs in some aspect. The BSP determines the minimum level of capital to be held by the Bank against its market risks, in addition to its credit risk. Appendix 62 of the MORB defines risk-based capital adequacy ratio as a percentage of qualifying capital to risk-weighted assets which shall not be less ten percent (10.00%). Risk assets consist of total assets after exclusion of cash on hand, due from BSP, loans covered by hold-out or assignment of deposits, loans or acceptance under letters of credit to the extent covered by margin deposits, and other non-risk items as determined by the Monetary Board.

As at December 31, 2023, the Bank is in compliance with the minimum capital-to-risk ratio. Please see significant ratios in the following section.

#### Significant Financial Ratios

The financial ratios of the Bank for the years 2023 and 2022 are as follows:

<u>December 31,</u>	<u>2023</u>	<u>2022</u>
Return on Average Equity	3.22%	5.14%
Return on Average Assets	0.69%	1.28%
Net Interest Margin	6.13%	11.42%
Tier 1 Capital (in thousands)	₱614,639	₱589,828
Tier 2 Capital (in thousands)	₱25,283	₱20,976
CET 1 Capital (in thousands)	₱612,198	₱587,387
Total Qualifying Capital (in thousands)	₱639,924	₱610,804
Total Risk-Weighted Assets (in thousands)	₱3,551,162	₱3,245,649
Tier 1 Ratio	17.42%	18.17%
Risk-Based Capital Adequacy Ratio	18.04%	18.82%
Minimum Liquidity Ratio	29.89%	44.41%



Debt to Equity Ratio

December 31,	2023	2022
Total Liabilities	<b>₱2,740,191,773</b>	₱2,478,240,152
Total Equity	<b>700,532,562</b>	730,027,690
Overall financing	<b>₱3,440,724,335</b>	₱3,208,267,842
Debt-to-Equity Ratio	<b>3.91</b>	3.39

Gearing Ratio

The Bank's Gearing ratios computed at the end of each year are as follows:

December 31,	2023	2022
Borrowings (total liabilities)	<b>₱ 2,740,191,773</b>	₱2,478,240,152
Less cash and cash equivalents	<b>600,016,648</b>	751,441,133
Net Debt	<b>2,140,175,125</b>	1,726,799,019
Total Equity	<b>700,532,562</b>	730,027,690
Equity and Net Debt	<b>₱2,840,707,687</b>	₱2,456,826,709
Gearing Ratio (Net Debt / Equity and Net Debt)	<b>75%</b>	70%

Gearing (otherwise known as “leverage”) measures the proportion of assets invested in a business that are financed by long-term borrowing. In theory, the higher the level of borrowing (gearing) the higher are the risks to a business since the payment of interest and repayment of debts are not “optional” in the same way as dividends to shareholders. However, gearing can be a financially sound part of a business’s capital structure particularly if the business has strong, predictable cash flows.

The Bank will strive to reduce its gearing ratio by reducing working capital through increasing the speed of loans receivable collections and/or lengthening the days required to pay accounts payable, thereby producing cash that can be used to pay down borrowings. It will also try to increase profits through a combination of an increase in market share and control of variable costs so that the Bank can generate more cash with which to pay down borrowings.

Declaration and Accrual of Dividends to Members

No dividend was declared in 2023. On June 29, 2022, the Cooperative Bank’s Board of Directors approved the declaration of dividends to common shareholders amounting to ₱17,097,558 and dividends to Class C preferred shares amounting to ₱6,596. Outstanding dividend payable at the end of the year amounted to ₱14,629,902 in 2023 and ₱28,059,894 in 2022. (See Note 13.)

Capital Management Objectives, Policies and Procedures

BSP, as the Bank’s lead regulator, sets and monitors capital requirements for the Bank. In implementing current capital requirements, the BSP requires the Bank to maintain a prescribed ratio of qualifying capital to risk-weighted assets. The Bank’s policy is to maintain a strong capital base to maintain stockholders, creditors and market confidence and to sustain future development of the business. The impact of the level of capital on shareholder’s return is also recognized and the Bank recognizes the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

Under current banking regulations, the combined capital accounts of each bank should not be less than an amount equal to ten percent of its risk assets. The qualifying capital of the Bank for purposes of determining the capital-to-risk assets ratio to total equity excluding:

- (a) Unbooked valuation reserves and other capital adjustments as may be required by the BSP;
- (b) Total outstanding unsecured credit accommodations to DOSRI;

- (c) Deferred tax asset or liability;
- (d) Sinking fund for redemption of redeemable preferred shares; and
- (e) Other regulatory deductions.

Risk assets consist of total assets after exclusion of cash on hand, due from BSP, loans covered by hold-out on or assignment of deposits, loans or acceptances under letters of credit to the extent covered by margin deposits, and other non-risk items as determined by the Monetary Board of the BSP. The amount of surplus funds available for dividend declaration is determined also on the basis of regulatory net worth after considering certain adjustments.

Supplementary Information Required By The CDA

The financial ratios of the Bank for the periods December 31, 2023 and 2022, are as follows:

<i>Years Ended December 31,</i>	<b>2023</b>	2022
<i>Liquidity Ratios</i>		
Quick ratios (cash + receivables / current liabilities)	<b>1.77</b>	1.82
Current ratios (current assets / current liabilities)	<b>0.96</b>	1.03
<i>Profitability Ratios</i>		
Gross income margin (gross income / gross revenue)	<b>78.26%</b>	81.95%
Net surplus margin (net surplus for the year / gross revenue)	<b>6.13%</b>	10.32%
Return on equity (net surplus after reserves / ave. share capital)	<b>3.22%</b>	5.14%
Return on fixed assets (net surplus for the year / ave. fixed assets)	<b>13.91%</b>	25.99%
Over-all profitability (net surplus for the year / gross income)	<b>7.83%</b>	12.59%
<i>Solvency Ratios</i>		
Debt to total assets ratio (total liabilities / total assets)	<b>0.80</b>	0.77
Debt to equity ratio (total liabilities / ave. share capital)	<b>3.93</b>	3.39

**Note 16**

**Statutory Reserves**

This account consists of the following:

<i>December 31,</i>	<b>2023</b>	2022
General Reserve Fund	<b>₱83,197,271</b>	₱81,324,362
Cooperative Education and Training Fund	<b>897,782</b>	1,205,437
Community Development Fund	<b>9,070,076</b>	9,556,164
Optional Fund	<b>960,784</b>	62,688,037
	<b>₱94,125,913</b>	₱154,774,000

The funds are not available for distribution to members but are used only for specific purposes for which they are recognized, as may be approved by the BOD and the General Assembly.

The accounting of the movements of the accounts follows:

<i>December 31, 2023</i>	<i>Opening Balances</i>	<i>Dist. of Net Profit</i>	<i>Charges</i>	<i>Closing Balances</i>
General Reserve Fund	₱81,324,362	₱1,872,909	₱-	<b>₱83,197,271</b>
Coop. Education & Training Fund	1,205,437	936,454	(1,244,109)	<b>897,782</b>
Community Development Fund	9,556,164	561,873	(1,047,961)	<b>9,070,076</b>
Optional Fund	62,688,037	1,311,036	(63,038,289)	<b>960,784</b>
	<b>₱154,774,000</b>	<b>4,682,272</b>	<b>(₱65,330,359)</b>	<b>₱94,125,913</b>

<i>December 31, 2022</i>	<i>Opening Balances</i>	<i>Dist. of Net Profit</i>	<i>Charges</i>	<i>Closing Balances</i>
General Reserve Fund	₱77,479,454	₱3,844,908	₱-	₱81,324,362
Coop. Education & Training Fund	2,170,393	1,922,454	(2,887,410)	1,205,437
Community Development Fund	9,632,069	1,153,471	(1,229,376)	9,556,164
Optional Fund	59,996,602	2,691,435	-	62,688,037
	₱149,278,518	₱9,612,268	(₱4,116,786)	₱154,774,000

Provision for Expected Credit Losses (ECL) from Optional Fund

The Bank recognized provision for ECL amounting to ₱122,513,112 of which ₱69,513,112 were charged to current operations and the remaining ₱53 million charged against the Optional Fund, as approved by the Board of Directors. The direct charge to Optional fund pertaining to additional provision for ECL were reflected as Subsidy Income from GRF and shown as part of Loan Servicing Fees as other income (Note 17).

Transfer from Optional Fund to Revaluation Surplus

To offset the accumulated unrealized loss amounting to ₱8,881,723, the Bank transferred fund from Optional Reserve to Revaluation Reserve due to adjustments based on actuarial valuation. (See Note 14).

Distribution of Net Surplus for the Year

The distribution of net surplus for the years ended December 31, 2023 and 2022 is presented below.

