



APRIL 28
FRI 2023

4TH ANNUAL GENERAL ASSEMBLY MEETING 2023

APRIL 28, 2023 | FRIDAY
BAN - AW RESORT, BAGANI GABOR,
CANDON CITY, ILOCOS SUR

THEME:
"COOPERATIVE BANKING BUILDS UNITY AND RESILIENCY
IN THE COUNTRYSIDE"



www.ichooseiccb.com

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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REPUBLIC OF THE PHILIPPINES
PROVINCE OF ILOCOS SUR
CITY OF CANDON**OFFICE OF THE CITY MAYOR**email add: candoncitymayoroffice@iiccb.com website: www.candoncity.gov.ph
Mobile No: 0919-090-7497

ERIC D. SINGSON

*City Mayor***MESSAGE**to the 4TH ANNUAL REGULAR GENERAL
ASSEMBLY MEETING OF ILOCOS
CONSOLIDATED COOPERATIVE BANK

My heartfelt congratulations to the officials and members of Ilocos Consolidated Cooperative Bank for reaching your fourth Annual Regular General Assembly. Looking back at the ICCB's formative years, with all the challenges compounded by the pandemic, shows its remarkable resilience and stability.

That is why I was not surprised that the organizers of this year's assembly came out with the appropriate theme, "Cooperative Banking builds unity and resiliency in the countryside."

From all indications, after four years of operations, the ICCB has established its foundation and is working its way to level up, expand, and attain its objectives and goals.

Of course, the City Government is one of ICCB's biggest supporters, as we partnered in our microfinance program, "Candon City Livelihood Empowerment and Development Services," or simply "Candon City LEDS," with an initial P160 million fund.

Our joint endeavor speaks voluminously of our mutual trust and shared aspiration to help our financially constrained and challenged constituents.

To ensure that we capture the bulk of our population and those that we felt needed to be prioritized, I inputted in the mechanics of the program that we pre-identify our constituent recipients, namely our farmers and fisher folks; micro- and small enterprises (MSMEs) such as manufacturers and service providers, including sari-sari store owners, market vendors, and tricycle operators and drivers; micro- and small cooperatives; and Overseas Filipino Workers (OFWs) and their family members. I have no doubt that our recipients will readily avail themselves of our program because we have the lowest possible financial interest.

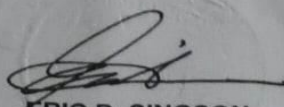
With our fruitful program, I hope it will serve as a confidence builder for others, like fellow local government units, companies, or individuals, to be among your new bank clients.

Overall, I wish that the ICCB will continue to grow, flourish, reach all its potential, and be among the major cooperative bank players in the region and all over the country because you have dedicated officers and supportive stakeholders.

I am optimistic that what comes out in your fourth Annual Regular General Assembly will serve the best interests of the ICCB and all stakeholders.

Again, my warmest congratulations on your fourth Annual Regular General Assembly.

Thank you very much.


ERIC D. SINGSON
City Mayor

MESSAGE



ATTY. FREDERICK JOE ROBLES
Regional Director
Cooperative Development Authority – Region 1

My warmest greetings to all the cooperators, cooperative leaders and members of Ilocos Consolidated Cooperative Bank, as you celebrate your fourth (4th) Annual Regular Assembly Meeting.

Cooperative banks (CBs) are integral part of the cooperative movement, particularly in the credit sector. They are recognized by the government as significant segment of the rural banking system. They are the primary providers of financial services to hundreds of primary cooperatives, federations and their individual members who usually encounter difficulties in accessing banking services.

In spite of small share in the banking system's total loan portfolio, CBs were able to provide the financial needs of agri-agra sector and micro, small and medium enterprises (MSMEs) that were considered underserved or unserved by larger commercial banks. Thus, the importance of CBs cannot be ignored. They need to be ever presented in the countryside so that the agri-agra sector where cooperatives belong and the MSMEs can rely on them in times of financial needs.

In the midst of crises, it is heartening to see cooperatives whose services are essential (dairy, agriculture, health, credit), discharge their duties admirably; motivating to see many cooperatives take part in the COVID-19 response; encouraging to see contributions to Funds which were set up to meet short and long-term requirements, and taking action to direct members to options being offered.

With profound gratitude, I solemnly salute all the cooperative banks of their commitment by nature to fully support the local economy and action as stabilizer during times of uncertainties.

Looking forward, in 2023 as you will embark on another journey, I urge all the cooperatives leaders and members to unite and empower each other. The cooperative model is based on long-term responsibility and cooperation, make it even more important in time like these.

Let us continue to communicate, to share relevant information, to appeal to the responsibility and sensibility of the entire cooperative movement.

I take pride that here in CDA Region 1 Extension Office, we will be pursuing efforts to keep delivering our services and commitment, particularly in light of the avowed CDA Quality Policy.

On behalf of the entire CDA family, I extend my heartfelt appreciation for always continually supporting and partnering with CDA.

I wish you more success as we take Region 1 to the next level!

Agbiag ti kooperatiba!



Cooperative Message

My warm cooperative greetings to all member-owners and clients of Ilocos Consolidated Cooperative Bank (ICCB) on the occasion of our **4th Annual General Assembly** with the theme: ***"Cooperative Banking Builds Unity and Resiliency in the Countryside"***.

Our theme aptly describes our focus and the center of our efforts amidst the threats and difficulties brought about by the COVID 19 pandemic. 2022 was indeed a difficult year but our united efforts and the continuous trust and support of our members and clients helped us overcome these difficulties. I would like to congratulate our dedicated and committed management staff, Board of Directors, and officers for working hard to achieve our targets for 2022.

As your Chairperson, I see 2023 as another rewarding and challenging year for ICCB. The plans and targets we have for 2023 are very inspiring and doable. We must stay resilient, healthy and committed.

I therefore enjoin everyone to continue trusting ICCB and let's help build and nurture a better future for all of us.

And with our support and prayers to Coop-NATCCO Partylist and to our **Congressman Felimon "Emon" Espares**, we hope that our much-awaited Cooperative Banking Act will soon be enacted into law.

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

Mabuhay ang Cooperative Banking. Mabuhay ang ICCB

ALEXANDER B. RAQUEPO
Chairperson - ICCB

MESSAGE



RUBEN R. HABON
President

Greetings of solidarity and peace!

As the representative of the trusted stewards of the Ilocos Consolidated Cooperative Bank, we are delighted again to meet and greet with our member-stockholders on this **4th Annual General Assembly** of the Bank.

Our prayers have been answered as we can now say that the pandemic is over. The community hurries to get back to its feet, transportations are successfully recovering, businesses are opening, and the financial sectors including the cooperatives are back in their full operations.

This new era signifies the real essence of *cooperativism*. We will not forget what happened in the past two years of health pandemic, instead, we will always be aware and vigilant with the unprecedented occurrence of emergencies and the controls we can do to prevent it.

To the ultimate recovery of our valued members and valued clients, we, at the domain of coop-banking and finance industry, carry on with our mission to provide financial products and services and help in the countryside development; to foster and continue developing partnership with stakeholders to join us and implement helpful economic endeavors; to support careers and upgrade education of the devoted stewards of the bank's resources; to triple the effort in implementing programs and activities that manifest the vision of becoming an empowered and sustainable cooperative bank in Luzon.

For the continuous advancement and improvement of one another, may we carry on the good works and quality services, and may we live by our pledge "**To work, to cooperate. For all to be prosperous.**" For in unity, there is strength and more objectives can be accomplished.

Dios ti Agngina!



February 1, 2023

Dear Fellow Cooperators,

Greetings from Ilocos Consolidated Cooperative Bank!

NOTICE

OF THE 4TH ANNUAL REGULAR GENERAL ASSEMBLY MEETING OF ILOCOS CONSOLIDATED COOPERATIVE BANK

MODE: Face to Face Meeting
WHEN: April 28, 2023 Friday from 8:00 AM – 4:00 P.M.
VENUE: BAN-AW RESORT
Brgy. Bagani Gabor, Candon City Ilocos Sur
(Please refer to the attached location map of Ban-aw Resort)

THEME: "COOPERATIVE BANKING BUILDS UNITY AND
RESILIENCY IN THE COUNTRYSIDE"

The proposed agenda of the Annual Meeting is as follows:

1. Call to order
2. Proof of Due Notice, Roll call and Declaration of quorum
3. Adoption/Approval of the Agenda
4. Reading, consideration and approval of the minutes of the previous meeting;
5. 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 2023;
6. Election of Board of Directors and Election Committee
 - i. Presentation of Candidates;
 - ii. Election Proper/Casting of Votes and
 - iii. Declaration of Winners.
7. Proposed Amendment of By-laws and Articles of Cooperation
8. Approval of the Appointment of External Auditor and
9. Other related business matters
 - a. Dividend and Patronage Refund for CY 2022
9. Announcement (Optional)
10. Adjournment

Two (2) delegates per coop are allowed to attend the ARG meeting- the Board Chairperson & Manager or CEO or authorized representatives and one of them will be the voting delegate.

Kindly confirm your attendance until March 24, 2023 through text with **Mobile Phone- smart # 09189471630 (Name of the authorized delegates and Coop represented)** or thru email address iccbcorpsec@yahoo.com or you may call our land line at Corporate Office # 077-674-0312.

Thank you.
Sincerely yours,

(SGD) ROSITA S. ANGALA
Corporate Secretary

4th ANNUAL REGULAR GENERAL ASSEMBLY

April 28, 2023, Friday, BAN-AW RESORT Bagani Gabor, City of Candon, Ilocos Sur

**THEME: "COOPERATIVE BANKING BUILDS UNITY AND RESILIENCY
IN THE COUNTRYSIDE"**

PROGRAM

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 Prayer led by Dir. Crispina M. Pascual
	<ul style="list-style-type: none"> Singing of the National Anthem 	c/o ICCB IT Department
	<ul style="list-style-type: none"> Cooperative Pledge/Hymn 	
	<ul style="list-style-type: none"> Roll Call and Introduction of BODs and Bank Officers 	Secretary and MC
	Welcome Remarks	Dir. Margarita R. Somera
	Introduction of Guest Speaker	Dir. Norma S. Cipriano
	Inspirational message of Guest and CDA updates	Atty. Frederick Joe Robles Regional Director, Region I Cooperative Development Authority Dagupan Extension Office
	Inspirational message of Guest and LGU updates	Hon. Eric D. Singson City Mayor, Candon City, Ilocos Sur
	Response	Mr. Alexander B. Raquipo ICCB BOD Chairperson
	Awarding of Certificates & Tokens to Guest/Retirees/Cooperative Members	Board of Directors and Senior Management
	Emcees: * Mr. Gerald A. Barroga, Accounting staff and <ul style="list-style-type: none"> Ms. Rhean Mae I. Escobar, Executive Secretary of the President 	
	ICCB 4 th AGA Business Proper	
	1. Call to order;	COB Alexander B. Raquipo
	2. Proof of due notice	Secretary Rosita S. Angala
	3. Roll Call	Secretary
	4. Quorum determination	Secretary and Chairperson
	5. Approval of agenda	COB Alexander B. Raquipo
	6. Reading and consideration of the 3rd AGA minutes	COB Alexander B. Raquipo
	7. Business matters arising from the 3rd AGA minutes	COB Alexander B. Raquipo
	<i>Recess/lunch break Note: Raffle and draw will be done during lunch break.</i>	
	8. Presentation of Candidates by the Election Committee	Chairperson, Ms. Meriam Medrano
	9. Reports	
	a) Ethics Committee, Conciliation and Mediation Committee, GAD Committee, Corporate Governance Committee, Education Committee, Credit Committee, Risk Oversight Committee, Related Party Transactions, Bids & Awards Committee and Audit Committee	Chairpersons of the different Committees
	b) Election Committee	Ms. Meriam Medrano
	c) Board of Directors	COB Alexander B. Raquipo
	d) Management Report	Pres. Ruben R. Habon
	e) Audited Financial Statements <ul style="list-style-type: none"> Comparative Audited Financial Statements 2022 	Pres. Ruben R. Habon
	10. New Business – Action on the following:	
	a) Proposed amendments on the Articles of Cooperation and By-Laws	COB Alexander B. Raquipo
	b) Appointment of 2023 External Auditor	COB Alexander B. Raquipo
	c) Approval and confirmation of 2023 operational budget	President Ruben R. Habon / Chief Accountant Markdan A. Dayap
	11. Other matters	
	Confirmation of Dividends/Patronage Refund 2022	COB Alexander B. Raquipo
	12. Election of Board of Directors, Committees and proclamation of elected officers	Election Committee
	13. Adjournment	
	Snacks	



MINUTES OF THE 3rd ANNUAL GENERAL ASSEMBLY MEETING OF ILOCOS CONSOLIDATED COOPERATIVE BANK HELD ON JULY 29, 2022, FRIDAY, 8:00 A.M. AT CJC EVENTS PLACE, CITY OF BATAC, ILOCOS NORTE.

Present: 59 Primary Cooperatives of 116 Representatives and 11,480 votes

AREA I- ILOCOS NORTE- 24 COOPS AND 4,518 VOTES

#	NAME OF COOP	NO. OF VOTES	#	NAME OF COOP	NO. OF VOTES
1	Nagpatayan MPC	33	13	San Cristobal MPC	2
2	Fortuna Credit Coop	118	14	San Joaquin MPC	456
3	Marcos Farmers MPC (Escoda)	160	15	Sarrat Namnama MPC	315
4	Binarmappa MPC	217	16	Salukag MPC (Bulbulala)	87
5	Casili Credit Coop	36	17	Baoa East SN MPC	-
6	DWCL MPC	31	18	Capacuan MPC	8
7	Navotas B MPC	59	19	Quiling Sur MPC	121
8	Magumbayan MPC	143	20	Linang Paoay Agr—Dev't MPC	78
9	Baduang SN MPC	3	21	Salbang San Agustin MPC	67
10	Zanjera MPC	7	22	Sungadan MPC	65
11	San Juan MPC	70	23	BANGKOOP	1,800
12	Coop Bankers Credit Coop	526	24	1CISP	116
	TOTAL				4,518

AREA II- ILOCOS SUR 35 COOPS AND 6,062 VOTES

#	NAME OF COOP	NO. OF VOTES	#	NAME OF COOP	NO. OF VOTES
1	Adventist MPC	32	18	Metro Bugnay MPC	9
2	Alma ARC Bileg MPC	17	19	Metro Lungog MPC	4
3	Burgos-Sta. Maria Irrigators Coop	54	20	Metro Paypayad MPC	99
4	Candon City Coconut Farmers ARC	8	21	NORLU CEDEC	147
5	Candon City GE MPC	61	22	NSCC	1,797
6	Conconig East Farmers MPC	20	23	San Esteban MPC	7
7	Candon City Trykers MPC	121	24	SACDECO	1,477
8	Department of Agriculture Employees MPC	39	25	Sacred Heart Savings Coop	945
9	FACBET MPC	135	26	San Juan Teachers MPC	12
10	Free Farmers (Cabugao)	23	27	San Vicente MPC	11
11	Fatima (Vigan) MPC	419	28	Soriaon MPC	3
12	Ilocos Sur Seed Growers MPC	4	29	Sto. Domingo Dev't Coop	50
13	Kailian (formerly ISUDECO)	650	30	Sugpon MPC	55
14	Lugarba MPC	45	31	Suyo Consumers Coop	9
15	Macati ARC	14	32	Suyo MPC	548
16	Margaay MPC	33	33	Tagudin National HS MPC	47
17	Itag-ay ka Quinarayan MPC	2	34	Tagudin S & C Coop	55
			35	Tagudin Senior Citizen D & F MPC	10
	TOTAL				6,962

I.

REGISTRATION STARTED AT 8:00 A.M.

II. OPENING PROGRAM:

The 3rd Annual General Assembly Meeting of Ilocos Consolidated Cooperative Bank officially started at 9:45 in the morning on July 29, 2022, with the Masters of Ceremonies- Mr. Mark Joseph Tabucol, New Accounts Personnel of Bantay Branch and Ms. Geneveve Baoit, Head Customer Assistance Officer. On the Presidential Table were the Bank Officers- President Ruben Habon and Area Managers Erwin Lutap and Christopher G. Calpo with the Board of Directors headed by Chairperson Alexander B. Raquipo.

a. **Invocation** was led by Bangui Branch Manager Aries D. Martin.

b. **Singing of the National Anthem** "Lupang Hinirang" and the Cooperative Pledge were facilitated by the ICCB IT Department headed by IT Manager Jermin Arlantico

c. **Welcome Address**

Area Manager I -North 1Lt. Erwin P. Lutap 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 appreciation to everyone for attending this meeting which implied supports of cooperatives in the region to serve for community development.



d. **Roll Call for the Delegates from the different cooperative members** was done by Corporate Secretary Rosita S. Angala.

e. **Presentation of Guests, Board of Directors, Bank Officers was done by** New Accounts Personnel Mark Joseph Tabucol and Head Customer Assistance Officer Geneveve Baoit.

f. **Messages of Guests**

• **Acting Regional Director Alberto A. Sabarias** at this time was not able to attend due to emergency. However, his message was officially forwarded and read by the Corporate Secretary Rosita S. Angala.

g. **Response of the Chairman of the Board**

BOD CHAIRPERSON ALEXANDER B. RAQUEPO greeted everyone in this annual assembly meeting, the Guests, Board of Directors, Bank Officers, and all Cooperative members of Ilocos Consolidated Cooperative Bank. He expressed thanks and gratitude to all for gathering this occasion despite of the effects from earthquake including ground shaking and surface faulting that we felt recently, as the coop members representatives, ICCB employees and Officers decided to continue and attend our general assembly meeting today. He emphasized the very importance of holding a general assembly meeting for the members to know the status of our bank and to resolve plans for the betterment and development of the coop bank in the succeeding years. He encouraged everyone to participate and enjoin in the deliberations during the meeting. Again, he congratulated all for this 3rd annual assembly meeting of ICCB. Lastly, he said "Mabuhay ICCB and mabuhay tayong lahat!"

h. **AWARDING OF PLAQUES**

MC MJ Tabucol called Ms. Rhean Escobar, Executive Secretary of the President, to call the Awardees of the calendar year 2021. The Board of Directors headed by Chairperson Alexander B. Raquepo, President Ruben R. Habon, were called to give the Plaque of Awards to the deserving coop members, from the most outstanding coop member participated in the capital build up program of the bank, as follows:

1. Nueva Segovia Consortium of Cooperatives (NSCC);
2. Cooperative Bank Federation of Philippines (BANGKOOP)
3. Sta. Cruz Savings and Development Cooperative (SACDECO)
4. Sacred Heart Savings Cooperative
5. KAILIAN Multi-Purpose Cooperative
6. SUYO Multi-Purpose Cooperative
7. Coop Bankers Credit Cooperative
8. San Joaquin Multi-Purpose Cooperative
9. FATIMA VIGAN Multi-Purpose Cooperative
10. Sarrat Namnama Multi-Purpose Cooperative
11. Binarmappa Multi-Purpose Cooperative
12. Marcos Farmers Multi-Purpose Cooperative
13. Northern Luzon Federation of Cooperatives and Development Center (NORLU CEDEC)
14. Magumbayan Multi-Purpose Cooperative
15. Friends and Cooperative Bank Employees Trading Multi-Purpose Cooperative (FACBET MPC)

Retired employees were given also given Plaque of Commendation awards respectively, to wit.

1. Masalde A. Rosario
2. Alberto B. Gudoy and
3. Charlito B. Raquel

Posthumous awards were given to the relatives of the following deceased employees:

1. Rodolfo Dalit
2. Harold Estavillo, and
3. Florante Domingo

i. **ELECTION PROCEDURES**

Mr. Virgilio Abaag was called to explain the election procedures for the election of officers this assembly meeting, to wit:

- a. The voting delegates shall proceed to Table 1, for their registration and to receive the official ballot. There will be separate ballot for Area I and Area II;
- b. The voting delegates shall proceed to Table 2 after the registration, to cast his/her vote, to be assisted by one member of the ADHOC Committee;
- c. The official ballot shall be filled up by the voting delegate based on the authorized number of votes of his/her coop – following the rule of no junking.
- d. The Official ballot will be placed in one box. After all the delegates have casted their votes, the official ballot box will be opened and electronically be counted by the members of the ADHOC Committee.

j. **ADHOC COMMITTEE**

Mr. Virgilio Abaag introduced to the general assembly the members of the ADHOC Committee. The function of the ADHOC committee will be the in charged in the election proceedings and counting of casted votes. The members of the adhoc Committee are Chief Internal Auditor Melvin D. Borja, Chief Compliance Officer Maritess G. Cortez and IT Department Manager Jermin Arlantico.

III. BUSINESS MEETING

1. **CALL TO ORDER**

BOD Chairperson Alexander B. Raquepo called the meeting to order at 11:45 A.M.

2. **PROOF OF NOTICE**

Mrs. Rosita Angala reported the proof of due notice for this annual general assembly meeting, attached to the annual report which was distributed to the coop members.

3. **ROLL CALL**

The roll call was done by the Secretary as per attendance sheet.

4. **DECLARATION OF QUORUM**

Ms. Rosita S Angala, Corp. Secretary announced that there was a quorum for this meeting with 59 Primary Cooperatives present in good standing attended by 116 official representatives/delegates for a total of 11,480 votes out of the 146 total Primary Cooperatives with Total Voting Stocks of 12,881 as of June 30, 2022.

5. **APPROVAL OF THE PREPARED LIST OF AGENDA:**



BOD Chairperson Alexander B. Raquepo presented the agenda to the coop representatives and requested the amendment of the agenda specifically the agenda number 9 under reports to start the report of the Management and Board of Directors instead of the report of Ethics Com. and other reports. The request was unanimously approved.

A.G.A. Resolution No. 01 S-2022

RESOLVED, TO APPROVE THE PREPARED LIST OF AGENDA FOR THE 3rd AGA MEETING

To wit:

1. Call to order by the Chairperson of the Board Alexander B. Raquepo;
2. Proof of due Notice distributed to coop-member representatives;
3. Roll call, and
4. Declaration/consideration of presence of quorum by the Corporate Secretary Rosita S. Angala;
5. Approval of prepared list of agenda
6. Reading, consideration and approval of the minutes of previous Annual General Assembly held last April 12, 2019;
7. Business Matters arising out from the minutes;
8. Presentation of Candidates for Election;
9. Acceptance and approval of reports by BOD Chairperson and President Ruben R. Habon;
10. Presentation and approval of the 2021 annual reports, and Presentation of Audited Financial Statements by President Ruben R. Habon;
11. Acceptance and approval of reports Committees.
12. New business:

- i. Proposed amendment of Election Guidelines;
- ii. Proposed amendments of By-laws and Articles of Cooperation;
- iii. Annual Plan and Budget 2022;
- iv. Hiring of External Auditor; and
- v. Other related business matters.
- vi. Election of Board of Directors and Election Committee Members
- vii. Announcement (Optional) and
13. Adjournment

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

Chairperson Alexander B. Raquepo requested the coop representatives to go over with the minutes of previous annual general assembly meeting held on April 12, 2019. Mr. Efraim Dayap of Metro Bugnay MPC moved to dispense the reading of the minutes, unanimously seconded by other coop representative present and it was unanimously approved.

A.G.A. Resolution No. 02-A S-2022

RESOLVED, TO DISPENSE THE READING OF THE MINUTES OF THE 2nd ANNUAL GENERAL ASSEMBLY HELD ON APRIL 12, 2019.

7. BUSINESS MATTERS ARISING OUT FROM THE MINUTES

There was no business matter raised out from the minutes of previous annual assembly meeting.

NSCC Official representative Zenaída Reno moved to approve the previous minutes, duly seconded by Mrs. Añolina Battad of Tagudin Senior Citizen and Friends Drugstore MPC and it was unanimously approved.

A.G.A. Resolution No. 02-B S-2022

RESOLVED, TO APPROVE THE MINUTES OF THE 2nd ANNUAL GENERAL ASSEMBLY MEETING HELD ON APRIL 12, 2019.

8. **PRESENTATION OF CANDIDATES** for the position of Board of Directors and Election Committee was done by ADHOC Committee headed by Mr. Melvin D. Borja. The candidates were given a two minutes campaign for their candidacy. The following candidates were called:

NAME OF CANDIDATE	POSITION APPLIED FOR	STATUS
AREA I		
1. Campanano, Benjamin Y. Jr., Binarmappa MPC	Board (Regular)	New
2. Pascual, Crispina M., Magumbayan MPC	Board (Regular)	Re-electionist
3. Root, Blandyne Yvonne D., Marcos Farmers MPC	Board (Regular)	New
AREA II		
Bucalen, Romy, Candon City Government Employees MPC	Board (Regular)	Re-electionist
Pre, John of Kailian MPC	Board (Regular)	Re-electionist
Soliven, Segundino, Metro Paypayad MPC	Board (Regular)	Re-electionist
Somera, Margarita, Fatima (Vigan) MPC	Independent Director	Re-electionist
AT LARGE		
Abaag, Virgilio B., Sugpon MPC	Independent Director	New
Agnir, Valeriano P. Jr., Sarrat Namnama MPC	Independent Director	Re-electionist
Cipriano, Norma S., Suyo MPC	Board (Regular)	Re-electionist
Raquepo, Alexander B., Sta. Cruz Savings and Development Cooperative	Board (Regular)	Re-electionist
Rosario, Florida R., Salukag MPC	Board (Regular)	Re-electionist
ELECTION COMMITTEE		
1. Medrano, Miriam F., Sto. Domingo Dev't Cooperative	Election Committee	Re-electionist

9. **ACCEPTANCE AND APPROVAL OF REPORTS OF THE BOARD OF DIRECTORS BY CHAIRPERSON ALEXANDER B. RAQUEPO AND PRESIDENT RUBEN R. HABON FOR CY 2021:**

COB Alexander B. Raquepo delivered his message and report to the general assembly, His 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, He said that 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. He acknowledged and expressed his 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 were also inspiring as they remained supportive to the plans and programs of ICCB. The continued support, patronage and prayers are vital in sustaining ICCB operations. He therefore enjoin everyone to continue trusting ICCB and encouraged everyone to help build and nurture a better future for all of us. Finally, he quoted "Together, let us work and pray for a better and more successful ICCB, Agbiagi ti ICCB. Agbiagi ti Kooperatiba."

After the Chairman report/message, he called President Ruben R. Habon to explain the Management report.

Before President Ruben R. Habon delivered his report, he read his message to the general assembly as it was written in our annual report 2021. The highlight of the message is his warmest greetings to everyone as 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**. As Senior Management of ICCB, we continuously provide 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 and we look forward on growing relationships with our clients, and 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!"

President Ruben R. Habon requested the coop representatives to go over with the distributed annual report 2021.

President Habon discussed the highlights of the 2021 annual report, to wit:

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 2021, 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, Development Bank of the Philippines and Small Business Corporation. Indeed, This is a manifestation 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 clientele 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.

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- 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

CHALLENGES

- a. Full utilization of the Cyberone System.
- b. To maintain and comply with the required minimum capital ratios.
- c. To attain the budgeted assets and net income
- d. Improve asset quality of the Bank by attaining the targeted NPL ratio and past due loans ratios respectively.

The General Assembly noted the reports of the Chairman and the President and after deliberations, Mr. Ciriaco T. Ragual of Salbang San Agustin MPC moved for the approval of the report, duly seconded the several coop representatives present and it was unanimously accepted and approved, hence-

A.G.A. Resolution No. 03 S-2022

RESOLVED, TO ACCEPT AND APPROVE THE REPORT OF THE CHAIRMAN AND MANAGEMENT FOR CALENDAR YEAR 2021.

10. PRESENTATION AND ACCEPTANCE OF THE 2021 AUDITED FINANCIAL STATEMENTS

The Bank's External Auditor is Mr. Edgardo Molina, CPA submitted the Audited Financial Statements of the Bank for year 2021. The Bank's Comparative Statement of Financial Position as of December 31, 2021 was reported and explained by President Ruben R. Habon. He discussed the financial highlights of the 2021 operation of the bank as shown with the Audited FS, as follows:

PARTICULAR	AMOUNT (PHP)/PERCENTAGE
Net income	22,234,467.51
Return on average equity	8.42%
Return on average assets	1.05%
Total assets	2,267,496,553.78
Loans and receivables	1,720,598,408.17
Liquid assets	427,394,550.11
Equity accounts	264,069,840.14
Capital Adequacy ratio	11.86%
Fixed asset ratio	28.33%
Past due ratio	8.05%
Liquidity Ratio	31%

After thorough discussions and no questions raised regarding the report, the Bank's 2021 Audited Financial Statement was approved, on motion of Mr. Efraim Dayap of Metro Bugnay MPC, duly seconded by several coop representatives, hence-

A.G.A. Resolution No. 04 S-2022

RESOLVED, TO ACCEPT AND APPROVE THE BANK'S AUDITED FINANCIAL STATEMENTS FOR CY 2021.



11. COMMITTEE REPORTS 2021

- i. Ethics Com;
- ii. Conciliation and Mediation Com;
- iii. GAD Com;
- iv. Corporate Governance Com.;
- v. Credit Committee;
- vi. Risk Oversight Com; and
- vii. Audit Com report

The Committee reports were presented and requested by Chairperson Alexander B. Raquipo to read accordingly as written in the annual report for 2021. On motion of Mr. Buddy Carta of Margaay MPC, duly seconded by Ms. Zenaida Reno of NSCC, all reports were unanimously accepted and approved.

A.G.A. Resolution No. 05 S-2022

RESOLVED, TO ACCEPT AND APPROVE ALL COMMITTEE REPORTS PRESENTED AND INCLUDED IN THE ANNUAL REPORT 2021.

12. NEW BUSINESS:

a) Proposed amendment of Election Guidelines

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, the proposed amendment of the rules and guidelines shall be first approved by the general assembly and may immediately be implemented the same after the GA's approval.

The coop representatives were advised to proceed on the proposed election guidelines as written in the annual report 2021.

After deliberations, on motion of Mr. Efraim Dayap of Metro Bugnay MPC, and it was unanimously seconded and approved by the other members representatives present.

A.G.A. Resolution No. 06-A S-2022

RESOLVED AS IT HEREBY RESOLVED, TO APPROVE THE PROPOSED ELECTION GUIDELINES EXCEPT FOR THE FOLLOWING:

1. **Cooperative qualification #1.** The assembly approved to remain with the present guideline, to wit "#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) and #3. To require the Cooperative represented by the Candidate, a photocopy of the updated Certificate of Tax Exemption in compliance with BIR regulations.
2. **Candidate's Qualification # 9.** The assembly disapproved the proposal and to remain with the present guideline, to wit "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).

RESOLVED FURTHER, THE FOLLOWING APPROVED ELECTION GUIDELINES SHALL TAKE EFFECT FOR 2023 NEXT ELECTION OF OFFICERS:

1. Article II.

ELIGIBILITY TO RUN AND CERTIFICATE OF

NEW GUIDELINES

CANDIDACY

Section 6. Qualifications for Cooperative/Candidate- representative

Candidate's Qualification

#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 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."

#10. To include in the requirements upon filing of certificate of candidacy the Police Clearance of candidate and no need to submit NBI Clearance.

2. Article IV

Section 16

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.

In the event that all members of the BOD & Election Committee are re-electionist:

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



	<p>BODs having lesser votes shall have one year term. 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.</p> <p>In case of a tie and no one withdraws, the concerned 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 done.</p>
3. Article 1X	
Section 27	<p>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> <p>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.</p>
Section 28.	
	<p>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</p>

	<p>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>
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b) Proposed amendment of By-laws of Ilocos Consolidated Cooperative Bank

1. To Remove the Position of the General Manager and confirming the creation for the position of two Area Managers.

President Ruben R. Habon presented to the General Assembly the proposal to amend the By-laws by removing the position of the General Manager, as it is now being covered by the president and change it to Area Managers.

It was explained that the Board of Directors had approved under Board Resolution No. 07-B S-2021 to maintain the position of the President and not to fill up the position of the General Manager, and instead to fill-up two Area Managers for North and South areas;

The concept of changing the position of General Manager to Area Managers at ICCB is to transfer the functions of the General Manager to the Area Managers who will supervise and monitor two areas, namely Area 1 for North Branches (Cagayan and Ilocos Norte) and Area II for South branches (Ilocos Sur, Abra, La Union and Pangasinan);

The proposed amendment of By-laws has been presented for the confirmation of the general assembly the final organizational structure of the Coop Bank and the coop-member representatives noted and understood the concept of the proposal.

After deliberations, on motion of Mr. Ciriaco T. Ragual of Salbang-San Agustin MPC and unanimously seconded by several coop representatives.

**A.G.A. Resolution No. 6-B
S-2022**

RESOLVED AS IT IS HEREBY RESOLVED, TO APPROVE THE AMENDMENT OF THE BY-LAWS OF ILOCOS CONSOLIDATED COOPERATIVE BANK TO REMOVE THE POSITION OF GENERAL MANAGER AND CONFIRMING THE CREATION FOR THE POSITION OF TWO AREA MANAGERS.

2. To include additional objectives of Ilocos Consolidated Cooperative Bank to be placed under additional services of the Bank.

COB Alexander B. Raquipo presented to the assembly the additional objectives of ICCB which are included in the Bank's five-year development from 2023-2027.



The representatives understood of the proposal, on motion of Mr. John Bello of Kailian MPC, duly seconded by several coop representatives and it was unanimously approved.

A.G.A. Resolution No. 6-C S-2022

RESOLVED AS IT IS HEREBY RESOLVED, TO APPROVE THE AMENDMENT OF THE BY-LAWS OF ILOCOS CONSOLIDATED COOPERATIVE BANK TO INCLUDE AS ADDITIONAL OBJECTIVES UNDER ADDITIONAL SERVICES OF ICCB, TO WIT:

- Checking account;**
- Bills Payment;**
- Money Remittances/Money Transfer and**
- Automated Teller Machines (ATM)**

2. Annual Plan and Budget 2022

President Ruben R Habon requested the general assembly to go over with the consolidated 2022 annual plan and budget as attached to the annual report 2021 for their approval.

Further, President Habon presented the 5-year development plan from 2023-2027 high lights of the plan as follows:

The Five-Year Strategic Business Plan (2023-2027) of ILOCOS CONSOLIDATED COOPERATIVE BANK is prepared in order to determine its sustainability, growth, liquidity and stability. It represents the commitments of its stockholders, directors and bank management to uphold and carry out the vision and mission of the Bank to provide financial credit to its borrowers and services to its depositors at a competitive price, excellent customer service and to further its objectives, provide reasonable returns to the shareholders and accomplish its social responsibility to other stakeholders and the community.

FINANCIAL PERSPECTIVES

Table 1 below provides the selected highlights of projected key performances of the Bank by 2027 with comparative performances in year June 2022. At the end of the fifth year 2027, Total Assets will increase by 73.18% from P2.476 Billion to P4.288 Billion. Loans (net of UID) will increase from P1.739 billion to P2.870 Billion in 2027 or a steep increase of 65.03%. By that time, it is expected that past due ratio will decrease to 7.22% from 9.59% of year-end 2022 due to collection efforts of past due accounts. ROPA assets will increase from P103.17 Million to P181.83 Million. The Bank will expect high foreclosure rate in order to convert the foreclosed assets into liquid ones.

On the liability side, to provide more funds at lesser financing costs, the Total Deposit Liabilities is expected to increase from P1.570 Billion to P2.996 Billion or 90.83% increase. For Bills payable, as it costs more than generating deposits as fund, it will be controlled and to maintain only a minimal increase from 580.23 Million to 628.12 Million or 8.25% Increase. In total, the Deposit Liabilities and Bills payable are expected to increase in order support the target 2.87 Billion loan

portfolio as of December 2022 and to have much leverage on liquidity.

Liquid asset to Deposit liabilities ratio is from 32.04% to 31.92% while Minimum Liquidity Report will be increased from 22.89% to 25.97%, 30% higher than the BSP Requirement of 20%. Bank is step by step lowering its Loans to Deposit ratio from 118.62% to 105.35% to gradually meet the standard of 85%, meanwhile the short of deposit will be complemented by other source of funds which will be the Bills payable, with that Loans to deposit plus bills payable ratio is targeted to 87.09%.

On the equity level, share capital will increase from its existing level of P204.25 Million to P390 Million due to yearly dividend declaration and additional capital from existing and new members, while total equity will improve by P19,326 Million or 117% increase. The return on assets is expected to rise from 1.23% to 1.27% due to improved Net surplus and Asset in year 2027. Capital Adequacy ratio is expected to increase from 12.70% to 14.10%.

