

2020 ANNUAL REPORT

Name of Bank	:	COOPERATIVE BANK OF BOHOL
Address	:	0126 CPG East Avenue, Barangay Poblacion 1, Tagbilaran City
Authority to Operate	:	CB No. E- 1028 dated October 29, 1980
Contact Numbers	:	(038) 427-2116; 411-3483, 501-9904
E-Mail Address	:	cooperativebank_bohol@yahoo.com
Contact Person	:	Juvie D. Calacat – President

CORPORATE POLICY

- Vision*** : Reliability in financial services to cooperatives and individuals.
- Mission*** :
1) To provide quality financial services;
2) To promote/foster economic opportunities;
3) To extend continuing education to member-cooperatives.
- Social Goals*** :
1) Creating opportunities for financial stability among Boholanos;
2) Establishing branches wherever possible in order to bring services close to the people;
3) Adopting technological advancement in the banking system;
4) Institutionalizing cooperative social development.
- Core Values*** :

1. Honesty and Integrity
 - Speaks the truth and act truthfully.
 - Demonstrates sound moral and ethical principles at work on which member-cooperatives, co-workers, and individual clients build relationships, trust, and effective interpersonal relationships.
 - A good steward of resources and in exercising frugality that honesty is always the best policy and that trust has to be earned.
2. Reliability
 - Working as a TEAM (Together, Everyone, Achieve, More) so everything can move faster to fulfil the vision and mission of the Cooperative Bank of Bohol (CBB).
 - Worthy of trust; dependable not only in providing financial services but also in managing carefully the relationships that has been developed and demonstrating consistent behavior as consistency is key to building trust.

3. Efficiency
 - A commitment to doing great for the whole; do things well, successfully, and without waste.
 - Well organized and competent.
4. Service to others
 - To serve the member-cooperatives, co-workers, and individual clients effectively as they are our prized assets. They must be treated specially, with honesty and empathy, and with a sense of honour and respect.
 - To be responsive to the needs of the member-cooperatives, co-workers, and individual clients. To satisfy them beyond their expectation and be resourceful in providing innovative alternatives and solutions to their concerns.
 - An effort to alleviate poverty and make life better for others.
5. Open-mindedness
 - A commitment to innovation and excellence being receptive to new ideas, views and knowledge of others.

Developmental Goal:

A cooperative which can provide services in terms of cooperative education, accommodating deposits and loan applications of the Boholanos especially the farmers and fisher folks with the end view of uplifting the quality of life of its clients and consequently help the economy of the Province.

Tag Line: Guiding You Through

- a) To be a reliable financial institution is the vision of the Cooperative Bank of Bohol. The Province of Bohol particularly in the City of Tagbilaran has a lot of commercial banks. People used to bank with them because of their popularity and that people consider them as big banks. Cooperative Bank of Bohol has upgraded its system; adopt the present technology in order to provide quality services among the 127 member-cooperatives and the general public.
- b) In addition to reliability in financial services to cooperatives and individuals, Cooperative Bank of Bohol will be guiding its clients on what kind of facility the bank can offer to him/her, how to avail and the personal guidance of the terms and conditions from our bank's personnel. Once, a client have decided to avail in any of the bank's services, processing will take only two hours for salary loans and one to two weeks for loans secured by Real Estate Mortgage. That's how Cooperative Bank of Bohol of service to the Boholano community.
- c) Crafting a business model is part of establishing a meaningful business strategy. Due to its target market and the nature of the bank's operation, our Bank uses the retail-funded business model, relying mainly on retail sources of funding, i.e., through stable sources, primarily deposits and have limited interbank activity. It generates deposits from individual and corporate clients and lends the same to the public through agricultural, agrarian, business and consumption loans.

As a financial institution, Cooperative Bank of Bohol started its operation on November 3, 1980 accepting deposits and offering loans to member-cooperatives, Samahang Nayons and the general public. Different types of loan which will fit the needs of the clients. The bank shall earn income out of the interest and service fee of the loan releases. Other income shall be generated from sale of foreclosed properties. Expenses of the bank will include interest on deposits, salaries and wages of the employees, honorarium of the Board of Directors, taxes and licenses, supplies, light and water, fuel and lubricants, and other expenses related to bank operation. As a cooperative bank, mandatory reserves shall be allocated out of the net income. After the mandatory allocation, the remaining income will be available for dividend and patronage refund to the different stockholders. The bank aims to grow so that marketing strategies, collection, good management and innovative works to answer the present demand of the people are all the concerns made for the success of the Cooperative Bank of Bohol.

BUSINESS MODEL

For the last 40 years, Cooperative Bank of Bohol is into traditional retail banking business model. It generates deposits from the banking public, in addition to its capital investments in order to lend to customers which drive profit. Management strives to provide excellent service to maintain deposits, although not all low cost, and strengthen marketing strategies to market new quality loans while monitoring and keeping those existing accounts and have to become cost efficient. Further, the bank also crafted its investment policy in order to manage well its funds and be able to earn and maximize returns.