<i>Years Ended December 31,</i>	<b>2023</b>	<b>2022</b>
General Reserve Fund (10%)	<b>₱1,872,909</b>	3,844,908
Cooperative Education and Training Fund (5%)	<b>936,454</b>	1,922,454
Community Development Fund (3%)	<b>561,873</b>	1,153,471
Optional Fund (7%)	<b>1,311,036</b>	2,691,435
Total for Statutory Reserves	<b>4,682,272</b>	9,612,268
CETF payable (5%)	<b>936,454</b>	1,922,454
Interest on share capital and patronage refund (70%)	<b>17,393,396</b>	25,523,448
	<b>₱23,012,122</b>	₱37,058,170

**Note 17**

**Details of Loan Servicing Fees and Other Income**

<i>Years Ended December 31,</i>	<b>2023</b>	<b>2022</b>
Fees and collection income (Note 6)	<b>₱124,587,358</b>	₱125,802,101
Subsidy income from General Reserve Fund (Note 16)	<b>53,000,000</b>	-
Excess notarial	<b>2,420,309</b>	2,282,359
Recovery on charged-off assets	<b>781,366</b>	96,093
Gain on sale/derecognition (Note 7 and 9)	<b>491,423</b>	4,876,756
Interest income on post-employment benefit (Note 14)	<b>898,976</b>	124,115
Others	<b>7,490,644</b>	6,360,900
	<b>₱189,670,076</b>	₱139,542,324

**Note 18**

**Details of Other Operating Expenses**

<i>Years Ended December 31,</i>	<b>2023</b>	<b>2022</b>
Compensation and fringe benefits (See table below.)	<b>₱203,912,682</b>	₱213,628,194
Depreciation (Note 8)	<b>19,065,457</b>	18,764,907
Security, messengerial and janitorial services	<b>17,113,032</b>	12,524,702
Travel and transportation	<b>16,114,645</b>	6,945,690
Insurance	<b>10,665,471</b>	7,315,211
Representation	<b>10,018,795</b>	7,504,933
Promotions	<b>9,819,070</b>	9,584,495
Taxes and licenses (Note 27)	<b>9,034,969</b>	11,336,203
Communication, light and water	<b>8,998,885</b>	7,908,352
Banking fees and charges	<b>7,589,824</b>	268,640
Management and other professional fees	<b>5,226,692</b>	5,119,428
Stationery and supplies used	<b>5,215,839</b>	4,077,914
Fuel, oil and lubricants	<b>3,662,465</b>	4,873,052
Repairs and maintenance	<b>2,622,549</b>	3,087,499
Rent (Note 7)	<b>1,653,336</b>	3,600,728
Other operating expenses	<b>11,727,425</b>	8,926,715
	<b>₱342,441,136</b>	₱325,466,662

**Details of Compensation and Fringe Benefits**

<i>Years Ended December 31,</i>	<b>2023</b>	<b>2022</b>
Salaries, wages and bonuses	<b>₱104,410,747</b>	₱94,307,031
Employees benefits	<b>83,005,657</b>	105,790,821
SSS, HDMF, Philhealth Premium Expense, Pag-Ibig Contribution	<b>12,522,337</b>	9,705,582
Retirement benefits (Note 14)	<b>3,973,941</b>	3,824,760
	<b>₱203,912,682</b>	₱213,628,194

**Note 19**

**Income Tax**

**Corporate Recovery and Tax Incentives for Enterprises (CREATE) Bill**

The income tax expense for 2023 was computed based on the provisions of Revenue Regulations No. 5-2021, 'Corporate Recovery and Tax Incentives for Enterprises Act' (CREATE), Which Further Amended the National Internal Revenue Code (NIRC) of 1997. Provisions under the CREATE Act include reductions in RCIT rate from 30% to 25% for large corporations and 20% for small and medium corporations with net taxable income not exceeding ₱5,000,000 and total assets not exceeding ₱100,000,000 (excluding land) effective July 1, 2020.

**As Reported in Profit or Loss**

<i>Years Ended December 31,</i>	<b>2023</b>	<b>2022</b>
Regular corporate income tax	<b>₱3,277,590</b>	₱9,612,269
Tax effects of:		
Non-taxable transactions with members and statutory reserves	<b>(2,022,326)</b>	(7,456,925)
Non-taxable income	<b>(5,911,854)</b>	(943,226)
Non-deductible expense	<b>373,555</b>	178,788
Origination and reversal of temporary differences	<b>8,558,450</b>	3,824,318
Current Tax Expense	<b>₱4,275,415</b>	₱5,215,224

Regular Corporate Income Tax (RCIT)

<i>Years Ended December 31,</i>	<b>2023</b>	<b>2022</b>
Net surplus for distribution	<b>₱18,729,087</b>	₱38,449,075
Surplus allocated to statutory reserves ( <i>Note 16</i> )		
General reserve fund	<b>(1,872,909)</b>	(3,844,908)
Cooperative education and training fund & CETF Payable	<b>(1,872,909)</b>	(3,844,908)
Optional fund	<b>(1,311,036)</b>	(1,153,471)
Community development fund	<b>(561,873)</b>	(2,691,435)
Interest on share capital and patronage refund ( <i>Note 16</i> )	<b>13,110,360</b>	26,914,353
Add/(deduct) reconciling items		
Allocated for interest on share capital to members	<b>(8,089,303)</b>	(18,292,979)
Interest income from deposits with other banks	<b>(2,927)</b>	(184,688)
Interest income from investments	<b>(242,798)</b>	–
Nontaxable subsidy income from Optional fund	<b>(17,437,000)</b>	–
Non-deductible interest expense (tax arbitrage)	<b>61,431</b>	46,172
Non-deductible representation expense	<b>1,432,789</b>	668,980
Nontaxable interest income on loans (accruals)	<b>(5,964,692)</b>	(3,588,217)
Non-deductible provision for probable losses ( <i>Note 6</i> )	<b>40,306,814</b>	18,625,506
Write off of allowance for ECL ( <i>Note 6</i> )	<b>(5,275,128)</b>	(1,831,563)
Non-deductible depreciation on ROU asset	<b>955,121</b>	511,090
Non-deductible interest expense on lease liability	<b>90,916</b>	24,302
Deductible rental payments for finance leases ( <i>Note 8</i> )	<b>(985,470)</b>	(526,148)
Non-deductible retirement expense ( <i>Note 14</i> )	<b>2,152,476</b>	2,590,451
Deductible contributions to plan asset	<b>(237,311)</b>	(2,590,451)
Deductible amortization of excess of contribution over CSC	<b>(2,773,618)</b>	(1,505,914)
Total Taxable Income	<b>17,101,660</b>	20,860,894
Tax Rate	<b>25%</b>	25%
Tax Due	<b>₱4,275,415</b>	₱5,215,224

Income Tax on Business Transactions with Non-Members

The Bank having accumulated reserves and undivided surplus of more than ₱10 million are taxed on transactions with non-members. The tax base for all cooperatives liable to income tax shall be the net surplus arising from the business transactions with non-members after deducting the amounts for statutory reserves as provided for in the Cooperative Code and Joint Rules and Regulation Implementing Articles 60,61 and 144 of RA 9520. Following tables show the computation of the Cooperative's income tax due:

Income Tax Payable

<i>Years Ended December 31,</i>	<b>2023</b>	<b>2022</b>
Tax Due		
Taxable Income	<b>₱17,101,660</b>	₱20,860,894
Income Tax Rate	<b>25%</b>	25%
Tax Due at RCIT	<b>₱4,725,415</b>	₱5,215,224
Tax due at MCIT	<b>₱1,236,027</b>	₱526,632
Tax due (higher of RCIT or MCIT)	<b>₱4,725,415</b>	₱5,215,224
Taxes paid (1 <sup>st</sup> , 2 <sup>nd</sup> , and 3 <sup>rd</sup> quarters)	<b>2,192,325</b>	2,737,911
Income Tax Payable ( <i>Note 13</i> )	<b>₱2,083,090</b>	₱2,477,313



Movements of Deferred Tax Assets

<i>Years Ended December 31,</i>	<b>2023</b>	<b>2022</b>
Opening balances	<b>48,245,673</b>	₱45,072,004
Origination of temporary differences arising from:		
Non-deductible provision for probable losses <i>(Note 6)</i>	<b>10,076,703</b>	4,656,377
Write-off of allowance for expected credit losses <i>(Note 6)</i>	<b>(1,318,782)</b>	(457,892)
Retirement benefits temporary differences <i>(Note 14)</i>	<b>(214,613)</b>	(376,479)
PFRS 16 temporary differences <i>(Note 8)</i>	<b>15,142</b>	2,312
Net	<b>8,558,450</b>	3,824,318
Remeasurement gain/loss on retirement obligation <i>(Note 14)</i>	<b>—</b>	(650,647)
Closing balances	<b>₱56,804,123</b>	₱48,245,673

**Note 20**

**Earnings Per Share**

<i>Years Ended December 31,</i>	<b>2023</b>	<b>2022</b>
Interest on share capital and patronage refund attributable to		
Common and preferred shares	<b>₱17,393,396</b>	₱25,940,719
Preferred shares	<b>—</b>	(6,596)
Net Available for Common Shares	<b>17,393,396</b>	25,934,123
Weighted Average Number of Ordinary Shares	<b>78,592</b>	73,857
Basic Earnings per Share	<b>₱221</b>	₱351

As of December 31, 2023 and 2022, the Bank has no outstanding potentially dilutive securities; hence, basic earnings per share is equal to diluted earnings per share.

**Note 21**

**Related Party Transactions**

In the ordinary course of trade or business, the Bank has transactions with related parties. Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. The significant related party transactions are summarized as follows:

- (a) In the ordinary course of business, the Bank has loan transactions with DOSRI. Under the Bank's policy, these loans and other transactions are to be made substantially on the same terms and conditions as with other individuals and businesses of comparable risks. Under the General Banking Act and BSP regulations, the aggregate amount of loans to directors, officers, stockholders and related interest (DOSRI) should not exceed the total capital funds or 15% of the total loan portfolio of the Bank, whichever is lower. In addition, the amount of direct credit accommodation to DOSRI, of which 70% must be secured, should not exceed the amount of their respective regular and/or quasi-deposits and book value of their respective investments in the Bank. At the end of 2023 and 2022, the following are the information related to DOSRI:

<i>December 31,</i>	<b>2023</b>	<b>2022</b>
Total Outstanding DOSRI loans <i>(Note 6)</i>	<b>₱29,360,354</b>	₱26,902,821
Percent of DOSRI loans to total loans	<b>0.99%</b>	1.07%
Percent of unsecured DOSRI loans to total DOSRI loans	<b>84.19%</b>	70.33%
Percent of past-due DOSRI loans to total DOSRI loans	<b>4.69%</b>	3.28%

*(Carried Forward.)*

(Brought Forward.)

