

ICCB

ILOCOS CONSOLIDATED COOPERATIVE BANK
"Sa ICCB Kuntento ka na, Asenso ka pa"
BAGANI CAMPO, CANDON CITY, ILOCOS SUR



3rd ANNUAL GENERAL ASSEMBLY MEETING

2022

July 29, 2022 at CJC Events place
City of Batac, Ilocos Norte

Theme:
"ICCB: RESPONSIVE COOP BANK FOR COUNTRYSIDE
DEVELOPMENT"





VISION

**AN EMPOWERED AND SUSTAINABLE COOPERATIVE
BANK IN LUZON**

MISSION

- 1.) To provide financial products and services and help in the countryside development.**
- 2.) To develop partnership with stakeholders for economic endeavors.**
- 3.) To provide career development for employees and officers of the Bank.**
- 4.) To undertake community efforts consistent with our Vision statement.**

CORE VALUES

- I- INTEGRITY (Upholds Honesty & fairness)**
- C- COMPETITIVE (Better than others)**
- C- COMPLIANT (Law abiding Coop Bank/Institution)**
- B- BEST IN LUZON (Top Performing Coop Bank)**
- "AND FAITH IN GOD"**

TAGLINE

"sa ICCB, kuntento ka na, asenso ka pa"

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MESSAGE

ALBERTO A. SABARIAS

Regional Director

Cooperative Development Authority – Region 1



I am deeply honored to extend my cordial greetings to the Ilocos Consolidated Cooperative Bank (ICCB) as you hold your third (3rd) Annual General Assembly Meeting.

ICCB has already managed to exude its best in the realms of financial and credit programs and services, as well as development, with a strong sense of commitment to traversing with the best of possibilities for the interest and welfare of its clientele. This general assembly provides the best avenue to discuss more programs for future development. It is gratifying to involve your cherished officers and members in the presentation of your operational successes as well as in your current activities and programs.

Without a doubt, the ICCB has already made promising beginnings. This year's theme, "ICCB: Responsive Coop Bank for Countryside Development," best describes the collective strength and cooperative efforts of ICCB which has been manifested by its determination to uplift the quality of life of all members through the provision of responsive and qualified banking services, programs, and achievements geared toward serving fully the needs of the members in the City of Candon. In just three years, we can attest that these efforts are noble, laudable, and worthy of emulation. Your leaders have been committed to improving the quality of life of its members which is the true essence of cooperativism.

I commend ICCB for taking the initiative to publish this Commemorative Book, which strives to showcase the cooperative's accomplishments, best practices in good governance, and initiatives to contribute to socioeconomic development. May you continue to experience the joy of togetherness and cooperation, as well as the capacity to accomplish as you work together toward a common goal. I applaud your resourcefulness and innovation in your operations, as well as the various financial and credit services that you provide to the cooperatives and its members.

As we gather today, let us not forget to thank the Almighty God for all His blessings, for His being is the ultimate source of all things. Let us offer everything to Him and make Him the center of the festivities and of our lives.

Mabuhay ang Kilusang Kooperatiba! Mabuhay ang ICCB!



COOPERATIVE MESSAGE



ALEXANDER B. RAQUEPO
Chairperson of the Board of Directors

My warmest cooperative greetings to the owner-cooperatives and all stakeholders of Ilocos Consolidated Cooperative Bank (ICCB) on the occasion of its 3RD Annual General Assembly with the theme **"ICCB: Responsive Cooperative Bank for Countryside Development"**.

Indeed, we have responded well and we will continue to do so for the sake of countryside development. COVID-19 was and still a big test and challenge for us. However, our resiliency and commitment made our 2021 operations very satisfactory. We have never stopped our operations in 2021 and delivered our services as economic frontliners to communities and individuals who trusts and banks with us.

We believe that this 2022 will be a better year for us with the grace of the Lord.

I would like to acknowledge and express my sincerest gratitude to our dedicated and loyal management staff, Board of Directors and officers for working hard to achieve our targets for 2021. The support of our member-cooperatives, countryside development partners and depositors was also inspiring as they remained supportive to the plans and programs of ICCB.

Your continued support, patronage and prayers are vital in sustaining ICCB operations. I therefore enjoin everyone to continue trusting ICCB and let's help build and nurture a better future for all of us.

Together, let us work and pray for a better and more successful ICCB.

Agbiag ti ICCB. Agbiag ti Kooperatiba.



MESSAGE



RUBEN R. HABON

President

Our dear friends, colleagues, stockholders & members of the Ilocos Consolidated Cooperative Bank, I send to you my warmest greetings for this 3rd General Assembly of Ilocos Consolidated Cooperative Bank. We were able to reach the 5-year mark since the bank's consolidation yet due to this worldwide health pandemic restricting physical meetings, we can only meet again this year for this assembly with the theme: **Responsive Coop Bank for Countryside Development.**

Through this theme, we would like to express our pleasure to live by the mission and be guided by the vision of the bank in continuously providing products and services that will especially cater and improve the customers' quality of life while taking good care of the entrusted funds by the stakeholders. We look forward on growing relationships with our clients, develop together with its member-shareholders and to take the conventional cooperative banking into another level.

By maintaining a strong connection, living the spirit of cooperativism, we will be able to continue bringing in premium services to all loyal patrons of the Cooperative Bank.

Again, in our pursuit of excellence, may no one be left behind. God bless us all!



June 7, 2022

NOTICE

OF THE 3RD ANNUAL GENERAL ASSEMBLY MEETING OF ILOCOS CONSOLIDATED COOPERATIVE BANK

Dear Fellow Cooperators,

We experienced difficult situations during previous years which caused the cancellation of the two consecutive Annual General Assemblies of our Bank from 2020-2021 due to the Pandemic Covid-19.

With the declaration of IATF, we are very happy and grateful that gradually Pandemic is out from our way as almost all of us now are vaccinated.

Anent, the Board approved for the conduct of our Annual Regular General Assembly Meeting for the Year 2022 via face to face on **July 29, 2022 @ 8:00 A.M. at CJC Events Place, Batac City, Ilocos Norte with the Theme: ICCB: Responsive Coop Bank for Countryside Development.**

The agenda of the Annual Meeting are as follows:

1. Call to order by the Chairman;
2. Roll call and declaration/consideration of presence of quorum by the Secretary;
3. Reading, consideration and approval of the minutes of the previous meeting;
4. Presentation and approval of the reports of the Board of Directors, Officers and Committees, including audited financial statements of the Bank, CDA and/or BSP and Operational Annual Plan 2022;
6. New business;
 - i. Proposed amendment of Election Guidelines;
 - ii. Election of Board of Directors and Election Committee;
 - iii. Hiring of External Auditor; and
 - iv. Other related business matters.
 - a. Dividend and Patronage Refund for CY 2021
7. Announcement (Optional);
8. Adjournment

The Board approved the following concerns for the conduct of the 3rd Annual Meeting:

1. **Two (2) delegates are allowed (amended, instead of one) per coop member to attend the meeting - the Board Chairperson & Manager or CEO or two authorized representatives and one of them will be the voting delegate; and**
2. Allowance of representatives will be given, P1000 per coop;

Please confirm until June 15, 2022 and *kindly* fill-up the attached Confirmation Form and send to ICCB Head Office at Bagani Campo, Candon City, Ilocos Sur or thru email address icbcorpsec@yahoo.com or you may call our **land line at Corporate Office # 077-674-0312** or text to **Mobile Phone- smart # 09189471630 or globe # 09458154486.**

Thank you.

Sincerely yours,

(sgd)ROSITA S. ANGALA
Corporate Secretary

Note: THIS IS A FOLLOW UP NOTICE OF AGA with amendment of the previous notice dated April 5, 2022.

**ICCB 3rd Annual General Assembly Meeting
July 29, 2022****CONFIRMATION OF ATTENDANCE**

Name of Cooperative: _____

Address: _____

Telephone No.: _____

Email Address: _____ Tel. No. _____

NAME OF DELEGATE	POSITION IN THE COOP	GENDER	EMAIL ADD (Gmail ad only)	CONTACT NO

Reserved by:

Signature over Printed Name

Note: Please submit/send this form to ICCB Corporate Secretary's Office,
Candon City, Ilocos Sur or email at iccbcorpsec@yahoo.com. Thank you.



3RD ANNUAL REGULAR GENERAL ASSEMBLY

July 29, 2022, Friday, CJC EVENTS PLACE, City of Batac, Ilocos Norte

THEME: "ICCB: RESPONSIVE COOP BANK FOR COUNTRYSIDE DEVELOPMENT"

P R O G R A M

Time	Activities	Person Responsible
8:00-9:30	Registration of representatives/delegates at the front desk	Secretariat
9:30-10:00	Preliminaries	
	<ul style="list-style-type: none"> Invocation 	ICCB BM Aries D. Martin
	<ul style="list-style-type: none"> Pambansang Awit 	c/o ICCB IT Manager Jermin R. Arlantico
	<ul style="list-style-type: none"> Cooperative Pledge/Hymn 	
	Welcome Remarks	Area Manager-North Erwin Lutap
	Inspirational messages of Guest and CDA updates	Mr. Alberto A. Sabarias Regional Director CDA-Dagupan Extension Office
	Response	ICCB BOD Chairperson Alexander B. Raquepo
	Awarding of Certificates & Tokens to Guest/Retirees/Cooperative Members	Board of Directors and Senior Management
	Emcees: <ul style="list-style-type: none"> ICCB Bantay Branch NAP Mark Joseph P. Tabucol ICCB HCAO Geneveve A. Baoit 	
	ICCB 3rd AGA Business Proper	
	1. Call to order;	COB Alexander B. Raquepo
	2. Proof of due notice	Secretary Rosita S. Angala
	3. Roll Call	Secretary Rosita S. Angala
	4. Quorum determination	Secretary and Chairperson
	5. Approval of agenda	COB Alexander B. Raquepo
	6. Reading and consideration of the 2 nd AGA minutes	COB Alexander B. Raquepo
	7. Business matters arising from the 2 nd AGA minutes	COB Alexander B. Raquepo
	<i>Recess/lunch break Note: Raffle and draw will be done during lunch break.</i>	
	8. Presentation of Candidates	
	9. Reports	
	a) Ethics Committee, Conciliation and Mediation Committee, GAD Committee, Corporate Governance Committee, Education Committee, Credit Committee and Audit Committee	Chairpersons of the different Committees
	b) Election Committee	Mr. Virgilio B. Abaag
	c) Board of Directors	COB Alexander B. Raquepo
	d) Management Report	Pres. Ruben R. Habon
	e) Audited Financial Statements <ul style="list-style-type: none"> Comparative audited Financial Statements 	Pres. Ruben R. Habon
	10. New Business – Action on the following:	
	a) Proposed amendments on the election guidelines (AGA resolution)	Mr. Virgilio B. Abaag, ELECOM Chairperson
	b) Proposed amendments on the articles of cooperation and bylaws (AGA resolution)	COB Alexander B. Raquepo
	c) Appointment of 2022 External Auditor	COB Alexander B. Raquepo
	d) Approval and confirmation of 2022 operational budget	President Ruben R. Habon / Chief Accountant Markdan A. Dayap
	11. Other matters Confirmation of Dividends/Patronage Refund 2021	COB Alexander B. Raquepo
	12. Election of Board of Directors, Committees and proclamation of elected officers	Election Committee/ADHOC committee
	13. Adjournment	
	<i>Snacks</i>	



MINUTES OF THE 2nd ANNUAL GENERAL ASSEMBLY MEETING OF ILOCOS CONSOLIDATED COOPERATIVE BANK HELD ON APRIL 12, 2019, FRIDAY, 8:00 A.M. AT CANDON CITY CIVIC CENTER, CITY OF CANDON , ILOCOS SUR.

Present: 75 Primary Cooperatives of 126 Representatives and 8,128 votes

AREA I- ILOCOS NORTE- 34 COOPS AND 4,042 VOTES

#	NAME OF COOP	NO. OF VOTES	#	NAME OF COOP	NO. OF VOTES
1	Nagpatayan MPC	28	19	BANGKOOP	1,610
2	Fortuna Credit Coop	99	20	San Juan MPC	59
3	Marcos Farmers MPC (Escoda)	134	21	Ab-abut SN Dev't Coop	9
4	Garnaden MPC	6	22	San Antonio MPC	20
5	Bagbag SN MPC	14	23	Sucusuquen SN MPC	12
6	Corocor Consumers Cooperative	36	24	Piddig Basi MPC	1
7	Payac MPC	48	25	CBIN Employees Dev't Coop	414
8	Binarmappa MPC	175	26	San Joaquin MPC	381
9	Batac Procoma MPC	28	27	Sarrat Namnama MPC	259
10	Cabaruan/Nangalisan MPC	9	28	Salukag MPC (Bulbulala)	70
11	Camguidan (SN) MPC	20	29	Casili Credit Coop	32
12	Capacuan MPC	7	30	DWCL MPC	23
13	Colo MPC		31	Navotas B MPC	49
14	Quiling Sur MPC	191	32	Magumbayan MPC	116
15	Linang Paoay Agr—Dev't MPC	66	33	Baduang SN MPC	2
16	Salbang San Agustin MPC	56	34	Zanjera MPC	6
17	Sungadan MPC	55			
18	Mumulaan MPC	7			
	TOTAL				4,042

AREA II- ILOCOS SUR 41 COOPS AND 4,806 VOTES

#	NAME OF COOP	NO. OF VOTES	#	NAME OF COOP	NO. OF VOTES
1	Adventist MPC	27	21	Metro Parioc MPC	9
2	Anaao Mannalon MPC	52	22	Metro Paypayad MPC	67
3	Bayanihan MPC	15	23	NORLU CEDEC	124
4	Burgos-Sta. Maria Irrigators Coop	27	24	NSCC	1,088
5	Candon City Coconut Farmers ARC	6	25	Printing and Publishing MPC	11
6	Candon City GE MPC	44	26	Quirino IS Farmers Credit Coop	36
7	Candon City F S & C Coop	5	27	Ranget MPC	3
8	Candon City Trykers MPC	100	28	SACDECO	1,043
9	FACBET MPC	115	29	Sacred Heart Savings Coop	626
10	Free Farmers (Cabugao)	6	30	San Juan Teachers MPC	3
11	Fatima (Vigan) MPC	210	31	San Emilio MPC	6
12	Good Steward Saving Cooperative	10	32	San Vicente MPC Soriaon MPC	8
13	Ilocos Sur Seed Growers MPC	3	33	Soriaon MPC	3
14	Kailian(formerly ISUDECO)	437	34	Sto. Domingo Dev't Coop	40
15	Lugarba MPC	36	35	Sugpon MPC	42
16	Macati ARC	12	36	Suyo Consumers Coop	8
17	Margaay MPC	27	37	Suyo MPC	443
18	Masigasig Masipag MPC	4	38	Tagudin National HS MPC	11
19	Metro Bugnay MPC	8	39	Tagudin S & C Coop	46
20	Metro Lungog MPC	26	40	Tagudin Senior Citizen D & F MPC	8
			41	Tubigay MPC	11
	TOTAL				4,806



I. REGISTRATION STARTED AT 8:00 A.M.

II. OPENING PROGRAM:

The 2nd Annual General Assembly Meeting of Ilocos Consolidated Cooperative Bank was officially started at 9:36 in the morning. Loan Officer Aries Martin and Accounting Assistant Rhean Mae Escobar were the Masters of Ceremonies. The Guests and Board of Directors were requested to occupy the presidential table.

- Invocation** was led by Branch Manager Bernadette G. Quimoyog.
- Singing of the National Anthem** "Lupang Hinirang" conducted by Bank Executive Officer May Ann D. Respicio.
- Presentation of Guests, Board of Directors, Bank Officers and Delegates** was done by Corporate Secretary Rosita S. Angala.
- Welcome Address**

Vice Chairman Prudencio F. Consolacion warmly greeted everyone and welcomed all delegates and Guest of this 3rd Annual General Assembly of Ilocos Consolidated Cooperative Bank. He expressed his gratitude and congratulated everyone for attending this meeting which signifies the support of each as the Bank continuously grow serving for community development entire Luzon.

e. Messages of Guests

REGIONAL DIRECTOR JOSEFINA B. BITONIO greeted each and everyone for attending the second Annual General Assembly of Ilocos Consolidated Cooperative Bank. She highlighted on the theme: "ICCB: Together, Overcoming Challenges and Succeeding Through Consolidation". Dir. Bitonio emphasized the meaning of being **Together** – there is a beauty and power about cooperative- regardless of type and category. Coops come in all shapes and sizes (MSML-B/dwarf to giants) in all sectors of the economy. They have the capacity to connect to individual and individual interest of common people. Together or solidarity- one word captures all of this. Working together, building together working on a web-branches, satellite, federations, union at the local-regional then national; to international. International Cooperative Alliance (ICA) has 3M member coops with 1.2B members and 7.5B population which is 16% of the world's population. Base on this figure globally we are force to reckon with organizations. Philippines has 26,000 coops with 7M membership- 12.5% of a voting population of 55M. In region 1, we have a membership of 500k against a voting population of 3M= 16% (more rooms for improvement and we open doors for more benefits, more serve people & more eco opportunities).

Coop is like a magnet it draws interest, bring people together, we consciously connect, speak the same language, we are on the same page serve the common good for all. Coop means we are conscious of taking care of each other.

ICCB is like a salt, it adds value to their immediate community where decisions and actions have the most impact.

Overcoming Challenges

- Both for secondary and primary coops help affiliates and members realize their common needs and

aspiration. Serve the common good for all. Be an agent of socio eco change.

- Help improve the performance of your primary cooperatives (mentoring small cooperatives especially on their formative years 1-5 years).
- Help reduce unemployment, underemployment, job insecurity food insecurity and more social protection- health, agent for SSS, mutual aide, etc.
- For the officers, application of good governance practices. Honest application and respecting the laws by the government or policies that the coop bank had formulated.
- Managerial efficiency a deeper and sensitive responsibility for everything people and utilizing of resources.
- For members help the coop to create and maintain a positive image.

Consolidation is a deeper relationship with the members. ICCB work better when it is networked, bring people together, work together, building together.

Essentially consolidation will create a larger and stronger financial institution with a wider market as a result of synergy, cost savings and competitive advantage.

In closing, she said that change is possible, economic dignity can be achieved because the power comes from the people who believed that cooperative can be part of the solution thru social integration, job creations and the reduction of poverty.

Director Bitonio encouraged coop leaders to continue promoting and building a better lives for all. Again, she congratulated everyone and said Mabuhay tayong lahat!

f. Response of the Chairman of the Board

BOD CHAIRPERSON NORMA S. CIPRIANO greeted all cooperative-members representatives of Ilocos Consolidated Cooperative Bank for a pleasant morning most especially Guest Speaker Reg. Director Josefina B. Bitonio & her co-employees of CDA DEO, her co- Board of Directors, elected and appointed Officers and Management Staff of ICCB.

Chairman Cipriano expressed her gratitude and acknowledged the message of Reg. Dir. Josefina Bitonio as very vital to everyone. Her message inspired every coop leader to pursue existing plans and programs of respective cooperative.

ICCB members gathered today for the holding of the 2nd AGA to recognize the result and status of our Bank from its 1st year of one-month operation to today. Chairperson Cipriano expressed her gratitude to everyone for the smooth operation of our Bank. The members' support which gave us encouragement to continue serve and implement the Bank's program and services to the community. She encouraged all members to continue in patronizing the services and capital build up program of the Bank.

Today, ICCB is one of the most successful Coop Bank among the four consolidated cooperative banks in the Philippines and the Chair is very proud of telling it with an asset of P1.5B now.

Being consolidated Bank, working together, building together with our different affiliates, federations & union at the local-



regional national and local government units, all together we work to face and conquer challenges to attain a progressive Cooperative Bank.

ICCB assisted its members and clients to improve their lives and now the Bank has plan for expansion to start at Cagayan and Pangasinan. Chairman Cipriano said that the bank will continue of what we have started to unite our cooperative members through mentoring them for a better service to the public, extending assistance to strengthen respective services to their members and community as a whole. Rest assured we will continue to help and serve one another in our own cooperative for the betterment of the entire nation. Lastly, she extended her gratitude to all benefactors, and stakeholders who continuously giving support and patronize the services of the Bank and she congratulated everyone for attending the second annual general assembly meeting of Ilocos Consolidated Cooperative Bank.

CDA CDS II MR. FLORENTINO LORENZANA was called to give his message. He greeted everyone especially the ICCB BOD headed by Chairperson Norma S. Cipriano and Management Staff headed by President Alberto B. Gudoy and all Stockholders of the bank with special guests from Much Better Service (MBS) and Cooperative Life Insurance Mutual Benefit System (CLIMBS). As Cooperative Development Authority CDS II, he expressed gratitude and happiness for gracing the growth of ICCB even during the development of both constituent banks-ISCB & CBIN. He took this chance to congratulate everyone as he challenged all members to coordinate and help one another to improve more the operations of ICCB as the only one coop bank for cooperatives in Northern Luzon. He hoped that in the years to come ICCB will reach its goal serving its stakeholders.

SPONSORS for this annual assembly were announced:

1. Coop Life Members Benefit System (CLIMBS) and
2. Much Better Service (MBS)

AWARDING OF TOKENS AND CERTIFICATES OF GUESTS were done by the Board of Directors headed by Chairperson of the Board, Norma S. Cipriano, President Alberto Gudoy and General Manager Ruben R. Habon. Prizes for raffle draw were awarded to lucky winners.

PRESENTATION OF CANDIDATES for the position of Board of Directors and Election Committee was done by Election Committee Chairperson Virgilio A. Abaag. The candidates were given a two minutes campaign for their candidacy. The following candidates were called:

NAME OF CANDIDATE	POSITION APPLIED FOR
AREA I	
1. Campañano, Oscar V., - Binarmappa MPC	Board (Regular)
2. Pascual, Crispina M., - Magumbayan MPC	Independent Director
AREA II	
1. Bucalen, Romy, A. - Candon City Government Employees MPC	Board (Regular)
2. Soliven, Segundino, V. - Metro Paypayad MPC	Board (Regular)

AT LARGE	
1. Agnir, Valeriano P., - Sarrat Namnama MPC	Independent Director
2. Cipriano, Norma S., - Suyo MPC	Board (Regular)
ELECTION COMMITTEE	
1. Toralba, Luz N., Adventist MPC of Ilocos	Election Committee

Election Committee Chairperson Mr. Virgilio Abaag mentioned the case of Mrs. Luz Toralba of Adventist MPC of Ilocos who filed her candidacy as member of Election Committee. Mrs. Toralba did not meet the # 4 qualification to increase the share capital of her coop by at least P50,000 per year.

Mr. Virgilio Abaag informed the case of Mrs. Toralba to the general assembly as she was disqualified although she has the willingness to serve as Committee. Mrs. Toralba is appealing to the Election Committee for the consideration and so Mr. Abaag opened this case to the General Assembly.

Raised Questions were:

1. Mrs. Ma. Luz Bilaoen of Good Steward MPC commented and questioned of allowing the candidacy of Mrs. Toralba to run as election committee if she does not meet the requirements as per election policy. The policy must be implemented as approved by the General Assembly.

Election Com Chairperson Virgilio Abaag said that the Election Committee did not approve the candidacy of Mrs. Toralba. However, the Committee presented her case as she requested the consideration of the General Assembly.

2. Mr. Efraim Dayap of Metro Bugnay MPC also commented that maybe the General Assembly can consider it even though we have a policy since the Election Committee opened her case. Could it be possible for Mrs. Toralba to complete the share capital of her cooperative during her term as Election Committee.
3. Chairperson Abelardo Dugat of Sacred Heart Savings Coop commented that the policy was approved by the assembly which should be followed by the Election Committee; therefore, the candidacy of Mrs. Toralba is denied. In this way, we followed good governance.
4. Mr. Edwin Carino of Navotas B MPC mentioned the consequence if we stick to the policy such that nobody will be elected/chosen as election com. He suggested for flexibility with this kind of situation because if we disqualify the candidacy of Mrs. Toralba, there will be no more candidate, and nobody will be elected as election com. he suggested to consider the case pf Ms. Toralba because nobody filed a candidacy except her.
5. Mr. Renato Sagun of Tagudin Nat. HS MPC commented that a policy is a policy, no matter how hard it is, we must follow the policy. But policy is subjected to an amendment and since the General Assembly is the highest policy making body, why not let the General Assembly decide the case. He then suggested to repeal the policy.
6. Mrs. Manuela Cadelina of Quiling Sur TG MPC mentioned that she once aimed to file her candidacy as Board of Directors of Ilocos Consolidated Cooperative



Bank but because its constraint her with the policy to give additional share of 50,000. Mrs. Cadelina asked for the consideration to repeal the policy.

7. Dir. Alexander B. Raquipo of SACDECO mentioned that if ever the GA decide today to repeal the policy, the amended policy will be implemented next year. It is the power of the election com to implement the law and if the election com proposed now for amendment then it should had been added part of the agenda. The present election com must act until their replacement or successors will have oath of office or until such time that there is new set of officers.
8. Mrs. Manuela Cadelina of Quiling Sur TG MPC suggested to set with lower amount the required share capital of candidates running for Committee and higher amount of share capital for BOD candidates.
9. Mr. Edwin Cariño of Navotas B MPC agreed to the comment of Dir. Raquipo, and in this case, he moved to stick to the rule and disqualify the candidacy of Mrs. Toralba so that the present members of the Election Com shall remain to their post until such time that they will have successors.
10. Mr. Virgilio B. Abaag mentioned that he was not elected as BOD of his coop (Sugpon MPC) so he is no longer authorized to represent the coop which disqualify him as Election Com member of ICCB. However, Dir. Raquipo said that this matter will be presented to the ICCB Board of Directors for the deliberations of his successor.

After thorough deliberations, the members decided to implement the policy, therefore, Mrs. Luz Toralba of Adventist of Ilocos Sur MPC is disqualified to run as Election Committee for this AGA meeting and the Board shall resolve to fill up the vacant member of Election Committee.

III. BUSINESS MEETING

A. CALL TO ORDER

BOD Chairman Norma S. Cipriano called the meeting to order at 12:45 P.M.

B. PROOF OF NOTICE/DECLARATION OF QUORUM

Corp. Secretary Rosita Angala announced that there was a quorum with 90.53% in attendance for 66 primary cooperative members present for 126 coop representatives as of 9:35 A.M. with a total of 8,796 votes out of 9,716 outstanding voting shares and members in good standing as of March 31, 2019.

C. APPROVAL OF THE PREPARED LIST OF AGENDA:

BOD Chairman Norma S. Cipriano presented the agenda and requested all coop members representatives to read accordingly. After reading, Mr. Efraim A. Dayap of Metro Bugnay MPC moved for the approval of the prepared list of agenda, duly seconded by Ms. Myrna B. Cavinta of DWCL MPC and it was unanimously approved.

A.G.A. Resolution No. 01 S-2019

TO APPROVE THE PREPARED LIST OF AGENDA FOR THIS 2nd ANNUAL GENERAL ASSEMBLY MEETING, to wit:

- A. Call to order by the Chairman of the Board Norma S. Cipriano

- B. Roll call, Reading of the Notice distributed to coop-member representatives and declaration/consideration of presence of quorum by the Corporate Secretary Rosita S. Angala;
- C. Approval of prepared list of agenda
- D. Reading, consideration and approval of the minutes of previous Annual General Assembly held last April 20, 2018;
- E. Matters arising from the minutes;
- F. Acceptance of Reports for 2018:
 - a. Board of Directors and Committees;
 - b. President Alberto B. Gudoy 2018 Annual Reports and
 - c. Chief Accountant Markdan Dayap with the Audited Financial Statements 2018
- G. New Business:
 - a. 2019 Annual Plan and Budget;
 - b. Hiring of External Auditor; and
 - c. Other related business matters such as dividend and patronage refund and the venue of next annual assembly.
- H. Election of Board of Directors and Election Committee Members; proclamation and confirmation of the General Assembly
- I. Announcement (Optional) and
- J. Adjournment

D. READING, CONSIDERATION AND APPROVAL OF THE MINUTES OF PREVIOUS SPECIAL GENERAL ASSEMBLY MEETING

After thorough discussions of the minutes and corrections were made, Mr. Prudencio F. Consolacion of Bangkoop moved to approve the minutes, duly seconded by Mrs. Margarita R. Somera of Fatima Vigan MPC and it was unanimously approved, hence-

A.G.A. Resolution No. 02 S-2019

RESOLVED, TO APPROVE THE MINUTES OF THE 1ST ANNUAL GENERAL ASSEMBLY HELD ON APRIL 20, 2018.

E. MATTERS ARISING FROM THE MINUTES

No matter raised from the minutes.

F. ACCEPTANCE AND APPROVAL OF REPORTS OF COMMITTEES FOR 2018:

1. Ethics Com Report was read by Com Chairman Manuela Cadelina;
2. Conciliation and Mediation Com report was read by Com Chairman John Pre;
3. GAD Com Report was read by Com Chairman Norma S. Cipriano;
4. Corporate Governance Com report was read by Com Chairperson Yolanda T. Domingo;
5. Credit Committee report was read by Com. Chairperson, Mrs. Florida T. Rosario;
6. Risk Oversight Com report was read by Com Chairperson Mrs. Yolanda T. Domingo;
7. Audit Com report as read by Com. Chairperson Mrs. Crispina Pascual; and
8. Election Committee report was read by Com Chairperson Mr. Virgilio Abaag.

Questions raised related to the Election Committee report:



a. Mr. Edwin Carino of Navotas B MPC proposed to amend the election guidelines on no junking policy. There will be no junking of vote, however, the number of votes will be distributed unequally. He expounded that every representative has the right to cast his vote by giving more votes to other candidates. (i.e. 49 votes of one coop will be given in different number of votes to five candidates – candidate 1 ---9 votes, candidate 2--- 10 votes, candidate 3----15 votes, candidate 4----5 and candidate 5----10 votes). We will be using one official ballot and the representative has the right to distribute the number of votes to the candidates.

Dir. Alexander Raquepo agreed to the suggestion as this is now being implemented by other agencies like CLIMBS and MSCB.

After thorough deliberations, moved by Mr. Edwin Carino of Navotas B MPC, duly seconded by Mr. Efraim Dayap of Metro Bugnay MPC, and it was unanimously approved

A.G.A. Resolution No. 3 S-2019

RESOLVED, TO AMEND THE ELECTION GUIDELINES TO INCLUDE IN THE "NO JUNKING OF VOTES, THAT REPRESENTATIVES HAVE THE OPTION TO CAST VOTES WHETHER DISTRIBUTED EQUALLY OR NOT EQUALLY TO THE CANDIDATES."

- b. Regarding the letter "g" qualification of candidate. Mrs. Margarita Somera of Fatima Vigan MPC reiterated for the adoption of the guideline "that candidate must be present during the general assembly meeting". The assembly had unanimously approved.
- c. Regarding the qualification of cooperative for additional share capital per year of P50,000, a proposal was raised by Mrs. Manuela Cadelina of Quiling Sur TG MPC such that those who are running for BOD should have higher share capital by at least P1M. However, Chairman Cipriano said that the proposal of Mrs. Cadelina will prohibit those coop representatives running for Independent Directors.
- d. Mr. Edwin Carino of Navotas B MPC suggested for equitable payment of shares that will not greatly affect capital infusion. He proposed to set limit equated to the capacity to pay of the coop member in this way, we don't pressure the coop to give additional capital.

If our plan is to increase capital infusion, maybe we can market and recruit more within expanded area of the Bank, Mr. Carino added.

Chairman Cipriano accepted the proposal for study of the members of the Board.

- e. Dir. Raquepo commented that it is a challenge to all coop-members to increase their share capital to the Bank.

With this suggestion of Mr. Cariño, Dir. Alexander Raquepo of SACDECO moved to categorize coops and set a graduated capital infusion to ICCB, duly seconded by Mrs. Myrna Cavinta of DWCL MPC.

A.G.A. Resolution No. 4 S-2019

RESOLVED, TO AMEND THE ELECTION GUIDELINES UNDER THE QUALIFICATIONS OF COOPERATIVES, PARTICULARLY LETTER "d" ON CAPITAL INFUSION OF COOPS.

The Cooperative must increase its share capital categorized as follows:

Coop Status based on total asset	Capital infusion every year (Php)
1. Micro Coop	20,000
2. Small Coop	30,000
3. Medium Coop	40,000
4. Large Coop	50,000

After thorough deliberations on the report of the Committees, Mrs. Margarita Somera moved for the approval of the reports, duly seconded by Mr. Prudencio Consolacion.

A.G.A. Resolution No. 5 S-2019

TO APPROVE THE REPORTS OF ETHICS, CONCILIATION & MEDIATION, GAD, CORPORATE GOVERNANCE, CREDIT, RISK OVERSIGHT, AUDIT & ELECTION COMMITTEES.

b. ACCEPTANCE AND APPROVAL OF 2018 ANNUAL REPORT: BOD RESOLUTIONS BY THE CHAIRPERSON AND PRESIDENT ALBERTO B. GUDROY FOR THE PRESENTATION AND APPROVAL OF THE 2018 ANNUAL REPORTS

The annual report was distributed to the coop-members representatives during their registration.

- **BOD Chairman Norma Cipriano** reported to the General Assembly the Board resolutions for year 2018.
- **President Alberto Gudroy** discussed the highlights of the 2018 annual report. The bank's first year of operation has spelled success despite all the challenges that 2018 has brought. The increase of total asset by P220.8M or 16.71% increase from last year is a proof that the Bank has strengthened its sustainability and profitability. The strengthened trust and confidence of the general public on ICCB has been proven by the increase on Deposit amounting to P10.671M as compared to the deposit generated during its first month of operation and the Capital Shares has increased by P19.704M that made it possible to have a risk-based capital adequacy ratio of 14.11% which is much higher than the 10% compliance ceiling set by the BSP.

He presented the amended Bank's VISION, MISSION AND CORE VALUES AND BANK'S TAGLINE as approved by the Board last December 14, 2018 included in the annual report for the consideration of the coop-members.

Profitability

As a result of the combined efforts of the Head Office and 10 branches and Head Office, it has recorded a Total Net



Income of Php22.173M wherein Net interest income was Php118.9M. Out of the total interest income, 97% came from the interest on loans receivable as the life blood of the bank while 63% & 32% of interest expenses are from interest on deposit liabilities and Bills payable respectively. Another contributor on the net income is non-interest income of which 83% represents fees and commissions on loans receivable having a Php41.78M and given the fact that the bank has provided Php18.415M allowance for credit losses.

Liquidity

The Bank's Liquidity Ratio is 35.05% which is lower by 7.37% from last year which means that the Bank continuously served and catered loan demands of clients. The Bank maintained a record of 23.01% Minimum Liquidity Ratio (MLR) higher than the 20% MLR required by the Bangko Sentral ng Pilipinas effective 01 January 2019. It is the objective of the whole Management the assurance of a better liquidity of the Bank.

Asset Quality

The Bank's Loan Gross Portfolio has increased by Php298.369M for the year of which the Past Due and Items in Litigation have also increased by Php20.150M. However, the Bank was able to maintain a single digit past due ratio of 8.35% compared to 8.88% last year. Total allowance for credit losses booked was Php72.798M wherein past due loans coverage is 72.12%. The Bank's target is to increase the loan loss coverage of past due to minimize the credit risk exposure of the bank while the Management continuously lowering the past due loans. The Bank's unceasingly cater loan demands to individuals to their respective purposes, MSME loans and Agri-agra loans of Php325.69M, Php269.708M, and Php231.461M respectively. The Return on Asset as of December 31, 2018 is 1.44%. The Bank sold 9 accounts of ROPA for total sales of Php3.315M. The Fixed Asset Ratio of the Bank is 24.65% which means that it can still accommodate more investments in fixed assets. The General Assembly noted the reports of the Chairman and the President and after thorough deliberations, Mrs. Yolanda Domingo of Marcos Farmers MPC moved for the approval of the report, duly seconded by Mr. Alexander B. Raquipo of SACDECO and it was unanimously accepted and approved, hence-

A.G.A. Resolution No. 06 S-2019

RESOLVED, TO ACCEPT AND APPROVE THE CHAIRMAN'S AND MANAGEMENT REPORT FOR CY 2018 INCLUDING THE AMENDED VISION, MISSION AND CORE VALUES AND TAGLINE.

c. PRESENTATION AND ACCEPTANCE OF THE 2018 AUDITED FINANCIAL STATEMENTS

The Bank's Comparative Statement of Financial Position as of December 31, 2018 was reported and explained by Chief Accountant Markdan Dayap. The financial highlights of the 2018 operation of the bank was explained, highlights as follows:

PARTICULAR	AMOUNT (PHP)/PERCENTAGE
Net income	P22,172,899.95
Earnings per share	12.86%
Return on average equity	1.97%
Return on average assets	0.14%
Net interest margin	1.04%

Total assets	P1,320,992,587
Loans and receivables	873,458,990
Liquid assets	P376,144,628
Fixed assets	P47,497,544.00,
Equity accounts	162,940,616.00
book value per share	755.11
Capital Adequacy ratio	13.24%
Past due ratio	9%
Ratio of liquid assets to deposits	42%
Debt to equity ratio	7.10:1
ratio of total fixed assets over equity accounts	29%

After thorough discussions and no questions raised regarding the report, the Bank's 2018 Audited Financial Statement was approved, on motion of Mr. Efraim Dayap of Metro Bugnay MPC, duly seconded by Engr. John A. Pre of Kailian MPC, hence-

A.G.A. Resolution No. 07 S-2018

RESOLVED, TO ACCEP AND APPROVE THE BANK'S AUDITED FINANCIAL STATEMENTS FOR CY 2018.

G. NEW BUSINESS:

a. Annual Plan and Budget 2019

The consolidated 2019 annual plan and budget were attached to the annual report for their approval. BOD Chairperson Norma S. Cipriano requested the coop-members representatives to review the said plan and budget.

It was included in the plan to open branches in Cagayan and two in Pangasinan, the construction of office of Bangued Branch and acquisition of lot for Batac Branch if Bank's fund warrants. Also included in the plan the capital-build up program (CBU) of the Bank for elected officers/becoming officers to maintain preferred shares of P50,000 each.

After thorough deliberations, Mr. Alexander B. Raquipo of SACDECO moved for the approval of the plan and budget CY 2019, duly seconded by Mr. Prudencio Consolacion of BANGKOOP. Approved.

A.G.A. Resolution No. 08 S-2019

RESOLVED, TO APPROVE THE ANNUAL PLAN AND BUDGET FOR CY 2019.

b. Hiring of External Auditor

BOD Chairman Norma S. Cipriano recommended Lamberto D. An or Romeo G. Torno, Certified Public Accountant of 79 4th Fortune Village 5, Valenzuela City and Pampanga respectively as External Auditor for CY 2019.

After thorough deliberations, SACDECO Chairperson Alexander B. Raquipo moved, duly seconded by FATIMA Vigan MPC Chairperson Margarita R. Somera, hence-

A.G.A. Resolution No. 09 S-2019



RESOLVED, TO APPROVE CPA LAMBERTO D. AN OR ROMEO G. TORNO AS EXTERNAL AUDITOR FOR CY 2019.

c. Others

1. Declaration of dividend and patronage refund for 2018

Chairperson Cipriano reported to the General Assembly the computed stock dividend and patronage refund for 2018 which are 5% and 3% respectively. The General Assembly accepted the declared dividend and patronage refund.

**A.G.A. Resolution No. 10
S-2019**

RESOLVED, TO ACCEPT THE DECLARED DIVIDEND AND PATRONAGE FUND FOR 2018 AT 5% AND 3% RESPECTIVELY.

2. Venue of Next Annual General Assembly

Mr. Edwin Cariño of Navotas B MPC moved that the venue of the Third Assembly will be held at Ilocos Norte, duly seconded by Mr. Alexander B. Raquipo of SACDECO. Unanimously approved.

**A.G.A. Resolution No. 11
S-2019**

RESOLVED, TO APPROVE THE VENUE FOR THE THIRD ANNUAL GENERAL ASSEMBLY MEETING FOR THE YEAR 2020 AT ILOCOS NORTE.

H. ELECTION OF BOARD OF DIRECTORS AND ELECTION COMMITTEE

- The representatives of coop-members cast their votes respectively in accordance with their outstanding paid up shares as of March 31, 2019 and canvassing of votes was done by the members of the Election Committee headed by Chairperson Virgilio A. Abaag.
- Proclamation of winners was done and the result of the election was unanimously confirmed.

**A.G.A. Resolution No. 12
S-2019**

RESOLVED AS IT IS HEREBY RESOLVED, TO CONFIRM RESULT OF ELECTION 2019, AS FOLLOWS:

NAME OF CANDIDATE	POSITION APPLIED FOR	TOTAL VOTES	REMARK/S
AREA I			
i. Campanano, Oscar V., - Binarmappa	Board (Regular)	3,659	Elected

Certified Correct:

(Sgd.) ROSITA S. ANGALA
Secretary

ATTESTED:

(Sgd.) NORMA S. CIPRIANO
Chairperson of the Board

MPC			
ii. Pascual, Crispina M. , - Magumbayan MPC	Independent Director	3,659	Elected
AREA II			
1. Bucalen, Romy, A. - Candon City Government Employees MPC	Board (Regular)	4,806	Elected
2. Soliven, Segundino, V. - Metro Paypayad MPC	Board (Regular)	4,806	Elected
AT LARGE			
1. Agnir, Valeriano P., - Sarrat Namnama MPC	Independent Director	8,465	Elected
2. Cipriano, Norma S., - Suyo MPC	Board (Regular)	8,465	Elected
ELECTION COMMITTEE			
1. Toralba, Luz N., Adventist MPC of Ilocos	Election Committee	NONE	Disqualified

I. ANNOUNCEMENT

The members approved for ticket selling as one activity in the 2020 annual general assembly of the ICCB for social benefit of all coop members.

J. ADJOURNMENT

There being no more matter to be discussed, BOD Chairman Norma Cipriano officially declared for the adjournment of this 2nd Annual General Assembly meeting at 3:45 P.M. APPROVED.

ETHICS COMMITTEE REPORT 2021

Ladies and Gentlemen,

We, the members of Ethics Committee hereby present the following report for considerations and approval:

1. Review of the Code of Ethics and Ethical Standards of the Bank

Adoption of the code and to be oriented to all Officers and employees this coming year 2022 (via zoom/virtual or face to face) and to strictly implement the Code of Ethics to maintain integrity of the Bank.

The members of the Committee is proud to report that Ilocos Consolidated Cooperative Bank maintained its good name, reputation and trust of stakeholders. Despite the Pandemic, the Bank continued its operations for all its branches and continued in serving its clients to the fullest. ICCB is rated Low risk with respect to ethics. This means that ICCB did not involve 'particularly vulnerable employees' – whether directly, or in terms of personal data about them – and/or does not have 'highly sensitive cases as reported by Human Resource unit that there is no adverse report from among all units/departments of the Bank. It was observed that the employees' commitment on values and ethical standards were consistently maintained.

To include in the plan of the Ethics Committee, the following:

- For humanitarian's sake and to attain positive attitude in case there is untoward situation, the Bank shall apply "Healing Process" by considering and understanding erring Bank employees through transformative process of moral recovery in mind, body, and spirit.
- To hold an Orientation of the Code of Ethics and Ethical Standard in relation to moral recovery for all employees and officers.

2. Plans and Programs of Ethics Com 2022

KEY AREAS	ACTIVITIES	PERSONS RESPONSIBLE	TIME FRAME	REMARKS/ EXPECTED OUTPUT
1.Orientation of the code of conduct and ethical standards and Values Formation Seminar	- The Senior Management will set a date for the orientation to be participated by all Officers and employees via zoom or face to face orientation.	Ethics Com members, BODs, President, HRD and all employees (by batch)	First quarter of 2022	Employees and Officers are well Informed and Bank's integrity is maintained as observed with the code of conduct and ethical standards that is well implemented. The HR Unit distributed the code as hand book to all employees and BODs.
2.Monitor the compliance of the code	- To require semi-annual report of HCAO to be submitted to the Ethics Com and to be reported to the BOD	Ethics Com members, HCAO, BOD	July 2022 and end of December 2022	- Report was submitted to the Board.
3. Meeting	- To be able to undertake the compliance of the code of conduct and ethical standards as reported by HRD & HCAO. To request HCAO to copy furnish the Committee of her semi-annual report	All Ethics Com members (3) and Secretary	Semi-annual meeting: June and December 2022, except if there is a need to hold a special meeting as the need arise.	Undertaken the report of the HRD and HCAO for the compliance of the code. Acted adverse report if any.
Submission of reports to GA	- To be able to attend seminar as called upon. - To prepare and submit required annual report for the Annual General Assembly.	Ethics Com Chairman	Attend Seminar as called upon Depending on the availability or offer of Training provider/s	Attended seminar The report is submitted to the Secretary for the annual report printing.

The Ethics Committee

(SGD) DIR. FLORIDA R. ROSARIO
Chairperson

(SGD) EFRAIM A. DAYAP
Member



CONCILIATION AND MEDIATION COMMITTEE REPORT 2021

Ladies and Gentlemen:

We, the members of Conciliation and Mediation Committee hereby present the following reports for considerations and approval:

1) IMPLEMENTATION OF THE ICCB MEDIATION AND CONCILIATION COMMITTEE PROGRAM FOR SIMPLE PROCEDURES ON CONFLICT/PROBLEM SOLVING

ICCB maintained and implemented the approved Simple Procedures on conflict/problem solving. This Simple Procedures on conflict/problem solving will be included in the orientation of Bank's employees, BODs and Committees members.

The Five simple stages are as follows:

- Stage One: Opening Statement;
- Stage Two: Joint Discussions;
- Stage Three: Private Discussions;
- Stage Four: Negotiation; and
- Stage Five: Settlement.

For the year 2021, there was no significant conflict or problem arised at ICCB. All complaints/comments/reactions were taken and acted upon by the Head Consumer Assistance Officer and the summary were regularly submitted and reported to the President and to the Board of Directors.

II. PLANS AND PROGRAMS OF MEDIATION AND CONCILIATION COMMITTEE CY 2022

KEY AREAS	ACTIVITIES	PERSONS RESPONSIBLE	TIME FRAME	REMARKS/ EXPECTED OUTPUT
1. Orientation on the Mediation and Conciliation Program	- to include as one topic during the orientation of employees on the simple procedures in conflict/problem solving.	Mediation and Conciliation Committee members, BODs, President, HCAO & HRD	Within the first semester of 2022	Conducted orientation and attended by all employees.
2. Monitor the Mediation and Conciliation Program	- to require semi-annual report of HR Unit and HCAO if there is complaint filed within the semester to be reported to the BOD	Mediation and Conciliation Committee members, Administrative Manager, HCAO, President, BOD	All year Round	- Monitored the program and submitted required report to CDA.
3. Hold for Meetings Seminars	- To be able to undertake the compliance of the conciliation and mediation program of the Bank as reported by HCAO. - To be able to undertake any problem forwarded to the Committee related to the bank and clients/members (if any) - To attend seminar when called upon for Medcon Com.	All (3) members of Mediation and Conciliation Committee and Secretary, All members of Mediation and Conciliation Committee	Semi-annual meeting: July and December 2022 Within CY 2022	All Com. Members attended metings. - Undertaken reported problem/s (if any) - Attended offered seminar
4. Submission of report to AGA	- To prepare and submit annual report of Medcon Com for the annual general assembly meeting.	- Chairman of the Mediation and Conciliation Committee.	- December 2022	- Report submitted on time.

The Bank has maintained good reputation with these morals:

1. Always Put God above all things.
2. All Employees performed their duties and responsibilities in prudent and dedicated manner; and
3. Preserve Integrity and abide good values as defined by good decisions and actions.

(SGD)JOHN A. PRE
Chairperson

(SGD)BUDDY E. CARTA
Member

(SGD) YOLANDA T. DOMINGO
Member

GAD COM REPORT 2021

Ladies and Gentlemen:

We, the members of the Gender and Development Committee, hereby present the following reports for your considerations and approval:

1. Tool for assessing the Progress of Gender Equality (GE) to enhance the implementation of CDA Memorandum Circular (MC) No. 2013-22 in Mainstreaming Gender and Development (GAD) in Cooperatives.

ICCB has undertaken the Tool in assessing the progress of Gender Equality (GE) and assessed the qualitative values in almost full manifestation of gender equality. ICCB served and treated its clients equally both women and men. As an example, silently the Bank's lending policy did not specify the particular gender who can avail loan services of the bank, Bank's loan clients were treated and assessed equally either male or female but it will be based on the five C's of credit—capacity, capital, collateral, conditions and character of the borrower without specifying the qualified gender to avail loan service of the Bank. Anent, ICCB promotes Gender Equality (GE).

The whole Management continued the observance of Gender Equality within the organization and in serving and treating Bank's clients.

2. GAD COM PLAN 2022

PROGRAM	ACTIVITIES	PERSONS RESPONSIBLE	TIME FRAME	REMARKS	EXPECTED OUTUT
1. Women/ Men Livelihood Training program	Information/ Dissemination to the training officer and participants of the seminar for: a.) Food & drinks processing seminar (Hawaiian/ Indian Mango Juice Drink)	GAD members & Focal Person GM Ruben Habon & 10- 20 selected participants of the seminar	All year round	One setting of each seminar, venue will be at ICCB Corporate Office, IS and IN. Budget 10,000	Conducted the two seminars.
2. In House for GST/ Gender Awareness Seminar	-Arrange schedule with the President's Administrative Department and coordinate with the Resource Speaker BOD Chairperson Alexander B. Raquipo	GAD members & Focal Person GM Ruben Habon and all employees	Second quarter of 2022	Virtual/face to face seminar. Budget of 15,000 per seminar for the materials and Honorarium of Resource Speaker from CETF.	Conducted In house GST/ Gender awareness seminar.
3. Sports- as recreational activity after office cut off time.	Zumba in the afternoon of first Friday of every month.	GAD Com members, Focal Person GM Ruben R. Habon, Corporate Officers & all employees are enjoined.	All year round	Budget is P1,000 each branch & HO, total of P14,000 from CETF.	Zumba activity was participated by all employees.
4. Meetings	Attend meetings	All GAD members and Secretary	Semi-annual meeting July 2022 and December 2022.	Virtual or Face to face meeting	Held and Attended meetings

(SGD) NORMA S. CIPRIANO
Chairperson

(SGD) ANOLINA A. BATTAD
Member

(SGD) ROMY A. BUCALEN
Member

(SGD) RUBEN R. HABON
Member

CORPORATE GOVERNANCE COMMITTEE REPORT 2021

Ladies Gentlemen:

We, the Corporate Governance Committee shall be responsible in evaluating the qualifications of all persons nominated to the board as well as those nominated to other positions requiring appointment by the Board of Directors. We are also responsible in ensuring the Board's effectiveness and due observance of corporate governance principles and guidelines.

Anent, we, the members of the Corporate Governance Committee hereby present the following reports:

1. Endorsed Vehicle Usage Policy Guidelines upon the recommendation of the Senior Management and was approved by the Board;
2. Endorsed the amended Bank's Succession Plan upon the recommendation of the Senior Management and was approved by the Board. With the amended Succession Plan, the Organizational Structure was finalized and had included the following:

POSITION	RESULT
General Manager	- Not to fill up/remain vacant, however, not to amend the by-laws of the Bank.
Two Area Managers	- To fill up two area managers: <ul style="list-style-type: none"> • Area 1- Area Manager- North to be filled up by the concurrent Chief Security Officer Erwin P. Lutap and • Area 2- Area Manager- South to be filled up by the concurrent Credit Manager Christopher G. Calpo
Marketing Officer	- To install concurrent HCAO Ms. Geneveve Baoit

3. For the Departments:

- a. To implement the Bank's Corporate Governance Manual and the approved strategic plan of the Bank.
- b. To continue the Bank's approved Capital-build up program and apply incentive system.