Table 1. Highlights of Assets Versus Projected Key Performances

Particulars	YEAR/AMOUNT (In Millions)			
	30 June 2022	2027	Inc./(Dec.)	%
Assets	2,476.62	4,288.84	1,812.22	73%
Loans	1,739.03	2,870.43	1,131.40	65%
Past Due Ratio	9.59%	7.22%	-2%	-25%
Deposits	1,570.22	2,996.58	1,426.36	91%
Bills payable	580.23	628.12	47.89	8%
Share Capital	204.25	390.00	185.75	91%
Total Equity	278.53	604.90	326.37	117%
Net Profit	12.56	51.93	39.37	313%
ROPA Level	103.17	181.83	78.66	76%
Return on Asset	1.23%	1.27%	0%	3%
Return on Equity	5.14%	9.03%	4%	76%
Capital Adequacy Ratio	12.70%	14.10%	1%	11%
Loans to Deposit ratio	118.62%	105.35%	-13%	-11%
Loans to Deposit Plus Bills payable ratio	86.62%	87.09%	0%	1%

Other sources of fee-based income like service fees from loan releases shall be maintained at a 3% level for all new and renewed loans proportionate to average number of months of renewal over the year. The bank will maintain short term loan products to decrease the concentration of overexposure of long term loan in effect improvement of maturity matching and Acid Test Ratio. The Bank shall continue to be progressive in its approaches to customer-oriented products and services. To improve the deposits of the banks, it will maintain and widen the market for the offering of basic



deposit accounts, kids deposit accounts and pick-up deposits. Further, the bank will venture on offering checking accounts and other allied banking services for clients. To aid in the improvement of liquidity, the Bank will pursue its plan on becoming accredited to be a collection agent for SSS, Philhealth, ISECO, INEC, LUECO and other public or private agencies which needs collecting agents and provide services for bills payment via online bank fund transfers.

LEARNING & GROWTH PERSPECTIVES

Equally important is how the Bank shall utilize its resources and personnel to create productivity and efficiency in maximizing revenues and minimizing costs without the sacrifice of excellent customer service. ILOCOS CONSOLIDATED COOPERATIVE BANK aims to further improve its operations by sending its personnel to training, retooling and scholarship grant. The human resource department will continue on training needs analysis and Performance Evaluation to maintain personnel competitiveness. The strategy will hope to lessen audit concerns without sacrificing the competitive position of the Bank in marketing its products and services. Re-orientation of existing and new Bank policies, laws and regulations; Personnel study privilege (Graduate – Masters/Doctors Degree; Undergraduate – ETEEAP); Team Building, Job Rotations, Seminar on Personality Development, Conducting training/seminars on Financial Literacy.

Further, the Policy on Recruitment, Hiring and Promotion shall be revisited in order to facilitate the proper identification of personnel deemed to fit and pass the qualification as next in line officer in the drafting of bank's Succession Policy. The Personnel Evaluation System shall be enhanced making it a two-way evaluation, supervisors rating the supervisee, and vice-versa.

CUSTOMER/STAKEHOLDERS PERSPECTIVE

Strategies to market loans shall be in placed by identifying potential borrowers in the locality as well as suburbs towns. Usage of the different platforms in the social media to inform the public of the bank's products. Deposits and investments of depositors and cooperative shareholders shall still be the primary sources of funds of the Bank. In cases when the Bank has excessive unused funds, it will be placed mainly in savings, time deposits and high grade HTM investments specifically in the form of government or treasury bonds and stocks.

As per physical resources, the bank is planning to purchase parcels of lots in the areas of branches where the bank is currently leasing. And for the next five years, it targets to have additional five (5) buildings to be used by the branches in order to lessen, if not entirely avoid the yearly escalation of lease costs.

To continuously improve visibility and to be known in the whole Northern Luzon, the following are expected to be done:

1. The bank targets to have additional branches of five (5) and a possibility to acquire or merge with two (2) cooperative banks at the end of 2027. Part of our Customer Care Program will be the consideration of the bank in choosing excellent bank location which shall efficiently provide comfort to clients basically the existence of parking areas.

2. The yearly assembly of the bank's Shareholders, declaration of Dividends, crediting for Patronage Refunds, Categorization of Clients, Recognize and Visit Valued & Important Clients, arranging for Investors' Forum, Introducing Saranay System, Trainings for Cooperative Members, conducting activities as part of the bank's corporate social responsibility, giving due credit and awards to cooperative members in their active participation to the programs initiated by the Cooperative Bank.

3. The bank will prioritize the improvement of its IT Technology to come up online and generate reports timely such Central Liability, CISA, FRP reporting and other internal report that will help the management in making sound and well-timed decisions.

As this strategic plan aims for an outstanding result, the basic attitude of politeness, courtesy and sincerity shall be the first and foremost mechanisms to be served to the clients, being empathic to their situations, determination of service flowchart with timeline, immediate loan counselling before the actual loan releases, know whether they have complaints or suggestions as to the processes, addressing them effectively and efficiently.

This aims to further build a beneficial customer relationship which can eventually serve as a good reference and endorsement of the bank services to their acquaintances.

Personnel Incentive Program or Scheme has been approved and already for implementation, this aims to motivate the entire personnel to assist the Bank in attaining its goals and objectives as it shall always be pursued by the Bank as it puts premium on the importance of people in attaining its goals and objectives. Further plans include the Salary Re-scaling and Standardization, Incentive/ Benefit Package for employees accomplishing Graduate Studies, Loyalty Incentive Awards, Goodwill pay for retiring Board of Directors, and other Incentive Awards.

INTERNAL PROCESSES PERSPECTIVES

While, the Board of Directors will continue to enhance or improve the policies and procedures as it sees them necessary in achieving the mission and vision of the Bank, it shall also improve its oversight supervision of transactions by discussing and reviewing thoroughly policies and procedures as well as putting actions on matters of great importance.

Included also in the plans will be the creation of Cost-Efficiency Policy, establishment of Marketing, Research and Development Department to analyze further



Product Innovation/Development, sending of Thank You letters or text messages to clients, the upgrade of IT System, and the Repricing of Rates – both for loans and deposits.

Further, the bank management has already made plans to dispose the property at San Pablo, San Nicolas, Ilocos Norte which originally served as the corporate office of the previous CBIN, the office will be transferred to the Laoag Branch Building upon its completion. The bank will also continue to be open with partnership to Local Government Offices for the implementation of Credit Programs to support the start-up businesses of the locals as well as the fisherfolks and farmers.

The bank will continue to strengthen the areas where it excels and will have to work on the areas where it is deemed to be weak. In order to attain such, ICCB will continue to enhance the risk components of risk management system by assessing, monitoring and reviewing the Capital Adequacy, Asset Quality, Management, Earnings, Liquidity, Sensitivity to Market Risk, Operational Risk, Compliance Risk, Strategic Risk, Reputational Risk and Legal Risk through improvement of policies and procedures as well as due implementation thereof.

Furthermore, President Ruben Habon informed the assembly that we have signed a contract with LGU Candon City, Ilocos Sur for their donated capital an amount of Sixty Million Pesos (P60M) to cater and finance the financial needs of Candon Folks for Farmers, fisherfolk, MSME, and OFW. It is in the contract the pass on rate of this project is 8% including processing fee. The interest to be collected will be used for revolving capital of the bank. Pres. Habon mentioned that with the donated capital of P60M from LGU Candon, ICCB counterpart is P60M within 5 years as for its expansion.

Eligible for loan:

1. Agricultural and Fisheries;
2. Micro, Small and Medium Enterprise;
3. Micro and Small Cooperatives;
4. Overseas Filipino Workers (OFW) and their family members
5. Tricycle Operators Association

After thorough deliberations, Mr. Efraim Dayap of Metro Bugnay moved for the approval of the plan and budget CY 2022, the contract with LGU Candon City, IS and the 5 year development plan from 2023-2027, duly seconded by several coop representatives. Approved.

**A.G.A. Resolution No. 07
S-2022**

RESOLVED, TO APPROVE THE BANK'S ANNUAL PLAN AND BUDGET FOR CY 2022, CONTRACT WITH LGU CANDON CITY, ILOCOS SUR AND THE 5 YEAR DEVELOPMENT PLAN FROM 2023-2027.

3. Hiring of External Auditor

BOD Chairman Alexander B. Raquepo recommended Lamberto D. An or Romeo G. Torno, Certified Public Accountant as External Auditor for CY 2022.

After thorough deliberations, the recommendation was unanimously approved.

**A.G.A. Resolution No. 08
S-2022**

RESOLVED, TO APPROVE CPA EDGARDO MOLINA AS EXTERNAL AUDITOR FOR CY 2022.

4. Others

i. DECLARATION OF DIVIDEND AND PATRONAGE REFUND FOR 2021 GUIDELINES

Chairman Raquepo reported to the General Assembly the computed stock dividend and patronage refund for 2021. 5% for common shares, preferred shares A & B and for stockholders preferred "C" is 10% and 1% for the Patronage refund. The General Assembly accepted the declared dividend and patronage refund.

**A.G.A. Resolution No. 9
S-2022**

RESOLVED, TO ACCEPT THE DECLARED DIVIDEND AND PATRONAGE FUND FOR 2021 AT 5% FOR COMMON SHARES, PREFERRED SHARES A & B AND FOR STOCKHOLDERS PREFERRED "C" IS 10% AND 1% FOR THE PATRONAGE REFUND.

5. Open Forum

- a) Mr. Efraim Dayap of Metro Bugnay MPC** inquired to the COB if in case a stockholder decided to withdraw shares because of urgent need or necessity.

Pres. Habon explained that when Management recruited individuals and coops, it was explained to them that the money to be placed are their extra money and considered perpetual shares. Nevertheless, in case of need of the stockholder, Pres. Habon said that we have to look for buyers of the shares to be withdrawn. He said that if it could be possible at lower the price of the shares in order to sell it.

With this, Mr. Dayap OF Metro Bugnay MPC requested the Board to make a policy for this concern. However, COB explained that just like Rural Bank, ICCB is governed by BSP and that we have to comply on the regulations of BSP.

COB accepted all the comments of the representatives and understood all the predicaments, however, he said we have to follow the rules and regulations of our governing agencies of CDA and BSP.

BSP is monitoring our capital adequacy ratio or CAR on a quarterly basis based on standard ratio of 10%, although our risk appetite is 12%. If we let our stockholders to withdraw their shares, it will result to decreasing capitalization and CAR.

A question raised regarding those dissolved coops. Pres. Habon explained that we requested the legal department of CDA and the Board liquidators to help us in this concern. It was advised that the existing officer and members of the coop shall convene themselves and discussed the liquidation of their shares.



Mr. Edwin Cariño, of Navotas B MPC, also agreed to seek help from CDA regarding this concern pending on legal claims.

Mr. Flores of Bangkoop commented also that this is the problem of some coops especially Samahang Nayon coops that they were already dissolved. Maybe CDA could help SN coop to revive and activate their operations.

Mr. Buddy Carta of Margaay MPC suggested that for those coops or individuals' with intention to sell/withdraw their shares, shall submit to the office written intention to offer their shares for sale to interested buyers. Once that we receipted new shares, these can be allocated to buy pending shares for withdrawal.

COB affirmed, however, we have legal documents/agreement to be signed by both parties.

Mr. Ciriaco T. Ragual, of Salbang San Agustin MPC also commented that since our shares are perpetual in nature, he suggested that dividends shall be distributed in cash.

COB affirmed on the suggestion and Pres. Habon answered that since it is optional to distribute cash dividend or stock dividend. For now we declared stock dividend to increase our capitalization. Hoping that next year it will be cash dividend depending on the approval of the Board.

COB confirmed as he requested the coop representatives to continue in infusing additional common shares to ICCB. It is the obligation of the membership to patronize the services of the bank and to give additional shares at a lowest amount of P20,000 per year.

Mr. Cariño of Navotas B MPC suggested 10 years for the development plan.

COB accepted the suggestion but for now we have to accept the 5 year plan as presented by the President so that for every project of the Bank, a yearly evaluation will be done so that if there is a need to extend the project then that is the time to amend the 5 year plan.

2. Mr. John Bello of Kailian MPC said since the number of elected BOD is 12, he suggested to lower the number of BOD as per BL which is 15 and all we be categorized as at large so that there will be no more Area 1 and Area 2. He then moved to decrease the number of BOD from 15-11 and all will be at large.

COB accepted the motion and asked reactions from other coop representatives.

There were comments noted from Engr. Ariel Martin, if we propose to amend the constitution and Bylaws of ICCB, this will be implemented by 2023. And COB affirmed.

Area Manager Mr. Erwin Lutap commented to remain the category for BOD as Area 1, Area 2 and at large. As a legacy of their previous organization.

Mr. Ben Campanano of Binarmappa MPC objected the motion to decrease the number of BOD from 15-11. He said ICCB is still in the stage of development for 5 years, so he moved to maintain the number of 15 BODs and to remain 5 BODs per category as Area 1, area 2 and at large.

Mr. Cariño of Navotas B MPC said that if we decrease the number of BODs, we need to amend our By-laws and Articles of Cooperation. However, for now ICCB still need the 15 heads of the Board to continue for the Banks development. This could be possible in the next years to come. So he strongly stand to maintain the By-laws and articles of Cooperation of the Bank, and go with the ICCB plan of what is now and he believes there is a better to be done with the cooperation of all stockholders. Finally, he encouraged everyone to support ICCB.

Mr. Nomer Flores of Bangkoop also commented with his observation that ICCB is still in the state of instability. There is still a need for teamwork and not to change the present status of the structure of the Bank at this time.

Mr. Dayap of Metro Bugnay MPC also commented that we are still young, we need to develop pendulum for the progress of ICCB and this is not yet the time to reduce the number of BODs.

Mr. Buddy Carta of Margaay MPC also commented to continue with the 15 number of BODs.

Mr. Bello of Kailian MPC cited reasons of his proposal, as there are less number of candidates who filed their candidacies.

Mrs. Defiesta of Burgos Sta Maria Irrigators MPC also commented that, maybe we did not indicate vacancies in the notice of AGA. However, this was clarified by the Secretary that we have included in the notice attached with the election guidelines.

Actually, Mr. Abaag of Sugpon MPC mentioned that we have 15 candidates for Board of Directors however, three of the candidates were disqualified.

COB accepted all the comments of the representatives and understood all the predicaments. With this, he accepted all solicited comments and suggestions for the considerations of the members present. The COB requested division of the house to continue with the issue or he will be the one to make a rule for it. the coop representatives unanimously approved for the COB to make a rule.

The COB accepted and the issue will be for further study.

3. COOP BANK LAW

This matter was brought out by Mr. Edwin Carino of Navotas B MPC to support the bill on coop banking act.

The General assembly discussed the proposal. Upon understanding and appreciating the advantages and benefits of this proposed Bill, it will be a big help in delivering and sustaining cooperative banking in the



countryside, the assembly favored to support the Coop Banking Act.

NOW, upon motion of Delegate Edwin Cariño of Navotas B MPC and Head of the Sustainable Development Center of the Province of Ilocos Norte and unanimously seconded:

A.G.A. Resolution No. 10

S-2022

RESOLUTION SUPPORTING THE PASSAGE AND APPROVAL OF THE PHILIPPINE COOPERATIVE BANKING ACT

RESOLVED AS IT IS HEREBY RESOLVED, that the General Assembly of ICCB hereby expresses its strong support to the passage and approval of the Cooperative Banking Act.

RESOLVED FURTHER to earnestly request the support and endorsement of House Senior Deputy Majority Leader Honorable Representative Ferdinand Alexander Araneta Marcos III, Honorable Representative Felimon Espares of Coop-Natcco Partylist and Honorable Senator Maria Imelda Josefa Remedios "Imee" Romualdez Marcos, Chairperson of the Senate Committee on Cooperatives Development for the realization of the Cooperative Banking Act.

RESOLVED FINALLY, to furnish a copy of the ICCB GA Resolution to the above-mentioned Honorable Representatives and Senator Imee Marcos, the Committees on Cooperatives Development for both the lower and upper House for their favorable actions.

4. ELECTION OF BOARD OF DIRECTORS AND ELECTION COMMITTEE

- The representatives of coop-members casted their votes respectively in accordance with their outstanding paid-up shares as of June 30, 2022 and canvassing was done by the members of the ADHOC Committee headed by CIA Melvin D. Borja and CCO Maritess Cortez.
- Proclamation of winners was done and the result of the election was unanimously confirmed.

**A.G.A. Resolution No. 11
S-2022**

TO CONFIRM RESULT OF ELECTION 2022, AS FOLLOWS:

NAME OF CANDIDATE	POSITION APPLIED FOR	NUMBER OF VOTES	REMARKS
AREA I			
1. Campaño, Benjamin Y. Jr., Binarmappa MPC	Board (Regular)	1,385	Elected, 2 years term
2. Pascual, Crispina M., Magumbayan MPC	Board (Regular)	2,129	Elected, 2 years term
3. Root, Blandyne Yvonne D., Marcos Farmers MPC	Board (Regular)	1,004	Elected, 1 year term
AREA II			
1. Bucalen, Romy, Candon City Government Employees MPC	Board (Regular)	1,343	Elected, 1 year term
2. Pre, John of Kailian MPC	Board (Regular)	2,490	Elected, 2 years term
3. Soliven, Segundino, Metro Paypayad MPC	Board (Regular)	1,368	Elected, 1 year term
4. Somera, Margarita, Fatima (Vigan) MPC	Independent Director	1,734	Elected, 2 years term
AT LARGE			
1. Abaag, Virgilio B., Sugpon MPC	Independent Director	1,193	Elected, 1 year term
2. Aguir, Valeriano P. Jr., Sarrat Nannama MPC	Independent Director	1,335	Elected, 1 year term
3. Cipriano, Norma S., Suyo MPC	Board (Regular)	3,985	Elected, 2 years term
4. Raquero, Alexander B., Sta. Cruz Savings and Development Cooperative	Board (Regular)	2,986	Elected, 2 years term
5. Rosano, Florida R., Salukag MPC	Board (Regular)	1,954	Elected, 2 years term
ELECTION COMMITTEE			
1. Medrano, Miriam F., Sto. Domingo Dev't Cooperative	Election Committee	11,446	Elected, 2 years term

6. RAFFLE AND DRAW

The raffle and draw was done and winners were given prizes.

IV.

ADJOURNMENT

There being no more matters to be discussed, BOD Chairman Alexander B. Raquero officially declared for the adjournment of this 3rd Annual General Assembly meeting at 3:15 P.M.

Certified Correct:

**(SGD)ROSITA S. ANGALA
Secretary**

ATTESTED:

**(SGD) ALEXANDER B. RAQUEPO
Chairperson of the Board**

ETHICS COMMITTEE REPORT 2022

Ladies and Gentlemen,

We, the members of Ethics Committee hereby present the following reports for CY 2022:

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 are 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.

According to the Human Resource Unit and Head Consumer Assistance Officer, both Committees of Ethics and Conciliation and Mediation reported to the Board the following:

- A. **For the Consumers Protection-** The Bank has none to report for the aging of complaint/request on the bank's consumer protection program but rather the Bank (several branches) received positive remarks from clients like "keep up the good work, fast service and polite employees" using the feed -back mechanism of the bank through the suggestion box as monitored and reported by the HCAO regularly.
- B. **For the Human Resource** – The Bank has no derogatory report with respect to the Personnel of the Bank as per report of the Administrative Department/HR unit to the Board thru the President. All issues were taken up and solved by the Department with the guidance of the President.

2. Plans And Program Of The Ethics Committee For Calendar Year 2023

KEY AREAS	ACTIVITIES	PERSONS RESPONSIBLE	TIME FRAME	REMARKS/ EXPECTED OUTPUT
1.Orientation of the code of conduct and ethical standards and Values orientation 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. - to coordinate with the HR/Admin Department the conduct of orientation for BOD and employees of the Bank.	Ethics Com members, BODs, President, HRD and all employees (by batch)	General Assembly of ICCB Employees within December 2023.	Employees And Officers are well Informed and the code of conduct and ethical standards is well implemented and maintained Bank's integrity. Printed the code as hand book and distributed 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 2023 and end of December 2023	Monitored as per report of the Admin Department and HCAO.
3. Schedule of Meeting Submission of Report	-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. - to prepare and submit required annual report for the Annual General Assembly.	All Ethics Com members (3) and Secretary	Semi-annual meeting: July 14 and December 7 2023, except if there is a need to hold a special meeting as the need arise.	- Undetaken agenda of meeting as presented especially the reports of Admin Dept. and HCAO. The report is submitted to the Secretary for the annual report printing.
4. Seminar	attend seminar as called upon.	All Ethics Com members (3) and Secretary	Attend Seminar as called upon. Depending on the availability or offer of Training provider/s	-Attended seminar as called upon.

(SGD) EFRAIM A. DAYAP
Chairperson

(SGD) CIRIACO T. RAGUAL
Member

(SGD) AÑOLINA A. BATTAD
Member

CONCILIATION AND MEDIATION COMMITTEE REPORT 2022

Ladies and Gentlemen:

We, the members of Conciliation and Mediation Committee hereby present our reports for CY 2022:

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 Committee 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 2022, there was no significant conflict or problem encountered at Ilocos Consolidated Cooperative Bank (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.

2) Plans And Programs Of Mediation And Conciliation Committee 2023

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 2023.	Conducted orientation and attended by all employees.
2. Monitor the Mediation and Conciliation Program	- to require semi-annual report of HCAO if there is complaint filed within the semester to be reported to the BOD	Mediation and Conciliation Committee members, HCAO, President, BOD	All year round	-Monitored the program and submitted required report to CDA.
3. Schedule of Meetings	-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)	All (3) members of Mediation and Conciliation Committee and Secretary.	Semi-annual meeting: July 14 and December 7, 2023	All Com. Members attended meetings. - Undertaken reported problem/s (if any)
4. Seminar	- to attend seminar when called upon for Medcon Com as offered by Training Provider/s whether face to face or virtual.	All members of Mediation and Conciliation	Within CY 2023.	-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 2021	- 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)NESTOR A. PASCUA
Chairperson

(SGD)BUDDY E. CARTA
Member

(SGD) RENATO O. SAGUN
Member

GAD COM REPORT 2022

Ladies and Gentlemen:

We, the members of the Gender and Development Committee, hereby present the following reports for CY 2022:

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.

The result of using the Tool in assessing the progress of Gender Equality (GE) at ICCB having 20 indicators, the total score is 70 out of 80 highest score, and its qualitative values of the 70 scores derived to almost full manifestation of gender equality in our organization.

Anent, GAD assessment for 2022 signified that ICCB promotes and observe Gender Equality within the Bank and also in serving and treating Bank's clients.

2. **Gender and Development Policy**

GAD policy is adopted to include key points comprising gender sensitivity, gender analysis, gender planning, mainstreaming, and agenda setting to promote gender equality.

The Bank's key objective into all Bank's activities is to serve its members and clients without prejudice or bias both for men and women, with the Bank's main services namely: 1) Lending and 2) deposit generation services, in terms of imposing interest rates, loan initiation, in approving amount of loan and other aspects, the Bank implemented equal treatment to its members and clients.

Further, Bank's human resources/personnel are treated equally with respect to work, benefits and technical assistance operations.

At ICCB, equal treatment in giving or imposing benefits and responsibilities both for men and women is recognized with respect to:

- a) Provision of financial assistance to members and clients.
- b) Hiring employees and in implementing Human Resource Policies to the Employees.
- c) Disaster preparedness; and in helping one another during disaster/ calamities.
- d) Diverse Cultural and religious belief.
- e) Health concerns of women and men for Human Resources and stakeholders.
- f) Gender balance in coop bank membership; and
- g) Gender balance in the Board or leadership in the coop bank.

3. **GAD Education and Training Program 2023**

PARTICULAR	OBJECTIVE	PERSON RESPONSIBLE	TIME FRAME	REMARKS/EXPECTED OUTPUT
1. In house training for GAD sensitivity and awareness and In House for GST/ Gender Awareness Seminar for ICCB employees and BODs.	To conduct in house seminar and arrange schedule with the President and Administrative Department	- Chairperson Alexander B. Raquepo	Within the 2nd Semester of 2023	GAD seminars were conducted
2. Women/ Men Livelihood Training program for selected members and clients.	Information/ Dissemination to the training officer and participants of the seminar for: * Food & drinks processing seminar (Hawaiian/ Indian Mango Juice Drink)	GAD members & Focal Person President Ruben Habon & 15 selected participants of the seminar	2nd semester of 2023	Two settings of seminars conducted at ICCB Corporate Office, IS and IN. Budget for each setting- 10,000
3. Sports for men and women- as recreational activity after office cut off time of employees.	- Zumba activity @ 4 PM of every Friday. Contest among all branches, HO and Corporate Office for best ZUMBA presentation during Christmas program. - Ball games: For Men- basketball and For Women- Volleyball	ALL BODs and employees of ICCB	All year round	Implemented as per memo of the President.
4. To sponsor for a medical mission in coordination with LGU Candon City and Laoag City for the community.	To allocate an amount from CDF for the program and To coordinate with LGU	GAD Com Chairperson Romy Bucalen and the GAD Com members and Senior Management of ICCB	All year round	Implemented as per approved plan in coordination with LGU.
5. To sponsor feeding program in coordination with LGUs for children in the community.	To allocate an amount from CDF for the program and To coordinate with LGU	GAD Com Chairperson Romy Bucalen and the GAD Com members and Senior Management of ICCB	All year round	Implemented as per approved plan in coordination with LGU.
6. Yearly to undertake assessment of GAD policies	To call the attention of the GAD Com to undertake yearly assessment of GAD's policies.	GAD Com Chairperson Romy Bucalen and the GAD Com members and Corp. Secretary.	End of December 2023	Implemented as per approved plan
7. Semi-annual Meeting	To call the attention of the GAD Com to attend meeting and undertake agenda related to GAD.	Chairperson Romy Bucalen and the GAD Com members and Corp. Secretary.	July and December 2023	The members of the Committee attended the meeting and undertook the agenda presented.

(SGD) ROMY A. BUCALAN

Chairperson

(SGD) ALEXANDER B. RAQUEPO

Resource Person

(SGD) RUBEN R. HABON

Focal Person

(SGD) CRISPINA PASCUAL

Member

CORPORATE GOVERNANCE COMMITTEE REPORT 2022

Ladies Gentlemen:

We, the Corporate Governance Committee has evaluated 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.

Based on the corporate principles (Vision and Mission), the Bank considers compliance to be its highest priority and strengthen and enhance corporate governance on an ongoing basis as a priority for management, in order to meet the expectations of all of its stakeholders, including its shareholders and customers, with the aim of materializing the Bank's sustainable growth and improving corporate value. Bank's 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.

In addition, the Bank has put together its basic framework for and views on corporate governance in the form of "Corporate Governance Manual" and publishes the Bank's overall Corporate Governance structure and practices in the Bank's annual report as required by the Bangko Sentral ng Pilipinas (BSP).

CORPORATE GOVERNANCE COMMITTEE PLANS AND PROGRAMS 2023

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	May 2023	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	- Bank Officers, BODs	Within Second Semester of 2023	- 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	Semi-annual meeting to be held on July 2023 and December 2023	-Attended 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) VIRGILIO B. ABAAG
Member

(SGD) ENGR. ROMY A. BUCALEN
Member

EDUCATION COMMITTEE REPORT 2022

Ladies and Gentlemen:

We, the members of the Education Committee hereby present the following reports for CY 2022:

1) The Total Number of Members of Ilocos Consolidated Cooperative Bank (ICCB in brevity) as of December 31, 2022 as follows:

- Regular members - 154 cooperatives,
- New coop-member for CY 2022- 8 cooperatives, and
- Associate members-
 - Preferred shares A- 1 (CDA)
 - Preferred shares B- 268 cooperatives
 - Preferred shares C- 2,734 individuals wherein:
Female-1,414 and Male-1,320

d) Total Bank's Employees as of Dec. 31, 2022-179, Female-89, Male-90

2) ICCB had sponsored in house seminars/training for cooperatives as mandated by CDA under CDA MC 2015-09 in coordination with CDA.

3) Education Committee Training Plan For 2023

a) For Cooperatives

TITLE OF TRAININGS/ SEMINARS	TARGET BENEFICIARY and PARTICIPANTS	TRAINING PROVIDER	TIME FRAME	REMARKS/ EXPECTED OUTPUT
1. TRAINING/ ORIENTATION in the Preparation of Reportorial Mandatory Requirements to CDA	-Coop Leaders in Ilocos Sur and Ilocos Norte (members and non members are enjoined)	CDA Personnel of Regional Office, Dagupan City, Pangasinan	April 2023	The orientations were held and attended by coop leaders and applied to their respective cooperatives.
2. FUNDAMENTALS OF COOPERATIVE -16 HRS (face to face)	ICCB Officers, BODs and Officers of small, medium and large coops	For Ilocos Norte to be coordinated with the Coop Union and CDA Specialist in the Province	Within third quarter of 2023	Attended and applied to respective cooperatives.
3. GOVERNANCE AND COOPERATIVE MANAGEMENT -16 HRS.(face to face)	-do-	-do-	Within third quarter of 2023	Attended and applied to respective cooperatives
4. FINANCIAL MANAGEMENT 8 HRS. (face to face)	-do-	-do-	Within third quarter of 2023	Attended and applied to respective cooperatives
5. CREDIT MANAGEMENT 4 hours.	-do-	-do-	Within third quarter of 2023	Attended and applied to respective cooperatives.
6. RISK MANAGEMENT 4 hours	-do-	-do-	Within third quarter of 2023	Attended and applied to respective cooperatives

b.) To hold in house orientation/seminar for employees and officers on the Ethics and Conciliation Policies and GAD Sensitivity/Awareness.

c.) To continue the holding of Investors' Forum, for North and South coop members by March 2023.

(SGD) FLORIDA R. ROSARIO

Chairperson
Members

(SGD) BENJAMIN Y. CAMPAÑANO

(SGD) ALEXANDER B. RAQUEPO

(SGD) NORMA S. CIPRIANO

(SGD) JOHN A. PRE



ILOCOS CONSOLIDATED COOPERATIVE BANK

Bagani Campo, Candon City, Ilocos Sur

Telefax (077)-674-0254 Telephone #(077)-674-0312

CREDIT COMMITTEE REPORT 2022

Ladies and Gentlemen:

We, the members of the Credit Committee hereby present the following reports for CY 2022:

SUMMARY OF LOANS APPROVED by CREDIT COMMITTEE and BOARD OF DIRECTORS

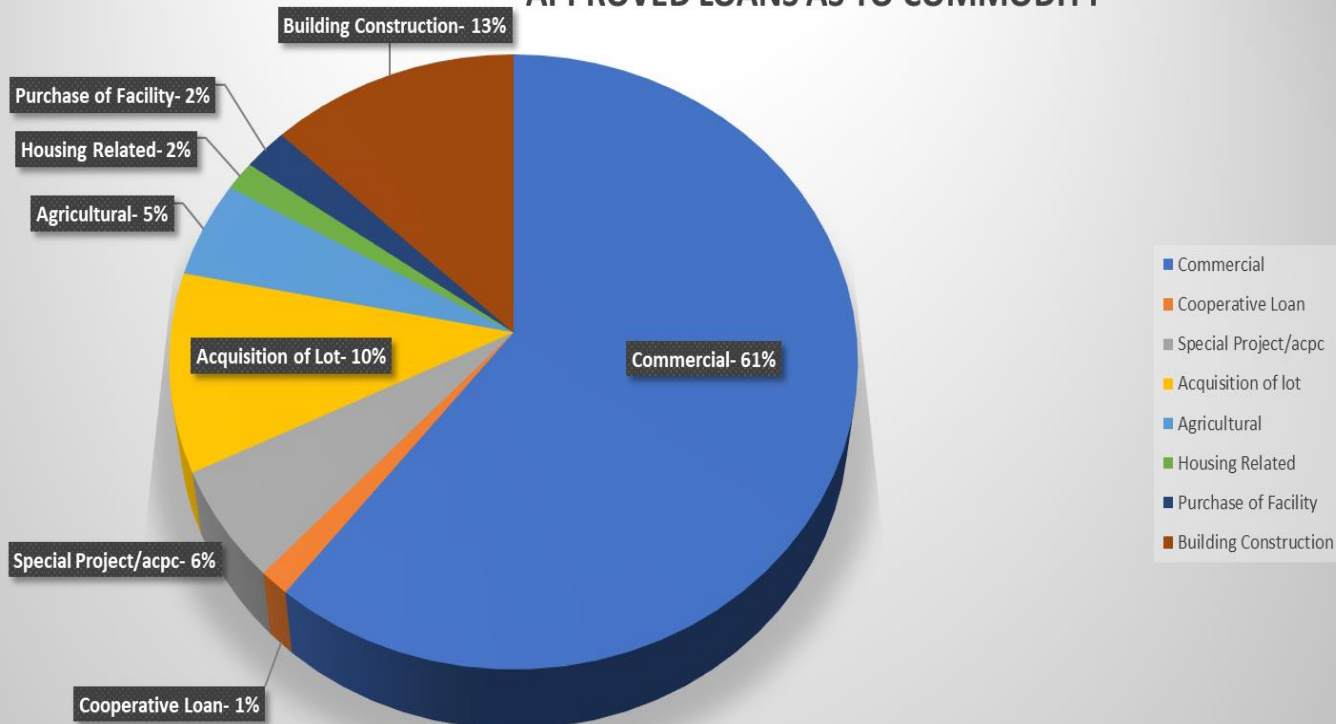
As to Branch

FOR THE YEAR 2022

No.	BRANCH	NUMBER OF ACCOUNTS	PERCENTAGE	TOTAL AMOUNT
1	Head Office-Candon	26	12.39%	62,850,000.00
2	Laoag Branch	4	3.10%	15,710,000.00
3	Marcos Branch		0.00%	
4	Batac Branch	1	0.69%	3,500,000.00
5	Bangui Branch	13	29.35%	148,875,000.00
6	Solsona Branch	11	11.67%	59,200,000.00
7	Sinait Branch		0.00%	
8	Bantay Branch	6	10.75%	54,500,000.00
9	Bangued Branch	4	9.20%	46,645,000.00
10	San Juan Branch	2	1.68%	8,500,000.00
11	Sanchez Mira Branch	3	1.48%	7,500,000.00
12	Villasis Branch	9	5.24%	26,600,000.00
13	San Carlos Branch	14	10.51%	53,300,000.00
14	San Nicolas Branch	2	3.94%	20,000,000.00
	TOTAL	95	100.00%	507,180,000.00

The Bank increased its loan portfolio by 190,508,380.03 from P 1,724,415,475.68 Loan Portfolio as of December 31, 2021 compared to P 1,914,923,855.71 as of December 31, 2022.

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 Medium Enterprises (MSME's) consisting of 61% of the total loans approved by Credit Committee and Bord of Directors. Loans extended to building construction of 13%. Acquisition of Lot at 10%, Special Project in partnership with ACPC at 6%, Agricultural loans at 5%, housing related loans at 2%, purchase of Facility at 2%.

Reviewed of Bank's Lending Policies and proposed improvement thereto:

1. Requiring Branch Managers to report to higher approving authority of any diversion on utilization of borrowers against approved loans;
2. Endorsed extension of restructuring loans from 5 years to a maximum of 7 years.

The Committee conducted on site visitation of the projects of borrowers.