December 31,	2023	2022
Percent of non-performing DOSRI loans to total DOSRI loans	4.69%	2.32%
Total Outstanding loans to related parties other than DOSRI loans	₱38,889,877	₱34,256,710
Percent of other related party (ORP) loans to total loans	1.32%	1.37%
Percent of unsecured ORP loans to total ORP loans	87.72%	79.96%
Percent of non-performing ORP loans to total ORP loans	2.31%	0.47%
Total Outstanding DOSRI deposits (Note 11)	₱14,242,865	₱12,248,829
Percent of DOSRI deposit to total savings deposits	1.30%	1.36%

(b) The key management compensation consists of the following:

Years Ended December 31,	2023	2022
Salaries and wages	₱19,105,280	₱16,578,823
Employees' benefits	13,733,045	18,182,095
	₱32,838,325	₱34,760,918

## Note 22

### Fair Value Measurements

#### *Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed*

The following table summarizes the fair value hierarchy of the Bank's financial assets liabilities which are not measured at fair value in the 2023 and 2022 statements of financial position but for which fair value is disclosed.

December 31, 2023	Level 1	Level 2	Level 3	Total
<i>Financial assets</i>				
Cash and cash equivalents (Note 5)	₱600,016,648	₱-	₱-	₱600,016,648
Loans and receivables (Note 6)	-	-	2,561,035,287	2,561,035,287
FA at FVOCI (Note 10)	1,156,263	-	-	1,156,263
FA at Amortized Cost (Note 10)	433,080	-	-	433,080
	₱601,605,991	₱-	₱2,561,035,287	₱3,162,641,278
<i>Financial liabilities</i>				
Deposit liabilities (Note 11)	₱-	₱-	₱1,978,557,254	₱1,978,557,254
Bills payable (Note 12)	-	640,949,546	-	640,949,546
Trade and other payables (Note 13)	-	-	115,157,482	115,157,482
	₱-	₱640,949,546	₱2,093,714,736	₱2,734,664,282
<i>December 31, 2022</i>				
<i>Financial assets</i>				
Cash and cash equivalents (Note 5)	₱751,441,133	₱-	₱-	₱751,441,133
Loans and receivables (Note 6)	-	-	2,246,599,499	2,246,599,499
FA at FVOCI (Note 10)	1,156,263	-	-	1,156,263
FA at Amortized Cost (Note 10)	606,312	-	-	606,312
	₱753,203,708	₱-	₱2,246,599,499	₱2,999,803,207
<i>Financial liabilities</i>				
Deposit liabilities (Note 11)	₱-	₱-	₱1,708,044,059	₱1,708,044,059
Bills payable (Note 12)	-	612,729,040	-	612,729,040
Other liabilities (Note 13)	-	-	152,467,600	152,467,600
	₱-	₱612,729,040	₱1,860,511,659	₱2,473,240,699

For financial assets with fair values included in Level 1, management considers that the carrying amounts of financial instruments approximate their fair values. The fair values of the financial assets and liabilities included in Level 3 above which are not traded in an active market are determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

#### Fair Value Disclosures for Investment Properties Carried at Cost

The fair value of investment properties, which consist of parcels of land, amounted to ₱8,403,491 and ₱6,853,232 as of December 31, 2023, and 2022, respectively. The fair values were determined through appraisals, which were conducted by an in-house appraiser of the Bank, except for the appraisals of investment properties with carrying amount exceeding ₱5,000,000, which was conducted by an independent appraiser acceptable to the BSP. The fair value disclosed for the Bank's investment properties is under Level 2. The Level 2 fair value of land was derived using the market comparable approach that reflects the recent transaction prices for similar properties in nearby locations. Under this approach, when sales prices of comparable land in proximity are used in the valuation of the subject property with no adjustment on the price, fair value is included in Level 2.

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### **Note 23**

#### **Risk Management Objectives and Policies**

The Bank is exposed to various risks in relation to financial instruments. The Bank's principal financial instruments are its cash and cash equivalents (Note 5), loans and receivables (Note 6), financial asset at FVTOCI restricted funds and some items of its other assets (Note 10), deposit liabilities (Note 11), bills payable (Note 12), and other liabilities (Note 13). The main types of risks are credit and concentration risks, investments risks, market risk and liquidity risk. The Bank is not exposed to foreign currency risk since it has no foreign currency deposits and foreign transactions. The objective of financial risk management is to contain, where appropriate, exposures in these financial risks to limit any negative impact on the Bank's financial performance and financial position. The Bank actively measures, monitors and manages its financial risk exposures by various functions pursuant to the segregation of duties principle.

#### Risk Management Structure

The Board of Directors has overall responsibilities for the Bank's financial risk management, which includes the establishment and approval of risk strategies, policies and limits. The main objective of the financial risk management of the Bank is to minimize the adverse impact of financial risks on the Bank's financial performance and financial position.

#### Credit and Concentration Risks/Investment Risk

Credit risk refers to the risk that the counterparty will default and/or not honor its financial or contractual obligations resulting in financial losses to the Bank. The Bank is exposed to credit risk from financial assets including its cash held in banks, loans and discounts and investments in financial instruments. The credit risk in respect of cash balances held with other banks are managed via diversification of bank deposits and are only with major reputable financial institutions and are regularly monitored. For loans and discounts, the Bank manages the level of credit risk by actively monitoring its portfolio to avoid significant concentrations of credit. The Bank manages the level of credit risk by actively monitoring all its receivables to avoid significant delinquency.

The investment risk related to investments in financial instruments (or capital-loss risk) represents the exposure to loss of all or part of the capital invested resulting from cash flows from invested assets being less than the cash flows required to meet the obligations of maturing deposits and the necessary return on investments. To maintain an adequate yield to match the interest necessary to support future policy liabilities, the Board of Directors is investing mostly on Government financial instruments which are fairly safe investments.

The Bank deals only with creditworthy counterparties duly approved by the Board of Directors. Its maximum

exposure to credit risk for the components of the statements of financial position is the carrying amounts as shown in the following table:

<i>December 31,</i>	<b>2023</b>	<b>2022</b>
Cash and cash equivalents <i>(Note 5)</i>	<b>₱600,016,648</b>	₱751,441,133
Loans and receivables <i>(Note 6)</i>	<b>2,579,452,471</b>	2,246,599,499
FA at FVOCI <i>(Note 10)</i>	<b>1,156,263</b>	1,156,263
FA at Amortized Cost <i>(Note 10)</i>	<b>433,080</b>	606,312
	<b>₱3,181,058,462</b>	₱2,999,803,207

#### Loans and Receivables

In respect of loans and receivables, the Bank is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Based on historical information about customer default rates, management considers the credit quality of loans and receivables that are not past due or impaired to be good.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits when appropriate. Exposure to credit risk is also managed in part by obtaining collateral and personal guarantees. With respect to foreclosed collaterals, these are normally actively disposed of by the Bank.

The Bank's loans are actively monitored to avoid significant concentrations of credit risk in accordance with the BSP's prohibitions on maintaining a financial exposure to any single person or group of persons in excess of 25.00% of the Bank's net worth.

The table below shows exposure to credit risk of loans and receivables (gross) based on the Bank's rating system as of December 31, 2023 and 2022 and the related allowance for impairment.

<i>December 31, 2023</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Pass	₱2,291,469,219	₱-	₱-	<b>₱2,291,469,219</b>
Especially Mentioned		382,595,925		<b>382,595,925</b>
Substandard		16,859,999	25,436,210	<b>42,296,209</b>
Doubtful			54,702,070	<b>54,702,070</b>
Loss			167,587,362	<b>167,587,362</b>
Total	₱2,291,469,219	399,455,924	247,725,642	<b>2,938,650,785</b>
Allowance for impairment	(28,141,764)	(101,748,092)	(247,725,642)	<b>(377,615,498)</b>
Carrying Amount	₱2,263,327,455	₱297,707,832	₱-	<b>₱2,561,035,287</b>
<i>December 31, 2022</i>				
Unclassified	₱2,112,054,463	₱-	₱-	₱2,112,054,463
Especially Mentioned		45,711,322		45,711,322
Substandard		21,980,121	8,100,224	30,080,345
Doubtful			14,908,335	14,908,335
Loss			315,526,231	315,526,231
Total	2,112,054,463	67,691,443	338,534,790	2,518,280,696
Allowance for impairment	(16,247,480)	(3,977,624)	(251,456,093)	(271,681,197)
Carrying Amount	₱2,095,806,983	₱63,713,819	₱87,078,697	₱2,246,599,499

The credit grades used by the Bank in evaluating the credit quality of its loans and receivables are the following:

(a) Current/Unclassified

These are individual credits that do not have a greater-than-normal risk and do not possess the

characteristics of adversely classified loans. These are credits that have the apparent ability to satisfy their obligations in full and therefore, no loss in ultimate collection is anticipated. These are adequately secured by readily marketable collateral or other forms of support security or are supported by sufficient credit and financial information of favorable nature to assure repayment as agreed.

(b) Loans Especially Mentioned

It is an adverse classification of loans/accounts that have potential weaknesses and deserves management's close attention. These potential weaknesses, if left uncorrected, may affect the repayment of the loan and thus increase credit risk to the Bank.

(c) Substandard

Accounts classified as "Substandard" are individual credits or portions thereof, that have well-defined weakness(es) that may jeopardize Payment/liquidation in full, either in respect of the business, cash flow or financial position, which may include adverse trends or developments that affect willingness or repayment ability of the borrower.

(d) Doubtful

Accounts classified as 'Doubtful' are individual credits or portions thereof which exhibit more severe weaknesses than those classified as "Substandard" whose characteristics on the basis of currently known facts, conditions and values make collection or liquidation highly improbable, however, the exact amount remains undeterminable as yet. Classification as "Loss" is deferred because of specific pending factors, which may strengthen the assets.

(e) Loss

Accounts classified as "Loss" are individual credits or portions thereof, which are considered uncollectible or worthless, and of such little value that their continuance as bankable assets is not warranted although the loans may have some recovery or salvage value. This shall be viewed as a transitional category for loans and other credit accommodations, which have been identified as requiring write-off during the current reporting period even though partial recovery may be obtained in the future.

The Bank holds collateral against loans and receivables from borrowers in order to mitigate risk. The collateral is usually in the form of a real estate mortgage.