4. CORPORATE GOVERNANCE COMMITTEE PLANS AND PROGRAMS 2022

KEY AREAS	OBJECTIVES	PERSON RESPONSIBLE	TIME FRAME	EXPECTED OUTPUT
1.BODs/ OFFICERS/ PERSONNEL DEVELOPMENT	-To update the Board & employees on corporate governance policies/manual; Call for orientation of all employees. To implement the plans and programs of the Education Committee	- BOD, and Management Staff	Within CY 2022	All BODs, Committees and Management Staff have attended the orientation.
2.ADOPTION AND IMPLEMENTATION OF BANKS' CORPORATE GOVERNANCE MANUAL	To fully adopt and implement the Bank's Corporate Governance Manual	- BOD, President, CCO, CIA & HR department	Within CY 2022	- Adopted and implemented the Bank's Corporate Governance Manual.
3.REGULAR MEETING	- To attend semi-annual regular meeting and special meeting as the need arises. - To undertake personnel concerns to ensure the Board effectiveness and due observation of corporate governance principles and guidelines. - To take minutes of meetings and to be reported to the BOD for their acceptance and consideration	- All members of the committee and secretary	July 2022 & December 2022	-Attended semi-annual meetings and undertaken personnel concerns for effective and due observation of corporate governance principles and guidelines. - Submit report to the BOD.

(SGD) MARGARITA R. SOMERA

Chairperson

(SGD) ALEXANDER B. RAQUEPO

Member

(SGD) OSCAR Y. CAMPAÑANO

Member

(SGD) YOLANDA T. DOMINGO

Member

(SGD) SEGUNDINO V. SOLIVEN

Member

(SGD) VALERIANO P. AGNIR, JR.

Member



EDUCATION COMMITTEE REPORT 2021

Ladies and Gentlemen:

We, the members of the Education Committee hereby present the following reports for CY 2021:

1. RE-ORGANIZATION OF EDUCATION COMMITTEE FOR 2022

In the absence of Board Vice Chairperson Prudencio Consolacion who was retired on January 31, 2021, the members of the Education Committee elected from among themselves the temporary Chairperson of Education Committee in the person of Dir. Norma S. Cipriano. The position of Vice Chair of the Board will be filled up upon the result of the next election for CY 2022.

a. EVALUATION OF ATTENDED TRAININGS AND SEMINARS FOR 2021

#	Title of Trainings/Seminars	Resource Speaker	Target Participants	Time Frame	OUTPUT
1	CDA Mandatory Orientation Trainings and Preparation of Mandatory reports;	CDA	BODs, Committees and Officers and coop members	1 st quarter	Conducted on March 4, 2021 for South coops and March 5, 2021 for North coops via zoom application.
2	Advance Financial Analysis Seminar	CDA	All BMs	2 nd quarter	Conducted on May 14, 2021 via zoom application.
3	Business Continuity Policy (BCP) Seminar	CDA	Coops employees, BODs, Committees and Officers	2 nd quarter	Conducted on June 4 & 11, 2021 via zoom application.
4	Seminar on "how to read and understand FS" / Financial Management seminar	BOD Chairperson Alexander B. Raquepo	ICCB BODs, Committees and Top Management and coops officers and staff	3 rd quarter	Conducted on Sept. 16, 2021 via zoom application.
5	Customer care service seminar	BOD Chairperson Alexander B. Raquepo	ICCB BMs, Tellers, Cashiers, New Account Personnel and coops officers and staff.	3 rd quarter	Conducted on Oct. 26, 2021 via zoom application.
6	Conciliation and Mediation	CDA	Coops CM and Ethics Committee	3 rd quarter	Conducted on July 17, 2021 via zoom application
7	Cooperative Governance Seminar	MSCB, by Atty. Mickael Borigas	Coops Officers and ICCB BODs, Committees and BMs	2 nd quarter	Conducted on Nov. 29, 2021 via zoom application.
8	GST Gender Sensitivity Trainings	GAD Committee	ICCB personnel at Head office and Corporate Office	4 th quarter	Conducted on Dec. 20, 2021 via zoom application
9	PMES/OS- being conducted in the branches or units.	BMs frontline Personnel and prospective clients	Leaders of Bank's coop-members and individuals for preferred shares	All year round	Conducted by BMS in the branch and attended by employees and prospective members of the bank.

The Human Resource Department conducted TRAINING NEEDS ANALYSIS (TNA) for employees via survey form annually.



2. PLANS FOR 2022

#	Title of Trainings/ Seminars	Provider	Target participants	Time Frame
1	CDA Mandatory Orientation Trainings *Preparation of Mandatory reports;	CDA,	BODs, Committees and Officers And Coop- Members	1 st quarter
	Code Of Conduct And Ethical Standards And And Renewal of Values Seminar and Simple Procedures in Solving Conflict Problems	MSCB -Atty. Mickael Borigas.	Ethics & Conciliation & Mediation Com members, BODs, President, HRD and all employees (by batch)	1 st quarter for two batches.
2	Financial Management;	CDA/NSCC	BODs, Committees and Officers	1 st quarter
3	Risk Management Seminar	CDA/NSCC/ NORLU	BODs, Committees and Officers	3 rd quarter
4	Credit Management Seminar	COB Alexander B. Raquepo	BMs, Tellers and Cashier and New Account Personnel and coop officers	3 rd quarter
5	Customer Care Seminar	COB Alexander B. Raquepo	All BMs and frontliners of ICCB	Two seminars within the 3 rd quarter
6	GST Gender Sensitivity Trainings	Chair Alexander Raquepo	BODs, Committees and Top Management	3 rd quarter
7	Cooperative Governance Seminar	MSCB, by Atty. Mickael Borigas	Coops Officers and ICCB BODs, Committees and BMs	3 rd quarter
8	GST Gender Sensitivity Trainings	GAD Committee	ICCB personnel at Head office and Corporate Office	4 th quarter
9	PMES/OS- being conducted in the branches or units.	BMs	coop-members officers and individuals for preferred shares	All year round
10	AMLA Training	AMLC Accredited Trainor	ALL BODs, officers and employees	Ist quarter, 2 nd quarter and 4 th quarter.

3. FORMULATED POLICY FOR SEMINAR/TRAINING

- To compensate the expenses in sending employees to training and seminar, the Committee endorsed a policy for not allowing the employee to resign unless he/she had rendered certain number of years or months in service, if not the employee shall pay the corresponding incurred seminar/training expenses based on the unserved number of months or years. Employees sent to seminar/training shall be required to conduct re-echo and relay the acquired knowledge to co-employees during Management meeting or Branch meeting or General Management meeting and
- Concerned Employee shall be required to submit post seminar/training report to the HR department to be filed in the form 201 of the employee together with the Seminar/Training Certificate.

(SGD) NORMA S. CIPRIANO
Chairperson

(SGD) MYRNA B. CAVINTA
Member

(SGD) ALEXANDER B. RAQUEPO
Member



CREDIT COMMITTEE REPORT 2021

SUMMARY OF LOANS APPROVED by CREDIT COMMITTEE and BOARD OF DIRECTORS

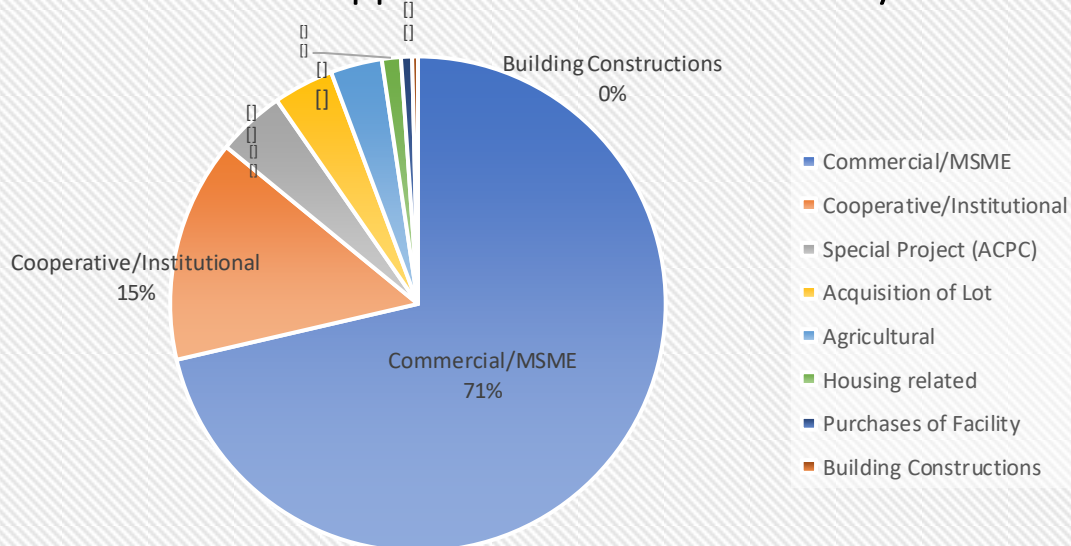
As to Branch
 FOR THE YEAR 2021

Branch	Number of accounts	Percentage	Total Amount
		22.86	
Bangui Branch	15	14.65	122,449,656.29
Candon – Head Office	23	9	78,457,000.00
San Nicolas Branch	9	8.27	48,197,673.00
San Carlos Branch	15	7.37	44,280,000.00
Villasis Branch	3	7.13	39,500,000.00
Batac City Branch	6	6.87	38,200,000.00
Bangued Branch	5	5.41	36,800,000.00
San Juan Branch	4	4.44	29,000,000.00
Bantay Branch	6	3.92	23,800,000.00
Sinait Branch	4	3.73	21,000,000.00
Sanchez Mira Branch	1	3	20,000,000.00
Laoag City Branch	4	25	17,400,000.00
Solsona Branch	3	1.61	8,630,000.00
Marcos Mira	2	1.49	8,000,000.00
TOTAL	100	100	535,714,329.29

The Bank increased its loan portfolio by P212,934,144.68 from P1, 511,481,331.00 Loan Portfolio as of December 31, 2020 compared to P1,724,415,475.68 as of December 31, 2021.



Approved Loans as to Commodity



The bulk of loans approved by the Credit Committee and Board of Directors as to commodity were extended to Micro-Small and Medium Enterprises (MSME's) consisting 22.17% of the total loan portfolio or 71% of the total loans approved by the Credit Committee and Board of Directors. Loans extended to our Cooperative members of 15%, Special Project in partnership with DA-Agricultural Credit Policy Council at 4.42%, Acquisition of Lots at 3.94%, Agricultural related purposes at 3.36%, Housing related loans at 1.24%, Purchases of Facilities at 0.72% and Housing loans at 0.37%.

Other highlights to Credit Committee meetings (Credit Committee meetings were conducted via face to face and online meetings because of the Covid-19 pandemic):

*Addendum to Credit Policies requiring Branch Managers to report to higher authority of any diversions on loan utilizations of borrowers against approved purpose.

*Endorsed the extension of term of restructuring loans from 5 years to a maximum of 7 years

*Recommended the relaxation of the Clean-up policy due to the effect of the Covid-19 pandemic and typhoon Maring.

(SGD) FLORIDA R. ROSARIO
Chairperson

(SGD) ROMY A. BUCALAN
Member

(SGD) RUBEN R. HABON
Member

RISK OVERSIGHT COMMITTEE ANNUAL REPORT 2021

Sirs/Mesdames:

The Risk Oversight Committee (ROC) presents the following report for CY 2021:

Ilocos Consolidated Cooperative Bank followed the following:

- A. **Monitored and reviewed the Bank's Risks Appetite Structure** compared with the results of Bank's operation. The Risk Tolerance Level (Bank Risk Appetite) and result of operation as of December 31, 2021, are as follows:

BANK RISK	Risk Tolerance Level (Risk Appetite)	Data as of December 31, 2021
I. CREDIT RISK *Credit Limits*		
Single Borrowers Limit (SBL) or Single Exposure Limit Adjusted Capital (Total Equity – Unsecured DOSRI – Unbooked Valuation)	20% (existing account) For New Loan Applicant a maximum of 5 Million – Resolution No. 153 series of 2019	Complied.
Fringe Benefit Program Total Loan Portfolio	4%	2.77%
Directors, Officers, Stockholders, and Related Interest (DOSRI) Total Loan Portfolio	Shall not exceed 15% of TLP or 100% of the adjusted capital	Complied.
Aggregate Ceiling; Ceiling on Unsecured Loans, Other Credit Accommodations and Guarantees to Related Parties	Shall not exceed 30% of the TLP or 100% of the bank's net worth whichever is lower.	Complied.
Unsecured DOSRI Loan	Shall not exceed 30% of the limit on Aggregate ceiling or 30% of total DOSRI whichever is lower	Complied.
Unsecured Loan to Individual (Aggregate Amount)	500,000.00	
Limit on Secured and Unsecured Loans (30% & 70%,	Ratio of	



respectively)	secured and unsecured loans should set at a limit of 30% and 70%, respectively with the condition that past due should not be more than 10% per agency.	Unsecured- 44.93% Secured- 55.07%
1)PAST DUE RATIO Past Due Loans + Litigation / Loans Portfolio (Net of Unamortized Discount)	10%	8.05%
2)(ROPA to ASSET RATIO) NPA to Gross Assets (1) Gross NPL (2) ROPA, gross (a)Real & Other Properties Acquired (ROPA) (b)Non-Current Assets Held for Sale @ Non-Performing Sales Contract Receivables (SCR) Gross Assets (1)Total Assets (2)Allowance on Non-Performing Assets (NPA)	5%	4.67%
3)Restructured Loans to Total Loan Portfolio Restructured Loans, gross / Loan Portfolio, net of Unamortized discount	2%	4.76%
4)Loan Loss Reserves (LLR) to Total Loan Portfolio (TLP) Specific Loan Loss Provision + Gen. Loan Loss Provision / Loan Portfolio, net of Unamortized discount	7%	6.14%
5)Gross Non-Performing Loans (NPL) Ratio Gross Non-Performing Loans (NPL) / Loan Portfolio(LP), net of Unamortized discount	7.50%	8.52%
6)Net Non-Performing Loans Ratio NPL, net of Specific LLP (1) Gross NPL (2) Specific LLP LP, net of UnAmortized discount	3%	3.18%
7)Non-Performing Loans (NPL) Coverage Ratio Specific Loan Loss Provisions (SLLP) + Gen. Loan Loss Provision (GLLP) / Gross Non-Performing Loans (NPL)	80%	62.6%
8)Non-Performing Assets (NPA) Coverage Ratio Allowance on NPA NPA	65%	36.27%



II. LIQUIDITY RISK

1) Cash and Due from Banks to Deposit Liabilities Cash on Hand and Due from Other Bank / Deposit Liabilities	20%	21.63%
2) Liquid Assets to Total Liabilities Cash on Hand + COCI + DFOB +DFBSP+ HTM / Total Liabilities	25%	21.06%
3) Liquid Assets to Deposit Ratio Liquid Assets, sum of: (1) Cash and Due from Banks (2) Financial Assets, net (excl. equity investments) / Deposits	30%	26.51%
4) Loans(gross) to Deposit Ratio Gross Loan Portfolio / Deposit Liabilities	90%	124.82%
5) Loans to Deposit Liabilities + Bills Payable Ratio Loans Portfolio, net Unamortized Discount / (Deposit Liabilities + Bills Payable)	95%	87.59%

III. OPERATIONAL RISK

Operating Efficiency & Profitability

1) DEBT RATIO Total Liabilities / Total Assets	85%	88.09%
2) DEBT to EQUITY RATIO Total Liabilities / Total Equity	650%	749.73%
3) EQUITY RATIO Total Equity / Total Assets	15%	11.65%
4) RETURN on EQUITY (ROE) Annualized Net Income / Total Equity	12%	8.42%
5) RETURN on ASSETS (ROA) Annualized Net Income / Total Assets	1.5%	0.98%
6) FIXED ASSET RATIO Fixed Assets / Total Equity	40%	28.33%

IV. MARKET / INTEREST RATE RISK

1) Earning Asset Yield Annualized Interest Income Average Earning Assets	11%	10.58%
2) Funding Cost Annualized Interest Expense Average Interest Bearing Liabilities	3%	2.93%
3) Interest Spread (1) Earning Asset Yield (2) Funding Cost	8%	7.65%
4) Net interest Margin Annualized Net Interest Income Average Earning Assets	10%	7.32%
CAPITAL ADEQUACY RATIO	12.50%	11.86%

With the dissolution of the position of the Risk Officer (RO), the duties and functions of RO were distributed as follows:



COMPLIANCE DEPARTMENT	AUDIT DEPARTMENT
<ul style="list-style-type: none"> Liquidity and capital stress testing; Risk assessment; and Monitoring of the set risk appetite level of the Bank and review Risk Management System of the Bank for its enhancement. 	<ul style="list-style-type: none"> a. Monitoring of Bank's result of operations; b. Preparation of financial analysis of all branches and the bank's as a whole; and c. To perform risk assessment on areas as the Department deemed necessary in discharging of functions – Human Resource, operations, systems, properties, equipment /utilization and others.

- Chief Compliance Officer** is responsible on the testing and assessment reports to the Risk Oversight Committee.

- Service Level Agreement**

PARTICULAR	RESPONSIBLE DEPARTMENT/S
1. Quarterly assessment on the adequacy of allowance for credit losses	Audit Department (for a comprehensive assessment of the Bank's loan portfolio and to avoid confusion of branches.)
2. Money Laundering and Terrorist Financing Prevention Program (MTPP)	Audit Department and Compliance Department (With different objectives and processes involved including end-result.)

- B. The Committee quarterly reviewed Stress Testing on Capital and Liquidity Ratios including compliance with the Minimum Capital Ratios and reminded and reiterated the following for Management action:
- Continuously improved Bank's operation on credit services and recruitment of deposits.
 - Continuous implementation of Capital build-up program (CBU) of the Bank, coops-members are encourage to infuse more capital, continuous recruitment of new members for common and preferred shares stockholders and continue in giving incentive to coops/individuals for the infusion of additional share capital.
 - Improve loan portfolio of the Bank with strict loan initiation, grant loans based on the 5 Cs especially the capacity to pay and character of the borrower;
 - For all branches to religiously implement Bank policies, and procedures; and
 - Focus in close monitoring of accounts especially big amount of loans, continuous massive collection of Past Due and Non-Performing Loans (NPL), and prevent or guard current loans to become past due and expedite ROPA disposal.

(SGD) MARGARITA R. SOMERA
Chairperson

(SGD) VALERIANO P. AGNIR, JR.
Member

(SGD) NORMA S. CIPRIANO
Member



AUDIT COMMITTEE ANNUAL REPORT

Dear Stockholders,

While the composition of the membership of the Audit Committee has been reduced to two members due to the separation of one of our director Mr. Abner Guilambo representing Sacred Heart Multi Purpose Cooperative, we the members of the audit committee continually accomplished our duties and responsibilities with the bank.

Yours truly, the Chairman of the Audit Committee representing Magumbayan Multi-Purpose Cooperative and Audit Committee member Ms. Margie Somera representing Fatima Vigan Multi-Purpose Cooperative are pleased to present this annual audit committee report

The purpose of this report is to describe how the Committee has carried out its responsibilities during the year more specifically to:

- 1) Give annual snapshot on what had been reviewed and evaluated during the year; and
- 2) To highlight red-flag items on concerning trend that might impact the bank's financial condition and assists the board of directors in fulfilling its oversight responsibilities.

Meetings of the audit committee were conducted for the fiscal year to (i) approve the annual internal audit plan; (ii) approve the performance audit report submitted to CDA; (iii) review and evaluate various audit report from the bank Chief Internal Auditor; (iv) review the independent financial evaluation on the bank's financial condition and result of operation; (v) review and evaluation of special investigation report in relation with the fraudulent acts committed by some bank officers and employees; (vi) periodic review and evaluation on the effectiveness credit risk management processes, loan classification and provisioning, sufficiency of allowance for credit losses, and the accuracy of reported past due loans, non performing loans and non performing assets (vi) review and evaluation on the bank's administration of foreclosed properties; (vii) review and evaluation of the bank's capital adequacy requirement (viii) review external audit engagement proposals and approve the external audit engagement contact with our selected external auditor Edgardo Molina, CPA; (ix) monitor corrective actions on selected audit issues.

Results of the meetings were subsequently reported to the board of directors for their information and appropriate actions.

The following issues were identified by the committee that may adversely impact the bank's financial condition in case no appropriate action to properly mitigate the identified risk event will be implemented by Senior Management.

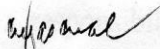


1) Deteriorating asset quality.

The trend of the bank's past due loans, non-performing loans and non-performing assets are increasing as of interim period ended April 30, 2022. While it has been noted that the deterioration of the bank's asset quality is attributed with the recent Covid 19 pandemic, result of evaluation from the members of the audit committee does not preclude the possibility that management laxity in the implementation of the bank's credit risk management processes also contributed to the declining asset quality.

- 2) Deficient allowance for credit losses on loans and other risk assets. As of the latest independent loan review with cut off date March 31, 2022, the deficiency in the required allowance for credit losses on loans amount to P36.173 Million. While it has been evaluated that said deficiency will not result to the reduction of the bank's capital adequacy ratio below the required minimum of 10%, the margin will be reduced to a minimal level to support further asset growth.

With the lifting of the restrictions imposed by the Government to combat the spread of the Covid 19 pandemic, the members of the audit committee are confident that the above red flags will be corrected by senior management the soonest possible time.


Ms. Crispina Pascual
Chairman of the Audit Committee



ELECTION COMMITTEE REPORT 2021

Dear Stockholders,

We, the members of the Election Committee hereby present the following reports for CY 2021:

A. ANNUAL GENERAL ASSEMBLY MEETING AND ELECTION OF OFFICERS 2021

Referred on the CDA Memorandum Circular 2021-03, the Board approved the CANCELLATION OF THE ANNUAL GENERAL ASSEMBLY MEETING of ILOCOS CONSOLIDATED COOPERATIVE BANK for CY 2021 DUE TO COVID-19 PANDEMIC (BOD Resolution No. 42 S-2021).

The supposed schedule of the 2021 SEQUENTIAL VIRTUAL AGA or VIA ZOOM CONFERENCING are:

DATE	VENUE/HOST OF AGA 2021	ACTION
April 27, 2021	North Area at San Pablo, San Nicolas, Ilocos Norte	CANCELLED
April 30, 2021	South Area at Head Office, Candon City, Ilocos Norte	CANCELLED

1. Term of Board of Directors & Election Committee.

The term of office of the members of the Board and Election Committee was extended for one year due to no election for CY 2021 based on Board Resolution No. 42 S-2021.

Moreover, for the Board of Directors and Election Committee members who are no longer BOD/Officer in their respective cooperatives, are required to submit Board Resolution from their respective cooperatives authorizing them to continue their directorship until the next election, or elected successors.

NAME OF COOP/BOARD OF DIRECTOR	POSITION	YEAR ELECTED
AREA I		
1) BINARMAPPA MPC/ Campañano, Oscar V.,	Board (Regular)	2019
2) DWCL MPC/ Cavinta, Myrna B.	Board (Regular)	2018
3) BANGKOOOP/Consolacion, Prudencio F.	Board (Regular)	2018/vacant, retired on Jan. 30, 2021
4) MARCOS FARMERS MPC/ Domingo, Yolanda T.	Board (Regular)	2018
5) MAGUMBAYAN MPC/ Pascual, Crispina M.	Independent Director	2019
AREA II		
1. CANDON CITY GOVERNMENT EMPLOYEES MPC/ Bucalen, Romy A.	Board (Regular)	2019 With authority
2. SACRED HEART SAVINGS COOPERATIVE/ Guilambo, Abner E.	Board (Regular)	2018/Vacant authority ended 30 Nov. 2021
3. KAILIAN MPC/ Pre, John A.	Board (Regular)	2018
4. METRO PAYPAYAD MPC/ Soliven, Segundino V.	Board (Regular)	2019
5. FATIMA (VIGAN) MPC/ Somera, Margarita R.	Independent Director	2018
AT LARGE		
1. SUYO MPC/ Cipriano, Norma S.	Board (Regular)	2019
2. SARRAT NAMNAMA MPC/ Agnir, Valeriano Jr. P.	Board (Regular)	2019
3. STA. CRUZ SAVINGS AND DEVELOPMENT COOPERATIVE (SACDECO)/Raquepo, Alexander B.	Board (Regular)	2018
4. SALUKAG MPC/Rosario, Florida R.	Board (Regular)	2018
5. SAN JOAQUIN MPC/Ribuyaco, Senicio, (Term lapsed in 2020)	Board (Regular)	2018/Vacant



ELECTION COMMITTEE		
1. SUGPON MPC /Abaag, Virgilio B.	Election Committee	2019-2022
2. STO. DOMINGO DEV'T COOPERATIVE/ Medrano, Miriam F.,	Election Committee	2019-2022 With authority
3. Vacant		Vacant

C. ANNUAL GENERAL ASSEMBLY MEETING AND ELECTION OF OFFICERS 2022

Basing on CDA MC No. 2022-01-Re: Regulatory Relief on the conduct of the Annual Regular General Assembly Meeting of cooperatives for calendar year 2022 due to Covid-19, Pandemic.

Amendment of the Election Rules and Guidelines for CY 2022:

As referred to CDA MC No. 2022-01, prior to the conduct of Election of Officers, the Election Rules and Guidelines shall be amended. The proposed amendment of the rules and guidelines shall first be approved by the general assembly and may immediately be implemented the same after the GA's approval.

The Proposed Amendment of the Election Guidelines are as follows:

1. Article II. ELIGIBILITY TO RUN AND CERTIFICATE OF CANDIDACY	PRESENT	PROPOSED
Section 6. Qualifications for Cooperative/Candidate- representative		
A. Cooperative's qualification	#1. Must be a regular member of the Bank for at least one (1) year and with a share capital of at least One Hundred Thousand Pesos (P100,000.00). #3. To require the Cooperative represented by the Candidate, a photocopy of the updated Certificate of Tax Exemption in compliance with BIR regulations.	#1. "Must be a regular member of the Bank for at least one (1) year and with a share capital of at least Three Hundred Thousand Pesos (P300,000.00). (to be implemented next year). #3. To require the Cooperative represented by the Candidate, a photocopy of the updated Certificate of Tax Exemption in compliance with BIR regulations. However, in case the coop has no <i>Certificate of Tax Exemption</i> , the coop is required to submit the BIR receipt of tax payment for the last 2 previous years.
B. Candidate's Qualification	#4. He must have attended or willing to attend training/seminar on Corporate Governance, Credit and Financial Risk Managements to be conducted by accredited provider of Bangko Sentral ng Pilipinas and Cooperative Development Authority.	#4. "He must be willing to attend the required trainings by the BSP and Cooperative Development Authority as per Section 6 of MC 2015-19, the following: a.) All Directors/Election Committee members must comply with the mandatory training requirements and the person responsible to ensure compliance thereof, this shall be the election committee, in case of elective officers, and in the case of appointed officers, the Board of Directors. b.) Provision that non-compliance with the training requirements during their term shall be one of the grounds for disqualification for future



	<p>#9. Must participate in the Capital Build Up Program of the Bank with minimum shares of P50,000 and for Board of Directors to pledge and complete shares of P100,000.00. (Based on CBU program of the Bank approved during the AGA CY 2019).</p>	<p>election or appointment in any position in the cooperative. c.) Provision that the cooperative shall ensure that all officers shall undertake/comply with the mandatory training during his/her half of his/her term."</p> <p>#9. Must participate in the Capital Build Up Program of the Bank with minimum shares of P50,000 and for Board of Directors to pledge and complete shares of P100,000.00. (Based on CBU program of the Bank approved during the AGA CY 2019).</p> <p>For new candidate, he/she is required to place a minimum amount of P50,000 as savings or time deposit upon filing of candidacy, however, will be transferred as preferred shares when elected. Additional: #10. To include in the requirements upon filing of certificate of candidacy the Police Clearance of candidate and no need to submit NBI Clearance.</p>
2. Article IV	TERM	
Section 16	Term of Office	
	<p>The winning Director shall serve for a term of two years. The first two highest votes of the Election Committee shall serve for a term of two years and the lowest votes shall serve one year.</p>	<p>The winning Director shall serve for a term of two years. The first two highest votes of the Election Committee shall serve for a term of two years and the lowest votes shall serve one year.</p> <p>In the event that all members of the BOD & Election Committee are re-electionist: a.) With the 15 number of BODs, the 8 BODs having the highest votes shall have a term of two years and the 7 number of BOD having lesser votes shall have one year term. b.) Same is true with the Election Committee, the first two having highest votes shall have two years term and one year term for the least vote winning candidate. In case of a tie and no one withdraws, the connected parties will mutually agree on the manner of solving such tie and shall be discussed with the Election Committee provided such agreement is not contrary to the existing guidelines. If no agreement shall be met, "tossing of the coin" shall be</p>



		done.
3. Article 1X	CASTING OF VOTES	
Section 27	Election Process	
		<p>Proposed to include:</p> <p># 10. Maintain the same method of physical (face to face) election process but if situation does not warrant, casting of votes is allowed via electronic voting, either text, email or any kind of virtual platforms and other alternative medium subject to the approved guidelines.</p> <p>Guidelines in the conduct of election for virtual, as follows:</p> <ol style="list-style-type: none"> Delegates will be advised one at a time to fill up the official ballot based on paid up common shares of the coop represented with the designed platform. Votes will be tabulated and organized by IT department and to be authenticated by the authorized employees of the Compliance and Audit Departments.
Section 28.	Canvassing of votes	
	<p>The ELECOM Chairperson shall be the authorized person to open ballot box. Secretary counts the number of ballots and compare the same with the number issued.</p> <ol style="list-style-type: none"> Ballots should be completely filled up. Incomplete number of candidates in a ballot or repetition of names shall make ballot null and void. Candidate with the same surname be identified with the complete name of each. The ELECOM shall prepare and sign a statement 	<p>Proposed to include: Creation of ADHOC Committee and appoint its members in the event that all elected officers are re-electionist.</p> <p>Creation of ADHOC Committee to temporary act as Election Committee during the election proceeding/canvassing of votes/counting of votes and certify Election Returns and Proclaim winning candidates for CY 2022 (BOD Resolution No. 165-B S-2021) since the members of the Election Committee are re-electionist. The members of the ADHOC Committee shall come from the Internal Audit Department and Compliance Department and in coordination with the IT Department.</p>



D. APPROVED ELECTION RULES AND GUIDELINES

ARTICLE I. GENERAL PROVISIONS

Section 1. Applicability - These guidelines shall govern the election of Board of Directors and members of Election Committee of the Ilocos Consolidated Cooperative Bank

Section 2. Definition of Terms- The following words or terms have the following meanings unless a different meaning clearly appears in the context.

1. Regular memberships refer to cooperative organizations which are holders of common shares of the Cooperative Bank.
2. Election refers to the process of choosing Board of Directors, and ELECOM Committee through secret balloting.
3. Board of Directors shall mean that body entrusted with the management of the affairs of the cooperative under its articles of cooperation and by-laws, composed of 15 members to promulgate policies, rules and regulations necessary for the operation of the cooperative bank.
4. Election Committee or "ELECOM" refers to a committee composed of 3 members elected by the General Membership as prescribed in the Cooperative By-laws responsible for the preparation, conduct, supervision and control during election.
5. Candidate refers to the representative of the regular member either Board Chairman or any authorized Officer (Director or Manager) of the cooperative thru a Board resolution.
6. General Assembly – shall mean the full membership of the cooperative duly assembled for the purpose of exercising all the rights and performing all the obligations pertaining to cooperatives, as provided in RA No. 9520, its articles of cooperation and by-laws: Provided, that for cooperatives with numerous and dispersed membership, the general assembly may be composed of delegates elected by each sector, chapter or district of the cooperative in accordance with the rules and regulations of the Cooperative Development Authority.
7. Regular General Assembly Meeting. A regular meeting shall be held annually by the General Assembly on the fourth Friday of April of every year at the Cooperative Bank's head office at Candon City, Ilocos Sur, or any date within one hundred twenty (120) days after the close of each fiscal year.

Section 3 – Date/s of Election – The conduct of Election shall be held on the specific date/s prescribed in the Cooperative By-laws. Or as approved by the Board. A special election shall be called by the Board,

by an appropriate Board Resolution, to fill any vacancy due to death, incapacity, resignation, disqualification and other similar causes, if the unexpired term shall be two years.

Section 4. Postponement of Election - When for any serious cause such as violence, terrorism, loss or destruction of election paraphernalia or records and force majeure, the holding of a free, honest and orderly election shall become impossible, the ELECOM shall in its discretion, postpone the election.

Section 5. Notice of Regular Election - Written notices stating the purpose, place, date and time of the election and the deadline for filing of candidacy shall be posted in strategic places within the voting area not less than 20 days before the date of election.

ARTICLE II. ELIGIBILITY TO RUN AND CERTIFICATE OF CANDIDACY

Section 6. Qualifications For Cooperative/Candidates

A. The Cooperative

1. Must be a regular member of the Bank for at least one (1) year and with a share capital of at least One Hundred Thousand Pesos (P100,000.00)
2. Must be supportive and patronize at least 2- 3 programs of the Bank, savings mobilization, capital build up, and availment of loan services and regularly attending the general assemblies of the Bank;
3. Must submit a copy of the updated Certificate of Compliance including Certificate of Re-registration under RA 9520 issued by Cooperative Development Authority (CDA) and updated Certificate of Tax Exemption;
4. The Cooperative must increase its share capital; (Amended on April 12, 2019 under AGA Res. # 4 S-2019) categorized as follows:

Coop Status based on total asset	Capital infusion every year (Php)
1. Micro Coop	20,000
2. Small Coop	30,000
3. Medium Coop	40,000
4. Large Coop	50,000

5. The cooperative must be creditworthy from any Financial Institution and not delinquent member at the time of filing of candidacy of the authorized representative.
6. The Cooperative Net Surplus is not negative for previous 2 years of operation.

B. The Candidate

1. Must be the Board Chairman or any authorized Officer (Director or Manager) of the cooperative thru a Board resolution.
2. He shall be at least twenty-five (25) years of age at the time of his election or appointment.
3. He shall be at least a college graduate or has five (5) years' experiences in business.
4. He must have attended or willing to attend training/seminar on Corporate Governance



Risk Management to be conducted by accredited provider of Bangko Sentral ng Pilipinas and Cooperative Development Authority.

5. He must be fit and proper for the position of a director of the Bank. (In determining whether a person is fit and proper, the following matters must be considered: integrity/probity, physical/mental fitness, relevant education/financial literacy/training; 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).
6. If private or government employee, the candidate must submit written consent/permission from the Head of the office or agency he/she is employed.
7. The Candidate must be present during annual assembly meeting.
8. Must not be a delinquent borrower of the Bank and other financial institutions at the time of filing of candidacy.
9. Must participate in the Capital Build Up Program of the Bank with minimum shares of P50,000 and for Board of Directors to pledge and complete shares of P100,000.00. (Based on CBU program of the Bank approved during the AGA CY 2019).

C. Additional Guidelines for The Position of Independent Director, To Wit:

An Independent Director shall refer to a person who-

- a. Is not or has not been an officer or employee of the bank, its subsidiaries or affiliates or related interests during the past three (3) years counted from the date of his election;
- b. Is not a director or officer of the related companies of the institution's majority stockholder;
- c. Is not 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.
- d. Is not a relative, legitimate or common-law of any director, officer or stockholder holding share of stock sufficient to elect one (1) seat in the Board of the Bank or any of its related companies. For this purpose, relatives refer to the spouse, parent, child, brother, sister, parent in-law, son-/daughter-in-law, and brother-/sister-in-law;
- e. 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 shareholder; and
- f. Is not retained as professional adviser, consultant, agent or counsel of the institution, any of its related companies or any of its substantial shareholders, either in his personal capacity or through his firm; is

independent of management and free from any business or other relationship, has not engaged and does not engage in any transaction with the institution 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.

Section 7. Disqualifications of a Board of Directors and Committee Members. Without prejudice to specific provisions of law prescribing disqualifications for directors, the following are disqualified from becoming directors:

2.) Permanently disqualified

- a. Persons who have been convicted by final judgment of a court for offenses involving dishonesty or breach of trust;
- b. Persons who have been convicted by final judgment of a court sentencing them to serve a maximum term of imprisonment of more than six (6) years;
- c. Persons who have been convicted by final judgment of the court for violation of banking laws, rules and regulations;
- d. Persons who have been declared insolvent, spendthrift, or incapacitated to enter into a contract;
- e. Directors, officers or employees of closed banks who were found to be culpable for such institution's closure as determined by the Monetary Board of BSP;
- f. Directors and officers of banks found by the Monetary Board (MB) as administratively liable for violation of banking laws, rules and regulations where a penalty of removal from office is imposed, and which finding of the MB has become final and executory;
- g. Directors and officers of banks or any person found by the MB to be unfit for the position of directors because they were found administratively liable by another government agency for violation of banking laws, rules and regulations or any offense, violation involving dishonesty or breach of trust, and which finding of said government agency become final and executory.
- h. None attendance to orientation prior to election unless have already undergone previous orientation.

3.) Temporarily disqualified

1. Person who refuses to fully disclose the extent of their business interest



or any material information to the appropriate department for SES when required pursuant to a provision of law or of a circular, memorandum, rule or regulation of the Bangko Sentral ng Pilipinas;

2. Directors who have been absent or who have not participated for whatever reasons in more than fifty percent (50%) of all meetings, both regular and special, of the board of directors during their incumbency, and directors who failed to physically attend for whatever reasons in at least twenty five percent (25%) of all board meetings in any year. (This disqualification applies only for the purposed of the immediately succeeding elections);
3. Persons who are delinquent in the payment of their obligation at the time of filing of candidacy;
4. Directors who failed to attend the special seminar for board of directors required by BSP and CDA. Non-compliance shall be a ground for disqualification in the succeeding election;
5. Any other ground for disqualification provided for by the Bangko Sentral ng Pilipinas.

4.) Other Disqualifications

- a. With relation up to 3rd degree of consanguinity or affinity to any hold over director and officer of the bank.
- b. Elective officials of the Government shall be ineligible to become officers and Directors of Cooperative under Art. 17, Section 2 of RA 9520.
- c. No candidate shall be allowed to file his candidacy if there is already an incumbent Director or Election Committee from the primary where the incumbent director/ Election Committee represents.

Section 8. Disqualification Process

1. Pre-proclamation complaint and
2. Protest must be done within ten (10) days after proclamation of winners.

Section 9. Number of Board of Directors and Election Committee

- a. **Total Number of Board of Directors is 15 divided into 2 Areas and At Large, as follows:**
 - a. **Ilocos Norte Area- five (5) seats** are available for BOD wherein four **(4) seats** are regular BOD members and **one (1)** for Independent Director.
 - b. **Ilocos Sur five (5) seats** are available for BOD wherein four **(4) seats** are regular BOD members and **one (1)** for Independent Director.
 - c. **At Large – five (5) seats** are available for BOD wherein four

(4) seats are regular BOD members and **one (1)** for Independent Director.

- d. **Three (3) seats for the Election Committee (all at large).**

Section 10. Filing of Certificate of Candidacy:

- 1.) Qualified members shall secure from the ELECOM/Screening Committee members an official form of the Certificate of Candidacy After it is duly accomplished, the same, together with the other required documents, shall be filed at the designated ELECOM/Screening Committee office during office hours, not later than thirty (30) days before the election date.
- 2.) The Election Committee set their meeting to evaluate the certificate of candidacies and conducts an orientation seminar for new candidates. None attendance of new candidates in the orientation means no longer interested on the filed candidacy.
- 3.) An official form is available for use of the candidate.

Section 11. Requirements needed upon filing of Certificate of Candidacy. All candidates shall submit the following requirements together with the certificate of candidacy:

A. For the Candidate:

1. Bio- Data;
2. Police Clearance;
3. Written consent from Head of the office/agency (if Government/private employee);
4. BOD Resolution as official representative (no need if BOD Chairman is the representative);
5. Photocopy of Certificates of attended seminars and training related to cooperatives;
6. Certification from ICCB for having active deposits.
7. Medical Certificate prior to candidacy.

B. For the Cooperative Represented:

1. Updated Certificate of Compliance from Cooperative Development Authority;
2. Audited Financial Statements for the last two years of operation;
3. Certification of good standing member of ICCB; and
4. Current Certificate of Tax Exemption.

Section 12. Certificate of Candidacy – No qualified member of the cooperative shall be elected as member of the Board of Directors, member of the Election Committee and Other elective positions, unless he/she has filed a sworn Certificate of Candidacy.

Section 13. Screening Procedures – The application by and screening of candidate shall involve the following procedure:

1. Application - Prospective applicant/candidate shall secure a form or Certificate of Candidacy from the duly authorized member of the ELECOM/ Screening Committee and shall acknowledge receipt thereof. Applicant/candidate shall submit the same to the ELECOM/ Screening Committee his/her duly Sworn Certificate of Candidacy with



necessary attachment as specified in Article II Section 3, hereof which shall be accomplished in three (3) copies. ELECOM/ Screening Committee assigned shall acknowledge receipt thereof, certifying the completeness of attachments, date and time of receipt to be recorded.

2. Posting of List of Qualified Candidates - It shall be the responsibility of the Election Committee to post the list of qualified candidates in at least five (5) conspicuous places in every district five (5) days before the election.

Section 14. Withdrawal or Cancellation of Certificate of Candidacy - No Certificate of Candidacy duly filed shall be considered withdrawn or cancelled unless the candidate files with the Election Committee a sworn statement of withdrawal or cancellation at least one (1) day before the election.

ARTICLE III - PROHIBITED ACTS OF CANDIDATES

Section 15. Prohibited Acts of Candidates - The Board of Directors thru the Election Committee shall identify the prohibited acts of candidates before and during the election period.

ARTICLE IV. TERM

Section 16. Term of Office - The winning Director shall serve for a term of two years. The first two highest votes of the Election Committee shall serve for a term of two years and the lowest votes shall serve one year.

ARTICLE V. REGULAR MEMBERS

Section 17. Master list of Regular Members- It shall be the responsibility of the BOD Secretary to prepare in no less than 15 days before the election, at least 3 copies of the master list of regular members. The master list of the regular members shall contain the names of all qualified members in alphabetical order. The final master list shall be posted not less than five (5) days before the election.

Section 18. Registration of Regular Members - All members whose names appear in the master list of regular members shall register with the ELECOM on the day of the election. Only those who are duly registered shall be allowed to vote.

ARTICLE VI. VOTING CENTER

Section 19. Voting Center - The voting center will be the building or place where the Board of Election conduct its proceedings and where the voters shall cast their votes. The venue will be the place where the Annual General Assembly Meeting is being held.

Section 20. Ballot Boxes - There shall be one ballot box under the custody and disposal of the ELECOM.

Section 21. Tally Boards - At the beginning of the counting, there shall be placed within plain view of the committee, the watchers and the public, a tally board where the name of all the candidates are written and corresponding votes shall be recorded.

Section 22. Furnishing of Ballot Boxes, Form and Other Materials for the Election - The ELECOM shall prepare the ballot boxes, forms, ballots, tally sheets and all other materials needed for the election.

ARTICLE VII ELECTION COMMITTEES

Section 23. Election Committee- An Election Committee is hereby created and shall be composed of

three (3) members to be elected during the General Assembly and shall hold office for a term of two (2) years for the first two and the remaining for one (1) year or until their successors shall have been elected and qualified. Within ten (10) days after their election, they shall elect from among themselves their Chairperson, Vice-Chairperson and a Secretary. No member of the committee shall hold any other position within the cooperative during his term of office.

Section 24. Functions And Responsibilities

The Election Committee shall:

1. formulate election rules and guidelines and recommend to the GA for approval;
2. implement election rules and guidelines duly approved by the GA;
3. recommend necessary amendments to the election rules and guidelines, in consultation with the Board of Directors, for approval by the GA;
4. supervise the conduct, manner and procedure of election and other election related activities and act on the changes thereto;
5. canvass and certify the result of the election;
6. proclaim the winning candidates;
7. decide election and other related cases except those involving the Election Committee or its members, and
8. perform such other functions as may be prescribed in the by-laws or authorized by the GA.

ARTICLE VIII. OFFICIAL BALLOT

Section 26. The Official Ballots shall be uniform in size and in color. It shall be printed at the expense of the cooperative under the supervision of the BOD Secretary. It shall be in the shape of a strip with detachable stub bearing consecutive serial numbers, and at the top portion of the ballot, the name "OFFICIAL BALLOT" shall be printed. It shall also contain the name of the office to be voted for, allowing sufficient space below with a horizontal line where the voter shall write the name of the candidate voted by him/her.

ARTICLE IX. CASTING OF VOTES

Section 27. Election Process

1. Voting shall be done by secret ballot (or through computer encoding)
2. Only official voting delegates present and duly registered for the assembly could vote.
3. Number of vote/s is allocated PRO-RATA IN ACCORDANCE WITH PAID-UP SHARES - Ten (10) shares or equivalent to ten thousand pesos (P10,000.00) share capital is equal to one vote.
4. Official ballot shall be distributed upon registration.
5. A list of qualified candidates shall be printed and posted at the registration area.
6. No voting by proxy.
7. No junking of vote, "BUT REPRESENTATIVES HAVE THE OPTION TO CAST VOTES WHETHER DISTRIBUTED EQUALLY OR NOT EQUALLY TO THE CANDIDATES" (Amended during the 2nd ICCB AGA held on April 12, 2019 under AGA Res. No. 3 S-2019).
8. Voting is closed at the time specified by Election Committee.



9. Campaign period ends at two hours before election will be done.

Section 28. Canvassing Of Vote

- a. The ELECOM Chairperson shall be the authorized person to open ballot box. Secretary counts the number of ballots and compare the same with the number issued.
- b. Ballots should be completely filled up.
- c. Incomplete number of candidates in a ballot or repetition of names shall make ballot null and void.
- d. Candidate with the same surname be identified with the complete name of each.
- e. The ELECOM shall prepare and sign a statement in three (3) copies setting forth the following:
 1. The time the voting commenced and ended;
 2. The number of ballots received;
 3. The number of ballots used and number left unused;
 4. The number of members who cast their votes;
 5. The names of watchers present;
 6. The time the counting of votes commenced and ended;
 7. Number of ballots read and counted.
 8. Unused Official Ballots shall be torn immediately after the official time for counting of votes and the said form ballots will be placed in a brown envelope tightly sealed and will be kept under the custody of the Board Secretary.

ARTICLE X. COUNTING OF VOTES

Section 29. Counting to the Public and without Interruption. As soon as the voting is finished, the ELECOM shall publicly count the votes cast and shall ascertain the results. The Committee may not adjourn or postpone the counting until it has been fully completed.

Section 30. Manner of Counting of Votes - The ELECOM shall take out the ballots and form separate piles of 50 ballots each which shall be held together with rubber bands.

The Chairman of the Committee shall take ballots according to piles and read the names of the candidate one by one. The two members shall record its vote on the tally sheet and the tally board as the name voted for the office is being read. After all the ballots shall have been read, the committee shall sum up the totals recorded for each candidate and the aggregate totals both on the tally board and on the tally sheet. The committee shall then place the result of election on the board.

Section 31. Certification Of Election Returns**Proclamation:**

- a. The total number of votes garnered by a candidate is the basis of proclaiming winners.
- b. The committee prepares a complete certificate of election return containing name, votes and rank.
- c. Proclamation will be done through letter "b" report duly signed by the Election Committee.

Section 32. Term Of Elected Directors & Election Committee

- a. The winning Director shall serve for a term of two years. The first two highest votes of the winning member of the Election Committee shall serve for a

term of two years and the lowest votes shall serve one year.

b. To end the tenure of the elected Director or Election Committee and the position remain Vacant if confirmed no longer elected or appointed officer of the Cooperative he/she represented.

ARTICLE XII. ELECTION PROTEST AND RESOLUTION

Section 33. Election Protest - Any protest that may arise from the conduct of the election shall be filed in writing under oath to the election committee within twenty-four (24) hours after the proclamation of winners.

Section 34. Protest Resolution - The Election Committee shall have the authority to rule on all questions that may arise with respect to the validity of nominating petitions, validity of member signatures, the registration of members, counting of ballots cast, determination of the validity of any ballot irregularly marked or cast, rulings upon all other questions that may arise relating to the ballot, member voting and the election of Directors, and decisions upon any challenge, protest or objection made with respect to any election or conduct that may affect the results of any election. The Election Committee decision on all such matters shall be final. The decision of Election Committee shall be final if no appeal is filed on the General Assembly immediately after the promulgation of the decision.

ARTICLE XIII. ORGANIZATIONAL MEETING:

Section 35. Organizational Meeting. A meeting of the members of the Board of Directors shall be held within ten (10) days after each annual General Assembly to elect by secret ballot from among themselves a Chairman and Vice-Chairman.

Section 36. Supervision/Oath Taking. The Election Committee shall conduct and supervise the organizational meeting of the Board of Directors (BOD) and other Committees. Likewise, they shall facilitate the Oath Taking of Directors and Committee Members.

The Election Committee
(SGD) VIRGILIO A. ABAAG
Chairperson

(SGD) MIRIAM MEDRANO
Member

(SGD) VALLERIANO P. AGNIR, JR
Member

CHAIRMAN'S REPORT FOR CY 2021

Dear Stockholders,

We, the members of the Board of Directors hereby present the following reports for CY 2021.