With the evolution of banks in this technological era, and changes in the economic environment and to new rules and regulations, Cooperative Bank of Bohol also considers these things in building its strategic objectives. Nowadays, availability of variety of distribution channels such as online and mobile banking has become important. Customers become price sensitive and look for products and services that serve and satisfy their needs at the lowest possible cost. In response to this, the bank has to diversify by partnering with business leaders to offer Point of Sales (POS) terminals, domestic money transfer and remittance, and ATM terminals in order to increase profits. Among its goals for the year is to pursue its application for the direct membership with Bancnet for the bank to continue offering ATM deposit products to the public enabling our clients to conveniently access their funds and account information and receive or transfer funds 24/7.

Cooperative Bank of Bohol is geared towards digitalization as part of its medium to long-term plans. With the current trends, new customer behaviors, the current and future regulations supporting it, and the presence of new and aggressive competitors, the bank has been more active in product innovation and providing holistic customer service in order to retain and market new customers, achieve set targets and ensure sufficient profitability to sustain operational growth.

After conducting an assessment of its strengths, weaknesses, opportunities and threats, the bank has crafted this year's objectives and comprehensive action plans in achieving them. With the implementation of the new performance assessment tool, the Supervisory Assessment Framework (SAFr) which is forward looking, the bank laid out plans

to strengthen its risk management and internal control systems, governance and oversight functions as well as effective monitoring of institutional level supports. Top Management and the Board believe that empowered employees who are highly motivated and with high level performance makes a successful business. With that, the bank also laid plans on providing them trainings, seminars and other activities to equip them with the right knowledge and skills and groom them to be well rounded and highly effective professionals and individuals.

While the business impact of this COVID 19 pandemic continues, the bank has also laid strategies as it navigates into the trends of the new normal to be able to sustain growth and profitability.

With the help of the Holy Name University Center for Community Extension, Linkages and Partnerships, the bank's directors, officers and supervisors conducted the 5 year development plan. We conducted SWOT analysis to see the current realities of the bank and evaluated if its objectives are still relevant and in line with its mission, vision and goals. Such evaluation arrived at seven (7) revised strategic directions, namely: 1) Sound asset management, 2) Prompt compliance to regulatory bodies, 3) Intensive internal control, 4) Aggressive Marketing, 5) Human Resource Management, 6) Corporate Social Responsibility and bank activities, and 7) Effective credit risk Management. We have identified the key result areas, success indicators and measures of each strategic direction and crafted the 5 year strategic plan of actions and timelines.

FINANCIAL SUMMARY / FINANCIAL HIGHLIGHTS

Minimum Required Data		Consolidated		Parent Bank (Solo)	
		Current Year	Previous Year	Current Year	Previous Year
Profitability					
	Total Net-Interest Income			42,058,024.00	42,626,470.00
	Total Non-Interest Income			5,482,919.00	4,903,100.00
	Total Non-Interest Expenses			44,970,681.00	44,425,509.00
	Pre-provision profit			1,646,716.00	4,055,364.00
	Allowance for credit losses			32,206,919.00	39,865,765.00
	Net Income			2,570,262.00	3,104,061.00
Selected Balance Sheet Data					
	Liquid Assets			164,232,844.00	158,865,959.00
	Gross Loans			318,604,045.00	304,175,438.00
	Total Assets			531,637,246.00	487,791,993.00
	Deposits			431,662,888.00	386,114,096.00
	Total Equity			71,849,788.00	68,389,417.00
Selected Ratios					

	Return on equity			4.62%	4.16%
	Return on assets			0.48%	0.64%
	CET 1 capital ratio (for UBs/KBs)			NA	NA
	Tier 1 capital ratio (for UBs/KBs)			NA	NA
	Capital Adequacy Ratio			12.21	12.44
Per Common share data (For Ubs, KBs and publicly listed Banks)					
	Net Income per share:				
	Basic			NA	NA
	Dilluted			NA	NA
	Book Value			NA	NA
Others					
	Cash dividends declared			722,886.19	NA
	Headcount				
	Officers			11	11
	Staff			34	34

FINANCIAL CONDITION AND RESULTS OF OPERATION

The President congratulates all of us as we celebrate our 41st Annual General Assembly with this year's theme: "Anchoring the Vision, Mission and Goals in Facing the Future-Together". She welcomes all – our dear shareholders who are physically joining us today, on behalf of the Board of Directors and the Management team. Despite our present predicament, as someone once said "the show must go on." Not that this is a show, but she appreciates their effort to be together virtually – our dear shareholders who are also joining us this Assembly. I would also like to welcome our guests and employees. May this gathering strengthen our commitment in rendering excellent banking services in the province of Bohol.