The Bank's manner of disposing of the collateral for impaired loans and other receivables is normally through the sale of these assets after foreclosure proceedings have taken place. The Bank does not generally use the non-cash collateral for its own operations.

The Bank writes off loans and receivables, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery of the financial asset. Indicators that there is no reasonable expectation of recovery include cessation of enforcement activity and, where the Bank's recovery method is through foreclosure of collateral and the value of the collateral is less than the outstanding contractual amounts of loans and receivables to be written off. The Bank still has, however, enforceable the right to receive payment even if the loans and receivables have been written off.

Operations Risks

Operations risks are risks arising from the potential inadequate information systems, operations or transactional problems (relating to service or product delivery), breaches in internal controls and fraud or unforeseen catastrophes that may result in unexpected loss. Operations risks include the risk of loss arising from various types of human or technical error, settlement or payment failures, business interruption, administrative and legal risks, and the risk arising from systems not performing adequately. The Bank has established measures to mitigate the effects of risks related to operations through its senior management. At year-end, the Bank also ensures that disclosures are made in the financial statements for any significant accounts, if any, which may have been affected by such risks.



Market Risks

Market risk is the risk of loss to future earnings, fair values or future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates. Market risk is also the possibility that changes in equity prices or interest rates will adversely affect the value of the Bank's assets, liabilities or expected future cash flows. The Bank has no exposure arising from complex investments since it is not engaging in high-risk investments, forward contracts, hedging, and the like, whether local or foreign transactions.

Liquidity Risks

The liquidity risk is that the Bank might be unable to meet its obligations as they become due without incurring unacceptable losses or costs. The Bank's objectives to manage its liquidity profile are a) to ensure that adequate funding is available at all times; b) to meet commitments as they arise without incurring unnecessary costs; and c) to be able to access funding when needed at the least possible cost. The Bank manages its liquidity by carefully monitoring its scheduled servicing payments for financial liabilities as well as its cash flows due on its day-to-day business. The data used for analyzing these cash flows is consistent with that used in the contractual maturity analysis in the following table. Net cash requirements are compared to available cash position in order to determine headroom or any shortfalls. This analysis shows that the available cash position is expected to be sufficient over the lookout period.

The Bank considers its expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and loans and discounts. The Bank's existing cash resources and receivables (see tables below) significantly exceed the current cash outflow requirements. Cash flows from loans and discounts are all generally contractually due within six months to one year and those exceeding this period are expected to not materially affect its cash position.

Maturity Analysis of Assets and Liabilities

<i>December 31, 2023</i>	<i>Within One Year</i>	<i>Beyond One Year</i>	<i>Beyond five years</i>	<i>Total</i>
<u>Financial Assets</u>				
Cash and cash equivalents (Note 5)	₱600,016,648	₱-	₱-	<b>₱600,016,648</b>
Loans and receivables (Note 6)	987,239,703	1,569,647,719	22,565,049	<b>2,579,452,471</b>
FA at FVOCI (Note 10)		1,156,263		<b>1,156,263</b>
FA at Amortized Cost (Note 10)		433,080		<b>433,080</b>
	<b>1,587,256,351</b>	<b>1,571,237,062</b>	<b>22,565,049</b>	<b>3,181,058,462</b>
<u>Financial Liabilities</u>				
Deposit liabilities (Note 11)	1,731,349,750	185,630,249	61,577,255	<b>1,978,557,254</b>
Bills payable (Note 12)	99,225,137	533,635,609	8,088,800	<b>640,949,546</b>
Other liabilities (Note 13)	115,157,482			<b>115,157,482</b>
	<b>1,945,732,369</b>	<b>719,265,858</b>	<b>69,646,055</b>	<b>2,734,664,282</b>
<i>December 31, 2022</i>				
<u>Financial Assets</u>				
Cash and cash equivalents (Note 5)	₱751,441,133	₱-	₱-	<b>₱751,441,133</b>
Loans and receivables – net (Note 6)	947,271,969	1,296,530,725	2,796,805	<b>2,246,599,499</b>
FA at FVOCI (Note 10)		1,156,263		<b>1,156,263</b>
FA at Amortized Cost (Note 10)		606,312		<b>606,312</b>
	<b>1,698,713,102</b>	<b>1,298,293,300</b>	<b>2,796,805</b>	<b>2,999,803,207</b>
<u>Financial Liabilities</u>				
Deposit liabilities (Note 11)	1,494,635,370	160,250,427	53,158,262	<b>1,708,044,059</b>
Bills payable (Note 12)		612,729,040		<b>612,729,040</b>
Other liabilities (Note 13)	152,467,600			<b>152,467,600</b>
	<b>1,647,102,970</b>	<b>772,979,467</b>	<b>53,158,262</b>	<b>2,473,240,699</b>

**Note 24**  
**Commitments and Contingencies**

There are recognized provisions in the statements of financial position that arise in the normal course of business operations. There may also have been commitments and contingencies that arose in the normal course of business that were not reflected in the Bank's financial statements. Management anticipates no material losses, if any, that may arise from these commitments and contingencies, and these losses, if any, will not materially affect its financial statements.

During 2023 and 2022, there were no contingencies and commitments arising from off-balance sheet items that were recognized by the Bank.

**Note 25**  
**COVID – 19 Pandemic Situational Report, January 2024**

COVID-19 cases throughout the country has been reported to be declining so much so that Health Secretary Teodoro Herbosa described Covid-19 as just one of the illnesses that cause respiratory tract infection with its most recent variants of interest as similar to common coughs and colds unlike previous ones that cause severe pneumonia. Secretary Herbosa even confirmed that DOH does not require everyone to wear masks, although some hospitals still implement strict masking protocols. He also confirmed that DOH no longer has a budget for the procurement of new vaccines. The vaccines donated by the COVAX Facility are only allotted for senior citizens and individuals with comorbidities as they are at high risk of hospitalization for severe Covid-19 infection.

The Board of Directors of the Bank has determined that the COVID-19 Pandemic generally no longer affected its operations in 2023. Management considers this disclosure as the final note on COVID-19 Pandemic.

**Note 26**  
**Authorization of Financial Statements**

The Bank's financial statements as of and for the year ended December 31, 2023, were presented to the Board of Directors on March 26, 2023 and subsequently approved by the Executive Committee of the Board of Directors on March 26, 2023. The audited financial statements were authorized for issue by the Executive Committee of the Board of Directors on March 26, 2024.

**Note 27**  
**Supplementary Information required by Revenue Regulations (RR) No.15-2010**

Below is the additional information required by RR No. 15-0210; this information is presented for purposes of filing with the Bureau of Internal Revenue (BIR) and is not a required part of the basic financial statements.

a. Withholding Tax

<i>Years Ended December 31,</i>	<b>2023</b>	<b>2022</b>
Final withholding tax on Interest	<b>₱6,464,340</b>	₱7,636,017
Compensation	<b>3,309,631</b>	7,951,958
Expanded	<b>2,143,924</b>	2,285,958
<b>Total</b>	<b>₱11,917,895</b>	<b>₱17,873,933</b>

b. Documentary Stamp Tax

The DST shouldered by the Bank amounted to ₱869,134 in 2023 and ₱4,109,570 in 2022 and included in the taxes and licenses account under Other Expense in the 2023 and 2022 statement of profit or loss.

c. All other local and national taxes

<u>Years Ended December 31,</u>	<b>2023</b>	<b>2022</b>
Gross Receipt Tax	<b>₱6,323,221</b>	₱6,261,417
Municipal permits and licenses	<b>630,343</b>	417,486
Real Property Tax	<b>713,408</b>	347,301
Miscellaneous	<b>498,863</b>	200,429
<b>Total</b>	<b>₱8,165,835</b>	₱7,226,633

d. Tax Cases

The Bank has no outstanding tax cases in any other court, as of December 2023.

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## SUPPLEMENTARY INFORMATION REQUIRED BY THE BSP AND CDA

Cooperative bank of Cotabato

Presented below and in the succeeding pages are the supplementary information required by the BSP under Section 174 (Appendix 55) of the Manual of Regulations for Banks (MORB) to be disclosed as part of the notes to financial statements based on BSP Circular 1074, *Amendments to Regulations on Financial Audit of Banks*.

### (a) Selected Financial Performance Indicators

<i>Years Ended December 31,</i>	<b>2023</b>	<b>2022</b>
<u>Return on average equity*</u> ( <i>Net surplus/Average total capital accounts</i> )	<b>3.22%</b>	5.14%
<u>Return on average assets*:</u> ( <i>Net surplus/Average total resources</i> )	<b>0.69%</b>	1.28%
<u>Net interest margin*:</u> ( <i>Net interest income/Average interest earning resources</i> )	<b>6.13%</b>	11.42%
<u>Risk-Based Capital Adequacy Ratio</u>	<b>18.04%</b>	18.17%

\* Average asset, capital, and interest-earning assets are computed as the simple average of outstanding balance of assets, capital, and interest-earning assets at December 31, 2023 and December 31, 2022. (2 data points)

### (b) Capital Instruments Issued

As of December 31, 2023 and 2022, the Bank has only two classes of share capital, which are ordinary (common) and preference (preferred) shares.

<i>December 31,</i>	<b>2023</b>	<b>2022</b>
Common share	<b>₱78,592,000</b>	₱73,714,159
Preferred share	<b>3,441,000</b>	3,441,000
	<b>₱82,033,000</b>	₱77,155,159

### (c) Significant Credit Exposures for Loans

The Bank's concentration of credit as to industry for its receivables from customers gross of allowance for ECL below are disclosed in Note 6.