During Calendar Year 2021, the Board acted upon the following Resolutions:

SUMMARY OF BOD RESOLUTIONS 2021

TITLE/DESCRIPTION
Resolution Renaming The Human Resource Department To Administrative Department To Handle Both The Administrative And Human Resource Concerns Effectively Immediately
Resolution Guiding The Administrative Manager To Draft A Policy For Personnel Who Attend Seminar/Training And To Implement The Annual Training Need Analysis For All Personnel
Resolution Approving That Vetting Of RPT And DOSRI Loans Shall Be Done By The Credit Committee Effective Immediately.
Resolution Approving The Vehicles Usage Policy-Guidelines For Implementation Effective Immediately
Resolution Approving The Final Organizational Structure Of ICCB For The Position Of The General Manager And Two Area Managers
Resolution Assigning Head Customer Assistance Officer To Act As Marketing Officer In The North
Resolution To Temporarily Suspend The Implementation Of Lending Policy On Coop/DOSRI Unsecured Loans On The 1:1 Ratio Of Share Capital Of The Coop Effective Immediately
Resolution Commending Bangui Branch For Attaining The Highest Net Income For Calendar Year 2020 And To Approve A Performance Gift Of Half Month Salary Of Each Employee For ICCB Bangui Branch To Be Released Effective Immediately
Resolution Accepting The Retirement And End Term Of Mr. Prudencio F. Consolacion, As Executive Officer Of BANGKOOP And As Board Of Director Of Ilocos Consolidated Cooperative Bank Effective 31 January 2021
Resolution Approving The Renovation Of The Second Floor And Construction Of Pantry In The Third Floor Of The Corporate Office; And To Enter A Contract With Mr. Armando C. Udayan For The Renovation And Pantry Construction With A Contract Price Of P4,601,589.25
Resolution Approving The Supplemental Budget An Amount Of P1,801,589.25 For Calendar Year 2021 For The Renovation Of Second Floor And Construction Of Pantry In The Corporate Office
Resolution Approving For The Construction Of The Two Storey Building Of Batac Branch With The Lowest Bid Price Of P5,388,000.00 And To Enter A Building Contract With Mr. Armando C. Udayan And Authorizing President Ruben R. Habon To Sign The Contract In



Behalf Of The Bank
Resolution Approving The Replacement Of All Signages Of Branches And Head Office Using Same Color, Font/Size And Materials And To Allocate The Budget Correspondingly.
Resolution To Hire Independent Appraiser For The Bank's Land And Building Located At San Pablo, San Nicolas, Ilocos Norte And To Authorize President Ruben R. Habon, In Behalf Of The Bank, To Transact With An Independent Appraiser.
Resolution Approving For The Designation Of Credit Manager Christopher G. Calpo As Officer In Charge (OIC) Area Manager Of South Branches Effective March 1, 2021
Resolution To Approve The Creation Of Bank's Property Management Unit And To Rename The Human Resource Department To Human Resource Unit And Both Units Will Be Under The Administrative Department Effective Immediately
Resolution To Authorize The Bank To Apply The Accreditation With Phil Guarantee For Bank's Loans In Lieu Of Agricultural Guarantee Fund Program (AGFP)
Resolution To Accept The Offer Of Development Bank Of The Philippines (DBP) For The Installation Of Automated Teller Machine (ATM)
Resolution To Confirm The Donation An Amount Of P10,000.00 Given To Candon City Cooperative Development Council For The Bay Walk Darapidap Bahay Kubo Project Taken From Cooperative Development Fund
Resolution To Confirm The Release Of The Goodwill Pay Of Dir. Prudencio F. Consolacion Amounting To P39,000
Resolution To Authorize Ilocos Consolidated Cooperative Bank To Avail Of The Regulatory Relief Package Of Staggered Booking Of Allowance For Credit Losses Pursuant To BSP Memorandum No. M-2020-008
Resolution Approving The Schedule Of Staggered Booking Of Allowance For Credit Losses For A Period Of Five Years Starting March 2021
Resolution To Approve The Designation Of Chief Security Officer Erwin P. Lutap As Officer In Charge Area Manager Of North Branches Effective April 1, 2021
Resolution To Approve For Implementation The Vehicles Usage Policy-Guidelines Effective March 1, 2021
Resolution To Approve For Implementation The Overtime Policy Effective Immediately
Resolution To Authorize The Bank To Renew The Contract With North Pacific Investigation And Security Agency For Two Years From March 2021 To March 2023 And Authorizing The Chairman Of The Board Alexander B. Raquepo As The Signatory To The Said Contract
Resolution Cancelling The 3 rd Annual General Assembly Of Ilocos Consolidated Cooperative Bank (Iccb) For Calendar Year 2021 Due To Covid-19 Pandemic
Resolution To Rename The Administrative Department As Administrative And Procurement Management Department Effective Immediately.
Resolution To Approve The Proposed Amendment Of The Security Program Of Ilocos Consolidated Cooperative Bank
Resolution To Update The Registration Of E-Mail Addresses For The Electronic Correspondences To BSP



Resolution To Update The Registration Of E-Mail Addresses For The Electronic Submission Of Reports To BSP
Resolution Approving The Authorization/Designation Of Board Chairperson Alexander B. Raquepo As The Official Representative Of Ilocos Consolidated Cooperative Bank In The CDA Financial Regional Cluster Organization
Resolution To Renew The Contract Agreement With Country Bankers For North Branches
Resolution Accepting The Bank's Audited Financial Statement As Of December 31, 2020 As Submitted By External Auditor Romeo G. Torno & Company
Resolution Accepting The Report Of The External Auditor Dated March 26, 2021 For The Action Of Management On The Issues And Audit Findings.
Resolution Accepting The Report Of The Chief Compliance Officer With The Compliance Plan And The Compliance Detailed Testing Plan Of Activates For Calendar Year 2021.
Resolution Authorizing Ilocos Consolidated Cooperative Bank As Training Partner Lending Conduit (TPLC) Of Agricultural Credit Policy Council Of The Department Of Agriculture
Resolution Requesting A Guarantee Line Of One Hundred Fifty Million Pesos (P150M) For Ilocos Consolidated Cooperative Bank (ICCB) With Phil Guarantee/Agricultural Guarantee Fund Pool (AGFP) And To Designate Authorized Bank Signatories To Negotiate With Phil Guarantee/AGFP
Resolution Approving The Audit Plan And Activities For Fiscal Year 2021 (Copy On File).
Resolution Accepting The CDA Performance Audit Report Of Ilocos Consolidated Cooperative Bank For Calendar Year 2020 (Copy On File)
Resolution Accepting The Report Of Chief Compliance Officer And The Result Of The Branch Compliance Risk Rating 2020 With The Upgraded Overall Assessment Of "4" Strong.
Resolution Accepting The Transfer Of Ownership Of The Insular Life Policies Of Employees To Ilocos Consolidated Cooperative Bank.
Resolution Designating Chairman Alexander Raquepo, As The Authorized Representative Of Ilocos Consolidated Cooperative Bank To The Annual General Assembly Of Metro South Cooperative Bank To Be Held On June 5, 2021 Via Zoom Conferencing.
Resolution To Give Plaque Of Recognition Or Award To Coop Members That Regularly Participated In The Capital Build Up Program Of The Bank For 2020.
Resolution Approving The Functions And Responsibilities Of Gender And Development (Gad) Focal Person, Gad Committee, And Education Committee
Resolution Assigning Branch Managers To Conduct The Pre-Membership Education Seminar At Their Respective Branches Being The Branch Focal Persons Of Gad.
Resolution Approving The Acquisition Of Seventeen (17) Units Of Scanner (Avison Ad230) With The Total Acquisition Cost Of Five Hundred Seventy-Eight Thousand Pesos (P578,000) To Be Distributed To Branches For Health Protocol Against Covid-19 Pandemic, Effective Immediately
Resolution Approving The Supplemental Budget With A Total Amount Of P8,858,000 For Calendar Year 2021 Planned For Capital Expenditures (Capex) Of Corporate Office & Sanchez Mira Branch, Acquisition Of Information Technology (It) Equipment And Purchase Of Lot For San Nicolas Branch Office



Resolution Approving The Purchase Of Lot For San Nicolas Branch Situated At Poblacion, San Nicolas, Ilocos Norte For An Area Of 250 Square Meters With Estimated Acquisition Cost Of Seven Million Five Hundred Thousand Pesos (Php7,500,000.00).

Resolution Approving The Proposed Addendum To The Human Resource Policy Manual To Accommodate The Pioneer Employees Of Ilocos Consolidated Cooperative Bank With No College Degree For Promotion From Grade Level 1 & 2 To Grade Level 3, Upon Completion Of The Set Conditions Effective Immediately

Resolution Confirming The Report Of Administrative Department On Training And Seminar Attended For 2020 And 2021 (From January-June 2021). (Copy On File).

Resolution Confirming The Implementation Of Codified Approving And Signing Authority For Bank's Transactions

Resolution Approving The Invitation Of MSCB For The Attendance Of President Ruben Habon On The Coop Business Forum To Be Held On July 15, 2021.

Resolution Confirming And Acknowledge The Report Of 1 Cooperative Insurance System Of The Philippines (1CISP) For The Interest On Capital, Experience Refund And Patronage Refund Of Ilocos Consolidated Cooperative For Calendar Year 2020 To Be Added To The Existing Share Capital Of The Bank

Resolution Authorizing Ilocos Consolidated Cooperative Bank To Request The Department Of Agriculture - Agricultural Credit Policy Council's (Da-ACPC) An Increase Of Funds Previously Granted To The Bank Under The "Micro And Small Agribusiness "Agrinegosyo Or ANYO" Loan Program Of An Amount Of *Forty-Five Million (P45,000,000.00)* And To Designate The Same Authorized Representative/S With The First Agreement Entered With The Agricultural Credit Policy Council

Resolution To Refrain From Holding The Bank's Christmas Program For Cy 2021 Due To Pandemic And To Allocate The Budget Intended For It To All Bods And Management Staff Of The Bank As Part Of The Continuous Bank's Social Obligation

Resolution To Approve The Policy & Approving Authority For RPT/DOSRI Loans, And Loans Of All Bank Employees And Their Relatives, Effective Immediately

Resolution To Sponsor And Approve Schedule Of Coop Webinar-Seminars And Trainings For The Second Semester Of 2021 Including Its Budget & Procedure/Program

Resolution Approving And Adopting The Amendment Of The Money Laundering And Terrorist Financing Prevention Program (MTPP) To Incorporate The Updated AMLA Rules And Regulations.

Resolution Approving The Addendum For Overtime Policy Particularly Under Sec. Vi, On The Limitation Of Rendering Overtime, Item # 2, Effective Immediately

Resolution Approving The Revised Guidelines On Leave Application During Epidemic/Pandemic Covid-19 Causing Community Quarantine Period Effective Immediately

Resolution Amending The Human Resource Policy For The Offense Of Gambling From Light Offenses (Serious Misconduct) To Grave Offense With The Sanction Of Termination For Any Employees Found Who Have Engaged In Any Kind Of Gambling And To Reorient & To Compel Observance Of The Human Resource Policy

Resolution Approving The Covid-19 Response Program 2021 Effective Immediately With The



Allocated Funds From The Budget 2021, And The Creation Of Covid-19 Response Team And Its Composition

Resolution Approving The Supplemental Budget Of One Million Pesos (P1,000,000.00) For The Purchase Of Lot For Bangui Branch Office Situated At Nagbalagan, Municipality Of Bangui, Province Of Ilocos Norte Containing An Area Of Four Hundred Square Meters Covered Under Tax Declaration No. 20-0011-01347 At Acquisition Cost Of Three Million Pesos (Php3,000,000.00), And Resolved Further, To Authorize President Ruben R. Habon To Transact Business Relative To The Acquisition Of Lot For Bangui Branch

Resolution To Renew The Climbs Group Personal Accident Insurance For Employees And Group Life And Accident Insurance For Board And Employees Of The Bank

Resolution Authorizing Ilocos Consolidated Cooperative Bank To Request The Department Of Agriculture - Agricultural Credit Policy Council's (DA-ACPC) An Increase Of Funds Previously Granted To The Bank Under The "Expanded Sure Aid And Recovery Project" Loan Program An Amount Of *Forty Million (P40,000,000.00)* And To Designate The Same Authorized Representative/S With The First Agreement Entered With The Agricultural Credit Policy Council.

Resolution Approving The Supplemental Budget Of One Million Five Hundred Thousand Pesos (P1,500,000.00) For Solsona Branch *Intended For The Acquisition Of One Unit Service Vehicle Of The Branch*, And Resolved Further, To Authorize Branch Manager Socorro O. Domingo To Transact Business Relative To The Acquisition Of *Service Vehicle* For Solsona Branch.

Resolution Approving The Moratorium For Borrowers Affected By Covid-19 Pandemic And Typhoon Maring On The Extension Of Loan Payment For A Maximum Of Sixty Days Effective From August 2021 To October 2021

Resolution To Supersede BOD Resolution No. 115-C S-2021 For Additional Accident Insurance For Account Officers With CLIMBS Jr Keyman Accident Protection Plan Effective January 1, 2022; The Premiums Will Be Deducted From The Employees' Yearly Medical Allowance

Resolution Approving The Portion Of The Annual Dole Budget Allotted For Employees' Annual Medical Health Examination To Be Used For Respective Flu Vaccination

Resolution "Authorizing Ilocos Consolidated Cooperative Bank To Apply For The Renewal Of Credit Line And Increase The Amount From P650 Million To P850 Million, Confirming The Continuing Mortgage Of Transfer Certificate Of Title No. T-31985 Including All Existing And Future Improvements Thereon", And "Resolution Designating Authorized Signatories/Representatives To Transact Business In Behalf Of The Cooperative Bank With The Land Bank Of The Philippines."

Resolution To Upgrade The Design Of Identification Card Of Bank's Employees

Resolution To Terminate The Board Representation Of Mr. Abner E. Guilambo To Ilocos Consolidated Cooperative Bank Effective November 30, 2021 As Per Bod Resolution Of Sacred Heart Savings Cooperative (SHSC), And To Approve Not To Fill Up The Vacated Position And Shall Be Subjected For Elections Next Year.

Resolution Creating ADHOC Committee And Appoint Its Members As Temporary Election Committee During The Election Proceeding For Cy 2022.



Resolution Approving The Inclusion In The Human Resource Policy The Requirement For All Regular Employees To Retain Five Days From The Allotted Annual Thirty Days Leave Benefits Of Each Except In Cases Of Emergency Such As Accident Or Urgent Medical Treatment For Implementation Effective Immediately

Resolution Approving The Punctuality Award For The Branch/es Having The Greatest Number Of Punctual Employees Covering Cut Off Period From January 2021 To November 2021

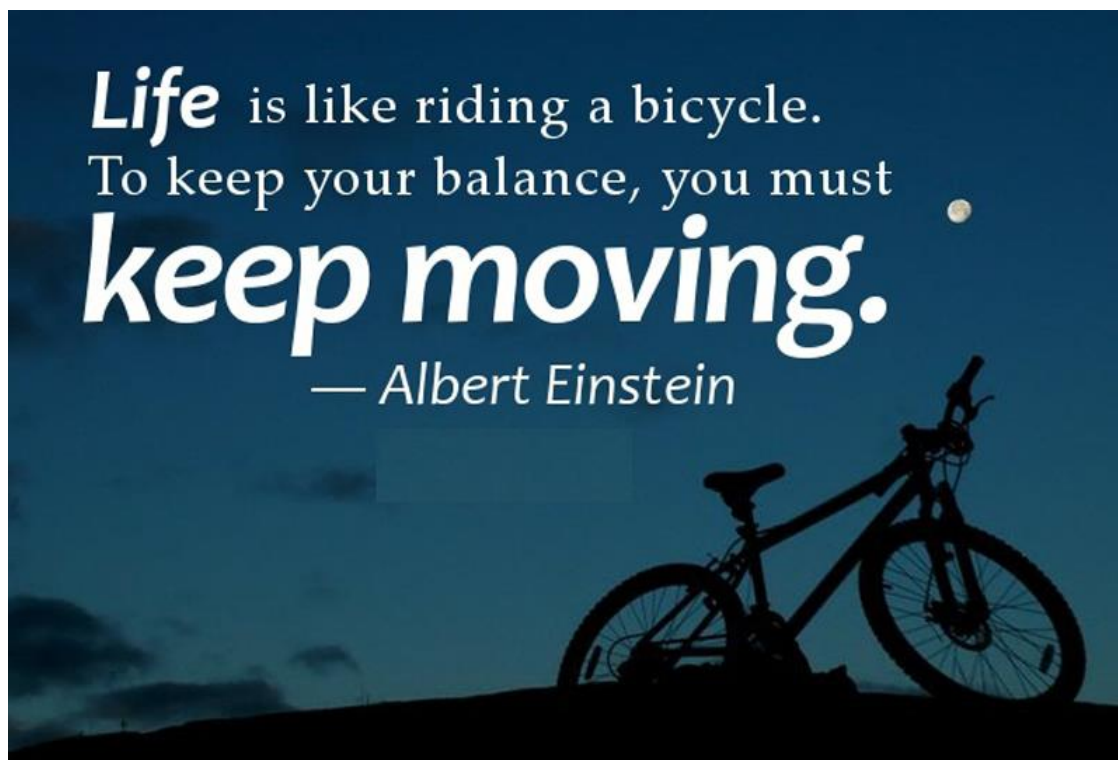
Resolution Approving The Guidelines In The Recruitment Of Deposits/Shares For Calendar Year 2022

Resolution Approving The Branch Incentive Program Of The Bank Effective January 1, 2022

Resolution Approving The Projected Operational Annual Plan & Budget Of Ilocos Consolidated Cooperative Bank For Calendar Year 2022, Including Strategic Objectives And It's Implementing Guidelines Effective January 1, 2022

(SGD) ALEXANDER B. RAQUEPO

Chairperson of the Board



PRESIDENT'S REPORT

The report of the President includes the Corporate Policies, Risk Policies, Corporate Governance, Corporate Information and the Bank's Financial Summary & highlights with Audited Financial Statements and the Capital Adequacy which explains the profitability, liquidity and financial stability of Ilocos Consolidated Cooperative Bank. The outgrowth and continues operation of the Bank was attained with the concerted effort of Stockholders, Board of Directors, Committee members and Management & Staff and other stakeholders amidst the Covid-19 pandemic during CY 2021. The prospects of the Bank for CY 2022 are also included in the report of the President.

I. CORPORATE POLICIES

A. BANK'S VISION, MISSION AND CORE VALUES.

On the fourth year of operation of Ilocos Consolidated Cooperative Bank, it performed great despite of high-risk Pandemic. It extended and met the needs of financial assistance to stakeholders with its credit services to Bank's clients in profitable and **viable** ventures.

The commitment of the Bank continuously extended to its members and clients to uplift the quality of life; thus, we could say that ICCB is a promoter for the countryside development despite dangers amidst Pandemic.

Ilocos Consolidated Cooperative Bank carried out its core values which symbolized its modest ideals and principles in all of its aspects.

The Bank's Vision, Mission and Core Values:

VISION

AN EMPOWERED AND SUSTAINABLE COOPERATIVE BANK IN LUZON

MISSION

1. To provide financial products and services and help in the countryside development.
2. To develop partnership with stakeholders for economic endeavors.
3. To provide career development for employees and officers of the Bank.
4. To undertake community efforts consistent with our Vision statement.

CORE VALUES

- I- INTEGRITY (Upholds Honesty & fairness)
 - C- COMPETITIVE (better than others)
 - C- COMPLIANT (Law abiding Coop Bank/Institution)
 - BEST IN LUZON (Top Performing Coop Bank)
- "AND FAITH IN GOD"

TAGLINE

"sa ICCB, kuntento ka na, asenso ka pa"



B. INTRODUCTION OF THE BANK'S BRAND

It was 2017 when Ilocos Consolidated Cooperative Bank was integrated by two constituent banks - the Ilocos Sur Cooperative Bank and Cooperative Bank of Ilocos Norte, which was originally conceptualized by several Cooperative Banks' Leaders headed by the late Engr. Jose R. Ping-ay as the initiator/founder. Originally, there were five Coop Banks in Region I agreed to form a Consolidated Cooperative Bank to strengthen the power of Cooperative Banks in the Philippines but remained two Cooperative Banks with the guidance of Bangko Sentral ng Pilipinas (BSP). It was on May 7, 2013, when the two Cooperative Banks (CBs) held a joint Board of Directors meeting. Several meetings held and on February 24 & 25, 2017, special general assembly meetings were separately held to finally formed and approved the **Ilocos Consolidated Cooperative Bank**.

The brand name of the bank signified its trademark as **Ilocos Consolidated Cooperative Bank** for the two Constituent Banks- Ilocos Sur Cooperative Bank and Cooperative Bank of Ilocos Norte. This remarked the union and integration in terms of assets; liabilities; membership; contracts; and agreements.

The identity of ICCB marked on May 8, 2017, when Cooperative Development Authority (CDA) awarded the Certificate of Registration of **Ilocos Consolidated Cooperative Bank** under Registration No. 9520-2010000000038400 and certified that **Ilocos Consolidated Cooperative Bank** is registered under its new Cooperative Identification Number (CIN) **10201738400** with office address at ISCB Building, National Highway, Bagani Campo, Candon City, Ilocos Sur and its area of operation is within Luzon.

It was on July 16, 2017 as we called Foundation Day of **Ilocos Consolidated Cooperative Bank**, the remarkable day when we received the approval of BSP Monetary Board for the integration of the two constituent banks and on December 1, 2017, the operation of **Ilocos Consolidated Cooperative Bank** formally started.

C. BUSINESS MODEL OF THE BANK

Ilocos Consolidated Cooperative Bank maintained two regular businesses namely Deposits and Credit services.

ICCB is just like commercial banks that accepts deposits from the public and clients from different municipalities within its area of operation.

With trust and confidence, Stockholders continuously support and participate in the capital build up program and deposit generation of the Bank

The Bank's Credit services were continuously patronized by our clients and members who are in need of funds for agricultural production, commercial and SMES/business operations and, salaried individuals for provident & production.

Amidst Pandemic in 2021, the Bank continuously implemented its services and programs with sustainability, profitability and efficiency

II. Financial Highlights

PARTICULARS			As of December 31 2021	As of December 31 2020	Variances
Profitability					
	Total Net Interest Income		140,277,016.48	116,782,983.33	23,494,033.15
	Total Non-Interest Income		60,317,649.37	47,652,433.85	12,665,215.52
	Total Non-Interest Expense		161,747,945.14	150,254,627.84	11,493,317.30
	Pre-Provision Profit		38,846,720.71	14,180,789.34	24,665,931.37
	Allowance for Credit Losses		16,612,253.20	7,115,099.15	9,497,154.05
	Net income		22,234,467.51	7,065,690.19	15,168,777.32
Selected Balance Sheet Data					
	Liquid Asset		427,394,550.11	432,828,263.58	- 5,433,713.47
		Cash on Hand	19,132,723.35	16,914,586.14	2,218,137.21
		COCI	5,445,376.41	4,625,705.81	819,670.60
		Due from BSP	32,489,624.08	32,917,091.11	- 427,467.03
		Due from Other Banks	241,167,372.82	247,720,716.15	- 6,553,343.33
		HTM	129,159,453.45	130,650,164.37	- 1,490,710.92
	Gross Loans(Net of unammortized Discount)		1,720,598,408.17	1,511,481,331.32	209,117,076.85
		Current Loans	1,582,091,673.32	1,343,385,285.19	238,706,388.13
		Past Due Loans & Litigation	138,506,734.85	168,096,046.13	- 29,589,311.28
	Bank Premises(Net of Accumulated Depreciation)		74,799,574.03	63,150,084.43	11,649,489.60
	ROPA(net)		105,804,888.54	32,070,192.50	73,734,696.04
	Total Assets		2,267,496,553.78	1,985,576,314.12	281,920,239.66
	Deposits		1,378,499,191.07	1,236,088,511.36	142,410,679.71
		Savings Deposit	604,979,871.15	547,605,058.83	57,374,812.32
		Certificate of Time Deposit	773,519,319.92	688,483,452.53	85,035,867.39
	Total Equity		264,069,840.14	227,993,888.29	36,075,951.85
		Common shares	121,610,000.00	112,889,000.00	8,721,000.00
		Preferred shares	66,920,000.00	61,432,000.00	5,488,000.00
		Retained Earnings Free	31,971,178.98	14,782,727.86	17,188,451.12
		Retained Earnings-restricted	43,568,661.16	38,890,160.43	4,678,500.73



		Other Capital Accounts	-	-	-
Selected Ratios					
	Return on Equity		8.42%	3.10%	5.32%
	Return on Assets		1.05%	0.38%	0.67%
	Net Income/ Gross Income		8.45%	3.23%	5.23%
	Liquidity Ratios		31.00%	35.02%	-4.01%
Asset Quality					
	Past Due Ratio		8.05%	11.12%	-3.07%
	Loans to Deposit Ratio		124.82%	122.28%	2.54%
	Fixed Asset Ratio		28.33%	27.70%	0.63%
	Savings Deposit Mix		43.89%	44.30%	-0.41%
	Time Deposit Mix		56.11%	55.70%	0.41%
	Past due loans Coverage		11.99%	4.23%	7.76%

III. FINANCIAL CONDITIONS/ RESULTS OF OPERATIONS AS OF DECEMBER 31, 2021

Ilocos Consolidated Cooperative Bank presents its Annual Financial Report.

The world is just recovering from the impact of the worldwide health pandemic which hindered all business operations. And the fact that we are still here reporting on the financial status of the bank manifests the resiliency and perseverance to carry on its vision and mission and its intention to remain outstanding despite unseen and uncalculated circumstances.

Last 2020, the bank met the Two Billion mark in terms of assets, a positive net income as a result of its operation with the presence of pandemic, no employees were laid off, all units operated continuously, provided trainings and seminars for its member-shareholders including those primary cooperative members that are not yet members of the bank, constant marketing of the products and services of the bank via the online platforms were manifested during this period as this is the newest and most efficient way to reach potential clients, a truly remarkable but humbling accomplishment of the cooperative bank with the support of all its Board of Directors, Officers, Employees, Stockholders & Valued Clients. With this attitude of cooperativism, optimism, goal-oriented, sound decision making and God's Divine Providence, the Ilocos Consolidated Cooperative Bank holds promising progress in the years to come.

A. PROFITABILITY:

For the extra-ordinary year 2021, the imposition of restrictions such as community quarantine continued, however, it was a good thing that businesses slowly start to recover as they are now allowed to operate with minimal restriction of observing limited clients in their area. This has enabled the MSME clients of the bank to repay their debts, thus collections had improved.

Aside from the continuing presence of the pandemic, the presence of Swine Flu has affected the entire Philippines, the bank's area of operation was not exempted. Aside from that, the devastating Typhoon Maring brought great harm in the Province of Cagayan and Ilocos Region ruining the crops and livelihood of the Agricultural Loan Borrowers in the area.

Despite the presence of these phenomena, from 2020 with a net of **P7,065,690.19**, 2021 remained to be a good year having been able to raise a Total Net Income of Php22,234,467.51. A Total Gross Income of Php263,056,180.97. The Total Expenses of Php240,821,713.46 represents interest expenses on deposits and other sources of funds, operating expenses and the provisions for credit losses. One contributor in the said income are the fees and commissions earned by the bank in its regular transactions. The Return on Equity for the year 2021 was 8.42%, it was higher than last year 2020 which yielded 3.10%. The Return on Assets for the year 2021 was 1.05%, it was higher than last year 2020 which yielded 0.39%. For 2020, the bank was able to be profitable despite the continuance of health and travel restrictions.

**LIQUIDITY:**

Notwithstanding the presence of pandemic, there was a remarkable increase of deposit generation by Php142,410,679.71. Its Loan Releases for 2021 amounted to Php1,547,719,870.00, higher than that of 2020 by 28.61%. The bank's Liquidity Ratio for 2021 was at 31%, slightly lower than that of 2020 by 35%. Over-all, the bank has been compliant with the required 16% Minimum Liquidity Ratio as set by the Bangko Sentral ng Pilipinas.

ASSET QUALITY:

The bank's Loan Portfolio increased by 13.83% from last year's Php1,511,481,331 to this year's Php1,720,598,408.17. Majority of the Loan Portfolio were Loans to Individuals for Personal Use Purposes, followed by MSMEs, Other Agricultural Credit Loans, amounting to Php772,470,138, Php613,949,317.73; Php332,289,413.07 respectively. For the current year, the bank continuously served as the government agencies' conduit in implementing their programs for the development of the countryside focusing on lending funds for Agri-Products. Aside from that, the bank was able to lend a hand in reaching beneficiaries of SURE-Calamity Aid, a loan program of the ACPC granting loans to the affected areas of the Typhoon Maring at zero interest. A mix of both the government as well as from private lending institutions became ICCB's partner in providing financial assistance through credit lines to cater the demand of borrowers, they are the Land Bank of the Philippines, DA – Agricultural Credit Policy Council, Metro South Cooperative Bank and Small Business Corporation. These just manifests that the bank has been reposed with continuous trust and confidence from these respected financial institutions and government agencies.

On other matters, the Past Due ratio has decreased by 3.07%, from 11.12% in 2020 to 8.05% as of 2021. Loans to Deposit Ratio increased by 2.08%, Fixed Asset Ratio increased by 0.63%, Saving Deposit Mix decreased by .41%, Time Deposit Mix increased by .41%, Past Due Loans Coverage increased by 7.76%. Non-Performing Loans Ratio decreased by .93%. Due to failure of some borrowers to meet their obligations, ROPA has increased by 229%. Provision for loan losses were also made to mitigate the bank's exposure to credit risk.

TOTAL DEPOSITS

Since time immemorial, there is a continuing trust of the general public to the Cooperative Bank as shown in the massive increase of its Deposit Liabilities by Php142,410,679.71, a 11.52% increase from that of 2020. Total Number of Accounts rose from 26,025 (2020) to 27,104 (2021). Pick-up deposits with issued receipts to the clients were also continuously implemented, an added strategy to raise the deposit generations for each branch especially those who were located at public markets and whose clienteles were composed of store-owners.

TOTAL EQUITY

For the year 2021, the Equity of the Bank has increased from Php227.994M to Php264.069M. Common Shares has increased by Php10,371,000, the Preferred Shares has increased by Php7,643,000. Another contributory factor in the increase of the bank's Equity is the Net Income of Php22.234M. The bank's Return on Equity for the year 2021 was 8.42%, an increase of 5.32% comparing from 2020's ROE of 3.10%.

UPDATES**Banking Service Innovations**

- A. Continuous enhancement of the Computer Program and full implementation of cyberone system.
- B. Continuing professional development of employees for excellent banking services through trainings and seminar via face to face or webinars.
- C. Entered Into Service Agreement Called Domain and web hosting services agreement with Evenly Ten Web Solutions, a web hosting company, and designating President Ruben R. Habon as the authorized signatory of ICCB in the agreement and designation of the members of the publication committee of the ICCB domain and web hosting setup called ichooseiccb.Com

B. MAJOR ACTIVITIES/STRATEGIES/INITIATIVES DURING THE YEAR

- a. Renovation of the second floor and construction of pantry in the third floor of the Corporate Office with a contract price of P4,601,589.25.
- b. Construction of the two storey building of Batac Branch with the lowest bid price of P5,388,000.00.
- c. Availed the regulatory relief package of staggered booking of Allowance for Credit Losses pursuant to BSP Memorandum No. M-2020-008
- d. The plans and program for the last semester of 2021 were reviewed and recommended activities to meet the bank's targets, to improve asset quality and bank's operation.
- e. Installed virtual private network which can provide 2 key benefits: 1) privacy — By making things like IP address, location, and search history, to keep them from being tracked by websites, internet browsers, cable companies, internet service providers (ISPS), and 2) Security — by helping protect our personal information and other data as it's in transit, or being sent from and received by our devices.
- f. Increased credit line with Land Bank of the Philippines (LBP) and partnered with Agricultural Credit Policy Council(ACPC) of the Department of Agriculture (DA) in granting farmers loan in the region.
- g. Full digitization of customers records.
- h. Implemented the Covid-19 Response Program 2021 and the creation of Covid-19 Response Team and its composition;
- i. Extended relief to affected individuals due to typhoon Maring particularly the towns of Sta. Maria, Sta. Lucia and Sta. Cruz, Ilocos Sur.
- j. Extended credit services outside Provinces of Cagayan, Pangasinan, Ilocos Sur, Ilocos Norte, La Union and Abra

C. CHALLENGES

- a. Full utilization of the Cyberone System.
- b. To maintain and comply with the required minimum capital ratios.
- c. To attain the budgeted net income
 - i) improve asset quality of the Bank;
 - ii) attain the targeted NPL ratio and past due loans ratios respectively.

IV. RISK MANAGEMENT FRAMEWORK ADOPTED**Define the Bank's Overall Risk Tolerance.**

The very first purpose of bank's credit strategy is to determine the risk appetite of the bank. Once it is determined the bank could develop a plan to optimize return while keeping credit risk within predetermined limits.

The Risk appetite of the bank was approved and adopted based on a number of factors, such as: 1) industry level, 2) BSP circulars, 3) competitors, 4) the nature of the Bank's objectives pursue and 5) the financial strength and capabilities of the Bank that depends on its resources.

The bank's credit risk strategy includes:

- a) The institution's plan to grant credit based on various client segments and products, economic sectors, geographical location, currency and maturity
- b) Target market within each lending segment, preferred level of diversification/concentration.
- c) Pricing strategy.



It is essential that banks give due consideration to their target market while devising credit risk strategy. The credit procedures should aim to obtain an in-depth understanding of the bank's clients, their credentials & their businesses in order to fully know their customers.

The strategy should provide continuity in approach and take into account the cyclic ("business cycle"/ seasonal businesses) aspect of country's economy and the resulting shifts in composition and quality of overall credit portfolio. While the strategy would be reviewed periodically and amended, as deemed necessary, it should be viable in long term and through various economic cycles.

The senior management of the bank had developed and established credit policies and credit administration procedures as a part of overall credit risk management framework and get those approved from the Board. Such policies and procedures shall provide guidance to the staff on various types of lending including corporate, SME, consumer, agriculture, etc. At minimum the policy should include

- a) Detailed and formalized credit evaluation/ appraisal process.
- b) Credit approval authority at various hierarchy levels including authority for approving exceptions.
- c) Risk identification, measurement, monitoring and control
- d) Risk acceptance criteria
- e) Credit origination and credit administration and loan documentation procedures
- f) Roles and responsibilities of units/staff involved in origination and management of credit.
- g) Guidelines on management of problem loans.

In order to be effective these policies were cleared, oriented and communicated down the line. Further any significant deviation/exception to these policies is being communicated to the top management/board and corrective measures should be taken. It is the responsibility of senior management to ensure effective implementation of these policies.

A. Organizational Structure.

To maintain bank's overall credit risk exposure within the parameters set by the board of directors, the importance of a sound risk management structure is second to none. While the banks may choose different structures, it is important that such structure should be commensurate with institution's size, complexity and diversification of its activities. It must facilitate effective management oversight and proper execution of credit risk management and control processes.

Credit policy formulation, credit limit setting, monitoring of credit exceptions / exposures and review /monitoring of documentation are functions that should be performed independently of the loan origination function.

Risk limits

As stated earlier it is the board that has to determine bank's overall risk appetite and exposure limit in relation to its market risk strategy. Based on these tolerances the senior management should establish appropriate risk limits. Risk limits for business units, should be compatible with the institution's strategies, risk management systems and risk tolerance. The limits should be approved and periodically reviewed by the Board of Directors and/or senior management, with changes in market Conditions or resources prompting a reassessment of limits. Institutions need to ensure consistency between the different types of limits.

- a) **Gap Limits:** The gap limits expressed in terms of interest sensitive ratio for a given time band aims at managing potential exposure to a bank's earnings / capital due to changes in interest rates. Setting such limits is useful way to limit the volume of a bank's repricing exposures and is an adequate and effective method of communicating the risk profile of the bank to senior management.



b) **Factor Sensitivity Limits:** The factor sensitivity of interest rate position is calculated by discounting the bank's net position using current market interest rate and then using the current market interest rate increase or decrease by one basis point. The difference in the two values known as factor sensitivity is the potential for loss given one basis point change in interest rate. Banks may introduce such limits for each time band as well as total exposure across all time bands. The factor sensitivity limit measures the change in portfolio present value given one basis point fluctuation in underlying interest rate.

The Board of Directors shall be responsible for the approval and regular review of risk strategies and policies, as well as the oversight of the implementation of a comprehensive and effective risk management system appropriate for the size, complexity and scope of operations of the Bank. The Board shall ensure that the system provides for adequate policies, procedures and processes to identify, measure, monitor and control all risks inherent in the Bank's operations, products and activities, and that an independent assessment of the system is periodically performed, the results of which shall be reported to it or to a board-level committee for appropriate action. The Board shall ensure that the different functions are considered. Independent and oversight functions are effective to avoid or address any potential conflict of interest.

Senior Management. Senior Management shall be responsible for ensuring that the risk-taking activities of the Bank are aligned with the risk strategies approved by the Board of Directors. It shall also be responsible for developing and implementing Bank's policies and procedures that lay down the conditions and guidelines for an effective risk management process, as well as proper channels of communication to ensure that these policies are clearly communicated and adhered to by all levels of the organization.

The Board of Directors had adopted different policies and procedures to manage the different risks inherent to bank's operations. The credit risk management system, information technology risk management system, personnel policies, manual of operations, Money Laundering and Terrorist Financing Program (MTPF) and other policies were adopted to attain the Bank's mission and goal.

The Bank had set limits or risk appetite as a guide in mitigating the different risk faced by the bank. With regards to credit risk, Single Borrower's Limit (SBL); limits on large exposure; Loan accommodation to DOSRI; officers and employees were as a basis in managing exposures of the Bank.

To help the Board in their oversight function the Risk Oversight Committee was created.

The Risk Oversight Committee shall advise the Board of Directors on the Bank's overall current and future risk appetite, oversee senior management's adherence to the risk appetite statement and report on the state of risk culture of the Bank. The Coop. Bank's existing risk management system/program shall be subject to review and updating by the risk oversight committee.

The committee shall oversee the system of limits to discretionary authority that the Board delegates to management, ensure that the system remains effective, that the limits are observed and that immediate corrective actions are taken whenever limits are breached.

Primary Responsibilities of the Risk Management Committee:

- 1) Oversee the risk management framework. The committee shall oversee the enterprise risk management framework and ensure that there is periodic of the effectiveness of the risk management systems and recovery plans. It shall ensure that corrective actions are promptly implemented to address risk management concerns.
- 2) Oversee adherence to risk appetite. The committee shall ensure that the current and emerging risk exposures are consistent with the Bank's strategic direction and overall risk appetite. It shall assess the overall status of adherence to the risk appetite based on the quality of compliance with the limit structure, policies and procedures relating to risk management and control, and performance of management, among other.



- 3) Oversee the risk management function. The committee shall be responsible for the appointment/selection, remuneration, and dismissal of the Risk Officer. It shall also ensure that the risk management function has adequate resources and effectively oversees the risk-taking activities of the bank.
- 4) Identify and evaluate exposure to different types of risk inherent in banking - the committee shall assess the probability of each risk becoming reality and shall estimate its possible effect and cost. Priority areas of concern are those risks that are the most likely to occur and are costly when they happen.

Powers of the Risk Oversight Committee

1. The Committee has an advisory role, consistent with its purpose of assisting the Board in relation to the matters with which it is charged with responsibility, and does not have any power to commit the Board to any recommendation or decision made by it.
2. The Committee has unrestricted access to management and the heads of the bank's operating departments as well as all relevant records as it may consider appropriate for the proper performance of its function.

Risk Management Function

The Ilocos Consolidated Cooperative Bank has its Head Office located at Bagani Campo, Candon City, Ilocos Sur and thirteen branches located in the different areas of Ilocos Norte, Ilocos Sur, Abra, La Union, Cagayan and Pangasinan has its Compliance Department and Audit Department to head the Risk Management Function. The Compliance Department with the Chief Compliance Officer meets/reports to the Board of Directors or the Risk Oversight Committee. Meetings with the Board of Directors or ROC shall be duly taken on minutes meeting and adequately documented. The Chief Compliance Officer shall be responsible for overseeing the risk management function and shall support the Board of Directors in the development of the risk appetite and risk appetite structure (RAS) of the bank and for translating the risk appetite into a risk limits structure. The Chief Compliance Officer shall likewise propose enhancements to risk management policies, processes and systems to ensure that the bank's risk management capabilities are sufficiently robust and effective to fully support strategic objectives and risk-taking activities.

AML GOVERNANCE AND CULTURE

The Bank had developed a sound risk management policies and practices to ensure that risks associated with Money Laundering/Terrorist Financing (ML/TF) such as reputational, operational, and compliance risks are identified, assessed, monitored, mitigated and controlled, as well as to ensure effective implementation of the MTPP Manual, to the end that the Bank shall not be used as vehicle to legitimize proceeds of unlawful activity or to facilitate or finance terrorism.

The four (4) areas of sound risk management practices are:

- Adequate and active board management oversight;
- Acceptable policies and procedures embodied in the Bank's MTPP;
- Appropriate monitoring and Management Information System; and
- Comprehensive internal controls and audit.

1. Board and Senior Management Oversight

Notwithstanding the provisions specifying the duties and responsibilities of the compliance office and internal audit unit, it shall be the ultimate responsibility of the board of directors to fully comply with the provisions of the regulations, the AMLA, as amended and its RIRR. For this reason, it shall ensure that that oversight on the bank's AML/CFT compliance management is adequate.



Senior Management shall oversee the day-to-day management of the Bank, ensure effective implementation of AML/CFT policies approved by the Board and alignment of activities within the strategic objectives, risk profile and corporate values set by the board. Senior management shall establish a management structure that promotes accountability and transparency and upholds, checks and balances.

Compliance Office

Management of the implementation of the Bank's MTPP shall be a primary task of the compliance office. The compliance office shall have a direct reporting line to the board of directors or any board-level or approved committee on all matters related to AML and terrorist financing compliance and their risk management. It shall be principally responsible for the following functions among other functions that may be delegated by senior management and the board, to wit:

- 1) Ensure compliance by all responsible officers and employees with Part 8 of the MORB, AMLA, as amended, the RIRR and its own MTPP. It shall conduct periodic compliance checking which covers, among others, evaluation of existing processes, policies and procedures including on-going monitoring of performance by staff and officers involved in ML and TF prevention, reporting channels, effectiveness of the manual money laundering transaction monitoring system and record retention system through sample testing and review of audit or examination reports. It shall also report compliance findings to the board or any board level committee;
- 2) Ensure that infractions, discovered either by internally initiated audits, or by special or regular examination, conducted by the Bangko Sentral, or other applicable regulators, are immediately corrected;
- 3) Inform all responsible officers and employees all resolutions, circulars and other issuances by the Bangko Sentral and the AMLC in relation to matters aimed at preventing ML and TF;
- 4) Alert senior management, the board of directors, or the board-level or approved committee if it believes that the Bank is failing to appropriately address AML/CFT issues; and
- 5) Organize the timing and content of AML training of officers and employees including regular refresher trainings as stated in Section VI of this Manual.

The Bank's Chief Compliance Officer shall also be designated as the AML Compliance Officer, and as such, he shall oversee the AML/CFT compliance of the entire branches. He shall be the liaison between the Bank, the Bangko Sentral and AMLC in matters relating to bank's AML/CFT compliance.

2. Money Laundering and Terrorist Financing Prevention Program (MTPP)

The bank has adopted a risk-based MTPP geared toward the promotion of high ethical and professional standards and the prevention of the bank being used, intentionally or unintentionally, for money laundering and terrorism financing. The MTPP shall be consistent with the AMLA, as amended, its RIRR and the provisions set out in Part 8 of the MORB and designed according to the Bank's corporate structure and risk profile. It shall be in writing, approved by the board of directors as well as disseminated to all officers and staff who are obligated by law and by the Bank's to implement the same.

The MTPP shall be implemented on a consolidated basis to all the Bank's branches/units, to ensure the coordination and implementation of policies and procedures on a group-wide basis.

The Bank's MTPP shall be regularly updated at least once every two (2) years to incorporate changes in AML policies and procedures, latest trends in ML and TF typologies, and latest pertinent Bangko Sentral issuances. Any revision or update in the MTPP shall be likewise be approved by the Board of Directors.

3. Monitoring and Reporting Tools

The Bank adopted an AML/CFT monitoring system that is appropriate for its risk profile and business complexity and in accordance with Part 8 of MORB. The system should be capable of generating timely, accurate and complete reports to lessen the likelihood of any reputational and compliance risks, and to regularly apprise the board of directors.

4. Internal Audit

The internal audit shall be responsible for the periodic and independent evaluation of the risk management related to MTPP, degree of adherence to internal control mechanisms related to the customer identification process, such as the determination of the existence of customers and the completeness of the minimum information and/or documents establishing the true and full identity of the customers and the extent and standard of due diligence applied to customers. Evaluates adherence to internal control mechanisms related to covered and suspicious transactions reporting and record keeping and retention, as well as the adequacy and effectiveness of other existing internal controls associated with money laundering and terrorist financing.

The results of the internal audit shall be timely communicated to the Audit Committee and shall be open for scrutiny by BSP Examiners in the course of regular or special examination without prejudice to the conduct of its own evaluation whenever necessary. Results of the audit shall likewise be promptly communicated to the Compliance Office for its appropriate monitoring of corrective actions taken by the different business units concerned. The Compliance Office shall regularly submit reports to the Board of Directors to inform them of management's action to address deficiencies noted in the audit.

An independent audit program with written scope of audit that will ensure the completeness and accuracy of the information and identification documents obtained from clients, the covered and suspicious transaction reports submitted to AMLC, and the records retained in compliance with these manual as well as the adequacy and effectiveness of the training program on the prevention of money laundering and terrorist financing shall be formulated and adopted.

Follow up mechanism. Findings pertaining to the MTPP shall be brought to the attention of the concerned operating personnel/unit, for their comments or explanations. The findings, updated for the operating unit's reply and the Internal Auditor's rejoinder, shall be furnished to the Manager for his further action. The report, after being updated for the Manager's comments, shall be elevated to the Audit Committee. The committee shall act upon the report by directing the concerned personnel/units, through the Bank manager, to implement corrective action as necessary, within a specified timeline. The Committee shall furnish the Internal Auditor with a copy of the directives and their timelines.

It shall be the Internal Auditor's responsibility, without need for any instruction, to initiate follow-up once the timeline has elapsed, or even before that, if in his judgment the seriousness of the findings so warrants. The same procedure shall be followed for AML examinations of government regulatory agencies, such as the BSP or the AMLC. In such cases however, the Internal Auditor shall be responsible for following-up management's initial reply, the board's consolidated reply, and the bank's action on the final directives of the government regulatory agency.

5. Risk Assessment

Consistent with risk-based approach, the Bank is required to identify, understand and assess their ML/TF risks, arising from customers, countries or geographic areas of operations and customers, products, services, transactions or delivery channels. The assessment methodology shall be appropriate to the nature of operations and complexity of the business of the Bank. The risk assessment shall (a) consider all relevant risks factors; (b) adequately document results and findings; and (c) be updated periodically or as necessary. Based on risk assessment, the Bank shall take appropriate measures to manage and mitigate ML/TF risks. The risk assessment shall be made available to the Bangko Sentral during examination or in other circumstances deemed necessary as part of continuous supervision.

New products and business practices risk assessment. Bank is also required to identify and assess the ML/TF risks that may arise in relation to the development of new products and or new business practices, including new delivery mechanisms, and the use of new or developing technologies for both new and pre-existing products. Such risk assessment should be an integral part of product or service development process and should take place prior to the launch of the new products, business practices or the use of new or developing technologies. The bank should take appropriate measures to manage and mitigate the identified risks.

V. CORPORATE GOVERNANCE**A. OVERALL CORPORATE GOVERNANCE STRUCTURE AND PRACTICES**

The Ilocos Consolidated Cooperative Bank (ICCB) comprised the following goals, provides a comprehensive framework to:

- (i) enhance accountability to shareholders and other stakeholders,
- (ii) ensure timely and accurate disclosures of all material matters,
- (iii) deal fairly with shareholders and other stakeholder interests, and
- (iv) maintain high standards of business ethics and integrity.

It is specifically designed to enable ICCB to discharge its statutory duty of ensuring an orderly, informed and fair market and of ensuring risks are managed prudently, while pursuing its business objectives.

- Board of Directors – composed of fifteen (15) members with broad expertise. They are responsible for providing leadership, either directly or through its committees, Senior Management in order to deliver long-term value to shareholders and other stakeholders. It also leads and supervises the Senior Management to act in the best interest of the public as well as its shareholders, sets strategic direction, ensures that an effective internal control environment is in place, and oversees the management which is responsible for day-to-day operations. The Board takes overall responsibility for the sound governance of ICCB.
- 11 Board Committees – assist the Board in focusing on specific matters, fulfil their roles and responsibilities delegated by the Board, report to the Board on decisions and actions taken, monitor the management's performance, and make any necessary recommendations.
 - 1. Audit Committee
 - 2. Executive Committee
 - 3. Risk Oversight Committee
 - 4. Gender and Development Committee
 - 5. Ethics Committee
 - 6. Conciliation and Mediation Committee
 - 7. Bids and Awards Committee
 - 8. Corporate Governance Committee
 - 9. Credit Committee
 - 10. RPT Committee
 - 11. Education Committee
- Corporate Secretary – The Cooperative Secretary (Corporate Secretary) shall keep the records of the Cooperative Bank and shall have custody of the Cooperative Seal. She is responsible for facilitating the Board process, as well as communications among Board members, with our shareholders and the management, and advising the Board and its committees on all governance matters.
- Management Committee – has delegated authority from the Board for performing the day-to-day management functions of the business and implementing all projects and initiatives as approved by the Board headed by the President.
- External auditor and Internal Audit Department – provide assurance on financial reporting and/or internal controls to ensure accountability and audit quality.
- Shareholders – elect their representatives as directors of ICCB (Directors) at general meetings to oversee the coop's business.
- Other stakeholders – interact with ICCB on daily operations. These include institutional investors, coop members, clients/customers, government bodies, depositors/ borrowers and governing bodies, investing public, media and non-governmental organizations, industry associations, professional bodies, market users, suppliers/business partners and employees.

B. SELECTION PROCESS FOR THE BOARD AND SENIOR MANAGEMENT.

The General Assembly has the exclusive power to elect or appoint members of the Board of Directors, and remove them for cause. April 12, 2019 was the second election of the Board of Directors & Election Committee.

The Senior Management composing of the President, Chief Internal Auditor, Chief Compliance Officer, Corporate Secretary, Department Heads, Internal Auditors, Compliance Officers and Branch Managers were appointed by the Interim Board of Directors as endorsed by the Technical Working Group (TWG) based on the respective current position of the Bank Officer from both constituent Banks. This was the agreement of the



constituent banks that there was no promotion of employees done. The members of the Senior Management were presented and confirmed by the General Assembly during the first special general assembly held on August 8, 2017.

In 2021, the Bank's Succession Plan was amended and the finalization of the Organizational Structure was done, the Board had approved the following:

- a) Not to fill up the position of the **General Manager**. However, in the ICCB By-laws, the position of the General Manager remained;
- b) **Two Area Managers** are installed: Area 1- Ilocos Norte, and Area 2-Ilocos Sur;
- c) Designated the Marketing Officer as the concurrent position of the Head Consumer Assistance Officer.

C. BOARD'S OVERALL RESPONSIBILITY

The Board of Directors, as a body, but not by any of the Directors acting in their individual capacity, shall have general supervision and control of the affair of the Cooperative Bank. It shall prescribe policies consistent with the law and the resolution of the general assembly for the management of its business and the guidance of its members, officers and employees.

D. DESCRIPTION OF THE ROLE OF NON-EXECUTIVE AND INDEPENDENT DIRECTORS AND OF THE CHAIRMAN OF THE BOARD

- **Non-executive directors**, who shall include independent directors, shall comprise at least majority of the board of directors to promote the independent oversight of management by the board of directors. Non- Executive Directors shall refer to those who are not part of the day-to-day management of operations and shall include the independent directors. However, not all non-executive directors are considered independent directors.

Role of the Chairman

1. Shall preside during board meetings and shareholders' meetings.
2. Shall act as Liaison Officer between the Shareholder and the Board of Directors.
3. Shall see to it that all resolutions, policies laid down by the Board and all rules and regulations and orders of the Monetary Board of the Bangko Sentral ng Pilipinas, Cooperative Development Authority and other agencies concerned are carried out.
4. Shall ensure effective functioning of the Board, including maintaining a relationship of trust with Board members.
5. 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.

