

Ayala Coop

ANNUAL REPORT 2012

Ayala coop website www.ayalacoop.com

Special points of interest

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- AUDITED FINANCIAL STATEMENTS
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Meeting Membership and Loan targets, involvement in Ayala Group activities, exploring tie-ups, partial implementation of the Peoplesoft Program, and CSR projects would best describe the Coop in 2012.

For this year, the momentum in growing the membership base continued with a total of 6588 new recruits (gross). This was made possible by the various programs that were put in place such as the Race for Membership, an internal Program which saw the Coop team itself visiting AG Companies within Metro Manila and provinces; the Member Get Member Program; as well as the entry of new AG companies such as Clark Water, Laguna Water, Globe's EGG, PSI Technologies, ALI's Aprisa, North Beacon Commercial Corp, Subic Bay Town Center, CDO Gateway, Asian I-Office Properties, Energy Group of Direct Power Service and Phil. Integrated Energy Solutions. These were aside from the continued enrolments from the major companies. Invitations were also sent to retirees to consider the Coop as one of their options for investments, etc. The Coop Team actively participated in the different AG Employees Sports' Tournaments such as JZA Cup and the Ayala Olympics. Finally, as part of its recruitment strategy, the Board approved the lowering of the "waiting period" of 6 months to 3 months for active employees to reapply for Coop membership. The year ended with a net of 4414 new members due to terminations resulting from Company-initiated Manpower Rationalization Programs, automatic terminations (90 days delinquent loans), write-offs as well as normal attrition.

The Coop's membership base realized an increase of 23% versus last year's 8%, 23,443 versus 19,029, respectively. The Makati Cooperative Development Office/CDA cited the Coop as being No. 1 for Membership Expansion, besting even big institutions like PLDT.

Loan releases surged in 2012 reaching Php862Mn, 15% higher or Php112Mn than the 2012 year-end target of Php750Mn. This exceeded last year's loan releases by 32% equivalent to Php209Mn from Php652Mn. Total loan availed reached 15431, 4098 more than last year's 11,333. Major contributor was Stream. As part of its service to members, the Coop introduced the Habagat Loan, a special window to address the needs of typhoon affected Coop members. For a more efficient processing turn-around time, the Board approved the discontinuance of the need for CreCom signoff for loans Php20k and below. Reclassification of loan products to allow for more flexibility such as Healthcare Loan vis-

vis Wellness loan, Car Repair Loan and Car Loan with limits of Php150k and Php300k, respectively, were also introduced. The Coop's Peoplesoft Project launched the front end portion, now allowing members from certain companies to use the system for their various needs, particularly membership and loan applications.

The Collections machinery has ensured the proper monitoring and management of Collections in the Coop. As a result of the new policy on Provision for Bad Loans, the delinquency rate was reduced to 1.95%. The new policy allowed for a graduated approach depending on the nature of the delinquent loans versus the long time practice of providing 100% for all delinquent loans of resigned members. It was noted that a good number of such loans were paid within a short period of time usually after the employees have completed their clearance. The write off of accounts already deemed unrecoverable was also effected.

The Coop's Total Assets grew from PPh986Mn to PPh1.193Bn or 21% year on year. Loans Receivable reached PPh831Mn versus PPh658Mn or 26% better than last year. Members' Equity grew significantly by 24% from PPh869Mn to PPh1.078Bn, year on year. This is an offshoot of the Coop's campaign to attract investments from retiring AG employees. As a matter of fact, the Millionaire's Club has more than 100 members already. The Coop was recognized by the Makati Cooperative Development Council/CDA as the No. 2 for Total Assets, with PLDT taking the No. 1 position. Revenues reached PPh138Mn or 21% higher than last year's PPh114Mn. The increase in service fee was deferred for 2013. Administrative Expenses went up to P24Mn. Cost to income ratio remained relatively low at 17%. Excess of Revenue Over Expenses translated to a 23% increase from PPh92Mn in 2011 to PPh114Mn in 2012. This year's dividend rate is within the same level as last year at 7.37% (7.31 in 2011) and higher patronage refund of 35.14% better than last year's 33.54%.

Being a multipurpose cooperative, the Coop has now started to explore possible business ventures that will involve other AG Companies. Initial discussions have been held among the concerned parties prior to the drawing up of the final proposals for approval of the Board and its General membership. If approved, these new businesses are expected to bring in more revenue in the near future.

On reinforcing the Coop's Customer-centric objective, several measures were implemented in 2012. The Relationship Management concept, wherein a Coop Point

Person is assigned to handle a particular group/company, was a success in its pilot implementation with Stream. The Coop's assigned Point Person coordinated directly with the different Stream Site HR Coordinators for the needs of Coop members in Stream. The Coop, likewise, has set up a Coop Desk in BPI wherein the Coop's Point Person for BPI spends 3 half days a week attending to queries, etc. of the Unbankers. Coop personnel are encouraged to do field visits not only for recruitment purposes but to also allow Coop members to surface questions, concerns, etc. The front end (Membership and Loans application) of the Peoplesoft has been launched for several companies. Full data migration of the larger membership groups will be completed in 2013. Now, Membership and Loans Applications for these covered companies are done electronically. A new application that will facilitate the dissemination of info via text blasts has been put in place. As a show of concern for its members, the Coop provides for a PPh10k Funeral Assistance to the families of deceased members.