<i>December 31,</i>	<b>2023</b>	<b>%</b>	<b>2022</b>	<b>%</b>
Agriculture, forestry and fishing	<b>₱971,930,533</b>	<b>33.07%</b>	₱732,310,760	29.26%
Wholesale and retail trade	<b>791,074,782</b>	<b>26.92%</b>	574,071,048	22.94%
Information and communication	<b>450,997,612</b>	<b>15.35%</b>	397,653,123	15.89%
Human health and social work activities	<b>144,141,405</b>	<b>4.91%</b>	193,179,860	7.72%
Real estate activities	<b>12,113,777</b>	<b>0.41%</b>	101,837,904	4.07%
Accommodation and food storage	<b>63,243,831</b>	<b>2.15%</b>	69,272,537	2.77%
Financial and insurance activities	<b>35,213,211</b>	<b>1.20%</b>	40,268,406	1.61%
Construction	<b>50,307,097</b>	<b>1.71%</b>	76,955,882	3.07%
Manufacturing	<b>95,786,621</b>	<b>3.26%</b>	69,824,506	2.79%
Transportation and storage	<b>19,061,889</b>	<b>0.65%</b>	16,549,320	0.66%
Other service activities	<b>304,780,027</b>	<b>10.37%</b>	230,876,162	9.22%
	<b>₱2,938,650,785</b>	<b>100%</b>	₱2,502,799,508	100%

(d) Breakdown of Loans

The following table shows information relating to receivables from customers by collateral, gross of unearned discounts and capitalized interest:

Breakdown by Type of Security

<i>December 31,</i>	<b>2023</b>	<b>%</b>	<b>2022</b>	<b>%</b>
Secured by real estate	<b>₱519,358,794</b>	18	₱360,546,554	14
Secured by chattel	<b>13,882,439</b>	0.47	9,797,658	0.4
Other security	<b>51,652,079</b>	1.76	41,665,443	1.6
	<b>584,893,312</b>	20	412,009,655	16
Unsecured loans	<b>2,353,757,473</b>	80	2,090,789,853	84
	<b>₱2,938,650,785</b>	100	₱2,502,799,508	100

Breakdown As to Status of Loans

<i>December 31, 2023</i>	<i>Performing</i>	<b>%</b>	<i>Non-Performing</i>	<b>%</b>	<b>Total</b>	<b>%</b>
Individual consumption	₱846,906,749	33	₱181,906,349	49	<b>₱1,028,813,098</b>	<b>35</b>
Agricultural	708,613,680	28	45,840,698	12	<b>754,454,378</b>	<b>26</b>
Commercial	280,774,215	11	75,087,673	20	<b>355,861,888</b>	<b>12</b>
Others	727,536,676	28	71,984,745	19	<b>799,521,421</b>	<b>27</b>
	<b>₱2,563,831,320</b>	100	<b>₱374,819,465</b>	100	<b>₱2,938,650,785</b>	<b>100</b>
<i>December 31, 2022</i>						
Individual consumption	₱1,146,332,722	53	₱238,450,692	69	₱1,384,783,414	55
Agricultural	493,108,614	23	48,379,438	14	541,488,052	22
Commercial	266,678,151	12	59,783,301	17	326,461,452	13
Others	249,142,529	12	924,061	0	250,066,590	10
	<b>₱2,155,262,016</b>	100	<b>₱347,537,492</b>	100	<b>₱2,502,799,508</b>	<b>100</b>

The non-performing loans as defined under Section 304 of the MORB amounted to ₱374,819,465 in 2023 and ₱347,537,492 in 2022.

Under banking regulations, loan accounts shall be considered non-performing, even without any missed contractual payments, when they are considered impaired under existing accounting standards, classified as doubtful or loss, in litigation, and/or there is evidence that full repayment of principal or interest is unlikely without foreclosure of collateral, if any. All other loans, even if not considered impaired, shall be considered non-performing if any principal and/or interest are unpaid for more than 90 days from contractual due date, or accrued interests for more than 90 days have been capitalized, refinanced, or delayed by agreement.

Restructured loans shall be considered non-performing. However, if prior to restructuring, the loans were categorized as performing, such classification shall be retained. Moreover, NPLs shall remain classified as such until (a) there is sufficient evidence to support that full collection of principal and interests is probable and payments of interest and/or principal are received for at least 6 months; or (b) written off.

The Bank reported no restructured loans in 2023 and in 2022.

Interest income recognized on impaired loans and receivables amounted to ₱39,983,416 and ₱61,143,091 in 2023 and 2022, respectively.



(e) Information on Related Party Loans

In the ordinary course of business, the Bank has loan transactions with certain directors, officers, stockholders and related interests (DOSRI) based on BSP Circular No. 423 dated March 15, 2004, as amended. Existing banking regulations limit the amount of individual loans to DOSRI, 70.00% of which must be secured, to the total of their respective deposits and book value of their respective investments in the Bank. In the aggregate, loans to DOSRI generally should not exceed the respective total equity or 15.00% of the respective total loan portfolio, whichever is lower, of the Bank.

The following table shows information on related party loans as reported to the BSP:

<i>December 31,</i>	<b>2023</b>	<b>2022</b>
Total Outstanding DOSRI loans <i>(Note 6)</i>	<b>₱29,360,354</b>	₱26,902,821
Percent of DOSRI loans to total loans	<b>0.99%</b>	1.07%
Percent of unsecured DOSRI loans to total DOSRI loans	<b>84.19%</b>	70.33%
Percent of past-due DOSRI loans to total DOSRI loans	<b>4.69%</b>	3.28%
Percent of non-performing DOSRI loans to total DOSRI loans	<b>4.69%</b>	2.32%
Total Outstanding loans to related parties other than DOSRI loans	<b>₱38,889,877</b>	₱34,256,710
Percent of other related party (ORP) loans to total loans	<b>1.32%</b>	1.37%
Percent of unsecured ORP loans to total ORP loans	<b>87.72%</b>	79.96%
Percent of non-performing ORP loans to total ORP loans	<b>2.31%</b>	0.47%
Total Outstanding DOSRI deposits <i>(Note 11)</i>	<b>₱14,242,865</b>	₱12,248,829
Percent of DOSRI deposit to total savings deposits	<b>1.30%</b>	1.36%

(f) Secured Liabilities and Assets Pledged as Security

Assets pledged by the Bank as security for liabilities are shown below.

<i>Years Ended December 31,</i>	<b>2023</b>	<b>2022</b>
Aggregate amount of secured liabilities	<b>₱207,312,037</b>	₱207,312,037
Aggregate amount of resources pledged as security	<b>₱345,520,062</b>	₱345,520,062

(g) Contingencies and Commitments Arising from Off-balance Sheet Items

During 2023 and 2022, there were no contingencies and commitments arising from off-balance sheet items that were recognized by the Bank.

# CONSOLIDATED LIST OF STOCKHOLDERS AND THEIR STOCKHOLDINGS

As of December 31, 2023

	Name of Stockholder	Type of Share	Citizen-ship	No. of Shares Sub-scribe	No. of Shares Paid	Paid-in Capital	Subscription Receivable	Amount Subscribed	Ratio of Paid-in Capital to Total Amount Subscribed
	<b>DISTRICT 1</b>								
	<b>ARAKAN</b>								
1	Arakan Valley Marketing Cooperative	Common	Filipino	52	34	34,000.00	18,000.00	52,000.00	0.04%
2	Meocan Marketing Cooperative	Common	Filipino	116	74	74,000.00	42,000.00	116,000.00	0.09%
3	Malibatuan Farmers Credit Cooperative	Common	Filipino	183	183	183,000.00	0.00	183,000.00	0.23%
	<b>TOTAL</b>			351	291	291,000.00	60,000.00	351,000.00	0.37%
	<b>KIDAPAWAN</b>								
4	Berada MPC	Common	Filipino	563	563	563,000.00	0.00	563,000.00	0.72%
5	Cotabato Federation of Cooperative (COFECCO)	Common	Filipino	94	94	94,000.00	0.00	94,000.00	0.12%
6	Cotabato Davao Del Sur Federation of Coops	Common	Filipino	30	30	30,000.00	0.00	30,000.00	0.04%
7	Kalaisan Marketing Cooperative	Common	Filipino	1,248	1,106	1,106,000.00	142,000.00	1,248,000.00	1.41%
8	Kidapawan FICI	Common	Filipino	88	88	88,000.00	0.00	88,000.00	0.11%
9	Kidapawan Mega Market MPC	Common	Filipino	53	53	53,000.00	0.00	53,000.00	0.07%
10	Kidapawan Rubber Growers MPC	Common	Filipino	185	126	126,000.00	59,000.00	185,000.00	0.16%
11	Macebolig Farmers Credit Cooperative	Common	Filipino	175	133	133,000.00	42,000.00	175,000.00	0.17%
12	Lanao Credit Cooperative	Common	Filipino	533	533	533,000.00	0.00	533,000.00	0.68%
13	Mt. Apo Broadcasting Coop	Common	Filipino	30	30	30,000.00	0.00	30,000.00	0.04%
14	Mt. Apo Ten Kilometer Radius MultiPurpose Cooperative	Common	Filipino	100	100	100,000.00	0.00	100,000.00	0.13%
15	Manongol Credit Cooperative	Common	Filipino	1,258	790	790,000.00	468,000.00	1,258,000.00	1.01%
16	Mua-an Farmers Credit Cooperative	Common	Filipino	290	269	269,000.00	21,000.00	290,000.00	0.34%
17	New Bohol Credit Cooperative	Common	Filipino	365	230	230,000.00	135,000.00	365,000.00	0.29%
18	Rainbow Family MPC	Common	Filipino	2,068	2,006	2,006,000.00	62,000.00	2,068,000.00	2.55%
19	Sagip Pilipinas MPC	Common	Filipino	30	30	30,000.00	0.00	30,000.00	0.04%
20	San Roque SN MPC	Common	Filipino	62	62	62,000.00	0.00	62,000.00	0.08%
21	Sibawan SN MPC	Common	Filipino	327	210	210,000.00	117,000.00	327,000.00	0.27%
22	Sikitan SN MPC	Common	Filipino	174	174	174,000.00	0.00	174,000.00	0.22%
23	Sumbac MPC	Common	Filipino	437	383	383,000.00	54,000.00	437,000.00	0.49%
24	SLB Credit Cooperative	Common	Filipino	602	602	602,000.00	0.00	602,000.00	0.77%
25	Cotabato Provincial Government Employees & Retirees MPC	Common	Filipino	55	55	55,000.00	0.00	55,000.00	0.07%
26	PAGLAUM Cooperative	Common	Filipino	25	25	25,000.00	0.00	25,000.00	0.03%
	<b>TOTAL</b>			<b>8792</b>	<b>7,692</b>	<b>7,692,000.00</b>	<b>1,100,000.00</b>	<b>8,792,000.00</b>	<b>9.79%</b>