E. ICCB BOARD OF DIRECTORS COMPOSITION

Name	Position	Type of Directorship	Principal stockholder represented if nominee	Number of years served as Director	Number of direct or indirect shares held as of December 31, 2021	Percentage Ratio of Paid in Capital to total Paid in Preferred shares "C" of the Bank
ALEXANDER B. RAQUEPO	Chairman of the Board	Non-executive/ Regular Director	SACDECO	4	298	1.24%
PRUDENCIO F. CONSOLACION	Vice Chairman	Non-executive/ Regular Director	BANGKOOP	3	63	0.26%
VALERIANO P. AGNIR, JR.	Director	Independent Director	SARRAT NAMNAMA MPC	2	67	0.28%
ENGR. ROMY A. BUCALEN	Director	Non-executive/ Regular Director	CANDON CITY GOVERNMENT EMPLOYEE'S MPC	4	118	0.49%
OSCAR Y. CAMPAÑANO	Director	Non-executive/ Regular Director	BINARMAPPA	4	165	0.69%
MYRNA B. CAVINTA	Non-executive/ Regular Director	Independent Director	DWCL MPC	4	81	0.34%
YOLANDA T. DOMINGO	Non-executive/ Regular Director	Non executive/ Regular Director	ESCODA/ MARCOS MPC	4	84	0.35%
ABNER E. GUILAMBO (His authority was terminated on November 30, 2021)	Director	Non-executive/ Regular Director	SACRED HEART SAVINGS COOP	4	162	0.67%
CRISPINA M. PASCUAL	Independent Director	Independent Director	MAGUMBAYAN MPC	4	83	0.34%
ENGR. JOHN A. PRE	Director	Non-executive/ Regular Director	KAILIAN MPC	4	148	0.61%
NORMA S. CIPRIANO	Director	Non-executive/ Regular Director	SUYO MPC	4	112	0.47%
FLORIDA R. ROSARIO	Director	Non executive/ Regular Director	SALUKAG MPC (BULBULALA)	4	79	0.33%
MARGARITA R. SOMERA	Independent Director	Independent Director	FATIMA (VIGAN) MPC	4	158	0.66%
SEGUNDINO V. SOLIVEN	Non-executive/ Regular Director	Non executive/ Regular Director	METRO PAYPAYAD MPC	4	82	0.36%



F. BOARD QUALIFICATIONS

NAME OF DIRECTOR	RELEVANT QUALIFICATIONS & EXPERIENCES	CURRENT DIRECTORSHIP & OFFICERSHIP IN OTHER COMPANIES	AGE	NATIONALITY
1. ALEXANDER B. RAQUEPO	Graduate of B.S. in Agricultural Education at DMMMSU in 1982, with Master in Management taken at UP in 1994 and Dev't Management taken at AIM in 1994. In 1997 to 2004, BOD/Chairperson of Nueva Sogovia Consortium of Cooperatives and ISCB, and in 2013 to 2015, BOD of Metro South Cooperative Bank. Presently the ICCB Board Chairperson and SACDECO, Chairperson of Executive Com, member of ICCB Corporate Governance Com and Education Com, and has attended several trainings and seminar on corporate governance and directorship.	SACDECO	59	Filipino
2. PRUDENCIO F. CONSOLACION (Retired On January 31, 2021)	Graduate of Bachelor of Science In Commerce Major In Business Administration at MLQU in 1974. He was the Corporate Secretary of Share Dev't. Foundation in 2002-2015, Vice Chairman of Bangkoop in 2007-2013, BOD and Audit Com Member of Coop Bank of Nueva Viscaya in 1998-2013 and BOD of CBIN in 2013-2015. He was the ICCB Board Vice Chairperson from April 2019 to Jan. 31, 2020, Executive Director of BANGKOOP, member of ICCB Executive Com and Corporate Governance Com and Chairperson of Bids and Awards Com and Edcom, and has attended several trainings on coop governance and directorship.	BANGKOOP	67	Filipino
3. VALERIANO P. AGNIR, JR.	Graduate of Bachelor of Science In Mechanical Engineering at FEATI University in 1984, Northern Foods Corporation as Checker, Operator, Plant Production Leadman in 1986-1998 and Production Engineer in 1998 to 2012, Ocean Water proprietor from June 2012 to present. and Director of Sarrat Namnama MPC, Presently ICCB Independent Director; Chairperson of ICCB Related Party Transaction Committee and Bids and Awards Committee and member of ICCB Risk Oversight Committee & Corporate Governance Committee.	SARRAT NAMNAMA MPC	61	Filipino
4. ENGR. ROMY A. BUCALAN	Graduate of Bachelor of Science in Mechanical Engineering at Vigan Milagrosa University in 1997, ISCB BOD and member of Audit Com, Risk Mgmt. and Credit Com. Engineer II & III of LGU Candon City from 1999-2016. BOD member of Candon City Government Employees MPC and ICCB Director, member of ICCB Credit Com and ICCB Gender and Development Com, and has attended seminars on coop governance and directorship.	CANDON CITY GOVERNMENT EMPLOYEES MPC	49	Filipino
5. OSCAR Y. CAMPAÑANO	Graduate of Bachelor of Science In Commerce at North Christian College in 1975, Coronel of AFP in 1976-2008. Board Chairperson of Binarmappa MPC. Presently, ICCB Director, & member of ICCB Corporate Governance Com. and has trainings & seminars on basic coop	BINARMAPPA MPC	69	Filipino



	course, fundamentals of coops, parliamentary procedures and seminar on coop/corporate governance.			
6. MYRNA B. CAVINTA	Graduate of Bachelor of Science In Agriculture at Central Luzon State University in 1975. Instructor at MMMSU in 1976-1980, Instructor to Assist Prof 3 to CDEC Dir. To NSTP, Director of DWCL from 1990-2006 and CBIN Director from 2011-2017. Director of DWCL MPC from 2006 present. Presently, ICCB Director & Member of ICCB RPT Com, and has attended trainings & seminars on coop and corporate governance and directorship.	DWCL MPC	67	Filipino
7. NORMA S. CIPRIANO	Graduate of Bachelor of Science in Home Technology at Benguet State University in 1973. ISCB Treasurer /Cashier in 1995 to 2001 and General Manager from 2001-2013; Director of FACBET MPC 2007-2013 and Board Chairperson of Suyo MPC from 2007 to present and ISCB Director from 2013-2017. Presently, ICCB Director; & member of Risk Oversight Committee and Chairperson of ICCB Gender and Development Committee, and Education Committee. She has attended several trainings on coop governance and directorship.	SUYO MPC	70	Filipino
8. YOLANDA T. DOMINGO	Graduate of Bachelor of Science in Education at Manuel L. Quezon University in 1969. She was a Classroom Teacher at Marcos HS in 1969-1973; and Sangguniang Bayan Member of Marcos, IN in 1987-1992; Manager of St. Peter Life Plan in 1974-1982; Manager of Escoda MPC in 1993- 2010 and CBIN Director in 2005-2017. Presently, ICCB Director, Manager of Marcos ESCODA MPC, member of ICCB Conciliation and Mediation Committee & attended trainings on coop governance and directorship.	MARCOS FARMERS MPC	78	Filipino
9. ABNER E. GUILAMBO (Authorization ended on November 30, 2021.)	Graduate of Bachelor of Science in Commerce Major in Accounting at Baguio Colleges Foundation in 1994. He was the LGU Galimuyod, IS Revenue Collection Clerk from 1996-2000; Accountant in 2000-2002; ISCB Director and member of Audit Com & Risk Oversight Com from 2013-2017. Presently, he is the Municipal Development Coordinator of Galimuyod, IS, Director of ICCB and Sacred Heart Savings Coop, and member of ICCB Audit Com and has attended several trainings & seminars on coop/corporate governance and directorship.	SACRED HEART SAVINGS COOP	51	Filipino
10. CRISPINA M. PASCUAL	Graduate of Bachelor of Science in Commerce Major in Accounting at Divine World College of Laoag City in 1992. She was a Clerk of Fort Ilocandia Hotel from 1992-1994; Audit & Supervisor General in 1994-2000; Bookkeeper of Magumbayan MPC from 1992-2011. Bookkeeper of Northwestern University and Auxiliary Service from 2000-2011. Presently, Manager of Magumbayan MPC, ICCB Independent Director, Chairman of Audit Com and member of ICCB RPT Com. & Bids Awards Com., has attended several trainings &	MAGUMBAYAN MPC	50	Filipino



	seminar on coop/corporate governance and managerial skills.			
11. ENGR. JOHN A. PRE	Graduate and Board Passer of Bachelor of Science In Civil Engineering at Technological Ins. of the Philippines in 1988. He was a Project Engineer of Tierra International Construction Corp in 1988-1990; Consultant of Angel Lazaro & Association in 1990-1994; Engineer II of DPWH 2 nd ISED in 1991-1994; ISCB Elec. Com member in 2011-2012 and ISCB Director in 2012-2017. Presently, the Municipal Engineer of Banayoyo, IS; ICCB Director, Chairperson of Kailian MPC, member of ICCB Conciliation and Mediation Com. and has attended several trainings & seminars on coop governance and directorship.	KAILIAN MPC	57	Filipino
12. FLORIDA R. ROSARIO	Graduate of Bachelor of Science In Agriculture at MMSU – Batac, 1980. She was employed at National Tobacco Administration from 1981-2007 as Research Assistant, Farm Management Technician and Senior Farm Management Technician and Agricultural I; Director of Coop Union of Ilocos Norte in 2011-2012; Classroom Teacher of Banna Academy in 1980-1981 and CBIN Director from 2013-2017. Presently, as Secretary of the Nat'l. Fed. of Tobacco Ass. & Coop. Board Chairperson of Salukag MPC, ICCB Director, Chairperson of ICCB Credit Com, and Ethics Com. and has attended several trainings on coop/corporate governance and directorship.	SALUCAG MPI (BULBULALA)	65	Filipino
13. MARGARITA R. SOMERA	Graduate of Bachelor of Science In Education at St. Paul College Of I.S. in 1972. She became Nun at St. Paul Charles Convent, Antipolo City, Teacher I of Butac Elem. School in 1977-1978; Teacher at Pantay Vigan Elem School in 1979-1985; Master Teacher in 1986-2000 and Principal I in 2001-2005, Principal II in 2006-2013. ISCB Director and Audit Com in 2011-2012; CreCom./Director 2008-2011; Chairman of ISCB in 2013-2014 and member of the BOD in 2011-2017. Presently, ICCB Independent Director, BOD Chairperson of Fatima MPC, Chairperson of ICCB Risk Oversight Com and ICCB Corporate Governance Committee and member Audit Com & and has attended several seminar & trainings on coop/corporate governance and directorship.	FATIMA (VIGAN) MPC	70	Filipino
14. SEGUNDINO V. SOLIVEN	Graduate of Bachelor of Science in Marine Transportation at PMI College in 1977. He was employed as ordinary/Able Seaman in Career Phil. Ship Management Inc. in 1980-1987; 3 rd Officer in 1987-1992 and 2 nd Officer in 1992-2010; ISCB Credit Com member in 2015-2017. Presently Chairperson of Metro Paypayad MPC, Director of ICCB, member of ICCB Corp. Governance Com. & and has attended several trainings & seminars on coop/corporate governance and directorship.	METRO PAYPAYAD MPC	67	Filipino

G. LIST OF BOARD-LEVEL COMMITTEES INCLUDING MEMBERSHIP

COMMITTEES	COMPOSITION/ MEMBERSHIP	FUNCTIONS
Executive Committee	5 members, Chairman of the Board, Vice Chairman of the Board, President, Treasurer and Corp. Secretary. The members are Chairman of the Board Alexander B. Raquepo, Vice Chairman Prudencio F. Consolacion (up to Jan. 31, 2021), President Ruben R. Habon, Treasurer Gina G. Gabertan and Corporate Secretary Rosita S. Angala.	The Executive Committee is responsible for the operational management of the Coop Bank. Executive committee duties are based on providing organizational direction on behalf of the board and advising the board on decisions and business matters ranging from strategy planning, policy, investment and risk.
Audit Committee	3 members, composing 2 members are independent directors & one non-executive Board, the members are: Independent Directors Crispina M. Pascual, Margarita R. Somera and Director Abner E. Guilambo (up to November 30, 2021).	<p>The Audit Committee shall:</p> <ol style="list-style-type: none"> provide oversight over the institution's financial reporting policies, practices and control and internal and external audit functions; be responsible for the setting up of the internal audit department and for the appointment of the internal auditor as well as the independent external auditor who shall both report directly to the audit committee; in cases of appointment or dismissal of external auditors, it is encouraged that the decision be made only by independent and non-executive audit committee members; monitor and evaluate the adequacy and effectiveness of the internal control system; review and approve the audit scope and frequency; shall receive key audit reports, and ensure that senior management is taking necessary corrective action in a timely manner to address the weaknesses, non-compliance with policies, laws and regulations and other issues identified by auditors; have explicit authority to investigate any matter within its terms of reference, full access to the cooperation by management and full discretion to invite any director or executive officer to attend its meetings, and adequate resources to enable it to effectively discharge its functions. ensure that a review of the effectiveness of the institution's internal controls, including financial, operational and compliance controls, and risk management, is conducted at least annually; establish and maintain mechanisms by which officers and staff shall, in confidence, raise concerns about possible improprieties or malpractices in matters of financial reporting, internal control, auditing or other issues to persons or entities that have the power to take corrective action; and ensure that arrangements are in place for the independent investigation, appropriate follow-up action, and subsequent resolution of complaints.
Risk Oversight Committee	3 members composing of 2 independent directors and one regular Board, the members are: Independent Director Margarita R. Somera as the	a.) Oversee the risk management framework. The committee shall oversee the enterprise risk management framework and ensure that there is periodic of the effectiveness of the risk management



	Chairman, Independent Director Valeriano P. Agnir, Jr. and Director Norma S. Cipriano	<p>systems and recovery plans. It shall ensure that corrective actions are promptly implemented to address risk management concerns.</p> <p>b.) Oversee adherence to risk appetite. The committee shall ensure that the current and emerging risk exposures are consistent with the Bank's strategic direction and overall risk appetite. It shall assess the overall status of adherence to the risk appetite based on the quality of compliance with the limit structure, policies and procedures relating to risk management and control, and performance of management, among other.</p> <p>c.) Oversee the risk management function. The committee shall be responsible for the appointment/selection, remuneration, and dismissal of the Risk Officer. It shall also ensure that the risk management function has adequate resources and effectively oversees the risk taking activities of the bank.</p> <p>d.) Identify and evaluate exposure to different types of risk inherent in banking - the committee shall assess the probability of each risk becoming reality and shall estimate its possible effect and cost. Priority areas of concern are those risks that are the most likely to occur and are costly when they happen.</p>
Corporate Governance Committee	Composed of 7 members wherein 2 are independent directors, & 5 none executive directors, the members are: Independent Director Margarita R. Somera as the Chairman, Independent Director Valeriano P. Agnir, Jr, non- executive Directors - Dir. Alexander B. Raquepo, Dir. Prudencio F. Consolacion (retired on Jan. 31, 2021) Director Segundino V. Soliven, Dir. Yolanda T. Domingo and Dir. Oscar Y. Campañano.	The Corporate Governance Committee shall be responsible for evaluating the qualifications of all persons nominated to the board as well as those nominated to other positions requiring appointment by the Board of Directors. The committee shall also be responsible in ensuring the Board's effectiveness and due observance of corporate governance principles and guidelines.
Related Party Transactions Committee	Composed of 3 members, 2 Independent and 1 None-Executive Director, the members are: Independent Director Valeriano P. Agnir, Jr., Independent Director Crispina M. Pascual and Director Myrna B. Cavinta.	<p>All other related party transactions should be reviewed by "the Related Party Transactions Committee" as required under RPT policies, either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction. The RPT has the following functions:</p> <p>a. Evaluate on an on-going basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored and subsequent changes in relationships with counterparties (from nonrelated party to related and vice versa) are captured. Related parties, RPTs, and changes in relationships shall be reflected in the relevant reports to the board and</p>



		<p>regulators.</p> <p>b. Ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Bank's RPT exposures, and policies on conflicts of interest or potential conflict of interest. The disclosure shall include information on the approach to managing material conflicts of interest that are inconsistent with such policies; and conflicts that could arise as a result of the bank's affiliation or transactions with other related parties.</p> <p>c. Report to the board on a quarterly basis, the status and aggregate exposure to each related party as well as the total amount of exposures to all related parties.</p>
Credit Committee	Composed of 3 members, 2 None executive Directors and 1 Senior Management. The members are: Dir. Florida R. Rosario, Dir. Romy A. Bucalen, and President Ruben R. Habon.	The Credit Committee shall act upon all loan applications within their capacity and approve or disapprove the same or recommend for approval by the Board, provided further, that no loan shall be granted in violation of the Cooperative Code and the implementing rules and regulations of the Bangko Sentral ng Pilipinas.
Bids and Awards	Composed of 3 members, 2 Independent Directors and 1 Senior Management. The members are: Dir. Valeriano P. Agnir, Jr. & Dir. Crispina Bucalen, and President Ruben R. Habon.	The Bids and Awards Committee shall act on the following functions: 1) Advertise and/or post the invitation to bid/request for expression of interest, 2) Conduct pre-procurement and pre-bid conferences, 3) Determine the eligibility of prospective bidders, 4) Receive bids, 5) Conduct the evaluation of bids, and 6) Undertake post-qualification proceedings.
Education Committee	Composed of 3 members, namely: Dir. Norma S. Cipriano, Dir. Myrna B. Cavinta, & Dir. Alexxander B. Raquepo.	The Education Committee shall be responsible for the planning and implementation of the information, educational and human resource development programs of the Cooperative for its members, officers and the communities within its area of operation.
Other Committees		
Election	Composed of 3 members, namely: Mr. Virgilio B. Abaag, Ms. Meriam Medrano, and Dir. Valeriano P. Agnir, Jr (appointed).	Formulate election rules and guidelines and recommend to the General Assembly for approval; Implement election rules and guidelines duly approved by the General Assembly.
GAD	Composed of 5 members, namely: Dir. Norma S. Cipriano, Dir. Romy A. Bucalen, Mrs. Anolina Battad, and President Ruben R. Habon as focal person and Secretary, Mrs. Rosita S. Angala.	Leads in mainstreaming gender perspective in the coop bank's policies, plans and programs. Ensures assessment of gender responsiveness of the Bank based on the needs and concerns of various stakeholders. Leads in monitoring and evaluating the gender sensitivity/responsiveness of the policies of the Bank.
Ethics	Composed of 3 members, namely: Dir. Florida R. Rosario and Mr. Efraim Dayap. And one Vacant member.	The purpose of the Ethics Committee is to assist the Board in the establishment, embedding and oversight of values, the ethical policy framework and ensuring and monitoring the overall ethical health of the Bank and compliance with professional and ethical standards.
Conciliation and Mediation	Composed of 3 members, namely: Dir. John A. Pre and Mr. Buddy Etrata and Dir. Yolanda T. Domingo	The conciliation and mediation committee of the Bank shall facilitate the amicable settlement of intra-cooperative disputes and disputes among members, officers, directors, and committee members.

H. SUMMARY OF ATTENDANCE OF REGULAR BOARD OF DIRECTORS AND COMMITTEE MEETINGS OF FROM JANUARY 1, 2021 TO DECEMBER 21, 2021.

#	Name of Directors	Board # of Meetings Attended-%	Executive Com Meeting %	Ed com %	RPT Com %	Corp. Gov. Com. %	Risk Oversight Com%	Audit Com	Bids & awards Com%	GAD Com%	Cred. Com. %
1	Alexander B. Raquero	12- 100	3-100	1-100		1-100	-	-	-	-	-
2	Prudencio F. Consolacion	1-8.33	0-0	0-0		1-100	-	-	-	-	-
3	Valeriano Aguir (elected April 2019)	12- 100	-	-	5-100	1-100	4-100	-	1-100	-	-
4	Norma S. Cirpiano	12-100	-	1-100	-	-	4-100	-	-	1-100	-
5	Romy A. Bucalen	12- 100	-	-	-	-	-	-		1-100	15-100
6	Oscar Y. Campaño	12-100	-	-	-	1-100	-	-	-	-	-
7	Myrna B. Cavinta	12-100	-	1-100	5-100	-	-	-	-	-	-
8	Yolanda T. Domingo	12-100	-	-	-	1-100	-	-	-	-	-
9	Abner E. Guilambo	11-91.66	-	-	-	-	-	11-91.66	-	-	-
10	Crispina M. Pascual	12-100	-	-	5-100	-	-	12-100	1-100	-	-
11	John A. Pre	12-100	-	-	-	-	-	-	-	-	-
12	Florida R. Rosario	12-100	-	-	-	-	-	-	-	-	15-100
13	Margarita R. Somera	12-100	-	-	-	1-100	4-100	12-100	-	-	-
14	Segundino V. Soliven	12-100	-	-	-	1-100	-	-	-	-	-
	TOTAL # OF MEETINGS	12	3	1	5	1	4	12	1	1	15

TEAMWORK
coming together is a beginning
keeping together is progress
working together is success
- Henry Ford

I. LIST OF EXECUTIVE OFFICERS/SENIOR MANAGEMENT

#	NAME	POSITION	RELEVANT QUALIFICATIONS/EXPERIENCE	AGE	NATIONALITY
1	RUBEN R. HABON	President	College Graduate, experience: 16 yrs. as Loan Officer, 2 yrs. as Branch Manager and 4 years as General Manager of ISCB; two years as ICCB General Manager and attended several trainings related to coop banking	51	Filipino
2	ERWIN P. LUTAP	Chief Security Officer	College Graduate, 2 nd Lieutenant & Assistant Commandant of MMSU-ROTC, experiences: as Director/Vice & Chairman of the Board of CBIN and Board Secretary, Consultant of Spitfire Security Agency, four years as ICCB Chief Security Officer and attended several trainings related to coop banking	51	Filipino
3	CHRISTOPHER G. CALPO	Credit Manager	College Graduate with MBA units, experiences: acted as Project Assistant, Loan in charge, Loan Collection Assistant, Loan Officer and Chief Loan Officer, four years as Credit Manager and attended several trainings related to coop banking	40	Filipino
4	ROSITA S. ANGALA	Corporate Secretary	College Graduate, experiences: Project Assistant, New Accounts Clerk, Loan Officer, Chief Loan Officer, and 8 years as Board/Corporate Secretary of ISCB, four years as ICCB Corporate/Board Secretary and attended several trainings related to coop banking	60	Filipino
5	MARITESS G. CORTEZ	Chief Compliance Officer	CPA, experiences: Bookkeeper, Internal Auditor, Compliance Officer/Internal Auditor, and 5 yrs. As Chief Compliance Officer of ISCB, four years as ICCB Chief Compliance Officer and attended several trainings related to coop banking	46	Filipino
6	MARITES D. HADOC	Compliance Officer	College Graduate, experiences: Bookkeeper, Audit Assistant and 5 years as Accountant of ISCB, four years as ICCB Compliance Officer (South) and attended several trainings related to coop banking	47	Filipino
7	SHERYL S. VICENTE	Compliance Officer	CPA, experiences: Accounting Assistant, Financial Analyst, Executive Assistant and two years Chief Accountant of CBIN, four years as ICCB Compliance Officer (North) and attended several trainings related to coop banking	35	Filipino
8	MELVIN D. BORJA	Chief Internal Auditor	CPA, experiences: Accounting Clerk, Accountant, 14 yrs. as Internal Auditor and 4 yrs. Compliance Officer of CBIN, four years as ICCB Chief Internal Auditor and attended several trainings related to coop banking	52	Filipino
9	HAROLD FRANKLIN G. RICARDO	Internal Auditor	College Graduate, experiences: General Accounting Clerk, General Bookkeeper, Audit Assistant, and 6 yrs. Internal Auditor of CBIN, two years as ICCB Internal Auditor and attended several trainings related to coop banking	51	Filipino



10	MARIA ZORAIDA N. LORENZANA	Internal Auditor	College Graduate with MBA units, experiences: Audit Staff, 8 yrs. as Bookkeeper, and 2 yrs. As Assistant Accountant of ISCB, two years as ICCB Acting Internal Auditor and two years as ICCB Internal Auditor and attended several trainings related to coop banking	47	Filipino
11	GINA G. GABERTAN	Treasurer/ Chief Finance Manager	College Graduate, experiences: Loan Clerk, Bookkeeper, Teller, Cashier, 3 yrs. As Treasurer/ Chief Finance Officer of ISCB, four years as ICCB Chief Finance Manager and attended several trainings related to coop banking	47	Filipino
12	MARKDAN B. DAYAP	Chief Accountant	CPA, experiences: Accountant and 5 years as Internal Auditor of ISCB, four years as ICCB Chief Accountant and attended several trainings related to coop banking	34	Filipino
13	JOSETTE A. LUCERO	Administrative Manager under the Administrative and Procurement Department	College Graduate, experiences: Clerk, Teller, Bookkeeper, & 4 yrs. As Admin Officer of ISCB, four years as ICCB Human Resource Manager now called Administrative Manager and attended several trainings related to coop banking	47	Filipino
14	GENEVEVE A. BAOIT	Head Customer Assistance Officer	College Graduate, experiences: Loan Clerk, Market Specialist, OIC /Admin Officer for 12 years, of CBIN, four years as ICCB Head Customer Assistance Officer and attended several trainings related to coop banking	59	Filipino
15	WILFRED B. MABINI	Asset Management Manager	College Graduate, experiences: Audit Assistant, Collector, 11 yrs. Asset Management Group Collection Officer of CBIN, four years as ICCB Asset Management Department Manager and attended several trainings related to coop banking	59	Filipino
16	JERMIN ARLANTICO	IT Manager	College Graduate, experiences: IT staff of ICCB, two years as ICCB IT officer, two years as IT Manager of ICCB and attended several trainings related to coop banking	37	
17	RONALDO C. BITANIA	Branch Manager -Head Office	College Graduate, experiences: as Appraiser, Micro Finance Officer Loan Officer and 4 yrs. as Branch Manager of ISCB, four years as ICCB Branch Manager and attended several trainings related to coop banking	47	Filipino
18	MA. VICTORIA M. MARIANO	Branch Manager- San Nicolas	College Graduate, experiences: as Savings Clerk, Savings Bookkeeper, Loan Bookkeeper, Cashier and 14 yrs. Branch Manager of CBIN, four years as ICCB Branch Manager and attended several trainings related to coop banking	60	Filipino
19	RENELYN V. CASTRO	Branch Manager- Laoag	College Graduate, experiences: as Accounting Clerk, Teller, Loan Bookkeeper, Accountant, and 10 yrs. Branch Manager of CBIN, four years as ICCB Branch Manager and attended several trainings related to coop banking	53	Filipino
20	BERNADETTE G. QUIMOYOG	Branch Manager- Marcos	College Graduate, experiences: Accounting Clerk, Loans Bookkeeper, Acting Accountant, OIC, and 2 yrs. as	52	Filipino



			Branch Manager of CBIN, four years as ICCB Branch Manager and attended several trainings related to coop banking		
21	MARY ANN N. SOCO	Branch Manager- Batac	College Graduate, experiences: as Teller, Cashier, OIC, and 5 yrs. Branch Manager of CBIN, four years as ICCB Branch Manager and attended several trainings related to coop banking	51	Filipino
22	SOCORRO O. DOMINGO	Branch Manager- Solsona	College Graduate, experiences: Accounting Clerk, Loans Bookkeeper, Collection Officer, Teller, Cashier, Accountant and 5 yrs. Branch Manager of CBIN, four years as ICCB Branch Manager and attended several trainings related to coop banking	55	Filipino
23	REGINO P. BUTAY	Branch Manager- Sinait	College Graduate, experiences: as Project Assistant, Loan Supervisor, 2 yrs. Branch Manager of CBIN, four years as ICCB Branch Manager and attended several trainings related to coop banking	51	Filipino
24	NARISSA R. DOMINGO	Branch Manager- Bantay Branch	College Graduate, experiences: as General Clerk, Bookkeeper, Accountant, Treasurer/Cashier, Treasure/Chief Finance Officer and 3 years as Branch Manager of ISCB, four years as ICCB Branch Manager and attended several trainings related to coop banking	53	Filipino
25	MARITES C. PILORIN	Branch Manager- Bangued Branch	College Graduate, experiences: Teller, Collection Officer, Bookkeeper, Accountant and 10 years as Branch Manager of ISCB, four years as ICCB Branch Manager and attended several trainings related to coop banking	54	Filipino
26	ARCELIA A. GUERRERO	Branch Manager- San Juan	College Graduate, experiences: ISCB Treasurer, BM of ISCB for 16 yrs., four years as ICCB Branch Manager and attended several trainings related to coop banking	54	Filipino
27	ERIC P. LUTAP	Branch Manager- Sanchez Mira	College Graduate, experiences: Collector and Loan Supervisor of CBIN, Loan Officer of ICCB for four years and promoted as Branch Manager in 2021 and attended several training and seminars related to coop banking.	44	Filipino
28	ARIES D. MARTIN	Branch Manager -Banguì	College Graduate, ongoing study of MB Administration, experiences: as Loan Officer, two years as ICCB Branch Manager and attended several trainings related to coop banking	39	Filipino
29	RUSSEL R. HERMOSURA	Branch Manager -San Carlos	College Graduate, experiences: as Account Officer & Loan Officer, and two years as ICCB Branch Manager and attended several trainings related to coop banking	44	Filipino
30	HAROLD M. ESTAVILLO (From Jan. 1, 2020- to Sept. 1, 2021)	Branch Manager -Villasis	College Graduate, experiences are Collector, Loan Bookkeeper, Account Officer, & Loan Officer and one year as ICCB Branch Manager & attended several trainings related to coop banking.	38	Filipino

J. PERFORMANCE ASSESSMENT PROGRAM

The Board approved the Performance Evaluation and Assessment Manual of the Bank as per Board Resolution No. 127, S-2018. The manual served as a guide to assess the activities and actual accomplishments of Bank's Officers and Staff and to regularly evaluate the performance of each by assessing respective efficiency and effectiveness and to determine whether Officers and employees need more seminars and trainings pertaining to their duties and responsibilities.

The Board approved the Branch Incentive and Demerit Program of the Bank to take effect January 1, 2022 with the corresponding incentives based on assessments and ratings as follows:

RATING	INCENTIVES/SALARY BASED
Excellent	200% with Certificate of Recognition plus trip to any point of the Philippines
Very Satisfactory	100% with Certificate of Recognition
Satisfactory	Certificate of Recognition

K. ORIENTATION, SEMINARS & TRAINING CONDUCTED FOR CY 2021.

The BOD, Bank Officers and Staff Development Program.

The goal of the Bank is to place its employees for loan term employment and ultimately for them to become self-sufficient Bank's employees.

Amidst Pandemic, the Bank is continuously conducting and sending its employees for orientations, seminars, trainings and workshops in order to acquire more knowledge, specific skills, employment competencies and to keep them informed on Bank's policies & procedures and Circulars of governing agencies through webinars/zoom application. It is the responsibility of the Senior Management to utilize the available resources to train, qualify and develop Bank's employees.

The following webinars -trainings/seminars/courses and conventions, conferences and assembly meetings of affiliates were attended by the Board of Directors, Officers, Management and Staff via zoom applications/media form for CY 2021.

OFFICERS / STAFF DEVELOPMENT TRAINING PROGRAM -JANUARY TO DECEMBER 2021

Title of Training/Seminar	Participants	Date of Training / Seminar	Training Provider	Venue of Training / Seminar/WEBINAR
NAVIGATING ON ANTI MONEY LAUNDERING (AMLA) REGULATIONS	Nadheen Marcella Kathleen Marie Azur Roxanne Rubia Kimberly Joy Elecho Christine Consolacion Shiela Dayap Jemichelle Lutap Eden Grace Arios Jacqueline Cabacungan Maria Cristina Cagat Nelson Vidad Rhoda Galapia Jannet Epifania Paguirigan Mary Jane Alcantara Rosita Angala	1-30-2021	BANGKOOP	WEBINAR
SO1 WEBINAR	Harold Estavillo Isagani Manzano Josette Lucero Gregorio Servania Jhoana Sandra Balaguer	1-30/31-2021	PEME CONSULTANCY INC.	WEBINAR
WEBINAR ON GENERAL LABOR STANDARDS AND EMPLOYEES COMPENSATION BENEFITS	Josette Lucero Gregorio Servania Jhoana Sandra Balaguer Markdan Dayap Marlou Lopez	02/02/2021	DOLE	WEBINAR (FREE)
BILLS AMENDING THE PDIC CHARTER	Ruben R. Habon Maritess G. Cortez Markdan B. Dayap	01/29/2021	BANGKOOP	WEBINAR (FREE)



HOW TO SPOT FAKE DOCUMENTS, VERIFY SIGNATURE, DETECT AND PREVENT FORGERY	Almie Baluyot Balverde Caldetera Cambi Elevazo Kyne Gutierrez Gladys Constantino	Sandy Rizza Mia Dania Rose Marjorie Cristy Reintar Kathlyn Sayson	04/10/2021	RBAP	WEBINAR
GOVERNANCE ACCOUNTABILITY STRATEGY	Ruben R. Habon Markdan B. Dayap Rhean Mae I. Escobar	Christopher G. Calpo Rosita S. Angala	4-6/9-2021	METROSOUTH COOPERATIVE BANK	WEBINAR
MASTERING ON TAX EXEMPTION AND CDA ANNUAL COMPLIANCE REVIEW & REPOTIORIAL REQUIREMENTS	Sheryl Vicente Zoraida Lorenzana Marlou Lopez Jensenn Daisy Guerrero	Maria Melvin Borja Rosita Angala	04/10/2021	BANGKOOP	SEMINAR FOR
WEBINAR ON RISK MANAGEMENT	Rosita Angala		May 07, 2021	CDA/DTI	WEBINAR
BASIC LEADERSHIP & EFFECTIVE SUPERVISION SEMINAR (BLESS) FOR BANK SUPERVISORS	Maria Cristina Cagat Ibaan Eric Lutap	Cristine Joy Charlie Glenn Pulido	May 08, 2021	BANGKOOP	WEBINAR
WEBINAR ON THE SOURCES AND USES OF FUND AND HOW TO MANAGE COO-OP'S CURRENT ASSETS	Rosita Angala		May 14, 2021	CDA/DTI	WEBINAR
SITUATIONER & LEGAL CONSULTATION FORUM ON COOPERATIVES TAXATION	Markdan B. Dayap Escobar Maria Zoraida N. Lorananza Daisy Guerrero	Rhean Mae I. Jemichelle Lutap Jensenn Gerald Barroga	May 18, 2021	PCC (Phippine Cooperatice Center)	WEBINAR
INFORMATION DRIVE ON COVID-19 FOR LABOR AND MANAGEMENT	Joseette Lucero Jhoana Sandra Balaguer Markdan Dayap	Gregorio Servania	May 26, 2021	National Conciliation and Mediation Board/Ilocos Region Industrial Conflict Administration and Resolution Ensemble (NCMB / I-CARE)	WEBINAR
RISK-BASED INTERNAL AUDITING WEBINAR	Melvin D. Borja G. Ricardo Crispina M. Pascual	Harold Franklin Maria Zoraida N. Lorenzana	6-4/5-2021	RBAP	WEBINAR
BUSINESS CONTINUITY PLANNING FOR COOPERATIVES	Rosita Angala		6-4-2021 6-11-2021	CDA	WEBINAR
CASH FLOW ANALYSIS FOR GOING CONCERN ISSUES (WEBINAR)	Mark Jayson Azur Melmar Adviento Conrado Galima Jr. Pascual	Glenford Arellano Leyser Jay Biscarro Vincent John Rhean Mae I. Escobar	June 18, 2021	RBAP	WEBINAR
CREDIT INVESTIGATION WEBINAR	Samuel Mendoza Allan Tamayo Jr.	Jerome Andrada Jerry Malamion	June 25, 2021	RBAP	WEBINAR



WEBINAR ON SATELLITE BROADBAND AND FINANCIAL INCLUSION	Rhean Escobar Jermin Arlantino	June 29, 2021	RBAP/BSP	WEBINAR
FOSTERING A STRONGER KNOW YOUR EMPLOYEE (KYE) WEBINAR	Melvin D. Borja G. Ricardo Florie Ann Candaroma Cortez Sheryl S. Vicente Marites D. Hadoc Gregorio G. Servania Sandra S. Balaguer Baoit Rhea Mae I. Escobar Condrado B. Galima Jr. Habon Christopher G. Calpo Harold Franklin Maria Zoraida N. Lorenzana Maritess G. Josette A. Lucero Jhoana Geneveve A. Ruben R. Erwin P. Lutap	July 15, 2021	ASSOCIATION OF BANK COMPLIANCE OFFICER (ABCOMP)	WEBINAR
BASIC APPRAISAL PRINCIPLES WEBINAR	Vincent John Pascual Pulido Malamion Jr. Charlie Glenn Jezel Manera Jerry Isagani Manzano	7-16/17-2021	RBAP	WEBINAR
LABOR ADVISORIES AND GUIDELINES DURING THE COVID-19 PANDEMIC	JOSETTE A. LUCERO ESCOBAR GREGORIO SERVANIA JHOANA SANDRA BALAGUER RHEAN MAE	7-23-2021	DOLE/NCMB	WEBINAR
WEBINAR ON RISK MANAGEMENT	ROSITA ANGALA	5/7/2021	CDA	WEBINAR
WEBINAR ON THE SOURCES AND USES OF FUND AND HOW TO MANAGE CO-OPS CURRENT ASSETS	ROSITA ANGALA	5/14/2021	CDA	WEBINAR
BEST PRACTICES FOR COOPERATIVES	ROSITA ANGALA	5/21/2021	CDA	WEBINAR
BUSINESS CONTINUITY PLANNING FOR COOPERATIVES	GREGORIO SERVANIA ANGALA ROSITA	6/11/2021	CDA	WEBINAR
FINANCIAL MANAGEMENT FOR COOPERATIVES PART II	GREGORIO SERVANIA JEFFREY BUAQUEN BALAGUER DANDY DELA CRUZ JHOANA SANDRA	6/25/2021	CDA	WEBINAR
THE FINANCIAL PERFORMANCE STANDARDS FOR COOPERATIVES	GREGORIO SERVANIA	7/2/2021	CDA	WEBINAR
ORIENTATION FOR CREDIT COMMITTEE AND LOAN DELINQUENCY CONTROL	GREGORIO SERVANIA DANDY DELA CRUZ JHOANA SANDRA BALAGUER NAVE SOMERA JEFFREY BUAQUEN	7/19/2021	CDA	WEBINAR



ORIENTATION FOR ETHICS COMMITTEE AND ETHICAL STANDARDS FOR OFFICERS, STAFF AND MEMBERS	GREGORIO SERVANIA	7/17/2021	CDA	WEBINAR
MSME FORUM	ELIZA CABACUNGAN	7-30-2021	NWPC	WEBINAR
DRIVING EMPLOYEE ENGAGEMENT IN THE VIRTUAL WORKPLACE	JOSETTE A. LUCERO GREGORIO SERVANIA JHOANA SANDRA BALAGUER RHEAN I. ESCOBAR	8/04/2021	NWPC	WEBINAR
COOPERATIVE MANAGEMENT AND GOVERNANCE PART I & II	GREGORIO SERVANIA ROSITA ANGALA JEFFREY BUAQUEN JHOANA SANDRA BALAGUER	07/23/2021 & 07/30/2021	CDA	WEBINAR
ORIENTATION FOR THE EDUCATION AND TRAINING COMMITTEE AND WEBINAR ON SUCCESSION PLANNING	GREGORIO SERVANIA ROSITA ANGALA JEFFREY BUAQUEN JHOANA SANDRA BALAGUER	08/06/2021	CDA	WEBINAR
ORIENTATION FOR THE ELECTION COMMITTEE AND ELECTION RULE FORMULATION FOR COOPERATIVES	GREGORIO SERVANIA	8/14/2021	CDA	WEBINAR
ORIENTATION FOR THE EDUCATION & TRAINING COMMITTEE AND SEMINAR ON SUCCESSION PLANNING	ROSITA S. ANGALA	8/06/2021	CDA	WEBINAR
ORIENTATION ON MEDIATION AND CONCILIATION COMMITTEE CUM CONFLICT MANAGEMENT FOR COOPERATIVES	GREGORIO SERVANIA, ROSITA S. ANGALA	8/20/2021	CDA	WEBINAR
LEANER MANAGEMENT IN THE NEW NORMAL WEBINAR	JOSETTE A. LUCERO GREGORIO SERVANIA JHOANA SANDRA BALAGUER RHEAN I. ESCOBAR	8/25/2021	NWPC	WEBINAR
HOW TO READ AND UNDERSTAND FINANCIAL STATEMENT	BOD FLORIDA ROSARIO BOD CRISPINA PASCUAL BOD VALERIANO AGNIR BOD SEGUNDINO SOLIVEN BOD JOHN PRE	8-28-2021	TCDC	WEBINAR
SAFETY SEAL CERTIFICATION: GUIDELINES AND TOOLKIT	JOSETTE A. LUCERO GREGORIO SERVANIA JHOANA SANDRA BALAGUER RHEAN I. ESCOBAR CHRISTOPHER G. CALPO	8-17-2021	NWPC	WEBINAR
REMEDIAL ACCOUNTS MANAGEMENT	Charlie Glenn Pulido Primo Ramelb Glenn Ponce Charlito Raquel George Joaquin Jezrel Manera Isagani Manzano Loradel Gacayan Romy Cabacungan Nelson Vidad Joel Gagarin Vincent John Pascual Jerry Malamion Jr. Erol Vic Cipriano	9-22/23-2021	RBAP	WEBINAR



COMPLAINTS MANAGEMENT TRAINING	BOD Florida Rosario Geneveve Baoit Christopher Calpo Erwin Lutap	9-16/17-2021	RBAP	WEBINAR
PRACTICAL GUIDE FOR DISCLOSURE PREPARATION UNDER PFRS9	Markdan Dayap Alma Martin Sheryl Vicente Marites Hadoc Maria Zoraida Lorenzana Harold Franklin Ricardo Shiela Marie Dayap Sarah Vanessa Mae Avecilla Maria Cristina Cagat Katheleen Marie Azur Cecile Fernandez Christine Joy Ibaan	9-2/3-2021	RBAP	WEBINAR
BASIC LEADERSHIP & EFFECTIVE SUPERVISION SEMINAR (BLESS) FOR BANK SUPERVISORS	BOD Norma Cipriano BOD Crispina Pascual	9-3/4-2021	BANGKOOP	WEBINAR
CIC 2.0 : REFORMS AND POLICIES FOR A STRENGTHENED CREDIT REGISTRY	Marites Cortez Jermin Arlantino Ervin Roy Abella Harold Vincent Habon Peter Janssen Rol Zeus Bondad Mark Kevin Gudoy	9-17-2021	CIC/RBAP	WEBINAR
AML WEBINAR WIH DIGICUR BRIEFING	Marites Cortez Marites Hadoc Sheryl Vicente Khevin Valdez Jemichelle Lutap Maria Zoraida Lorenzana	9-9-2021	LUCRUB	WEBINAR
UNDERSTANDING FINANCIAL STATEMENTS SEMINAR	Rosita Angala, Rhean Escobar, Ruben R. Habon, Margarita Somera, Norma Cipriano, Myrna Cavinta, Florida Rosario, Virgilio Abaag, Valeriano Agnir,	9/16/2021	ICCB	WEBINAR
GAD TOOL SEMINAR	Rosita S. Angala, Norma Cipriano	10/22/2021	CDA	WEBINAR
PHILHEALTH ORIENTATION	Markdan Dayap Marlou Lopez Josette Lucero Jhoana Sandra Balaguer Gregorio Servania	11-02-2021	PHILHEALTH	WEBINAR
FUEL-UP YOUR COOPERATIVES TO GREATER HEIGHTS, A THREE DAY WEBINAR	Marites Pilorin Aries Martin Narissa Domingo Mary Ann Soco Renelyn Castro Bernadette Quimoyog Russel Hermosura Arcelia Guerrero Maria Victoria Mariano Eric Lutap Regino Butay Socorro Domingo Jerry Malamion Jr. Eerol Vic Cipriano	11-3/4/5-2021	METROSOUTH COOPERATIVE BANK	WEBINAR
WEBINAR ON FINANCIAL LITERACY	Gregorio Servania Jhoana Sandra Balaguer Jeffrey Buaqen Dandy Dela Cruz Nave Somera , Rosita Angala	11-5-2021	CDA	WEBINAR
RISK MANAGEMENT COURSE DURING THE COVID-19 PANDEMIC	Conrado Galima Vincent John Pascual Jerry Malamion Isagani Manzano	11-19-2021	BANGKOOP	WEBINAR
COOP GOVERNANCE SEMINAR	Rosita Angala, Rhean Escobar, Ruben R. Habon, Margarita Somera, Norma Cipriano, Myrna Cavinta, Florida Rosario, Virgilio Abaag, Valeriano Agnir, Oscar Campañano, John Pre, Maria Zoraida Lorenzana. Marites Cortez, Marits Hadoc	11/29/2021	ICCB	WEBINAR



BANK TELLERING AND CASHIERING	Baby Dianne Danan Mary Luke Rolloque Roxanne Gudoy Rhia Candia Charmaine Tejero Dania Rose Elevazo Michelle Nelmda Almie Grace Anobar Cristy Reintar Arlene Jean Jabillo Rizza Caldetera Marjorie Kyne Gutierrez Arlene Pascua	12-4-2021	DREAMS BANK GOVERNANCE INSTITUTE TRAINING CENTER	WEBINAR
SEMINARS ON REPUTATIONAL RISK MANAGEMENT	Marites Cortez Marites Hadoc Sheryl Vicente Geneveve Baoit Josette Lucero Rhean Mae Escobar	12-06-2021	DREAMS BANK GOVERNANCE INSTITUTE TRAINING CENTER	WEBINAR
GROWTH IN THE PANDEMIC TIME	Marites Cortez Marites Hadoc Sheryl Vicente Marites Pilorin Narissa Domingo Arcelia Guerrero Charlie Glenn Pulido Glenn Ponce	12-15-2021	DREAMS BANK GOVERNANCE INSTITUTE TRAINING CENTER	WEBINAR
COMPREHENSIVE PROPERTY APPRAISAL COURSE	Isagani Manzano Jerry Malamion Jr. Loradel Gacayan Erol Vic Cipriano Glenn Ponce Charlie Glenn Pulido Joel Gagarin Primo Ramelb Charlito Racquel George Joaquin Jezrel Manera Romy Cabacungan Nelson Vidad Vincent John Pascual Conrado Galima Jr. Ricarte Rebucal	12-16-2021	BANGKOOP	WEBINAR
SUSTAINABLE FINANCE FRAMEWORK WEBINAR	Ruben R. Habon Erwin P. Lutap Christopher G. Calpo Russel Hermosura Isagani Manzano Jerry Malamion Jr. Arcelia Guerrero Loradel Gacayan Ronaldo Bitania Erol Vic Cipriano Narissa Domingo Glenn Ponce Marites Pilorin Charlie Glenn Pulido Regino Butay Joel Gagarin Aries Martin Primo Ramelb Mary Ann Soco Charlito Racquel Renelyn Castro George Joaquin Bernadette Quimoyog Jezrel Manera Maria Victoria Mariano Romy Cabacungan Eric Lutap Nelson Vidad Socorro Domingo Vincent John Pascual Conrado Galima Jr.	12-20-2021	RBAP	WEBINAR
CIC SPECIAL ONLINE TECHNICAL WORKSHOP	Jermin Arlantico Zeus Bondad Harold Vincent Habon Ervin Troy Abella Mark Kevin Gudoy Peter Janssen Rol	12-21/22-2021	CIC/RBAP	WEBINAR

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SOMETIMES WE'RE TESTED
NOT TO SHOW OUR WEAKNESSES,
BUT TO DISCOVER OUR
STRENGTHS.



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L. RETIREMENT BENEFITS

The bank provides a retirement plan for its personnel. Upon retirement, whether for normal, early or late retirement, an employee shall be entitled to receive amounts stipulated in the terms of retirement plan. In the event of the death of the employee, his designated beneficiaries shall get the retirement benefits.

With the retirement plan, whether for optional or compulsory, an employee who retired pursuant to this Plan shall be entitled to all the retirement benefits provided herein, which consists of the following:

Gratuity Benefits:

The amount of the gratuity is computed based on the employee's latest salary rate and depending on the employee's service record with the Bank. A fraction of at least six (6) months shall be considered as one whole year in determining the applicable retirement benefit rate. Gratuity benefits shall be computed based on the following table:

Years in Service	Applicable Retirement Benefit Rate
10 years and below	100%
11 years	110%
12 years	120%
13 years	130%
14 years	140%
15 years	150%
16 years	160%
17 years	170%
18 years	180%
19 years	190%
20 years and above	200%

However, for employees who have reached the compulsory/mandatory retirement age of sixty (60) and employed as of December 01, 2017, the retirement benefit rate shall be 200% regardless of the number of years of rendered service to the Bank.

SUCCESSION PLANNING

The objective of succession planning is to ensure that the Bank, or a unit or department of the Bank, continues to operate effectively when individuals occupying critical positions is separated (resigned, retired, dismissed, or terminated), on official travel or on leave.

The successor of the officers should have met the qualification standards and criteria stipulated in Section 2.3 of the Personnel Manual.

The Succession Policy/Manual of the Bank was amended last October 23, 2020 to include the successor/s of identified key officers.

The Bank recognized or pinpointed the successor/s of identified Key Officers.

For planned or unplanned leave of employees, the policy specified the order of acting authority and long-term leave; cases like study leave, going abroad, due to sickness, or other acceptable reasons; in the absence of the Chairman of the Board, the Vice Chairman of the Board will take over; for the absence of the President, either the Head of Independent Units, Area Manager and Chief Accountant will take over. In case of a Department Head's long-term leave, the President shall assign an employee to take charge from among the Department or Unit and for Rank and file, the President shall assign an employee in coordination with the Branch Manager or Unit Head, or hire or get services from Corporate Office to do the job temporarily.

M. REMUNERATION AND COMPENSATION POLICY

Remuneration and Compensation for Senior Management and Employees.

The bank recognizes the need to commensurate the services of its Officers and employees with compensation package that is competitive in the industry. The bank shall motivate and reward deserving employees.

Basic Salary

All Officers and employees except those occupying contractual positions shall be paid semi-monthly every 15th and 30th of the month. Employee's pay is indicated in the payroll and their salary/ies are directly credited to their payroll account.

The Salary Scale of the Bank is composed of 10 Ranks with corresponding 10 Step Increments per rank. Below is the Structure of Management of the Bank:

POSITIONS	RANK
Top Executive- President	A
Middle Executive- General Manager	B
Top Management- Chief Compliance Officer, Chief Internal Auditor, Corporate Secretary, Area Manager	C
Middle Management-Department Heads, Internal Auditor, Compliance Officer, Branch Manager II & Branch Manager I	D
Supervisory- Branch Accountant, Cashier, Loan Officer, Executive Officer, Finance Officer, HR Officer, Accountant, Asset Management Group	E
Top Technical- Bookkeepers, Tellers, New Account Personnel (NAP), Account Officer II, Assistants(Accounting, Loan, Finance, Audit Assistant, Compliance Assistant, , Human Resource, Credit Assistants, Risk Assistants, Customer Assistants)	F
Middle Technical- Account Officer I, Staff Accounting, Loan Finance, Information Technology, Executive, Compliance, Audit, HR & etc)	G
Clerical- Loan Clerk, accounting clerk, Admin Aide, Posting Clerk	H
Basic- Guard, Driver/Utility	I

Overtime Pay

All employees, except the President/Area Manager/s/Branch Manager/s rendering services beyond the regular working hours shall be paid the corresponding overtime pay in compliance with labor laws requirement.

Salary Increases

Salary upward adjustments or salary increases shall be made when necessary and shall include among others the following:

1. **Merit Increase** - granted to employees with exemplary performance above par with others.
2. **Promotional Increase** - granted to employees promoted to higher positions with corresponding higher pay.
3. **General across-the-board increase** - a fixed or percentage amount given to all employees or to all members of a designated group without reference to individual differences in performance. This is dependent on BOD's discretion.
4. **Government-mandated Increase** - is based on wage increases declared by labor regulations. As the financial condition of the bank warrants, the bank shall grant government-declared increases.

Staff Benefits

It is the policy of the bank to motivate Officers and employees by granting supplemental compensation, facilities and assistance like rice allowance, uniform allowance, medical allowance and others aside from their direct wages and incentive pays.

Management realizes that these benefits help gain the employees' loyalty, cooperation and goodwill and inspire them to work efficiently.

The Bank has approved a fringe benefit program for its Officers and Employees in the form of loan accommodations and provides monthly rice allowances and for Field personnel like Account Officers were given meal allowance.