Several tie-ups with both AG companies and external partners were sealed this year. "Synergy at Work", a tie-up among Amaia, BPI Family and the Coop provides for a good discount when a member purchases an Amaia residential unit with BPI Family addressing the financing requirements (subject to credit approval) and the Coop providing the equity portion through a loan. Another tie-up involves the Coop with Petron, wherein a co-branded card will be given to Coop members who sign up. Petron's card has a rewards feature, allows for a 24% price protect, towing services, accident insurance coverage and discounts in certain establishments. The card will also serve as the Coop's membership card as it already contains the member's Coop ID number. Both are still on a soft launch stage and will be fully operational in 2013.

On the people front, the Board of Directors and officers of the Coop underwent a workshop conducted by Makati Cooperative Development Council/CDA representatives. The workshop focused on the history of the cooperative movement, its objectives and policies/rules as well as various examples of cooperatives around the world.

The engagement of two people to attend to Membership Recruitment/Engagement and Operations was effected this year. These two people have significantly contributed to the Coop's goals in these areas. Regular huddles are still being conducted wherein the Coop's performance, etc. are discussed with the Team actually sharing their own ideas/comments.

The Coop Team is now equipped with the ability to market and do PMES presentations as well as handle Chapter meetings. A "Pay for Performance" culture is gaining ground in the Coop organization as its people are now being rewarded for their contribution to the Coop's achievement of its objectives. Each individual was made to indicate both their committed and uncommitted achievements. They were also assessed on the qualitative side to include, teamwork, attitude and the like.

As part of its anniversary, the Coop Team together with the HR Coordinators visited the Cottolengo Orphanage, an orphanage for abandoned children with special needs. More than 50 Coop members joined the orphans in the games, Jollibee meal, and bought the arts and crafts that the kids made. A donation of a learning showcase was made by the Coop while some Company representatives brought t-shirts, etc. for the kids. After their day with the orphans, the troop proceeded to Noah's Park, where they underwent training for the Peoplesoft system as well as team building exercises.

As a show of gratitude and in the spirit of Christmas, the Coop raffled off tickets to a premiere showing of "Breaking Dawn Part 2." More than three hundred (300) Coop members enjoyed the movie and the snacks.

Pursuing its advocacy for education, the Coop engaged itself in various education related activities. The Coop partnered with the Department of Education and Ayala Foundation for its Ten Moves project, wherein a PPh600k donation was granted for the construction of a classroom. DepEd, through its Adopt a School Program, recognized the Coop as one of their 100 Partners in the Private Sector. Aside from this, school kits were given to 1000 grade 1 pupils of the Malanday Elementary School in Marikina, who were all affected by the typhoons. A short program was prepared by the children. Again, the Coop Team led the distribution of the kits. To cap the year, the Coop bought the Christmas cards of Hero Foundation. Proceeds were to be used to support the education of military personnel orphans.

Next year will prove to be a more exciting year for the Coop members as the Coop, with the support of its Board, promises to introduce more interesting and innovative loan products, diversified services, additional perks, good returns on their investments and more active participation in CSR undertakings. These will all be for the promotion of a better quality of life for Coop members.

As our motto goes "Ang Ayalang Nagkakaisa, sa Kaunlaran Sama-Sama!"

CHAIRMAN'S REPORT

Board of Directors

<i>Chairman</i>	Florendo G. Maranan	BPI
<i>Vice Chairman</i>	Jaime G. Sanchez	IMI
<i>Members</i>	John Philip S. Orbeta	AC
	Eliezer C. Tanlapco	AC
	Renato M. Jiao	Globe
	Ruel T. Maranan	MWC
	Rhea Anjanette R. Reyes	ALI
<i>Coop Secretary</i>	Renan R. Osero	Assoc.
<i>Treasurer</i>	Romualdo L. Katigbak	AC
<i>Gen. Manager</i>	Lourdes B. Orosa	

Credit Committee

<i>Head</i>	Felipe P. Carlos	BFB
<i>Members</i>	Jocelyn A. Alviar	BPI
	Felicia M. Carvajal	AC
	Helen P. Gaela	Auto
	Marcelo Obillo	IMI
	Alberto Ramirez	Associate

Audit Committee

<i>Head</i>	Jaime P. Villegas	AC
<i>Members</i>	Leovigildo D. Abot	ALI
	Lourdes Miranda	MWC

Election Committee

<i>Head</i>	Aurelio C. Alonzo	BPI
<i>Members</i>	Evangelina Bongon	Auto

Mediation Committee

<i>Head</i>	Atty. Rene Tale	MWC
<i>Members</i>	Atty. Tom Danguilan	BFB
	Delia Afunggol	Assoc.