(SGD) NORMA S. CIPRIANO
Chairperson

(SGD) BENJAMIN Y. CAMPAÑANO
Member

(SGD) RUBEN R. HABON
Member

RISK OVERSIGHT COMMITTEE ANNUAL REPORT 2022

Ladies and Gentlemen:

We, the members of the Risk Oversight Committee hereby present the following reports for CY 2022:

- A. **Monitored and reviewed the Bank's Risk Appetite Structure** compared with the results of Bank's operation. The Risk Tolerance Level (Bank Risk Appetite) were amended as follows:

AMENDED RISK APPETITE STRUCTURE				
	BANK RISK	RISK TOLERANCE	INDUSTRY LEVEL/ BSP	AMENDED
		LEVEL	STANDARD/LIMITS	
		(Risk Appetite)	Latest Updated 09/30/22 (subject to change quarterly)	
A.	CREDIT RISK			
	Credit Limits			
*	Single Borrowers Limit (SBL) or Single Exposure Limit	20% (for existing account) for new loans a max. of P5M	25%	Fixed amount of P50 Million or 20% of adjusted capital which ever is lower..
	Adjusted Capital (Total Equity- Unsecured	Under Res. No. 153 S. 2019		
	DOSRI - Unbooked Valuation) X 20%			
*	Large Exposure	4%	Five percent (5%) of the Bank's qualifying capital	4%
	Adjusted Capital (Total Equity- Unsecured DOSRI - Unbooked Valuation) X 5%			
*	Fringe Benefit Program	4%	5%	4%
	Total Loan Portfolio X 4%			
*	Directors, Officers, Stockholders, and Related Interest (DOSRI)	shall not exceed 15% of TLP or 100% of the adjusted capital whichever is lower	shall not exceed 15% of TLP or 100% of the adjusted capital whichever is lower	shall not exceed 15% of TLP or 100% of the adjusted capital whichever is lower
	Total Loan Portfolio X 15% or 100% of the adjusted capital whichever is Lower			
*	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.	shall not exceed 30% of the TLP or 100% of the bank's net worth whichever is lower.	shall not exceed 30% of the TLP or 100% of the bank's net worth whichever is lower.
	Total Loan Portfolio X 30% or 100% of bank's net worth whichever is lower.			
*	Unsecured DOSRI Loan	shall not exceed 30% of the limit on Aggregate ceiling or 30% of total DOSRI whichever is lower	shall not exceed 30% of the limit on Aggregate ceiling or 30% of total DOSRI whichever is lower	shall not exceed 30% of the limit on Aggregate ceiling or 30% of total DOSRI whichever is lower
*	Unsecured Loan to Individual (Aggregate Amount of P500,000.00)	500,000.00	None	500,000.00



*	Limit on Secured and Unsecured Loans (30% & 70%, respectively)	Ratio of 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.	None	Unsecured 40.00%-45.00% Secured 55.00% - 60.00%
	ASSET QUALITY RATIOS			
1	PAST DUE RATIO	10%	14.77%	10.00%
	Past Due Loans + Litigation / Total Loan Portfolio, gross			
	Past Due Loans			
	Items in Litigation			
	Total Loan Portfolio, Gross			
2	(ROPA to ASSET RATIO) NPA to Gross Assets	5%	12.23%	10.00%
	Non-Performing Assets		(average for 4 years 12.37%)	
	(1) Gross NPL			
	(2) ROPA, gross			
	(a) Real & Other Properties Acquired (ROPA)			
	(b) Non-Current Assets Held for Sale			
	(3) Non-Performing Sales Contract Receivables (SCR)			
	Gross Assets			
	(1) Total Assets			
	(2) Allowance on Non-Performing Assets (NPA)			
3	Restructured Loans to Total Loan Portfolio	2%	5.77%	4.00% - 5.00%
	Restructured Loans, gross		(average for 4 years 4.98%)	
	Total Loan Portfolio, gross			
4	Loan Loss Reserves (LLR) to Total Loan Portfolio (TLP)	7%	10.09%	7.00%
	Specific Loan Loss Provision + Gen.			
	Loan Loss Provision / Loan Portfolio, Gross			no proposed changes
5	Gross Non-Performing Loans(NPL) Ratio	7.50%	12.94%	8.00% - 10.00%
	Gross Non-Performing Loans (NPL) /			
	Total Loan Portfolio, gross			
6	Net Non-Performing Loans Ratio	3%	4.17%	4.00% - 5.00%
	NPL, net of Specific LLP			
	(1) Gross NPL		(average for 4 years 4.98%)	
	(2) Specific LLP			
	Total Loan Portfolio, gross			
7	Non-Performing Loans(NPL) Coverage Ratio, excl. GLLP	80%	77.93%	70.00% - 80.00%
	Specific Loan Loss Provisions(SLLP)/			



	Gross Non-Performing Loans (NPL)		(average for 4 years 65.00%)	
8	Non-Performing Assets (NPA) Coverage Ratio	65%	57.60%	50.00% - 60.00%
	Allowance on NPA		(average for 4 years 54.02%)	
	Non-Performing Asset			
9	Distressed Assets Ratio	10%	20.33%	15.00% - 18.00%
	Distressed Assets:			
	NPA			
	Restructured Loans(RL), Performing		(average for 4 years 20.19%)	
	Tota Loan Portfolio(LP), gross			
	Total ROPA			
	(1) ROPA, gross			
	(2) Performing SCR			
B.	LIQUIDITY RATIOS			
1	Cash and Due from Banks to Deposit Liabilities	20%	35.03%	25.00% - 30.00%
	Cash on Hand and Due from Other Bank		(average for 4 years 36.32%)	Branch Level - 10.00% - 15%
	Deposit Liabilities			
2	Liquid Assets to Total Liabilities	25%	None	25% - 30%
	Cash on Hand+COCI+DFOB+			
	+ DFBSP+HTM			average for 3 years 23.15%
	Total Liabilities			
3	Liquid Assets to Deposits Ratio	35%	39.86%	30% - 35%
	Liquid Assets, sum of:			
	(1) Cash and Due from Banks			Branch Level - 15.00% - 20.00%
	(2) Financial Assets, net (excl.equity investments)			Due From Corporate Office account is included in the liquid assets of branches.
	(3) Total Deposits			
4	Loans(gross) to Deposit Ratio	85%	107.65%	100.00% - 115.00%
	Gross Loan Portfolio		(average for 4 years is 106.50%)	
	Deposit Liabilities			
5	Loans to Deposit Liab+Bills Ratio	85%	None	85% to 90%
	Loan Portfolio, net UnAmortized Discount			
	Deposit Liabilities			
	Bills Payable			
6	Minimum Liquidity Ratio	22%	16.00%	25%
C.	SELECTED PROFITABILITY RATIOS			
1	Return on Equity (ROE)	12%	6.47%	8.00% - 10.00%
	Annualized Net Income			



	Ave. Equity			
2	Return on Assets (ROA)	1.5%	1.28% industry ave.	1.25% - 1.50%
	Annualized Net Income		2.00% standard ROA	
	Ave. Assets			
3	Earning Asset Yield	11%	9.05%	11%
	Annualized Interest Income			
	Average Earning Assets			
	December 31, 2021			
	September 30, 2022			
4	Funding Cost	3%	2.50%	2.50% - 3.00%
	Annualized Interest Expense			
	Average Interest Bearing Liabilities			
	December 31, 2021			
	September 30, 2022			
5	Interest Spread	8%	6.55%	8.00%
	(1) Earning Asset Yield			
	(2) Funding Cost			
6	Net Interest Margin	10%	7.08%	7.00 - 8.00%
	Annualized Net Interest Income			
	Average Earning Assets			
7	Cost to Income Ratio	70%	84.00%	70.00% - 75.00%
	Annualized Non-Interest Expenses			
	Annualized Total Operating Income			
8	Net Interest Income to Total Operating Income	75%	68.34%	55.00% - 60.00%
	Annualized Net Interest Income			
	Annualized Total Operating Income			
9	Non-Interest Income to Total Operating Income	25%	21.10%	25%
	Annualized Non-Interest Income			
	Annualized Total Operating Income			
	SOLVENCY/CAPITAL ADEQUACY			
1	Debt Ratio	85%	80.43%	85.00%
	Total Liabilities			average for 3 years 87.73%
	Total Assets			
2	debt to Equity Ratio	650%	None	580.00% - 630.00%
	Total Liabilities			
	Total Equity			average for 3 years 720%
3	Equity Ratio	15%	19.57%	15.00%
	Total Equity		average for 4 years 20.22%	average for 3 years 12.26%
	Total Assets			
4	Fixed Assets Ratio	45%	50%	45%
	Fixed Assets / Total Equity			no proposed changes



	Total Equity			
5	Capital Adequacy Ratio	12.50%	10.00%	no proposed changes

B. 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:

1. Continuously improved Bank's operation on credit services and recruitment of deposits.
2. Continuous implementation of Capital build-up program (CBU) of the Bank, coops-members are encouraged 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.
3. 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.
4. For all branches to religiously implement Bank policies, and procedures.
5. Focus on 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) VALERIANO P. AGNIR, JR
Chairperson

(SGD) VIRGILIO B. ABAAG
Member

(SGD) CRISPINA M. PASCUAL
Member

RELATED PARTY TRANSACTIONS (RPT) COMMITTEE REPORT 2022

Ladies and Gentlemen:

We, the members of the Related Party Transactions Committee hereby present the following reports for CY 2022:

A. Performed duties with respect to RPT transactions, to wit

1. Evaluated the implementation of the policies on Related Party Transactions of the Bank if these are well implemented and done on an arm's length basis. Generally, Related Party Transactions are allowed, as long 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.
2. With respect to the preparation of vetting sheet, the Committee advised the Management to consistently use the vetting sheet form to document that the transaction was conducted/granted the same with other borrowers and consistently implement the amended policy on related party transactions and employees not considered officers, no one is exempted to the rule.
3. Management should regularly and closely monitor RPT/DOSRI accounts including loans of relatives of supervisory and rank and file up to the second degree and submit quarterly reports including progress report to the RPT Committee through the Compliance Department.
4. The sales of asset to related parties were all conducted on an arm's length basis as these had passed through a bidding process.

B. Revisited the Amended RPT policy

The amended policy in the granting of RPT/DOSRI loans to close family members of our employees and Officers of the Bank under BOD Resolution No. 117-A S-2021, stated to wit: "Approving Authority for RPT/DOSRI loans, and loans of all Bank employees and their relatives, effective immediately, as follows:

PARTICULAR	POLICY/ APPROVING AUTHORITY
1. All Loan Applications of Supervisory and Rank-and-File Employees and their Relatives Up to the Second Degree of Consanguinity and Affinity.	- Loans below materiality threshold of P500,000 with the endorsement of the Branch Manager shall be approved by the Area Manager and loans P500,000 and above shall apply the existing policy under the level of authority of the President, Credit Committee and Board of Directors.
2. All Loan Applications of RPT aside from DOSRI - within the materiality threshold of P500,000. - below materiality threshold of P500,000.	- Credit Committee . - RPT Management Committee
3. All DOSRI loans regardless of the amount	- Board of Directors

The Committee advised the Management to always consider the loan limit or ceiling in granting RPT loans and for DOSRI loans with the 1:1 ratio of un-encumbered deposits and booked value of their paid in capital.

(SGD) MARGARITA R. SOMERA

Chairperson

(SGD) VALERIANO P. AGNIR, JR.

Member

(SGD) SEGUNDINO V. SOLIVEN

Member

BIDS AND AWARDS COMMITTEE REPORT 2022**Ladies and Gentlemen:**

We, the members of the Bids and Awards Committee hereby present the following reports for CY 2022:

- A. Revisited the approved bidding guidelines and procedures for implementation, to wit:
1. Disposal of reported items shall be done thru public bidding and the interested bidder shall post a bid bond of 10% of the minimum bid price or P50 whichever is higher and in the event the winning bidder will not claim his/her bid, the bid bond will be forfeited in favor of the bank.
 2. Further approved that winning bidder is disqualified in the absence of bidder's bond to be attached to the bid form.
 3. Upon Committee approval of the list of equipment for bidding, invitation to bid including the list of disposal items will be posted within 10 days at the Bank's conspicuous premises.
 4. The sealed proposal/s for the purchase on cash basis of the properties on the attached list will be received at the Ilocos Consolidated Cooperative Bank Corporate Office, Candon City, Ilocos Sur not later than at which place, date, and time said proposal/s will be opened in the presence of the attending bidder/s.
 5. The bidder who offers the highest bid shall be declared of the winning bidder.
 6. If the first bidding has failed, another 10 days posting will be done from the first assigned bidding date.
 7. Negotiated sale shall be resorted in case of failure of two public biddings where the prospective buyers and the Bank mutually agree of the terms, price and condition of the sale.
 8. The sale of the properties shall be "as-is-where-is" basis. The winning bidder/ shall take possession of the awarded property/properties without seeking assistance from the bank. The award in favor of the winning bidders shall be subject to the approval of the ICCB authorities of which the signatory is the Chairman of the Board.
 9. ICCB reserves the right to reject any or all bid/s to waive any formality and to accept the bid/s most advantageous to the Bank. The decision of ICCN shall be final and binding.
 10. A designed bid form will be used for bidders.
- B. For the year 2022, bid items were four service vehicle and one building construction.

(SGD) VALERIANO P. AGNIR, JR.
Chairperson

(SGD) VIRGILIO B. ABAAG
Member

(SGD) RUBEN R. HABON
Member

AUDIT COMMITTEE REPORT

Dear Stockholders,

On behalf of the other members of the Audit Committee Director Blandyne Yvonne D. Root of Marcos Farmers MPC and Director Valeriano P. Agnir Jr. of Sarrat Namnama MPC, I Director Margarita Somera of Fatima Vigan MPC and presently the Chairman of the Audit Committee is pleased to present our report for the fiscal year ended 31 March 2023. The report outlines on how the Committee discharged its responsibilities during the year in relation to the required oversight on financial reporting framework, risk management and internal control system, the Internal and External Audit function and the implementation of corrective actions on various audit issues presented to the committee in prior years audit.

The Audit Committee carried out its work during the six (6) meetings held for the fiscal year 2022 beginning September 28, 2022 to March 28, 2023. One last final meeting will be scheduled this April 2023 to be attended by the present members of the audit committee, the Chief Internal Auditor, the Board Secretary and possible invitation to key officers and employees to give highlight on any unresolved significant issues and concerns of the bank.

Outcome of the Audit Committee Work:

1) To oversee financial reporting framework:

The committee had focused on the monitoring of the integrity of the bank's Financial Statements, highlighting the importance of maintaining accurate financial information essential in ensuring the bank's long term financial strength and sustainable operation.

To assist the Board in fulfilling its oversight responsibilities, frequent monitoring on the adequacy of the required allowance for credit losses on loans and other assets as well as to follow up the persistent inaccurate tagging of past due loans and non-performing loans by some of the operating branches were conducted by the committee. To minimize if not to totally eradicate erroneous report from management, the committee confirmed the implementation of the automated management information system and totally eradicate the manual preparation of reports which are prone to errors and manipulations. Further, a monthly report on the status of any unbooked allowance for credit losses was required to be submitted to the Audit Committee beginning January 2023 until any deficiency in the required allowance for credit losses had been adequately recognized but in no case later than June 30, 2023.

2) To oversee risk management and internal control system:

Weak internal control and deficient credit risk management processes resulted to material increment of the bank's delinquency ratio which is far inferior with bank's acceptable standards or established risk appetite level.

To address the above key observation, the committee had formulated the following namely

- a) The need to enhance internal control and risk management over the bank's lending operation thru regular trainings to personnel involved in lending operation
- b) The need to perform comprehensive review and the application of stringent financial scrutiny in the credit evaluation and credit approval process.



- c) Total cessation of previous unsound lending practices noted in prior years audit such as but not limited to granting additional credit exposures to borrowers that manifested default.
- d) The need to set or define accountabilities of concerned officers and employee's who persistently deviates to the bank's credit risk management system.

3) *Oversee the Internal and External Audit function.*

The Audit Committee functionally meets with the Chief Internal Auditor to receive periodic audit reports as well as briefings on the effectiveness of the bank's risk management and internal control processes as well as compliance with bank's rules and regulations, policies and procedures. Discussions to audit issues and confirmation of audit recommendations were conducted. Based on the result of the discussion from the members of the Audit Committee, supplemental recommendations were also formulated to address the noted audit issues.

The Audit Committee is also responsible for the recommendation to the Board for the appointment and remuneration of Mr. Edgardo Molina, CPA as the bank's external auditor to audit Bank's financial condition as of December 31, 2022 and related Statement of Income and Expenses, cash flows and changes in stockholder's equity for the year then ended.

4) *Monitor the implementation of corrective actions on various audit issues presented to the committee in prior year's audit.*

Another essential function of the Audit Committee is to monitor the implementation of corrective actions to audit issues noted in prior year's audit.

Due to the persistent and recurring audit issues as observed by BSP Examiners signifying the lack of commitment from concerned auditee to address audit issues which were repeatedly raised by the Internal Audit department, the audit committee formulated and approved the guidelines on the Audit Follow Up Process to enhance its oversight function defining among others the responsibilities of the auditee, the internal audit department, the audit committee and the possible implementation of enforcement actions to compel management for the timely resolution of the audit issues depending upon the gravity of the violation. This is to emphasize however that the proposed enforcement actions were not intended to persecute bank officers and employees but to encourage proactive cooperation from concerned employee to institute corrective actions

Further, the last meeting of the present Audit Committee this April 2023 will be intended for the invitation of key officers to personally justify their inaction to correct identified major audit issues. This final action was in accordance with the Audit Committee's authority as provided by the Audit Committee Charter and to finally evaluate their respective justifications for non implementation of corrective actions.

With the expected revision on the composition of the members of the Audit Committee after the General Assembly scheduled on April 28, 2023 since the two members of the audit committee will no longer run as Board of Director of the bank, may I earnestly request to our successors to continue the work started by the present Audit Committee until such time that the required oversight function is effectively undertaken.

Thank you very much and God Bless!

(sgd) Ms. Margarita Somera

Chairperson of the Audit Committee

ELECTION COMMITTEE REPORT 2022

Dear Stockholders,

We, the members of the Election Committee hereby present the following reports for CY 2022:

1. We have implemented the approved Election Rules and Guidelines during Election of Officers held on July 29, 2022. The Result of Election, as follows:

NAME OF CANDIDATE	POSITION APPLIED FOR	NUMBER OF VOTES	REMARKS
AREA I			
1. Campaño, Benjamin Y. Jr., Binarmappa MPC	Board (Regular)	1,385	Elected, 2 years term
2. Pascual, Crispina M., Magumbayan MPC	Board (Regular)	2,129	Elected, 2 years term
3. Root, Blandyne Yvonne D., Marcos Farmers MPC	Board (Regular)	1,004	Elected, 1 year term
AREA II			
1. Bucalen, Romy, Candon City Government Employees MPC	Board (Regular)	1,343	Elected, 1 year term
2. Pre, John of Kailian MPC	Board (Regular)	2,490	Elected, 2 years term
3. Soliven, Segundino, Metro Paypayad MPC	Board (Regular)	1,368	Elected, 1 year term
4. Somera, Margarita, Fatima (Vigan) MPC	Independent Director	1,734	Elected, 2 years term
AT LARGE			
1. Abaag, Virgilio B., Sugpon MPC	Independent Director	1,193	Elected, 1 year term
2. Agnir, Valeriano P. Jr., Sarrat Namnama MPC	Independent Director	1,335	Elected, 1 year term
3. Cipriano, Norma S., Suyo MPC	Board (Regular)	3,985	Elected, 2 years term
4. Raquipo, Alexander B., Sta. Cruz Savings and Development Cooperative	Board (Regular)	2,986	Elected, 2 years term
5. Rosario, Florida R., Salukag MPC	Board (Regular)	1,954	Elected, 2 years term
ELECTION COMMITTEE			
1. Medrano, Miriam F., Sto. Domingo Dev't Cooperative	Election Committee	11,446	Elected 2 years term

2. For the Election of Officers for Calendar Year 2023, the vacancies are as follows:

Board of Directors	Number of Vacancies
1) Area 1	3
2) Area 2	3
3) At Large	2
Election Committee	2

3. The General Assembly approved the Amended Election Rules and Guidelines last Annual General Assembly Meeting held on July 29, 2022 and initially to be implemented this year 2023.

APPROVED AMENDED 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:

1.) 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.

2.) 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.

3.) 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)MERIAM N. MEDRANO
Chairperson

Members:

(SGD) CRISTETA A. BARNACHEA

(SGD) MYRNA B. CAVINTA

CHAIRMAN'S REPORT FOR CY 2022

Dear Stockholders,

On behalf of the Board, as your Chairperson, I hereby present the approved Resolutions for CY 2022. To wit:

BOD RESOLUTIONS SERIES 2022

TITLE/DESCRIPTION
Resolution to approve the policy for seminar/trainings effective immediately
Resolution to approve the Audit Engagement Contract with Mr. Edgardo M. Molina, CPA, for the Ilocos Consolidated Cooperative Bank Statement of Financial Position as of December 31, 2021 and the Related Statements of Income, Cashflows and Changes in Equity for the year then ended
Resolution to approve the Transition Plan for Sustainable Finance Framework and the creation of Working Group and its composition
Resolution approving the Amendment on the Human Resource Policy, Section 3.3 in the promotion of employees to temporarily hold the position for three months depending on the performance evaluation of the immediate supervisor.
Resolution approving the Amendment of Human Resource Policy, Chapter VI in case an Officer/Employee failed to attend scheduled seminar/training, the officer/employee shall pay the corresponding actual cost of registration of the seminar/training paid by the Bank unless there is a written notice declaring sufficient and acceptable reason for none attendance, effective immediately
Resolution to approve the permanent appointment of Mr. Erwin P. Lutap and Mr. Christopher G. Calpo as full-fledged Area Managers and Concurrently holding positions as Chief Security Officer and Credit Manager, respectively under Salary Grade 8 Step 1, effective February 1, 2022
Resolution to authorize Ilocos Consolidated Cooperative Bank (ICCB) –Sanchez Mira Branch to open a savings account at Philippine National Bank, Sanchez Mira Branch and to designate Branch Heads as the authorized signatories
Resolution authorizing the Ilocos Consolidated Cooperative Bank with the Investment of a Retail Treasury Bond (RTB) At the Bureau of Treasury, Intramuros, Manila amounting to Ten Million Pesos (P10,000,000.00) and to execute the Investment Management Agreement thru the Land Bank of the Philippines (LBP)- Batac Branch, Batac City, Ilocos Norte
Resolution to approve the disposal of Strada Mitsubishi with plate number AAS 8368
Resolution to approve the construction of the ICCB Laoag Branch Building; and to enter a contract with Architect Maribeth Opeña with a contract price of P9,805,519.20; And
Resolved Further, to authorize President Ruben R. Habon, on behalf of the Bank, to sign and enter a contract with Contractor Architect Maribeth Opeña, resident of Brgy 28, San Mateo, City of Batac, Ilocos Norte, for the construction of ICCB Laoag Branch Building
Resolution to amend the BOD Resolution No. 165-B for the composition of ADHOC Committee to temporary act as Election Committee for CY 2022 and to act on the Election Proceedings. Resolved further, to designate Internal Auditor Harold Franklin Ricardo to replace BOD Member Valeriano P. Agnir as ADHOC Com Member.

Resolution to approve the AMLA Training for Calendar Year 2022 composing of three batches to be attended by Directors, Officers and Employees of the Bank at 60 Participants per batch to be held on March 2022, June 2022 and September 2022 and for the Compliance Department to conduct quarterly orientation to front liners employees.

Resolution to approve the updated Credit Review Program which includes the Provisions on the basic guidelines in setting allowance for credit losses under Appendix 15 Of Manual of Regulations for Bank.

Resolution approving the promotion of Loradel G. Gacayan as Branch Manager effective April 01, 2022

Resolution approving rotation/reshuffling of two Branch Managers - Ronaldo C. Bitania to Bangued Branch and Arcelia A. Guerrero to Head Office effective March 9, 2022 and April 01, 2022, respectively

Resolution authorizing the Ilocos Consolidated Cooperative Bank to renew the Memorandum of Agreement with the Da-ACPC for "Kapital Access for Young Agripreneurs or (Kaya Loan Program) and ANYO Loan Program that caters affordable financial assistance to Micro and Small Agribusiness respectively" at Zero Percent (0%) Interest Rate; and designating authorized representative/s to enter into the Memorandum Of Agreement with the Agricultural Credit Policy Council

Resolution to hold the Third Annual Regular General Assembly Meeting on July 29, 2022 in one venue at CJC Events Place, City of Batac, Ilocos Norte instead of two venues for area 1 and area 2

Resolution to stop using personal vehicle for bank's operation effective immediately.

Resolution to transfer all the fringe benefit loans balances of separated employees to regular loans without changing interest rate and promissory note, effective immediately

Resolution to approve the Compliance Plan for Calendar Year 2022.

Resolution to approve the Updated Operations Manual on Record Keeping of Bank Deposits

Resolution to approve the Institutional Risk Rating

Resolution approving the selling of raffle and draw tickets for calendar year 2022 and applying selected Bank's Real And Other Properties Acquired (ROPA) as prizes for the said raffle and draw tickets

Resolution approving the absolute implementation of Bank's Cyberone Computer System and to stop Manual System in Recording Bank's Transactions effective within the Calendar Year 2022

Resolution approving the plan for rest and relaxation and team building for CY 2022

Resolution commending Bangui and Marcos Branches for exceeding their targets for calendar year 2021 and to approve an incentive of Five Thousand Pesos (P5,000) each employee of the two branches to be released effective immediately

Resolution approving additional budget for Calendar Year 2022 with estimated amount of P7,000 to P10,000 per Branch for the purchase of water dispenser for members/customers use effective immediately

Resolution to approve the Declaration of Stock Dividend of 5.5% to all Common and Preferred Shares A & B & C Holders at 10% as of December 31, 2021

Resolution to authorize the Ilocos Consolidated Cooperative Bank to renew the credit line/clean loan amounting to P100 million at Development Bank of the Philippines (DBP), and to maintain the authorized signatories/representatives of the Cooperative Bank to transact business with DBP.

Resolution to accept the Bank's Audited Financial Statement as of December 31, 2021 submitted by external Auditor Mr. Edgardo M. Molina, CPA; and Resolved Further, to act on the external auditor's recommendations and to direct the management to implement action to be taken

Resolution to approve for the disposal of two service vehicles particularly issued to Batac and San Nicolas Branches following the bidding procedure.

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 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 to approve amnesty program for loans affected by Covid-19 Pandemic and typhoon Maring thru loan renewal without processing fee for implementation, effective immediately

Resolution to allocate two representatives per coop to attend the 3rd Annual General Assembly Meeting to be held on July 29, 2022 at CJC Events Place, Batac City, Ilocos Norte. and Resolved Further, to provide an allowance of One Thousand Pesos (P1,000) per Coop- Representative/Attendee during the 3rd Annual Assembly Meeting.

Resolution to declare the Dividend and Patronage Refund for CY 2021 and additional Dividend to Preferred Shares "C" For CY 2020

Resolution to approve the Information Technology (It) Security Manual and Information Technology (It) Security Policies and Procedures effective immediately.

Resolution to approve the plan of IT department for the Full Computerization of the Bank.

Resolution to approve the supplemental budget for CY 2022 amounting to Ninety-Eight Thousand Pesos (P98,000) intended for the service charge in the installation of Firewall Point of the ICCB Computer System to External Gateway with VPN IP Sec Point, Multipoint Tunnelling and 3-Way Security.

Resolution to accept the resignation of Mrs. Yolanda T. Domingo of Marcos Farmers MPC from her position as board of director Of Ilocos Consolidated Cooperative Bank due to old age and health issues effective June 7, 2022.

Resolution Authorizing Mr. Markdan B. Dayap, CPA, Chief Accountant of Ilocos Consolidated Cooperative Bank (ICCB In Brevity) to transact with Bureau of Internal Revenue (Bir) relative to the closure of the respective Tax Identification Number of Ilocos Sur Cooperative Bank (ISCB) Branches

Resolution to approve the Proposed Amnesty Program for Past Due Loans and Non-Performing Loans affected by Covid-19 Pandemic.

Resolution to approve the dissolution of Asset Management Department (AMD) effective within the month of July 2022 and to Authorize the President, Mr. Ruben R. Habon to implement necessary action for the transfer and new designation of the AMD employees under the office of the Area Managers

Resolution to approve the Risk Based Annual Internal Audit Plan for the Fiscal Year 2022

Resolution to approve the purchase of lot for Solsona Branch Situated at Brgy. Juan, Solsona, Ilocos Norte having a total area of 674 square meters with estimated acquisition cost of Seven Million Pesos (Php7,000,000.00) and Resolved Further, to authorize Chairperson of the Board Alexander B. Raquipo on behalf of the Ilocos Consolidated Cooperative Bank to sign pertinent documents relative to the acquisition of lot for Solsona Branch

Resolution to write-off due accounts and endorse the list for the information of the Bangko Sentral Ng Pilipinas (BSP)

Resolution approving the semi-annual assessment of Bank's operation for the first semester of CY 2022 and its schedule to be conducted on July 20-22, 2022 at Baguio City

Resolution to approve the disposal of the ICCB lot located at San Pablo, San Nicolas, Ilocos Norte having an area of more or less 2,498 sq. meters to be sold at P 15 m

Resolution to approve the Amended/Updated Policies Updated Contingency Funding Plan;

- a. Financial Consumer Protection Manual;
Data Breach and Data Privacy Policy;
- b. Updated Credit Risk Management System (to include the previous amendments already approved by the board from cy 2018 to present)
- c. Updated Compliance Manual to include latest amendments of BSP Laws, Rules and Regulations specifically on regulatory reports; and
- d. Updated Curing Period Policy (to include previous amendments already approved by the board).

Resolution authorizing the Bank for the renewal of the P3 Wholesale Credit Line at Small Business Corporation (SBC) in the amount of P100M to augment the Coop Bank funds for credit service and to designate the President and Chief Finance Manager as bank signatories

Resolution authorizing Ilocos Consolidated Cooperative Bank (ICCB) to enter into a Memorandum Agreement with LGU Candon City Ilocos Sur on the Micro-Finance Program-Efficient Delivery of Services for Livelihood, Enterprise and Agriculture Development and Sustainability (CAMP-EDS Leads)

Resolution to signify our intention to be an accredited Civil Society Organization with Sangguniang Panlungsod Pursuant to the Procedures and Guidelines Set Forth In Section 108 of the Local Government Code of 1991 and DILG Memorandum Circular 2022-083, and to apply for membership in a Local Special Body in the City of Candon, Province of Ilocos Sur

Resolution to approve the supplemental budget of P1.5 m for the acquisition of one unit service vehicle -Estrada Mitsubishi for Sanchez Mira Branch.

Resolution to approve the supplemental budget of P4.5 m for the acquisition of lot for the office of Sinait branch.

Resolution to approve the Five- Year Development Plan of ICCB from 2023-2027 and endorsed for the ratification of the general assembly during the 3rd annual assembly to be held on July 29, 2022

Resolution to confirm the result of election held on the Annual General Assembly Meeting held on July 29, 2022

Resolution to confirm the elected officers of the board during the 2022 Board organizational meeting

Resolution to maintain the twelve number of Board of Directors and wait until the next assembly meeting by 2023 to fill up vacant seats.

Resolution to approve the appointment of the Secretary and Treasurer and Committee Chairperson/Members

Resolution to approve the disposal of Strada Mitsubishi with Plate Number AAS 8387, Mitsubishi With Plate Number AAS 8373, And Mitsubishi With Plate Number AFD 112

Resolution to formally appoint the applicants to fill up vacant seat for Committees subject to the completion and submission of required documents particularly the Certificate Of Compliance of the coop represented

Resolution to accept the BSP Advance Report of Examination Findings on their Regular Examination completed on 8 August 2022 and Bank's reply (Refer To File).

Resolution to revoke the Board Resolution No. 97-A S-2020 on the amended Human Resource Manual for retiring employee to avail work extension and to retain the Human Resource Manual, Chapter 10, Section 16 that" it shall be

compulsory for bank employee/s who have reached sixty (60) years of age to retire and no work extensions shall be given or granted", however, in such cases, granting for work extension to retiring employee is flexible, under the discretion of the senior management, effective immediately.

Resolution to approve for the immediate construction of the one storey building of Bangued Branch with projected price of P5,500,000.00 and to enter a building contract with Contractor Architect Marie Beth C. Opeña and authorizing President Ruben R. Habon to sign the contract in behalf of the bank

Resolution To approve the implementing guidelines of the Microfinance Program Under Livelihood Empowerment and Dev't Services (LEDS) Funded by City of Candon, Ilocos Sur an amount of P60M with ICCB Counterpart of P60 M for five years

Resolution to transfer the accounting records and transactions of the Asset Management Department to the Accounting Department of Corporate Office effective September 1, 2022

Resolution to approve and authorize Mr. Markdan Dayap, CPA, Chief Accountant of the Bank to transact with Bureau of Internal Revenue (Bir) relative to the printing of bank's receipts and other forms effective immediately

Resolution to approve the Bank's Full Computerization Plan Until December 31, 2023.

Resolution to approve the Investors' Forum to Be Held Within the Last Quarter Of 2022.

Resolution to approve the Amendment of the Credit Committee Charter: to change General Manager to President and Chief Loan Officer to Credit Manager and to include additional powers of the Credit Committee

Resolution to approve the Policies and Guidelines in Handling Post Dated Checks (PDCs) effective October 1, 2022

Resolution to approve the Guidelines in Handling Automated Teller Machine Cards or ATMs effective October 1, 2022

Resolution to approve the Revised Transition Plan on Sustainable Finance

Resolution to approve the Sustainable Finance Framework

Resolution to accept the Inspection Report of Cooperative Development Authority Conducted on September 20-21, 2022.

Resolution to approve the Guideline for Stale Check- that the Bank will not accept Stale Check For Deposit Or Payment, Effective Immediately

Resolution to approve the issuance of Share Capital Certificate as Per Art. IV, Sec. A. of the ICCB By-Laws that Certificate of Share shall be issued by ICCB only after full payment of the subscribed capital effective immediately

Resolution to approve a Policy for bank's product review annually within the last quarter of the year to be done by the senior management

Resolution to approve the creation of trainers pool of ICCB and its compositions

Resolution to approve the supplemental budget for CY 2022 purposely to acquire new server of the bank's core banking system and Resolved Further, to authorize President Ruben R. Habon in behalf of the Ilocos Consolidated Cooperative Bank to Transact Business with the Supplier -Mist Innovative Solutions Corp

Resolution to approve the buying of RA 9520 Books to be distributed to coop members of ICCB As Part of the social obligation of the bank from Cooperative Development Fund

Resolution to approve the release of the Goodwill Pay of Former Directors Of ICCB Namely Dir. Yolanda T. Domingo And Dir. Oscar Y. Campañano Basing on bank's policy as per Bod Res. # 177 S-2018



Resolution to approve guidelines in the withdrawal of shares at ICCB basing on the Coop Bank's By-Laws.

Resolution to request financial assistance from the office of the Ilocos Sur Provincial Government through Governor Jeremias C. Singson an amount of Two Hundred Million Pesos (P200,000,000.00) to augment capital for agricultural loan program of the Bank

Resolution to amend the BOD Resolution No. 195-A S-2019, to lower the single borrower's limit (SBL) from the approved amount of Fifty-Two Million Pesos (P52M) to Fifty Million Pesos (P50 M) effective Immediately

Resolution to amend the BOD Resolution No. 90-F S-2022 for the disposal of the ICCB lot located at San Pablo, San Nicolas, Ilocos Norte having an Area of more or less 2,498 sq. meters to be sold at P15 M Instead of P20 M.

Resolution to recall Bod Res. No. 97-A S-2020 and to cancel BOD Res No. 120-C S-2022 for the amendment of ICCB Human Resource Manual, Chapter 10. Section 16 on the granting of work extension for retiring employees

Resolution approving grace period of Two Years for ICCB Retired Employee before becoming member of Board of Directors of the Bank

Resolution to approve the policy and guidelines in the availment of Accrued Credit Leave Monetization

Resolution to approve the charter of the executive committee to act as Personnel Committee of the Bank

Resolution to revise the policy on promotion for an Employee to temporary holds the designated position at a maximum period of six months, effective immediately

Resolution to approve "No Observation Period" Promotion Policy for qualified employee effective immediately

Resolution to approve the amendment of Plantilla of Ilocos Consolidated Cooperative Bank

Resolution to approve the quota and the guidelines in the recruitment of deposits for the Calendar Year 2023 effective January 1, 2023

Resolution to approve the proposed amendment of interest rates only for new placement of time deposit effective January 1, 2023

Resolution to approve the proposed Long Term Deposit Program (LTD) of the Bank and its Guidelines effective 1 January 2023

Resolution to accept the Report of Examination (ROE) OF THE Bangko Sentral Ng Pilipinas (BSP) on the Examination Completed on 8 August 2022

Resolution to approve the Letter of Commitment to be submitted to Bangko Sentral Ng Pilipinas

Resolution to amend the ICCB Personnel Manual Chapter III Performance Management on Performance Appraisal System to be done on annual basis not semi-annual

Resolution to approve the disposal of Bank's Properties; Four Parcels of Land located at San Pablo, San Nicolas, Ilocos Norte

Resolution to approve the Audit Engagement Contract with Mr. Edgardo M. Molina, CPA, for the Ilocos Consolidated Cooperative Bank Statement of Financial Position as of December 31, 2022 and the Related Statements of Income, Cashflows and Changes in Equity for the Year then Ended

Resolution to approve the guideline on the audit follow up process to be included in the Internal Audit Manual of the Bank for implementation effective immediately

Resolution to approve the Bank's Reply on the BSP Directives on the BSP Report of Examination as of March 31, 2022 to

be submitted to the Bangko Sentral Ng Pilipinas.