REMUNERATION POLICY FOR SENIOR MANAGEMENT

The four most highly compensated management officers of the bank starts from Rank A for Top Executive to D middle management to wit, the President, Area Managers, Chief Internal Auditor, Chief Compliance Officer, Corporate Secretary, Department Heads, Internal Auditor, Compliance Officers and Branch Managers.

Their compensation is being established by the members of the Board. Senior Management mentioned above, received Representation Allowance & Travel Allowance (RATA) in addition to basic salary and other benefits.

REMUNERATION AND COMPENSATION FOR DIRECTORS

The Board and Committee members are entitled to receive a monthly allowance and per diem every regular and special meeting as per approved budget of the Bank.

N. POLICIES AND PROCEDURES ON RELATED PARTY TRANSACTIONS**1. Overarching Policies and Procedures for Managing Related Party Transactions**

The Bank identifies those transactions between and among related parties create financial, commercial and economic benefits with the bank, in this regard, related party transactions are generally allowed, if these are done on an arm's length basis and upon terms not less favorable to the bank than those offered to others; and in compliance with existing laws, rules and regulations to protect the interest of depositors, creditors and other stakeholders.

The **Board of Directors** shall have the overall responsibility in ensuring that transactions with related parties are handled in a sound and prudent manner, with integrity, and in compliance with applicable laws and regulations to protect the interest of depositors, creditors and other stakeholders. Towards this end, the board of directors shall carry out the following duties and responsibilities:

- a. Observe good governance and approve an overarching policy in handling of RPTs to ensure that there is effective compliance with existing laws, rules and regulations at all times, that these are conducted on an arm's length basis, and that no stakeholder is unduly disadvantaged. RPT policy shall be adopted, encompassing all entities within the banking group, taking into account their size, structure, risk profile and complexity of operations.
- b. To 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. Any renewal or material changes in the terms and conditions of RPTs shall also be approved by the board of directors. All final decisions of the board on material RPTs, including important facts about the nature, terms, conditions, original and outstanding individual and aggregate balances, justification and other details that would allow stockholders to make informed judgment as to the reasonableness of the transaction, must be clearly disclosed during stockholders' meetings and duly reflected in the minutes of board and stock holders meetings.
- c. To delegate to appropriate management committee the approval of RPTs that are below the materiality threshold, subject to confirmation by the Board of Directors, excluding DOSRI transactions, which are required to be approved by the board. All decisions under the delegated authority must be properly recorded in the minutes of committee meetings.



- d. To establish an effective system to determine, identify and monitor related parties and RPTs; continuously review and evaluate existing relationships between and among businesses and counterparties; and identify, measure, monitor and control risks arising from RPTs.
- e. To maintain adequate capital against risk associated with exposures to related parties. Material risks arising from RPTs shall be considered in the capital planning process. The prescribed scenario/stress tests under the capital planning process shall also capture RPTs in order to determine whether the Bank is well-insulated from any going-concern issue of related party.
- f. To oversee the integrity, independence and effectiveness of the policies and procedures for whistleblowing. The board should ensure that senior management addresses legitimate issues on RPT that are raised. The board should take responsibility for ensuring that staff who raise concerns are protected from detrimental treatment of reprisals.
- g. To constitute an RPT Committee and to provide adequate resources to said Committee, including the authority to procure the assistance of independent experts, if necessary, to assess the fairness of RPT.

The **RPT Management Committee** shall evaluate and approved RP transactions below the materiality threshold.

The **Related Party Transactions (RPT) Committee** shall be composed of at least three (3) members of the Board of Directors, two (2) of whom shall be independent directors, including the chairperson. The Committee shall entirely be composed of independent directors and non-executive directors, with independent directors comprising majority of the members. In case a member has conflict of interest in a particular RPT, he should refrain from evaluating that particular transaction. The Chief Compliance Officer or Chief Internal Auditor may sit as resource persons in said Committee. The RPT Committee shall:

- a. Evaluate on an on-going basis existing relation between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored and subsequent changes in relationships with counterparties (from nonrelated party to related and vice versa) are captured. Related parties, RPTs, and changes in relationships shall be reflected in the relevant reports to the board of directors and regulators/supervisors.
- b. Evaluate all material RPTs to ensure that these are not undertaken on more favourable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the bank are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. In evaluating RPTs, the committee shall take into account, among others, the following:
 1. The related party's relationship to the bank and interest in the transaction;
 2. The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
 3. The Benefits of the bank of the proposed RPT;
 4. The availability of other sources of comparable products or services; and
 5. An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms and generally available to an unrelated party under similar circumstances. The Bank shall have in place an effective price discovery system and have exercised due diligence in determining a fair price for RPTs.

The Board approved that vetting of RPT and DOSRI loans shall be done by the Credit Committee effective January 22, 2021

It was also approved that RPT Committee shall be responsible to evaluate the implementation of the policies on Related Party Transactions of the Bank if these are well implemented; done on an arm's length basis and Related Party Transactions are allowed, as these are and upon terms not less favorable to the bank than those offered to others; and in compliance with existing laws, rules and **regulations** to protect the interest of depositors, creditors and other stakeholders.

- c. Ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Bank's RPT exposures, and policies on conflicts of interest or potential conflict of interest. The disclosure shall include information on the approach to



managing material conflicts of interest that are inconsistent with such policies; and conflicts that could arise as a result of the bank's affiliation or transactions with other related parties.

- d. Report to the board of directors on a quarterly basis, the status and aggregate exposure to each related party as well as the total amount of exposures to all related parties
- e. Ensure that transactions with related parties, including write-offs of exposures are subject to periodic independent review or audit process.
- f. Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including the periodic review of RPT policies and procedures.

Senior Management shall implement appropriate controls to effectively manage and monitor RPTs on a per transaction and aggregate basis. Exposures to related parties shall also be monitored on an ongoing basis to ensure compliance with the Bank's policy and BSP's regulations.

The **internal audit function** shall conduct periodic formal review of the effectiveness of the Bank's system and internal control governing RPTs to assess consistency with the board approved policies and procedures. The resulting audit reports, including exceptions or breaches on limits, shall be communicated directly to the Audit Committee.

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

GUIDELINES IN ENSURING ARM'S LENGTH TERMS

- a. On credit exposures and claims and write-offs; Investments and/or subscriptions for debt/equity issuances; Lease arrangements/contracts; Borrowings, commitments, fund transfers and guarantees; Sale, purchase or supply of any goods or materials;
These transactions entered, the bank should be evaluated, thoroughly reviewed and verified as having been entered in the best interest of the bank by the RPT Committee.

In evaluating RPTs, the RP Management Committee or the RPT Committee should consider among others, the ff:

- i. The related party's relationship to the bank and interest in the transactions;
- ii. The material facts of the proposed RPT, including the proposed aggregate value of such transactions.
- iii. The benefits to the bank of the proposed RPT;
- iv. The availability of other sources of comparable products or services; and
- v. An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The bank shall exercise due diligence in determining a fair price for RPTs such as acquiring the assistance of independent experts as to the fairness of the price and opening the transactions to a bidding process.

- b. Consulting, professional, agency and other service arrangements/contracts; Purchases and sales of assets, including transfer of technology and intangible items; and Construction arrangements/contracts;

These transactions in addition to the requirements under letter "a" above should undergo the normal bidding process and posting requirement for the invitation to bid. In case of failed bidding after two consecutive schedules, the bank is permitted to enter into a negotiated arrangement if it shall be evaluated by the RPT Committee.

CONFLICT OF INTEREST

The members of the board, stockholders, and management shall disclose to the board whether they directly, indirectly or on behalf of third parties, have a financial interest in any transaction or matter affecting the bank. Directors and officers with personal interest in the transaction shall abstain from the discussion, approval and management of such transaction or matter affecting the bank.

2. Materiality Thresholds Level for Related Party Transactions

- a. On credit exposures and claims – above P500,000.00
- b. Write-offs - P50,000.00
- c. Investments and/or subscription for debt/equity issuances-P50,000



- d. Consulting, professional agency and other service arrangements/contracts-P50,000
- e. Purchases and sales of assets – P50,000.00
- f. Construction arrangements/contracts – P50,000.00
- g. Lease arrangements/contracts – P50,000.00
- h. Borrowings, commitments, fund transfers and guarantees – P50,000.00
- i. Sale, purchase or supply of any goods or materials – P50,000.00

The following is the summary of material related party transactions for the year 2021:

NATURE OF TRANSACTIONS	NUMBER OF BENEFICIARIES	TOTAL AMOUNT GRANTED/ TRANSACTION (Php)	OUTSTANDING BALANCE (Php)
Loans (some are monthly amortized & lump sum for a maximum term of 360 days)	4	110,000,000.00	4,730,055.92
TOTAL	4	110,000,000.00	4,730,055.92

O. SELF ASSESSMENT FUNCTION

1. The Structure of the Audit and Compliance Functions

Audit Function

The Monetary Board approved the revised guidelines on internal control and internal audit raising the bar of control standards for BSP supervised financial institutions (FIs). The guidelines complement other BSP initiatives to further strengthen the quality of governance in the industry and align existing regulations with international standards and best practices.

The guidelines feature the fundamental elements of internal control namely, management oversight and control culture; risk recognition and assessment; control activities; information and communications; and monitoring activities and correcting deficiencies. These effectively broaden the regulatory expectations on internal control from previously being limited only to the implementation of basic internal control activities to promoting shared accountability of the board and personnel at all levels in the control process. The Monetary Board recognizes though, that there is no "one size fits all" internal control framework. As such, consistent with the principle of proportionality, FIs are expected to adopt internal control frameworks that are suited to their size, risk profile and complexity of operations.

The guidelines also cover the BSP's expectations on the internal audit function highlighting that its role is to both assess and complement operational management, risk management, compliance and other control functions

Internal Audit is an independent, objective assurance and consulting function designed to add value and improve the bank's operations. It helps the bank accomplish its objectives by bringing systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes of the bank.

The purpose of Internal Audit Department is to provide the Board of Directors an independent appraisal or evaluation of the adequacy and effectiveness of the bank's controls encompassing its governance, operations and information systems. This includes: (1) accuracy and reliability of financial and operational data (2) effectiveness and efficiency of the bank's operations (3) safeguarding of bank's assets and records, and (4) adherence to prescribed policies.

The Internal Audit Department is an integral part of the Ilocos Consolidated Cooperative Bank and functions within established policies. The Chief Internal Auditor reports directly to the Board of Directors or to an Audit Committee composed of directors who do not hold executive positions in the bank. The Internal Audit Department will have unrestricted access to any and all bank's activities; records, both manual and electronic; assets, property and personnel relevant to any area being reviewed. Staffs of the Internal Audit Department will handle all documents and other information acquired in the course of their duties prudently and with utmost confidentiality.

Compliance Function

The following are the corporate policy framework relative to compliance function:

- must be independent at all times from the business activities of the Bank.
- has the following rights 1) to obtain access to information necessary to carry out its responsibilities; 2) To conduct investigations of possible breaches of the compliance policy; and 3) Direct access to the Board of Directors and to the Audit Committee.
- The Compliance Function shall coordinate with the Audit Department on the effective implementation of the compliance system including all the units of the organizations.
- The compliance function shall facilitate effective management of compliance risk by:



1. Advising the board of directors and senior management on relevant laws, rules and standards, including keeping them informed on development in the area;
2. Apprising Bank personnel on compliance issues, and acting as a contact point within the Bank for compliance queries from Bank's personnel;
3. Establishing written guidance to staff on the appropriate implementation of laws, rules and standards through policies and procedures and other documents such as compliance manuals, internal codes of conduct and practice guidelines;
4. Identifying, documenting and assessing the compliance risks associated with the Bank's business activities, including new products and business units;
5. Assessing the appropriateness of the Bank's compliance procedures and guidelines, promptly following up any identified deficiencies, and where necessary, formulating proposals for amendments;
6. Monitoring and testing compliance by performing sufficient representative compliance testing; and
7. Maintaining a constructive working relationship with the Bangko Sentral and other regulators.

2. Review Process

The Board of Directors- shall be ultimately responsible for ensuring that senior management establishes and maintains an adequate, effective and efficient internal control framework commensurate with the size, risk profile and complexity of operations of the bank. The board of directors shall also ensure that the internal audit function has an appropriate stature and authority within the bank and is provided with adequate resources to enable it to effectively carry out its assignments with objectivity.

1. Each member of the Board of Directors shall be well informed and aware of his/her duties and responsibilities to the bank's depositors, creditors and stockholders.
2. The implementation of a fraud prevention program shall be the responsibility of the Board of Directors.
3. The Board of Directors (BOD) shall see and review the Report of Examination (ROE) of the appropriate supervising and examining department of the Bangko Sentral noting there at any and all adverse findings.
4. The Board of Directors shall follow-up any and all exceptions noted in the ROE with all concern with the end view of ascertaining that the same is satisfactorily corrected and settled.
5. Conduct discussions with management on the effectiveness of the internal control system.
6. Review evaluations made by the audit committee on the assessment of effectiveness of internal control made by management, internal auditors and external auditors.
7. Ensure that management has promptly followed up on recommendations and concerns expressed by auditors and supervisory authorities on internal control weaknesses.

The board of directors shall regularly monitor and assess the performance of the heads of control functions based on approved performance standards,

P. DIVIDEND POLICY

Ilocos Consolidated Cooperative Bank had adopted this Dividend Policy on February 23, 2018 under Board Resolution No. 38 S. 2018 pursuant to the regulations of the Bangko Sentral ng Pilipinas and Cooperative Development Authority. This shall govern the declaration of dividends on shares of stock of the Bank, regardless of feature. Declaration of the dividend shall be duly approved by the majority members of the board of directors and confirmed by the General Assembly. The Bank shall not declare dividends greater than its accumulated net profits/earnings then on hand, deducting thereon losses and bad debts. Neither the Bank shall not declare dividends if, at the time of declaration, it has not complied with the provisions of Sec. 124 of the MORB, to wit:

1. Clearing account with the Bangko Sentral is not overdrawn;
2. Liquidity floor requirement for government funds;
3. Minimum capital requirement and risk-based ratios as provided under applicable and existing capital adequacy framework; and
4. Has not committed any unsafe or unsound banking practice as defined under existing regulations and/or major acts or omissions as maybe determined by the Bangko Sentral to be ground for suspension of dividend distribution, unless this has been addressed by the bank as confirmed by the Monetary Board or the Deputy Governor, SES, as maybe applicable, upon recommendation of the appropriate department of SES.

**LIMITATIONS/AMOUNT AVAILABLE FOR DIVIDENDS DECLARED.**

- a. Reserve for retirement of stock (Bank may declare cash dividends only if the amount of its reserve for retirement of government preferred stock is at least equal to the amount which should have been accumulated had the bank transferred annually to the reserve account from its undivided profits an amount of one-tenth (1/10) of the total amount of preferred stock ;
- b. The Bank shall also comply with the provisions governing the distribution of net surplus as provided under Article 86 of RA 9520, the Coop. Bank's By-laws and Articles of Cooperation as other laws, rules and regulations.

NET AMOUNT AVAILABLE FOR DIVIDENDS

The net amount available for dividends shall be the amount of unrestricted or free retained earnings and undivided profits reported in the Financial Reporting Package (FRP) as of the calendar/fiscal year-end immediately preceding the date of dividend declaration. The derivation of the amount of dividends from the unrestricted/free retained earnings shall be based on a sound accounting system and loss provisioning processes under existing regulations which takes into account relevant capital adjustments including losses, bad debts and unearned profits or income.

REPORTING AND VERIFICATION REQUIREMENT

Declaration of dividend shall be reported by the Bank to the appropriate department of the SES within ten (10) banking days after date of declaration in the following manner:

- a.) Submission of a duly notarized certification signed by the President, or by the General Manager and the Chief Compliance Officer stating that the bank has complied with the requirements on the declaration of dividends provided under Sec. 124 of the MORB, as well as other existing applicable laws; and
- b.) Submission of the Report on Dividends Declared.

However, if the Bank has major supervisory concerns such as those initiated under prompt corrective action (PCA) or with specific MB directive to suspend/refrain/restrict dividend declaration, shall be subject to prior Bangko Sentral verification by the appropriate department of the SES. Pending verification of the above-mentioned reports, no announcement or communication on the declaration of dividends nor shall any payment be made thereon until receipt of Bangko Sentral advice thereof.

DIVIDEND RATE

The Board approved 5.5% Dividends for Common Shares and Preferred Shares "A" & "B" and 10% for Preferred Shares "C" for CY 2021.

Q. CORPORATE SOCIAL RESPONSIBILITY

- a. Distributed Cooperative Development Fund (CDF) in the form of cash/relief goods for those affected areas of typhoon Maring & community quarantine during COVID -19 Pandemic and to affected individuals as sort of help and donation.
- b. The Bank provided technical assistance and training to Cooperative members concerning Cooperative Development Authority (CDA) mandatory reports via Zoom Conferencing as the Bank coordinated with the Cooperative Development Authority.

R. CONSUMER PROTECTION PRACTICES:

Consumer Protection is a group of laws and organizations designed to ensure the rights of consumers as well as fair trade, competition and accurate information in the marketplace. These laws are designed to prevent businesses to engage in fraud or specified unfair practices from gaining an advantage over competitors.

In response to the government act to protect the interest of consumers, the bank developed and implements this Financial Consumer Protection Manual. Besides, it is the mission of the bank to provide products and services that will improve the quality of life of its customers. The bank treats its consumers as an asset and takes good care of them through provision of excellent services that would surely give them satisfaction.

The Board of Directors:

1. Responsible for developing and maintaining a sound Customer Protection Risk Management System that is integrated into the over-all framework for the entire product and service life-cycle.
2. Approves the Bank's overall business strategies and significant policies, including those related to managing and taking customer risks.
3. Provides clear guidance regarding the level of customer protection risk acceptable to the Bank and ensures that senior management implements the procedures and controls necessary to comply with the policies that have been adopted.



4. Reviews and approves appropriate customer protection policies to limit risks inherent in the Bank's significant business lines, activities, or products, including ensuring effective oversight of any third-party providers that provide products and services for the Bank.
5. Periodically reviews and approves customer protection risk exposure limits to conform to any changes in the Bank's strategies and addresses the extent of protection assumed by the customers when new products are introduced.

On the other hand, **Senior Management**

1. Is responsible for implementing a program to manage the customer compliance risks associated with the Bank's business model, including ensuring compliance with laws and regulations on both a long-term and a day-to-day basis. Accordingly, management should be fully involved in its activities and possess sufficient knowledge of all major products to ensure that appropriate risk controls are in place and that accountability and lines of authority are clearly delineated.
2. Is also responsible for establishing and communicating a strong awareness of, and need for, effective customer protection risk controls and high ethical standards.

Board of Directors and Senior Management:

1. periodically review the effectiveness of the Customer Protection Risk Management System (CPRMS) including how findings are reported and whether the audit mechanism in place enable adequate oversight.
2. ensure that sufficient resources are devoted to the customer protection program.
3. anticipate and respond to customer protection risks.

FINANCIAL CONSUMER PROTECTION RISK MANAGEMENT SYSTEM

The Consumer Protection Risk Management System (CPRMS) is a means by which the bank identifies, measures, monitors and controls consumer protection risks inherent in its operations. These include both risks to the financial consumer and the bank.

The CPRMS is proportionate to the size, structure and complexity of Ilocos Consolidated Cooperative Bank's operations. A carefully devised, implemented, and monitored CPRMS provides the foundation for ensuring the bank's adherence to consumer protection standards of conduct and compliance with consumer protection laws, rules and regulations, thus ensuring that the bank's consumer protection practices address and prevent identified risks to the bank and associated risk of financial harm or loss to consumers.

The CPRMS could also provide the Board of Directors and Senior Management the direction and control of its CP program. This could be achieved thru efficient monitoring and effective feedback mechanism aim to provide the quality of service the Bank's customers deserve.

Active Board & Senior Management Oversight

Effective CP oversight requires active participation by the board of directors in the CP affairs of the bank. Providing active CP oversight requires more than attending meetings. Recognizing this, the board of directors shall:

- Be diligent in learning, or at least having a working knowledge, about the bank's business activities, or proposed activities, which give rise or may give rise to consumer protection risk.
- Play an active role in developing and approving CP policies to place boundaries and conditions on the bank's activities.
- Make sure there is a reporting structure capable of giving the board feedback on the level of compliance with CP policies.
- Make certain that CP weaknesses are properly addressed and corrective actions are taken in a timely manner.

CONSUMER ASSISTANCE MANAGEMENT SYSTEM**S. FINANCIAL CONSUMER PROTECTION STANDARDS (POLICIES & PROCEDURES)****Protection Standards**

Ilocos Consolidated Cooperative Bank follows key protection principles in building up its good relations to its clients. Each principle is embedded in its operations, such as; credit extension, deposit taking and other banking activities involving the participation of its clients. The Bank ensures that the principles are carried out effectively and efficiently by its employees through proper and regular orientation of bank products and services and training on policies and procedures.

The FCP Policies and Procedures contain broad guidelines adopted from BSP Circular No. 857, series of 2014 that covers:

1. FCP Standards of Conduct for the Bank, its Officers and Staff – they reflect the core principles which the bank, its officers and staff are expected to observe at all times in all dealings with financial consumers. They are embedded into a corporate culture of service, good governance and protection of consumer interests.
2. Consumer Assistance Mechanism consistent with Appendix 1 of Circular No. 857, which also draws upon the bank's separate policy on Customer Assistance Management System (CAMS).

CORPORATE STRUCTURE OF THE BANK'S CUSTOMER ASSISTANCE MANAGEMENT SYSTEM**STRUCTURE**

Ilocos Consolidated Cooperative Bank follows its existing operational channel in handling customer complaints. It has designated its Branch Managers to serve as the Customer Assistance Officers (CAOs), while Head CAO then reports to the Senior Management for the latter to present and discuss the report on complaints to the Board of Directors which will provide action based on the recommendations of the Head, CAO. The structural chart for CAMS is presented below:

FINANCIAL CONSUMER PROTECTION FRAMEWORK**A. The Board**

- a) develops and maintains a sound CPRMS;
- b) reviews and approves Consumer Protection policies; and
- c) ensures Consumer Protection Policies implementation

B. The Management

- a) responsible for the implementation of CP policies approved by the Board

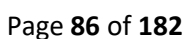
C. The Head Consumer Assistance Officer

- a) monitors Consumer Assistance Process; and
- b) Summarizes, Analyzes, Recommends Actions on Complaints

D. The Consumer Assistance Officers/ Branch Managers

- For the year 2021, "the Bank received no complaint from all branches"
- For the 27 units and branches, the overall remarks are no adverse reports as reported by the Human Resource Unit. On the other hand, the report of the HCAO with regards to the summary of comments/requests/comments, there were 8 complaints received, however, these complaints were resolved within the branch and no complaints filed to the HCAO/Board. There were also 22 commendations coming from some clients.

A. ORGANIZATIONAL STRUCTURE, INCLUDING THE NAME AND POSITION OF KEY OFFICERS.





B. COOP, PERCENTAGE OF STOCKHOLDINGS AND VOTING STATUS

ILOCOS CONSOLIDATED COOPERATIVE BANK
Candon City, Ilocos Sur
Consolidated List of Stockholders and their Stockholdings
As Of December 31, 2021

Name of Stockholders	Kind of Cooperative	PAID-UP		Ratio of Paid in	Capital to Total Paid in Capital
		No. of Shares Paid	Amount of Shares Paid		
I. COMMON SHARES					
Nueva Segovia Consortium of Cooperatives (NSCC)	Secondary Cooperative	17,104	17,104,000.00	9.07%	
BANGKOOP-Manila	Secondary Cooperative	17,104	17,071,000.00	9.05%	
Sta. Cruz Savings & Development Cooperative (SACDECO)	Primary Cooperative	14,000	14,000,000.00	7.43%	
Sacred Heart (Galimuyog) Savings Cooperative	Primary Cooperative	9,612	8,963,000.00	4.75%	
Kailian MPC(formerly Ilocos Sur Upland Developers Coop.)	Primary Cooperative	6,170	6,170,000.00	3.27%	
Suyo Multi-Purpose Cooperative	Primary Cooperative	5,189	5,189,000.00	2.75%	
Coop Bankers Credit Cooperative	Primary Cooperative	4,905	4,905,000.00	2.60%	
San Joaquin MPC	Primary Cooperative	4,326	4,326,000.00	2.29%	
Fatima Vigan MPC	Primary Cooperative	3,484	3,451,000.00	1.83%	
Sarrat Namnama MPC	Primary Cooperative	2,988	2,988,000.00	1.58%	
Binarmappa MPC	Primary Cooperative	2,062	2,062,000.00	1.09%	
Marcos Farmers MPC (formerly Escoda MPC)	Primary Cooperative	1,522	1,522,000.00	0.81%	
NORLU CEDEC	Secondary Cooperative	1,676	1,400,000.00	0.74%	
Magumbayan MPC	Primary Cooperative	1,319	1,319,000.00	0.70%	
Friends and Cooperative Bank Employees Trading MPC	Primary Cooperative	1,286	1,286,000.00	0.68%	
Candon City Trykers MPC	Primary Cooperative	1,150	1,150,000.00	0.61%	
Quiling Sur Tomato Growers MPC	Primary Cooperative	2,009	1,148,000.00	0.61%	
Fortuna Credit Cooperative	Primary Cooperative	1,124	1,124,000.00	0.60%	
Cooperative Insurance System of the Philippines (CISP)	Secondary Cooperative	1,100	1,100,000.00	0.58%	
ADTEMPCO	Primary Cooperative	1,000	1,000,000.00	0.53%	

C. LIST AND DESCRIPTION OF PRODUCTS AND SERVICES

I. SAVINGS DEPOSIT

Regular

Initial Deposit	500.00
Balance to earn Interest	500.00

Basic Deposit Account

Initial Deposit	Not more than P100.00
No maintaining Balance	

Interest Rate

Balance to earn interest	.5% p.a. ₱ 500.00 Average Daily Balance (ADB)
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II. TIME DEPOSIT ACCOUNT

Minimum initial deposit	₱ 5,000.00
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Interest Rate

Rates vary according to amount and term.	.75% to 5.5% p.a.
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III. LOAN PRODUCTS

Interest Rate & Processing fee

Agricultural Loan

Commercial Loan

Industrial Loan

Other Loans

- Salary loans
- OFW loans
- Hold out Deposit/
- Back-to-Back Loan
- Barangay Official Credit
- Assistance Program (BOCAP)
- Cooperative Loan
- Pension Loan
- (SSS/GSIS/PVAO)
- Housing Loan (5 Years)
- Providential Loans
- Facility Loan
- Motorcycle loan

% PLACEMENT

Per Annum – diminishing balance

15% + 3% Processing Fee
15% + 3 % Processing Fee
15% + 3% Processing Fee
15%+ 3% Processing Fee
15%+ 3% Processing Fee
rate of CTD/SD + 3 % Processing fee
15% +3% Processing Fee
8% + 2% Processing Fee
15% + 3% Processing Fee
15% + 3% Processing Fee
15% + 3% Processing Fee
15% + 3% Processing Fee
15% + 3% Processing Fee
15% + 3% Processing Fee

The Bank also assist loan clients to avail Other Special Program/Project under D.A. ACPC.

D. BANK WEBSITE

The Board approved under Resolution 168 Series 2020, authorizing Ilocos Consolidated Cooperative Bank to enter into service agreement called Domain and Web Hosting Services Agreement with Evenly Ten Web Solutions, a Web Hosting Company, represented by Mr. Elvin E. Casem, Proprietor, with its principal place of business at Florentino St., Catbangan, City of San Fernando, La Union within a contract of Five Years Web Hosting from 2021 to 2025 for unlimited disk space, unlimited bandwidth and Free Hosting Support and designating President Ruben R. Habon as the authorized signatory of ICCB in the agreement.

Further, the Board approved the Members of the Publication Committee (The Senior Management) of the ICCB Domain and Web Hosting setup called ichooseiccb.com.

E. LIST OF BANKING UNITS

BRANCH	ADDRESS	TELEPHONE #s
1. Head Office- Candon	Bagani Campo, Candon City, Ilocos Sur	(077)-674-0254
2. San Nicolas Branch	Pubic Market, San Ildefonso, San Nicolas, Ilocos Norte	(077)-670-7107
3. Laoag Branch	Ground Floor, Insular life Bldg, Balintawak St, Laoag City, Ilocos Norte	(077)-670-7098
4. Marcos Branch	Brgy Lydia, Marcos, Ilocos Norte	0977-8579004
5. Batac Branch	Nalupta Bldg, Brgy 4, Nalupta, Batac City, Ilocos Norte	(077)-670-7095
6. Bangui Branch	Bangui Public Market, Bangui, Ilocos Norte	(077)-676-0567
7. Solsona Branch	Solsona Public Market, Solsona, Ilocos Norte	(077)-600-2256
8. Sinait Branch	Public Market, Sinait, Ilocos Sur	(077)-674-1170
9. Bantay Branch	Zone 5, Quirino Boulevard, Bantay, Ilocos Sur	(077)-722-6108
10. Bangued Branch	National Highway Ubbog Lipcan, Bangued, Abra	(074)-752-5376
11. San Juan	Ili Sur, San Juan, La Union	(072)-607-4663
12. Sanchez Mira	Third Floor, Sanchez Mira Public Market, Sanchez Mira, Cagayan	(078)-377-1570)
13. Villasis	MC Arthur Highway, Poblacion Zone 1, Villasis, Pangasinan	0995-099-0029
14. San Carlos	Roxas Blvd. San Carlos City, Pangasinan, infront of Magic Mall 2.	0927-682-6369



**VII. AUDITED FINANCIAL STATEMENT
CALENDAR YEAR 2021**

**EDGARDO M. MOLINA, CPA**

Blk 10, Lot 26, Kroner Street, Villa Carolina I

Tunasan, Muntinlupa City

Email: emmolinaconsultancy@gmail.com

INDEPENDENT AUDITOR'S REPORT

The Members and Board of Directors of
ILOCOS CONSOLIDATED COOPERATIVE BANK
National Highway Bagani Campo, Candon City, Ilocos Sur

Opinion

I have audited the accompanying financial statements of **ILOCOS CONSOLIDATED COOPERATIVE BANK** (the "Cooperative"), which comprise the statements of financial positions as at December 31, 2021, and the statement of operations, statements of changes in members' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **ILOCOS CONSOLIDATED COOPERATIVE BANK** as at December 31, 2021, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Framework for Cooperatives.

Basis for Opinion

I conducted my audits in accordance with Philippine Standards on Auditing (PSAs) and the Standard Audit System for Cooperatives (SASC). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Cooperative in accordance with the Philippine Ethics Standards Board for Accountants (PESBA Code) together with the ethical requirements in the Philippines, the Code of Ethics for Professional Accountants in the Philippines, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Matter

The financial statements of **ILOCOS CONSOLIDATED COOPERATIVE BANK** as at and for the year ended December 31, 2020 was audited by another auditor whose report dated March 26, 2021, expressed an unmodified opinion on the said report.

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 Philippine Financial Reporting Framework for Cooperatives, 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 Cooperative'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 Cooperative or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Association's financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Telephone No: (02) 8257-14-50; Mobile No. (0917) 6283163 / (0917) 6290499



EDGARDO M. MOLINA, CPA


As part of an audit in accordance with PSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 Cooperative'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 Cooperative's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Association 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

I 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 I identify during my audit.

Report on other Legal and Regulatory Requirements

My audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 and Revenue Memorandum Circular 17-2011 are presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management. The information has been subjected to the auditing procedures applied in my audit of the basic financial statements. In my opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as whole


EDGARDO M. MOLINA

TIN No. 123-467-133-000

CPA Certificate No. 39419

BOA/PRC Certificate No. 2577, valid until September 1, 2024

BIR Accreditation No. 08-005012-001-2020, valid until January 23, 2023

BSP Accreditation No. 39419-BSP (Category C), issued March 26, 2020,

valid for a period of five (5) years to engage in the audit of 2019 to 2023 financial statements

CDA Accreditation No. AN-CEA-04-05, valid until April 7, 2024

PTR No. 4148225, Issued January 7, 2022 at Muntinlupa City

March 30, 2022

Telephone No: (02) 8257-14-50; Mobile No. (0917) 6283163 / (0917) 6290499



STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The management of Ilocos Consolidated Cooperative Bank is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2021 and 2020. Management is likewise responsible for all information and representation contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representation 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, and any all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2021 and 2020 and the accompanying Annual Income Tax Return are in accordance with the books and records of Ilocos Consolidated Cooperative Bank are 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 regulation 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 has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances.
- c. The Ilocos Consolidated Cooperative Bank has filed all applicable tax 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.

Signature

Chairman of the Board:

Signature

Chief Executive Officer:

Signature

Chief Financial Officer


ALEXANDER B. RAQUEPO


RUBEN R. HABON


GINA G. GABERTAN

Signed this 30th day of MARCH 2022

RECEIVED

30 MAY 2022

AM-RP1-K00-2-Campus (Ilocos Sur)
OFFICE OF THE REVENUE COLLECTION OFFICE



STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Ilocos Consolidated Cooperative Bank is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the year ended December 31, 2021 and 2020, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation 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.

The Board of Directors is responsible for overseeing the Bank's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders or members.

EDGARDO M. MOLINA, CPA the independent auditor appointed by the stockholders, has audited the financial statements of the bank in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed its opinion on the fairness of presentation upon completion of such audit.

Signature

Chairman of the Board:

ALEXANDER B. RAQUEPO

Signature

Chief Executive Officer:

RUBEN R. HABON

Signature

Chief Financial Officer

GINA G. GABERTAN

Signed this 30th day of MARCH 2022



**EDGARDO M. MOLINA, CPA**

Blk 10, Lot 26, Kroner Street, Villa Carolina I
Tunasan, Muntinlupa City
Email: emmolinaconsultancy@gmail.com

STATEMENT OF REPRESENTATION**TO THE COOPERATIVE DEVELOPMENT AUTHORITY:**

In connection with my examination of the financial statements of **ILOCOS CONSOLIDATED COOPERATIVE BANK** covering the period ended December 31, 2021, are herewith submitted to the Cooperative Development Authority, I hereby present the following:

1. That said financial statements herewith attached are prepared and presented in conformity with the financial reporting standards applicable to cooperatives in the Philippines;
2. That in the conduct of the audit, I adhere to the Philippine Standards on Auditing and the Standard Audit System for Cooperatives (SASC) as required by the Cooperative Development Authority;
3. That I am qualified as provided for in Section 8 of the Code of Professional Ethics for Certified Public Accountants and Article & 1 of R. A. 9520 (Cooperative Code of the Philippines);
4. That I shall fully aware of my responsibility as an independent auditor for the audit report issued and attached to the financial statements and the sanctions to be bestowed on me for my misrepresentations that I may have willingly or unwillingly committed;
5. That I nor any member of my immediate family do not have any direct or indirect financial interest with the cooperative;
6. That I am not an employee nor an officer of a secondary cooperative or tertiary cooperative of which this cooperative is a member;
7. That I am not an employee of the Cooperative Development Authority nor have I engaged an employee of the CDA in the course of audit;
8. That I make representation in my individual capacity;
9. That I am a member of the Laguna Chapter of the PICPA.

It is however, understood that my accountability is based on matter within the normal coverage of an audit conducted in accordance with Philippine Standards on Auditing and the Standard Audit Systems for Cooperatives.

EDGARDO M. MOLINA

TIN/No. 123-467-133-000

CPA Certificate No. 39419

BOA/PRC Certificate No. 2577, valid until September 1, 2024

BIR Accreditation No. 08-005012-001-2020, valid until January 23, 2023

BSP Accreditation No. 39419-BSP (Category C), issued March 26, 2020,

valid for a period of five (5) years to engage in the audit of 2019 to 2023 financial statements

CDA Accreditation No. AN-CEA-04-05, valid until April 7, 2024

PTR No. 4148225, Issued January 7, 2022 at Muntinlupa City

March 30, 2022

**EDGARDO M. MOLINA, CPA**

Blk 10, Lot 26, Komer Street, Villa Carolina I

Turanon, Muntinlupa City

Email: emmolinaconsultancy@gmail.com

CERTIFICATION

To Officer in Charge
Bangko Sentral ng Pilipinas
Malate, Manila:

In connection with my audit of the 2021 financial statements **ILOCOS CONSOLIDATED COOPERATIVE BANK** and pursuant to Section 174 and Appendix 55 of the Manual of Regulation for Banks (MORB), as amended by Circular No. 1074 dated February 7, 2020 relative to the Bangko Sentral requirements in the submission of audited financial statements, I hereby certify the following:

- 1.) That I have commenced my engagement to audit the financial statements on January 27, 2022 and had finished the audit on March 30, 2022.
- 2.) That the Financial Audit Report and the Certification under oath stating that no material weakness or breach in the internal control and risk management systems was noted in the course of the audit of the Bank were submitted to the Board of Directors on March 30, 2022.
- 3.) That I, the auditor-in-charge of the engagement, and the members of our immediate families do not have any direct or indirect financial interests with the bank including its affiliates and subsidiaries and that my independence is not at all impaired under any of the circumstances specified in the Code of Professional Ethics for Certified Public Accountants.
- 4.) That I have read-only access to the BSP report of examination;
- 5.) That the Bank has complied with the disclosure requirement under Section 174 of the MORB, as amended by Circular No. 1074 series of 2020.
- 6.) That I have **none to report** on discovery of material breach of laws and BSP rules and regulations such as on capital adequacy ration and on loans and other risks and classification.
- 7.) That I have **no report** on findings regarding corporate governance issues;
- 8.) That I have **no report** regarding termination and resignation as external auditor
- 9.) That I have **no report** regarding breach or non-compliance on liquidity ratios, material weakness in fair value measurement methodology, significant vulnerabilities to money laundering and combating the financing of terrorism.
- 10.) That I have **none to report** on the following matters under **BSP Circular 1074 series of 2020** except to item A and D:
 - a) Any material finding involving fraud or dishonesty (including cases that were resolved during the audit period);
 - b) Any potential losses, the aggregate of which amounts to at least ten percent (10%) of the consolidated total asset;
 - c) Any findings to the effect that consolidated asset of the Bank, ongoing concern basis, are no longer adequate to cover the total claims of creditor;

Telephone No: (02) 8257-14-50; Mobile No. (0917) 6283163 / (0917) 6290499



EDGARDO M. MOLINA, CPA

d) Material internal control weakness which may lead to financial reporting problems.

It is however understood that the accountability of the undersigned practitioner is based on matters within the normal coverage of an audit conducted in accordance with the Philippine Standards on Auditing.

These certifications are being issued in compliance with the requirements by the BSP in the submission of audited financial statements on the above-mentioned rural bank.

EDGARDO M. MOLINA

TIN No. 123-467-133-000

CPA Certificate No. 39419

BOA-PRC Certificate No. 2577, valid until September 1, 2024

BIR Accreditation No. 08-005012-001-2020, valid until January 23, 2023

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PTR No. 4148225, Issued January 7, 2022 at Muntinlupa City

March 30, 2022

APR 22 2022

SAN FERNANDO, PAMPANGA

SUBSCRIBED AND SWORN TO BEFORE ME this _____ at _____

ATTY. EDGARDO M. VITO
Notary Public

(Until Dec 31, 2021)

Extended until June 30, 2022
S.C. No. 4444, Date of Issuance 06/01/2021

PTR No. 137763714-0-22

IBP No. 18003016-0-22

Roll No. 21550

MCLE No. VII-00007325

City of San Fernando (P)

Doc. No. 633

Page No. 82

Book No. 824

Series of 2022

Telephone No: (02) 8257-14-50; Mobile No. (0917) 6283163 / (0917) 6290499



ILOCOS CONSOLIDATED COOPERATIVE BANK

RECONCILIATION OF AUDITED FINANCIAL STATEMENTS & SUBMITTED CONSOLIDATED STATEMENT OF CONDITION AND STATEMENT OF INCOME AND EXPENSES

As of December 31, 2021

	Submitted Report	Audited Report	Discrepancy	Reason for Discrepancy
Cash and Other Cash Items (Note 6)	P 24,578,100	P24,578,100	P -	
Due from BSP (Note 6)	32,489,624	32,489,624	-	
Due from Other Banks (Note 6)	241,167,373	241,139,819	(27,554)	Over booking of Interest
Debt Securities Measured at Amortized Cost	129,159,453	129,159,453	-	
Loans & Receivable, Net (Note 7)	1,639,628,523	1,639,100,449	(528,074)	Additional provision for credit losses
Bank Premises, Furniture, Fixtures and Equipment, Net (Note 9)	74,799,574	74,799,574	-	
Non-Current Asset Held for Sale	106,036	106,036	-	
Investment Properties, Net (Note 11)	105,804,889	105,804,889	-	
Right of Use Asset, Net	-	11,691,024	11,691,024	Recognition of right of use asset
Other Assets (Note 12)	19,762,982	19,762,982	-	
Total Assets	P 2,267,496,554	P2,278,631,950	P11,135,396	<i>Net effect of adjustments</i>
Deposit Liabilities (Note 13)	P 1,378,499,191	P1,378,499,191	P -	
Bills Payable (Note 14)	585,929,665	585,929,665	-	
Accrued Interest, Taxes and Other Expenses Payable (Note 15)	17,969,523	17,969,523	-	
Redeemable Preferred Share	1,144,000	1,144,000	-	
Other Liabilities (Note 16)	13,863,005	26,183,290	(12,320,285)	recognition of lease liability and reclassification of inter float item
Provision	6,021,330	6,021,330	-	
Total Liabilities	2,003,426,714	2,015,746,999	(12,320,285)	<i>Net effect of adjustments</i>
Total Stockholders' Equity	264,069,840	262,884,951	1,184,889	Net effect of adjustments
Total Liabilities & Stockholders' Equity	P2,267,496,554	P2,278,631,950	P (11,135,396)	<i>Net effect of adjustments</i>
Total Gross Income	P 264,543,503	P264,515,949	P (27,554)	Over booking of interest
Total Expenses	242,309,035	243,069,329	(760,294)	Reclassification of rent payment and Additional provision for credit losses
Net Income Before Tax	22,234,468	21,446,620	787,848	<i>Net effect of adjustments</i>
Net Income After Tax	P 22,234,468	P21,446,620	P (787,848)	<i>Net effect of adjustments</i>

ILOCOS CONSOLIDATED COOPERATIVE BANK

RECONCILIATION OF AUDITED FINANCIAL STATEMENTS & SUBMITTED CONSOLIDATED STATEMENT OF CONDITION AND STATEMENT OF INCOME AND EXPENSES

As of December 31, 2021

	Submitted Report	Audited Report	Discrepancy	Reason for Discrepancy
Cash and Other Cash Items (Note 6)	P 24,578,100	P24,578,100	P -	
Due from BSP (Note 6)	32,489,624	32,489,624	-	
Due from Other Banks (Note 6)	241,167,373	241,139,819	(27,554)	Over booking of Interest
Debt Securities Measured at Amortized Cost	129,159,453	129,159,453	-	
Loans & Receivable, Net (Note 7)	1,639,628,523	1,639,100,449	(528,074)	Additional provision for credit losses
Bank Premises, Furniture, Fixtures and Equipment, Net (Note 9)	74,799,574	74,799,574	-	
Non-Current Asset Held for Sale	106,036	106,036	-	
Investment Properties, Net (Note 11)	105,804,889	105,804,889	-	
Right of Use Asset, Net	-	11,691,024	11,691,024	Recognition of right of use asset
Other Assets (Note 12)	19,762,982	19,762,982	-	
Total Assets	P 2,267,496,554	P2,278,631,950	P11,135,396	<i>Net effect of adjustments</i>
Deposit Liabilities (Note 13)	P 1,378,499,191	P1,378,499,191	P -	
Bills Payable (Note 14)	585,929,665	585,929,665	-	
Accrued Interest, Taxes and Other Expenses Payable (Note 15)	17,969,523	17,969,523	-	
Redeemable Preferred Share	1,144,000	1,144,000	-	
Other Liabilities (Note 16)	13,863,005	26,183,290	(12,320,285)	recognition of lease liability and reclassification of inter float item
Provision	6,021,330	6,021,330	-	
Total Liabilities	2,003,426,714	2,015,746,999	(12,320,285)	<i>Net effect of adjustments</i>
Total Stockholders' Equity	264,069,840	262,884,951	1,184,889	<i>Net effect of adjustments</i>
Total Liabilities & Stockholders' Equity	P2,267,496,554	P2,278,631,950	P (11,135,396)	<i>Net effect of adjustments</i>
Total Gross Income	P 264,543,503	P264,515,949	P (27,554)	Over booking of interest
Total Expenses	242,309,035	243,069,329	(760,294)	Reclassification of rent payment and Additional provision for credit losses
Net Income Before Tax	22,234,468	21,446,620	787,848	<i>Net effect of adjustments</i>
Net Income After Tax	P 22,234,468	P21,446,620	P (787,848)	<i>Net effect of adjustments</i>



ILOCOS CONSOLIDATED COOPERATIVE BANK

FINANCIAL HIGHLIGHTS

As of December 31, 2021 and 2020

	2021	2020	Increase (Decrease)
FOR THE YEAR			
TOTAL INCOME	P 264,515,949	P 220,678,425	P 43,837,524
TOTAL EXPENSES	243,069,329	213,871,170	29,198,159
NET INCOME	21,446,620	6,807,255	14,639,365
EARNINGS PER SHARE			
Ordinary Shares	176.36	60.30	116.06
RETURN ON AVERAGE EQUITY	8.74%	3.01%	5.73%
RETURN ON AVERAGE ASSETS	1.01%	0.36%	0.65%
NET INTEREST MARGIN	7.32%	6.86%	0.46%
AT YEAR END			
TOTAL ASSETS	2,278,631,950	1,989,339,509	289,292,440
LOANS AND RECEIVABLES (NET)	1,639,100,449	1,443,405,005	195,695,444
LIQUID ASSETS	427,366,996	432,828,264	(5,461,267)
FIXED ASSETS	74,799,574	63,150,084	11,649,490
DEPOSIT LIABILITIES	1,378,499,191	1,236,088,511	142,410,680
EQUITY ACCOUNTS	262,884,951	227,690,674	35,194,277
BOOK VALUE PER SHARE			
Ordinary Shares	2,101.17	1,957.08	144.09
Preference Shares	110.00	110.00	-
CAPITAL ADEQUACY RATIO	11.81%	11.90%	(0.08%)
PAST DUE RATIO	9.41%	10.91%	(1.51%)
RATIO OF LIQUID ASSETS TO DEPOSITS	31.00%	35.02%	(4.01%)
DEBT TO EQUITY RATIO	7.67:1	7.74:1	(0.071:)
RATIO OF TOTAL FIXED ASSETS OVER EQUITY ACCOUNTS	28.45%	27.74%	0.72%



ILOCOS CONSOLIDATED COOPERATIVE BANK

LIST OF ADJUSTING ENTRIES

As of December 31, 2021

NO.	ACCOUNT DESCRIPTION	DEBIT	CREDIT
1.	Provision for credit Losses	523,074	
	Specific Loan Loss		523,074
	to set up 10% additional provision for specific loan loss due to untagged past due amounting to P5,230,740		
2.	Inter Office Float Item (Due to Head Office - C.O.)	5,000	
	Motorcycle Regular (Principal)		5,000
	To record under booking of Loan payment From Laoag Branch as per K.Saporma with or#31574		
3.	Producers Bank SA# 117251003701	41	
	Interest Income		41
	to record Interest Income on Producers Bank		
4.	Interest Income	27,595	
	Producers Bank CTD#00325		27,595
	to record overbooking on interest income on Producer Bank CTD#00325		
5.	Right of Use of Asset	5,379,816	
	Retained Earnings	306,173	
	Accumulated Depreciation - RUA		1,616,621
	Lease Liability		4,069,369
	To recognize Right of Use and Lease Liability account at the beginning of the year.		
6.	Right of Use of Asset	8,764,498	
	Retained Earnings	90,868	
	Accumulated Depreciation - RUA		418,894
	Lease Liability		8,436,473
	To recognize Right of Use and Lease Liability account at the beginning of the year.		
7.	Right of Use of Asset	2,210,759	
	Lease Liability		2,210,759
	To recognize Right of Use and Lease Liability for the current year.		
8.	Depreciation Expense	2,628,535	
	Accumulated Depreciation - RUA		2,628,535
	To record depreciation on RUA for the current year		
9.	Lease Liability	2,391,316	
	Interest Expense - Lease Liability	896,818	
	Rent Expense		3,288,134
	To reclassify payments made on rentals for the current year		



ILOCOS CONSOLIDATED COOPERATIVE BANK
STATEMENTS OF FINANCIAL POSITION

	As at December 31	
	2021	2020
ASSETS		
Cash and Other Cash Items (Note 6)	P 24,578,100	P 21,540,292
Due from BSP (Note 6)	32,489,624	32,917,091
Due from Other Banks (Note 6)	241,139,819	247,720,716
Debt Securities Measured at Amortized Cost (Note 7)	129,159,453	130,650,164
Loans & Receivable, Net (Note 8)	1,639,100,449	1,443,405,005
Bank Premises, Furniture, Fixture and Equipment, Net (Note 9)	74,799,574	63,150,084
Non-Current Assets Held for Sale	106,036	106,036
Investment Properties, Net (Note 11)	105,804,889	32,070,193
Right of Use Assets, Net	11,691,024	3,763,195
Other Assets (Note 12)	19,762,982	14,016,733
TOTAL ASSETS	P 2,278,631,950	P 1,989,339,509
LIABILITIES & SHAREHOLDERS' EQUITY		
LIABILITIES		
Deposit Liabilities (Note 13)	P 1,378,499,191	P 1,236,088,511
Bills Payable (Note 14)	585,929,665	487,108,353
Accrued Interest, Taxes and Other Expenses (Note 15)	17,969,523	13,303,395
Redeemable Preferred Share	1,144,000	1,144,000
Provision	6,021,330	
Other Liabilities (Note 16)	26,183,290	24,004,576
TOTAL LIABILITIES	2,015,746,999	1,761,648,836
SHAREHOLDERS' EQUITY		
Preference Share (Note 17)	66,920,000	61,432,000
Ordinary Shares	121,610,000	112,889,000
Retained earnings	74,354,951	53,369,674
TOTAL SHAREHOLDERS' EQUITY	262,884,951	227,690,674
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	P 2,278,631,950	P 1,989,339,509
BOOK VALUE PER SHARE		
Ordinary Shares	P 2,101	P 2,163
Preference Share	P 110	P 110

See accompanying Notes to Financial Statements.



ILOCOS CONSOLIDATED COOPERATIVE BANK
STATEMENTS OF INCOME

	For the Years Ended December 31	
	2021	2020
INTEREST INCOME:		
Loans and Receivables (Note 8)	P 199,776,471	P 167,843,974
Sales Contract Receivable	230,027	20
Due from Other Banks (Note 6)	514,229	545,349
Debt Securities Measured at Amortized Cost	2,176,361	2,989,605
Others	13,890	12,800
TOTAL INTEREST INCOME	202,710,978	171,391,748
INTEREST EXPENSE		
Deposit Liabilities (Note 13)	37,006,179	28,368,143
Bills Payable (Note 14)	25,402,585	26,097,734
Others	52,751	142,888
TOTAL INTEREST EXPENSE	62,461,515	54,608,765
NET INTEREST INCOME	140,249,463	116,782,983
PROVISION FOR CREDIT LOSSES	18,615,347	8,746,383
NET INTEREST INCOME AFTER PROVISION	121,634,116	108,036,600
OTHER INCOME (Note 18)	61,804,971	49,286,677
TOTAL INCOME BEFORE OPERATING EXPENSES	183,439,087	157,323,277
OTHER OPERATING EXPENSE		
Compensation & Fringe Benefits (Note 19)	98,899,594	88,214,271
Other Operating Expenses (Note 21)	49,184,602	48,386,675
Taxes & Licenses (Note 25)	417,556	593,838
Depreciation & Amortization (Note 22)	13,483,413	13,321,238
Impairment Loss	7,303	-
TOTAL OTHER OPERATING EXPENSE	161,992,467	150,516,022
NET INCOME BEFORE INCOME TAX	21,446,620	6,807,255
INCOME TAX EXPENSE (BENEFIT)	-	-
TOTAL COMPREHENSIVE INCOME	P 21,446,620	P 6,807,255
EARNINGS PER SHARE	P 176.36	P 60.30

See accompanying Notes to Financial Statements.