AYALA MULTI-PURPOSE COOPERATIVE AUDITED FINANCIAL STATEMENTS

(In Million Pesos)

ASSETS	2012	2011	% Change
Cash and cash equivalents	257.8	263.9	-2%
Investments	85.0	50.0	70%
Loans receivable - net	831.3	657.8	26%
Furniture, fixtures and equipment and system software - net	8.7	7.3	19%
Other assets	10.0	7.0	43%
	1192.8	986.0	21%

LIABILITIES AND MEMBERS' EQUITY	2012	2011	% Change
Accounts and other payables	49.2	51.8	-5%
Notes payable	65.0	65.2	0%
Total Liabilities	114.2	117.0	-2%
Total Members' Equity	1078.6	869.0	24%
	1192.8	986.0	21%

REVENUES	2012	2011	% Change
Interest income	131.1	108.4	21%
Penalties and fines	3.8	3.0	27%
Membership and service fees	2.9	1.9	53%
Miscellaneous	0.06	0.7	-91%
	137.8	114.0	21%
EXPENSES			
Salaries and employees' benefits	13.1	11.1	-18%
Impairment losses on loans receivable	3.8	3.9	3%
Other operating expenses	7.1	6.6	-8%
	24.0	21.6	-11%
EXCESS OF REVENUES OVER EXPENSES	113.8	92.4	23%

TREASURER'S REPORT

2012 is another milestone year for the Coop as we breached the P1Bn mark in terms of Total Assets and Membership Equity with P1.193Bn and P1.079Bn, respectively. Total Assets registered a steady growth with a 21% increase from last year's level of P986Mn. Loans Receivable, net of Impairment Losses, surged 26% to reach P831Mn from last year's P658Mn. Cash and cash equivalents slightly went down to P258Mn from P264Mn mainly because the funds were channeled to long term bonds

issued by the AG companies. As a result, Investments went up to P85Mn from P50Mn in 2011. Members' Equity jumped 24% to P1.079Bn from the previous year's P869Mn.

Robust growth in loan releases and membership through the inclusion of several new AG companies resulted to a 21% increase in Total Revenues to P138Mn from P114Mn. Operating Expenses went up to P24Mn from P22Mn. In 2012, we implemented a change in the policy for Provision for Impairment Losses

taking into consideration the accounts' actual probability for collection. This improved our Delinquency Rate to 1.95% from 2.59%. The Coop's Collections Team is continuously pursuing collections from resigned members with unpaid loans to further improve the delinquency rate. The Coop ended the year 2012 with Excess of Revenues Over Expenses of P114Mn, up 23% from P92Mn in 2011.

Consistent with the previous years, the Board is recommending setting aside minimum statutory reserves of 15%

equivalent to P17Mn. After deducting this amount from the Excess of Revenues Over Expenses of P114Mn, P96.7Mn is available for distribution as Dividend and Patronage Refund. The Board proposes to maintain the same 60%-40% allocation of dividend and patronage refund as in the previous years. This will result to a dividend rate of 7.37% and patronage refund rate of 35.14%.

INCREASE IN AMPC FEES

- Process improvement due to automation
- Higher operating cost

	FROM	TO
Pretermination Fee	1% of the outstanding loan balance	2.5% of the outstanding loan balance
Membership Fee	P100	P200

To All Ayala Coop Members, Introducing the **Petron Value Card**

Ayala Coop partners with Petron! Enjoy the Petron Value card, a membership and rewards & benefits card offered to all Ayala Coop members. Sign up and get this card for **FREE** and enjoy the following benefits:

- ✓ Earn reward points when buying Petron Products at participating Petron stations. (On top of the reward points from BPI-Petron credit card)
- ✓ Avail of a 24-Hour Towing and Road-side Assistance* (Php3,000.00 per incident, 3 incidents per year)
- ✓ Get a FREE Annual P10,000 Personal Accident Insurance Coverage with P1,000 Medical Reimbursement*
- ✓ Avail of card benefits & discounts at major establishments.
- ✓ Card includes AMPC member's ID no.

* Minimum of 5 points PER MONTH required (1 pt. for every P250 worth of Petron products)

To avail of the card, interested members should email the following basic information at ampc-petronid@ampc.org.ph



For more inquiries. Please text 0917-585COOP or Call 751-7991 / 92



Surprises Await You!

Register and apply for a Petron/ Ayala Coop Card!

- Complete the Registration Form below and submit to Ayala Coop.
- Incomplete Registration Forms will disqualify members from joining the raffle.

PROMO RUNS FROM APRIL 4 TO JULY 26, 2013

First Draw - May 31, 2013
Second Draw - July 26, 2013

**Register now and
get a chance to win
CASH PRIZES from Php1k to Php10k!**

PETRON /AYALA COOP REGISTRATION FORM

MEMBER ID NO:	COMPANY		
<input type="text"/>	<input type="text"/>		
LASTNAME, FIRSTNAME M.	BIRTHDATE	GENDER	
<input type="text"/>	<input type="text"/>	M <input type="checkbox"/> F <input type="checkbox"/>	
HOME ADDRESS	MOBILE NO.		
<input type="text"/>	<input type="text"/>		
VEHICLE TYPE/PLATE NO.	EMAIL ADDRESS		
<input type="text"/>	<input type="text"/>		
SIGNATURE _____			