Resolution to approve the Proposed Amendment of Bank's Risk Appetite

Resolution to approve the Proposed Amendment of Bank's Contingency Funding Plan

Resolution to authorize Ilocos Consolidated Cooperative Bank (ICCB For Brevity) to apply building permit for the renovation of the Marcos Branch Building as per budget of CY 2022 amounting to P1 M.

Resolution to approve the supplemental budget of P500,000 for the acquisition of office furniture and fixtures for Bangued Branch

Resolution to approve the acquisition of lot for Sinait Branch, a portion of residential land situated at Hillside, Ricudo, Sinait, Ilocos Sur containing an area of Two Hundred Fifty Square Meters (250 Sqm) more or less, declared under Tax Declaration Number 30-0036-14553 and authorizing ilocos Consolidated Cooperative Bank to transact with the owner of the lot Mr. Glenn P. Tulas, in consideration of the sum of Four Million Five Hundred Thousand Pesos (P4,500,000.00).Resolved Further, to authorize Mr. Ruben R. Habon, ICCB President, to sign pertinent documents relative to the said acquisition of Sinait Branch lot.

Resolution to approve the supplemental budget of P5.9 M for Cyberone System for API XLM

Resolution to approve the supplemental budget of P1,016,800 for the acquisition of office equipment, furniture and fixture for ICCB Corporate employees in their transfer of office in Laoag branch.

Resolution to approve the disposal of Bank's Properties with Vendee Henry William Macatumbas Guillermo in consideration of the sum of Fifteen Million & 00/100 Pesos (P15,000,000.00); Four Parcels of Land located at San Pablo, San Nicolas, Ilocos Norte.

Resolution to approve the Projected Operational Annual Plan & Budget of Ilocos Consolidated Cooperative Bank for Calendar Year 2023, including strategic objectives and it's implementing guidelines effective January 1, 2023

Resolution to approve the relocation of the office of Laoag Branch and Batac Branch to the Bank's Newly CONSTRUCTED BUILDING LOCATED At J. P. Rizal St., Brgy. No. 18, San Quirino, Laoag City, Ilocos Norte and Brgy. No. 5 Callaguip, City of Batac, Ilocos Norte on March 6 and March 20, 2023 respectively

(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 during CY 2022. The prospects of the Bank for CY 2023 are also included in the report of the President.

I. CORPORATE POLICIES

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

On the fifth year of operation of Ilocos Consolidated Cooperative Bank, it performed great despite of the impact 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)
- i. 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 June 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.

The year of 2022, the Bank experienced the improving effect against the Pandemic with the exerted effort of all employees and Bank Officers as the Bank's revenue turned around not only in its credit services but Bank's clients loan repayments as well, the Bank continuously implemented its services and programs with sustainability, profitability and efficiency.

Financial Highlights

PARTICULARS			As of December 31 2022	As of December 31 2021	Variances
Profitability					
	Total Net Interest Income		168,051,039.18	140,277,016.48	27,774,022.70
	Total Non-Interest Income		80,822,127.77	60,317,649.37	20,504,478.40
	Total Non-Interest Expense		191,127,277.23	161,747,945.14	29,379,332.09
	Pre-Provision Profit		57,745,889.72	38,846,720.71	18,899,169.01
	Allowance for Credit Losses		26,782,746.47	16,612,253.20	10,170,493.27
	Net income		30,963,143.25	22,234,467.51	8,728,675.74
Selected Balance Sheet Data					
	Liquid Asset		547,043,808.38	427,394,550.11	119,649,258.27
		Cash on Hand	22,073,373.61	19,132,723.35	2,940,650.26
		COCI	2,224,861.49	5,445,376.41	3,220,514.92
		Due from BSP	34,942,160.34	32,489,624.08	2,452,536.26
		Due from Other Banks	337,942,009.64	241,167,372.82	96,774,636.82
		HTM	149,861,403.30	129,159,453.45	20,701,949.85
	Gross Loans(Net of unammortized Discount)		1,914,923,855.71	1,720,598,408.17	194,325,447.54
		Current Loans	1,684,011,546.24	1,582,091,673.32	101,919,872.92
		Past Due Loans & Litigation	230,912,309.47	138,506,734.85	92,405,574.62
	Bank Premises(Net of Accumulated Depreciation)		113,908,895.00	74,799,574.03	39,109,320.97
	ROPA(net)		108,212,137.10	105,804,888.54	2,407,248.56
	Total Assets		2,612,573,077.66	2,267,496,553.78	345,076,523.88
	Deposits		1,660,003,214.21	1,378,499,191.07	281,504,023.14
		Savings Deposit	792,696,476.17	604,979,871.15	187,716,605.02
		Certificate of Time Deposit	867,306,738.04	773,519,319.92	93,787,418.12



	Total Equity		352,841,153.91	264,069,840.14	88,771,313.77
		Common shares	131,814,000.00	121,610,000.00	10,204,000.00
		Preferred shares	77,610,000.00	66,920,000.00	10,690,000.00
		Retained Earnings Free	39,941,140.44	31,971,178.98	7,969,961.46
		Retained Earnings-restricted	103,476,013.47	43,568,661.16	59,907,352.31
		Other Capital Accounts	-	-	-
Selected Ratios					
	Return on Equity		8.78%	8.42%	0.36%
	Return on Assets		1.27%	1.05%	0.22%
	Net Income/ Gross Income		11.77%	8.45%	3.32%
	Liquidity Ratios		32.95%	31.00%	1.95%
Asset Quality					
	Past Due Ratio		12.06%	8.05%	4.01%
	Loans to Deposit Ratio		115.36%	124.82%	-9.46%
	Fixed Asset Ratio		32.28%	28.33%	3.96%
	Savings Deposit Mix		47.75%	43.89%	3.87%
	Time Deposit Mix		52.25%	56.11%	-3.87%
	Past due loans Coverage		11.60%	11.99%	-0.40%

II. FINANCIAL CONDITIONS/ RESULTS OF OPERATIONS AS OF DECEMBER 31, 2022

Ilocos Consolidated Cooperative Bank proudly presents its 6th Annual Financial Report.

Previously, the bank humbly reported how the pandemic affected the two-year operation in 2020 and 2021, with the numerous times wherein branch operations need to be halted temporarily due to contact tracing and some due to its employees contracting the corona virus disease, as a result, the bank targets were not efficiently met. In 2020, despite the rise of pandemic, it was able to raise P7,065,690 Net Income. And last 2021, the bank was able to record a P22,234,467 Net Income.

This would not have been possible had it not for the continuous support and patronization from all the stakeholders – the directors, the officers, the employees and all the clients. Through and through, the bank will work to achieve its vision, to be an empowered and sustainable cooperative bank in Luzon. We will continue to work to provide financial products and services and help in the countryside development; to develop partnership with stakeholders for economic endeavors; to provide career development for employees and officers of the bank; to undertake community efforts consistent with our Vision Statement.

The duty to maintain and develop this cooperative banking industry is truly challenging and toiling, but the beauty to see the lives of its valued clients to prosper through financing their projects, their businesses, and even through financing their needs for the purpose of advancing



their careers abroad are truly fulfilling, humbling and inspires us to dedicate and do more for the availing public including the individuals, the primary cooperatives and other organizations. These are all in hopes that in the near future, a better quality of life, better work opportunities, a more promising business opportunities will be made possible in the countryside.

Just as how enormous the support of shareholders through capital infusion to the bank, the bank in return will give back their due and well-deserved return of investment.

Just as how the world demanded to be digitalized during the period of pandemic, this will be the next big step of the bank, and together we will make it happen.

The bank will continue to make itself available and visible for all its member-shareholders, to aid in their regulatory compliances via providing free trainings and seminars. Continue widening its radius of operation, onboard depositors and borrowers and take on new share-subscribers and shareholders.

Unseen and uncalculated circumstances will always be given and will try to hinder and jeopardize the business operation, but with a united movement and a resilient spirit, just like how we hurdled the challenges during the pandemic, we will be able to make it through. With this attitude of cooperation, optimism, goal-oriented, sound decision making and God's Divine Providence, the Ilocos Consolidated Cooperative Bank holds a continuous progress in the years to come.

Financial Highlight as of December 31, 2022:

PROFITABILITY:

For the calendar year 2022, we were able to report a Net Income of P30.9M, a 39.26% increase from year ended 2021.

This 2022, the highest type of loans contributory to the net income arises from Loans to Individuals for Consumption Purposes, MSME Loans, Other Agricultural Loans and the recovery of Past Due Loans and Items in Litigation.

As the economy slowly recovers, our clients are able to get back and pay their dues, their businesses were fully back on their usual operations, OFWs are able to get back to their employment, thus, the improved collections.

The Return on Equity for the year 2022 was 8.78%, it was higher than last 2021 which yielded 8.42%. The Return on Assets for the year 2022 was 1.27%, it was higher than last 2021 which yielded 1.05%. For 2021 & 2022, the operations gradually improved and the actual yields are nearer to the forecasted budgets. Unlike when the pandemic was extremely on the rise that the bank was merely able to record a positive result of operation.

LIQUIDITY:

The Liquidity ratio in 2021 is 31%, it increased to 32.95% this 2022. The Deposit Generations of 2021 recorded a total of P1.37B, while in 2022, it recorded a total of P1.66B, an increase of 20.42% from last year. This reflects the trust and confidence reposed by the banking public and the stakeholders. The ratio of Current Assets over Deposit Liabilities remains to be above that of liquidity requirements. Loans to Deposit Ratio decreased this year by 9.46% as the deposit generation is increasing faster than the amount of loan releases. Over-all, the bank has



been compliant with the 20% Minimum Liquidity Ratio as set by the Bangko Sentral ng Pilipinas.

ASSET QUALITY:

The bank's Loan Portfolio (net of UID and allowance for credit losses) as of 2022 amounted to P1.79B increased by 11.15% from last year's P1.61B. Majority of the Loan Portfolio were Loans to Individuals for Personal Use Purposes, followed by MSMEs, Other Agricultural Credit Loans.

For 2022, 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. A mix of both the government as well as from private lending institutions remains to be ICCB's partner in providing financial assistance through credit lines to cater the demand of borrowings, they are the Land Bank of the Philippines, DA – Agricultural Credit Policy Council, Metro South Cooperative Bank and Small Business Corporation. During this year, the bank was also able to be chosen by the LGU of the City of Candon as their beneficiary. They have donated 60 million Capital to be used in the Micro-Finance Livelihood Program to be available for Candonians for their start-up Livelihood Businesses, as additional business capital and also for farmers.

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 remains to be on the double digit which is 12.06% rooting from the clients' financial distress brought by the pandemic, but the whole bank is currently implementing plans and actions to lessen them by the year ending December 31, 2023.

Fixed Asset Ratio increased this year by 3.96% but lower than the forecasted fixed asset ratio as the bank slowed on the implementation of asset acquisition. Restructured Rate was lowered from 4.76% to 4.08%, implementation of recovery plans has already started and expects to be lowered in the next year.

TOTAL DEPOSITS

The bank's deposit liabilities compose of Saving Deposit with the amount of Php792.69M (48%) and Time Deposit with the amount of P867.30M (52%). The bank also aims to provide other services such as Checking Accounts and the Double Your Money Special Deposit Program by 2023.

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.

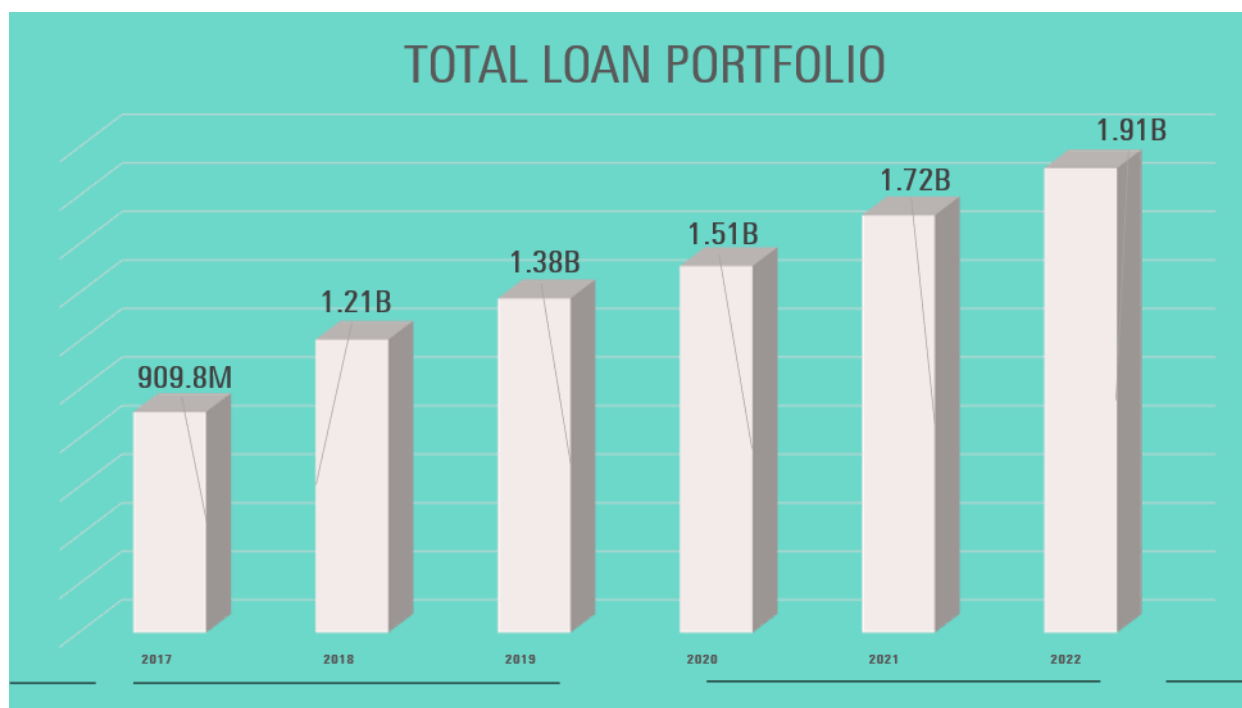
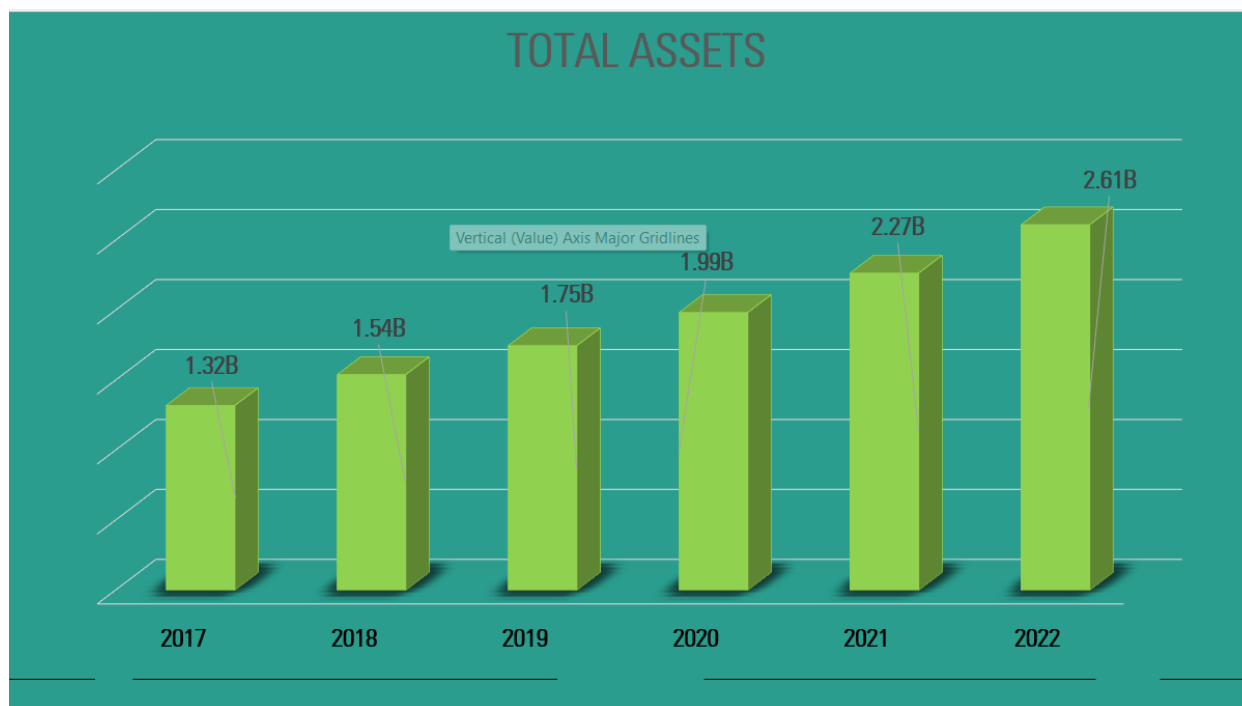
TOTAL EQUITY

For the year 2022, the Equity of the Bank has increased from Php264.07M to Php352.841M. Common Shares as of 2022 was Php131,814,000, the Preferred Shares-B was Php45,213,000, and Preferred Shares-C was Php32,397,000. Another contributory factor in the increase of the bank's Equity is the Net Income of Php30.543M. The bank's Return on Equity for the year 2022 was 8.78% compared to the year 2021 which was 8.42%.

For the year 2022, 10% Dividend will be given to Preferred Shareholders and 7% Dividend will be given to the Common Shareholders.

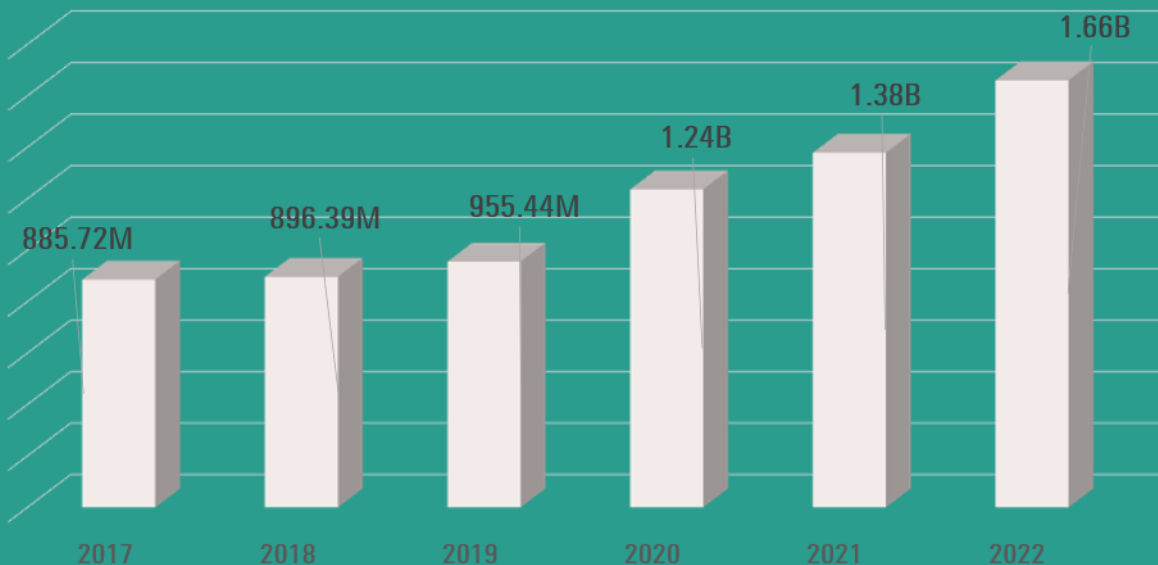
The Capital Build-Up Program of the bank is continuously reinforced and incentives are duly given to contributors.

The following are the notable graphs showing the position of ICCB since consolidation

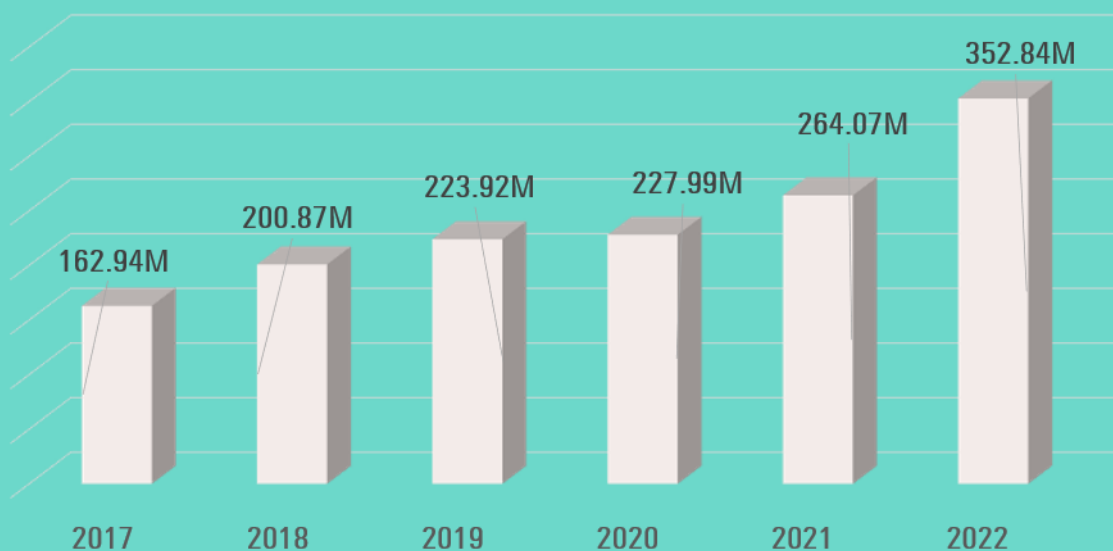




TOTAL DEPOSITS

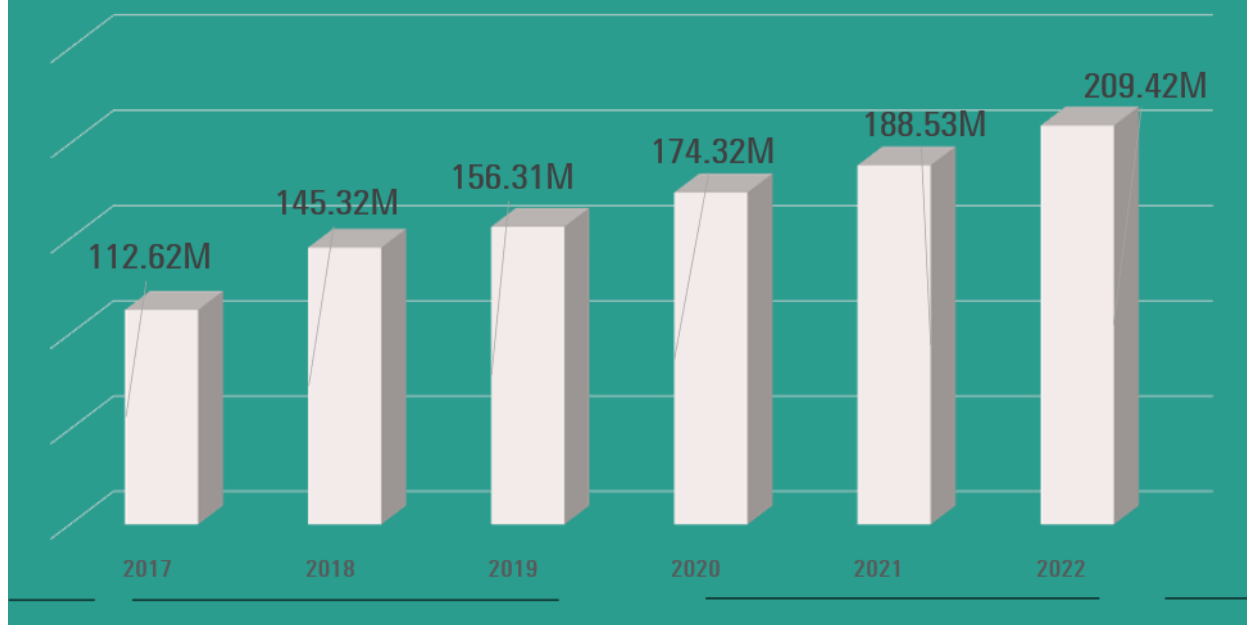


TOTAL EQUITY

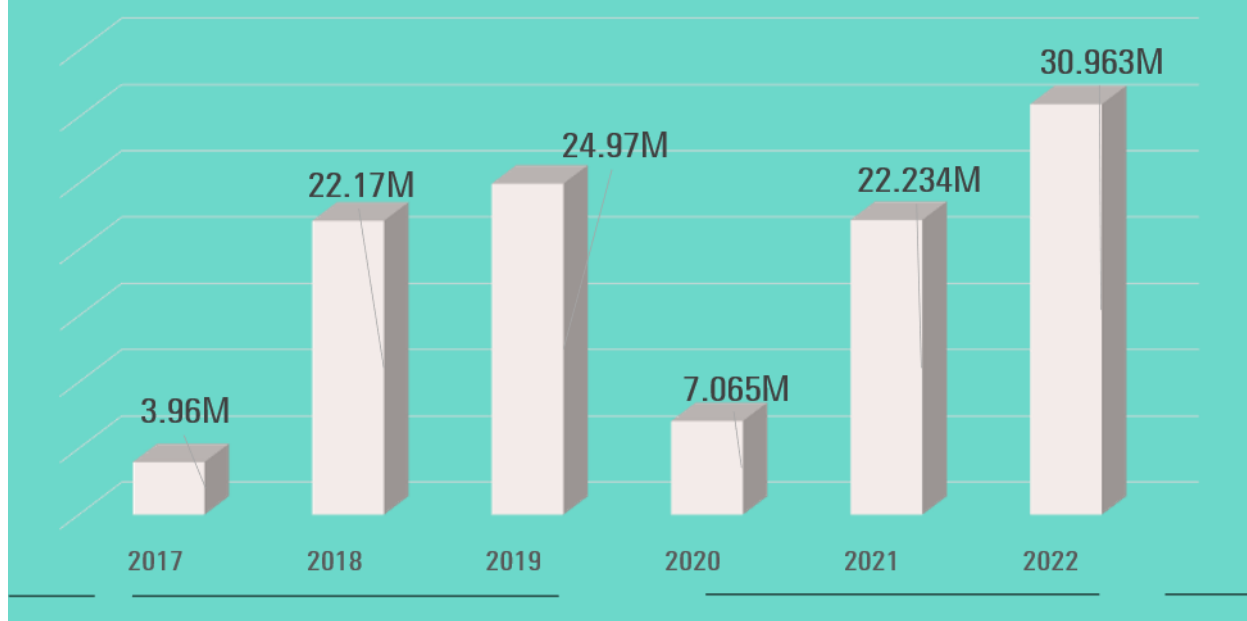


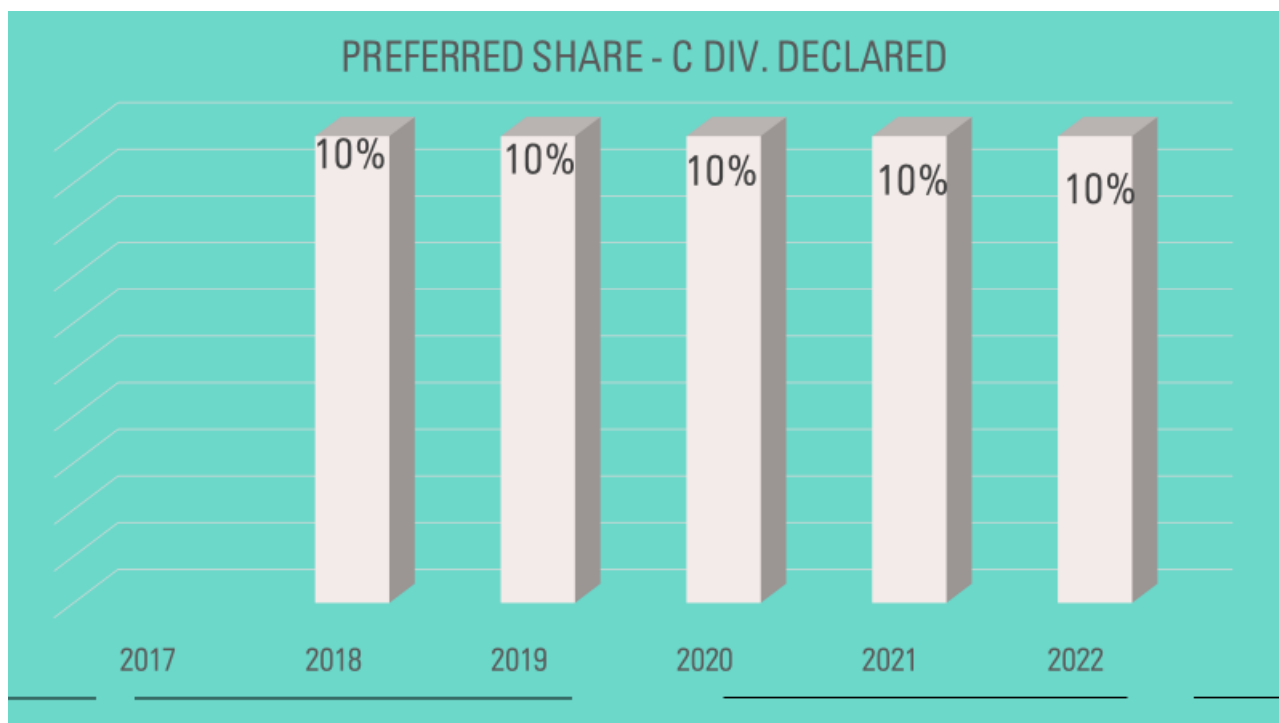
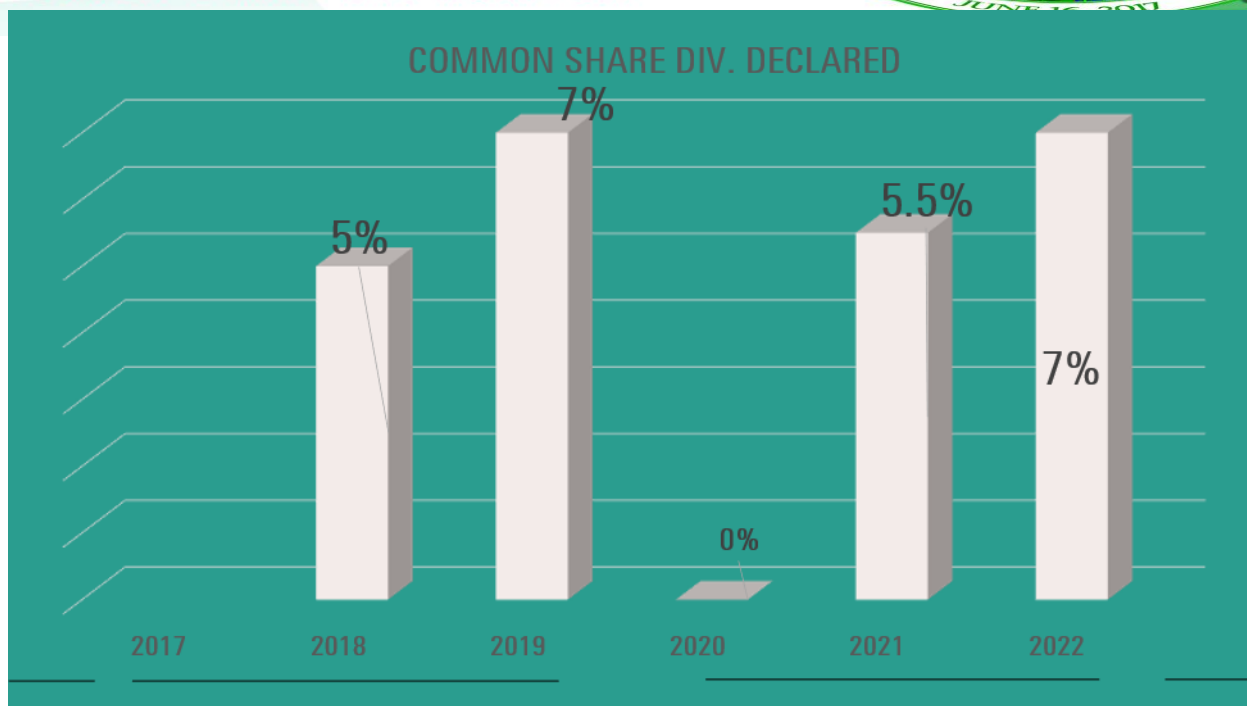


TOTAL COMMON AND PREFERRED SHARES



NET INCOME





UPDATES

Banking Service Innovations

- D. Continuous enhancement of the Computer Program and full implementation of cyberone system.
- E. Continuing professional development of employees for excellent banking services through trainings and seminar via face to face or webinars.
- F. Continue on the Bank's web hosting services headed by President Ruben R. Habon with ichooseiccb.Com

**B. MAJOR ACTIVITIES/STRATEGIES/INITIATIVES DURING THE YEAR**

- a. CONSTRUCTION OF THE ICCB LAOAG BRANCH BUILDING; AND TO ENTER A CONTRACT WITH ARCHITECT MARIE BETH OPEÑA WITH A CONTRACT PRICE OF P9,805,519.20.
- b. ABSOLUTE IMPLEMENTATION OF BANK'S CYBERONE COMPUTER SYSTEM AND TO STOP MANUAL SYSTEM IN RECORDING BANK'S TRANSACTIONS EFFECTIVE WITHIN THE CALENDAR YEAR 2022.
- c. DECLARATION OF STOCK DIVIDEND OF 5.5% TO ALL COMMON AND PREFERRED SHARES A & B & C HOLDERS AT 10% AS OF DECEMBER 31, 2021.
- d. DISPOSAL OF TWO SERVICE VEHICLES PARTICULARLY ISSUED TO BATAK AND SAN NICOLAS BRANCHES FOLLOWING THE BIDDING PROCEDURE.
- e. ACQUISITION OF TWO UNITS TOYOTA HILUX G CONQUEST 4X2 AT TOYOTA, SAN NICOLAS, ILOCOS NORTE TO BE ISSUED AS SERVICE VEHICLE OF ICCB SAN NICOLAS BRANCH AND ICCB BATAK BRANCH
- f. IMPLEMENTATION OF AMNESTY PROGRAM FOR LOANS AFFECTED BY COVID-19 PANDEMIC AND TYPHOON MARIAN THRU LOAN RENEWAL WITHOUT PROCESSING FEE
- g. SUPPLEMENTAL BUDGET FOR CY 2022 AMOUNTING TO NINETY-EIGHT THOUSAND PESOS (P98,000) INTENDED FOR THE SERVICE CHARGE IN THE INSTALLATION OF FIREWALL POINT OF THE ICCB COMPUTER SYSTEM TO EXTERNAL GATEWAY WITH VPN IP SEC POINT, MULTIPPOINT TUNNELLING AND 3-WAY SECURITY.
- h. IMPLEMENTATION OF AMNESTY PROGRAM FOR PAST DUE LOANS AND NON-PERFORMING LOANS AFFECTED BY COVID-19 PANDEMIC.
- i. PURCHASE OF LOT FOR SOLSONA BRANCH SITUATED AT BRGY. JUAN, SOLSONA, ILOCOS NORTE HAVING A TOTAL AREA OF 674 SQUARE METERS WITH ESTIMATED ACQUISITION COST OF SEVEN MILLION PESOS (PHP7,000,000.00).
- j. ENTERED INTO A MEMORANDUM AGREEMENT WITH LGU CANDON CITY ILOCOS SUR ON THE MICRO-FINANCE PROGRAM-EFFICIENT DELIVERY OF SERVICES FOR LIVELIHOOD, ENTERPRISE AND AGRICULTURE DEVELOPMENT AND SUSTAINABILITY (CAMP-EDS LEADS)
- k. ACCREDITED CIVIL SOCIETY ORGANIZATION WITH THE SANGGUNIANG PANLUNGSOD PURSUANT TO THE PROCEDURES AND GUIDELINES SET FORTH IN SECTION 108 OF THE LOCAL GOVERNMENT CODE OF 1991 AND DILG MEMORANDUM CIRCULAR 2022-083, AND TO APPLY FOR MEMBERSHIP IN A LOCAL SPECIAL BODY IN THE CITY OF CANDON, PROVINCE OF ILOCOS SUR.
- l. SUPPLEMENTAL BUDGET OF P1.5 M FOR THE ACQUISITION OF ONE UNIT SERVICE VEHICLE - ESTRADA MITSUBISHI FOR SANCHEZ MIRA BRANCH.
- m. SUPPLEMENTAL BUDGET OF P4.5 M FOR THE ACQUISITION OF LOT FOR THE OFFICE OF SINAIT BRANCH
- n. IMMEDIATE CONSTRUCTION OF THE ONE STOREY BUILDING OF BANGUED BRANCH WITH PROJECTED PRICE OF P5,500,000.00 AND TO ENTER A BUILDING CONTRACT WITH CONTRACTOR ARCHITECT MARIE BETH C. OPEÑA AND AUTHORIZING PRESIDENT RUBEN R. HABON TO SIGN THE CONTRACT IN BEHALF OF THE BANK;
- o. APPROVAL OF THE IMPLEMENTING GUIDELINES OF THE MICROFINANCE PROGRAM UNDER LIVELIHOOD EMPOWERMENT AND DEV'T SERVICES (LEDS) FUNDED BY CITY OF CANDON, ILOCOS SUR AN AMOUNT OF P60M WITH ICCB COUNTERPART OF P60 M FOR FIVE YEARS;
- p. SUPPLEMENTAL BUDGET FOR CY 2022 PURPOSELY TO ACQUIRE NEW SERVER OF THE BANK'S CORE BANKING SYSTEM AND RESOLVED FURTHER, TO AUTHORIZE PRESIDENT RUBEN R. HABON IN BEHALF OF THE ILOCOS CONSOLIDATED COOPERATIVE BANK TO TRANSACT BUSINESS WITH THE SUPPLIER -MIST INNOVATIVE SOLUTIONS CORP
- q. BUYING OF RA 9520 BOOKS TO BE DISTRIBUTED TO COOP MEMBERS OF ICCB AS PART OF THE SOCIAL OBLIGATION OF THE BANK FROM THE BANK'S COOPERATIVE DEVELOPMENT FUND
- r. TO LOWER THE SINGLE BORROWER'S LIMIT (SBL) FROM THE APPROVED AMOUNT OF FIFTY-TWO MILLION PESOS (P52M) TO FIFTY MILLION PESOS (P50M) EFFECTIVE IMMEDIATELY
- s. APPROVAL OF THE LONG-TERM DEPOSIT PROGRAM (LTD) OF THE BANK AND ITS GUIDELINES EFFECTIVE 1 JANUARY 2023
- t. RELOCATION OF THE OFFICE BUILDING OF BATAK BRANCH AND LAOAG BRANCH

C. CHALLENGES

1. Full utilization of the Cyberone System.
2. To maintain and comply with the required minimum capital ratios.
3. To attain the budgeted net income.
4. Improve asset quality of the Bank.
5. 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 (MTPP) 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 advice 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. July 29, 2022 was the third election of the Board of Directors & Election Committee and elected twelve Board of Directors and one 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 2022, the Bank's Succession Plan was amended and the finalization of the Organizational Structure was done, the Board had approved the following:

- a) The position of the **General Manager was removed as approved by the General Assembly during the third annual general assembly meeting held on July 29, 2022.**
- b) **Two Area Managers** were installed: Area 1- Ilocos Norte, and Area 2-Ilocos Sur;
- c) Head Consumer Assistance Officer was designated as the Marketing Officer in the North.