ILOCOS CONSOLIDATED COOPERATIVE BANK

STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2021 and 2020

	ORDINARY SHARE CAPITAL (NOTE 17)	PREFERRED SHARE CAPITAL (NOTE 17)	RETAINED EARNINGS - FREE	RETAINED EARNINGS - RESERVE	TOTAL
Balance at January 1, 2021	P112,889,000	P61,432,000	P 12,233,119	P41,136,554	P227,690,674
Issuance of shares	8,721,000	5,488,000	-	-	14,209,000
Total income for the year	-	-	21,446,620	-	21,446,620
Coop. Education Training Fund-CETF	-	-	-	2,144,662	2,144,662
General Reserve Fund	-	-	-	2,144,662	2,144,662
Optional Fund, Land and Building	-	-	-	1,501,263	1,501,263
Community Development Fund	-	-	-	643,399	643,399
Donated Surplus	-	-	-	643,399	643,399
Appropriation for the year	-	-	(7,077,385)	-	(7,077,385)
Adjustment	-	-	3,776,891	(4,238,234)	(461,343)
Balance at December 31, 2021	P121,610,000	P66,920,000	P 30,379,245	P43,975,705	P262,884,951
Balance at January 1, 2020	P102,518,000	P53,789,000	P27,270,375	P40,299,939	P223,877,314
Issuance of shares	10,371,000	7,643,000	-	-	18,014,000
Total income for the year	-	-	6,807,255	-	6,807,255
Coop. Education Training Fund-CETF	-	-	-	680,725	680,725
General Reserve Fund	-	-	-	680,725	680,725
Land and Building	-	-	-	476,508	476,508
Community Development Fund	-	-	-	204,218	204,218
Donated Surplus	-	-	-	204,218	204,218
Appropriation for the year	-	-	(2,246,394)	-	(2,246,394)
Adjustment	-	-	(19,598,116)	(1,409,779)	(21,007,895)
Balance at December 31, 2020	P 112,889,000	P 61,432,000	P 12,233,119	P 41,136,554	P 227,690,674

See accompanying Notes to Financial Statements.



ILOCOS CONSOLIDATED COOPERATIVE BANK
STATEMENTS OF CASH FLOWS

	For the years ended December 31	
	2021	2020
CASH FLOW FROM OPERATING ACTIVITIES		
Income before tax	P 21,446,620	P 6,807,255
Adjustments for:		
Provision for Credit Losses on Loans and Receivables	18,615,347	8,746,383
Provision on Retirement	3,826,550	687,650
Depreciation and Amortization (Note 22)	13,483,413	13,321,238
Interest Income	(202,710,978)	(171,391,748)
Interest Expense	62,461,515	54,608,765
Changes in Working Capital:		
Loans & Receivables (Note 8)	(214,310,790)	(138,807,847)
Other Assets (Note 12)	(5,746,250)	4,512,651
Other Non-Current Asset for Sale	-	(76,281)
Deposit liabilities (Note 13)	142,410,680	280,649,367
Accrued interest, taxes & other liabilities (Note 15)	4,666,128	(1,161,163)
Other liabilities (Note 16)	4,373,494	5,113,278
Interest Paid	(62,461,515)	(54,608,765)
Cash Generated used in Operation	(213,945,787)	8,400,781
Interest Received	202,710,978	171,391,748
Income Tax Paid	-	-
Net Cash from (used in) Operating Activities	(11,234,810)	179,792,529
CASH FLOW FROM INVESTING ACTIVITIES		
Debt Securities Measured at Amortized Cost	1,490,711	9,301,960
Investment Properties (Note 11)	(73,734,696)	(6,996,538)
Purchase of Premises, Furniture, & Equipment (Note 9)	(22,504,367)	(14,617,698)
Right of Use Assets	(10,556,364)	(802,003)
Net Cash used in Investing Activities	(105,304,716)	(13,114,279)
CASH FLOW FROM FINANCING ACTIVITIES		
Net Charges to Retained Earnings	(7,538,727)	(23,254,289)
Reservation on Retained Earnings	7,077,385	2,246,394
Proceeds from (Payments on) Bills Payable (Note 14)	98,821,312	(51,904,588)
Proceeds from Common Stock (Note 17)	8,721,000	10,371,000
Proceeds from Preferred Stock (Note 17)	5,488,000	7,643,000
Net Cash from (used in) Financing Activities	112,568,969	(54,898,483)
NET (DECREASE) INCREASE IN CASH & CASH EQUIVALENTS	(3,970,556)	111,779,767
CASH & CASH EQUIVALENTS - BEGINNING	302,178,099	190,398,332
CASH & CASH EQUIVALENTS - ENDING	P 298,207,543	P 302,178,099

See accompanying Notes to Financial Statements.



ILOCOS CONSOLIDATED COOPERATIVE BANK

NOTES TO FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

1. CORPORATE INFORMATION

ILOCOS CONSOLIDATED COOPERATIVE BANK (The Bank) was registered with the Cooperative Development Authority (CDA) pursuant to RA No. 9520 and with Certificate of Registration dated May 08, 2017 under Registration No. 9520-2010000000038400 and was issued BSP Certificate of Authority to operate on June 16, 2017. The Bank was finally integrated on December 1, 2017. The Bank is also a duly-registered taxpayer under Tax Identification No. 709-615-877-000.

The Bank is engaged in extending credit to all types of cooperative and their members, to small farmers and tenants, and to deserving rural industries or enterprises. It is vested with the rights to transact all businesses, which may be legally done by cooperative bank organized under, and in accordance with, the Philippine Cooperative Code of 2008 (RA 9520), and to do all other things incident thereto, which are necessary and proper in connection with the said purposes within such territory, as maybe determined and authorized by the Bangko Sentral ng Pilipinas.

The principal office of the Bank is located at National Highway Bagani Campo, Candon City, Ilocos Sur. The Bank has Thirteen (13) branches located at the following service areas:

- | | | |
|------------------------------|--------------------------|----------------------------|
| 1. San Nicolas, Ilocos Norte | 5. Bangui, Ilocos Norte | 9. Bangued, Abra |
| 2. Laoag City, Ilocos Norte | 6. Solsona, Ilocos Norte | 10. San Juan, La Union |
| 3. Marcos, Ilocos Norte | 7. Sinait, Ilocos Sur | 11. Sanchez Mira, Cagayan |
| 4. Batac, Ilocos Norte | 8. Bantay, Ilocos Sur | 12. Villasis, Pangasinan |
| | | 13. San Carlos, Pangasinan |

As of December 31, 2021, the Bank is duly registered and in good standing with Cooperative Development Authority (CDA).

Approval of Submission

The accompanying financial statements of the Bank for the year ended December 31, 2021 were authorized for issue by its Board of Directors on March 30, 2022.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

The significant accounting policies applied in the preparation of these financial statements are set out separately below or explained in the respective notes to these financial statements. These policies have been consistently applied to the periods presented, unless otherwise stated.

Basis of Preparation

The accompanying financial statements have been prepared on a historical cost basis except for financial assets at fair value through profit or loss (FVTPL), financial assets at fair value through other comprehensive income (FVTOCI) and derivative financial instruments, if any, that have been measured at fair value. The financial statements are presented in Philippine peso ("P") and all values are rounded to the nearest peso except when otherwise indicated.

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.



For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The financial statements provide comparative information in respect to previous period. In addition, the Bank presents an additional statement of financial position at the beginning of the earlier period presented when there is retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in the financial statements.

Statement of Compliance

The Bank's financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) and relative laws, regulations and industry practices applicable to rural banks. The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS), Interpretations of the Philippine Interpretations Committee (PIC) and Standing Interpretations Committee (SIC)/International Financial Reporting Interpretations Committee (IFRIC) which have been approved and adopted by the Financial Reporting Standards Council (FRSC) and adopted by the SEC. Also, the Bank adopted the new Financial Reporting Package (FRP) prescribed by the Bangko Sentral ng Pilipinas (BSP) as per BSP Circular No 512 dated February 3, 2006 which is updated as of May 31, 2019.

The preparation of financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies. 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 5.

Going Concern Assumption

The Bank is not aware of any significant uncertainties that may cast doubts upon the Bank's ability to continue as a going concern.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the financial statements are consistent with those of the previous financial years, except that the Bank has adopted the following new accounting pronouncements beginning January 1, 2021. Adoption of these pronouncements did not have significant impact on the Bank's financial position or performance unless otherwise stated.

New Standards, Amendments, and Interpretations Adopted

Amendments

- Amendments to PFRS 3, Definition of a Business
- Amendments to PAS 1, Presentation of Financial Statements, and PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material
- Amendments to PFRS 9, PAS 39 and PFRS 7, Interest Rate Benchmark Reform
- Amendment to PFRS 16, Covid-19-Related Rent Concessions

Pronouncement issued but not yet effective

The Bank will adopt the following pronouncement when these become effective except as otherwise indicated; the Bank does not expect that the future adoption of these pronouncements will have a significant impact on its financial statements.



Effective beginning on or after January 1, 2021

- PFRS 17, 'Insurance contracts'
This standard replaces PFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. PFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

Effective beginning on or after January 1, 2022

- Annual Improvements to PFRS Standards 2018-2020 Cycle issued in August 2020
- Amendments to PAS 37, Onerous Contracts - Cost of Fulfilling a Contract
- Amendments to PAS 16, Property, Plant and Equipment - Proceeds before Intended Use
- Amendments to PFRS 3, Reference to the Conceptual Framework
- Amendments to PFRS 9, Financial Instruments, Fees in the '10 per cent' test for derecognition financial liabilities
- Amendments to PAS 41, Agriculture, Taxation in fair value measurements

Effective beginning on or after January 1, 2023

- Amendments to PAS 1, Classification of Liabilities as Current or Non-current
- Amendments to PFRS 17, Insurance Contracts

Financial Instruments

Financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial Recognition and Subsequent Measurement

Financial assets and financial liabilities are recognized in the Statement of Financial Position when and only when, the Bank becomes a party to the contractual provisions of the instrument.

At initial recognition, the Bank measures a financial asset or financial liability at its fair value plus or minus, in the case of financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Immediately after recognition, an expected credit allowance (ECL) is recognized for financial assets measured at amortized cost.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the Bank recognizes the difference as follows:

- When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a level 1 input) or based on a valuation technique that used only data from observable markets, the difference is recognized as a gain or loss.
- In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortized over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realized through settlement.

Financial Assets

Classification and Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains or losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon de-recognition (equity instruments)



- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Bank. The Bank measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- 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

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is de-recognized, modified or impaired.

The Bank's cash and cash equivalents, loans receivable and held to maturity financial assets fall in this category of financial instruments

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, cash and other cash items, unrestricted balances with BSP and due from other banks which are subject to insignificant risk of changes in value. Cash and cash equivalents are highly liquid and readily convertible to known amounts of cash with original maturities of three months or less from dates of placements and which are subject to insignificant risk of changes in value. The components of cash and cash equivalents are shown in the statement of cash flows. Cash and cash equivalents are valued at face amount. Cash denominated in foreign currency is translated in peso using the closing rate as of the financial date. If a bank or financial institution holding the funds of the Bank is in bankruptcy or financial difficulty, cash should be written down to estimated realizable value if the amount recoverable is estimated to be lower than the face amount.

Cash on Hand

Cash on hand represents the total amount of cash in the bank's vault in the form of notes and coins under the custody of the cashier/cash custodian. This is measured at face value.

Due from Bangko Sentral ng Pilipinas

This represents the balance of the deposit account in local currency maintained with the Bangko Sentral to meet reserve requirement subject to existing rules and regulations. This is measured at face value.

Due from Other Banks

This represents the balance of the deposit accounts maintained with other resident banks. These are stated in the Statement of Financial Position at their face value. Income on interest bearing deposits are credited to and included in the determination of income in the Statement of Comprehensive Income.

Loans Receivables

Loans receivable account includes loans extended to clients classified as small and medium enterprise loan, real estate loans, other loans, micro finance loans, and agrarian reform and other agricultural loans. Loans receivables are recognized when cash is advanced to borrowers. These are recognized initially at fair value plus transaction costs that are directly attributable to the receivable. These are subsequently measured at amortized costs using effective interest method less provision for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the effective interest rate. The amortization is included as "Interest Income" in the Statement of Comprehensive Income. The losses arising from impairment are recognized in profit or loss.

Loans & Discounts

Receivables from customers are stated at the outstanding balance reduced by an allowance for probable loan losses.



Interest income on non-discounted term loan is accrued monthly as earned, except in the case of non-accruing loans.

Unearned discounts are recognized as income over the period for which such discount has been collected using the effective interest method. In accordance with the existing BSP regulations no interest income is accrued on accounts classified as past due.

Under existing BSP regulations, non-accruing loans are those that have been defined as being past due and items in litigations, or those for which, in the opinion of management, collection of interest or principal is doubtful. Interest income on these loans is recognized only to the extent of amount collected. Loans are not classified as accruing until interest and/or principal due are collected and the loans are brought to current or are restructured in accordance with existing BSP regulations and future payments appear assured. Collaterals of restructured loans exceeding ₱1 million shall be revalued by an independent appraiser acceptable to BSP.

Sales Contract Receivable

Sales Contract Receivable (SCR) shall be recorded based on the present value of the installments receivables discounted at the imputed rate of interest. Discount shall be accrued over the life of the SCR by crediting interest income using the effective interest method. Any difference between the present value of the SCR and the derecognized assets shall be recognized in profit or loss at the date of sale in accordance with the provisions of PFRS 15 "Revenue". Provided, furthermore, that SCR shall be subject to impairment provisions of PFRS 9.

SCRs that meet all the requirements or conditions enumerated below are considered performing assets:

- 1 That there has been a down payment of at least twenty percent (20%) of the agreed selling price or in the absence thereof, the installment payments on the principal had already amounted to at least twenty percent (20%) of the agreed selling price;
- 2 That payment of the principal must be in equal installments or in diminishing amounts and with maximum intervals of one (1) year;
- 3 That any grace period in the payment of principal shall not be more than two (2) years; and
- 4 That there is no installment payment in arrear either on principal or interest: Provided, that an SCR account shall be automatically classified "Substandard" and considered non-performing in case of non-payment of any amortization due. Provided, further, that an SCR which has been classified "Substandard" and considered non-performing due to non-payment of any amortization due may only be upgraded or restored to unclassified and/or performing status after a satisfactory track record of at least three (3) consecutive payments of the required amortization of principal and/or interest has been established.

Debt Securities Measured at Amortized Cost (FRP Accounts - Held-to-Maturity (HTM) Financial Assets)

These are non-derivative financial assets with fixed determinable payments and fixed maturities. The Bank classifies its debt securities measured at amortized cost as a financial instruments at amortized cost where it has the positive intention and ability to hold up to maturity and to collect contractual cash flows that are solely payments of principal and interest.

Debt securities measured at amortized cost is measured upon recognition at its fair value plus transaction costs that are directly attributable to the acquisition of the security. After initial measurement, debt securities measured at amortized cost is measured at amortized cost using effective interest method, less any impairment losses. The EIR amortization is included in finance income in the Statement of Comprehensive Income. The losses arising from impairment are recognized in the Statement of Comprehensive Income in finance cost.



Financial assets at fair value through OCI with recycling of cumulative gains or losses

The Bank measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling
- 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

For debt instruments at fair value through OCI, interest income, foreign exchange re-valuation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon de-recognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

As of December 31, 2021 and 2020, the Bank does not have financial assets that are classified under this category.

Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon de-recognition (equity instruments)

Upon initial recognition, the Bank can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Bank benefits from such proceeds as a recovery of part of the cost of the financial assets, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

As of December 31, 2021 and 2020, the Bank does not have financial assets that are classified under this category.

Financial Assets at fair value through profit or loss

Financial assets that are held within a different business model other than 'to hold the financial assets to collect contractual cash flows' are categorized at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

As of December 31, 2021 and 2020, the Bank does not have financial assets that are classified as FVTPL

Reclassification

When, and only when, the Bank changes its business model for managing financial assets, it shall reclassify all affected financial assets prospectively from reclassification date. The Bank shall not restate any previously recognized gains, losses or interest.

If the Bank reclassifies a financial asset from amortized cost into FVTPL, its fair value is measured



at the reclassification date. Any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

If the Bank reclassifies a financial asset from amortized cost into FVOCI, its fair value is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in other comprehensive income. The EIR and the measurement of expected credit losses are not adjusted as a result of reclassification.

If the Bank reclassifies a financial asset from FVTPL into amortized cost, its fair value at the reclassification date becomes its new gross carrying amount.

If the Bank reclassifies from FVTPL into FVOCI, the financial asset continues to be measured at fair value.

If the Bank reclassifies a financial asset from FVOCI into amortized cost, the financial asset is reclassified at its fair value at the reclassification date. However, the cumulative gain or loss previously recognized in other comprehensive income is removed from equity and adjusted against the fair value of the financial asset at the reclassification date. As a result, the financial asset is measured at the reclassification date as if it had always been measured at amortized cost. This adjustment affects other comprehensive income but does not affect profit or loss and therefore is not a reclassification adjustment. The EIR and the measurement of expected credit losses are not adjusted as a result of reclassification.

If the Bank reclassifies as financial assets from FVOCI into FVTPL, the financial asset continues to be measured at fair value. The cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as reclassification adjustment at the reclassification date.

Financial Liabilities

Classification and Measurement

A financial liability is any liability that is:

- a A contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; or
- b Contract that will or may be settled in the entity's own equity instruments and is:
 - i A non-derivative for which the entity is or may be obliged to deliver a favorable number of the entity's own equity instruments; or
 - ii A derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Initially, financial liabilities are measure at fair value, and, where applicable, adjusted for transaction costs unless the Bank designated financial liability at fair value through profit or loss.

In both the current and prior period, financial liabilities subsequently measured at amortized cost using effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in the Statement of Comprehensive Income (other than derivative financial instruments that are designated and effective as hedging instruments). No reclassification shall be made to financial liabilities.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in the Statement of Comprehensive Income are included within finance cost or finance income

The Bank's financial liabilities include deposit liabilities and other payables arising from contractual obligations (except for tax-related liabilities and retirement benefit obligations).



Deposit Liabilities

The deposit liability account includes savings deposits and term deposits. Savings deposits are interest bearing or non-interest bearing and are withdraw-able upon presentation of properly accomplished withdrawal slip and passbook. Term deposits refer to interest-bearing deposits with specific maturity dates and evidenced by certificate issued by the Bank.

Accrued Expenses and Other Liabilities

These refer to obligations already incurred by the Bank which are not yet paid as of the balance sheet date. These are normally measured at actual costs.

Dividends distributions to shareholders are recognized as financial liabilities when the dividends are declared by the Bank's Board of Directors and subject to the requirements of Section 124 of the Manual Regulations for Banks (MORB) December 2018 Edition.

As of December 31, 2021 and 2020, the Bank has not designated any financial liabilities upon initial recognition as at FVTPL.

Classification as Debt or Equity Instruments

Debt and equity instruments issued by the Bank 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 instruments.

Equity Instruments

An equity instruments 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.

Compound Instruments

The component parts of compound instruments (convertible notes) issued by the Bank are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Bank's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to share premium or other equity. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognized in equity will be transferred to retained earnings or other equity. No gain or loss is recognized in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and



equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the lives of the convertible notes using the EIR method.

Other Payables arising from contractual obligations

Other Payables arising from contractual obligations include accounts payable, lease liabilities and other accrued payables excluding those pertaining to obligations as mandated by law such as taxes payable, SSS payables and the like. These other payables qualifying into the definition of financial liabilities under PFRS 9 are subsequently measured at the expected settlement amounts. The short-term nature of such payables renders the effect of discounting to be immaterial

Borrowing Cost

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period or time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in the Statement of Comprehensive Income in the period in which they are incurred.

Derecognition of Financial Instruments***Financial Assets***

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are 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 and meets the qualification parameters for derecognition.

The Banks had transferred a financial asset if, and only if, it either transfers the contractual rights to receive the cash flows of the financial asset, or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients. When the Bank retains the contractual rights to receive the cash flows of a financial assets but assumes a contractual obligation to pay those cash flows, the Bank treats the transaction as a transfer of financial asset if the following conditions are met:

- a) The Bank has no obligation to pay amounts to the eventual recipients unless it collects equivalent amounts from original asset;
- b) The Bank is prohibited by the terms of the transfer contract from selling or pledging the original asset other than as security as security to the eventual recipients for the obligation to pay them cash flows; and
- c) The Bank has no obligation to remit any cash flows it collects on behalf of the eventual recipients without material delay

Where the Bank has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred the control of the asset, the asset is recognized to the extent of the Bank's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could require to repay.



Financial Liabilities

A financial liability is derecognized when the obligation under the liability has expired, or is discharged or has cancelled. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in Statement of Comprehensive Income.

Impairment of Financial Instruments

At each reporting date, the Bank measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instruments has increased significantly since initial recognition.

If at the reporting date, the credit risk on a 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 expected credit losses.

The Bank recognizes in the Statement of Comprehensive Income the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date. Loss allowance for financial assets at FVOCI is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset in the Statement of Financial Position.

The Bank shall measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables or contract assets that result from transactions that are within the scope of PFRS 15.

The Bank measures expected credit losses of a financial instrument in a way that reflects:

- a) An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- b) The time value of money; and
- c) 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.

The Bank considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect expected collectability of the future cash flows of the instruments.

In applying this forward-looking approach, a distinction is made between:

- i) financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1"); and
- ii) financial instruments that have not deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

12-month expected credit losses' are recognized for the first category while 'lifetime expected credit losses' are recognized for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The Bank shall directly reduce the gross carrying amount of a financial asset when the Bank has no reasonable expectations of recovering a financial asset on its entirety or a portion thereof. A write-off constitutes a derecognition event.

Restructured Loans

Pursuant to the section 304 of the MORB (Past Due Accounts and Non-Performing Loans),



restructured loans are defined as loans and other credit accommodations the original contractual terms and conditions of which have been modified in accordance with a formal restructuring agreement that sets forth a revised schedule of payments for the purpose of lessening the financial difficulty of the borrower and maximizing collection and realizable economic value on an obligation within a reasonable period of time. The modification may include, but is not limited to, change in principal due, maturity, interest rate and other charges, collateral, or other terms and conditions. These restructured loans are considered as past due and non-performing except if prior to restructuring, the loans were categorized as performing, such classification shall be retained. Management continuously reviews restructured loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loans' original effective interest rate. The difference between the recorded value of the original loan and the present value of the restructured cash flows, discounted at the original effective interest rate, is recognized in Statement of Income.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there's an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Bank assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of the business, event of default, and event of insolvency or bankruptcy of the Bank and all of the counterparties.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the Bank shall not offset the transferred asset and the associated liability.

Other Assets

Other assets represent residual accounts which were not classified as a separate line item in the Financial Reporting Package (FRP) - Manual of Accounts issued by the Bangko Sentral ng Pilipinas.

Premises, Furniture, Fixtures and Equipment's

Premises, furniture, fixtures, and equipment except land, are carried at cost less accumulated depreciation and amortization and any impairment value. Land is stated at cost less any impairment value.

The initial cost of premises, furniture, fixtures and equipment's comprises its purchase price including import duties, borrowing costs (during the construction period), and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Cost also includes the cost of replacing the part of such asset when the recognition criteria are met and the estimated cost of dismantling and removing the asset and restoring the site.

Expenditures incurred after the premises, furniture, fixtures, and equipment have been put into operation, such as repairs and maintenance, are normally charged against income in the period the costs are incurred. In situations where it can be clearly determined that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of the asset beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs.

When major improvement is performed, its cost is recognized in the carrying amount of the premises, furniture, fixtures, and equipment as a replacement if the recognition criteria are satisfied.

Depreciation and amortization is computed on the straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the estimated useful lives of improvements or the term of the lease, whichever is shorter. Land is not depreciated.

The estimated useful lives of Bank Premises, Furniture, Fixtures and Equipment are as follows:

Buildings	25 years
Leasehold Improvement	5 – 10 years



Other Equipment	3 – 10 years
Furniture and fixtures	3 – 5 years
Transportation equipment	3 – 5 years
Information Technology Equipment	3 – 5 years

The useful lives and depreciation or amortization method are being reviewed by the Bank periodically to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from the items of premises, furniture, fixtures, and equipment. The residual value, if any, is also reviewed and adjusted if appropriate, at each balance sheet date.

Fully depreciated assets are retained in the accounts at one peso (₱ 1.00) net value until they are no longer in use and no further charge for depreciation is made with respect to those assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the account and any resulting gain or loss are reflected in the income for the period. Any disposal or deletion of property and equipment from the Bank's book of accounts should be approved by the management.

Investment Properties

The Bank's investment properties comprise of acquired assets in settlement of loans. Investment properties held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business or for administrative purposes.

In accounting for investment properties, the Bank considers the provision under Section 382 of the MORB (December 2018 Edition). Real and Other Properties Acquired (ROPA) in settlement of loans through foreclosure or dation in payment are booked under investment properties:

- a Upon entry of judgement in case of judicial foreclosure;
- b Upon execution of the Sheriff's Certificate of Sales in case extrajudicial foreclosure; and
- c Upon notarization of the Deed of Dacion in case of dation in payment (dacion en pago).

ROPA are booked initially at the carrying amount of the loan (i.e. outstanding loan balance adjusted for any unamortized premium 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 (computed based on PFRS 9 provisioning requirements) plus transaction cost 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: Provided, that the carrying amount of ROPA exceed ₱5,000,000, the appraisal of the foreclosed/purchased asset shall be conducted by an independent appraiser acceptable to the BSP.

Subsequent to initial recognition, depreciable items of ROPA are carried at cost less accumulated depreciation and any impairment losses.

ROPA are derecognized when it has either been disposed of or permanently withdrawn from use and no future benefit is expected from its disposal. Any gain or loss on the retirement or disposal of ROPA is recognized in the Statement of Comprehensive Income in the year of retirement or disposal.

Transfers are made to ROPA when there is a change in use evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending construction or development. Transfers are made from ROPA when, and only when, there is a change in use evidenced by commencement of owner-occupation or commencement of development with view sell.

Depreciation and amortization are calculated on a straight-line basis over the estimated useful lives of the assets.

The Bank assesses impairment on assets whenever events changes in circumstances indicate that



the carrying amount of an asset may not be recoverable. The factors that the Bank considers important which could trigger an impairment review include the following:

- a Significant underperformance relative to expected historical or projected future operating results;
- b Significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- c Significant negative industry or economic trends.

The Bank recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is computed using the value in use approach. Recoverable amounts are estimated for individual assets.

The Bank discloses the fair values of its investment properties in accordance with PAS 40.

Up to the date when an owner-occupied property becomes an investment property carried at fair value, the Bank depreciates the property and recognizes any impairment losses that have occurred. The Bank treats any difference at the date between the carrying amount of property as follows:

- a Any resulting decrease in the carrying amount of the property is recognized in the Statement of Comprehensive Income. However, to the extent that an amount is included in revaluation surplus for that property, the decrease is recognized in other comprehensive income and reduces revaluation surplus within equity.
- b Any resulting increase in the carrying amount is treated as follows:
 - i To the extent that the increase reverses a previous impairment loss for that property, the increase is recognized in Statement of Comprehensive Income. The amount recognized in Statement of Comprehensive Income does not exceed the amount needed to restore the carrying amount that would have been determined (net depreciation) had no impairment loss been recognized.
 - ii Any remaining part of the increase is recognized in other comprehensive income and increases the revaluation surplus within equity. On subsequent disposal of the investment property, the revaluation surplus included in equity may be transferred to general fund. The transfer from revaluation surplus to general fund is not made through profit or loss.

Intangible Assets

An intangible asset pertains to acquired information technology software capitalized on the basis of the cost incurred to acquire and bring to use the specific software. This asset is stated at historical cost less amortization. However, costs for licenses incurred for maintaining the software are charged to operations. Costs that are directly attributable to the development phase of new customized software for information technology and telecommunications systems are recognized as intangible assets provided they meet the following recognition requirements:

- Demonstration of technological feasibility of the prospective product for internal use or sale;
- The intangible asset will generate probable economic benefits through internal use or sale;
- Sufficient technical, financial and other resources are available for completion; and
- The intangible asset can be reliably measured.

Intangible assets are subject to impairment testing. Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and install specific software.

Amortization on other computer software is provided on a straight-line method over the estimated useful lives of 5 years.

Impairment of Non-Financial Assets

At each reporting date, the Bank assesses whether there is any indication that its non-financial assets may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Bank makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use and is determined for an



individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. Where carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing in use, the estimated future cash flows are discounted to its present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is charged to operations in the year in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is charged to the revaluation increment of said asset. An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Statements of Comprehensive Income unless the asset is carried at a revalued amount, in which case reversal is treated as revaluation increase. After such a reversal, the depreciation expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on systematize basis over its remaining life.

Equity

Share Capital

Share Capital is measured at par value for all shares issued and outstanding. When the Bank issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as deduction from proceeds, net of tax. The subscribed capital stock is reported in equity less the related subscription receivable not currently collectible. Capital stock consists of common and preferred. Preferred stocks are (a) cumulative, (b) non-voting, and (c) non-redeemable.

Subscribed common stock is recognized at subscribed amount net of subscription receivable.

Subscriptions receivable pertains to uncollected portion of subscribed stocks. The Bank accounted for the subscription receivable as a contra equity account.

Retained Earning

Retained earnings represents the cumulative balance of periodic net income or loss, dividend contributions, prior period adjustments, effect of changes in accounting policy and other capital adjustments.

Dividends

Cash dividends are recognized as liability and deducted from the equity when approved by the Board of Directors (BOD) while stock dividends are deducted from equity when approved by BOD and stockholders. Dividends for the year that are approved after the reporting date are dealt with as subsequent events. Stock issuance costs are accounted for as deduction from equity.

Earnings per Share

Earnings per share (EPS) is computed by dividing net income by the weighted average number of ordinary shares outstanding during the year with retroactive adjustments applicable, if any, to preference shares.

Book Value per Share

The book value per common share is derived from the total stockholders' equity net of preferred shares and dividends (for cumulative shares) divided by the total number of ordinary shares outstanding during the year.



Deposit for Stock Subscription

Deposit for stock subscription (DSS) represents payments made on subscription of shares which cannot be directly credited to 'Preferred stock' or 'Common stock' pending registration with the SEC of the amendment to the Articles of Incorporation increasing capital stock. In accordance with SEC Financial Reporting Bulletin No. 006 issued in 2012 and Section 123 of the MORB, the Bank does consider a deposit for future subscription as equity instrument unless all of the following elements are present.

(a). The deposit for stock subscription meets the definition of an equity instrument under Philippine Accounting Standards (PAS) 32 Financial Instruments: Presentation such that the deposit for stock subscription shall not be interest-bearing nor withdrawable by the subscriber; (b). The unissued authorized capital stocks of the Bank are insufficient to cover the amount of shares classified as deposits for future shares subscriptions; (c). the entity's BOD and shareholders have approved an increase in capital stock to cover the shares corresponding to the amount of the deposit; (d). an application for the approval of the increase in capital stock has been presented for filing or filed with the SEC and BSP and (e). the bank must have obtained approval of the Monetary Board on transactions involving significant ownership of voting shares of stock by any person, natural or juridical, or by one group of persons as provided in Sec. 122 (Transactions involving voting shares of stocks, Item "b"), if applicable

DSS that does not meet the foregoing provisions is treated as a financial liability.

Revenue Recognition

The Bank derives revenue from interest income, loan fees and service charges, interest income from bank deposits, and other income over time and at a point in time.

The Bank primarily derives its revenue from interest income on loans. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for those goods or services. The Bank assesses its revenue arrangements against specific criteria in order to determine whether it is acting as principal or as an agent. The Bank is acting principal in its revenue arrangements to its customers, revenue is recognized on a gross basis. However, if the Bank is acting as an agent to its customers, only the amount of net commission retained is recognized as revenue.

The following specific recognition criteria must also be met before revenue is recognized:

Revenue within the scope of PFRS 15:

Loan Fees and Service Charges

Loan fees directly related to acquisition and origination of loans are included in the cost of receivables and are amortized using the effective interest rate method over the term of the loan. Loan commitment fees are recognized as earned over the term of the credit lines granted to each borrower.

Service charges are recognized earned or accrued where there is reasonable degree as to its collectability.

Revenue outside the scope of PFRS 15:

Interest Income

Interest on Loans

Interest Income on loans and discount with advanced interest are recognized periodically using the effective interest method of amortization. On the other hand, interest income on loans and discount with no advanced interest are recognized on accrual basis. The accrual basis of recognition of interest income, however, ceases when the loans and discount is already past due.

The Bank shall only charge interest based in the outstanding balance of a loan at the beginning of an



interest period. For a loan where the principal is payable in installments, interest per installment period shall be calculated based on the outstanding balance of the loan at the beginning of each installment period.

Interest Income on Bank deposits and Debt Securities measured at Amortized Cost

Interest on bank deposits and held-to-maturity financial assets are recognized using the accrual method.

Other Income

Other income arising from litigation, service charges, membership fee, rental income and others. Income from sale of services is recognized upon rendition of the service. Income from sale of properties is recognized upon completion of the earning process and the collectability of the sales price is reasonably assured.

Cost and Expense Recognition

Cost and expense are decrease in economic benefits in the form of decreases in assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants. Expenses are generally recognized when the services are received or when the expense is incurred.

Interest Expense

Interest expense for financial liabilities is recognized in profit or loss on accrual basis using EIR of the financial liabilities to which they relate.

Other Expense

Other expenses encompass losses as well as expenses that arise in ordinary course of business of the Bank. Other expenses are recognized when incurred.

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Interest expense for financial liabilities is recognized in profit or loss on accrual basis using EIR of the financial liabilities to which they relate.

Other Expense

Other expenses encompass losses as well as expenses that arise in ordinary course of business of the Bank. Other expenses are recognized when incurred.

Leases

Lessee Accounting

Finance Lease - PFRS 16 provides that at the commencement date, a lessee shall recognize a right of use asset and a lease liability. This simply means that a lessee is required to initially recognize a right of use asset for the right to use the underlying asset over the lease term and a lease liability for the obligation to make payments. All leases shall be accounted for by the lessee as finance lease under the new lease standard.

Initial Measurement of right of use asset

A right of use asset is defined as an asset that represents the right of a lessee to use an underlying asset over the lease term in a finance lease.

The cost of right of use asset comprises:

- a The present value of lease payments
- b Lease payments made to lessor such as lease bonus, less any lease incentive received
- c Initial direct costs incurred by the lessee



- d Estimate of cost of dismantling and restoring the underlying asset for which the lessee has a present obligation.

Subsequent measurement of right of use asset

The lessee shall measure the right of use asset applying the **cost model**. To apply the cost model, the lessee shall measure the right of use asset at cost less any accumulated depreciation and impairment loss.

Presentation of right of use asset

The bank presented the right of use asset as separate line item as noncurrent asset in the statement of financial position.

(As an alternative, the lessee may include the right of use asset in the appropriate line item within which the corresponding underlying asset would be presented if owned.)

Depreciation of right of use asset

The lessee shall apply normal depreciation policy for right of use asset.

PFRS 16 provides that the lessee shall depreciate the right of use asset over the useful life of the underlying asset under the following conditions:

- a The lease transfers ownership of the underlying asset to the lessee at the end of the lease term.
- b The lessee is reasonably certain to exercise a purchase option.

If there is no transfer of ownership to the lessee or if the purchase option is not reasonably certain to be exercised, the lessee shall depreciate the right of use asset over the shorter between the useful life of the asset and the lease term.

Measurement of Lease Liability

The lessee shall measure the lease liability at the present value of lease payments.

The lease payments shall be discounted using the interest rate implicit in the lease desired by the lessor.

If the implicit interest rate cannot be readily determined, the incremental borrowing rate of the lessee is used.

Components of lease payments

- a Fixed lease payments or periodic rental.
- b Variable lease payments.
- c Exercise price of a purchase option if the lessee is reasonably certain to exercise the option.
- d Amount expected to be payable by the lessee under a residual value guarantee.
- e Termination penalties if the lease term reflects the exercise of a termination option.

Operating lease model for lessee

PFRS 16 provides that a lessee is permitted to make an accounting policy election to apply the operating lease accounting and not recognize an asset and lease liability in two optional exemptions.

- a Short-term lease
- b Low value lease

Lessor Accounting

PFRS 16 provides that a lessor shall classify leases as either an operating lease or a finance lease.

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Whether a lease is a finance lease or an operating lease depends on the substance of the transaction rather than the form of the contract.



Under PFRS 16, any of the following situations would normally lead to a lease being classified as a finance lease:

- a The lease transfers ownership of the underlying asset to the lessee at the end of the lease term.
- b The lessee has an option to purchase the asset at a price which is expected to be sufficiently lower than the fair value at the date the option becomes exercisable. At the inception of the lease, it is reasonably certain that the option will be exercised.
- c The lease term is for the major part of the economic life of the underlying asset even if title is not transferred. Under GAAP, a "major part" means at least 75% of the economic life of an asset.
- d The present value of the lease payments amounts to substantially all of the fair value of the underlying asset at the inception of the lease. Under GAAP, "substantially all" means at least 90% of the fair value of the underlying asset.

Employee Benefits

- a Short term benefits
The Bank provides short term benefits to its employees in the form of salaries and wages, 13th month pay, contributions to SSS/PHIC/HDMF and other short term employee benefits and are presented as part of the operating expenses as compensation and fringe benefits-employees.
- b Retirement Benefits
The Bank has a funded, non-contributory defined benefit retirement plan covering all of its regular employees. The Bank's retirement benefit costs is not accounted for using the projected unit actual actuarial valuation method as prescribed by PAS 19, but determined by observing the minimum legal requirements as stated RA 7641. No significant assumption was used by the Bank that would generally affect the recognized expenses and recorded obligation in the future period. Annually, the Bank assesses the sufficiency of the recorded retirement benefit liability. Any increase or decrease thereto is adjusted through the Bank's Statement of Comprehensive Income.

Income Taxes

Current tax

Current tax assets and current tax liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred tax

Deferred tax is provided, using the statement of financial position liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences with exceptions. Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that future taxable income will be available against which the deductible temporary differences and carry forward of unused excess MCIT over RCIT and unused NOLCO can be utilized.

Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are applicable to the



period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

Current income tax and deferred income tax relating to items recognized directly in equity is recognized in OCI, and not in profit or loss.

Related Party Relationships and Transactions

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. Related parties may be individuals or corporate entities. Transactions between related parties are based on terms similar to those offered to non-related parties.

Provisions

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available on balance sheet date, including the risks and uncertainties associated with the present obligation. Any reimbursement expected to be received in the course of settlement of the present obligation is recognized, if virtually certain, as a separate asset at an amount not exceeding the balance of the related provision. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. In addition, long-term provisions are discounted to their present values, where time value of money is material.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

In those cases, where the possible outflow of economic resources as a result of present obligation is considered improbable or remote, or the amount to be provided cannot be measured reliably, no liability is recognized in the financial statements. Probable inflows of economic benefits that do not yet meet the recognition criteria of an asset are considered contingent assets, hence not recognized in the financial assets.

Contingencies

Contingent liabilities are not recognized in the financial statements but they are disclosed in the notes to financial statements unless the possibility of an outflow of resources embodying economic benefit is remote. Contingent assets are not recognized in the financial statements but disclosed in the notes to financial statements when an inflow of economic benefit is probable.

Events after Reporting Date

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



4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Bank's financial statements in accordance with PFRS requires the management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities, if any. Future events may occur which will cause the judgments used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

Judgments are made by management in the development, selection and disclosure of the Bank's significant accounting policies and estimates and the application of these policies and estimates.

The estimates and assumptions are reviewed on an on-going basis. These are based on management's evaluation of relevant facts and circumstances as of the reporting date. Actual results could differ from such estimates.

Revisions to accounting estimates are recognized in the period in which the estimate is revisited 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.

Judgments

In the process of applying the Bank's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

a Classification of financial instruments

The Bank exercises judgment in classifying a financial instrument, or its component parts, on initial recognition as either a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the statements of financial position.

b Determination of Functional currency

PAS 21, the effects of Changes in Foreign Exchange Rates requires management to use its judgment to determine the entity's functional currency such that it most faithfully represents the economic effects of the underlying transactions, events and conditions that are relevant to the entity. In making this judgment, the Bank considers the following:

- b.1 The currency that mainly influences sales prices for financial instruments and services (this will often be the currency in which sales prices for its financial instruments and services are denominated and settled);
- b.2 The currency in which funds from financing activities are generated; and
- b.3 The currency in which receipts from operating activities are usually retained.

The bank has determined that its functional currency is the Philippine Peso which is the currency of the primary environment in which the Bank operates.

c Recognition of Provision and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provision and disclosure of contingencies are presented in the Notes to the Financial Statements.

d Classification of Acquired Properties and Fair Value Determination of Non-current Assets Held for Sale and Investment Property

At initial recognition, the Bank determines the fair value of acquired properties through internally and



externally generated appraisal. The appraised value is determined based on the current economic and market conditions as well as the physical condition of the property.

Estimates

In the process of applying the Bank's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

a Determination of Fair Values of Financial Assets and Liabilities

PFRS requires certain financial assets and liabilities to be carried and disclosed at fair value, which requires extensive use of accounting estimates and judgments. While significant components of fair value measurement were determined using verifiable objective evidence (i.e. foreign exchange rates and interest rates), the amount of changes in fair value would differ if the Bank utilized a different valuation methodology. Any changes in fair value of these financial assets and liabilities would directly affect the Bank's statement of comprehensive income and statement of changes in equity.

b Allowance for Credit Losses

The allowance for credit losses, which includes both specific and general loan loss reserve represents management's estimate of probable losses inherent in the portfolio, after considering the prevailing and anticipated economic conditions, prior loss experience, estimated recoverable value based on fair market values of underlying collaterals and prospect of support from guarantors, subsequent collections and evaluations made by the BSP. The BSP observes certain criteria and guidelines in establishing specific loan loss reserves for classified loans and other risk assets as provided under Sec. 143 and Appendix 15 of the Manual of Regulations for Banks.

Individually assessed loans and other credit accommodations (which include other credits such as accounts receivables, sales contract receivables, accrued interest receivables and advances):

Loans and other credit accommodation with unpaid principal and/or interest is being classified and provided with allowance for credit losses (ACL) based on the number of days missed payments as follows:

For unsecured loans and credit accommodations:

Number of days Unpaid/with missed payments	Classification	Minimum ACL	Stage
31 - 90 days	Substandard (Underperforming)	10%	2
91 - 120 days	Substandard (Non Performing)	25%	3
121 - 180- days	Doubtful	50%	3
180 days and over	Loss	100%	3

For secured loans and other credit accommodations:

Number of days Unpaid/with missed payments	Classification	Minimum ACL	Stage
31 - 90 days*	Substandard (Underperforming)	10%	2
91 - 180 days	Substandard (Non Performing)	10%	3
181 - 365- days	Substandard (Non Performing)	25%	3
Over 1 year – 5 years	Doubtful	50%	3
Over 5 years	Loss	100%	3

*When there is imminent possibility of foreclosure and expectation of loss, ACL shall be increased to 25%

Provided that where the quality of physical collateral or financial guarantees securing the loans and advances are determined to be insufficient, weak or without recoverable values, such loans and advances are treated as if unsecured.

Loans and other credit accommodations that exhibit the characteristics for classified account is being provided with allowance for credit losses as follows: Classified Loans

Classification	Minimum ACL	Stage
Especially Mentioned	5%	2
Substandard – Secured	10%	2 or 3*
Substandard – Unsecured	25%	2 or 3*
Doubtful	50%	3
Loss	100%	3

*The stage depends on whether the accounts are classified as non-performing (Stage 3) or underperforming (Stage 2).

Unsecured loans and other credit accommodations classified as "substandard" in the last two (2) internal credit reviews which have been continuously renewed or extended without reduction in principal and is not in process of collection, is downgraded to "doubtful" classification and provided with 50% allowance for credit losses.

Loans and other credit accommodations under litigation which have been classified as "pass" prior to litigation process is classified as "substandard" and provided with 25% ACL.

Loans and other credit accommodations that were previously classified as "pass" but were subsequently restructured shall have a minimum classification of "especially mentioned" and provided with a 5% ACL, except for loans which are considered non-risk under existing laws, rules and regulations.

Classified loans and other credit accommodations that were subsequently restructured shall retain their classification and provisioning until the borrower has sufficiently exhibited that the loan will be repaid.

Collectively Assessed Loans and Other Credit Accommodations which includes microfinance loans, micro enterprises and small business loans and consumer loans such as salary loans, credit card receivables, auto loans, housing loans and other consumption loans, and other types of loan which fall below the Bank's materiality threshold for individual assessment:

Current "pass" loans and other credit accommodations is provided with ACL based on the number of days of missed payments as follows:

For unsecured loans and other credit accommodations:

Number of days Unpaid/with missed payments	Classification	Minimum ACL	Stage
1-30 days	Especially Mentioned)	2%	2
31-60 days/1st restructuring	Substandard	25%	2 or 3
61-90 days	Doubtful	50%	3
91 days and over/ 2nd restructuring	Loss	100%	3

For secured loans and other credit accommodations:

No. of Days Unpaid/With	Classification	Allowance for Credit Losses (ACL)	Stage
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Missed Payments		Other types of collateral	Secured by real estate	
31 - 90 days	Substandard (Underperforming)	10%	10%	2
91 - 120 days	Substandard (Non-performing)	25%	15%	3
121 - 360 days	Doubtful	50%	25%	3
361 days - 5 years	Loss	100%	50%	3
Over 5 years	Loss	100%	100%	3

Provided, that where the quality of physical collaterals or financial guarantees securing the loans and advances are determined to be insufficient, weak or without recoverable values, such loans and advances is treated as if these are unsecured. Unclassified loans and receivables-General loan loss provision.

For unclassified loans:	
Unclassified restructured loans	5% of the borrower's outstanding loan
Unclassified other than restructured	1% of the borrower's outstanding loan

Outstanding loans that were already subjected to specific provisioning were no longer included in the general loan loss provisioning as shown above.

Other Risk Assets

Other risk assets such as accounts receivable are also given allowance after considering the nature of the transaction and the degree of collectibles of the accounts.

Provisions for losses (expense account) on the above cited risk assets are determined by the required allowance at the end of the year less the beginning allowance for a particular year adjusted by write-off and recovery, if any.

c Useful lives of Bank Premises, Furniture, Fixtures & Equipment

The useful lives of Bank Premises, Furniture, Fixtures and Equipment are estimated based on the period over which these assets are expected to be available for use and on the collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives of Bank Premises, Furniture, Fixtures and Equipment are reviewed periodically and are updated if expectations differ materially from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limitations on the use of the Bank Premises, Furniture, Fixtures and Equipment. It is possible, however, that future financial performance could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

There were no changes in the estimated useful lives of Bank Premises, Furniture, Fixtures and Equipment.

d Useful life of Depreciable Investment Property

The assumptions and estimates used by the Bank in the useful life of Investment Property are made to objectively determine the productivity or use of the assets. The BSP however in its Circular 494 provided that Investment Property-building and Investment Property-Other Non-Financial Assets specifically those that were accounted for as Investment Property under PAS 40 shall be depreciated only for a period of not more than 10 and 3 years respectively reckoning from the date of foreclosure. Thus, the lower between the estimate of the Bank and BSP regulation shall prevail.

e Determination of Impairment of Non-financial Assets



An impairment review should be performed when certain impairment indicators are present.

Determining the value in use of Bank Premises, Furniture, Fixtures and Equipment which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Bank to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Bank to conclude that Bank Premises, Furniture, Fixtures and Equipment are impaired.

Any resulting impairment loss could have a material adverse impact on the Bank's financial position and financial performance.

f Recognition of Retirement Costs

The determination of the obligation and cost for pension and other retirement benefits is dependent on the selection of certain assumptions used by an actuary in calculating such amounts. Those assumptions include among others, discount rates and salary rate increase. Actual results that differ from the assumptions generally affect the recognized expense and recorded obligation in such future periods. While the Bank believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the pension and other retirement obligations.

g Recognition of Deferred Tax Assets

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that future taxable income will be available against which the deferred tax assets 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 income together with future tax planning strategies.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Bank's principal financial instruments consist of cash and cash equivalents, receivables and payables which arise from operations, and long term investments. The Bank's activities are principally related to the profitable use of financial instruments. Risks are inherent in these activities but are managed by the Bank through a rigorous, comprehensive and continuous process of identification measurement, monitoring and mitigation of these risks, partly through the effective use of risk and authority limits, process controls and monitoring, and independent controls. The Bank has placed due importance to expanding and strengthening its risk management process and considers it as a vital component to the Bank's continuing profitability and financial stability. Central to the Bank's risk management process is its adoption of a risk management program intended to avoid unnecessary risks, manage and mitigate unavoidable risks and maximize returns from taking acceptable risks necessary to sustain its business validity and good financial position in the market.

The inherent risks which can arise from the Bank's financial instruments are credit risk, market risk (i.e. interest rate risk, currency risk and price risk) and liquidity risk. The Bank's risk management objective is primarily focused on controlling and mitigating these risks. The Board of Directors reviews and agrees on policies for managing each of these risks and are summarized as follows:

Credit Risk

Credit risk is the risk of financial loss due to the other party's failure to discharge an obligation cited in a binding financial instrument. The Bank faces potential credit risks every time it extends funds to borrowers, commits funds to counterparties, guarantees the paying performance of its clients, invests funds to issuers and enters into either market-traded or over-the-counter derivatives, through implied or actual contractual agreements. The Bank manages the level of credit risks it accepts through comprehensive credit risk policy setting assessment and determination of what constitutes credit risk for the Bank; setting up exposure limits by each counterparty or group of counterparties, geographical and industry segments; guidelines on obtaining collateral guarantees; reporting of credit risk exposures and breaches to the monitoring authority; monitoring compliance with credit risk policy and review of credit risk policy for pertinence and changing environment.