	Name of Stockholder	Type of Share	Citizen-ship	No. of Shares Subscribe	No. of Shares Paid	Paid-in Capital	Subscription Receivable	Amount Subscribed	Ratio of Paid-in Capital to Total Amount Subscribed
	<b>MAGPET</b>								
27	Cotabato-Agri Industrial Machinery Coop	Common	Filipino	58	37	37,000.00	21,000.00	58,000.00	0.05%
28	Magpet Agro Industrial Resource Coop(MAGIRCO)	Common	Filipino	1,267	1,051	1,051,000.00	216,000.00	1,267,000.00	1.34%
29	Tagbak Credit Cooperative	Common	Filipino	148	94	94,000.00	54,000.00	148,000.00	0.12%
	<b>TOTAL</b>			<b>1473</b>	<b>1,182</b>	<b>1,182,000.00</b>	<b>291,000.00</b>	<b>1,473,000.00</b>	<b>1.50%</b>
	<b>MAKILALA</b>								
30	Batasan MPC	Common	Filipino	54	54	54,000.00	0.00	54,000.00	0.07%
31	Bulacanon Samahang Nayon Credit Cooperative	Common	Filipino	2,244	1,899	1,899,000.00	345,000.00	2,244,000.00	2.42%
32	Garsika MPC	Common	Filipino	307	265	265,000.00	42,000.00	307,000.00	0.34%
33	Prime Saguing Credit Cooperative	Common	Filipino	479	336	336,000.00	143,000.00	479,000.00	0.43%
34	Kisante Credit Cooperative	Common	Filipino	164	122	122,000.00	42,000.00	164,000.00	0.16%
35	Goshen Water Service Cooperative	Common	Filipino	765	663	663,000.00	102,000.00	765,000.00	0.84%
36	Makilala People`s Cooperative (MAPECO)	Common	Filipino	69	69	69,000.00	0.00	69,000.00	0.09%
37	San Vicente Farmer`s MPC	Common	Filipino	743	545	545,000.00	198,000.00	743,000.00	0.69%
38	Makilala Senior Citizen Cooperative	Common	Filipino	2,374	2,374	2,374,000.00	0.00	2,374,000.00	3.02%
39	MARB Agrarian Reform Cooperative	Common	Filipino	25	25	25,000.00	0.00	25,000.00	0.03%
	<b>TOTAL</b>			<b>7,224</b>	<b>6,352</b>	<b>6,352,000.00</b>	<b>872,000.00</b>	<b>7,224,000.00</b>	<b>8.08%</b>
	<b>PRES. ROXAS</b>								
40	Arakan MPC	Common	Filipino	125	125	125,000.00	0.00	125,000.00	0.16%
41	Kamarahan Credit Cooperative	Common	Filipino	38	38	38,000.00	0.00	38,000.00	0.05%
42	Sagkungan Farmers Dev. Coop (SAFADECO)	Common	Filipino	25	25	25,000.00	0.00	25,000.00	0.03%
	<b>TOTAL</b>			<b>188</b>	<b>188</b>	<b>188,000.00</b>	<b>0.00</b>	<b>188,000.00</b>	<b>0.24%</b>
	<b>DISTRICT 2</b>								
	<b>M'LANG</b>								
43	Bialong Farmers Credit Cooperative	Common	Filipino	1,832	1,568	1,568,000.00	264,000.00	1,832,000.00	2.00%
44	United Small Rice Farmers Credit Cooperative	Common	Filipino	121	121	121,000.00	0.00	121,000.00	0.15%
45	Nuestra Senora De Salvacion Credit Coop	Common	Filipino	1,075	839	839,000.00	236,000.00	1,075,000.00	1.07%
46	Dugong Credit Cooperative	Common	Filipino	2,664	2,232	2,232,000.00	432,000.00	2,664,000.00	2.84%
47	Dugong-Buayan Integrated Group Cooperative	Common	Filipino	26	26	26,000.00	0.00	26,000.00	0.03%
48	Katipunan Farmers Credit Cooperative	Common	Filipino	188	140	140,000.00	48,000.00	188,000.00	0.18%
49	Luz Village Credit Cooperative	Common	Filipino	380	218	218,000.00	162,000.00	380,000.00	0.28%
50	M'lang Federation of Cooperatives	Common	Filipino	63	63	63,000.00	0.00	63,000.00	0.08%

Name of Stockholder		Type of Share	Citizen-ship	No. of Shares Subscribe	No. of Shares Paid	Paid-in Capital	Subscription Receivable	Amount Subscribed	Ratio of Paid-in Capital to Total Amount Subscribed
51	M'lang FICI	Common	Filipino	105	105	105,000.00	0.00	105,000.00	0.13%
52	Pulang Lupa Farmers Cooperative	Common	Filipino	1,599	1,359	1,359,000.00	240,000.00	1,599,000.00	1.73%
53	Sangat SN MPC	Common	Filipino	1,090	1,090	1,090,000.00	0.00	1,090,000.00	1.39%
54	Bagontapay Credit Cooperative	Common	Filipino	2,516	2,021	2,021,000.00	495,000.00	2,516,000.00	2.57%
	Manna Farmers Agriculture Cooperative	Common	Filipino	100	100	100,000.00	0.00	100,000.00	0.13%
	Don Bosco Multipurpose Cooperative	Common	Filipino	25	25	25,000.00	0.00	25,000.00	0.03%
	<b>TOTAL</b>			<b>11,784</b>	<b>9,907</b>	<b>9,907,000.00</b>	<b>1,877,000.00</b>	<b>11,784,000.00</b>	<b>12.61%</b>
	<b>TULUNAN</b>								
55	Legendary Credit Cooperative of Bagumbayan	Common	Filipino	26	21	21,000.00	5,000.00	26,000.00	0.03%
56	F. Cajelo Farmers Credit Cooperative	Common	Filipino	320	206	206,000.00	114,000.00	320,000.00	0.26%
57	Tulunan Marketing Cooperative	Common	Filipino	737	413	413,000.00	324,000.00	737,000.00	0.53%
58	New Culasi Farmers Credit Cooperative	Common	Filipino	1,400	884	884,000.00	516,000.00	1,400,000.00	1.12%
59	New Panay Farmers Credit Cooperative	Common	Filipino	170	107	107,000.00	63,000.00	170,000.00	0.14%
	<b>TOTAL</b>			<b>2,653</b>	<b>1,631</b>	<b>1,631,000.00</b>	<b>1,022,000.00</b>	<b>2,653,000.00</b>	<b>2.08%</b>
	<b>District 3</b>								
	<b>KABACAN</b>								
60	Aringay Farmers Credit Cooperative	Common	Filipino	902	819	819,000.00	83,000.00	902,000.00	1.04%
61	Cuyapon Farmers Agri-Marketing Coop	Common	Filipino	383	383	383,000.00	0.00	383,000.00	0.49%
62	Dagupan SN MPC	Common	Filipino	620	485	485,000.00	135,000.00	620,000.00	0.62%
63	Federation of Kabacan Farmers Coop	Common	Filipino	31	31	31,000.00	0.00	31,000.00	0.04%
64	Katidtuan Marketing Cooperative	Common	Filipino	1,037	1,005	1,005,000.00	32,000.00	1,037,000.00	1.28%
65	Lower Paatan MPC	Common	Filipino	963	842	842,000.00	121,000.00	963,000.00	1.07%
66	Osias SN MPC	Common	Filipino	2,029	1,729	1,729,000.00	300,000.00	2,029,000.00	2.20%
	<b>TOTAL</b>			<b>5,965</b>	<b>5,294</b>	<b>5,294,000.00</b>	<b>671,000.00</b>	<b>5,965,000.00</b>	<b>6.74%</b>
	<b>MATALAM</b>								
67	Cotabato Integrated Seeds Producers & Mktg. Coop	Common	Filipino	2,655	2,655	2,655,000.00	0.00	2,655,000.00	3.38%
68	Dalapitan Credit Cooperative	Common	Filipino	1,249	1,018	1,018,000.00	231,000.00	1,249,000.00	1.30%
69	Estado Farmers Credit Cooperative	Common	Filipino	2,901	2,901	2,901,000.00	0.00	2,901,000.00	3.69%
70	Kibia Rice Producers Cooperative	Common	Filipino	2,812	2,404	2,404,000.00	408,000.00	2,812,000.00	3.06%
71	Kibudoc Sugarcane Planters Credit Cooperative	Common	Filipino	859	718	718,000.00	141,000.00	859,000.00	0.91%
72	Farmers of Marbel Credit Cooperative	Common	Filipino	1,487	1,286	1,286,000.00	201,000.00	1,487,000.00	1.64%
73	Matalam Rubber Planters Integrated Cooperative (MARPICO)	Common	Filipino	286	244	244,000.00	42,000.00	286,000.00	0.31%
74	Taculen Farmers Credit Cooperative	Common	Filipino	375	375	375,000.00	0.00	375,000.00	0.48%
75	Linao Farmers Marketing Cooperative	Common	Filipino	146	146	146,000.00	0.00	146,000.00	0.19%
	<b>TOTAL</b>			<b>12,770</b>	<b>11,747</b>	<b>11,747,000.00</b>	<b>1,023,000.00</b>	<b>12,770,000.00</b>	<b>14.95%</b>