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 Chairperson of the Board

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, 2022	Percentage Ratio of Paid in Capital to total Paid in Preferred shares "C" of the Bank
ALEXANDER B. RAQUEPO	Chairperson of the Board	Non-executive/ Regular Director	SACDECO	4	377	1.16%
FLORIDA R. ROSARIO	BOD Vice Chairperson	Non-executive/ Regular Director	SALUKAG MPC	5	114	0.35%
VIRGILIO B. ABAAG	Director	Independent Director	SUGPON MPC	1	80	0.25%
VALERIANO P. AGNIR, JR.	Director	Independent Director	SARRAT NAMNAMA MPC	3	100	0.31%
ENGR. ROMY A. BUCALEN	Director	Non-executive/ Regular Director	CANDON CITY GOVERNMENT EMPLOYEE'S MPC	5	160	0.49%
BENJAMIN Y. CAMPAÑANO	Director	Non-executive/ Regular Director	BINARMAPPA MPC	.1	60	0.19%
CRISPINA M. PASCUAL	Independent Director	Independent Director	MAGUMBAYAN MPC	3	119	0.37%
ENGR. JOHN A. PRE	Director	Non-executive/ Regular Director	KAILIAN MPC	5	201	0.62%
NORMA S. CIPRIANO	Director	Non-executive/ Regular Director	SUYO MPC	5	157	0.48%
BLANDYNNE D. YVONNE ROOT	Director	Non-executive/ Regular Director	MARCOS FARMERS MPC	.1	30	0.09%
MARGARITA R. SOMERA	Independent Director	Independent Director	FATIMA (VIGAN) MPC	5	216	0.67%
SEGUNDINO V. SOLIVEN	Non-executive/ Regular Director	Non-executive/ Regular Director	METRO PAYPAYAD MPC	3	119	0.37%



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 Segovia Consortium of Cooperatives and ISCB, and in 2013 to 2015, BOD of Metro South Cooperative Bank. and Chairperson of SACDECO. Four years as BOD and three years as Chairperson of ICCB, Chairperson of Executive Com, and member of Education Com, and has attended several trainings and seminars on banking, corporate governance and directorship.	SACDECO	60	Filipino
2. FLORIDA R. ROSARIO	Graduate of Bachelor of Science in Agriculture at MMSU – Batac in 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, four years as BOD and previously Chairperson of ICCB Ethics Committee, and Presently the Vice Chairperson of BOD of ICCB, Chairperson of ICCB Education. She has attended several trainings on coop/corporate governance and directorship and AMLA training.	SALUKAG MPC (BULBULALA)	65	Filipino
3. VIRGILIO B. ABAAG	Graduate of Bachelor of Science in Commerce at Saint Luis University – Baguio City in 1984. Currently Employed at LGU Sugpon, Ilocos Sur as Budget Officer; BOD Chairperson of Sugpon MPC, Previously Chairperson of Election Committee of Ilocos Sur Cooperative Bank and the Ilocos Consolidated Cooperative Bank. One year as Independent Director of ICCB, Chairperson of Corporate Governance Committee, member of ICCB Risk Oversight Committee, Chairperson of Corporate Governance Committee, member of Bids and Awards Committee and RPT Committee. He has attended several seminar/trainings on Bank/Coop/corporate governance and directorship and AMLA training.	SUGPON MPC	59	Filipino
4. 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, Three years as ICCB Independent Director; Chairperson of ICCB Risk Oversight Committee and Bids and Awards Committee	SARRAT NAMNAMA MPC	62	Filipino



	and member of ICCB Audit Committee and Related Party Transaction Committee.			
5. ENGR. ROMY A. BUCALEN	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. Manager of Candon City Government Employees MPC and Four years ICCB BOD, member of ICCB Corp. Governance Com and Chairperson of Gender and Development Com. and has attended seminars/training on coop governance and directorship.	CANDON CITY GOVERNMENT EMPLOYEES MPC	50	Filipino
6. BENJAMIN Y. CAMPAÑANO	Graduate of Bachelor of Science in Industrial Education at Ilocos Norte College of Arts and Trades (MMSU), Chairperson of the Board of BINARMAPPA MPC and Newly elected in 2022 as ICCB Director, member of ICCB Credit Committee and Education Committee and has attended seminars/training on Banks/corporate governance and directorship.	BINARMAPPA MPC	68	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 Director of Suyo MPC from 2007 to present and ISCB Director from 2013-2017. Five years as BOD of ICCB; & one year as BOD Chairperson, previously member of ROC. Presently Chairperson of Credit Com, and member of ICCB Education Committee. She has attended several trainings on coop governance and directorship.	SUYO MPC	71	Filipino
8. 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, four years ICCB Director, previously Chairperson of Audit Com. Member of the RPT Com & GAD Com., has attended several trainings & seminar on coop/corporate governance and managerial skills.	MAGUMBAYAN MPC	51	Filipino
9. 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 ISD in 1991-1994; ISCB Elec. Com member in 2011-2012 and ISCB Director in 2012-2017. Presently, the Municipal Engineer of Banayoyo, IS; Chairperson of Kailian MPC, Five years ICCB Director, previously member of Conciliation and and Mediation Com., now member of Education Committee and has attended several trainings & seminars on coop governance and directorship.	KAILIAN MPC	58	Filipino



10. BLANDYNE YVONNE D. ROOT	Graduate and Board Passer of Bachelor of Science Business Administration at Mariano Marcos State University in 1999. She was been the Bookkeeper of Marcos Farmers MPC from 2011-2020 and Manager from 2020 to present; One year ICCB Director, and member of ICCB Audit Committee, She has attended several trainings & seminars on Banks related seminars, corporate governance and coop governance and directorship and CDA mandatory trainings.	MARCOS FARMERS MPC	44	Filipino
11. 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. BOD Chairperson of Fatima MPC, Five years as ICCB Independent Director, Chairperson of ICCB Audit Committee and ICCB Corporate Governance Committee and has attended several seminar & trainings on coop/corporate governance and directorship.	FATIMA (VIGAN) MPC	71	Filipino
12. 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, three years as Director of ICCB, member of ICCB Related Party Transaction Committee and has attended several trainings & seminars on coop/corporate governance and directorship.	METRO PAYPAYAD MPC	68	Filipino

G. LIST OF BOARD-LEVEL COMMITTEES INCLUDING MEMBERSHIP

COMMITTEES	COMPOSITION/ MEMBERSHIP	FUNCTIONS
Executive Committee	There are 5 members composing: Chairperson of the Board, Vice Chairperson of the Board, President, Treasurer and Corp. Secretary, to wit: Chairperson of the Board Alexander B. Raquipo, Vice Chairperson Florida R. Rosario (from August 4, 2022 to present), 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	There are 3 members, composing 2 independent directors & one non-executive Board, the members are: Independent Directors Margarita R. Somera,	The Audit Committee shall: a. provide oversight over the institution's financial reporting policies, practices and control and internal and external audit functions; b. be responsible for the setting up of the internal audit



	Independent Director Valeriano P. Agnir and Director Blandyne Yvonne D. Root.	<p>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;</p> <ul style="list-style-type: none"> c. 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; d. monitor and evaluate the adequacy and effectiveness of the internal control system; e. review and approve the audit scope and frequency; f. 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; g. 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. h. 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; i. 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 j. ensure that arrangements are in place for the independent investigation, appropriate follow-up action, and subsequent resolution of complaints.
Risk Oversight Committee	<p>There are 3 members composing of 2 independent directors and one regular Board, to wit:</p> <p>Independent Director Valeriano P. Agnir as the Chairperson, Independent Director Virgilio B. Abaag, and Director Crispina M. Pascual.</p>	<p>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 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</p>



		<p>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	<p>There are 3 members of the Corporate Governance Committee wherein 2 are independent directors, & 1 none executive director, the members are: Independent Director Margarita R. Somera as the Chairperson, Independent Director Virgilio B. Abaag, non- executive Director Engr. Romy A. Bucalen.</p>	<p>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.</p>
Related Party Transactions Committee	<p>There are 3 members of the Corporate Governance Committee wherein 2 are Independent Directors and 1 None- Executive Director, the members are: Independent Director Margarita R. Somera as the Chairperson, Independent Director Valeriano P. Agnir, Jr., and non- executive Director Segundino V. Soliven.</p>	<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> <ol style="list-style-type: none"> 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 regulators. 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. 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.
Credit Committee	<p>Composed of 3 members, 2 None executive Directors and 1 Senior Management. The members are: Dir. Norma S. Cipriano, Dir. Benjamin Y. Campaño, and President Ruben R. Habon.</p>	<p>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.</p>
Bids and Awards	<p>Composed of 3 members, 2 Independent Directors and 1 Senior Management. The members are:</p>	<p>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</p>



	Independent Dir. Valeriano P. Agnir, Jr. & Independent Dir. Virgilio B. Abaag, and President Ruben R. Habon.	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. Florida R. Rosario, Dir. Benjamin Y. Campaño, Dir. Dir. Alexander B. Raquero, Dir. Norma S. Cipriano * Dir. John A. Pre	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: Ms. Meriam Medrano, Ms. Cristeta C. Barnachea (appointed) and Ms. Myrna B. Cavinta (appointed) and Secretary, Mrs. Rosita S. Angala.	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 3 members, namely: Dir. Romy A. Bucalen as the Chairperson, members- Dir. Crispina M. Pascual, 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: Mr. Efraim A. Dayap as the Chairperson, and members- Mr. Ciriaco Ragual and Ms. Añolina A. Battad.	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: Mr. Nestor A. Pascua as the Chairperson and members- Mr. Buddy Etrata and Mr. Renato O. Sagun.	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, 2022 TO DECEMBER 21, 2022.

#	Name of Directors	Board Mtgs %	Exe. Com %	Ed com%	RPT Com %	Corp. Gov. Com. %	ROC %	Audit Com	Bids & awards Com%	Cred. Com. %
1	Alexander B. Raquipo	12/12-100	2/2-100	2/2-100		1-100	-	-	-	-
2	Florida R. Rosario New BOD Vice Chair	12/12-100	1/1-100	1/1-100		1-100	-	-	-	7/7-100
3	Virgilio B. Abaag Newly elected	5/5-100					1/1-100		1/1-100	
4	Valeriano Aguir	12/12-100	-	-	1-100	1-100	3/3-100	3/3-100	2/2-100	-
5	Benjamin Y. Campaño Newly elected	5/5-100		1/1-100						4/4-100
6	Norma S. Cipriano	12/12-100	-	2/1-100	-	-	2/2-100	-	-	4/4-100
7	Romy A. Bucalen	11/12-91.66	-	-	-	-	-	-	-	7/7-100
8	Oscar Y. Campaño (out going BOD)	7/7-100	-	-	-	1-100	-	-	-	-
9	Myrna B. Cavinta (out going BOD)	7/7-100	-	1/1-100		-	-	-	-	-
10	Yolanda T. Domingo (out going BOD)	5/7-71.4	-	-	-	1-100	-	-	-	-
11	Crispina M. Pascual	12/12-100	-	-		-	1/1-100	5/5-100	1/1-100	-
12	John A. Pre	11/12-91.66	-	1/1-100	-	-	-	-	-	-
13	Blandyne Yvoone D. Root Newly elected	5/5-100	-	-	-	-	-	3/3-100	-	-
14	Margarita R. Somera	12-100	-	-	1-100	1-100	3/3-100	8/8-100	-	-
15	Segundino V. Soliven	12/12-100	-	-	1-100	1-100	-	-	-	-
	TOTAL # OF MEETINGS	12	3	2	1	1	3	8	2	11

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	52	Filipino
2	ERWIN P. LUTAP	Area Manager I/ Chief Security Officer	College Graduate, 1 st Lieutenant & Assistant Commandant of MMSU-ROTC, experiences: as Director/Vice & Chairman of the Board of CBIN and Board Secretary, Consultant of Spitfire Security Agency, five years as ICCB Chief Security Officer and full fledged Area Manager I in 2022 and attended several trainings related to coop banking	52	Filipino



3	CHRISTOPHER G. CALPO	Area Manager/ Credit Manager	College Graduate with MBA units, experiences: acted as Project Assistant, Loan in charge, Loan Collection Assistant, Loan Officer and Chief Loan Officer, five years as Credit Manager and full-fledged Area Manager I in 2022 and attended several trainings related to coop banking	41	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, five years as ICCB Corporate/Board Secretary and attended several trainings related to coop banking	61	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, five years as ICCB Chief Compliance Officer and attended several trainings related to coop banking	47	Filipino
6	MARITES D. HADOC	Compliance Officer	College Graduate, experiences: Bookkeeper, Audit Assistant and 5 years as Accountant of ISCB, five years as ICCB Compliance Officer (South) and attended several trainings related to coop banking	48	Filipino
7	SHERYL S. VICENTE	Compliance Officer	CPA, experiences: Accounting Assistant, Financial Analyst, Executive Assistant and two years Chief Accountant of CBIN, five years as ICCB Compliance Officer (North) and attended several trainings related to coop banking	36	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, five years as ICCB Chief Internal Auditor and attended several trainings related to coop banking	53	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, five years as ICCB Internal Auditor and attended several trainings related to coop banking	52	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 three years as ICCB Internal Auditor and attended several trainings related to coop banking	48	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, five years as ICCB Chief Finance Manager and attended several trainings related to coop banking	48	Filipino
12	MARKDAN B. DAYAP	Chief Accountant	CPA, experiences: Accountant and 5 years as Internal Auditor of ISCB, five years as ICCB Chief Accountant and attended several trainings related to coop banking	35	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, five years as ICCB Human Resource Manager renamed Administrative Manager and attended several trainings related to coop banking	48	Filipino
14	GENEVEVE A. BAOIT	Head Customer Assistance Officer	College Graduate, experiences: Loan Clerk, Market Specialist, OIC /Admin Officer for 12 years, of CBIN, five years as ICCB Head Customer Assistance Officer and attended several trainings related to coop banking	60	Filipino
15	WILFRED B. MABINI	Asset Management Manager	College Graduate, experiences: Audit Assistant, Collector, 11 yrs. Asset Management Group Collection Officer of CBIN, five years as ICCB Asset Management Department Manager and attended several trainings related to coop banking	60	Filipino
16	JERMIN ARLANTICO	IT Manager	College Graduate, experiences: IT staff of ICCB, two years as ICCB IT officer, three years as IT Manager of ICCB and attended several trainings related to coop banking	38	
17	RONALDO C. BITANIA	Branch Manager -Bangued	College Graduate, experiences: as Appraiser, Micro Finance Officer Loan Officer and 4 yrs. as Branch Manager of ISCB, five years as ICCB Branch Manager and attended several trainings related to coop banking	48	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, five years as ICCB Branch Manager and attended several trainings related to coop banking	61	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, five years as ICCB Branch Manager and attended several trainings related to coop banking	54	Filipino
20	BERNADETTE G. QUIMOYOG	Branch Manager- Marcos	College Graduate, experiences: Accounting Clerk, Loans Bookkeeper, Acting Accountant, OIC, and 2 yrs. as Branch Manager of CBIN, four years as ICCB Branch Manager and attended several trainings related to coop banking	53	Filipino
21	MARY ANN N. SOCO	Branch Manager- Batac	College Graduate, experiences: as Teller, Cashier, OIC, and 5 yrs. Branch Manager of CBIN, five years as ICCB Branch Manager and attended several trainings related to coop banking	52	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, five years as ICCB Branch Manager and attended several trainings related to coop banking	56	Filipino
23	REGINO P. BUTAY	Branch Manager- Sinait	College Graduate, experiences: as Project Assistant, Loan Supervisor, 2 yrs. Branch Manager of CBIN, five years	52	Filipino



			as ICCB Branch Manager and attended several trainings related to coop banking		
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, five years as ICCB Branch Manager and attended several trainings related to coop banking	54	Filipino
25	ARCELIA A. GUERRERO	Branch Manager-Head Office	College Graduate, experiences: ISCB Treasurer, BM of ISCB for 16 yrs., five years as ICCB Branch Manager and attended several trainings related to coop banking	55	Filipino
26	ERIC P. LUTAP	Branch Manager-Sanchez Mira	College Graduate, experiences: Collector and Loan Supervisor of CBIN, Loan Officer of ICCB for four years and one year as Branch Manager and attended several training and seminars related to coop banking.	45	Filipino
27	ARIES D. MARTIN	Branch Manager-Bangui	College Graduate, ongoing study of MB Administration, experiences: as Loan Officer, three years as ICCB Branch Manager and attended several trainings related to coop banking	40	Filipino
28	RUSSEL R. HERMOSURA	Branch Manager-San Carlos	College Graduate, experiences: as Account Officer & Loan Officer, and three years as ICCB Branch Manager and on December 28, 2022, designated as OIC Credit Manager and attended several trainings related to coop banking	45	Filipino
29	LORADEL G. GACAYAN	Branch Manager-San Juan	College Graduate, experiences: four years as Loan Officer and promoted as Branch Manager on February 24, 2022. and attended several trainings related to coop banking	47	Filipino
30	JERRY C. MALAMION	Branch Manager-Villasis	College Graduate, experiences: as Account Officer & Loan Officer, and OIC-ICCB Branch Manager, and confirmed as Branch Manager on December 28, 2022. He attended several trainings related to coop & banking	32	Filipino
31	RHEAN MAE I. ESCOBAR	Executive Secretary to the President	CPA, College Graduate, experiences: as Accounting Staff. Executive Officer but was renamed as Executive Secretary to the President on October 22, 2022. She attended several trainings related to coop & banking.	26	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 2022.

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 face to face/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 and face to face for CY 2022.

ILOCOS CONSOLIDATED COOPERATIVE BANK				
OFFICERS / STAFF DEVELOPMENT TRAINING PROGRAM				
JANUARY TO DECEMBER 2022				
Title of Training/Seminar	Participants	Date of Training / Seminar	Training Provider	Venue of Training / Seminar/WEBINAR
THE COMPLIANCE MANAGEMENT FRAMEWORK (WEBINAR)	Khevin Valdez Jemichelle Lutap	1-6/7-2022	RBAP	WEBINAR
TEMPORARY REGULATORY RELIEF ON CAPITAL TREATMENT OF PROBATIONING REQUIREMENT UNDER PFRS-9 Session I	Maria Zoraida Lorenzana	1-14-2022	BANGKOOP	WEBINAR
STRENGTHENING IA AND COMPLIANCE OFFICE PROGRAM	Marites Cortez Marites Hadoc Sheryl Vicente Jemichelle Lutap Khevin Valdez	1-14-2022	RBAP	WEBINAR
HOW TO SPOT FAKE DOCUMENTS, VERIFY SIGNATURE, DETECT AND PREVENT FORGERY	Krizzia Navor Eisli Bianca Rey Marielle Cachola Genevieve Octaviano Kimberly Joy Elecho Christine Consolacion Zenn Maia Guerrero	1-20-2022	RBAP	WEBINAR



CREDIT INVESTIGATION WEBINAR	Anthony Castro Mark Anthony Pacis Audie Alwin Alegre Randeesh Cabacungan Henson Abaro Daryl Alimpia Raffie Labao Edgar Bareng Samuel Ruiz	1-21-2022	RBAP	WEBINAR
MANAGERIAL SKILLS FOR BANK OFFICERS (WEBINAR)	Eric P. Lutap Aries D. Martin Jerry C. Malamion Jr. Russel R. Hermosura Conrado B. Galima Jr.	1-27/28-2022	RBAP	WEBINAR
TEMPORARY REGULATORY RELIEF ON CAPITAL TREATMENT OF PROVISIONING REQUIREMENT UNDER PFRS-9 Session II	Maria Zoraida Lorenzana Marites Cortez Sheryl Vicente Marites Hadoc	1-28-2022	BANKOOP	WEBINAR
BRIEFING ON RELIEF MEASURES ON LOAN MODIFICATIONS/RESTRUCTURED LOANS AND CAPITAL RELIEF ON PROVISIONING REQUIREMENTS	Markdan B. Dayap Sheryl S. Vicente	1-25-2022	RBAP-BSP	WEBINAR
HANDLING BSP EXAMINATION AND ENFORCEMENT GUIDELINES WEBINAR	Melvin D. Borja Harold Franklin G. Ricardo Markdan B. Dayap Alma C. Martin Rhonette I. Escobar Rhean I. Escobar Christopher G. Calpo Conrado B. Galima	2-22-2022	RBAP	WEBINAR
CREDIT MANAGEMENT COURSE	Conrado B. Galima Jerry C. Malamion Jr. Eric P. Lutap Audie Alwin T. Alegre Jezrel C. Manera Charles Glenn Y. Pulido Vincent John Pascual	2-25-2022	BANGKOOP	WEBINAR
HR RESOURCE AND DISASTER MANAGEMENT & BUSINESS CONTINUITY	Josette A. Lucero Gregorio G. Servania Jhoana Sandra S. Balaguer	March 03, 2022	RBAP	WEBINAR



<p>MTTP ONLINE SEMINAR</p>	<p>Adonis Kenneth Joves Allan Pendaden Alma Martin Bhe mae Lagadon Cecilia Nual Ciencialyn Joy Magno Conrado Galima Jr. Dandy dela Cruz David Richmar Gudoy Diana Grace Poblador Edgar Bareng Edward Butay I Edy Domincil Eliza Cabacungan Eric Lutap Erwin Lutap Francis Griff Constantino Geneveve Baoit Genevieve Octaviano Gerald Barroga Gina Gabertan Glenn Ponce Harold Vincent Habon Henson Abaro Isagani Manzano Jenseen Daisy Guerrero George Joaquin Jerry dela Cruz Jerry Malamion Jr. Jezrel Manera Jhoana Sandra Balaguer Jodeline Apple Gudoy Joel Gagarin Jonalyn Gudoy Krizzia Navor Maritess Cortez Mark Anthony Pacis Mark Joseph Tabucol Mark Kevin Gudoy Mark Reynald Tabuyo Marlou Lopez Pascual dela Cruz Peter Janssen Rol Queeny Jrose Mangrubang Raffie Labao Randeesh Cabacungan Rexcelle Paolo Benabese Rhean mae Escobar Rhonette Escobar Romeo Malana Romy Cabacungan Ryane Ross Ramos Samuel Mendoza Samuel Ruiz Sandy Balverde Vincent John Pascual Wilfred Mabini Zenn Maia Guerrero Zeus Bondad Ervin Troy Abella</p>	<p>March 5, 2022</p>	<p>NNABONG CONSULTANCY AND TRAINING SERVICES</p>	<p>WEBINAR</p>
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STRATEGIC LEADERSHIP, POLICY DEVELOPMENT and PARLIAMENTARY PROCEDURE	Ruben Habon Erwin Lutap Christopher Calpo Rhean Mae Escobar Aries Martin Narissa Domingo Mary Ann Soco Ronaldo Bitania Renalyn Castro Bernadette Quimoyog Russel Hermosura Arcelia Guerrero Maria Victoria Mariano ERic Lutap Regino Butay Socorro Domingo Jerry Malamion Jr. Loradel Gacayan	3-9/11-2022	METRO SOUTH COOPERATIVE BANK	WEBINAR
IT SECURITY AWARENESS TRAINING	Jermn R. Arlantico Zeus Bondad Harold Vincent Habon Ervin Troy Abella Peter Jannsen Rol Kevin Gudoy	5/13/2022	RBAP	WEBINAR
ISO/IEC 27001 ISMS INTERNAL AUDITOR TRAINING	Harold Franklin Ricardo	5-26/27-2022	Crossworks Training and Consulting Corporation	WEBINAR
RECOVERY THROUGH PRODUCTIVITY AND COOPERATION	Markdan B. Dayap Jensenn Daisy Guerrero Gregorio G. Servania Jhoana Sandra Balaguer	5/27/2022	NCMB/I-CARE	Awesome Hotel, San Juan, La Union
BANK MARKETING STRATEGIES	Erwin P. Lutap Christopher G. Calpo Aries D. Martin Narissa R Domingo Ronaldo C. Bitania Mary ann N. Soco Arcelia A. Guerrero Renalyn V. Castro Bernadette G. Quimoyog Loradel G. Gacayan Ma. Victoria G. Mariano Eric P. Lutap Regino P. Butay Socorro O. Domingo Russel R. Hermosura Jerry C. Malamion Jr.	6/3/2022	BANGKOOP	WEBINAR
MTTP ONLINE SEMINAR	Ronaldo Bitania Ariel Escalante Charlie Glenn Pulido Mary Luke Rolloque Anthony Castro Baby Dianne Danan	June 1, 2022	NOLAN N. NABONG	WEBINAR



	Lucky Love Garvida Aries Martin Primo Ramelb maylyne Ramos Marielle Cachola Rizza Caldetera Randy Parilla Jr. Audie Alwin Alegre Leyser Jay Biscarro Norma Ildefonso Melody Mackay Jocker Sabas Nolito Almazan Erol Vic Cipriano Arcelia Guerrero Arlene Jean Jabillo Nave Somera Myra Agcaoili Jermin Arlantino Christopher Calpo Ruben R. Habon Josette Lucero Sheryl Vicente Emerenciana Vivit Julius Quintal Rizalde Salom Jacqueline Vilma Cabacungan Khevin Valdez Jeffrey Buaquen Ricarte Rebucal Rhia Candia Renelyn Castro Hazel Bayaca Fraidaline Ludy mangoma Sarah Vanessa AVECILLA Russel Hermosura Jerome Andrada Mary Lorie del Rosario Loradel Gacayan Nadheen Marcella Arlene Pascua Roselyn Lopez Maria Cristina Cagat Gladys Salviejo Cristine Ivy Dayag Michael Alupay Regino Butay Christine Joy Ibaan katherine Sayson Allan Tamayo Marissa Estavillo Isidro Rubio Daryl Alimpia Carl Benedict Balverde			
SO2 WEBINAR	Joseph B. Cabusi	June 13-17, 2022	PEME CONSULTANCY INC.	WEBINAR
ORIENTATION ON MINIMUM WAGE ADJUSTMENT	Marlou V. Lopez	June 28, 2022	DOLE-RTWPB	Palacio de Laoag Brgy. 27, P. Paterno St, Vintar Road, laoag City



#ADVANCEMAGISIP: THE CIC CREDIT REPORT AND BASICS OF SAVINGS AND BUILDING YOUR WEALTH	Jermin R. Arlantino Zeus Bondad Harold Vincent Habon Ervin Roy Abella	June 29, 2022	Credit Information Corporation (CIC)	WEBINAR
SO1 WEBINAR	Russel R. Hermosura Jerry C. Malamion Jr. Loradel G. Gacayan Ronaldo C. Bitania	June 30, 2022	PEME CONSULTANCY INC.	WEBINAR
OCCUPATIONAL BASIC LIFE SUPPORT WITH AED	Baby Dianne Danan Leyser Jay Biscarro Jonalyn Gudoy Fraidalyn Ludy Mangoma Arlene Pascua Francis Griff Constantino Ruth Tubera Myra Charito Agcaoili Kevin Gudoy Joseph Cabusi Charlie Glenn Pulido Mark Joseph Tabucol Mark Jayson Azur Isagani Manzano Katheleen Marie Azur Glenford Arellano Samuel Ruiz Dandy dela Cruz Gregorio Servania Jeffrey Buaquen	July 15-16, 2022	PHILIPPINE RED CROSS -LAOAG CHAPTER	PHILIPPINE RED CROSS -LAOAG CHAPTER Laoag City, Ilocos Norte
THIRD PARTY RISK MANAGEMENT	Marites Cortez Rhean Escobar Josette Lucero	August 12, 2022	DREAMS BANK GOVERNANCE INSTITUTE TRAINING CENTER	WEBINAR
CLIMBS WEATHER PROTECT INSURANCE PRODUCT	Gregorio Servania	August 17, 2022	CLIMBS	BAN-AW RESORT, Candon City, Ilocos Sur
REGIONAL/CLUSTER ASSESSMENT AND CONSULTATION WORKSHOPS	RUBEN R.HABON Christopher G. Calpo Markdan B. Dayap	8-24/26-2022	DA-ACPC	Holiday Inn, Baguio City Centre # 56 Legarda Road, Baguio City
VALIDATION OF CREDIT RISK RATING MODEL	Harold Franklin Ricardo Maria Zoraida Lorenzana	August 26, 2022	DREAMS BANK GOVERNANCE INSTITUTE OF TRAINING CENTER	WEBINAR



CREDIT INVESTIGATION	Romeo Malana Jocker Sabas Mark Reynald Tabuyo Edward Butay I Cloyd Win Valera Marie Lorie Del Rosario Mark Michael Verzola Marielle Cachola	September 02, 2022	RBAP	WEBINAR
MANAGERIAL SKILLS FOR BANK OFFICERS	Loradel G. Gacayan	9-21/22-2022	RBAP	WEBINAR
MTTP ONLINE SEMINAR	Kriszel Ville Barnachea Shiela Marie Dayap Eislie Bianca Rey Edgar Simeon Melmar Adviento Narissa Domingo Cecile Fernandez Mary Jane Alcantara Roxanne Gudoy Mary Ann Soco Rosita Angala Melvin Borja Florie Ann Candaroma Markdan Dayap Maria Zoraida Lorenzana Jemichelle Lutap Harold Franklin Ricardo Gregorio Servania Romy Bucalen Virgilio Abaag Benjamin Y. Campañano Norma S. Cipriano Blandyne Yvonne D. Root Valeriano P. Agnir Jr. Crispina M. Pascual Engr. John A. Pre Alexander B. Raquepo Florida R. Rosario Segundino Y. Soliven Margarita R. Somera Mark Jayson Azur Almie Grace Anobar Krisha Nicole Bitania Cristy Reintar Mark Michael Verzola Marithes Bagaoisan Reisiel Luz Bartolome Eden Grace Arios Katherine Jovita Pascua Bernadette G. Quimoyog Danica Albiola Christine Consolacion Marjorie Kyne Gutierrez Kathleen Marie Azur Maria Lyka Fabro Rhoda Galapia	September 05, 2022	NNABONG CONSULTANCY AND TRAINING SERVICES	WEBINAR



	Maria Victoria M. Mariano Norvie Valdez-Anno Maria Cristina Cagat Gladys Salviejo Cristine Ivy Dayag Glenford Arellano Charmaine Tejero Socorro O. Domingo Janet Epifania Paguirigan Lailanie Rubio Ruth Tubera Kimberly Joy Elecho Dania Rose Elevazo Michelle Nelmda Abigail Teves			
DIGITAL BANKING WALK-THROUGH	Ervin Roy M. Abella	September 13, 2022	RBAP	WEBINAR
LEARN THE RACE:RECOVERING, REVITALIZING, RESURGING	Eric P. Lutap Loradel G. Gacayan Conrado B. Galima Jr. Isagani L. Manzano Jerry C. Malamion Jr.	9-27,28,29-2022	METRO SOUTH COOPERATIVE BANK	WEBINAR
BASIC CORPORATE GOVERNANCE FOR BANK DIRECTORS & OFFICERS	Blandyne Yvonne D. Root Virgilio B. Abaag Benjamin Y. Campanano	9-29/30-2022	RBAP	WEBINAR
SO1 WEBINAR	Alwin Audie T. Alegre Isagani L. Manzano	October 05, 2022	PEME CONSULTANCY INC.	WEBINAR
SUSTAINABILITY FINANCING & ENVIRONMENT AND SOCIAL RISK MANAGEMENT IMPLEMENTATION	Marites G. Cortez Rhean Mae I. Escobar	9/15/2022 9/22/2022	RBAP	WEBINAR



**FUNDAMENTALS OF
COOPERATIVE**

Almie Grace Anobar
Mark Jayson Azur
Sandy Balverde Kriszel
Ville Barnachea
Ronaldo Bitania
Jeffrey Buaquen
Markdan Dayap Joel
Gagarin Conrado
Galima Jr. Russel
Hermosura Arlene
Jean Jabillo Maria
Zoraida Lorenzana
Cristy Reintar Eisli
Bianca Rey Gregorio
Servania Nave
Somera Bonifacio
Bonnie Suetos Khevin
Valdez Christopher
Calpo Arcelia
Guerrero Jermin
Arlantico Jhoana
Sandra Balaguer
Romy Bucalen Dandy
Dela Cruz Gina
Gabertan Loradel
Gacayan Jensenn
Daisy Guerero Harold
Vincent Habon
Josette Lucero Jerry
Malamion Jr.
Segundino Soliven
Margarita Somera
Rosita Angala Marites
Hadoc Cecilia Nual
Christian Joy Gudoy
Florie Ann Candarona
Geneveve Baoit
Ruben Habon Aries
Martin Renato Sagun
Benjamin Campanano
Myra Charito Agcaoili
Zeus Bondad Wilfred
Mabini Lailanie Rubeo
Melvin Borja Renelyn
Castro Rhoda Galapia
Marlou Lopez
Roselyn Lopez
Jemichelle Lutap
Ricarte Rebucal
Harold Frank Ricardo
Jocker Sabas Edgar
Simeon Sheryl
Vicente Emerenciana
Vivit Romy
Cabacungan Oscar
Ruiz Socorro
Domingo Norvie
Anno Reisiel
Bartolome Maria
Victoria Mariano
Alma Martin
Bernadette Quimoyog