Additionally, the tables below show the distribution of maximum credit exposure by industry sector of the Bank as at December 31, 2021 and 2020:

2021				
	Loans and Receivables	Due from BSP and Other Banks	Debt Securities Measured at Amortized Cost	Total
Agriculture, Forestry and Fishing	P 333,054,576			P 333,054,576
Manufacturing	140,573,574			140,573,574
Financial Institutions		77,329,450	61,217,387	138,546,837
Government		196,299,994	69,432,774	265,732,768
Wholesale & Retail Trade, Repair of Motor Vehicles, Motorcycles	442,401,394			442,401,394
Construction	7,088,506			7,088,506
Real Estate Activities	63,173,520			63,173,520
Other Service Activities	22,354,393			22,354,393
Accommodation and Food Service Activities	243,555			243,555
Transportation and Storage	1,104,828			1,104,828
Loans to Individuals Primarily for Personal Use	709,130,577			709,130,577
Professional Scientific and technical Services	224,402			
Information and Communication	44,082			44,082
Total	P 1,720,593,408	P 273,629,443	P 130,650,161	P 2,124,648,610

2020				
	Loans and Receivables	Due from BSP and Other Banks	Debt Securities Measured at Amortized Cost	Total
Agriculture, Forestry and Fishing	P 293,807,480			P 293,807,480
Manufacturing	112,691,514			112,691,514
Financial Institutions		54,232,005	61,217,387	115,449,392
Government		226,405,603	69,432,774	295,838,577
Wholesale & Retail Trade, Repair of Motor Vehicles, Motorcycles	314,008,655			314,008,655
Construction	3,097,544			3,097,544
Real Estate Activities	53,177,240			53,177,240
Other Service Activities	12,762,650			12,762,650
Accommodation and Food Service Activities	10,702,719			10,702,719
Transportation and Storage	1,581,211			1,581,211
Loans to Individuals Primarily for Personal Use	709,606,036			709,606,036
Information and Communication	44,082			44,082
Total	P 1,511,481,331	P 280,637,607	P 130,650,161	P 1,922,769,300

Credit quality per class of financial assets

The tables below show the credit quality per class of financial assets as at December 31, 2021 and 2020:

2021					
	High grade	Standard grade	Past due but not impaired	Impaired	Total
Due from BSP	P 32,469,624				P 32,469,624
Due from other banks	241,139,619				241,139,619
Debt Securities	129,159,453				129,159,453
Loans Receivable	1,550,207,250	23,761,360	54,334,029	92,290,765	1,720,593,408
Sales Contract Receivable		10,101,661	1,612,126		11,713,867
Other receivables	6,710,705				6,710,705
	P 1,959,706,655	P 33,863,221	P 55,946,155	P 92,290,765	P 2,141,806,999



2020					
	High grade	Standard grade	Past due but not impaired	Impaired	Total
Due from BSP	P 32,917,091				P 32,917,091
Due from other banks	247,720,716				247,720,716
Debt Securities	130,650,164				130,650,164
Loans Receivable	1,337,614,366	16,816,651	77,359,506	79,668,808	1,511,481,331
Sales Contract Receivable		1,329,720	10,116,964		11,446,704
Other receivables	889,473				889,473
	P 1,749,891,610	P 18,146,371	P 87,476,480	P 79,668,808	P 1,935,207,469

*Amount is net of Unamortized Discount

Aging analysis of past due but not impaired loans and receivables

The following tables show the total aggregate amount of loans and receivables that are contractually past due but not considered impaired per delinquency bucket as at December 31, 2021 and 2020.

2021			
	less than 90 days	more than 90 days	Total
Receivable from customers:			
	P 23,761,360	P 146,624,798	P 170,386,158

2020			
	less than 90 days	more than 90 days	Total
Receivable from customers:			
	P 31,049,746	P 142,817,219	P 173,866,966

Market Risk

Market risk is the risk of loss that may result from the changes in price of a financial product. The value of a financial product may change as a result of changes in interest rates (currency risk) and market prices (price risk). Interest rate risk is the risk that the value of financial instrument will fluctuate because of changes in market interest rates. Currency risk on the other hand is the risk that the value of instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

Interest rate risk

The Bank's loan receivables earn effective interest rates ranging from 3.00% to 20.98% for 2021 and 2020, respectively. The Bank's interest rate on its deposit liabilities and bills payables ranges from 0.25% to 5.50% and from 0.00% to 7.50%, respectively.

Moreover, the Bank earns 0.00% to 3.35% from its deposits with other banks and 0.97% to 5.57% from its investments.

Fair Value Interest Rate Risk

Fair value interest rate risk is the risk that the value of the financial instruments will fluctuate because of changes in interest rates. The Bank's cash equivalents are mostly invested in fixed interest rates on its duration and therefore exposed to fair value interest rate risk but not to cash flow interest rate risk.

Loan receivables and interest bearing liabilities are sized as to interest rate and maturity to make a reasonable analysis of the degree of risk associated with lending and borrowings.



Cash Flow Interest Rate Risk

This is the risk that future cash flows of the financial instrument will fluctuate because of changes in market interest rates. In the case of a floating rate debt instrument. Fluctuation results in a change in effective interest rate of a financial instrument usually without a corresponding change in its fair value.

Liquidity Risk

Liquidity risk is generally defined as the current and prospective risk to earnings or capital arising from the Bank's inability to meet its obligations when they come due without incurring unacceptable losses or costs. It may result from either inability to sell financial assets quickly at their fair values; or counterparty failing on repayment of contractual obligation; or inability to generate cash inflows as anticipated.

The Bank monitors its cash flow position and overall liquidity position in assessing its exposure to liquidity risk. The Bank maintains a level of cash deemed sufficient to finance operations and to mitigate the effects of fluctuations in cash flows and a balance between continuity of funding and flexibility through the use of short-term debt and advances from related parties and an arrangement for a stand-by credit line facilities with any reputable bank and in case of emergency. Interest rate and maturity matching analysis is used to quantify monitoring of liquidity position.

The tables below summarize the maturity profile based on contractual undiscounted cash flows of the Bank's financial liabilities and related financial assets used for liquidity purposes:

2021					
	Due within 1 month	1 to 3 months	3 to 12 months	Beyond 1 year	Total
Financial Liabilities:					
Deposit liabilities	₱ 512,730,086	₱ 109,651,291	₱ 362,430,674	₱ 93,676,939	₱ 1,378,489,191
Bills payable	25,354,799	24,139,926	102,118,526	434,316,414	586,929,665
Redeemable preferred shares	1,144,000				1,144,000
Accrued interest expense	3,462,336	1,922,634	4,860,861	4,682,597	15,058,429
Other Liabilities	7,096,367				7,096,367
Total Financial Liabilities	549,787,611	135,713,852	469,538,260	532,687,949	1,967,727,672
Financial Assets:					
Cash and other cash items	24,576,100				24,576,100
Due from BSP				32,469,624	32,469,624
Due from other banks	241,139,619				241,139,619
Debt securities measured at amortized cost	16,121,946	53,037,507		60,000,000	129,159,453
Loans and receivable	43,369,946	74,664,192	316,952,589	1,113,025,521	1,558,012,250
Sales contract receivable	6,743,036	27,743	235,767	2,707,436	11,713,987
Accrued interest income	6,504,519	615,446	1,664,107	4,143,610	13,127,682
Other Receivable	6,710,706				6,710,706
Total Financial Assets	347,166,076	128,744,889	320,852,463	1,212,966,193	2,009,131,623
Liquidity Position (Gap)	₱ (502,619,533)	₱ (6,968,963)	₱ (148,685,797)	₱ 679,676,244	₱ 21,403,951
2020					
	Due within 1 month	1 to 3 months	3 to 12 months	Beyond 1 year	Total
Financial Liabilities:					
Deposit liabilities	₱ 664,009,132	₱ 133,206,454	₱ 333,767,414	₱ 105,103,511	₱ 1,236,086,511
Bills payable	107,447,142	25,641,966	121,621,031	231,996,194	486,706,333
Redeemable preferred shares	1,144,000				1,144,000
Accrued interest expense	6,973,461	553,241	2,963,536	2,177,036	12,667,290
Other Liabilities	11,990,101				11,990,101
Total Financial Liabilities	791,563,857	159,603,660	458,551,983	339,276,740	1,748,996,260
Financial Assets:					
Cash and other cash items	21,540,292				21,540,292
Due from BSP				32,917,091	32,917,091
Due from other banks	247,720,716				247,720,716
Debt securities	15,912,240	52,737,925	2,000,000	60,000,000	130,650,164
Loans and receivable	46,636,393	76,104,306	396,506,496	616,163,166	1,337,614,366
Sales contract receivable	3,601	7,602	338,316	11,097,964	11,448,704
Accrued interest income	7,061,190	230,140	1,725,470	3,116,302	12,153,102
Other Receivable	959,473				959,473
Total Financial Assets	340,066,105	129,079,974	402,573,283	923,294,546	1,795,033,908
Liquidity Position (Gap)	₱ (451,477,752)	₱ (30,523,706)	₱ (55,978,700)	₱ 564,015,606	₱ 46,035,649



Operational Risks

Operational risk is the risk of direct and indirect loss arising from a wide variety of causes associated with the Bank's involvement in financial instruments, personnel, technology and infrastructure and external factors other than market and liquidity risk such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. The Bank's objective is to manage operational risks so as to balance the avoidance of financial losses and damage to the Bank's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

Minimum Liquidity Ratio (MLR)

Minimum Liquidity Ratio (MLR) for Stand-Alone TBs, RBs and Coop Banks. To promote short-term resilience to liquidity shocks, banks shall maintain a stock of liquid assets proportionate to their on- and off-balance sheet liabilities. The prudential MLR requirement applies to all TBs, RBs and Coop Banks and QBs that are not subsidiaries of UBs/KBs.

A prudential MLR Minimum requirement of twenty percent (20%) shall apply to banks on an ongoing basis absent a period of financial stress. The liquidity ratio is expressed as a percentage of a bank's eligible stock of liquid assets to its total qualifying liabilities in accordance with MORB Section 145.

PART I. MINIMUM LIQUIDITY RATIO (MLR)	
A. Stock of Liquid Assets	P 360,609,166
B. Qualifying Liabilities	1,326,889,377
Minimum Liquidity Ratio	27.18%
PART II. STOCK OF LIQUID ASSETS	
Cash on Hand	P 19,132,723
Bank Reserves in the BSP	32,489,624
Debt Securities representing claims on or guaranteed by the Philippine National Government and the BSP	67,847,000
Deposits in Other Banks	241,139,819
Total	P 360,609,166
PART III. QUALIFYING LIABILITIES	
A. Qualifying Liabilities	
1. Retail current and regular savings deposits with outstanding balance per account of P500,000 and below	P (385,727,802)
2. 50% equivalent of Item 1	192,863,901
3. Borrowers that are non-callable in, or have contractual dates beyond, the next 30 calendar days	(568,263,301)
4. Obligations arising from operational expenses	(2,911,094)
5. Total on-balance sheet liabilities	2,015,746,999
C. Irrevocable obligations under off-balance sheet items	
1. Other committed credit lines	75,180,674
Total	P 1,326,889,377

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the reporting period as shown in the statements of cash flows can be reconciled to the related items in the statements of financial position as follows:

	2021	2020
6.1 Cash and Other Cash Items		
Cash on Hand and in Vault	P 19,132,723	P 16,914,586
Checks and Other Cash Items	5,445,376	4,625,706
Total Cash and Other Cash Items	24,578,100	21,540,292



6.2 Due from BSP and Other Banks

Due from Bangko Sentral ng Pilipinas	32,489,624	32,917,091
Due from Other Banks	241,139,819	247,720,716
Total Due from BSP and Other Banks	273,629,443	280,637,807

Total Cash and Cash Equivalent	P 298,207,543	P 302,178,099
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Cash consists primarily of funds in the form of Philippine currency notes and coins in the Bank's vault and those in the possession of tellers. Checks and other cash items include cash items (other than currency and coins on hand) such as checks drawn on the other banks or other branches after the Bank's clearing cut-off time until the close of the regular banking hours. For the purpose of the statements of cash flows, cash and cash equivalents include cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities of three months or less from the date of acquisition and that are subject to an insignificant risk of change in value.

The balance of Due from BSP account serves as the Bank's reserve for its deposit liabilities. Under the Manual of Regulations for Banks, a Bank is required to maintain its reserve requirements for its deposit liabilities in the form of deposits with the BSP. Section 252 of MORB further provides that such deposit account with the BSP is not considered as a regular current account. Drawings against such deposits shall be limited to: (a) settlement of obligations with the BSP; and, (b) withdrawals to meet cash requirements.

Due from other banks represent funds deposited with domestic banks which are used by the Bank as part of its operating funds. Breakdown of this account follows:

Name of Banks	2021	%	2020	%
Land Bank of the Philippines	P 152,538,191	63.26%	P 187,661,161	75.76%
Asia United Bank	11,426,734	4.74%	10,944,392	4.42%
Metro Bank	14,749,430	6.12%	2,781,493	1.12%
Bank of Commerce	2,401,849	1.00%	2,287,189	0.92%
Banco De Oro	2,360,840	0.98%	1,232,496	0.50%
Bank of Philippines Islands	1,204,767	0.50%	1,081,748	0.44%
Philippine National Bank	28,892,001	11.98%	20,284,060	8.19%
Philippine Business Bank	517,401	0.21%	514,260	0.21%
Producers Bank	12,464,186	5.17%	10,268,704	4.15%
Security Bank	1,002,776	0.42%	2,571,748	1.04%
Cooperative Bank of La Union	1,052,762	0.44%	1,026,512	0.41%
Cooperative Bank of Cagayan	642,521	0.27%	625,976	0.25%
United Coconut Planters Bank	622,148	0.26%	492,881	0.20%
Metro South Cooperative Bank	614,181	0.25%	613,427	0.25%
Development Bank of the Philippines	10,650,030	4.42%	5,334,669	2.15%
Total	P 241,139,819	100%	P 247,720,716	100%

Under Sec.362g of the Manual of Regulations for Banks, loans and other credit accommodations as well as deposits and usual guarantees by a bank to any other bank whether locally or abroad shall be subject to the Single Borrower's Limit of 25% of the Net worth as herein prescribed or P100 Million whichever is higher. Provided that the lending bank shall exercise proper due diligence in selecting a depository bank and shall formulate appropriate policies to address the corresponding risks involved in the transactions.

As of December 31, 2021, the Bank's SBL was registered at P 65,709,988 and as per BSP Manual of Regulations, bank are exempted on the ceiling of single borrower's limit (SBL) on deposit/investment placements to government banks, however excess of SBL on private banks are being considered if the accounts are used for clearing operation.

As of December 31, 2021, none of the Banks has exceeded the prescribed limit or P 100 million under Circular No. 734 Series of 2011.



Cash in bank represents current and savings account in local bank. Current account and savings account earn interest from 0.10% to 1.00% while time deposit account earn interest from 0.00% to 3.35%.

Due from other banks generally earns interest at prevailing bank deposit rates. Total interest income earned amounted to ₱ 514,229 and ₱ 545,349 for the years ended December 31, 2021 and 2020, respectively. Deposit with the BSP is non-interest bearing.

The Bank reconciles the books and bank balances regularly as part of its cash monitoring and internal control measures.

The Bank holds no cash and cash equivalents in 2021 and 2020 which are not available for use by Bank.

7. DEBT SECURITIES MEASURED AT AMORTIZED COST

This account consists of:

	2021	2020
Treasury Bills	₱ 69,295,000	₱ 68,774,000
Treasury Bonds	60,000,000	62,000,000
Total	129,295,000	130,774,000
Less: Unamortized Discount	(135,547)	(123,836)
Net Amount	₱ 129,159,453	₱ 130,650,164

The following are the breakdown of debt securities measured at amortized cost:

Treasury Bills				
Issuer Bank	Term	Face Value	Interest Rate Yield	Net Premium/Discount
Land Bank of the Philippines	91 - 105 days	₱ 42,847,000	1.12% - 1.16%	₱ 100,287
Philippine National Bank	91 days	26,448,000	1.10% - 1.14%	59,946
Total		₱ 69,295,000		₱ 160,233

Treasury Bonds			
Issuer Bank	Term	Face Value	Interest Rate Yield
Land Bank of the Philippines	10 years	₱ 15,000,000	3.25%
Banco De Oro	10 years	10,000,000	3.25%
Development Bank of the Philippines	10 years	5,000,000	3.25%
Metro Bank	10 years	10,000,000	3.25%
Philippine National Bank	10 years	10,000,000	3.25%
Security Bank	10 years	5,000,000	3.25%
United Coconut Planters Bank	10 years	5,000,000	3.25%
Total		₱ 60,000,000	

Held to maturity financial assets earn interest income amounting to ₱2,148,766 and ₱2,989,605 for 2021 and 2020.

The Bank does not provide any allowance for credit losses and impairment as the management believes that these investments are reasonably collectible and their fair market values may not be materially affected by the present economic behavior.



8. LOANS AND RECEIVABLES

The loan receivables are stated at outstanding balances, net of estimated allowance for credit losses and unearned income/discounts, broken down as follows:

	2021	%	2020	%
Current Loans	P1,554,024,318	90.12%	P 1,341,612,204	88.53%
Past Due Loans	162,217,741	9.41%	165,375,371	10.91%
Items in Litigation	8,168,417	0.47%	8,491,595	0.56%
Total	1,724,410,476	100.00%	1,515,479,169	100.00%
Less: Unamortized Discounts	3,817,068		3,997,838	
Total, net of discount	1,720,593,408		1,511,481,331	
Less: Allowance for Credit Losses				
Specific	92,290,768		79,688,808	
General	14,043,859		11,989,325	
Total Carrying Amount	1,614,258,780		1,419,803,198	
Add: Sales Contract Receivables	11,713,987		11,448,704	
Accrued Interest Receivable	13,127,682		12,153,102	
Total Loans and Receivables-net	P1,639,100,449		P 1,443,405,005	

The Bank's loan accounts are stated at the outstanding balance, reduced by estimated allowance for credit losses and unearned interest and discounts. These receivables can be received either by cash or check payments.

Loans and receivables earn interest income at interest rates ranging 0.00% to 15.00% for 2021 and 2020, respectively. Total earned interest amounts to P199,776,471 and P167,843,974 for 2021 and 2020, respectively.

The Bank holds collateral against loans and receivables in the form of real estate and chattel mortgages, and deposit hold outs over assets.

Movements in the allowance for credit losses related to loans and receivables follow:

	2021	2020
Balance at beginning of year	P 91,678,133	P 84,552,576
Provision	18,615,347	8,746,383
Recovery	(3,958,852)	(1,620,826)
Balance at end year	P 106,334,628	P 91,678,133

The total Allowance for Credit Losses of P 106,334,628 which composed of general and specific loan loss provisions as stated above is in compliance with the BSP Manual of Regulations (Sec. 143 Appendix 15) or Circular No. 1011.

The bank has a pending application on staggered booking of allowance for credit losses dated March 3, 2021.

In compliance with the regulations of the BSP, the Bank strictly adheres to the setting up of the valuation allowance for risk assets based on Circular 1011 and Appendix 15 of the MORB. The Bank reviews the quality of its loan portfolio and prepares a quantitative classification of its risk assets including loans.

Classification of loans: (amount is net of unamortized discounts)

As to Maturity:

	2021	%	2020	%
Due within one (1) year	P 379,694,897	22.07%	P 396,133,127	26.21%
Due beyond one (1) year	1,340,898,511	77.93%	1,115,348,204	73.79%



Total Loan Portfolio	P	1,720,593,408	100.00%	P 1,511,481,331	100.00%
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8.1. SALES CONTRACT RECEIVABLE

Sales contract receivable represents assets acquired in settlement of loans through foreclosure or dacion en pago subsequently sold on installment basis whereby the title to the property is transferred to the buyers only upon full payment of the account. Under Sec.x394.3 of the MORB, sales contract receivable shall be recorded based on the present value of the installment receivable discounted at the imputed rate of interest. Discount is amortized over the term of the SCR by crediting interest income using the effective interest method. Any difference between the present value of the SCR and the derecognized assets shall be recognized in the income statement at the date of sale in accordance with the provisions of PAS 18 "Revenue". SCRs shall also be subject to impairment provision of PAS 39.

This account consists of:

	2021	2020
Performing	P10,101,861	P 1,329,720
Non-Performing	2,221,122	10,727,981
Total	12,322,983	12,057,701
Less: Allowance for Credit Losses	608,997	608,997
Sales Contract Receivable-net	P11,713,987	P 11,448,704

The movements on SCR follow:

	2021	2020
Balance at beginning of year	P 11,448,704	P 11,184,648
Addition	1,287,695	1,567,860
Provision for credit losses	-	-
Collections	(1,022,413)	(1,328,805)
Adjustments		25,000
Balance at end of year	P 11,713,987	P 11,448,704

Interest income on sales contract receivable for the years ended December 31, 2021 and 2020 amounted to P 230,027 and P 20, respectively.



9. BANK PREMISES, FURNITURE, FIXTURES AND EQUIPMENT

This account consists of:

	Land	Building	Furniture, Fixtures and Equipment	Information Technology Equipment	Transportation Equipment	Leasehold Improvements	Other Office Equipment	Building Under Construction	Total
December 31, 2021									
Cost	28,256,507	31,690,607	10,576,848	27,239,978	26,431,153	12,896,121	6,219,305	393,958	P143,704,476
Accumulated Depreciation	-	P12,012,888	P8,412,224	P21,736,852	P14,468,803	P7,365,915	P4,908,220	P-	68,904,903
Net carrying amount	P28,256,507	P19,677,720	P2,164,624	P5,503,125	P11,962,350	P5,530,206	P1,311,085	P393,958	P74,799,574
December 31, 2020									
Cost	P17,706,507	P26,053,158	P10,083,376	P24,767,193	P25,015,153	P12,514,548	P6,104,215	P95,017	122,339,166
Accumulated Depreciation	-	11,154,182	7,682,990	18,462,128	11,287,138	6,207,622	4,395,022	-	59,189,082
Net carrying amount	P6,210,554	P14,898,976	P2,400,386	P6,305,065	P13,728,015	P6,306,925	P1,709,193	P95,017	63,150,084

A reconciliation of the carrying amounts of bank premises, furniture, fixtures and equipment at the beginning and end of 2021 and 2020 is shown below:

2021									
	Land	Building	Furniture, Fixtures and Equipment	Information Technology Equipment	Transportation Equipment	Leasehold Improvements	Other Office Equipment	Building Under Construction	Total
Cost									
Balance at beginning of year	P 17,706,507	P26,053,158	P10,083,376	P 24,767,193	P25,015,153	P12,514,548	P6,104,215	P 95,017	P122,339,167
Additions	10,550,000	5,650,716	1,262,968	3,081,093	1,416,000	434,172	248,864	298,941	22,942,754
Disposals/Reclassification	-	(13,267)	(769,495)	(608,308)	0	(52,598)	(133,774)	-	(1,577,443)
Balance at end of year	28,256,507	31,690,608	10,576,848	27,239,978	26,431,153	12,896,121	6,219,305	393,958	143,704,476
Accumulated Depreciation									
Balance at beginning of year	-	11,154,182	7,682,990	18,462,128	11,287,138	6,207,622	4,395,022	-	59,189,082
Depreciation and amortization	-	1,183,623	952,652	3,795,791	3,097,022	1,184,594	641,196	-	10,854,877
Disposals/Reclassification	-	(324,917)	(223,417)	(521,066)	84,643	(26,301)	(127,999)	-	(1,139,057)
Balance at end of year	P -	P12,012,888	P8,412,224	P 21,736,852	P14,468,803	P7,365,915	P4,908,220	P -	P 68,904,903
Net Book Value	P 28,256,507	P19,677,720	P2,164,624	P 5,503,125	P11,962,350	P5,530,206	P1,311,085	P 393,958	P 74,799,574



2020									
	Land	Building	Furniture, Fixtures and Equipment	Information Technology Equipment	Transportation Equipment	Leasehold Improvements	Other Office Equipment	Building Under Construction	Total
Cost									
Balance at beginning of year	P 17,706,507	P 19,764,508	P 9,320,127	P 20,425,491	P 21,334,315	P 9,341,597	P 5,379,907	P 7,733,860	P 111,006,312
Additions	-	-	923,955	854,976	6,184,118	3,558,022	536,072	-	12,058,343
Disposals/Reclassification	-	6,288,650	(160,706)	3,486,726	(2,503,280)	(385,672)	187,637	(7,638,843)	(725,489)
Balance at end of year	17,706,507	26,053,158	10,083,376	24,767,193	25,015,153	12,514,548	6,104,215	95,017	122,339,166
Accumulated Depreciation									
Balance at beginning of year	-	10,461,899	6,782,460	13,522,794	10,523,987	5,035,781	3,889,867	-	50,216,787
Depreciation and amortization	-	972,372	1,035,362	5,101,434	3,326,295	1,181,841	639,834	-	12,257,138
Disposals/Reclassification	-	(280,089)	(134,832)	(162,101)	(2,563,144)	(9,999)	(134,678)	-	(3,284,843)
Balance at end of year	P -	P 11,154,182	P 7,682,990	P 18,462,128	P 11,287,138	P 6,207,622	P 4,395,022	P -	P 59,189,082
Net Book Value	P 17,706,507	P 14,898,976	P 2,400,386	P 6,305,065	P 13,728,015	P 6,306,925	P 1,709,193	P 95,017	P 63,150,084

Depreciation amounting to P10,854,877 and P12,257,138 in 2021 and 2020, respectively, are shown as separate components of operating expenses in the Statements of Comprehensive Income.

No additions to property and equipment during the year are treated as non-cash transactions for cash flows.

The value of the Bank premises, furniture, fixtures and equipment of P74,799,574, net of accumulated depreciation, as of December 31, 2021 is 28.45% of the Bank's total net worth. This is lower than the 50% maximum ratio required under BSP regulation (MORB Section 109).

The Bank, after due consideration of the assessment of its impairment, believes that there are no indications that the property and equipment as of December 31, 2021 and 2020 are impaired or its carrying amount cannot be recovered.

As of December 31, 2021 and 2020, no amount of bank premises, furniture, fixtures and equipment was used as collateral for liabilities.



10. NON-CURRENT ASSET HELD FOR SALE

This account refers to Non-Current Held for Sale that are available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and the sale is highly probable.

	2021	2020
Other Properties Acquired	P 114,589	P 114,589
Less: Allowance for Credit Losses	8,553	8,553
Net Carrying Amount	P 106,036	P 106,036

11. INVESTMENT PROPERTIES

This account consists of real estate properties acquired by the Bank in settlement of loans which were recognized as ROPA and accounted for as investment properties to conform to PAS 40. Under Sec.382, ROPA shall be booked initially at the carrying amount of the loan plus booked accrued interest less allowance for credit losses plus transaction costs such as capital gains tax and documentary stamp tax.

	2021	2020
Land	P 84,340,001	P 30,827,624
Building	24,659,462	2,825,611
Less: Accumulated Depreciation	1,165,822	979,368
Net Amount	107,833,641	32,673,868
Less: Allowance for Credit Losses	2,028,752	603,675
Net Carrying Amount	P 105,804,889	P 32,070,193

A reconciliation of the carrying amounts of the Bank's Investment Properties at the beginning and end of 2020 and 2019 is shown in below:

	2021	2020
Balance at beginning of the year	P 32,070,193	P 25,179,882
Additions	76,893,533	6,398,410
Disposal	(2,688,700)	(1,465,071)
Adjustment	(289,808)	2,063,197
Depreciation	(180,329)	(106,227)
Balance at end of year	P 105,804,889	P 32,070,193

As at December 31, 2021, the Bank provide additional allowance for credit losses on investment property.

As of December 31, 2021 and 2020, no amount of investment in property was used as collateral for liabilities.

Additions to investment property during the year are through transfer of loans receivables to ROPA account.



12. OTHER ASSETS

This account consists of:

	2021	2020
Financial Assets		
Accounts Receivables	P 6,724,295	P 1,003,060
Non-Financial Assets		
Prepaid Expenses	2,044,072	1,289,750
Petty Cash Fund	75,000	75,000
Stationery and Supplies on Hand	1,553,663	2,262,971
Equity Investments	3,600,750	3,600,750
Miscellaneous Assets	7,175,705	7,195,705
Inter Office Float Items	-	-
Deposits with Closed Banks	5,736,798	5,736,798
Total	26,910,284	21,164,034
Less: Allowance for Probable Losses		
Allowance for Losses - Accounts Receivable	13,588	13,588
Allowance for Losses - Miscellaneous Asset	1,396,916	1,396,916
Allowance for Losses - Deposits with Closed Banks	5,736,798	5,736,798
Net Other Assets	P 19,762,982	P 14,016,733

The Accounts Receivable represents various advances and payments made by the bank of various expenses and/or transactions and were charged to the respective accounts of the beneficiaries' subject to liquidation. Miscellaneous Assets include sinking fund for retirement of employees and other funds. Prepaid expenses include fidelity bonds, comprehensive insurance, fire insurance, Money, Securities and Payroll Robbery (MSPR), and others.

The equity investments consist of:

	2021
Metro South Cooperative Bank	P 1,300,000
NORLU	130,671
Bangkoop	107,000
CISP	1,517,649
Luzon Federation of Cooperative Banks	10,000
CLIMBS	375,363
Ilocos Sur Medical Mission	63,792
Printers and Publishers	92,276
Total	P 3,600,750

As of December 31, 2021, the Bank provided a 100% allowance for probable losses on its deposits with closed banks.

The movements in allowance for credit losses is as follows:

	2021	2020
Balance at beginning of year	P 7,147,302	P 7,147,302
Provision for credit losses	-	-
Balance at end of year	P 7,147,302	P 7,147,302

13. DEPOSIT LIABILITIES

This account consists of:



	2021	%	2020	%
Saving Deposit	P 604,979,871	43.89%	P 547,605,059	44.30%
Time Deposit	773,519,320	56.11%	688,483,453	55.70%
Total Deposit Liabilities	P 1,378,499,191	100.00%	P 1,236,088,511	100.00%

Savings deposits are composed of regular savings accounts and basic deposit account which are withdrawable upon demand. Time Deposits have different maturity dates maximum of which is five (5) years term/maturity and bear different interest rates based on the amount of deposits and term of placements. Time deposits with term of five (5) years or more are exempt from tax in accordance with BIR regulation. Total deposits for the year increased by P 142,410,680 or 12% over the figures of 2021.

For the year 2021 and 2020, deposit liabilities carry an interest rate of 0.25% to 5.50%.

On March 23, 2020, the Monetary Board in its Resolution No. 423 approved a reduction of 100 basis points in the reserve requirement (RR) ratios of deposits and deposit substitute liabilities of thrift banks (TBs), rural banks (RBs) and cooperative banks (Coop Banks) decreasing the reserve requirement to two percent (2%). The required reserve as of December 31, 2021 amounted to P27,569,984 or 2% of the total deposit liabilities. This amount is in the form of deposit with Bangko Sentral ng Pilipinas which has a balance of P32,489,624 as at December 31, 2021 which is higher than the required reserves for rural banks.

Interest expense on deposit liabilities for the years ended December 31, 2021 and 2020 amounted to P37,006,179 and P28,368,143, respectively.

14. BILLS PAYABLE

This account consists of:

	2021	2020
Land Bank of the Philippines	P 416,549,734	P 390,208,958
Others	169,379,930	96,899,395
Total Bills Payable	P 585,929,665	P 487,108,353

Other bills payable consists of liabilities to Agricultural Credit Policy Council amounting to P115,986,650, Development Bank of the Philippines amounting to P23,996,000 with an interest rate of 3.25%, and Small Business Corporation amounting to P26,779,678.96 with an interest rate of 2.00% and CAR amortization of 2,617,601.

Interest expense on bills payable charged to profit or loss in 2021 and 2020 amounted to P25,402,585 and P26,097,734, respectively. The bills are subject to interest rates ranging from 0.00% to 7.50%.

Borrowings are secured by the loans receivable of certain clients of the Bank, wherein these loans are secured by real estate mortgage. These are settled either by cash or check payments.

The above borrowings are secured by client's promissory note together with their corresponding collaterals. The outstanding balance of assets pledged as collateral amounted to P689,329,017. The outstanding balance of the bills payable is equivalent to 85% of the outstanding balance of the assets pledged as collateral. These accounts are being reduced thru payment of loans by the bank/borrowers.

15. ACCRUED INTEREST, TAXES AND OTHER EXPENSES

This account consists of:

	2021	2020
Accrued Interest Payable	P 15,058,429	P 12,667,295
Accrued Staff Benefit Payable	2,320,908	-



Accrued Other Expenses Payable	590,185	636,101
Total	P 17,969,523	P 13,303,395

Accrued interest payable represents the recognition of interest already due on deposit liabilities of the Bank as of December 31, 2021 and subsequently paid in the next accounting period. Accrued other expenses payable are expenses payable on the following year.

16. OTHER LIABILITIES

This account consists of:

	2021	2020
Accounts Payable	P 7,096,387	P 11,990,101
SSS, PHIC, HDMF and Employees Compensation		
Premium Contribution Payable	786,893	1,225,412
Withholding Tax Payable	650,335	497,486
Dividends Payable	474,074	2,710,010
Lease Liability	12,325,285	4,069,369
Due to Treasurer of the Philippines	159,978	142,887
Unearned Income - Advance Rentals	-	40,000
Deposit for Stock Subscription	3,236,689	3,214,491
Inter Office Float Items	-	114,821
Miscellaneous Liability	1,453,649	
Total	P 26,183,290	P 24,004,576

The above liabilities are settled either by cash or check payments. As December 31, 2021 and 2020, no amount of assets was used as collateral, security or guarantee for the above liabilities.

Accounts Payable represents various liabilities incurred by the bank for its own account and the third parties arising from short term indebtedness/obligations still outstanding at the cut-off/ reporting date. Withholding tax payable represents tax withheld on interest expense on deposits, on compensation and other transactions on which the bank is obliged to withhold as a withholding agent of the government. Dividends payable are due to preferred shares.

Due to Treasurer of the Philippines are deposit account balances which are dormant for ten years or longer which are due for transfer to the Treasurer of the Philippines due to absence of claimant.

The Lease liability is calculated using the present value of the lease payments over the lease term discounted using the average lending rate of 7% as provided by BSP.

17. SHAREHOLDERS' EQUITY

Ordinary Shares

The ordinary shareholders of the bank are given less priority as to assets liquidation compared to outside creditors and preferred shareholders. Ordinary shares are given equal rights and preference as among ordinary shareholders. The availability of dividends shall be determined by the net income after deducting any restriction for reserve requirements and preferred dividends, if any.

Authorized ordinary share capital as of December 31, 2020 amounted to P 200,000,000 or 200,000 ordinary shares with a par value of P 1,000 each. Total subscribed ordinary shares amounted to P 121,610,000 or 121,610 shares and paid up ordinary shares amounted to P 121,610,000 or 121,610 shares as of December 31, 2021.

Preference Shares

The preference shareholders of the Bank are given priority in the distribution of the assets of the corporation in case of liquidation. As to dividends, preferred shares are entitled to receive dividends



on the said shares to the extent agreed upon before any dividends at all are paid to ordinary shareholders. As to voting rights, preference shareholders are not entitled to vote in the normal course of business and decision making of the bank except as those provided in Sec X of the Corporation Code of the Philippines.

Authorized preference share capital as of December 31, 2021 amounted to ₱ 100,000,000 or 100,000 preference shares with par value of ₱1,000 each. Total subscribed preference shares amounted to ₱ 66,920,000 or 66,920 shares and paid up preference shares amounted to ₱ 66,920,000 or 66,920 shares as of December 31, 2020. There is no paid-up nor subscription on government preference shares.

Under Section 121: Minimum Required Capital, Cooperative Banks with 11-50 branches in all other areas outside NCR are required to comply with the minimum capital of ₱40 Million within five (5) years. A capital build up program is also required to be submitted to the BSP within one (1) year from date of the circulars effectively. As at December 31, 2021 and 2020, the Bank is in compliant with the minimum capitalization requirement set by the BSP.

The reconciliation of number of ordinary shares outstanding during the period is as follows:

	2021		2020	
	Shares	Amount	Shares	Amount
Ordinary shares - ₱1,000 par value, 200,000 authorized shares	200,000	₱ 200,000,000	200,000	₱200,000,000
Ordinary shares at the beginning of the year	112,889	₱ 112,889,000	102,518	₱102,518,000
Issuance of shares of stocks	8,721	8,721,000	10,371	10,371,000
Ordinary shares at the end of the year	121,610	121,610,000	112,889	112,889,000

The reconciliation of number of preference shares outstanding during the period is as follows:

	2021		2020	
	Shares	Amount	Shares	Amount
Preference shares - ₱1,000 par value, 100,000 authorized shares	100,000	₱ 100,000,000	100,000	₱100,000,000
Preference shares at the beginning of the year	61,432	₱ 61,432,000	53,789	₱ 53,789,000
Issuance of shares of stocks	5,488	5,488,000	7,643	7,643,000
Preference shares at the end of the year	66,920	₱ 66,920,000	61,432	₱ 61,432,000

The reconciliation of retained earnings free and reserve during the period is as follows:

Retained Earnings - Free

	2021	2020
Balance, Beginning	₱ 12,233,119	₱ 27,270,375
Net Income	21,446,620	6,807,255
Provision and Adjustments	3,776,891	(19,598,116)
Appropriation for the year	(7,077,385)	(2,246,394)
Balance, Ending	₱ 30,379,245	₱ 12,233,119

Retained Earnings - Reserve

Retained Earnings - Reserves represent funds set aside for unforeseen events that may require immediate cash outflow, such as for contingencies and losses.



	2021	2020
Balance, Beginning	P 41,136,554	P 40,299,939
Reserve for General Fund	2,144,662	680,725
Reserve for Land and Building	1,501,263	476,508
Reserve for Retirement CETF	2,144,662	680,725
Reserve for Donated Surplus	643,399	204,218
Reserve for Community Development Fund	643,399	204,218
Provision and Adjustments	(4,238,234)	(1,409,779)
Balance, Ending	P 43,975,706	P 41,136,554

Provision and Adjustments

Breakdown of provision and adjustment on Retained Earnings – Free

	2021
Prior Year Adjustment	
Auditors adjustment 2019	P 42,686
Appropriation Year 2020	2,246,394
Depreciation of FFE	2,093
Auditor's Adjustment 2020	258,436
Current Year Adjustment	
Reclassification of accounts	(467,386.86)
Reclassification and Adjustment of various accounts	2,091,710.72
Recognition of Right of Use and Lease Liability	(397,042)
Total	P 3,776,891

Breakdown of provision and adjustment on Retained Earnings - Reserve

	2021
Training expenses charged to CETF	P (375,930)
Reserve CETF transferred to liability account	(1,111,723)
Distribution of relief Goods for Typhoon	(220,000)
Various charges to Community Development Fund	(284,186)
Appropriation for the year 2020	(2,246,394)
Total	P (4,238,234)

Capital Management

The primary objectives of the Bank's capital management are to ensure that it complies with externally imposed capital requirements and that it maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholders' value. The Bank maintains sufficient capital necessary to support its primary purpose and/or undertakings which it has initiated and promoted. The Bank management involves maintaining funding capacity to accommodate fluctuations in asset and liability levels due to changes in the Bank's business operations of unanticipated events created by consumer behavior or capital market conditions.

The Bank manages its capital structure and makes adjustment to it in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Bank may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities.

Regulatory Qualifying Capital

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 PFRS in some aspects.



BSP Circular No. 688, Revised Risk-Based Capital Adequacy Framework for stand-alone thrift banks, rural banks and cooperative banks which took effect on January 1, 2012 represents BSP's commitment to align existing prudential regulations with international standards, which is consistent with the BSP's goal of promoting the soundness and stability of individual banks and of the banking system as a whole. BSP Circular No. 688 replaced BSP Circular No. 280 which is primarily based on Basel 1.

Under current banking regulations, the combined capital accounts of each bank should not be less than an amount equal to ten percent (10.00%) of its risk assets. The qualifying capital of the Bank for purposes of determining the capital-to-risk assets ratio to total equity excludes:

- unbooked valuation reserves and other capital adjustments as may be required by the BSP;
- total outstanding unsecured credit accommodations to directors, officers, stakeholders and related interests (DOSRI);
- deferred tax asset or liability; and
- other regulatory deductions.

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 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.

Under BSP Circular No. 360, effective July 1, 2003, the risk-based capital adequacy ratio (CAR) is to be inclusive of a market risk charge. BSP Circular No. 560 dated January 31, 2007, which took effect on February 22, 2007, requires the deduction of unsecured loans, other credit accommodations and guarantees granted to subsidiaries and affiliates from capital accounts for purposes of computing CAR.

The CAR of the Bank as at December 31, 2021 and 2020, as reported to the BSP, is shown in the table below:

	2021	2020
Tier 1 Capital	P 238,770,951	P 208,549,708
Tier 2 Capital	39,256,859	31,714,325
Total Qualifying Capital	278,027,810	240,264,033
Risk Weighted Assets	P 2,353,273,568	P 2,019,861,353
Tier 1 Capital Ratio	10.15%	10.32%
Tier 2 Capital Ratio	1.67%	1.57%
Capital Adequacy Ratio (CAR)	11.81%	11.90%

The Bank's Total Qualifying Capital as at December 31, 2021 and 2020 was computed as follows:

	2021	2020
A. Calculation of Qualifying Capital		
A.1 Tier 1 Capital		
Core Tier 1 Capital		
Common Shares	P 121,610,000	P 112,889,000
Preferred Shares Perpetual, Non-Cumulative	42,851,000	42,851,000
Retained Earnings	74,354,951	53,369,674
Deductions from Core Tier 1 Capital		
Total outstanding unsecured credit accommodations, both direct and indirect, to DOSRI, net of allowance for credit losses	45,000	559,966
Total Tier 1 Capital	P 238,770,951	208,549,708
A.2 Tier 2 Capital		
Upper Tier 2 Capital		
Preferred Shares Perpetual, Cumulative	24,069,000	18,581,000



Paid-up limited life redeemable preferred stock with the replacement requirement upon redemption	1,144,000	1,144,000
General Loan Loss Provision	14,043,859	11,989,325
Total Upper Tier 2 Capital	39,256,859	31,714,325
Total Qualifying Capital	P 278,027,810	P 240,264,033

Financial Performance

The following basic ratios measure the financial performance of the Bank:

	2021	2020
Return on Average Equity	8.74%	3.01%
Return on Average Assets	1.01%	0.36%
Net Interest Margin	7.32%	6.86%
Debt to Equity Ratio	7.67:1	7.74:1
Earnings Per Share	176.36	60.30
Book Value Per Share		
Ordinary Shares	2,101.17	1,957.08
Preference Shares	110.00	110.00

DEBT TO EQUITY RATIO

Formula: Debt to Equity Ratio = Total Liabilities / Total Equity

	2021	2020
Total Liabilities	P 2,015,746,999	P 1,761,648,836
Total Equity	262,884,951	227,690,674
Debt to Equity Ratio	7.67:1	7.74:1

EARNINGS PER SHARE

	2021	2020
Net Income	21,446,620	6,807,255
Less: Dividends to Preference Shares	6,692,000	6,143,200
Earnings Available for Common	14,754,620	664,055
Number of Shares		
Ordinary	121,610	112,889
Earnings Per Share Ordinary		
Ordinary	176.36	60.30

18. OTHER INCOME

This account consists of:

	2021	2020
Fees and Commission Income	P 52,110,468	P 40,345,510
Rental Income	510,500	215,000
Gains/(losses) from sale of ROPA and BFFE	2,010,168	1,761,625



Others	5,686,513	5,333,258
Recovery on charged-off assets	1,487,322	1,631,284
Total	P 61,804,971	P 49,286,677

19. COMPENSATION AND BENEFITS

This account consists of:

	2021	2020
Salaries and Wages	P 45,885,275	P 46,193,067
13th Month Pay and Other Fringe Benefits	39,108,087	31,767,231
Director's Compensation & Committee Member's Fee	2,311,000	2,026,000
SSS, Philhealth and Employees Compensation		
Premium and PAGIBIG Fund Contribution	5,100,905	4,612,626
Medical/Dental Hospitalization	2,667,778	2,927,697
Provision to Retirement Fund	3,826,550	687,650
Total	P 98,899,594	P 88,214,271

20. RETIREMENT PLAN

The Cooperative Bank has a defined benefit plan provided for the retirement plan required to be paid under RA No. 7641. Under PAS 19, "Employee Benefits", the cost of defined contribution plan including those mandated under RA No. 7641 should be determined using the term or years of service of an employee. As at December 31, 2021, the Bank's sinking fund for retirement of employees amounted to P 6,021,330 as computed in accordance with DOLE regulations. On January 7, 1993, Republic Act (R.A.) No. 7641, otherwise known as the New Retirement Law, took effect and amended Article 287 of the Labor Code of the Philippines (PD No. 442)

21. OTHER OPERATING EXPENSE

This account consists of:

	2021	2020
Travelling	P 6,211,360	P 8,030,587
Security, Clerical, Messengerial & Janitorial Service	8,554,870	8,038,814
Rent	894,256	3,137,861
Other Expenses	4,713,271	3,779,707
Power, Light and Water	3,106,623	2,624,616
Representation and Entertainment	3,113,170	3,092,366
Stationeries and Supplies Used	2,625,577	2,199,771
Insurance Expenses- Others	2,525,477	1,770,302
Fuel, Oil and Lubricants	2,369,958	1,979,984
Postage, Telephone and Telegram	3,409,100	3,541,527
Litigation Expenses	2,022,769	3,351,806
Repairs and Maintenance	2,260,040	1,888,996
Insurance Expense - PCIC	38,227	-
Insurance Expenses- PDIC	2,287,833	1,858,800
Management and Other Professional Fees	511,019	246,035
Information Technology Expenses	1,308,282	916,358
Supervision Fees	405,750	373,792
Donations and Charitable Contributions	69,500	126,577
Advertising and Publicity	1,534,590	649,291



Membership fees and Dues	51,855	12,800
Documentary Stamps	41,956	110,351
Fines and Penalties	60,002	127,757
Periodicals and Magazines	10,358	6,720
Interest Expense - Leasing Arrangement	896,818	333,609
Fees and Commission Expense	161,941	188,248
Total	P 49,184,602	P 48,386,675

22. DEPRECIATION AND AMORTIZATION

This account consists of:

	2021	2020
Depreciation Expense - Building	P 1,183,623	P 972,372
Depreciation Expense - Furniture and Fixtures	952,652	1,035,362
Depreciation Expense - IT Equipment	3,795,791	5,101,434
Depreciation Expense - Other Office Equipment	641,196	639,834
Depreciation Expense - Transportation Equipment	3,097,022	3,326,295
Depreciation Expense - Leasehold Rights and Improvements	1,184,594	1,181,841
Depreciation Expense - Investment Property	-	106,227
Depreciation Expense - RUA	2,628,535	957,873
Total	P 13,483,413	P 13,321,238

23. LEASE AGREEMENTS

Bank as a lessee

Finance Lease

The undiscounted maturity analysis of lease liabilities at December 31, 2021 is as follows:

	2021	2020
Within one year	P 3,026,530	P 914,032
Beyond one year but not more than five years	7,765,482	2,783,555
Beyond five years	4,998,152	1,765,381
Total	P 15,790,164	P 5,462,968

Set-out below are the carrying amount of lease liability and the movements during the year:

	2021	2020
Beginning balance	P 4,069,369	P 3,963,844
Addition	2,210,759	802,003
Accretion of interest	896,818	333,609
Payments	(3,288,134)	(1,030,088)
Adjustment	8,436,473	
Ending balance	P 12,325,285	P 4,069,369

Right-of-use Asset

	2021	2020
Beginning balance	P 3,763,195	P 3,919,065
Addition	2,210,759	802,003
Depreciation	(3,047,429)	(957,873)
Adjustment	8,764,498	
Ending balance	P 11,691,024	P 3,763,195



Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance if the liability for each period. The bank premises, furniture, fixtures and equipment acquired under finance lease is depreciated over the shorter of the useful life of the asset or the lease term.

The Bank leases where its branches is located at the following:

- Sanchez Mira, the lease term is for a period of fifteen (15) years with a monthly rental of ₱12,000 from November 2019 and will mature on November 2034 subject to renewal.
- Sinait, Ilocos Sur, the lease agreement shall be for a period of five (5) years with a monthly rental of ₱24,000 the contract will commence on April 2018 and will mature on April 2023 subject to renewal.
- San Juan, La Union, the lease agreement shall be for five (5) years contract with a monthly rental of ₱24,000 which was started last June 2019 and will end on June 2024 subject to renewal.
- San Nicolas, Ilocos Norte, the lease agreement shall be for a period of five (5) years with a monthly rental of ₱10,000 from July 2019 and will mature on July 2024 subject to renewal.
- Bangui, Ilocos Norte, the lease agreement shall be for a period of three (3) years with a monthly rental of ₱10,088 which was started last March 2020 and will end on March 2023.
- Solsona, Ilocos Norte, the lease agreement shall be for a period of two (2) years with a monthly rental of ₱5,970 from June 2021 and will end on June 2023.
- Villasis, Pangasinan, the lease agreement shall be for a period of seven (7) years with a monthly rental of ₱45,672, inclusive of CUSA and subject to yearly escalation rate of five percent (5%) starting on the 3rd year. The lease will commence on December 2019 and will end on November 2026.
- Laoag City, Ilocos Norte, the lease agreement shall be for a period of one (1) year with a monthly rental of ₱64,994. The lease will commence on October 2011 and will end on March 2023.
- Batac, Ilocos Norte, the lease agreement shall be for a period of one (1) year with a monthly rental of ₱82,381 with an escalation of 10% for succeeding years. The lease will commence on January 2021 and will end on December 2021 subject to renewal.
- San Carlos City, Pangasinan, the lease agreement shall be for a period of ten (10) years with a monthly rental of ₱50,000 with an escalation of 10% for succeeding years. The lease will commence on January 2020 and will end on January 2030 subject to renewal upon mutual agreement of the parties.

Total rent expense paid arising from this transaction amounted to ₱ 894,256 and ₱ 3,137,861 in 2021 and 2020, respectively.

24. COMMITMENTS AND CONTINGENCIES

The following are the significant commitments and contingencies involving the bank:

- a.) The Bank is a plaintiff to various cases arising from the collection suits pending in courts for claims against delinquent borrowers of the bank. The final decision of which cannot be determined at



present. The amount of loans and receivables under litigation amounted to ₱ 8,168,417 as of December 31, 2021.

- b.) The Bank has no pending legal cases arising from its normal operation that will put the bank as defendant as a result of violation of transactions against its clients/depositors.
- c.) The Bank had no outstanding issuances of bank guarantee and other similar credit instruments that will put the bank into obligation in case of non-compliance by the buyer.
- d.) The bank had no outstanding outward and inward bills for collection at the end of the year.

25. INCOME TAX

The Bank has been duly registered with the Cooperative Development Authority (CDA) pursuant to RA No. 9520 and with Certificate of Registration dated May 8, 2017 under Registration No. 9520-201000000038400. The Bank has Certificate of Tax Exemption dated May 28, 2018, valid for five (5) years unless sooner revoked by the CDA.

As a cooperative dealing with both members and non-members with accumulated reserves and undivided net savings of not more than ten (10) million pesos, the Bank is entitled to the tax exemption and incentives provided for under Article 60 of RA No. 9520 as implemented by Sec. 7 of the Joint Rules and Regulations, implementing Art. 60, 61 and 144 of RA 9520 as follows:

- a. Exemption from Income Tax on income from CDA registered operations;
- b. Exemption from Value Added tax on CDA registered sales or transactions;
- c. Exemption from Percentage Tax
- d. Exemption from Donor's Tax on donations to duly accredited charitable, research and educational institution and reinvestment to socio-economics projects within the area of operation of the cooperative;
- e. Exemption from Excise Tax which it is directly liable;
- f. Exemption from documentary Stamp Tax; provided however that the other party to the taxable document/transaction who is not exempt shall be the one directly liable for the tax.
- g. Exemption from Annual Registration Fee of ₱500.00
- h. Exemption from all taxes on transactions with insurance companies and banks including but not limited to 20% final income tax on interest deposit and 15% final income tax on interest derived from a depository bank under the expanded foreign currency deposit system.

26. RELATED PARTY TRANSACTIONS

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. Entities are considered to be related if they are subjected under common control or significant influence. The Bank's related parties include:

- key management personnel, close family members of key management personnel and entities
- which are controlled, significantly influenced by or for which significant voting power is held
- by key management personnel or their close family members,
- post-employment benefit plans for the benefit of the Bank's employees, and

Remunerations of Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Bank, directly or indirectly. The Bank considers the members of the senior management to constitute key management personnel for purposes of PAS 24.