Name of Stockholder	Type of Share	Citizen-ship	No. of Shares Sub-scribe	No. of Shares Paid	Paid-in Capital	Subscription Receivable	Amount Subscribed	Ratio of Paid-in Capital to Total Amount Subscribed	
<b>DISTRICT 4</b>									
<b>ALEOSAN</b>									
76	Dualing MPC	Common	Filipino	472	362	362,000.00	110,000.00	472,000.00	0.46%
77	Lawili MPC	Common	Filipino	464	400	400,000.00	64,000.00	464,000.00	0.51%
78	Nalpan MPC	Common	Filipino	113	74	74,000.00	39,000.00	113,000.00	0.09%
79	New Leon MPC	Common	Filipino	1,955	1,655	1,655,000.00	300,000.00	1,955,000.00	2.11%
80	San Mateo Consumers Cooperative	Common	Filipino	275	184	184,000.00	91,000.00	275,000.00	0.23%
81	Taguan Credit Cooperative	Common	Filipino	51	42	42,000.00	9,000.00	51,000.00	0.05%
82	Bobugan Consumers Cooperative	Common	Filipino	69	54	54,000.00	15,000.00	69,000.00	0.07%
	<b>TOTAL</b>			<b>3,399</b>	<b>2,771</b>	<b>2,771,000.00</b>	<b>628,000.00</b>	<b>3,399,000.00</b>	<b>3.53%</b>
<b>MIDSAYAP</b>									
83	Abalos Estate Agricultural Credit Cooperative	Common	Filipino	787	520	520,000.00	267,000.00	787,000.00	0.66%
84	Active & Concern Employees (ACE)	Common	Filipino	3,017	3,017	3,017,000.00	0.00	3,017,000.00	3.84%
85	Agriculture MPC	Common	Filipino	33	33	33,000.00	0.00	33,000.00	0.04%
86	Agriculture Farmers Multipurpose Cooperative	Common	Filipino	2,331	1,995	1,995,000.00	336,000.00	2,331,000.00	2.54%
87	Bagumba Credit Cooperative	Common	Filipino	214	204	204,000.00	10,000.00	214,000.00	0.26%
88	Bual Norte Farmers Credit Cooperative	Common	Filipino	790	496	496,000.00	294,000.00	790,000.00	0.63%
89	Bual Sur Credit Cooperative	Common	Filipino	1,239	792	792,000.00	447,000.00	1,239,000.00	1.01%
90	Central Glad MPC	Common	Filipino	1,064	668	668,000.00	396,000.00	1,064,000.00	0.85%
91	Community Health Service Cooperative (COHESCO)	Common	Filipino	357	320	320,000.00	37,000.00	357,000.00	0.41%
92	Greater Midsayap SN Integrated Credit Coop	Common	Filipino	22	22	22,000.00	0.00	22,000.00	0.03%
93	Lagumbingan Credit Cooperative	Common	Filipino	1,299	1,122	1,122,000.00	177,000.00	1,299,000.00	1.43%
94	Lower Glad Agricultural Services Cooperative	Common	Filipino	1,893	1,602	1,602,000.00	291,000.00	1,893,000.00	2.04%
95	Greater Midsayap Area MPC	Common	Filipino	1,781	1,781	1,781,000.00	0.00	1,781,000.00	2.27%
96	Nalin Credit Cooperative	Common	Filipino	1,267	940	940,000.00	327,000.00	1,267,000.00	1.20%
97	Patindeguen Farmers Credit Cooperative	Common	Filipino	3,032	2,348	2,348,000.00	684,000.00	3,032,000.00	2.99%
98	Poblacion 8 MPC	Common	Filipino	247	247	247,000.00	0.00	247,000.00	0.31%
99	Rangebana Farmers Credit Cooperative	Common	Filipino	860	860	860,000.00	0.00	860,000.00	1.09%
100	Salunayan Marketing Cooperative	Common	Filipino	1,304	1,304	1,304,000.00	0.00	1,304,000.00	1.66%
101	San Isidro Farmers Credit Cooperative	Common	Filipino	849	552	552,000.00	297,000.00	849,000.00	0.70%
102	Tumbras SN Integrated Coop	Common	Filipino	1,420	945	945,000.00	475,000.00	1,420,000.00	1.20%
103	Deles Farmers Credit Cooperative	Common	Filipino	202	202	202,000.00	0.00	202,000.00	0.26%
104	Villarica SN MPC	Common	Filipino	1,584	1,353	1,353,000.00	231,000.00	1,584,000.00	1.72%
105	Sayap Multipurpose Cooperative	Common	Filipino	25	25	25,000.00	0.00	25,000.00	0.03%
	<b>TOTAL</b>			<b>25,617</b>	<b>21,348</b>	<b>21,348,000.00</b>	<b>4,269,000.00</b>	<b>25,617,000.00</b>	<b>27.16%</b>



Name of Stockholder	Type of Share	Citizen-ship	No. of Shares Sub-scribe	No. of Shares Paid	Paid-in Capital	Subscription Receivable	Amount Subscribed	Ratio of Paid-in Capital to Total Amount Subscribed	
<b>PIKIT</b>									
106	Samahang Magniniyog ng Pikit Coop	Common	Filipino	144	131	131,000.00	13,000.00	144,000.00	0.17%
<b>DISTRICT 5</b>									
<b>ALAMADA</b>									
107	Lower Dado Credit Cooperative	Common	Filipino	1,384	868	868,000.00	516,000.00	1,384,000.00	1.10%
108	Pigcawaran Marketing Cooperative	Common	Filipino	1,518	1,518	1,518,000.00	0.00	1,518,000.00	1.93%
109	San IsidroTabara Producers Cooperative	Common	Filipino	52	34	34,000.00	18,000.00	52,000.00	0.04%
	<b>TOTAL</b>			<b>2,954</b>	<b>2,420</b>	<b>2,420,000.00</b>	<b>534,000.00</b>	<b>2,954,000.00</b>	<b>3.08%</b>
<b>LIBUNGAN</b>									
110	Batiocan Consumers Cooperative	Common	Filipino	2,361	1,922	1,922,000.00	439,000.00	2,361,000.00	2.45%
111	Cabpangi Credit Cooperative	Common	Filipino	456	366	366,000.00	90,000.00	456,000.00	0.47%
112	Cotabato Worksmen Integrated Service Coop	Common	Filipino	31	31	31,000.00	0.00	31,000.00	0.04%
113	Cotabato Midsayap Operator & Drivers Coop	Common	Filipino	51	51	51,000.00	0.00	51,000.00	0.06%
114	Gumaga MPC	Common	Filipino	454	454	454,000.00	0.00	454,000.00	0.58%
115	Baguer Credit Cooperative	Common	Filipino	333	237	237,000.00	96,000.00	333,000.00	0.30%
116	ND Libungan Parish MPC	Common	Filipino	107	102	102,000.00	5,000.00	107,000.00	0.13%
117	Ulamian Credit Cooperative	Common	Filipino	812	692	692,000.00	120,000.00	812,000.00	0.88%
118	Libungan Marketing Coop	Common	Filipino	400	400	400,000.00	0.00	400,000.00	0.51%
	<b>TOTAL</b>			<b>5,005</b>	<b>4,255</b>	<b>4,255,000.00</b>	<b>750,000.00</b>	<b>5,005,000.00</b>	<b>5.41%</b>
<b>PIGCAWAYAN</b>									
119	Bulucaon Farmers MPC	Common	Filipino	1,174	982	982,000.00	192,000.00	1,174,000.00	1.25%
120	Capayuran Farmers Credit Cooperative	Common	Filipino	619	558	558,000.00	61,000.00	619,000.00	0.71%
121	Malu-ao Farmers Credit Cooperative	Common	Filipino	224	170	170,000.00	54,000.00	224,000.00	0.22%
122	Midpapan 1 Credit Cooperative	Common	Filipino	510	411	411,000.00	99,000.00	510,000.00	0.52%
123	Poblacion 2 SN	Common	Filipino	9	9	9,000.00	0.00	9,000.00	0.01%
124	Pigcawayan Agro-Economic Dev't Coop	Common	Filipino	23	23	23,000.00	0.00	23,000.00	0.03%
125	Pigcawaran Market Vendors Assoc.	Common	Filipino	28	28	28,000.00	0.00	28,000.00	0.04%
126	Upper Baguer SN Integrated Coop	Common	Filipino	1,378	1,177	1,177,000.00	201,000.00	1,378,000.00	1.50%
	<b>TOTAL</b>			<b>3,965</b>	<b>3,358</b>	<b>3,358,000.00</b>	<b>607,000.00</b>	<b>3,965,000.00</b>	<b>4.27%</b>
<b>POLOMOLOK</b>									
127	POLMARGEN Transport MPC	Common	Filipino	25	25	25,000.00	0.00	25,000.00	0.03%
	<b>TOTAL</b>			<b>25</b>	<b>25</b>	<b>25,000.00</b>	<b>-</b>	<b>25,000.00</b>	<b>0.03%</b>
<b>TOTAL COMMON SHARES</b>				<b>92,309</b>	<b>78,592</b>	<b>78,592,000.00</b>	<b>13,717,000.00</b>	<b>92,309,000.00</b>	<b>100.00%</b>