9/26-27/2022

NORLUCEDEC

WEBINAR



	Melody Mackay Myrna Cavinta Anolina Battad Maritess Cortez Rhean Mae Escobar Crispina Pascual Buddy Carta Alexander Raquepo Valeriano Agnir Abner Guilambo Miriam Medrano Norma Cipriano Leyser Jay Biscaro Virgilio Abaag Ervin Roy Abella Isagani Manzano Blandyne Yvonne Root Florida Rosario Sheryl Vicente Jhon Pre			
GOVERNANCE AND COOPERATIVE MANAGEMENT SEMINAR	Valeriano Agnir Ervin Roy Abella Jermin Arlantino Jhoana Sandra Balaguer Geneveve Baoit Gerald Barroga Anolina Battad Romy Bucalen Maritess Cortez Dandy Dela Cruz Rhean Mae Escobar Gina Gabertan Jensenn Daisy Guerrero Harold Vincent Habon Ruben Habon Marites Hadoc Josette Lucero Eric Lutap Dulce Amor Pacua Renato Sagun Jr. Segundino Soliven Margarita Somera Rosita Angala Geneveve Baoit Bernadette Quimoyog Aries Martin	October 3-4, 2022	NORLUCEDEC	WEBINAR



	Benjamin Campanano Crispina Pascual Buddy Carta Alexander Raquepo Abner Guilambo Miriam Medrano Norma Cipriano Florida Rosario			
FINANCIAL MANAGEMENT SEMINAR	Mark Jayson Azur Arlene Jean Jabillo Rosita Angala Almie Grace Anobar Sandy Balverde Kriszel Ville Barnachea Ronaldo Bitania Jeffrey Buaquen Joel Gagarin Arcelia Guererro Russel Hermosura Maria Zoraida Lorenzana Cristy Reintar Bonifacio Suetos Khevin valdez Bianca Eisli Rey Conrado Galima Jr. Ervin Roy Abella Jermin Arlantino Jhoana Sandra Balaguer Anolina Battad Maritess Cortez Dandy Dela Cruz Rhean Mae Escobar Gina Gabertan Harold Vincent Habon Josette Lucero Eric Lutap Jerry Malamion Jr. Maria Victoria Mariano Dulce Amor Pascua Marites Hadoc Ruben Habon Romy Bucalen Margarita Somera Miriam Medrano Renato Sagun Jr. Reisiel Luz Bartolome Bernadette Quimoyog Crispina Pascual Buddy Carta Christopher Calpo Alexander Raquepo Norma Cipriano Florie Ann Candaroma Renelyn Castro	October 05, 2022	NORLUCEDEC	WEBINAR



	Socorro Domingo Loradel Gacayan Erwin Lutap Isagani Manzano Harold Franklin Ricardo Florida Rosario Gregorio Servania Sheryl Vicente Myrna Cavinta			
CREDIT MANAGEMENT SEMINAR	Mark Jayson Azur Maria Zoraida Lorenzana Arcelia Guerrero Cristy Reintar Almie Grace Anobar Cristeta Barnachea Sandy Balverde Kriszel Ville Barnachea Arlene Jean Jabillo Conrado Galima Russel Hermosura Joel Gagarin Ronaldo Bitania Nave Somera Christopher Calpo Markdan Dayap Bonifacio Suetos Rosita Angala Miriam Medrano Alexander Raquepo Jerry Malamion Jr. Gina Gabertan Harold Franklin Ricardo Maria Victoria Mariano Erwin Lutap Marites Hadoc Romy Bucalen Ruben Habon Maritess Cortez Margarita Somera Benjamin Campanano Geneveve Baoit Reisiel Luz Bartolome Aries Martin Crispina Pascual Jeffrey Buaquen Khevin Valdez Buddy Carta Norma Cipriano Segundino Soliven Valeriano Agnir Jr. Virgilio Abaag	October 20, 2022	NORLUCEDEC	WEBINAR



	Renato Sagun Jr. Gregorio Servania Isagani Manzano Renelyn Castro Florida Rosario Myrna Cavinta Socorro Domingo Blandyne Yvonne Root			
RISK MANAGEMENT SEMINAR	Almie Grace Anobar Cristy Reintar Arlene Jean Jabillo Maria Zoraida Lorenzana Kriszel Ville Barnachea Arcelia Guerrero Conrado Galima Jr. Russel Hermosura Christopher Calpo Sandy Balverde Bonifacio Suetos Joel Gagarin Mark Jayson Azur Ronaldo Bitania Maritess Cortez Markdan Dayap Nave Somera Benjamin Campanano Ruben Habon Jerry Malamion Jr. Luz Toralba Anolina Battad Eric Lutap Gina Gabertan Harold Franklin Ricardo Jhoana Sandra Balaguer Dulce Amor Pascua Rhean Mae Escobar Dandy Dela Cruz Josette Lucero Jeffrey Buaquen Khevin Valdez Maria Victoria Mariano Narissa Domingo Romy Bucalen Alexander Raquepo Margarita Somera Geneveve Baoit Aries Martin Crispina Pascual Buddy Carta Segundino Soliven Miriam Medrano Virgilio Abaag Renato Sagun Jr. Renelyn Castro Florida Rosario Gregorio Servania	October 20, 2022	NORLUCEDEC	WEBINAR



	Isagani Manzano Kathleen Marie Azur Blandyne Yvonne Root Myrna Cavinta Socorro Domingo			
BASIC APPRAISAL PRINCIPLES (FACE-TO-FACE)	Anthony Castro Audie Alwin Alegre Randeeh Cabacungan Jezrel Manera Raffie Labao David Richmar Gudoy Vincent John Pascual Marielle Cachola Marie Lorie Rosario Mark Michael Verzola Kriszel Ville Barnachea	10-20/21-2022	RBAP	2/F RBAP Bldg., Intramuros, Manila
NATIONAL ALLIANCE OF COOPERATIVES CONVENTION	Alexander B. Raquepo	10-7 to 9 -2022	NAC CONVENTION	NCR
TREASURY OPERATIONS & LIQUIDITY MANAGEMENT	Gina Gabertan Eliza Cabacungan Emerenciana Vivit	October 24, 2022	RBAP	WEBINAR
NAMUNGANAYAN HAND WOVEN FABRICS AND APPARELS	Rhonette Escobar	October 21, 2022	suyo mpc	Dawara Resort, Poblacion, Suyo, Ilocos Sur
TAXATION SEMINAR ON BASIC GENDER SENSITIVITY ORIENTATION	Marites Cortez Marites Hadoc Sheryl Vicente Khevin Valdez Marlou Lopez Gerald Barroga Ma. Zoraida Lorenzana Harold Franklin Ricardo	October 27, 2022	DABIREMCO	WEBINAR

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.

The Board approved the Amendment of Plantilla of Ilocos Consolidated Cooperative Bank during their meeting held on November 22, 2022, since the position of the General Manager under level of Middle Executive was already removed as per the noted GA Resolution, this should be applied to ICCB plantilla and salary scale, moving up the Top Management comprising the positions of Chief Internal Auditor, Chief Compliance Officer, Corp. Secretary and Area Managers and to launch some Department Heads/employees in the Corporate Office who assumed significantly their permanent responsibilities and complexity of duties and accountabilities considering the grown number of branches including Head Office originally from eleven to fourteen and increasing number of employees, total assets and other aspects of operation of the Bank, to wit

POSITIONS	RANK
Top Executive- President	A
Top Management- Chief Compliance Officer, Chief Internal Auditor, Corporate Secretary, Area Manager	B
Middle Management-Department Heads, Internal Auditor, Compliance Officer, Branch Manager II & Branch Manager I, Executive Secretary	C
Supervisory- Branch Accountant, Cashier, Loan Officer, Finance Officer, HR Officer, Accountant, Asset Management Group, Junior Compliance Officer, Assistant Internal Auditor	D
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)	E
Middle Technical- Account Officer I, Staff Accounting, Loan Finance, Information Technology, Executive, Compliance, Audit, HR, Admin Staff, Executive Assistant	F
Clerical- Loan Clerk, accounting clerk, Admin Aide, Posting Clerk	G
Basic- Driver/Utility/Messenger	H

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

- On credit exposures and claims – above P500,000.00
- Write-offs - P50,000.00
- Investments and/or subscription for debt/equity issuances-P50,000
- Consulting, professional agency and other service arrangements/contracts-P50,000
- Purchases and sales of assets – P50,000.00
- Construction arrangements/contracts – P50,000.00
- Lease arrangements/contracts – P50,000.00
- Borrowings, commitments, fund transfers and guarantees – P50,000.00
- 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 2022:

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)	none	none	none
TOTAL	none	none	none

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 and additional of %% for preferred shared "C" for CY 2020.

Patronage refund is also given to those members availed loan @ 1% of the total paid loan interest and service charges.

Q. CORPORATE SOCIAL RESPONSIBILITY

- a. Distributed Cooperative Development Fund (CDF) in the form of cash/relief goods for those affected areas of earthquake happened last July 28, 2022 and October 23, 2022 as sort of help and donation.
- b. The Bank provided technical assistance and training to Cooperative members concerning Cooperative Development Authority (CDA) mandatory reports 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

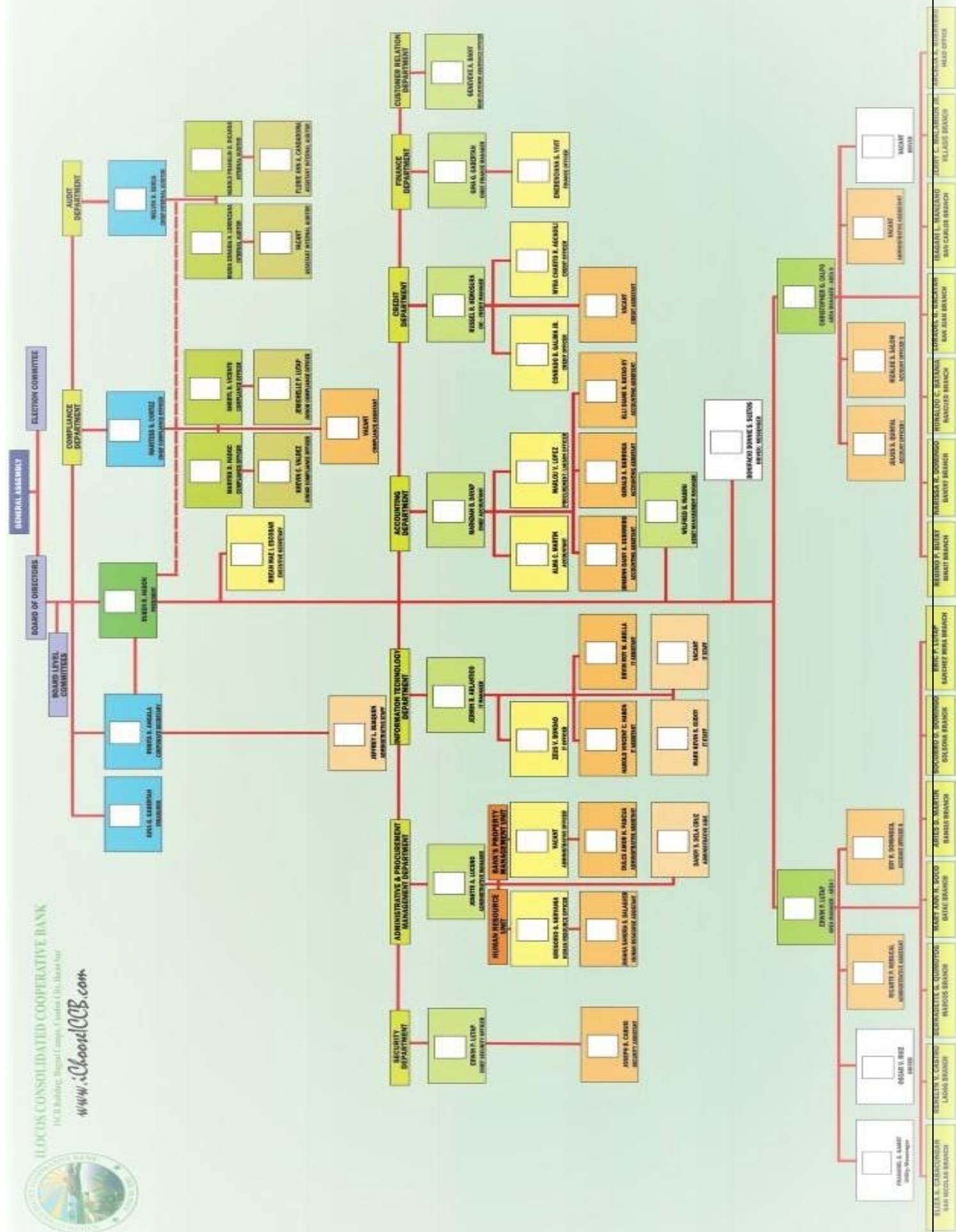
D. The Consumer Assistance Officers/ Branch Managers

- For the year 2022, *"the Bank received no adverse complaints 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 3 simple complaints received, however, these complaints were already resolved within the branch and no complaints filed to the HCAO/Board. There were also 22 commendations coming from some clients.



VI. CORPORATE INFORMATION

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



B. COOP, PERCENTAGE OF STOCKHOLDINGS AND VOTING STATUS

Consolidated List of Stockholders and their Stockholdings

As Of December 31, 2022

Top 20 STOCKHOLDERS

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				
BANGKOOP-Manila	Secondary Cooperative	18,009	18,009,000.00	8.60%
Nueva Segovia Consortium of Cooperatives (NSCC)	Secondary Cooperative	17,976	17,976,000.00	8.58%
Sta. Cruz Savings & Development Cooperative (SACDECO)	Primary Cooperative	15,770	15,770,000.00	7.53%
Sacred Heart (Galimuyod) Savings Cooperative	Primary Cooperative	9,456	9,456,000.00	4.52%
Kailian MPC(formerly Ilocos Sur Upland Developers Coop.)	Primary Cooperative	6,507	6,507,000.00	3.11%
Suyo Multi-Purpose Cooperative	Primary Cooperative	5,484	5,484,000.00	2.62%
Coop Bankers Credit Cooperative (CBCC)	Primary Cooperative	5,268	5,268,000.00	2.52%
San Joaquin MPC	Primary Cooperative	4,564	4,564,000.00	2.18%
Fatima Vigan MPC	Primary Cooperative	4,241	4,241,000.00	2.03%
Sarrat Namnama MPC	Primary Cooperative	3,150	3,150,000.00	1.50%
Binarmappa MPC	Primary Cooperative	2,175	2,175,000.00	1.04%
Marcos Farmers MPC (formerly Escoda MPC)	Primary Cooperative	1,615	1,615,000.00	0.77%
NORLU CEDEC	Secondary Cooperative	1,477	1,477,000.00	0.71%
Magumbayan MPC	Primary Cooperative	1,431	1,431,000.00	0.68%
Friends and Cooperative Bank Employees Trading MPC	Primary Cooperative	1,356	1,356,000.00	0.65%
Candon City Trykers MPC	Primary Cooperative	1,213	1,213,000.00	0.58%
Quiling Sur Tomato Growers MPC	Primary Cooperative	1,211	1,211,000.00	0.58%
Fortuna Credit Cooperative	Primary Cooperative	1,186	1,186,000.00	0.57%
Cooperative Insurance System of the Philippines (CISP)	Primary Cooperative	1,161	1,161,000.00	0.55%
ADTEMPCO	Primary Cooperative	1,055	1,055,000.00	0.50%

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)
--------------------------	--

d

II. TIME DEPOSIT ACCOUNT

Minimum initial deposit	₱ 5,000.00
-------------------------	------------

Interest Rate

Rates vary according to amount and term.	.75% to 5.5% p.a.
--	-------------------

Long Term Deposit Program (LTD) or Double your Money in Ten years Minimum deposit

₱ 10,000

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

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	Public Market, San Ildefonso, San Nicolas, Ilocos Norte	(077)-670-7107
3. Laoag Branch	Old Site: Ground Floor, Insular life Bldg, Balintawak St, Laoag City, Ilocos Norte New Site: J. P. Rizal St., Brgy. No. 18, San Quirino, Laoag City, Ilocos Norte	(077)-670-7098
4. Marcos Branch	Brgy Lydia, Marcos, Ilocos Norte	0977-8579004
5. Batac Branch	Old Site: Nalupta Bldg, Brgy 4, Nalupta, Batac City, Ilocos Norte. New Site: Brgy. No. 5 Callaguip, City Of Batac, 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 2022

**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

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

BIR Accreditation No. 08-005012-001-2022, valid until September 27, 2025

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-463, valid until April 7, 2024

PTR No. 4347773, Issued January 4, 2023 at Muntinlupa City

March 31, 2023

**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, 2022 and 2021. 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, 2022 and 2021 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

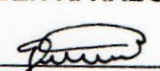
Signed this 31st day of March 2023



ALEXANDER B. RAQUEPO



RUBEN R. HABON



GINA G. GABERTAN

**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, 2022 and 2021, 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

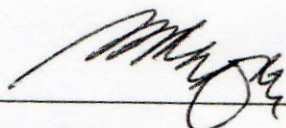

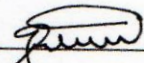
Chairman of the Board:

Signature

Chief Executive Officer:

Signature

Chief Financial Officer

**ALEXANDER B. RAQUEPO****RUBEN R. HABON****GINA G. GABERTAN**Signed this 31st day of March 2023

**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, 2022, 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

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PTR No. 4347773, Issued January 4, 2023 at Muntinlupa City

March 31, 2023

**EDGARDO M. MOLINA, CPA**

Bldg 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, 2022, on which I have rendered my report dated March 31, 2023.

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, 2022 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

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March 31, 2023

**EDGARDO M. MOLINA, CPA**

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

CERTIFICATION

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

In connection with my audit of the 2022 financial statements **ILOCOS CONSOLIDATED COOPERATIVE BANK** (the "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 23, 2023, and had finished the audit on March 31, 2023.
- 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 31, 2023.
- 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 1040 series of 2019**;
 - 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;
 - d) Material internal control weakness which may lead to financial reporting problems.



EDGARDO M. MOLINA, CPA

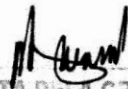
It is however understood that the accountability of the undersigned practitioner is based on matters within the normal coverage of an audit conducted in accordance with the Philippine Standards on Auditing.

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. 08-005012-001-2022, valid until September 27, 2025
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-463, valid until April 7, 2024
PTR No. 4347773, Issued January 4, 2023 at Muntinlupa City

March 31, 2023

SUBSCRIBED AND SWORN TO BEFORE ME this APR 11 2023 **at** City of San Fernando, Pampanga


CARLOTA CRUZ-MANALO
NOTARY PUBLIC
Notarial Commission 26-22
Until December 31, 2023
IBP No. 261163 / 01-03-2023 / Pampanga
PTR No. PAM-5516647 / 01-03-2023 / Pampanga
ROA 37808
MCLE VII-0026698 / 03-02-23
2nd Floor Jomaier Bldg., Dolores,
City of San Fernando, Pampanga

Doc. No. 233
Page No. 48
Book No. 71
Series of 2023



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

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

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. 444, Date: 06/01/2021

PTR No. 137763714-0-22

IBP No. 18003016-0-22

Rol No. 21550

MCLE No. VII-00007325

City of San Fernando (P)

Doc. No. 633

Page No. P2

Book No. X24

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, 2022

	Submitted Report	Audited Report	Discrepancy	Reason for Discrepancy
Cash and Other Cash Items (Note 6)	P 24,298,235	P 24,298,235	P -	
Due from BSP (Note 6)	34,942,160	34,942,160	-	
Due from Other Banks (Note 6)	337,942,010	337,942,062	52	Under booking of Interest
Debt Securities Measured at Amortized Cost	149,861,403	149,861,403	-	
Loans & Receivable, Net (Note 8)	1,820,374,215	1,819,793,122	(581,093)	Additional provision for credit losses
Bank Premises, Furniture, Fixtures and Equipment, Net (Note 11)	113,908,895	113,908,895	-	
Non-Current Asset Held for Sale	25,660	25,660	-	
				Impairment Loss arising from ROPA appraised
Investment Properties, Net (Note 11)	108,212,137	108,112,684	(99,453)	below book value
Right of Use Asset, Net	-	8,369,624	8,369,624	Recognition of right of use asset
Other Assets (Note 12)	23,008,363	22,630,169	(378,194)	Impairment Loss in Accounts Receivable arising from
Total Assets	P 2,612,573,078	P 2,619,884,014	P 7,310,937	Net effect of adjustments
Deposit Liabilities (Note 13)	P 1,660,003,214	P 1,660,003,214	P -	
Bills Payable (Note 14)	534,960,164	534,960,164	-	
Accrued Interest, Taxes and Other Expenses Payable (Note 15)	20,845,590	20,845,590	-	
Redeemable Preferred Share	1,144,000	1,144,000	-	
Other Liabilities (Note 16)	19,795,707	28,934,691	(9,138,985)	Recognition of lease liability
Provision	22,983,249	22,983,249	-	
Total Liabilities	2,259,731,924	2,268,870,908	(9,138,985)	Net effect of adjustments
Total Stockholders' Equity	352,841,154	351,013,106	1,828,048	Net effect of adjustments
Total Liabilities & Stockholders' Equity	P 2,612,573,078	P 2,619,884,014	P (7,310,937)	Net effect of adjustments
Total Gross Income	P 311,718,813	P 311,718,866	P 52	Under booking of interest
Total Expenses	280,755,670	281,949,509	(1,193,838)	Reclassification of rent payment and Additional provision for credit losses
Net Income Before Tax	30,963,143	29,769,357	1,193,786	Net effect of adjustments
Net Income After Tax	P 30,963,143	P 29,769,357	P (1,193,786)	Net effect of adjustments

ILOCOS CONSOLIDATED COOPERATIVE BANK**FINANCIAL HIGHLIGHTS**

As of December 31, 2022 and 2021

	2022	2021	Increase (Decrease)
FOR THE YEAR			
TOTAL INCOME	P 311,718,866	P 264,515,949	P 47,202,917
TOTAL EXPENSES	281,949,509	243,069,329	38,880,180
NET INCOME	29,769,357	21,446,620	8,322,737
EARNINGS PER SHARE			
Common Shares	213.35	176.36	36.99
RETURN ON AVERAGE EQUITY	9.70%	8.74%	0.96%
RETURN ON AVERAGE ASSETS	1.22%	1.01%	0.21%
NET INTEREST MARGIN	7.79%	7.32%	0.46%
AT YEAR END			
TOTAL ASSETS	2,619,884,014	2,278,631,950	(341,252,065)
LOANS AND RECEIVABLES (NET)	1,819,793,122	1,639,100,449	(180,692,674)
LIQUID ASSETS	547,043,861	427,366,996	(119,676,864)
FIXED ASSETS	113,908,895	74,799,574	(39,109,321)
DEPOSIT LIABILITIES	1,660,003,214	1,378,499,191	(281,504,023)
EQUITY ACCOUNTS	351,013,106	262,884,951	(88,128,155)
BOOK VALUE PER SHARE			
Common Shares	1,903.79	1,556.39	(347.40)
Preference Shares	1,100.00	1,100.00	-
CAPITAL ADEQUACY RATIO	13.85%	11.81%	2.03%
PAST DUE RATIO	14.19%	9.88%	4.32%
RATIO OF LIQUID ASSETS TO DEPOSITS	32.95%	31.00%	(1.95%)
DEBT TO EQUITY RATIO	6.46:1	7.67:1	(1.201:)
RATIO OF TOTAL FIXED ASSETS OVER EQUITY ACCOUNTS	32.45%	28.45%	(4.00%)

(See accompanying Notes to Financial Statements)



ILOCOS CONSOLIDATED COOPERATIVE BANK

LIST OF ADJUSTING ENTRIES

As of December 31, 2022

NO.	ACCOUNT DESCRIPTION	DEBIT	CREDIT
1.	Provision for credit Losses	581,093	
	Specific Loan Loss		581,093
	<i>To set up additional provision for specific loan loss due to untagged past due amounting to P5,810,925.54</i>		
2.	Metro South - 0608-001-01-001447-6	52	
	Interest Income		52
	<i>to record Interest Income on Metro South</i>		
3.	Right of Use of Asset	16,355,074	
	Retained Earnings	634,262	
	Accumulated Depreciation - RUA		4,664,050
	Lease Liability		12,325,285
	<i>To recognize Right of Use and Lease Liability account at the beginning of the year.</i>		
4.	Depreciation Expense	3,321,400	
	Accumulated Depreciation - RUA		3,321,400
	<i>To record depreciation on RUA for the current year</i>		
5.	Lease Liability	3,186,300	
	Interest Expense - Lease Liability	828,801	
	Rent Expense		4,015,102
	<i>To reclassify payments made on rentals for the current year</i>		
6.	Impairment Loss	378,194	
	Allowance for Impairment - Accounts Receivable		378,194
	<i>To set up impairment loss on Accounts Receivable arising from fraud</i>		
7.	Impairment Loss	99,453	
	Allowance for Impairment - ROPA		99,453
	<i>To set up impairment loss on ROPA appraised below book value</i>		
TOTALS		25,384,628.29	25,384,628.29



ILOCOS CONSOLIDATED COOPERATIVE BANK
STATEMENTS OF FINANCIAL POSITION

	As at December 31	
	2022	2021
ASSETS		
Cash and Other Cash Items (Note 6)	P 24,298,235	P 24,578,100
Due from BSP (Note 7)	34,942,160	32,489,624
Due from Other Banks (Note 7)	337,942,062	241,139,819
Debt Securities Measured at Amortized Cost	149,861,403	129,159,453
Loans & Receivable, Net (Note 8)	1,819,793,122	1,639,100,449
Bank Premises, Furniture, Fixtures and Equipment, Net (Note 10)	113,908,895	74,799,574
Non-Current Assets Held for Sale	25,660	106,036
Investment Properties, Net (Note 11)	108,112,684	105,804,889
Right of Use Assets, Net	8,369,624	11,691,024
Other Assets (Note 12)	22,630,169	19,762,982
TOTAL ASSETS	P 2,619,884,014	P 2,278,631,950
LIABILITIES & SHAREHOLDERS' EQUITY		
LIABILITIES		
Deposit Liabilities (Note 13)	P 1,660,003,214	P 1,378,499,191
Bills Payable (Note 14)	534,960,164	585,929,665
Accrued Interest, Taxes and Other Expenses (Note 15)	20,845,590	17,969,523
Redeemable Preferred Share	1,144,000	1,144,000
Provision	22,983,249	6,021,330
Other Liabilities (Note 16)	28,934,691	26,183,290
TOTAL LIABILITIES	2,268,870,908	2,015,746,999
SHAREHOLDERS' EQUITY		
Preference Share (Note 17)	77,610,000	66,920,000
Common Shares	131,814,000	121,610,000
Retained earnings	141,589,106	74,354,951
TOTAL SHAREHOLDERS' EQUITY	351,013,106	262,884,951
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	P 2,619,884,014	P 2,278,631,949
BOOK VALUE PER SHARE		
Common Shares	P 1,904	P 1,556
Preference Share	P 1,100	P 1,100

See accompanying Notes to Financial Statements.



ILOCOS CONSOLIDATED COOPERATIVE BANK
STATEMENTS OF INCOME

	For the Years Ended December 31	
	2022	2021
INTEREST INCOME:		
Loans and Receivables (Note 8)	P 225,536,446	P 199,776,471
Sales Contract Receivable	54,068	230,027
Due from Other Banks (Note 7)	565,101	514,229
Debt Securities Measured at Amortized Cost	3,139,589	2,176,361
Others	353,706	13,890
TOTAL INTEREST INCOME	229,648,909	202,710,978
INTEREST EXPENSE		
Deposit Liabilities (Note 13)	40,805,679	37,006,179
Bills Payable (Note 14)	20,770,727	25,402,585
Others	21,411	52,751
TOTAL INTEREST EXPENSE	61,597,818	62,461,515
NET INTEREST INCOME	168,051,091	140,249,463
PROVISION FOR CREDIT LOSSES	28,611,668	18,615,347
NET INTEREST INCOME AFTER PROVISION	139,439,423	121,634,116
OTHER INCOME (Note 18)	82,069,957	61,804,971
TOTAL INCOME BEFORE OPERATING EXPENSES	221,509,380	183,439,087
OTHER OPERATING EXPENSE		
Compensation & Fringe Benefits (Note 19)	119,651,499	98,899,594
Other Operating Expenses (Note 21)	59,784,587	49,184,602
Taxes & Licenses (Note 25)	447,468	417,556
Depreciation & Amortization (Note 22)	11,378,822	13,483,413
Provision for pensions (Note 20)	-	-
Impairment Loss	477,647	7,303
TOTAL OTHER OPERATING EXPENSE	191,740,023	161,992,467
NET INCOME BEFORE INCOME TAX	29,769,357	21,446,620
INCOME TAX EXPENSE (BENEFIT) (Note 29)	-	-
TOTAL COMPREHENSIVE INCOME	P 29,769,357	P 21,446,620
EARNINGS PER SHARE	P 213.35	P 176.36

See accompanying Notes to Financial Statements.



ILOCOS CONSOLIDATED COOPERATIVE BANK
STATEMENTS OF CHANGES IN EQUITY
 For the Years Ended December 31, 2022 and 2021

		COMMON SHARE CAPITAL (NOTE 17)		PREFERRED SHARE CAPITAL (NOTE 17)		RETAINED EARNINGS - FREE		RETAINED EARNINGS - RESERVE		TOTAL
Balance at January 1, 2022	P	121,610,000	P	66,920,000	P	30,379,245	P	43,975,705	P	262,884,951
Issuance of shares		10,204,000		10,690,000		-		-		20,894,000
Total comprehensive income for the year		-		-		29,769,357		-		29,769,357
Coop. Education Training Fund-CETF		-		-		-		2,976,936		2,976,936
General Reserve Fund		-		-		-		2,976,936		2,976,936
Optional Fund, Land and Building		-		-		-		2,083,855		2,083,855
Community Development Fund		-		-		-		893,081		893,081
Donated Surplus		-		-		-		60,000,000		60,000,000
Appropriation for the year		-		-		(8,930,807)		-		(8,930,807)
Dividend Declaration		-		-		(13,482,144)		-		(13,482,144)
Adjustment		-		-		328,532		(9,381,591)		(9,053,058)
Balance at December 31, 2022	P	131,814,000	P	77,610,000	P	38,064,184	P	103,524,922	P	351,013,106
Balance at January 1, 2021	P	112,889,000	P	61,432,000	P	12,233,119	P	41,136,554	P	227,690,674
Issuance of shares		8,721,000		5,488,000		-		-		14,209,000
Total comprehensive 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
Land and Building		-		-		-		1,501,263		1,501,263
Community Development Fund		-		-		-		643,399		643,399
Donated Surplus		-		-		-		-		-
Appropriation for the year		-		-		(6,433,986)		-		(6,433,986)
Dividend Declaration		-		-		-		-		-
Adjustment		-		-		3,133,492		(3,594,835)		(461,343)
Balance at December 31, 2021	P	121,610,000	P	66,920,000	P	30,379,245	P	43,975,705	P	262,884,951

See accompanying Notes to Financial Statements.



ILOCOS CONSOLIDATED COOPERATIVE BANK STATEMENTS OF CASH FLOWS

	For the years ended December 31	
	2022	2021
CASH FLOW FROM OPERATING ACTIVITIES		
Income before tax	P 29,769,357	P 21,446,620
Adjustments for:		
Provision for Credit Losses on Loans and Receivables	28,611,668	18,615,347
Provision on Retirement	18,266,254	3,826,550
Impairment Loss	477,647	
Depreciation and Amortization (Note 22)	11,378,822	13,483,413
Interest Income	(229,648,909)	(202,710,978)
Interest Expense	61,597,818	62,461,515
Changes in Working Capital:		
Loans & Receivables (Note 8)	(209,304,342)	(214,310,790)
Other Assets (Note 12)	(3,344,833)	(5,746,250)
Other Non-Current Asset for Sale	80,377	-
Deposit liabilities (Note 13)	281,504,023	142,410,680
Accrued interest, taxes & other liabilities (Note 15)	2,876,067	4,666,128
Other liabilities (Note 16)	1,447,066	4,373,494
Cash used in Operations	(6,288,985)	(151,484,272)
Interest Received	229,648,909	202,710,978
Interest Paid	(61,597,818)	(62,461,515)
Net Cash from (used in) Operating Activities	161,762,106	(11,234,810)
CASH FLOW FROM INVESTING ACTIVITIES		
Debt Securities Measured at Amortized Cost	(20,701,950)	1,490,711
Investment Properties (Note 11)	(2,307,796)	(73,734,696)
Purchase of Premises, Furniture, & Equipment (Note 10)	(47,166,744)	(22,504,367)
Right of Use Assets	-	(10,556,364)
Net Cash used in Investing Activities	(70,176,489)	(105,304,716)
CASH FLOW FROM FINANCING ACTIVITIES		
Net Charges to Retained Earnings	(31,466,009)	(7,538,727)
Reservation on Retained Earnings	68,930,807	7,077,385
Proceeds from (Payments on) Bills Payable (Note 14)	(50,969,501)	98,821,312
Proceeds from Common Stock (Note 17)	10,204,000	8,721,000
Proceeds from Preferred Stock (Note 17)	10,690,000	5,488,000
Net Cash from (used in) Financing Activities	7,389,297	112,568,969
NET (DECREASE) INCREASE IN CASH & CASH EQUIVALENTS	98,974,914	(3,970,556)
CASH & CASH EQUIVALENTS - BEGINNING	298,207,543	302,178,099
CASH & CASH EQUIVALENTS - ENDING	P 397,182,457	P 298,207,543

See accompanying Notes to Financial Statements.



ILOCOS CONSOLIDATED COOPERATIVE BANK

NOTES TO FINANCIAL STATEMENTS

For the years ended December 31, 2022 and 2021

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 06, 2017 under Registration No. 9520-201000000036400 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. 709-615-677-000.

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 2006 (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 Eleven (13) branches located at the following service areas:

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

As of December 31, 2022, 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, 2022 were authorized for issue by its Board of Directors on March 31, 2023.

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.

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 3, Definition of a Business
- Amendments to PFRS 3, Definition of a Business

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 Measurement

Financial assets and financial liabilities are recognized when the entity 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:

a) 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.

b) 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 debt securities measured at amortized cost 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 scale enterprise loan, consumption loans, other 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/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

This 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, 2022 and 2021, 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, 2022 and 2021, 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, 2022 and 2021, 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:
 - 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
 - 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, 2022 and 2021, 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 of 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 be required 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 instrument 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 are 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.

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 2016 Edition). Real and Other Properties Acquired (ROPA) in settlement of loans through foreclosure or dation in payment are booked under investment properties:

- Upon entry of judgement in case of judicial foreclosure;
- Upon execution of the Sheriff's Certificate of Sales in case extrajudicial foreclosure; and
- 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 P5,000,000, 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 a 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:

- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- 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.

As of December 31, 2022 and 2021, the Bank has no intangible assets.

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 exist 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 systematic 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 an 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.

As of December 31, 2022 and 2021, the Bank has DSS reported under Note 14 - Other liabilities.

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 Held to Maturity Financial Assets

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.

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:

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

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

- The lease transfers ownership of the underlying asset to the lessee at the end of the lease term.
- 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

- Fixed lease payments or periodic rental.
- Variable lease payments.
- Exercise price of a purchase option if the lessee is reasonably certain to exercise the option.
- Amount expected to be payable by the lessee under a residual value guarantee.
- 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.

- Short-term lease
- 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:

- The lease transfers ownership of the underlying asset to the lessee at the end of the lease term.
- 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.
- 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.
- 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

Employee benefit are all forms of consideration given by the Bank in exchange for services rendered by employees, including directors and management. The Bank recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period.