The compensation of key management personnel included under 'Compensation and benefits' in the statement of income are as follows:

	2021	2020
Short-term employee benefits	P 22,722,417	P 22,817,667
Post-employment benefits	3,826,550	687,650
Total	P 26,548,967	P 23,505,317

The Bank also provides banking services to directors and other key management personnel and persons connected to them. These transactions are presented in the tables that follow.

Regulatory Reporting

As required by BSP, the Bank discloses loan transactions with investees and with certain directors, officers, stockholders and related interests (DOSRI). 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 lending company within the Bank.

In the ordinary course of business, the Bank has loan transactions with certain directors, officers, stockholders and related interest (DOSRI). Under existing policies of the Bank, these loans are made substantially on the same terms as loans to other individuals and businesses of comparable risk. The amount of individual loans to DOSRI, of which seventy (70%) must be secured, should not exceed the amount of his deposits and book value of his paid-in capital in the Bank. In the aggregate, loans to DOSRI should not exceed the Bank's total capital funds or fifteen percent (15%) of the Bank's total loan portfolio, whichever is lower. As of December 31, 2021, the Bank has DOSRI loans amounting to P4,461,463 in its books. The Bank has no other related party loans to report other than those granted to DOSRI.

27. SUPPLEMENTARY INFORMATION REQUIRED UNDER RR 15-2010 AND RR 19-2011

Revenue Regulation (RR) No 15-2010

On November 25, 2010, the BIR issued RR 15-2010 prescribing the manner of compliance in connection with the preparation and submission of financial statements accompanying the tax returns. It includes provisions for additional disclosure requirements in the notes to the financial statements, particularly on taxes and licenses paid or accrued during the year.

Percentage Taxes (Gross Receipts Tax)

Under Republic Act No. 9520 or known as the Philippine Cooperative Code of 2008, cooperatives that are duly registered with Cooperative Development Authority (CDA) are exempt from the payment of Value-Added Tax.

Moreover on Republic Act No. 9337, it states under section 116 of the same code that cooperatives shall also be exempt from the three percent (3%) gross receipts tax imposed.

As of December 31, 2021, the Bank is duly registered and in good standing with Cooperative Development Authority.

Documentary Stamp Tax

Pursuant to revenue regulation No. 13-2004 dated December 23, 2004 " Implementing provisions of Republic Act No.9243, an act rationalizing the provisions of the documentary stamp tax of the Internal Revenue Code of 1997 (as amended), below are some of the circular affecting the operation of bank and non-bank financial intermediaries:



Section 51 of Republic Act No 10963: New Rate of DST on Original Issuance of Shares of Stock

There shall be two pesos (P2.00) on each two hundred pesos (P 200.00) or fractional part thereof of the par value of such shares of stock. Provided that in case of original issue of shares of stocks without par value, the amount of documentary stamp herein prescribed shall be based upon the actual consideration for the issuance of such shares of stocks. Provided further, that in the case of stock dividends, on the actual value represented by each share.

Section 55 of Republic Act No 10963: New Rate of DST on all Debt Instruments (Documents, Loan Agreements, Instruments and Papers)

One peso and fifty centavos (P1.50) on each two hundred pesos (P 200.00) or any fractional part thereof of the issue price of any such debt instrument. If the debt instrument has a maturity date of less than one (1) year, the DST due shall be computed based on the number of days the instrument is outstanding as a fraction of 365 days.

The components of 'Taxes and licenses' recognized in the statement of income for the year ended December 31, 2021, follow:

Taxes and Licenses

a. Local		
Business Permit	P	294,163
Community Tax Certificate		1,005
Real Property Tax		26,200
Others		43,079
b. National		
Vehicle Registration and Licenses		50,609
Others		2,500
Total-Taxes and Licenses	P	417,556

Withholding taxes in 2020 are categorized into:

Final withholding tax on interest expense	P	1,924,713
Withholding taxes on compensation and benefits		2,554,428
Expanded withholding tax		179,616
Total	P	4,658,757

Tax Assessments and Cases

As at December 31, 2020, the Bank has no outstanding assessment notice from the BIR or cases in court or bodies outside the BIR.

Revenue Regulation (RR) No 19-2011

The Bank reported the following schedules and information on taxable income and deductible expenses to be taken in 2020:

Sale of Services

Details of the Bank's taxable sale of services are as follows:		2021
Taxable Services	P	264,515,949
Interest income subject to final tax:		
Due from Other Banks		(541,824)
Debt Securities Measured at Amortized Cost		(2,148,766)
Total	P	261,825,359



Cost of Services

Details of the Bank's tax deductible cost of services accounts are as follows:

	2021
Direct Charges - Salaries and wages	P 98,899,594
Direct Charges - Insurance (PDIC)	2,287,833
Direct Charges - Insurance (PCIC)	38,227
Direct Charges - Supervision Fee	405,750
Direct Charges - others (interest expense net of 33% limit)	
Interest expense	62,461,515
Less: Limit (33% of interest income subj. to final tax)	-
Total	P 164,092,919

Itemized Deductions

Details of the Bank's itemized deductions are as follows:

	2021
Advertising & Publicity	P 1,534,590
Depreciation	10,854,877
Donations and Charitable Contributions	69,500
Fines and Penalties	60,002
Fuel & Lubricants	2,369,958
Information Technology Expense	1,308,282
Insurance - Others	2,525,477
Litigation Expenses	2,022,769
Management and Other Professional Fees	511,019
Membership Fees & Dues	51,855
Miscellaneous	4,713,271
Postage, Telephone, Cables & Telegram	3,409,100
Power, Light & Water	3,106,623
Rentals	4,182,389
Repairs and Maintenance	2,260,040
Representation and Entertainment	3,113,170
Security, Messenger and Janitorial Service	8,554,870
Stationeries & Supplies Used	2,625,577
Taxes and Licenses	417,556
Transportation and Travelling	6,211,360
Others	221,557
Total	P 60,123,844

Total Deductible Expense	P 224,216,763
Expense Reported in Audited Financial Statements	243,069,329
Difference*	P (18,852,566)

*Reconciliation of Difference:

Provision for Credit Losses	18,615,347
Depreciation - ROUA	2,628,535
Interest Expense - Leasing Arrangements	896,818
Lease payments for the year	(3,288,134)
Total	P 18,852,566

28. RECLASSIFICATION OF ACCOUNTS

Certain amounts in the comparative financial statements and note disclosures have been reclassified to conform to the current year's presentation. Management believes that the reclassifications resulted to a better presentation of accounts and did not have any impact on prior year's profit or loss.



29. OTHER MATTERS

1. Anti-Money Laundering Act (AMLA)

The Bank had completely satisfied the reporting requirements as required by the Bangko Sentral ng Pilipinas (BSP) and RA 9160 as amended by RA 9194 otherwise known as the Anti-Money Laundering Act.

2. As of December 31, 2021, all of the bank's directors had undergone the requirements for corporate governance as confirmed by the Monetary Board as mandated by MORB Subsection 901.

3. The Bank's deposit liabilities are covered with insurance and compliant with Philippine Deposit Insurance Corporation (PDIC).

31. SUPPLEMENTARY INFORMATION REQUIRED UNDER APPENDIX 55 OF BSP Circular No. 1074 Series of 2020

1.) Basic Quantitative indicators of Financial Performance

A. RETURN ON AVERAGE EQUITY

Formula: ROE = Net Income after Tax / Average Capital

	2021	2020
Net Income	P 21,446,620	P 6,807,255
Total Shareholders' Equity		
2021	262,884,951	
2020	227,690,674	
2020		227,690,674
2019		223,877,314
Total	490,575,625	451,567,988
Average Shareholders' Equity	245,287,812	225,783,994
Return on Average Equity	8.74%	3.01%

B. RETURN ON AVERAGE ASSETS

Formula: ROA = Net Income after Tax / Average of Total Assets

	2021	2020
Net Income	P 21,446,620	P 6,807,255
Total Assets		
2021	2,278,631,950	
2020	1,989,339,509	
2020		1,989,339,509
2019		1,752,141,607
Total	4,267,971,459	3,741,481,116
Average Assets	2,133,985,729	1,870,740,558
Return on Average Assets	1.01%	0.36%

C. NET INTEREST MARGIN

Formula: Net Interest Margin Ratio = Net Interest Income / Average Earning Assets

Formula: Average Earning Assets = Due from BSP + Due from Other Banks+ Loans + Debt Securities Measured at Amortized Cost



	2021	2020
Net Interest Income	P 140,249,463	P 116,782,983
Interest Earnings Assets		
2021	2,009,399,721	
2020	1,821,775,885	
2020		1,821,775,885
2019		1,585,322,253
Total	3,831,175,607	3,407,098,138
Average Assets	1,915,587,803	1,703,549,069
Net Interest Margin	7.32%	6.86%

2.) Capital Instrument

Ordinary Share	2021		2020	
	Shares	Amount	Shares	Amount
Ordinary shares - P1,000 par value, 200,000 authorized shares	200,000	P 200,000,000	200,000	P200,000,000
Ordinary shares at the beginning of the year	112,889	P 112,889,000	102,518	P102,518,000
Issuance of shares of stocks	8,721	8,721,000	10,371	10,371,000
Ordinary shares at the end of the year	121,610	121,610,000	112,889	112,889,000
Preference Share	2021		2020	
	Shares	Amount	Shares	Amount
Preference shares - P1,000 par value, 100,000 authorized shares	100,000	P 100,000,000	100,000	P100,000,000
Preference shares at the beginning of the year	61,432	P 61,432,000	53,789	P 53,789,000
Issuance of shares of stocks	5,488	5,488,000	7,643	7,643,000
Preference shares at the end of the year	66,920	P 66,920,000	61,432	P 61,432,000

3.) Significant Credit Exposure.

As to Concentration of Credits to Certain Industry/Economic Sector:

Portfolio	2021		2020	
		%		%
Agriculture, Forestry and Fishing	P 333,654,576	19.39%	P 293,807,480	19.44%
Manufacturing	140,573,574	8.17%	112,691,514	7.46%
Wholesale & Retail Trade, Repair of Motor Vehicles, Motorcycles	442,401,394	25.71%	314,008,855	20.77%
Construction	7,688,506	0.45%	3,097,544	0.20%
Real Estate Activities	63,173,520	3.67%	53,177,240	3.52%
Other Service Activities	22,354,393	1.30%	12,762,650	0.84%
Accommodation and Food Service Activities	243,555	0.01%	10,702,719	0.71%
Transportation and Storage	1,104,828	0.06%	1,581,211	0.10%

Loans to Individuals Primarily for Personal Use	709,130,577	41.21%	709,608,036	46.95%
Professional Scientific and technical services	224,402	0.01%		
Information and Communication	44,082	0.00%	44,082	0.00%
Total Loan Portfolio	P1,720,593,408	100.00%	P 1,511,481,331	100.00%

Percentage Per TIER 1 Capital	2021	%	2020	%
Agriculture, Forestry and Fishing	P333,654,576	139.74%	P 293,807,480	140.88%
Manufacturing	140,573,574	58.87%	112,691,514	54.04%
Wholesale & Retail Trade, Repair of Motor Vehicles, Motorcycles	442,401,394	185.28%	314,008,855	150.57%
Construction	7,688,506	3.22%	3,097,544	1.49%
Real Estate Activities	63,173,520	26.46%	53,177,240	25.50%
Other Service Activities	22,354,393	9.36%	12,762,650	6.12%
Accommodation and Food Service Activities	243,555	0.10%	10,702,719	5.13%
Transportation and Storage	1,104,828	0.46%	1,581,211	0.76%
Loans to Individuals Primarily for Personal Use	709,130,577	296.99%	709,608,036	340.26%
Professional Scientific and technical services	224,402	0.09%		
Information and Communication	44,082	0.02%	44,082	0.02%
Total Loan Portfolio	P1,720,593,408		P 1,511,481,331	

The BSP considers that significant credit exposures exist when total loan to a particular economic sector exceeds 30% of the total loan portfolio or 10% of TIER 1 Capital. As at December 31, 2021, one (1) industry exceeds 30% of the total loan portfolio and five (5) industries exceed 10% of Bank's TIER 1 Capital.

4.) Breakdown of Total Loans as to: Status and Security

As to Status:

	2021	%	2020	%
Current Loans	P 1,550,207,250	90.10%	P 1,337,614,366	88.50%
Past Due Loans				
Performing	23,761,360	1.38%	31,049,746	2.05%
Non-Performing	138,456,381	8.05%	134,325,625	8.89%
Items in Litigation	8,168,417	0.47%	8,491,595	0.56%
Total Loan Portfolio	P 1,720,593,408	100.00%	P 1,511,481,331	100.00%

Product Line	Performing	2021 Non-Performing	Total
Agrarian Reform Loans	P74,003,656	P9,344,895	P83,348,551
Other Agricultural Credit Loans	215,108,495	33,832,366	248,940,861
Other Microenterprise Loans	249,266,927	16,382,032	265,648,960
Small Scale Enterprise	204,271,285	41,617,422	245,888,707
Medium Scale Enterprise	102,411,651	-	102,411,651
Loans to Private Corporations - Non-Financials	500,000	1,389,539	1,889,539
Loans to Individuals for Housing Purposes	60,918,265	2,255,256	63,173,520
Loans to Individuals for Personal Use Purposes	667,488,331	41,642,247	709,130,577



Loans to Individuals for Other Purposes	-	161,040	161,040
Total Loan Portfolio	P1,573,968,610	P146,624,798	P1,720,593,408

Product Line	Performing	2020 Non- Performing	Total
		P	P
Agrarian Reform Loans	P 75,762,865	10,414,913	86,177,777
Other Agricultural Credit Loans	177,152,860	29,090,680	206,243,540
Other Microenterprise Loans	156,571,018	33,143,788	189,714,806
Small Scale Enterprise	145,235,897	9,084,998	154,320,895
Medium Scale Enterprise	99,475,099	10,682,393	110,157,493
Loans to Private Corporations - Non-Financials	509,966	1,410,539	1,920,505
Loans to Individuals for Housing Purposes	50,637,233	2,540,007	53,177,240
Loans to Individuals for Personal Use Purposes	663,319,175	46,288,861	709,608,036
Loans to Individuals for Other Purposes	-	161,040	161,040
Total Loan Portfolio	P 1,368,664,112	P 142,817,219	P1,511,481,331

As to Security:

	2021	%	2020	%
Secured				
Real Estate Mortgage	P 800,868,701	46.55%	P 673,478,849	44.56%
Chattel Mortgage & Others	146,652,768	8.52%	132,426,916	8.76%
Unsecured	773,071,940	44.93%	705,575,566	46.68%
Total Loan Portfolio	P 1,720,593,408	100.00%	P 1,511,481,331	100.00%

5.) Below are the selected ratios relative to the Banks' DOSRI and Related Party loan accounts.

2021	DOSRI Loans	Related Party Loans Inclusive of DOSRI
A.1. Outstanding Balance	P 4,461,463	P 4,461,463
A.2. Total Loan Portfolio	1,720,593,408	1,720,593,408
B. Percentage of DOSRI/Related Party to Total Loan Portfolio (A.1/A.2.)	0.26%	0.26%
C. Percentage of unsecured DOSRI/RP to Total DOSRI/RP Loans		
Unsecured	45,000	45,000
Total DOSRI/RP Loan	4,416,463	4,416,463
	1.02%	1.02%
D. Percentage of Past Due DOSRI/RP to Total DOSRI/RP Loans		
Past Due	-	-



Total DOSRI/RP Loan	4,416,463	4,416,463
	0.00%	0.00%

E. Percentage of Non-Performing DOSRI/RP to Total DOSRI/RP Loans

Non-Performing	-	-
Total DOSRI/RP Loan	4,416,463	4,416,463
	0.00%	0.00%

2020	DOSRI Loans	Related Party Loans Inclusive of DOSRI
A.1. Outstanding Balance	P 25,549,930	P 25,549,930
A.2. Total Loan Portfolio	1,511,481,331	1,511,481,331
B. Percentage of DOSRI/Related Party to Total Loan Portfolio (A.1./A.2.)	1.69%	1.69%
C. Percentage of unsecured DOSRI/RP to Total DOSRI/RP Loans		
Unsecured	559,966	559,966
Total DOSRI/RP Loan	25,549,930	25,549,930
	2.19%	2.19%

D. Percentage of Past Due DOSRI/RP to Total DOSRI/RP Loans

Past Due	-	-
Total DOSRI/RP Loan	25,549,930	25,549,930
	0.00%	0.00%

E. Percentage of Non-Performing DOSRI/RP to Total DOSRI/RP Loans

Non-Performing	-	-
Total DOSRI/RP Loan	25,549,930	25,549,930
	0.00%	0.00%

6.) AGGREGATE AMOUNT OF SECURED LIABILITIES AND ASSETS PLEDGED AS SECURITY

The aggregate amount of secured liabilities and assets pledged as security are as follows:

Secured Liabilities	Amount	Assets Pledged as Security	Amount
Bills Payable	P 585,929,665	Promissory Notes Rediscounted	P 689,329,017

The outstanding balance of the bills payable is equivalent to 85% of the outstanding balance of the assets pledged as security.

7.) As of December 31, 2021, the Bank has off-balance sheet net committed credit lines and contingent accounts of P75,259,565 and P78,891, respectively.

32 THE IMPACT OF CORONAVIRUS DISEASE 2019 (COVID-19) ON THE FINANCIAL STATEMENTS

The impact of COVID-19 on the Bank's operations continues to evolve, the Bank will continue to monitor the situation.

-END OF REPORT-

**EDGARDO M. MOLINA, CPA**

Blk 10, Lot 26, Kroner Street, Villa Carolina I

Tunasan, Muntinlupa City

Email: emmolinaconsultancy@gmail.com**STATEMENT REQUIRED BY SECTION 8-A, REVENUE REG. NO. V-20**

**TO THE MEMBERS AND BOARD OF DIRECTORS of
ILOCOS CONSOLIDATED COOPERATIVE BANK**
National Highway Bagani Campo, Candon City, Ilocos Sur

I have audited the financial statements of **ILOCOS CONSOLIDATED COOPERATIVE BANK** for the calendar year ended December 31, 2021, on which I have rendered my report dated March 30, 2022.

In compliance with Section 8-A, Revenue Regulation V-20, I am stating the following:

1. That the taxes paid or accrued by the Cooperative for the year ended December 31, 2021 are shown in the schedule of taxes and licenses attached to the income tax return.
2. That I am not related by consanguinity or affinity to the Management and Members of the Board of Directors;
3. That I have no financial interest to the Cooperative or any family relationships with its management.

EDGARDO M. MOLINA

TIN No. 123-467-133-000

CPA Certificate No. 39419

BOA/PRC Certificate No. 2577, valid until September 1, 2024

BIR Accreditation No. 08-005012-001-2020, valid until January 23, 2023

BSP Accreditation No. 39419-BSP (Category C), issued March 26, 2020,

valid for a period of five (5) years to engage in the audit of 2019 to 2023 financial statements

CDA Accreditation No. AN-CEA-04-05, valid until April 7, 2024

PTR No. 4148225, Issued January 7, 2022 at Muntinlupa City

March 30, 2022

VIII. CAPITAL STRUCTURE AND CAPITAL ADEQUACY

as of December 31, 2021

Tier 1 CAPITAL	AMOUNT
Paid up common stock	121,610,000.00
Paid-up perpetual and non-cumulative preferred stock	42,851,000.00
Retained earnings	75,539,840.14
TOTAL TIER 1	240,000,840.14
 TIER 2 CAPITAL	
Paid-up perpetual and cumulative preferred stock	24,069,000.00
Paid-up limited life redeemable preferred stock with the replacement requirement upon redemption	1,144,000.00
General loan loss provision	14,043,859.38
TOTAL TIER 2	39,256,859.38
 Deduction from TIER 1 and TIER 2	45,000.00
 Total Qualifying Capital	279,212,699.52
 Capital Requirements for Credit Risk	2,100,200,571.71
Capital Requirements for Market Risk	-
Capital Requirements for Operational Risk	253,072,995.87
 Total Risk weighted Capital	2,353,273,567.58
 Risk Based Capital Adequacy Ratio	11.86%

ICCB OPERATIONAL PLAN CY-2022

KEY AREAS OF CONCERN	OBJECTIVES	STRATEGIES/ ACTIVITIES	EXPECTED OUTPUT	TIME FRAME	PERSON RESPONSIBLE
A. LEARNING & GROWTH/ HUMAN RESOURCES					
* Trainings/ Seminars/ Continuing Education Program	To continue developing competent and competitive staff/manpower	<ol style="list-style-type: none"> 1. Implement Training needs analysis (TNA) and send concerned personnel to trainings; 2. Provide in house orientation trainings for concerned employees; 3. Implement hiring policies and career pathing and compulsory seminar for staff, officers, directors and members; and 4. Encourage employees to enroll in post graduate courses 	<ul style="list-style-type: none"> - Developed competent and competitive staff, officers and directors of the Bank - Improved/updat ed HR Manual 	All year round	Corporate Officers /BOD'S
<ul style="list-style-type: none"> • Rest and Recreation/ • Team Building 	To sustain camaraderie between and among employees and Officers of the Bank.	<ol style="list-style-type: none"> 1. Develop a Team Building Program; 2. Set time & place for Team Building. 3. Provide budget; 4. Contact venue and places to visit. 	Teamwork and Solidarity among the officers & staff of the Bank	April, 2022 (3 rd week)	BODs, Corporate Officers and Employees
<ul style="list-style-type: none"> • Promotion 	To promote employees with exemplary performance	<ol style="list-style-type: none"> 1. Implement Performance evaluation of employees. 2. Recognize dedicated and deserving employees 3. Implement salary increase for promoted employee. 	Deserving employees and officers were recognized and upgraded	All year round.	BODs, President, GM, BM, HR Manager
<ul style="list-style-type: none"> • Health Program 	To ensure that all employees are physically and emotionally fit to work	<ol style="list-style-type: none"> 1. Continue providing health insurance and medical allowance to employees 2. Plan for sports activities to be participated by all Officers and employees- interbranch sports competition-ball games; 3. Avail health care program. 	Employees are physically and emotionally fit, less absences and met their quota/target. Enrolled all employees to health care program.	First quarter and Third quarter of the year	All BOD, officers and employees of the Bank
<ul style="list-style-type: none"> • Hiring 	To hire qualified job applicants depending on vacancies.	<ol style="list-style-type: none"> 1. Pre -assessment of applicants based on submitted documents. 2. Conduct interview of the pre-selected applicants (with IQ & EQ exams). 3. Conduct background investigation of the selected applicant. 4. Orientation of Bank's policies and procedure and shall undergo 6 months probationary period. 5. Assess and recommend for permanency of appointment, termination or work extension. 	Hired employees who are qualified and competitive and exemplifies the CORE values of the Bank	All year round	BODs and Corporate Officers
<ul style="list-style-type: none"> • Fringe Benefit Program (FBP) 	To continuously implement the FBP of employees for sustainability & retention.	<ol style="list-style-type: none"> 1. Implement the approved FBP policy. 2. Allocate fund for the FBP of the Bank provided not to exceed 5% of the total 	Employees' retention and loyalty improved.	All year round	All regular employees and BODs



• Retirement	To implement the approved Retirement Program of the Bank.	loan portfolio. 1. Continue allocating retirement benefits of employees charged to operation. 2. Allocate retirement fund from the net surplus of the Bank.	Retirement Benefits of employees fully provided.	Monthly and at the end of the year.	BODs, President and Accountant
B. BUSINESS OPERATIONS/ PHYSICAL RESOURCES a. Building/ office improvements	To have a conducive working place and suitable business establishment	1. Allot funds for the construction of Branch buildings for Batac & Laoag; renovation of head office and construction of corporate office pantry and renovation of Bantay branch building. 2. Maintain cleanliness at all times using 5 S in all offices;	- Maintained conducive business and working place. -Constructed building for Batac & Laoag Branches	All year round -2nd or 3rd quarter 2022	Admin Officer, BM, President
b. Furniture and Fixtures	To maintain adequate and conditioned FFE.	1. To provide adequate FFE and to purchase as necessary; 2. To maintain the good running condition of FFE & must be available at all times.	Furniture, Fixtures and Equipment are adequate and in good working condition.	All year round	All employees, Human Resource Manager, BM, GM, President
c. Service vehicles	-To maintain good condition service-vehicles of the bank. - To implement the approve vehicles usage guidelines.	1. Regular maintenance/ check-up thru service center/dealer 2. Update vehicle usage policy	Well maintained service vehicles.	All year round	President, GM, BM, Asset Management Manager and Drivers
d. Communication Facilities	To maintain and improve communication facilities to easily communicate with other department/ branches, regulatory agencies, clients and others.	1. Provide all offices with the right communication tools and budget. 2. Internet connection should be checked from time to time by the IT staff. 3. To use & maintain website of the Bank ...ichooseiccb.com .	Communication facilities functioning and adequate.	All year round All year round	President, GM, HRM, BMs, IT Staff
d. Security Measures Facilities	To maintain a well secured bank premises and human resources. -To enter a two years contract to a Private Security Agency	1. Continue improving the physical facilities and securities of the Bank. 2. Conduct security trainings for employees. 3. Seek BOD approval for the authority of the Bank to enter a contract with PSA	Maintained a well secured premises and human resources.	All year round	Management Staff, BOD, President, GM, CCO, CIA, Security Officer
C. BUSINESS PROSPECTIVE/ OPERATIONS					
1. Total Resources	To have a total asset of P2.483 B	1. Continuous recruitment of deposits; market loan products, implement capital build-up program, collection of accounts and increase income.	Attained an asset as per target	All year round	All employees, BODs and Officers



2. Loan Portfolio a. Loan Releases	To Release loans amounting to <u>P 1.454 B</u> : Head Office – <u>P230M</u> Bantay Branch- <u>P105M</u> Bangued Branch- <u>P110M</u> San Juan Branch- <u>P90.03M</u> Bangui Branch- <u>P125M</u> Batac Branch- <u>P93M</u> Laoag Branch- <u>P110M</u> Marcos Branch- <u>P105M</u> San Nicolas Branch- <u>P75M</u> Sinait Branch- <u>P82M</u> Solsona Branch- <u>P75M</u> Sanchez Mira- <u>P86.1M</u> Villasis - <u>P78M</u> San Carlos- <u>P85M</u>	1. To market various loan products of the bank. 2. Visit primary cooperatives (members and non-members), commercial establishment owners, proprietors, sellers or vendors, contractors and farmers and offer services of the Bank. 3. Encourage existing clients to re-avail loan; 4. Encourage some depositors to avail hold out loan. 5. Grant Loans to qualified borrowers based on 5Cs of credit.	Released budgeted loan <u>P 1.454 B</u> for CY-2022	All year round	Loan Department, BMs, President, GM,
b. Loan Collections	1. Total loan collection <u>P1.363B</u>	1. Implement the action plan/strategies in collecting accounts. 2. Hire additional Account Officer, if deemed necessary.	Collected the amount of <u>P1.363B</u>	All year round	Loan Department, BMs, GM, AM Manager and all staff
c. Past due	1. To collect past due loans with projected past due rate of <u>6.99%</u> .	Implement the action plan/strategies to reduce past due loan per branch. Adopt strategies to prevent accounts to be reclassified to past due.	Past due amount reduced and past due ratio reduced to <u>6.99%</u> .	All year round	Corporate Officers, Loan Department, BMs, AM Manager, GM and all staff
d. Loan Loss Provision	To fully comply the loan loss	1. Continue providing required allowance for credit losses 2. To reduce/recover past due accounts -make all necessary actions to prevent current accounts of becoming past due. 3. Monthly monitoring of ACL by respective branch accountant/bookkeeper.	Loan loss provision is adequate. Provide ACL more than the budgeted amount.	All year round	BODs, President, GM Corporate Officers, Loan Department, Accounting, CIA CCO, BMs,
e. Written off Accounts	To collect and close at least <u>2%</u> of written off accounts. .	1. Send demand letters to accounts written off. 2. AMD Account officers to have quota of written off accounts to be visited.	Recovered at least <u>2%</u> of the Written off accounts.	All year round	Asset Management Department
3. Net Income	To meet the target consolidated net income of <u>P30.543M</u>	1. To meet the targeted/budgeted Loan releases for the year; 2. To increase collection of long overdue accounts interest and penalties 3. Implement prudent spending; 4. Collect written off accounts; 5. Explore and avail funds	Generated an income of at least <u>P30.543M</u>	All year round	President, GM, Branches headed by the Branch Manager



		with lower costs; Others			
4. Liquidity	To maintain a liquidity ratio of not less than the industry average	1. Continues monitoring of cash and cash equivalents; 2. Prepare available documents ready for rediscounting to LBP and other financing agencies; 3. Recover past due accounts and sell ROPA; 4. Continues deposit and capital generations	Maintained & compliant of the required liquidity ratio	All year round	President, CFO, BMs, Cashier, Tellers, GM
5. ROPA	To dispose ROPA of at least 70 Million.	1. Continuously visit/monitor/follow-up previous owners to repurchase/redeem their property. 2. Look for possible buyers with negotiable price as approved by BOD. 3. Coordinate with possible agents following approved incentive scheme. 4. Post and advertise ROPA/consolidated properties of the Bank thru the Bank's website, branches and public places.	Sold/dispensed ROPA of P70 Million.	All year round	Asset Management Department
6. Deposits	To generate additional deposits of P155.450M	Uphold the trust and confidence of depositors, members and all stakeholders by prudently managing the Bank's resources and having employees who adheres to the core values of the Bank.	Total outstanding deposits of P155.450M.	All year round	All employees/ Officers
7. Bills Payable	To have approve credit line/ rediscounting line	1. To avail available line from various lending institutions.	Availed credit line	All year round	CFO, PO, GM, BMs and All employees
8. Capital Stock	To Increase capital by P27M	1. Implement the capital build-up program of the Bank - visit and recruit new members and offer preferred shares to individuals. For those elected officers, he/she must maintain a minimum preferred shares of P50,000 and for the incoming elected officers to deposit the amount as Savings or Time deposit and will be transferred as preferred shares soon he /she will be elected.	Total share capital of P223.44M	All year round	BODs, Committee, and Bank's Management Staff
D. CUSTOMER PERSPECTIVE AND MARKETING					
1. Shareholders	- To maintain shareholders confidence and trust. -To facilitate the conduct of various compliance training for	- To visit coop members /investors and offer Bank's programs and services, conduct investors forum and ownership meetings. - Implement capital build up program of the Bank. -Implement Plans and	- Implemented various programs & activities geared to increasing shareholders trust and confidence: - ownership meetings, investors forum and visits. Capital build up	All year round	BODs, President, HCAO, GM, BMs, all staff



2. Bank's Customers & Clients	members investors.	Programs of Education Committee to invite coops to attend CDA required seminars & trainings. - To invite training to all coop members in preparing reports to CDA at set date. - To prepare a Bank's customer care policy.	programs. - Customer Care Policy prepared and implemented. - Retained Bank clients & satisfied with Bank's services. -Additional clients recruited. -Prepared Bank's Customer Policy. - Consumers are protected from unscrupulous practice.		
3. Customer Protection	- To sustain & improve customer care & retention. - To protect the rights of financial consumers.	1. Implement the approved financial consumer protection program of the Bank. 2. HCAO to monitor implementation of the consumer protection program.			
E. COOP BANK SOCIAL RESPONSIBILITY	- To implement various community projects and services in the Bank's area of operations	- To give donations to areas affected by calamities. - coordinate with government clinics for Medical Mission	- Implemented community projects within the Bank's area of operation.	All year round	BODs, President, HCAO, GM, BMs, all staff
F. PLANS AND PROGRAMS					
1. Core Banking System	Full utilization of Cyberone System to all branches	1. Purchase/ acquire the required IT resources needed; 2. Coordinate with system provider on the updates of the system and local area networking; 3. To monitor implementation of the action plan on the full utilization of the system to be spearheaded by the assigned officers and staff.	Fully operationalize Cyberone	1 st to 2 nd Quarter 2022	BODs, President, GM, IT Officers, Chief Accountant, CFO
2. In partnership with other Commercial Banks for other services	- To put up Automated Time Machine for 6 branches. -To apply for payment agency of SSS and other premiums	1. Continuously improved the operations of the Bank to comply with the requirements for ATM and SSS payment;	ATM were established	3 rd Quarter	BODs, Pres., GM, BMs, All officers and management staff
G. POLICIES, PROCEDURES and OTHERS					
1. Branch Performance Appraisal	To improve branch operations and compliance to Bank's policies and procedures.	Regular reporting of BMs/LOs/Branch Accountants; Evaluates branch performance appraisal quarterly	Improved the performance of branches and minimize deficiencies.	Every quarter	BM, GM, Branch Accountants, Loan Officers and all branch



2. Reportorial Requirements	To submit mandatory reports accurate and on time	On time reporting to regulatory agencies like BSP, CDA, others and affiliates.	Reports submitted on time	All year round	personnel President, Corporate Officers, GM, Chief Accountant, Secretary, CCO,
3. Compliance and Audit	To strengthen the compliance and internal control system of the Bank to ensure that the Bank adheres to all applicable legal, regulatory and corporate requirements for banks and to ensure that internal policies and procedures complies and/or parallel with industry's best practices.	<ol style="list-style-type: none"> 1. From time to time conduct orientation to employees for the policies and procedures of the Bank. 2. Check implementation of the approved internal policies and procedures; 3. Implementation of sanctions for erring officers and employees for non-compliance; 	Bank activities are conducted in accordance with pertinent rules and regulations issued by regulatory agencies/bodies to safeguard the interest of stakeholders.	All year round	BODs, President, GM, CCO, CIA, All Officers and Management staff
4. Credit Information System Act (CISA)	To comply with the requirements of CISA	<ol style="list-style-type: none"> 1. Comply with the needed documentary requirements for registration to CIC; 2. Provide the needed data to CIC using the Cyberone system and to utilize the same for the credit process of the bank. 	Complied with CISA requirements	All year round	Management Staff, IT Staff, CIA, CCO and Pres.

NOTED BY:

Approved by the Board of Directors

RUBEN R. HABON
President

ALEXANDER B. RAQUEPO
Chairman of the Board

"Unity is strength, division is weakness"

Swahili Proverb



ILOCOS CONSOLIDATED COOPERATIVE BANK
 Bagani Campo, Candon City, Ilocos Sur

PROJECTED STATEMENT OF FINANCIAL CONDITION 2022
(CONSOLIDATED)

	Beg. Balance	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
ASSETS					
Cash & Cash Equivalent	298,235,097	325,347,831	344,264,535	407,626,617	424,520,161
Held to Maturity Investment	129,159,453	129,159,453	129,159,453	129,159,453	179,062,028
Loans Portfolio					
Current	1,502,690,218	1,477,947,151	1,539,017,827	1,552,889,059	1,565,302,468
Restructured	83,218,522	87,653,118	83,640,281	83,274,596	82,840,936
Past Due	138,506,735	144,104,079	136,114,069	130,516,506	123,802,241
Total	1,724,415,476	1,709,704,349	1,758,772,177	1,766,680,161	1,771,945,646
Less: Discount on Loans	3,817,068	3,527,221	4,060,171	4,599,627	3,430,626
Loan Portfolio - Net of Discount Specific	1,720,598,408	1,706,177,128	1,754,712,006	1,762,080,534	1,768,515,020
Loan Loss Provision General	91,767,694	96,593,888	100,743,901	105,010,936	109,710,693
Loan Loss Provision	14,043,859	14,062,261	14,756,844	15,334,404	16,979,242
Loan Portfolio - Net	1,614,786,854	1,595,520,979	1,639,211,262	1,641,735,195	1,641,825,085
Sales Contract Receivable, (net)	11,713,987	11,465,595	11,270,512	11,055,428	10,900,345
Accrued Interest Income on Financial Assets	13,127,682	14,445,478	15,338,101	16,030,724	17,836,139
Bank Premises, Fur., Fixtures & Equip't. (net)	74,799,574	94,175,934	119,224,244	126,430,284	132,719,107
Real & Other Properties Acquired, (net)	105,804,889	75,713,083	72,998,348	52,485,441	52,457,873
Other Assets	19,869,018	14,016,733	14,016,733	14,016,733	24,016,733
TOTAL ASSETS	2,267,496,554	2,259,845,084	2,345,483,187	2,398,539,876	2,483,337,471
LIABILITIES					
Deposit Liabilities	1,378,499,191	1,400,906,536	1,444,186,607	1,483,172,387	1,533,949,873
Bills Payable	585,929,665	530,040,374	564,125,570	571,274,705	593,682,542
Due to Head					



Office/Branches					
Due to Corporate Office					
Redeemable Preferred Shares	1,144,000	1,144,000	1,144,000	1,144,000	1,144,000
Unearned Income	0	10,000	10,000	10,000	10,000
Accrued Expenses	17,969,523	32,753,541	33,661,014	27,340,061	23,266,699
Other Liabilities	19,884,335	19,898,167	19,898,167	19,898,167	19,898,167
TOTAL LIABILITIES	2,003,426,714	1,984,752,617	2,063,025,357	2,102,839,319	2,171,951,280

CAPITAL

Capital Stock	188,530,000	194,640,000	209,942,000	216,692,000	223,442,000
Undivided Profits	0	6,761,890	13,660,313	20,960,539	30,543,469
Retained Earnings	75,539,840	73,690,577	58,855,517	58,048,017	57,400,722
TOTAL CAPITAL	264,069,840	275,092,467	282,457,831	295,700,557	311,386,191
TOTAL LIABILITIES & CAPITAL	2,267,496,554	2,259,845,084	2,345,483,187	2,398,539,876	2,483,337,471

Certified Correct
by:

Approved
by:

Approved by
BOD

(SGD)
**MARKDAN B.
DAYAP**
Chief Accountant

(SGD)
**RUBEN R.
HABON**
President

**BOD
RESOLUTION
178 Series
of 2021**



ILOCOS CONSOLIDATED COOPERATIVE BANK

Bagani Campo, Candon City, Ilocos Sur

PROJECTED STATEMENT OF FINANCIAL PERFORMANCE 2022 (CONSOLIDATED)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	TOTAL
INCOME					
Interest Income on Loans	58,718,299	59,713,867	62,053,549	62,594,841	243,080,555
Current	49,770,320	51,548,301	53,913,138	54,756,504	209,988,263
Past Due	6,787,500	5,851,410	5,930,804	5,554,338	24,124,052
Restructured	2,160,478	2,314,156	2,209,607	2,283,999	8,968,240
Interest Income on Banks/Investment	639,047	639,047	639,047	639,047	2,556,187
Interest Income on Sales Contract Receivables	-	0	0	0	-
Interest Income- Others	688	688	688	688	2,750
Non- Interest Income	16,318,737	16,266,742	15,697,896	19,305,795	67,589,170
Fees & Commissions Income	12,237,534	12,470,363	12,298,497	12,409,555	49,415,949
Gain on Sale of ROPA	2,157,586	1,822,761	1,375,781	4,822,622	10,178,751
Gain on Sale of BFFE	25,000	25,000	25,000	25,000	100,000
Miscellaneous Income	1,898,618	1,948,618	1,998,618	2,048,618	7,894,470
Recovery on Charged Off Assets	-	0	0	0	-
TOTAL INCOME	75,676,770	76,620,344	78,391,179	82,540,370	313,228,662
EXPENSES					
	16,797,994				68,708,258
Interest on Deposits	10,219,956	10,328,983	10,514,768	10,523,163	41,586,870
Interest on Preferred Share	-	0	0	0	-
Interest on Borrowings	6,578,038	6,764,732	6,837,832	6,940,785	27,121,388
Depreciation & Amortization	3,818,253	4,522,790	4,975,710	5,040,027	18,356,779
13 COMPENSATION/FRINGE BENEFITS	26,619,232	27,170,232	27,636,182	27,917,323	109,342,968
a. Salaries and Wages	13,191,750	13,191,750	13,191,750	13,191,750	52,767,000
b. Fringe Benefits:					-
1. Directors		489,000	489,000	489,000	



	489,000				1,956,000
2. Officers and Employees	8,902,932	9,453,932	9,919,882	10,201,023	38,477,768
c. Director's Fees	927,600	927,600	927,600	927,600	3,710,400
d. SSS, Philhealth & EC Premium and Pag-IBIG Fund Contributions	1,355,900	1,355,900	1,355,900	1,355,900	5,423,600
e. Medical, Dental and Hospitalization	612,500	612,500	612,500	612,500	2,450,000
f. Contribution to Retirement/Provident Fund	1,139,550	1,139,550	1,139,550	1,139,550	4,558,200
g. Provision for Pensions and Other Post Retirement Benefits	-	0	0	0	-
14 TAXES AND LICENSES	702,376	102,731	107,901	97,731	1,010,738
15 FEES AND COMMISSIONS EXPENSES	3,750	3,750	3,750	3,750	15,000
Administrative Expenses Schedule 7	16,782,823	16,638,251	16,824,359	16,744,210	66,989,642
a. Rent	1,098,118	1,098,118	1,098,118	1,098,118	4,392,473
b. Power, Light and Water	859,274	859,274	859,274	859,274	3,437,096
c. Postage, Telephone, Cables and Telegrams	1,131,256	1,131,256	1,131,256	1,131,256	4,525,026
d. Repairs and Maintenance	1,078,625	1,078,625	1,078,625	1,078,625	4,314,500
e. Security, Clerical, Messengerial and Janitorial Services	2,077,128	2,089,128	2,089,128	2,089,128	8,344,510
f. Information Technology Expenses	536,575	536,575	536,575	536,575	2,146,300
g. Supervision Fees	85,834	85,834	85,834	85,834	343,335
h. Insurance Expenses	1,366,966	1,210,394	1,391,502	1,187,985	5,156,847
PDIC	765,554	569,299	765,554	569,299	2,669,704
PCIC	-	0	0	0	-
Others	601,413	641,095	625,949	618,687	2,487,143
i. Fees and Commissions Expenses	-	0	0	0	-
j. Management and Other Professional Fees	107,172	107,172	107,172	107,172	428,688
k. Representation and Entertainment	1,066,074	1,066,074	1,066,074	1,066,074	4,264,297
l. Traveling Expenses	2,356,112	2,356,112	2,356,112	2,356,112	9,424,448
m. Fuel and Lubricants	783,690	783,690	783,690	783,690	3,134,761
n. Advertising and Publicity	603,500	603,500	603,500	691,372	2,501,872
o. Membership Fees and Dues	5,000	5,000	5,000	5,000	20,000
p. Donations and Charitable Contributions	120,750	120,750	120,750	120,750	483,000
q. Periodicals and Magazines	16,575	16,575	16,575	16,575	66,300
r. Documentary Stamps Used	1,625	1,625	1,625	1,625	6,500
s. Stationery and Supplies Used	617,162	617,162	617,162	617,162	2,468,650



t. Fines, Penalties and Other Charges	12,500	12,500	12,500	12,500	50,000
u. Litigation/Assets Acquired Expenses	932,329	932,329	937,329	972,825	3,774,812
v. Other Expenses	1,926,557	1,926,557	1,926,557	1,926,557	7,706,228
Provisions	-	0	0	0	-
Losses (Recoveries) On Credit Losses	4,190,452	4,190,452	4,190,452	5,690,452	18,261,808
Provision for Credit Losses on L & R and Other FA	4,844,595	4,844,595	4,844,595	6,344,595	20,878,381
BAD DEBTS WRITTEN OFF RECOVERY ON CHARGED-OFF ASSETS	-	0	0	0	-
	(654,143)	-654,143	-654,143	-654,143	(2,616,573)
TOTAL EXPENSES	68,914,880	69,721,920	71,090,953	72,957,441	282,685,194
NET INCOME / (NET LOSS)	6,761,890	6,898,424	7,300,226	9,582,929	30,543,469

Certified Correct by:

(SGD)
MARKDAN B. DAYAP
Chief Accountant

Approved by:

(SGD)
RUBEN R. HABON
President

Approved by BOD

BOD
Resolution
#178
Series2021

PROJECTED STATEMENT OF CASH FLOWS 2022 (CONSOLIDATED)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Cash Beginning	298,235,097	325,347,831	344,264,535	407,626,617
Inflows:				
Projected Loan Collection				
Principal	333,004,942	307,772,472	355,178,516	367,461,015
Interest	58,718,299	59,713,867	62,053,549	62,594,841
Total Projected Loan Collection	391,723,240	367,486,339	417,232,065	430,055,856
Deposit Increase(Decrease)	22,407,344.85	43,280,071	38,985,780	50,777,486
Borrowings	(55,889,290.26)	34,085,196	7,149,135	22,407,837
Sale of ROPA	31,952,318	5,667,935	21,654,157	587,218
Interest Income from Investment, scr, Others	1,293,877.62	1,293,877.62	1,293,877.62	1,293,877.62
Other Income	16,318,737.04	16,266,742.18	15,697,895.82	19,305,794.93
Capital Build Up Mobilization	6,110,000	15,302,000	6,750,000	6,750,000
other liabilities	13,831	0	0	0
Redeem Pref shares/accrued exp /unearned inc	14,794,018	907,473	-6,320,953	-4,073,362
Sales Contract Receivable decrease	248,392	195,083	215,083	155,083
HTM increase	0	0	0	-49,902,575
Discount on loans loans Increase	-289,846	532,950	539,456	-1,169,001
Write off				1,200,000
Difference of loans increase (oct & Dec)	35,468,272.54			
Total Cash inflows	464,150,895	485,017,666	503,196,497	477,388,215
CASH AVAILABLE	762,385,992	810,365,497	847,461,032	885,014,832
Outflows:				
Operating Expenses	44,108,181.02	43,914,963.15	44,572,191.17	44,763,013.47
Interest Expenses	16,797,994.40	17,093,714.96	17,352,599.98	17,463,948.21
Capital Expenditures	20,785,579	29,432,100	12,598,000	11,163,500
Utilization of CETD&CDF	170,000	2,617,500	807,500	647,295
other asset	-4,534,490	892,623	692,623	11,805,415
Dividend		12,217,560		
increase in capital due to beginning balance				1,679,263
Bank premises beg- diff dec				2,297,133
Total Cash Outflows	81,303,661	106,168,461	76,022,915	85,843,171



Net Cash Available for Loan Releases	681,082,331	704,197,035	771,438,117	799,171,661
Less: Loan Releases	355,734,500	359,932,500	363,811,500	374,651,500
Cash Ending	325,347,831	344,264,535	407,626,617	424,520,161
	325,347,831	344,264,535	407,626,617	424,520,161
	0	0	0	0

Certified Corrected by:

Approved by:

Approved by the Board:

(SGD)MARKDAN B. DAYAP

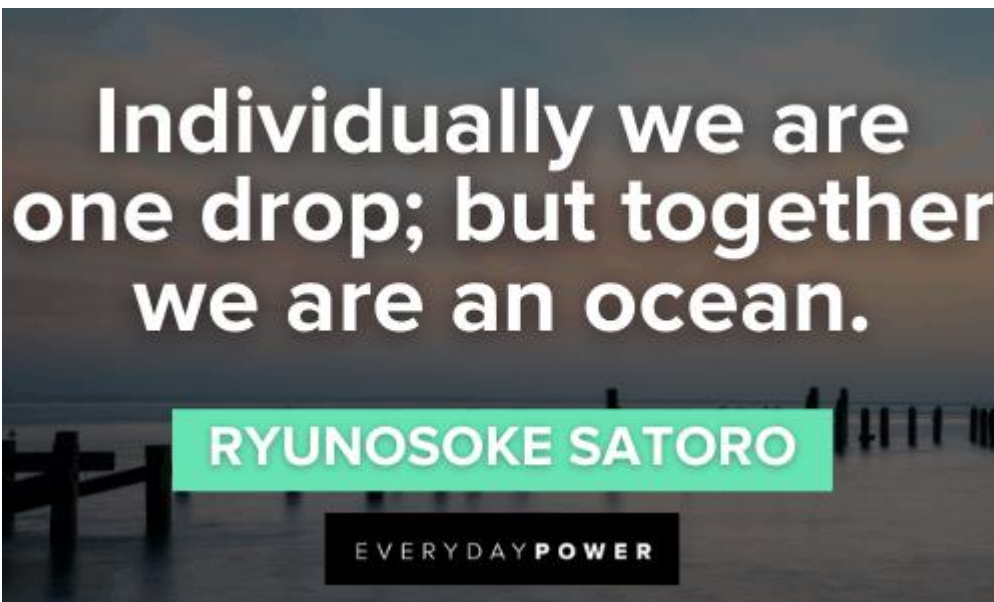
Chief Accountant

(SGD) RUBEN R. HABON

President

BOD Resolution # 178 S-2021

*****XXXXXX*****



OUR CORPORATE OFFICE/HEAD OFFICE



CORPORATE OFFICE AND HEAD OFFICE
ISCB Building, National Highway, Bagani Campo, Candon City, Ilocos



ICCB TRAINING CENTER

, San Nicolas, Ilocos Nor

OUR BRANCHES



SAN NICOLAS



LAOAG



MARCOS



BATAC



BANGUI



SOLSONA



SINAIT



BANTAY



SAN JUAN



BANGUED



SANCHEZ MIRA



SAN CARLOS



VILLASIS

ACKNOWLEDGEMENT

The Senior Management of Ilocos Consolidated Cooperative Bank (ICCB) headed by the President would like to express their special thanks and gratitude to the Board of Directors, Committees and all Bank Officers who participated towards the Completion of this 2021 Annual Report.

WE TAKE THIS OPPORTUNITY TO THANK ALL
INVESTORS/STOCKHOLDERS/STAKEHOLDERS OF
THE BANK FOR THEIR CONTINUOUS SUPPORT AND
PARTICIPATION IN THE GROWTH OF ICCB.
MORE POWER TO EVERYONE
AND MAY GOD BLESS US ALL!

Bank Management & Staff





SERVICES OFFERED:

DEPOSITS: Savings and Time Deposits

LOANS: Agricultural Loans
Commercial Loans
Industrial Loans

OTHER LOANS:

Pension Loan
Hold-Out / Back to Back loan
Salary Loan
Tobacco Production Loan
OFW's Loan

Special Program:

ANYO
ACPC
PCFC
Congressional Development Fund & Others.

MEMBER:

Philippine Deposit Insurance Corporation
Deposit Insured up to P500,000.00

Cooperative Banks Federation of the
Philippines (BANGKOOP)

Bankers Association of Ilocos Sur
and Bangied Abra (BAISBA)
La Union Chamber of Rural Banks (LUCRUB)

BANTAY BRANCH
Zone 5 Quirino Blvd.
Bantay, Ilocos Sur

SAN JUAN BRANCH
Ili sur, San Juan,
La Union

LAOAG BRANCH
G/F Insular Bldg.,
Balintawak St. Laoag City

BATAC BRANCH
Nalputa Bldg., Batac,
Ilocos Norte

BANGUI BRANCH
Poblacion, Bangui
Ilocos Norte

BANGUED BRANCH
Bangued, Abra

SAN NICOLAS BRANCH
San Ildefonso, San Nicolas,
Ilocos Norte

MARCOS BRANCH
Brgy. Lydia, Marcos
Ilocos Norte

SOLSONA BRANCH
Solsona Public Market
Solsona, Ilocos Norte

SINAIT BRANCH
Sinait Public Market
Sinait, Ilocos Sur

VILLASIS BRANCH
Mc Arthur Highway,
Poblacion, Zone 1,
Villasias Pangasinan

SAN CARLOS BRANCH
Roxas, San Carlos City,
Pangasinan

SANCHEZ MIRA
3/F Sanchez Mira,
Cagayan, Centro 1,
Sanchez Mira, Cagayan

HEAD OFFICE
G/F ISCB Bldg.,
National Highway,
Bagani Campo, Candon City

Member of PDIC, Deposits are insured by PDIC up to P500,000 per depositor.