Name of Stockholder		Type of Share	Citizen-ship	No. of Shares Sub-scribe	No. of Shares Paid	Paid-in Capital	Subscription Receivable	Amount Subscribed	Ratio of Paid-in Capital to Total Amount Subscribed
<b>PREFERRED SHARES "A"</b>									
	<b>"A" Development Bank of the Philippines</b>	<b>Preferred</b>							<b>0.00%</b>
<b>PREFERRED SHARES "C"</b>									
1	Inac SN	Preferred	Filipino	37	37	37,000.00		37,000.00	1.52%
2	Concepcion SN	Preferred	Filipino	33	33	33,000.00		33,000.00	1.35%
3	Malabuan SN	Preferred	Filipino	9	9	9,000.00		9,000.00	0.37%
4	Del Carmen SN	Preferred	Filipino	21	21	21,000.00		21,000.00	0.86%
5	Manna Farmers Agriculture Cooperative	Preferred	Filipino	32	32	32,000.00		32,000.00	1.31%
6	Libo-o SN	Preferred	Filipino	33	33	33,000.00		33,000.00	1.35%
7	New Antique SN	Preferred	Filipino	10	10	10,000.00		10,000.00	0.41%
8	Bangilan SN	Preferred	Filipino	251	251	251,000.00		251,000.00	10.28%
9	Lower Malamote SN	Preferred	Filipino	672	672	672,000.00		672,000.00	27.53%
10	Lower Paatan SN	Preferred	Filipino	84	84	84,000.00		84,000.00	3.44%
11	Poblacion SN	Preferred	Filipino	46	46	46,000.00		46,000.00	1.88%
12	Katidtuan Marketing Cooperative	Preferred	Filipino	74	74	74,000.00		74,000.00	3.03%
13	Upper Paatan SN	Preferred	Filipino	865	865	865,000.00		865,000.00	35.44%
14	Central Katingawan SN	Preferred	Filipino	33	33	33,000.00		33,000.00	1.35%
15	Sinawingan Credit Cooperative	Preferred	Filipino	161	161	161,000.00		161,000.00	6.60%
16	Manuangan SN	Preferred	Filipino	11	11	11,000.00		11,000.00	0.45%
17	Tigbawan SN	Preferred	Filipino	22	22	22,000.00		22,000.00	0.90%
18	Tubon SN	Preferred	Filipino	22	22	22,000.00		22,000.00	0.90%
19	Engr. Teodorico Junio	Preferred	Filipino	25	25	25,000.00	-	25,000.00	1.02%
	<b>TOTAL PREFERRED SHARES "C"</b>			<b>2,441</b>	<b>2,441</b>	<b>2,441,000.00</b>		<b>2,441,000.00</b>	<b>100.00%</b>
	<b>TOTAL PREFERRED SHARES</b>			<b>2,441</b>	<b>2,441</b>	<b>2,441,000.00</b>		<b>2,441,000.00</b>	<b>100.00%</b>

# BOARD OF DIRECTORS



Gil D. Pastolero  
Erma R. Odal  
Jelito G. Jugas  
Cecille D. Colima  
Ricardo M. Carmona  
Marianita D. Soterno  
Mary Grace S. Macadato

*Chairman*  
*Vice-Chairman*  
*Director*  
*Director*  
*Director*  
*Director*  
*BOD Secretary*



# SENIOR MANAGEMENT



Rolly R. Dela Cruz, MBA

Jesus S. Jauod

Edelle G. Hernandez, CPA, MBA

Liezl L. Magbanua, MBA

Defer R. Villaruz, MBA

*President*

*Vice President for Administrative Services*

*Vice President for Finance*

*Vice President for Credit Management*

*Vice President for Branch Operations*

# BRANCH MANAGERS



Edgardo V. Baria, Jr.  
Myrna R. Cantoja  
Charlemagne V. Rodriguez  
Lloyd Dex C. Cordero

*Branch Manager, Bansalan*  
*Branch Manager, Antipas*  
*Branch Manager, Koronadal*  
*Branch Manager, Isulan*

Genalyn C. Tuban  
Juan D. Paman  
Arlene Joy P. Porras  
Rowie P. Yu  
Hermelita O. De Vera

*Branch Manager, Head Office*  
*Branch Manager, Midsayap*  
*Branch Manager, Mlang*  
*Branch Manager, Pigcawayan*  
*Branch Manager, Kabacan*





Allan A. Aquino  
Leah Eugenio  
Marvin Glenn D. David  
Jackshon B. Sedano

*Branch Manager, Surallah*  
*Branch Manager, Polomolok*  
*Branch Manager, Lebak*  
*Branch Manager, Don Carlos*

John Elmer P. Morales  
Ername T. Cariño  
Rosebel C. Jerez  
Glenn O. Parreño  
Merben Baring

*Branch Manager, Sulop*  
*Branch Manager, Tacurong*  
*OIC Manager, Makilala Branch-Lite*  
*OIC Manager, Sta. Cruz*  
*Branch Manager, Glan*

# CREDIT MANAGERS



Janifer Masanit  
Beneson S. Eballes  
Rhea May O. Oswa  
Jefferson Madrid

*Area Credit Manager*  
*Area Credit Manager*  
*Area Credit Manager*  
*Area Credit Manager*



# UNIT MANAGERS



Ernie C. Sescar  
Mark John Doronila  
Jude A. Dacutan, CPA  
Atty. Dionesio T. Alave, Jr., MBA  
Diane Jane D. Escarlan, CPA, MBA  
Florellyn S. Pagaduan  
April Marie G. Irig

*Security Officer*  
*Acting Internal Auditor*  
*Accounting Manager*  
*Legal Officer concurrent Planning Officer*  
*Chief Compliance Officer*  
*HR Manager*  
*Research Development and Marketing Manager*



# EXECUTIVE OFFICE





# HEAD OFFICE





# MIDSAYAP BRANCH





# MLANG BRANCH





# PIGCWAYAN BRANCH





# ANTIPAS BRANCH





# KABACAN BRANCH





# ISULAN BRANCH





# KORONADAL BRANCH





# BANSALAN BRANCH





# SURALLAH BRANCH





# POLOMOLOK BRANCH





# LEBAK BRANCH





# DON CARLOS BRANCH





# SULOP BRANCH





# TACURONG BRANCH





# MAKILALA BRANCH-LITE





# STA. CRUZ BRANCH





# GLAN BRANCH









# COOPERATIVE BANK of COTABATO

## BRANCHES / OFFICES

### CBC EXECUTIVE OFFICE

CBC Corporate Building  
Lanao, Kidapawan City  
Tel No.: (064) 572-1592  
Mobile No.: 09694510586

### CBC HEAD OFFICE:

Jose Abad Santos Street, Poblacion, Kidapawan City  
Tel No.: (064) 428-1290  
Mobile No.: 09283817881

### CBC MIDSAYAP BRANCH

Sto. Niño St., Poblacion 1,  
Midsayap, Cotabato  
Telefax No.: (064)428-1932  
Mobile No.: 09517889506

### CBC MLANG BRANCH

George Gauran Sr. St.  
M'lang, Cotabato  
Tel No.: (064) 572-0034,  
(064) 428-1659  
Mobile No.: 09283817804, 09156126738

### CBC PIGCAWAYAN BRANCH

Corner Roxas & Sinsuat Sts.,  
Pob. 2, Pigcawayan, Cotabato  
Tel No.: (064) 521-3001  
Mobile No.: 09484634896

### CBC ANTIPAS BRANCH

Public Market, Poblacion,  
Antipas, Cotabato  
Mobile No.: 09109990740

### CBC KABACAN BRANCH

Rizal Avenue, Poblacion,  
Kabacan, Cotabato  
Tel Nos.: (064) 572-2416, (064) 572-428-1107  
Mobile No.: 09124396008, 09811182604,  
09776109546

### CBC ISULAN BRANCH

National Highway, Kalawag II,  
Isulan, Sultan Kudarat  
Tel No. (064) 201-7010  
Mobile No.: 09125420058, 09175052507

### CBC KORONADAL BRANCH

Jose Abad Santos St.,  
Barangay Zone 3, Koronadal City  
Tel No.: (083) 878-4574  
Mobile No.: 09702459913

### CBC BANSALAN BRANCH

Viacrusis St., Poblacion Dos,  
Bansalan, Davao del Sur  
Tel No.: (082) 272-3629  
Mobile No.: 09300744766

### CBC SURALLAH BRANCH

289 Allah Valley Drive, Zone 1  
Libertad, Surallah, South Cotabato  
Tel No.: (083) 887-7916  
Mobile No. 09690773592

### CBC POLOMOLOK BRANCH

Citizen's Village, Cannery Road,  
Polomolok, South Cotabato  
Tel No.: (083) 310-8649  
Mobile No.: 09383483304

### CBC LEBAK BRANCH

Poblacion 1,  
Lebak, Sultan Kudarat  
Mobile No.: 09120815398

### CBC DON CARLOS BRANCH

Corner Rizal & Diego Silang Sts.,  
Poblacion Sur, Don Carlos, Bukidnon  
Tel No.: (088) 314-8263  
Mobile No.: 09100596208

### CBC SULOP BRANCH

Poblacion, Sulop, Davao Del Sur  
Mobile Nos.: 09811068753,  
09162077500

### CBC TACURONG BRANCH

Magsaysay Avenue,  
Tacurong, Sultan Kudarat  
Mobile No.: 09603173983

### CBC MAKILALA BRANCH - LITE

National Highway,  
Poblacion, Makilala, Cotabato  
Mobile No.: 09090626811, 09668915015

### CBC SANTA CRUZ BRANCH

National Highway, Zone 3,  
Poblacion, Santa Cruz, Davao del Sur  
Mobile No.: 09667543910,  
09094375727

### CBC GLAN BRANCH

Sta. Catalina Avenue, Glan,  
Sarangani  
Mobile No.: 09530659284,  
09124607409

## PRODUCTS AND SERVICES

### DEPOSITS:

1. Basic Deposit
2. Regular Savings Deposit
3. Time Deposit
4. Special Savings Deposit
5. Kiddie Savers
6. Youth Savers
7. Demand Deposit

### LOANING PROGRAMS:

1. Agricultural Loan
2. Credit Line
3. Commercial Loan
4. Small Medium Enterprise (SME) Loan
5. Back to Back Loans
6. Industrial Loans
7. Salary Loans
8. Pension Loan
9. Multi-Purpose Loan
10. Vehicle Loan
11. Personal Loan
12. Microfinance Loan

## MEMBER

Philippine Deposit Insurance Corporation (PDIC) • Cooperative Banks Federation of the Philippines (BANGKOOP)  
Rural Bankers Association of the Philippines (RBAP) • Mindanao Federation of Cooperative Banks (MFCB)  
Mindanao Microfinance Council (MMC)

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### The Annual Report Committee

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John Mark R. Doronilla, Nelepol B. Mata, Reynaldo O. Panaligan, Jr., Ernie L. Sescar, Dexter Pinagayao