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'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 and retirement policy whichever is beneficial. 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 Company 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 Missed Payments	Classification	Allowance for Credit Losses (ACL)		Stage
		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 collateral 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

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, 2022 and 2021:

2022					
	Loans Receivables ^a	Due from BSP and Other Banks	Debt Securities Measured at Amortized Cost		Total
Agriculture, Forestry and Fishing	P 486,647,232	P -	P -	P -	486,647,232
Manufacturing	187,898,765	-	-	-	187,898,765
Financial Institutions	-	143,694,522	57,946,352	-	291,690,874
Government	-	228,228,708	91,913,851	-	321,144,751
Wholesale & Retail Trade, Repair of Motor Vehicles, Construction	456,999,171	-	-	-	456,999,171
Real Estate Activities	21,572,870	-	-	-	21,572,870
Other Service Activities	81,527,817	-	-	-	81,527,817
Accommodation and Food Service Activities	3,898,388	-	-	-	3,898,388
Transportation and Storage	4,197,278	-	-	-	4,197,278
Water Supply, Sewerage, Waste management and Re	1,783,315	-	-	-	1,783,315
Loans to Individuals Primarily for Personal Use	337,457	-	-	-	337,457
Financial and Insurance Activities	856,868,163	-	-	-	856,868,163
Professional Scientific and Technical Services	298,900	-	-	-	298,900
Information and Communication	687,191	-	-	-	687,191
	113,250	-	-	-	113,250
Total	P 1,914,823,856	P 372,884,222	P 149,861,433	P -	2,437,669,481

^aAmount is net of unamortized discount

2021					
	Loans Receivables ^a	Due from BSP and Other Banks	Debt Securities Measured at Amortized Cost		Total
Agriculture, Forestry and Fishing	P 333,654,576	-	-	P -	333,654,576
Manufacturing	140,573,574	-	-	-	140,573,574
Financial Institutions	-	77,320,400	69,079,615	-	146,400,085
Government	-	196,269,994	82,079,636	-	288,379,832
Wholesale & Retail Trade, Repair of Motor Vehicles, Mo	442,401,394	-	-	-	442,401,394
Construction	7,888,506	-	-	-	7,888,506
Real Estate Activities	83,173,520	-	-	-	83,173,520
Other Service Activities	22,394,363	-	-	-	22,394,363
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
Information and Communication	44,982	-	-	-	44,982
Total	P 1,720,369,306	P 273,620,443	P 161,159,453	P -	2,155,159,202

^aAmount is net of unamortized discount

Credit quality per class of financial assets

The tables below show the credit quality per class of financial assets as at December 31, 2022 and 2021:

2022					
	High grade	Standard grade	Past due but not impaired	Impaired	Total
Due from BSP	P 34,942,160	P -	P -	P -	34,942,160
Due from other banks	337,942,962	-	-	-	337,942,962
Debt Securities	148,861,493	-	-	-	148,861,493
Loans Receivable	1,642,586,592	19,426,899	148,328,351	993,670,103	1,914,823,856
Sales Contract R	-	10,638,314	4,324,729	-	14,964,834
Other receivable	7,067,628	-	-	-	7,067,628
Total	P 2,172,668,307	P 36,965,213	P 153,651,873	P 993,670,103	2,459,389,695

2021					
	High grade	Standard grade	Past due but not impaired	Impaired	Total
Due from BSP	P 32,469,624	-	-	-	32,469,624
Due from other banks	241,139,819	-	-	-	241,139,819
Debt Securities	128,159,453	-	-	-	128,159,453
Loans Receivable	1,550,207,250	23,761,360	54,334,029	82,290,768	1,720,593,408
Sales Contract Receivable	-	10,101,861	1,612,126	-	11,713,987
Other receivable	6,710,708	-	-	-	6,710,708
Total	P 2,172,668,307	P 2,172,668,307	P 2,172,668,307	P 2,172,668,307	2,172,668,307

^aAmount 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



2022			
	less than 90 days	more than 90 days	Total
Receivable from customers:	19,420,899	252,996,456	272,417,354
	P -	P -	P -

2021			
	less than 90 days	more than 90 days	Total
Receivable from customers:	23,761,360	146,624,796	170,386,156
	Non-Performing	P 70,406,653	P 70,406,653

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 20.95% for 2022 and 2021, 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 6.50%, 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:



2022					
	0 - 3 mos	3 - 6 mos	6 - 12 mos	Beyond 1 year	Total
Financial Liabilities:					
Deposits	₱ 929,422,569	₱ 126,186,634	₱ 471,336,437	₱ 133,665,373	₱ 1,660,610,914
Bills payable	38,726,965	26,123,237	122,126,643	337,986,319	₱ 524,963,164
Redeemable preferred shares	1,144,000	-	-	-	1,144,000
Accrued interest	3,205,080	2,555,365	8,685,157	2,709,467	₱ 17,060,070
Other Liabilities	11,852,346	-	-	-	11,852,346
Total Financial Liabilities	₱ 974,353,961	₱ 154,865,236	₱ 602,148,237	₱ 473,761,159	₱ 2,225,028,594
Financial Assets:					
Cash and other c	₱ 24,298,235	-	-	-	24,298,235
Due from BSP	-	-	-	34,942,160	34,942,160
Due from other b	337,942,962	-	-	-	337,942,962
Debt securities measured at amortized cost	21,417,106	36,444,295	60,690,908	32,690,000	₱ 149,861,403
Loans and receiv	58,735,889	98,616,992	434,274,713	1,058,478,988	₱ 1,649,906,582
Sales contract re	6,891,988	3,877	454,895	7,513,374	₱ 14,964,034
Accrued interest	3,582,122	737,539	1,780,508	4,554,426	₱ 10,554,597
Other Receivable	7,887,826	-	-	-	7,887,826
Total Financial Assets	₱ 451,894,351	₱ 136,202,804	₱ 496,469,916	₱ 1,137,486,950	₱ 2,222,073,921
Liquidity Position (Gap)	₱ (522,459,610)	₱ (18,662,432)	₱ (105,678,321)	₱ 643,744,791	₱ (2,949,773)
2021					
	0 - 3 mos	3 - 6 mos	6 - 12 mos	Beyond 1 year	Total
Financial Liabilities:					
Deposits	₱ 812,730,587.5	₱ 109,601,291.4	₱ 362,436,873.6	₱ 83,678,938.8	₱ 1,378,446,191.1
Bills payable	25,354,759	24,139,926	102,115,526	434,316,414	₱ 585,929,625
Redeemable preferred shares	1,144,000	-	-	-	1,144,000
Accrued interest a	3,462,338	1,922,634	4,580,881	4,892,597	₱ 14,858,450
Other Liabilities	7,096,387	-	-	-	7,096,387
Total Financial Liabilities	₱ 849,787,811	₱ 135,713,852	₱ 469,133,280	₱ 522,887,949	₱ 1,977,522,892
Financial Assets:					
Cash and other ca	₱ 24,578,100	-	-	-	24,578,100
Due from BSP	0	0	0	32,489,624.08	32,489,624.08
Due from other ba	241,139,819	0	0	0	241,139,819
Debt securities measured at amortized cost	18121946.16	53037507.27	0	80000000	₱ 129,159,453
Loans and receiv	4388947.88	74864192.31	318902589.5	1113025521	₱ 1,550,212,250
Sales contract rec	8743036.26	27743.34	23576.62	2707436.49	₱ 11,713,387
Accrued interest n	8504518.52	815446.47	1654106.71	4143609.5	₱ 13,127,682
Other Receivable	8713707.97	0	0	0	8,713,708
Total Financial Assets	₱ 347,168,076	₱ 128,744,869	₱ 320,652,463	₱ 1,212,386,163	₱ 2,009,131,511
Liquidity Position (Gap)	₱ (502,619,735)	₱ (8,968,983)	₱ (148,480,817)	₱ 679,498,244	₱ (21,403,951)

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.

Sustainable Finance

This refers to any form of financial product or service which integrates environmental, social and governance criteria into business decisions that supports economic growth and provides lasting benefit for both clients and society while reducing pressures on the environment. This also covers green finance which is designed to facilitate the flow of funds towards green economic activities and climate change mitigation and adaptation projects. The Bank's objective is to manage these risks so as to balance the avoidance of financial losses and damage to the Bank's reputation with overall cost of effectiveness and to avoid control procedures that restrict initiative and creativity.



Environmental and Social Risks

Environmental and Social Risks is the risk that potential financial, legal and/or reputational negative effect of environmental and social issues on the bank. E & S issues include environmental pollution, climate risk (both physical and transition risks), hazards to human health, safety and security, and threats to community, biodiversity and cultural heritage, among others. The Bank's objective is to manage these 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.

Due to current pandemic the BSP issued on March 26, 2020, the Monetary Board in its Resolution No. 427.B issues the Memorandum No. M-2020-020 reducing the MLR from twenty percent (20%) to sixteen percent (16%) to address the increasing liquidity risk exposure of the Banks arising from higher demands for funds by depositors, borrowers or both brought by the COVID-19 outbreak the implementation of community quarantine until December 31, 2020. On January 13, 2022, the Monetary Board in its Resolution No. 65 issues the Memorandum No. M-2022-004 to prolong or extend the reducing of MLR of stand-alone thrift, rural, and cooperative banks until the end of December 31, 2022.

As of December 31, 2022, the Bank has a Minimum Liquidity Ratio of 34.52%

	2022	2021
PART I. MINIMUM LIQUIDITY RATIO (MLR)		
A. Stock of Liquid Assets	P 544,818,999	P 360,809,186
B. Qualifying Liabilities	1,578,249,796	1,326,889,377
Minimum Liquidity Ratio	34.52%	27.177%
PART II. STOCK OF LIQUID ASSETS		
Cash on Hand	22,073,374	19,132,723
Bank Reserves in the BSP	34,942,160	32,489,624
Debt Securities representing claims on or guaranteed by the Philippine National G	149,861,463	67,847,000
Deposits in Other Banks	337,942,062	241,139,819
	P 544,818,999	P 360,809,186
PART III. QUALIFYING LIABILITIES		
A. Qualifying Liabilities		
1. Retail current and regular savings deposits with outstanding balance per accou	(437,642,889)	(385,727,802)
2. 50% equivalent of Item 1	218,821,445	192,863,901
3. Borrowers that are non-callable in, or have contractual dates beyond, the next 1	(519,885,524)	(568,263,361)
4. Obligations arising from operational expenses	(3,779,520)	(2,811,094)
5. Total on-balance sheet liabilities	2,259,731,824	2,015,746,969
	-	-
C. Inevitable obligations under off-balance sheet items		
1. Other committed credit lines	61,094,361	75,180,674
D. Total (Sum of Adjusted Amount of Item A(1), A(2), B and C)	P 1,578,249,796	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:

	2022	2021
6.1 Cash and Other Cash Items		
Cash on Hand and in Vault	P 22,073,374	P 19,132,723
Checks and Other Cash Items	2,224,861	5,445,376
Total Cash and Other Cash Items	24,298,235	24,578,100
6.2 Due from BSP and Other Banks		
Due from Bangko Sentral ng Pilipinas	34,942,160	32,489,624
Due from Other Banks	337,942,062	241,139,819
Total Due from BSP and Other Banks	372,884,222	273,629,443
Total Cash and Cash Equivalent	P 397,182,457	P 298,207,543



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	2022	%	2021	%
Land Bank of the Philippines	₱ 182,048,542	53.87%	₱ 152,536,191	63.26%
Asia United Bank	2,435,355	0.72%	11,426,734	4.74%
Metro Bank	20,818,152	6.16%	14,749,430	6.12%
Bank of Commerce	2,414,190	0.71%	2,401,849	1.00%
Banco De Oro	2,053,863	0.61%	2,360,840	0.96%
Bank of Philippines Islands	25,009	0.01%	1,204,767	0.50%
Philippine National Bank	92,303,566	27.31%	26,692,001	11.89%
Philippine Business Bank	521,009	0.15%	517,401	0.21%
Producers Bank	20,598,273	6.10%	12,464,186	5.17%
Security Bank	133,016	0.04%	1,002,776	0.42%
Cooperative Bank of La Union	1,079,521	0.32%	1,052,762	0.44%
Cooperative Bank of Cagayan	657,825	0.19%	642,521	0.27%
United Coconut Planters Bank	150,958	0.04%	622,146	0.26%
Metro South Cooperative Bank	614,743	0.18%	614,161	0.25%
Development Bank of the Philippines	12,088,040	3.58%	10,650,030	4.42%
Total	₱ 337,942,062	100%	₱ 241,139,619	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 ₱100 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, 2022, the Bank's SBL was registered at ₱ 87,715,426 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.

On 19 March 2020, the Monetary Board, on its Resolution Issued the Memorandum No. M-2020-011 increasing the single borrower's limit (SBL) from 25% to 30% for a period of six (6) months from March 19, 2020.

As of December 31, 2022, none of the Banks has exceeded the prescribed limit or ₱ 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 ₱ 565,101 and ₱ 514,229 for the years ended December 31, 2022 and 2021, 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 2022 and 2021 which are not available for use by Bank.



7. DEBT SECURITIES MEASURED AT AMORTIZED COST

This account consists of:

	2022	2021
Treasury Bills	P 58,224,000	P 69,295,000
Treasury Bonds	92,000,000	60,000,000
Total	150,224,000	129,295,000
Less: Unamortized Discount	(362,597)	(135,547)
Net		
Amount	P 149,861,403	P 129,159,453

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	49 - 91 days	P 42,177,000	3.45% - 4.32%	P 261,949
Philippine National Bank	84 - 91 days	16,047,000	3.43% - 4.29%	100,646
Total		P 58,224,000		P 362,597

Treasury Bonds				
Issuer Bank	Term	Face Value	Interest Rate Yield	
Land Bank of the Philippines	5 - 10 years	P 40,000,000	3.25% - 4.55%	
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	5 - 10 years	17,000,000	3.25% - 4.55%	
Security Bank	10 years	5,000,000	3.25%	
United Coconut Planters Bank	10 years	5,000,000	3.25%	
Total		P 92,000,000		

Held to maturity financial assets earn interest income amounting to P3,139,569 and P2,176,361 for 2022 and 2021.

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:

	2022	%	2021	%
Current Loans	P 1,647,314,956	85.81%	P 1,554,024,316	90.12%
Past Due Loans	265,030,806	13.81%	162,217,741	9.40%
Items in Litigation	7,386,548	0.38%	6,166,417	0.47%
Total	1,919,732,310	100.00%	1,724,410,476	100.00%
Less: Unamortized Discounts	4,808,455		3,617,066	
Total, net of discount	1,914,923,856		1,720,793,408	
Less: Allowance for Credit Losses				
Specific	103,670,103		92,290,766	
General	16,979,261		14,043,659	
Total Carrying Amount	1,794,274,491		1,614,258,780	
Add: Sales Contract Receivables	14,964,034		11,713,987	
Accrued Interest Receivable	10,554,597		13,127,662	
Total Loans and Receivables-net	P 1,819,793,122		P 1,639,100,449	

The Bank's loan accounts are stated at the outstanding balance, reduce 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 2022 and 2021, respectively. Total earned interest amounts to P225,536,446 and P199,776,471 for 2022 and 2021, respectively.

The Bank holds collateral against loans and receivables in the form of real estate and chattel mortgages, and deposit hold outs over assets.



The Bank entered into a memorandum of agreement with the AGRICULTURAL AND CREDIT POLICY COUNCIL wherein the bank is the lending conduit of the following three (3) programs and their amounts:

- 1.) KAYA - Kapital Access for Young Agpreneurs - P10,000,000
- 2.) ANYO - Agri Negosyo - P35,000,000
- 3.) SURE - Survival and Recovery Assistance Program - P40,000,000

Movements in the allowance for credit losses related to receivables follow:

	2022	2021
Balance at beginning of year	P 106,334,628	P 91,676,133
Provision	28,611,668	16,615,347
Write-off	(11,195,200)	
Recovery	(3,101,732)	(3,956,652)
Balance at end year	P 120,649,364	P 106,334,628

The total Allowance for Credit Losses of P 120,649,364 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.

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:

	2022	%	2021	%
Due within one (1) year	P 475,108,923	24.81%	P 379,694,697	22.07%
Due beyond one (1) year	1,439,814,933	75.19%	1,340,696,511	77.93%
Total Loan Portfolio	P 1,914,923,856	100.00%	P 1,720,391,208	100.00%

As to Status:

	2022	%	2021	%
Current Loans	P 1,642,506,502	85.77%	P 1,550,207,250	90.10%
Past Due Loans				
Performing	19,420,899	1.01%	23,761,360	1.38%
Non-Performing	245,609,908	12.83%	136,456,361	8.05%
Items in Litigation	7,386,548	0.39%	5,165,417	0.47%
Total Loan Portfolio	P 1,914,923,856	100.00%	P 1,720,593,406	100.00%

	2022		
Product Line	Performing	Non-Performing	Total
Agrarian Reform Loans	P 111,347,039	P 6,233,526	P 117,580,565
Other Agricultural Credit Loans	223,546,149	64,173,357	287,721,506
Other Microenterprise Loans	209,385,065	33,504,223	242,889,288
Small Scale Enterprise	232,763,747	21,976,074	254,741,821
Medium Scale Enterprise	59,191,962	32,672,775	91,864,737
Loans to Private Corporations - Non-Financials	400,000	1,369,536	1,769,536
Loans to Individuals for Housing Purposes	53,055,683	6,471,934	61,527,617
Loans to Individuals for Personal Use Purposes	772,235,556	84,433,607	856,669,163
Loans to Individuals for Other Purposes	-	159,421	159,421
Total Loan Portfolio	P 1,661,927,400	P 252,996,456	P 1,914,923,856

	2021		
Product Line	Performing	Non-Performing	Total
Agrarian Reform Loans	P 74,003,656	P 9,344,695	P 83,348,351
Other Agricultural Credit Loans	215,106,495	33,632,366	248,740,861
Other Microenterprise Loans	249,266,927	16,362,032	265,628,959
Small Scale Enterprise	204,271,265	41,617,422	245,888,707
Medium Scale Enterprise	102,411,651	-	102,411,651
Loans to Private Corporations - Non-Financials	500,000	1,369,539	1,869,539
Loans to Individuals for Housing Purposes	60,916,265	2,255,256	63,171,520
Loans to Individuals for Personal Use Purposes	667,486,331	41,642,247	709,128,577
Loans to Individuals for Other Purposes	-	161,040	161,040
Total Loan Portfolio	P 1,573,968,610	P 146,624,798	P 1,720,593,408



As to Security:

	2022	%	2021	%
Secured				
Real Estate Mortgage	P 842,095,405	44.01%	P 600,665,701	46.55%
Chattel Mortgage & Others	241,030,570	12.62%	146,652,766	8.52%
Unsecured	830,597,881	43.37%	773,071,940	44.93%
Total Loan Portfolio	P 1,914,923,856	100.00%	P 1,720,593,406	100.00%

As to Concentration of Credits to Certain Industry/Economic Sector:

Percentage Per Total Loan Portf	2022	%	2021	%
Agriculture, Forestry and Fishing	P 406,647,232	21.24%	P 333,654,576	139.74%
Manufacturing	107,090,765	5.59%	140,573,574	58.67%
Wholesale & Retail Trade, Repair	450,999,171	23.55%	442,401,394	155.28%
Construction	21,572,870	1.13%	7,666,506	3.22%
Real Estate Activities	61,527,817	3.21%	63,173,520	26.46%
Other Service Activities	3,098,388	0.16%	22,354,393	9.36%
Accommodation and Food Service	4,197,278	0.22%	243,555	0.10%
Transportation and Storage	1,783,315	0.09%	1,104,626	0.46%
Water Supply, Sewerage, Waste r	337,457	0.02%	-	0.00%
Loans to Individuals Primarily for Pe	856,669,163	44.74%	709,130,577	296.99%
Financial and Insurance Activities	200,000	0.01%	-	0.00%
Professional Scientific and technic	687,151	0.04%	224,402	0.09%
Information and Communication	113,250	0.01%	44,082	0.02%
Total Loan Portfolio	P 1,914,923,856	100.00%	P 1,720,593,406	100.00%

Percentage Per TIER 1 Capital	2022	%	2021	%
Agriculture, Forestry and Fishing	P 406,647,232	127.65%	P 333,654,576	139.74%
Manufacturing	107,090,765	33.62%	140,573,574	58.67%
Wholesale & Retail Trade, Repair	450,999,171	141.57%	442,401,394	155.28%
Construction	21,572,870	6.77%	7,666,506	3.22%
Real Estate Activities	61,527,817	19.31%	63,173,520	26.46%
Other Service Activities	3,098,388	0.97%	22,354,393	9.36%
Accommodation and Food Service	4,197,278	1.32%	243,555	0.10%
Transportation and Storage	1,783,315	0.56%	1,104,626	0.46%
Water Supply, Sewerage, Waste r	337,457	0.11%	-	0.00%
Loans to Individuals Primarily for Pe	856,669,163	268.91%	709,130,577	296.99%
Financial and Insurance Activities	200,000	0.06%	-	0.00%
Professional Scientific and technic	687,151	0.22%	224,402	0.09%
Information and Communication	113,250	0.04%	44,082	0.02%
Total Loan Portfolio	P 1,914,923,856		P 1,720,593,406	

The BSP considers that significant credit exposures exists 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, 2022, one (1) industry exceeds 30% of the total loan portfolio and five (5) industry exceeds 10% of Bank's TIER 1 Capital.

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.394.3 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 16 "Revenue". SCRs shall also be subject to impairment provision of PAS 39.

This account consists of:

	2022	2021
Performing	P 10,639,314	P 10,101,661
Non-Performing	4,964,031	2,221,122
Total	15,603,345	12,322,783
Less: Allowance for Credit Losses	639,311	606,987
Sales Contract Receivable-net	P 14,964,034	P 11,715,796



The movements on SCR follow:

	2022	2021
Balance at beginning of year	P 11,713,987	P 11,448,704
Addition	4,113,846	1,267,695
Provision for credit losses	-	-
Collections	(863,799)	(1,022,413)
Adjustments		
Balance at end of year	P 14,964,034	P 11,713,987

Interest income on sales contract receivable for the years ended December 31, 2022 and 2021 amounted to P 54,066 and P 230,027, respectively.



9. Bank Premises, Furniture, Fixtures and Equipment

	Land	Building	Furniture, Fixtures and Equipment	Information Technology Equipment	Transportation Equipment	Leasehold Improvements	Other Office Equipment	Building Under Construction	Total
December 31, 2022									
Cost	39,132,308	26,093,258	10,996,419	34,447,100	26,648,153	12,912,561	6,316,945	27,224,874	183,771,678
Accumulated Depreciation	-	9,675,327	8,749,178	23,275,431	14,559,685	8,434,170	5,169,592	-	69,862,783
Net carrying amount	39,132,308	16,417,931	2,247,242	11,171,728	12,089,068	4,478,392	1,147,353	27,224,874	113,908,895
December 31, 2021									
Cost	28,256,507	31,690,608	10,576,648	27,239,978	26,431,153	12,896,121	6,219,305	393,958	143,704,477
Accumulated Depreciation	-	12,012,888	8,412,224	21,736,852	14,468,803	7,365,915	4,908,220	-	69,904,902
Net carrying amount	28,256,507	19,677,720	2,164,624	5,503,125	11,962,350	5,530,206	1,311,085	393,958	74,799,574

A reconciliation of the carrying amounts of bank premises, furniture, fixtures and equipment at the beginning and end of 2022 and 2021 is shown below:

	Land	Building	Furniture, Fixtures and Equipment	Information Technology Equipment	Transportation Equipment	Leasehold Improvements	Other Office Equipment	Building Under Construction	Total
2022									
Cost									
Balance at beginning of year	28,256,507	31,690,608	10,576,648	27,239,978	26,431,153	12,896,121	6,219,305	393,958	143,704,477
Additions	10,875,801	2,781,801	1,123,792	8,868,841	4,063,000	16,441	502,987	26,830,916	55,063,579
Disposals/Reclassification	-	(8,378,151)	(704,221)	(1,661,059)	(3,846,000)	(8)	(485,347)	-	(14,996,378)
Balance at end of year	39,132,308	26,093,258	10,996,419	34,447,100	26,648,153	12,912,561	6,316,945	27,224,874	183,771,678
Accumulated Depreciation and Amortization									
Balance at beginning of year	-	12,012,888	8,412,224	21,736,852	14,468,803	7,365,915	4,908,220	-	69,904,902
Depreciation and amortization	-	-	1,012,279	3,232,258	3,226,347	0	586,539	-	8,057,423
Disposals/Reclassification	-	(2,337,560)	(675,325)	(1,693,679)	(3,136,065)	1,068,255	(325,167)	-	(7,095,342)
Balance at end of year	-	9,675,327	8,749,178	23,275,431	14,559,685	8,434,170	5,169,592	-	69,862,783
Net Book Value	39,132,308	16,417,931	2,247,242	11,171,728	12,089,068	4,478,392	1,147,353	27,224,874	113,908,895

	Land	Building	Furniture, Fixtures and Equipment	Information Technology Equipment	Transportation Equipment	Leasehold Improvements	Other Office Equipment	Building Under Construction	Total
2021									
Cost									
Balance at beginning of year	17,706,507	26,053,156	10,083,376	24,767,193	25,015,153	12,514,545	6,104,215	95,017	122,339,167
Additions	10,550,000	5,650,716	1,262,965	3,081,093	1,410,000	434,172	240,864	295,941	22,942,754
Disposals/Reclassification	-	(13,267)	(769,495)	(606,308)	0	(52,598)	(133,774)	-	(1,577,443)
Balance at end of year	28,256,507	31,690,608	10,576,648	27,239,978	26,431,153	12,896,121	6,219,305	393,958	143,704,477
Accumulated Depreciation and Amortization									
Balance at beginning of year	-	11,154,162	7,682,990	10,462,128	11,267,135	6,207,622	4,395,022	-	59,195,082
Depreciation and amortization	-	1,163,623	952,652	3,795,791	3,097,022	1,164,594	641,196	-	10,854,877
Disposals/Reclassification	-	(324,917)	(223,417)	(321,066)	84,643	(26,301)	(127,999)	-	(1,139,057)
Balance at end of year	-	12,012,888	8,412,224	21,736,852	14,468,803	7,365,915	4,908,220	-	69,904,902
Net Book Value	28,256,507	19,677,720	2,164,624	5,503,125	11,962,350	5,530,206	1,311,085	393,958	74,799,574

Depreciation amounting to ₱8,057,423 and ₱10,854,877 in 2022 and 2021, 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 ₱113,908,895, net of accumulated depreciation, as of December 31, 2022 is 32.41% of the Bank's total net worth. This is lower than the 50% maximum ratio required under BSP regulation (MORR 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, 2022 and 2021 are impaired or its carrying amount cannot be recovered.

As of December 31, 2022 and 2021, 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 ROPA 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.

	2022	2021
Other Properties Acquired	P 34,213	P 114,569
Less: Allowance for Credit Losses	8,553	6,553
Net Carrying Amount	P 25,660	P 108,036

11. INVESTMENT PROPERTY

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.352, 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.

	2022	2021
Land	P 87,792,225	P 84,340,001
Building	25,278,099	24,659,462
Less: Accumulated Depreciation	4,178,100	1,165,822
Net Amount	108,892,223	107,833,641
Less: Allowance for Credit Losses	779,539	2,028,752
Net Carrying Amount	P 108,112,684	P 105,804,889

A reconciliation of the carrying amounts of the Bank's Investment Properties at the beginning and end of 2022 and 2021 is shown in below:

	2022	2021
Balance at beginning of the year	P 105,804,889	P 32,070,193
Additions	20,402,420	76,093,533
Disposal	(13,657,800)	(2,666,700)
Adjustment	(953,492)	(269,606)
Impairment Loss	(99,453)	
Depreciation	(3,383,880)	(180,329)
Balance at end of year	P 108,112,684	P 105,804,889

As of December 31, 2022 and 2021, 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.

The Bank recognized an impairment loss in certain ROPA accounts amounting to P219,594.19 wherein the bank planned to write it off for two(2) years amounting to P99,452.84 and P120,141.35 on December 31, 2022 and December 31, 2023 respectively as per Board Resolution 26A-2023 dated February 27, 2023 and approved by the members of the board under Board Resolution 46K-2023 dated March 31, 2023

12. OTHER ASSETS

This account consists of:

	2022	2021
Financial Assets		
Accounts Receivables	P 7,478,809	P 6,724,295
Non-Financial Assets		
Prepaid Expenses	4,382,457	2,044,072
Petty Cash Fund	75,000	75,000
Stationery and Supplies on Hand	1,382,239	1,553,663
Other Investments	4,064,656	3,600,750
Miscellaneous Assets	7,115,705	7,175,705
Inter Office Float Items	-	-
Deposits with Closed Banks	5,736,798	5,736,798
Total	30,235,665	26,910,284
Less: Allowance for Probable Losses		
Allowance for Impairment Losses - Accounts Receivable	471,781	13,566
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 22,630,169	P 19,762,982



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 includes fidelity bonds, comprehensive insurance, fire insurance, Money, Securities and Payroll Robbery (MSPR), and others.

The Bank recognized an Impairment Loss in certain Accounts Receivable amounting to P1,557,125.65 wherein the bank planned to write it off for four(4) years amounting to P471,781.42 per year starting December 31, 2022 as per Board Resolution 26A-2023 dated February 27, 2023 and approved by the members of the board under Board Resolution 46K-2023 dated March 31, 2023

The movements in allowance for credit losses is as follows:

	2022	2021
Balance at beginning of year	P 7,147,302	P 7,147,302
Provision for credit losses	471,781	-
Balance at end of year	P 7,605,496	P 7,147,302

13. DEPOSIT LIABILITIES

This account is consists of:

	2022	%	2021	%
Saving Deposit	P 792,696,476	47.75%	P 604,979,671	43.89%
Time Deposit	867,306,738	52.25%	773,519,320	56.11%
Total Deposit Liabilities	P 1,660,003,214	100.00%	P 1,378,499,191	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 281,504,023 or 20% over the figures of 2021.

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, 2022 amounted to P33,200,064 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 P34,942,160 as at December 31, 2022 which is higher than the required reserves for rural banks.

Interest expense on deposit liabilities for the years ended December 31, 2022 and 2021 amounted to P40,605,679 and P37,006,179, respectively.



14. BILLS PAYABLE

This account consists of:

	2022	2021
Land Bank of the Philippines	P 331,028,430	P 404,066,195
Others	203,931,728	151,863,466
Total Bills Payable	P 534,960,164	P 555,929,661

*Others are Development Bank of the Philippines amounting to P20,996,499, Agricultural Credit Policy Council amounting to P171,205,351, Small Business Corporation amounting to P10,555,641 and Car Amortization of P1,144,237

Interest expense on bills payable charged to profit or loss in 2022 and 2021 amounted to P20,770,727 and P25,402,565, 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 P629,364,695. 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:

	2022	2021
Accrued Interest Payable	P 17,066,070	P 15,055,429
Accrued Staff Benefit Payable	3,125,000	2,320,905
Accrued Other Expenses Payable	654,520	590,165
Total	P 20,845,590	P 17,966,523

Accrued interest payable represents the recognition of interest already due on deposit liabilities of the Bank as of December 31, 2022 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:

	2022	2021
Accounts Payable	P 11,852,346	P 7,096,357
SSS, PHIC, HDMF and Employees Compensation Premium Contribution Payable	1,355,965	766,093
Withholding Tax Payable	834,716	650,335
Dividends Payable	474,074	474,074
Lease Liability	9,138,985	12,325,265
Due to Treasurer of the Philippines	159,978	159,975
Unearned Income - Advance Rentals	-	-
Deposit for Stock Subscription	3,719,949	3,236,669
Inter Office Float Items	1,590	-
Miscellaneous Liability	1,396,549	1,453,649
Total	P 28,934,691	P 26,163,290

The above liabilities are settled either by cash or check payments. As December 31, 2022 and 2021, 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. EQUITY ACCOUNTS

Common Shares

The common shareholders of the bank are given less priority as to assets liquidation compared to outside creditors and preferred shareholders. Common shares are given equal rights and preferred as among common 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 common share capital as of December 31, 2022 amounted to ₱ 200,000,000 or 200,000 common shares with a par value of ₱ 1,000 each. Total subscribed common shares amounted to ₱ 139,533,000 or 139,533 shares and paid up common shares amounted to ₱ 131,614,000 or 131,614 shares as of December 31, 2022.

Preferred Shares

The preferred share capital of the Bank is 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. Preferred shares are cumulative, non-cumulative and non-participating. 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 preferred share capital as of December 31, 2022 amounted to ₱ 100,000,000 or 100,000 preferred shares with par value of ₱1,000 each. Total subscribed preferred shares amounted to ₱ 77,610,000 or 77,610 shares and paid up preferred shares amounted to ₱ 77,610,000 or 77,610 shares as of December 31, 2022. There is no paid-up nor subscription on government preferred 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, 2022 and 2021, 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:

	2022		2021	
	Shares	Amount	Shares	Amount
Common shares - ₱1,000 par value, 200,000 authorized	200,000	₱ 200,000,000	200,000	₱ 200,000,000
Common shares at the beginning of the year	121,610	₱ 121,610,000	112,689	₱ 112,689,000
Issuance of shares of stocks	10,204	10,204,000	5,721	5,721,000
Common shares at the end of the	131,814	131,814,000	121,610	121,610,000
Transfer		-		-
Subscription receivable	7,719	7,719,000		
Total	139,533	139,533,000	121,610	121,610,000

The reconciliation of number of preferred shares outstanding during the period is as follows:

	2022		2021	
	Shares	Amount	Shares	Amount
Preference shares - ₱1,000 par value, 100,000 authorized	100,000	₱ 100,000,000	100,000	₱ 100,000,000
Preference shares at the beginning of the year	66,920	₱ 66,920,000	61,432	₱ 61,432,000
Issuance of shares of stocks	10,690	10,690,000	5,455	5,455,000
Preference shares at the end of the	77,610	₱ 77,610,000	66,920	₱ 66,920,000
Total	77,610	77,610,000	66,920	66,920,000

The reconciliation of retained earnings free and reserve during the period is as follows:

Retained Earnings - Free

	2022	2021
Balance, Beginning	₱ 30,379,245	₱ 12,233,119
Net Income	29,769,357	21,446,620
Provision and Adjustments	328,532	3,776,891
Dividend Declaration	(13,482,144)	-
Appropriation for the year	(8,930,807)	(7,077,365)
Balance, Ending	₱ 38,064,184	₱ 30,379,245



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.

	2022	2021
Balance, Beginning	P 43,975,706	P 41,136,554
Reserve for General Fund	2,976,936	2,144,662
Reserve for Land and Building	2,083,855	1,501,263
Reserve for CETF	2,976,936	2,144,662
Reserve for Community Development Fund	893,081	643,399
Donated Surplus	60,000,000	643,399
Provision and Adjustments	(9,381,591)	(4,235,234)
Balance, Ending	P 103,524,922	P 43,975,706

Donated Surplus represent funds received as a donation from the Local Government Unit City of Candon. The fund is set aside as a "SEED CAPITAL" of the Bank entitled for the Agricultural, Fishery and MSME Micro-Finance beneficiaries within the City of Candon.

Breakdown of provision and adjustment on Retained Earnings - Free

	2022
Prior years Auditor's Adjustment	P 1,591,934
Overstatement of Interest Income	(27,595)
Salary differential/printing and publishing MPC	(197,000)
Reclassification and Adjustment of various accounts	(404,545)
Recognition of Right of Use and Lease Liability	(634,262)
Total	P 328,532

Breakdown of provision and adjustment on Retained Earnings - Reserve

	2022
Training expenses charged to CETF	P (1,965,766)
Annual Dues from BANGKOOP	(63,500)
Reclassification of additional capital of Fatima MPC	(36,000)
ICCB Team Building charged to CETF	(1,254,784)
Reclassification of accounts charged to CETF	30,500
To record allowed deductions of land and building fund	(2,977,031)
Saranay branch donation to Ex-President Alberto Gudoy's wife	(20,000)
Payment of books for Norlu Cedec	(11,548)
Coastal clean-up drive in Darapidap, Candon city	(12,750)
Grocery gifts to communities of Brgy. San Agustin, Bagani Campo and Paypayad	(99,750)
Various grocery gifts	(564,000)
Payment of assessment to BIR	(2,406,962)
Total	P (9,381,591)

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.

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. 655, 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. 655 replaced BSP Circular No. 280 which is primarily based on

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, 2022 and 2021, as reported to the BSP, is shown in the table below:

	2022	2021
Tier 1		
Capital	P 318,576,106	P 235,770,951
Tier 2		
Capital	50,520,261	39,256,859
Total Qualifying Capital	369,096,367	275,027,810
Risk Weighted Assets	P 2,665,483,817	P 2,353,273,566
Tier 1 Capital Ratio	11.95%	10.15%
Tier 2 Capital Ratio	1.90%	1.67%
Capital Adequacy Ratio (CAR)	13.85%	11.81%

The Bank's CAR as at December 31, 2022 and 2021 was computed as follows:

	2022	2021
A. Calculation of Qualifying Capital		
A.1 Tier 1 Capital		
Core Tier 1 Capital		
Common Shares	P 131,814,000	P 121,610,000
Preferred Shares Perpetual, Non-Cumulative	45,213,000	42,851,000
Retained Earnings	141,589,106	74,354,951
Deductions from Core Tier 1 Capital		
Deferred Tax Asset, Net of Deferred Tax Liability	-	-
Total outstanding unsecured credit accommodations, both direct and indirect, to DOSRI, net of allowance for credit losses	40,000	45,000
Total Tier 1 Capital	318,576,106	235,770,951
A.2 Tier 2 Capital		
Upper Tier 2 Capital		
Preferred Shares Perpetual, Cumulative	32,397,000	24,069,000
Paid-up limited life redeemable preferred stock with the replacement req.	1,144,000	1,144,000
General Loan Loss Provision	16,979,261	14,043,859
Total Upper Tier 2 Capital	50,520,261	39,256,859
Total Qualifying Capital	P 369,096,367	P 275,027,810

The existing capital initiatives under the Bank's Capital Build-Up Program was reviewed to assess its relevance and feasibility. With the Bank's decreasing capital adequacy ratio, heightened credit risk to capital and increasing risk weighted assets specifically non-performing assets, the Bank had adopted a revised Capital Build Up Program which was approved by the members of the Board on January 27, 2023 under Board Resolution No. 09-B Series of 2023.



Financial Performance

The following basic ratios measure the financial performance of the Bank:

	2022	2021
Return on Average Equity	9.70%	6.74%
Return on Average Assets	1.22%	1.01%
Net Interest Margin	7.79%	7.32%
Debt to Equity Ratio	6.46:1	7.67:1
Earnings Per Share	213.35	176.96
Book Value Per Share		
Common Shares	1,903.79	1,556.39
Preferred Shares	1,100.00	1,100.00

A. RETURN ON AVERAGE EQUITY

Formula: ROE = Net Income after Tax / Average Equity

	2022	2021
Net Income	P 29,769,357	P 21,446,620
Total Shareholders' Equity		
2022	351,013,106	
2021	262,884,951	
2021		262,884,951
2020		227,690,674
Total	613,898,057	490,575,625
Average Shareholders' Equity	306,949,028	245,287,612
Return on Average Equity	9.70%	6.74%

B. RETURN ON AVERAGE ASSETS

Formula: ROA = Net Income after Tax / Average of Total Assets

	2022	2021
Net Income	P 29,769,357	P 21,446,620
Total Assets		
2022	2,619,884,014	
2021	2,278,631,950	
2021		2,278,631,950
2020		1,969,339,509
Total	4,898,515,964	4,267,971,459
Average Assets	2,449,257,982	2,133,985,729
Return on Average Assets	1.22%	1.01%

C. NET INTEREST MARGIN

Formula: Net Interest Margin Ratio = Net Interest Income/ Average Interest Earning Assets

Formula: Average Interest Earning Assets = Due from BSP + Due From Other Banks+ Loans + Held to Maturity Financial Assets

	2022	2021
Net Interest Income	P 168,051,091	P 140,249,463
Interest Earnings Assets		
2022	2,307,596,587	
2021	2,009,399,721	
2021		2,009,399,721
2020		1,821,775,805
Total	4,316,996,309	3,831,175,607
Average Assets	2,158,498,154	1,915,587,803
Net Interest Margin	7.79%	7.32%



D. DEBT TO EQUITY RATIO

Formula: Debt to Equity = Total Liabilities / Total Equity

	2022	2021
Total Liabilities	P 2,268,870,908	P 2,015,746,999
Total Equity	351,013,106	262,884,951
Debt to Equity Ratio	6.46:1	7.67:1

E. EARNINGS PER SHARE

	2022	2021
Net Income	29,769,357	21,446,620
Less: Dividends to Preferred Shares	7,761,000	6,692,000
Earnings Available for Common	22,008,357	14,754,620
Number of Shares Common	139,533	121,610
Earnings Per Share Common	213.35	176.36

F. BOOK VALUE PER SHARE

	2022	2021
Total Equity	351,013,106	262,884,951
Available to Common Shares	351,013,106	262,884,951
Preferred Shares	85,371,000	73,612,000
Number of Shares Common	139,533	121,610
Book Value Per Share Common	1,903.79	1,556.39

18. OTHER INCOME

This account consists of the following:

	2022	2021
Fees and Commission Income	P 51,487,674	P 52,110,466
Gains/(losses) from sale of ROPA and BFFE	22,739,816	2,010,166
Others	6,594,638	6,197,013
Recovery on charged-off assets	1,247,829	1,457,322
Total	P 82,069,957	P 61,804,971

19. COMPENSATION & FRINGE BENEFITS

This account consists of the following:

	2022	2021
Salaries and Wages	P 51,687,699	P 45,885,275
13th Month Pay and Other Fringe Benefits	38,844,776	39,106,067
Director's Compensation & Committee Member's Fee	2,377,600	2,311,000
SSS, Philhealth and Employees Compensation Premium and PAGIBIG Fund Contribution	6,004,100	5,100,905
Medical/Dental Hospitalization	2,471,069	2,667,776
Provision to Retirement Fund	18,266,254	3,626,550
Total	P 119,651,499	P 98,699,594

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 22,983,249 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 EXPENSES

This account consists of the following:

	2022	2021
Travelling	P 7,828,966	P 6,211,360
Security,	8,791,285	8,554,570
Rent	259,649	894,256
Other Expenses	8,092,517	4,713,271
Power, Light and Water	4,801,018	3,106,623
Representation and Entertainment	4,191,781	3,113,170
Stationeries and Supplies Used	2,231,746	2,625,577
Insurance Expenses- Others	2,664,541	2,525,477
Fuel, Oil and Lubricants	4,128,933	2,369,958
Postage, Telephone and Telegram	3,529,031	3,409,100
Litigation Expenses	1,562,881	2,022,769
Repairs and Maintenance	2,480,181	2,260,040
Insurance Expense PCIC	-	38,227
Insurance Expenses- PDIC	3,230,611	2,267,833
Management and Other Professional Fees	527,144	511,019
Information Technology Expenses	1,607,187	1,306,262
Supervision Fees	470,411	405,750
Donations and Charitable Contributions	149,675	69,500
Advertising and Publicity	1,825,395	1,534,590
Membership fees and Dues	32,080	51,655
Documentary Stamps	6,322	41,956
Fines and Penalties	175,825	60,002
Periodicals and Magazines	11,391	10,358
Interest Expense - Leasing Arrangement	828,801	896,616
Fees and Commission Expense	356,616	161,941
Total	P 59,784,587	P 49,164,602

22. DEPRECIATION AND AMORTIZATION

This account consists of:

	2022	2021
Depreciation Expense - Building	P -	P 1,163,623
Depreciation Expense - Furniture and Fixtures	1,012,279	952,652
Depreciation Expense - IT Equipment	3,232,258	3,795,791
Depreciation Expense - Other Office Equipment	586,539	641,196
Depreciation Expense - Transportation Equipment	3,226,347	3,097,022
Depreciation Expense - Leasehold Rights and Improvements	0	1,164,594
Depreciation Expense - Investment Property	-	-
Depreciation Expense - RUA	3,321,400	2,626,535
Total	P 11,378,822	P 13,463,413

23. LEASE AGREEMENTS

Bank as a lessee

Finance Lease

The undiscounted maturity analysis of lease liabilities at December 31, 2022 is as follows:

	2022	2021
Within one year	P 2,299,966	P 3,026,530
Beyond one year but not more than five years	6,778,746	7,765,462
Beyond five years	3,684,922	4,996,152
Total	P 12,763,634	P 15,790,164

Set-out below are the carrying amount of lease liability and the movements during the year:

	2022	2021
Beginning balance	P 12,325,285	P 4,069,369
Addition	-	2,210,759
Accretion of interest	828,801	896,616
Payments	(4,015,102)	(3,265,134)
Adjustment	-	6,436,473
Adjustment on interest rounding-off	-	-
Ending balance	P 9,138,985	P 12,325,285



Right-of-use Asset

	2022	2021
Beginning balance	P 11,691,024	P 3,763,195
Addition	-	2,210,759
Depreciation	(3,321,400)	(3,047,429)
Adjustment	-	5,764,495
Adjustment on interest rounding-off	-	-
Ending balance	P 8,369,624	P 11,691,024

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 P12,000 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 P24,000 the contract will commence on April 2016 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 P24,000 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 P10,000 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 P10,065 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 P5,970 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 P45,672, inclusive of VAT and 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 and six (6) months with a monthly rental of P64,994 and subject to escalation rate of five percent (5%) starting on the 2nd year. The lease will commence on October 1, 2021 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 P62,351 with an escalation of 10% for succeeding years. The lease will commence on January 2022 and will end on December 2022 subject to renewal.
- San Carlos City, Pangasinan, the lease agreement shall be for a period of ten (10) years with a monthly rental of P50,000 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 P 259,649 and P 694,256 in 2022 and 2021, respectively.

24. COMMITMENTS AND CONTINGENCIES

- 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 P 7,366,548 as of December 31, 2022.
- 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.
- 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.
- As of December 31, 2022, the Bank has off-balance sheet net committed credit lines and contingent accounts of P61,063,253 and P78,091, respectively.
- 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:

- Exemption from Income Tax on income from CDA registered operations;
- Exemption from Value Added tax on CDA registered sales or transactions;
- Exemption from Percentage Tax
- 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;
- Exemption from Excise Tax which it is directly liable;
- 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.
- Exemption from Annual registration Fee of ₱500.00
- 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

The Bank has business relationships with related parties. Transactions with such parties are made in the ordinary course of business and on substantially same terms, including interest and collateral, as those prevailing at the time for comparable transactions with other parties. These transactions also did not involve more than the normal risk of collectability or present other unfavorable conditions.

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 comprehensive income are as follows:

	2022	2021
Short-term employee benefits	₱ 38,844,776	₱ 22,722,417
Post-employment benefits	22,983,249	3,626,550
Total	₱ 61,828,025	₱ 26,348,967

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

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, 2022, the Bank has DOSRI loans amounting to ₱240,000 in its books. The Bank has no other related party loans to report other than those granted to DOSRI.

Below are the selected ratios relative to the Bank's DOSRI and Related Party loan accounts.



2022	DOSRI Loans	Related Party Loans Inclusive of DOSRI
A.1. Outstanding Balance	P 240,000	P 240,000
A.2. Total Loan Portfolio	1,914,923,556	1,914,923,556
B. Percentage of DOSRI/Related Party to Total Loan Portfolio (A.1/A.2.)	0.01%	0.01%
C. Percentage of unsecured DOSRI/RP to Total DOSRI/RP Loans		
Unsecured	40,000	40,000
Total DOSRI/RP Loan	240,000	240,000
	16.67%	16.67%
D. Percentage of Past Due DOSRI/RP to Total DOSRI/RP Loans		
Past Due	-	-
Total DOSRI/RP Loan	240,000	240,000
	0.00%	0.00%
E. Percentage of Non Performing DOSRI/RP to Total DOSRI/RP Loans		
Non Performing	-	-
Total DOSRI/RP Loan	240,000	240,000
	0.00%	0.00%
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	4,461,463	4,461,463
	1.01%	1.01%
D. Percentage of Past Due DOSRI/RP to Total DOSRI/RP Loans		
Past Due	-	-
Total DOSRI/RP Loan	4,461,463	4,461,463
	0.00%	0.00%
E. Percentage of Non Performing DOSRI/RP to Total DOSRI/RP Loans		
Non Performing	-	-
Total DOSRI/RP Loan	4,461,463	4,461,463
	0.00%	0.00%

27. SUPPLEMENTARY INFORMATION REQUIRED UNDER REVENUE REGULATION NO. 15-2010

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.

Under the Philippine tax laws, the bank is subject to percentage and other taxes as well as income taxes. Percentage and other taxes paid consist primarily of gross receipts tax (GRT) and documentary stamp tax (DST).

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, 2022, 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 peso (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, or 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)

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 comprehensive income for the year ended December 31, 2022, follow:

Taxes and Licenses

a. Local	
Business Permit	P 362,103
Community Tax Certificate	1,005
Real Property Tax	34,050
Others	9,605
b. National	
Vehicle Registration and Licenses	38,206
Annual Registration-BIR	2,500
Total-Taxes and Licenses	P 447,469

Withholding taxes in 2022 are categorized into:

Final withholding tax on interest expense	P 1,615,831
Withholding taxes on compensation and benefits	3,183,370
Expanded withholding tax	359,706
Total	P 5,158,906

Tax Assessments and Cases

As at December 31, 2022, 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:	2022
Taxable Services	P 311,718,866
Interest income subject to final tax:	
Due from Other Banks	(565,101)
Debt Securities Measured at Amortized Cost	(3,139,589)
Total	P 308,014,176

Cost of Services

Details of the Bank's tax deductible cost of services accounts are as follows:	2022
Direct Charges - Salaries and wages	P 119,651,499
Direct Charges - Insurance (PDIC)	3,230,611
Direct Charges - Insurance (PcIC)	-
Direct Charges - Supervision Fee	470,411
Direct Charges - others (Interest expense net of 33% limit)	
Interest expense	61,597,818
Less: Limit (33% of Interest income subj. to final tax)	-
Total	P 184,950,338



Itemized Deductions

Details of the Bank's itemized deductions are as follows:

	2022
Advertising & Publicity	P 1,825,395
Depreciation	8,057,423
Donations and Charitable Contributions	149,675
Fines and Penalties	175,825
Fuel & Lubricants	4,128,933
Information Technology Expense	1,607,187
Insurance - Others	2,664,541
Litigation Expenses	1,562,881
Management and Other Professional Fees	527,144
Membership Fees & Dues	32,080
Miscellaneous	8,092,517
Postage, Telephone, Cables & Telegram	3,529,631
Power, Light & Water	4,801,018
Rentals	4,274,751
Repairs and Maintenance	2,480,181
Representation and Entertainment	4,191,781
Security, Messenger and Janitorial Service	8,791,285
Stationeries & Supplies Used	2,231,746
Taxes and Licenses	447,468
Transportation and Travelling	7,828,966
Others	374,329
Total	P 67,774,757
Total Deductible Expense	P 252,725,095
Expense Reported in Audited Financial Statements	281,949,509
Difference*	P (29,224,414)
*Reconciliation of Difference:	
Provision for Credit Losses	28,611,668
Impairment Loss	477,647
Depreciation - ROUA	3,321,400
Interest Expense - Leasing Arrangements	828,801
Lease payments for the year	(4,015,102)
Total	P 29,224,414

28. 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 534,960,164	Promissory Notes Rediscounted	P 629,364,599

The outstanding balance of the bills payable are equivalent to 65% of the outstanding balance of the assets pledged as

29. 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.

30. 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, 2022, 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).

- End of Report -

VIII. CAPITAL STRUCTURE AND CAPITAL ADEQUACY

as of December 31, 2022

Tier 1 CAPITAL	AMOUNT
Paid up common stock	131,814,000.00
Paid-up perpetual and non-cumulative preferred stock	45,213,000.00
Retained earnings	143,417,153.91
TOTAL TIER 1	320,444,153.91
 TIER 2 CAPITAL	
Paid-up perpetual and cumulative preferred stock	32,397,000.00
Paid-up limited life redeemable preferred stock with the replacement requirement upon redemption	1,144,000.00
General loan loss provision	16,979,261.49
TOTAL TIER 2	50,520,261.49
 Deduction from TIER 1 and TIER 2	40,000.00
 Total Qualifying Capital	370,924,415.40
 Capital Requirements for Credit Risk	 2,396,628,752.30
Capital Requirements for Market Risk	-
Capital Requirements for Operational Risk	268,855,064.79
 Total Risk weighted Capital	 2,665,483,817.09
 Risk based Capital Adequacy Ratio	 13.92%

ICCB OPERATIONAL PLAN CY-2023

KEY AREAS OF CONCERN	OBJECTIVES	STRATEGIES/ACTIVITIES	EXPECTED OUTPUT	TIME FRAME	PERSON RESPONSIBLE
A. LEARNING & GROWTH/HUMAN RESOURCES					
<ul style="list-style-type: none"> Trainings/ Seminars/ Continuing Education Program 	To continue developing competent and competitive staff/manpower	<ol style="list-style-type: none"> Implement Training needs analysis (TNA) and send concerned personnel to trainings; Provide in house orientation trainings for concerned employees; Implement hiring policies and career pathing and compulsory seminar for staff, officers, directors and members; and 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/ updated 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"> Develop a Team Building Program; Set time & place for Team Building. Provide budget; Contact venue and places to visit. 	Teamwork and Solidarity among the officers & staff of the Bank	May, 2023 (3 rd week) after the 4 th Annual Assembly Meeting	BODs, Corporate Officers and Employees
<ul style="list-style-type: none"> Promotion 	To promote employees with exemplary performance	<ol style="list-style-type: none"> Implement Performance evaluation of employees. Recognize dedicated and deserving employees 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"> Continue providing health insurance and medical allowance to employees Plan for sports activities to be participated by all Officers and employees-interbranch sports competition-ball games; 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"> Pre -assessment of applicants based on submitted documents. Conduct interview of the pre-selected applicants (with IQ & EQ exams). Conduct background investigation of the selected applicant. Orientation of Bank's policies and procedure and shall undergo 6 months probationary period. Assess and recommend for 	Hired employees who are qualified and competitive and exemplifies the CORE values of the Bank	All year round	BODs and Corporate Officers



		permanency of appointment, termination or work extension.			
• Fringe Benefit Program (FBP)	To continuously implement the FBP of employees for sustainability & retention.	1. Implement the approved FBP policy. 2. Allocate fund for the FBP of the Bank provided not to exceed 5% of the total loan portfolio.	Employees' retention and loyalty improved.	All year round	All regular employees and BODs
• Retirement	To implement the approved Retirement Program of the Bank.	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 Marcos 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 and renovated the building of Marcos Branch.	All year round -2nd or 3rd quarter 2023	Admin Officer, BM, President
b. Furniture and Fixtures	To maintain adequate and conditioned FFE.	1. To provide adequate FFE and to purchase as necessary; 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	1. Regular maintenance/ check-up thru service center/dealer Update vehicle usage policy	Well maintained service vehicles.	All year round	President, GM, BM, Asset Management Manager and



	the approve vehicles usage guidelines.				Drivers
d. Communication Facilities	To maintain and improve communication facilities to easily communicate with other department/ branches, regulatory agencies, clients and others.	<ol style="list-style-type: none"> 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.	<p>All year round</p> <p>All year round</p>	President, GM, HRM, BMs, IT Staff
e. Security Measures Facilities	<p>To maintain a well secured bank premises and human resources.</p> <p>-To enter a two years contract to a Private Security Agency</p>	<ol style="list-style-type: none"> 1. Continue improving the physical facilities and securities of the Bank. 2. Conduct security trainings for employees. 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 P2.736 B	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	<p>To Release loans amounting to P 1,580 B:</p> <p>Head Office – P240M</p> <p>Bantay Branch- P125M</p> <p>Bangued Branch- P120M</p> <p>San Juan Branch- P100M</p> <p>Bangui Branch- P125M</p> <p>Batac Branch- P95M</p> <p>Laoag Branch- P120M</p> <p>Marcos Branch- P105M</p> <p>San Nicolas Branch- P75M</p>	<ol style="list-style-type: none"> 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 P 1,580 B for CY-2022	All year round	Loan Department, BMs, President, GM,



	Sinait Branch- P90M Solsona Branch- P90M Sanchez Mira- P89M Villasias - P96M San Carlos- P110M				
b. Loan Collections	1. Total loan collection P1.462B	1. Implement the action plan/strategies in collecting accounts. Hire additional Account Officer, if deemed necessary.	Collected the amount of P1.462B	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 7.66% .	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 7.66% .	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 2% 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 2% of the Written off accounts.	All year round	Asset Management Department
3. Net Income	To meet the target consolidated net income of P33.644M	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 with lower costs; 6. Others	Generated an income of at least P33.644M	All year round	President, GM, Branches headed by the Branch Manager
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	Maintained & compliant of the required liquidity ratio	All year round	President, CFO, BMs, Cashier, Tellers, GM



5. ROPA	- To dispose ROPA of at least 41.9 Million.	capital generations 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/dissipated ROPA of P41.9 Million.	All year round	Asset Management Department
6. Deposits	To generate additional deposits of P126 M	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 P M.	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.	- Available credit line	All year round	CFO, PO, GM, BMs and All employees
8. Capital Stock	To Increase capital by P15M	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 P224.424M	All year round	BODs, Committee, and Bank's Management Staff
D. CUSTOMER PERSPECTIVE AND MARKETING			-	All year round	BODs, President, HCAO, GM, BMs, all staff
1. Shareholders	- To maintain shareholders confidence and trust. -To facilitate the conduct of various compliance training for members investors.	- 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 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.	- Implemented various programs & activities geared to increasing shareholders trust and confidence: - ownership meetings, investors forum and visits. Capital build up programs.		
2. Bank's Customers & Clients					
3. Customer Protection		- To prepare a Bank's customer care policy.	- Customer Care		



		<ol style="list-style-type: none"> 1. Implement the approved financial consumer protection program of the Bank. 2. HCAO to monitor implementation of the consumer protection program. 	<p>Policy prepared and implemented.</p> <ul style="list-style-type: none"> - Retained Bank clients & satisfied with Bank's services. - Additional clients recruited. - Prepared Bank's Customer Policy. - Consumers are protected from unscrupulous - practice. 		
E. COOP BANK SOCIAL RESPONSIBILITY	<ul style="list-style-type: none"> - To sustain & improve customer care & retention. - To protect the rights of financial consumers. 	<ul style="list-style-type: none"> - To give donations to areas affected by calamities. - coordinate with government clinics for Medical Mission 	<ul style="list-style-type: none"> - Implement ed 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	<ol style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> - Fully operationalize Cyberone 	1 st to 2 nd Quarter 2023	BODs, President , GM, IT Officers, Chief Accountant, CFO
2. In partnership with other Commercial Banks for other services	<ul style="list-style-type: none"> - To put up Automated Time Machine for 6 branches. -To apply for payment agency of SSS and other premiums 	<ol style="list-style-type: none"> 1. Continuously improved the operations of the Bank to comply with the requirements for ATM and SSS payment. 	<ul style="list-style-type: none"> - 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	BMs, GM, Branch Accountants, Loan Officers and all branch personnel
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	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.	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	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.

APPROVED BY THE BOARD OF DIRECTORS DURING THEIR MEETING HELD ON DECEMBER 28, 2022 AS PER BOARD RESOLUTION NO. 182 S-2022.

Certified Correct:

(SGD) ROSITA S. ANGALA
Corporate Secretary



PROJECTED STATEMENT OF FINANCIAL CONDITION 2023 (CONSOLIDATED)

	Beg. Balance	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
ASSETS					
Cash & Cash Equivalent	397,182,405	380,976,665	384,975,225	422,960,632	439,329,740
Held to Maturity Investment	149,861,403	138,830,927	138,830,927	138,830,927	168,830,927
Loans Portfolio					
Current	1,606,341,155	1,653,224,909	1,735,132,874	1,764,612,039	1,774,912,941
Restructured	82,478,846	83,867,733	82,406,755	81,835,662	81,039,836
Past Due	230,912,309	192,660,769	159,703,819	157,794,752	156,168,733
Total	1,919,732,310	1,929,753,411	1,977,243,448	2,004,242,453	2,012,121,510
Less: Discount on Loans	4,808,455	3,372,439	3,459,880	3,556,066	3,661,870
Loan Portfolio - Net of Discount	1,914,923,856	1,926,380,972	1,973,783,568	2,000,686,387	2,008,459,640
Specific Loan Loss Provision	103,089,010	108,507,714	115,163,537	120,174,526	123,721,271
General Loan Loss Provision	16,979,261	16,358,827	16,745,073	16,988,553	18,240,078
Loan Portfolio - Net	1,794,855,584	1,801,514,432	1,841,874,958	1,863,523,308	1,866,498,292
Sales Contract Receivable, (net)	14,964,034	14,721,011	13,546,854	13,213,989	12,882,424
Accrued Interest Income on Financial Assets	10,554,597	10,475,206	10,765,611	11,137,550	11,521,398
Bank Premises, Fur., Fixtures & Equip't.(net)	113,908,895	121,814,990	145,208,499	148,076,800	148,532,526
Real & Other Properties Acquired, (net)	108,212,137	85,417,913	86,108,129	82,064,559	69,441,592
Other Assets	23,034,022	19,869,018	19,869,018	19,869,018	19,869,018
TOTAL ASSETS	2,612,573,078	2,573,620,162	2,641,179,222	2,699,676,783	2,736,905,918
LIABILITIES					
Deposit Liabilities	1,660,003,214	1,657,749,112	1,698,291,260	1,739,317,446	1,786,044,840
Bills Payable	534,960,164	488,665,154	527,422,613	534,589,254	505,225,608
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	-	-	-	-
Accrued Expenses	3,779,520	3,550,219	3,550,219	3,550,219	3,550,219
Other Liabilities	59,845,025	59,907,894	59,020,007	58,346,850	61,583,566
TOTAL LIABILITIES	2,259,731,924	2,211,016,379	2,289,428,099	2,336,947,769	2,357,548,233
CAPITAL					
Capital Stock	209,424,000	212,424,000	218,424,000	221,424,000	224,424,000
Undivided Profits	0	6,991,629	10,349,829	19,036,721	33,644,391
Retained Earnings	143,417,154	143,188,154	122,977,294	122,268,294	121,289,294
TOTAL CAPITAL	352,841,154	362,603,783	351,751,123	362,729,015	379,357,685
TOTAL LIABILITIES & CAPITAL	2,612,573,078	2,573,620,162	2,641,179,222	2,699,676,783	2,736,905,918



ILOCOS CONSOLIDATED COOPERATIVE BANK

Bagani Campo, Candon City, Ilocos Sur

PROJECTED STATEMENT OF FINANCIAL PERFORMANCE 2023 (CONSOLIDATED)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	TOTAL
INCOME					
Interest Income on Loans	60,108,958	65,307,119	65,178,531	65,576,875	256,171,483
Current	50,015,527	52,141,111	55,585,126	55,530,555	213,272,319
Past Due	7,229,003	10,351,571	43,183	7,163,912	31,487,669
Restructured	2,864,429	2,814,436	2,850,221	2,882,409	11,411,494
Interest Income on Banks/Investment	780,265	780,265	780,265	780,265	3,121,059
Interest Income on Sales Contract Receivables	-	0	0	0	-
Interest Income- Others	688	688	688	688	2,750
Non- Interest Income	19,449,985	15,247,049	16,951,288	22,631,360	74,279,681
Fees & Commissions Income	13,084,662	13,513,144	13,486,204	13,577,588	53,661,598
Gain on Sale of ROPA	4,840,418	125,000	1,774,180	6,878,866	13,618,464
Gain on Sale of BFFE	25,000	25,000	25,000	325,000	400,000
Miscellaneous Income Recovery on Charged Off Assets	1,499,905	1,583,905	1,665,905	1,849,905	6,599,620
	-	0	0	0	-
TOTAL INCOME	80,339,895	81,335,120	82,910,771	88,989,187	333,574,974
EXPENSES	4,865,418				77,958,720
	15,481,954				63,514,321
Interest on Deposits	10,562,945	11,309,353	10,682,318	11,195,165	43,749,781
Interest on Preferred Share	-	0	0	0	-
Interest on Borrowings	4,919,009	5,679,100	4,719,975	4,446,456	19,764,540
Depreciation & Amortization	3,891,594	4,375,853	4,311,461	4,103,962	16,682,870
13 COMPENSATION/FRINGE BENEFITS	29,847,572	30,335,072	29,796,913	30,481,776	120,461,333
a. Salaries and Wages	13,878,575	13,882,575	13,792,425	13,792,425	55,346,000



b. Fringe Benefits:					-
1. Directors	489,000	489,000	489,000	489,000	1,956,000
2. Officers and Employees	11,280,107	11,721,607	11,357,598	12,000,461	46,359,773
c. Director's Fees	887,250	887,250	887,250	887,250	3,549,000
d. SSS, Philhealth & EC Premium and Pag-IBIG Fund Contributions	1,423,490	1,423,490	1,423,490	1,423,490	5,693,960
e. Medical, Dental and Hospitalization	620,000	662,000	578,000	620,000	2,480,000
f. Contribution to Retirement/Provident Fund	1,269,150	1,269,150	1,269,150	1,269,150	5,076,600
g. Provision for Pensions and Other Post Retirement Benefits	-	0	0	0	-
14 TAXES AND LICENSES	489,658	165,578	199,933	78,375	933,544
15 FEES AND COMMISSIONS EXPENSES	3,750	3,750	3,750	3,750	15,000
Administrative Expenses Schedule 7	19,213,790	19,444,465	19,633,381	19,652,084	77,943,720
a. Rent	701,231	701,231	701,231	701,231	2,804,924
b. Power, Light and Water	1,398,139	1,398,139	1,398,139	1,398,139	5,592,555
c. Postage, Telephone, Cables and Telegrams	1,033,040	1,033,040	1,033,040	1,033,040	4,132,159
d. Repairs and Maintenance	1,140,925	1,158,925	1,138,925	1,142,925	4,581,700
e. Security, Clerical, Messengerial and Janitorial Services	2,138,000	2,150,000	2,150,000	2,150,000	8,588,000
f. Information Technology Expenses	626,850	627,850	627,850	627,850	2,510,400
g. Supervision Fees	99,758	99,758	99,758	99,758	399,033
h. Insurance Expenses	1,479,740	1,341,458	1,501,475	1,320,903	5,643,576
PDIC	700,290	524,113	700,290	524,113	2,448,805
PCIC	96,000	96,000	96,000	96,000	384,000
Others	683,450	721,345	705,185	700,791	2,810,771
i. Fees and Commissions Expenses	-	0	0	0	-
j. Management and Other Professional Fees	179,672	179,672	179,672	179,672	718,688
k. Representation and Entertainment	1,555,449	1,555,449	1,555,449	1,555,449	6,221,797
l. Traveling Expenses	2,269,016	2,267,841	2,266,741	2,267,716	9,071,314
m. Fuel and Lubricants	1,150,886	1,150,886	1,150,886	1,150,886	4,603,545
n. Advertising and Publicity		829,750	839,750	1,022,750	



	834,750				3,527,000
o. Membership Fees and Dues	6,250	6,250	6,250	6,250	25,000
p. Donations and Charitable Contributions	60,000	60,000	60,000	60,000	240,000
q. Periodicals and Magazines	15,825	15,825	15,825	15,825	63,300
r. Documentary Stamps Used	2,430	1,930	1,930	1,930	8,220
s. Stationery and Supplies Used	652,004	702,004	702,004	752,004	2,808,015
t. Fines, Penalties and Other Charges	25,000	25,000	25,000	25,000	100,000
u. Litigation/Assets Acquired Expenses	801,079	1,109,412	1,159,412	1,134,412	4,204,316
v. Other Expenses	3,043,746	3,030,044	3,020,044	3,006,343	12,100,178
Provisions	-	0	0	0	-
Losses (Recoveries) On Credit Losses	4,419,949	6,663,749	4,876,149	4,419,949	20,379,794
Provision for Credit Losses on L & R and Other FA	4,798,269	7,042,069	5,254,469	4,798,269	21,893,077
BAD DEBTS WRITTEN OFF RECOVERY ON CHARGED-OFF ASSETS	(378,321)	-378,321	-378,321	-378,321	(1,513,282)
TOTAL EXPENSES	73,348,266	77,976,920	74,223,880	74,381,517	299,930,583
NET INCOME / (NET LOSS)	6,991,629	3,358,200	8,686,892	14,607,670	33,644,391

Certified Correct by:

(Sgd)MARKDAN B.
DAYAP
Chief Accountant

Approved
by:

(Sgd)RUBEN R.
HABON
President

Attested/Approved by BOD

BOD
Resolution
#182 series
2022



ILOCOS CONSOLIDATED COOPERATIVE BANK

Bagani Campo, Candon City, Ilocos Sur

PROJECTED STATEMENT OF CASH FLOWS 2023 (CONSOLIDATED)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Cash Beginning	397,182,405	380,976,665	384,975,225	422,960,632
Inflows:				
Projected Loan Collection				
Principal	372,141,284	333,753,109	372,139,433	384,426,380
Interest	60,108,958	65,307,119	65,178,531	65,576,875
Total Projected Loan Collection	432,250,242	399,060,227	437,317,963	450,003,256
Deposit Increase(Decrease)	(2,254,102.64)	40,542,149	41,026,186	46,727,394
Borrowings	(46,295,009.60)	38,757,459	7,166,640	-29,363,646
Sale of ROPA	25,168,324	151,076	4,043,570	12,622,967
Interest Income from Investment, scr, Others	1,159,272.88	1,159,272.88	1,159,272.88	1,159,272.88
Other Income	19,449,984.58	15,247,048.91	16,951,288.45	22,631,359.55
Capital Build Up				
Mobilization	3,000,000	6,000,000	3,000,000	3,000,000
other liabilities	62,869	-887,887	-673,156	3,236,716
Redeem Pref shares/accrued exp /unearned inc	-229,301	0	0	0
Sales Contract Receivable	243,023	1,174,157	332,865	331,565
HTM increase	11,030,477	0	0	-30,000,000
Discount on loans				
loans Increase	-1,436,016	87,442	96,186	105,804
beg of loans	19,640,514			
beg of ropa	3,094,689			
Beg of Bank premises	6,626,774			
Total Cash inflows	471,511,740	501,290,943	510,420,815	480,454,688
CASH AVAILABLE	868,694,145	882,267,608	895,396,041	903,415,320
Outflows:				
Operating Expenses	49,554,770.06	49,948,864.82	49,633,976.74	50,215,985.44
Interest Expenses	15,481,953.93	16,988,452.96	15,402,293.63	15,641,620.89
Capital Expenditures	30,101,150	17,168,300	4,378,200	6,285,625
Utilization of	229,000	2,809,000	709,000	979,000



CETD&CDF				
other asset	-3,244,394	290,405	371,939	383,848
Dividend		17,401,860		
increase in capital due to beginning balance				
Bank premises beg- diff dec				
Total Cash Outflows	92,122,480	104,606,883	70,495,409	73,506,079
Net Cash Available for Loan Releases	776,571,665	777,660,725		
Less: Loan Releases	395,595,000	392,685,500	401,940,000	390,579,500
Cash Ending	380,976,665	384,975,225	422,960,632	439,329,740
	380,976,665	384,975,225	422,960,632	439,329,740
	0	0	0	0

**Certified Correct
by:**

**Approved
By:**

**Attested/
Approved by
BOD**

**BOD
Resolution #
182 series
2022**

MARKDAN B. DAYAP
Chief Accountant

RUBEN R. HABON
President



 **Laoag Branch**



 **Batac Branch**

 **Bangued Branch**





ASSESSMENT & BUDGET MEETING





Continues Collaboration of ICCB with the Government Agencies
 for Social and Community Concerns

The Board of Directors, Committee members and Bank Officers at work



**SIGNING OF MEMORANDUM OF AGREEMENT WITH
LGU CANDON CITY FUNDED UNDER LIVELIHOOD EMPOWERMENT
AND DEV'T SERVICES (LEDs)**



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 and Staff who participated
towards the Completion of this 2022 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

ICCB BUILDING J. P. RIZAL ST.,
BRGY. 18 SAN QUIRINO, LAOAG CITY,
ILOCOS NORTE

BATAC BRANCH

National Highway Brgy. Callaguip,
City of 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.