It is true that the Philippine banking industry is not spared from the adverse impact of this pandemic that is why we need to be prepared for the future. Yes, we all experienced an unprecedented situation with the global COVID 19 pandemic. A virus not visible to the naked eye has put the world on pause. It has put into question how and where to go from here. We probably only have seen just the tip of the iceberg of the many shifts that this pandemic will trigger in terms of the socio-economics fallouts and so much more.

So, as she addresses us today, she can say that our bank is in good health. As a matter of fact, CBB's external examination ended last March 12, 2021 and Minerva and Company Certified Public Accountants rendered an unqualified opinion for the 2020 operation of the bank. We were challenged over the last year or so, and have some exciting and value-adding opportunities both in the core banking and in the area of strategic diversification.

Financial Highlights

This is a summary of our banking operation over the past years up to the present, highlighting major areas like the financial position and result of operation.

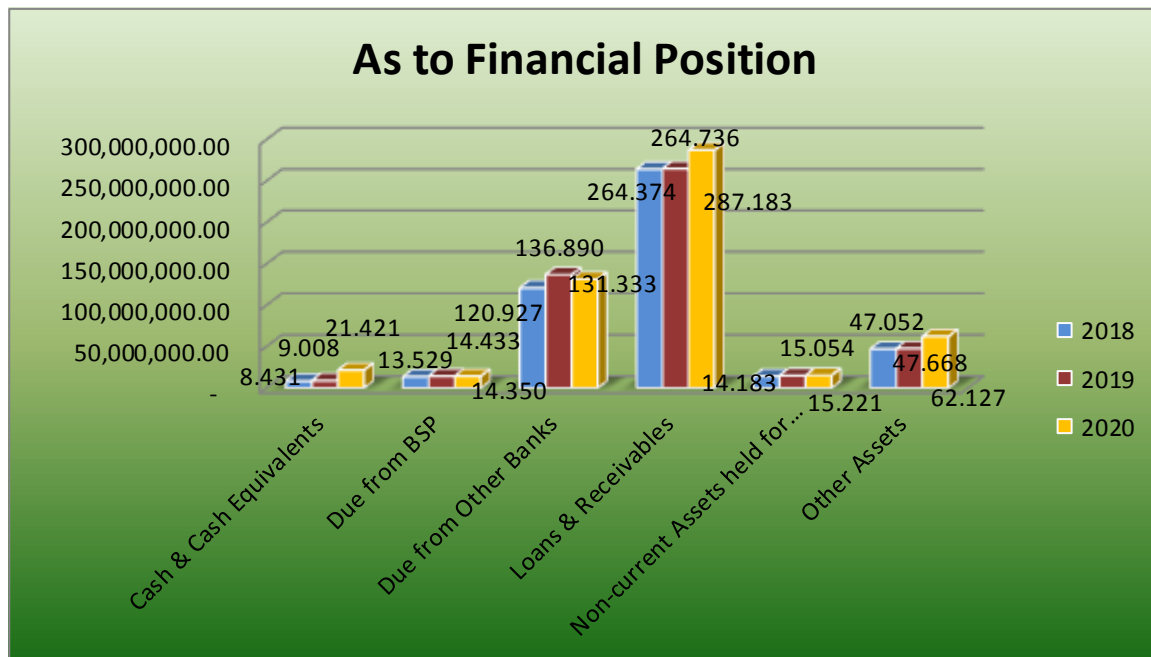
She shared some Cooperative Bank of Bohol achievements through the years. On December 2018 and March 2020, CBB ranks no. 89 among the Rural/Cooperative Banks in the country out of more than 400 banks in the Total Assets category. Further, as of June 2020, CBB is number 85 still in

the same category. Furthermore, on the same cut-off period June 2020 on Total Deposit Liabilities category, we managed to land on number 74 among the Rural and Cooperative Banks in the Philippines.

We will not stop there as we envisioned the roadmap of the bank in the next five years. As part of planning our future, we just concluded our 5-year planning with these strategic directions, namely; Sound Asset Management, Prompt Compliance to Regulatory Bodies, Intensive Internal Control, Aggressive Marketing, Human Resource Management, Corporate Social Responsibility and Effective Credit Risk Management.

As to the Financial Position

Particulars	2020	2019	2018
Cash & Cash Equivalentents	21,421,579	9,008,069	8,431,855
Due from BSP	14,350,398	14,433,995	13,529,529
Due from Other Banks	131,333,425	136,890,649	120,927,756
Loans & Receivables (net)	287,183,510	264,736,478	264,374,527
Non-current Assets held for Sale	15,221,428	15,054,494	14,183,038
Other Assets	62,126,906	47,668,308	47,052,382



Particulars	2020	2019	2018
Total Assets	531,637,246	487,791,993	468,499,087



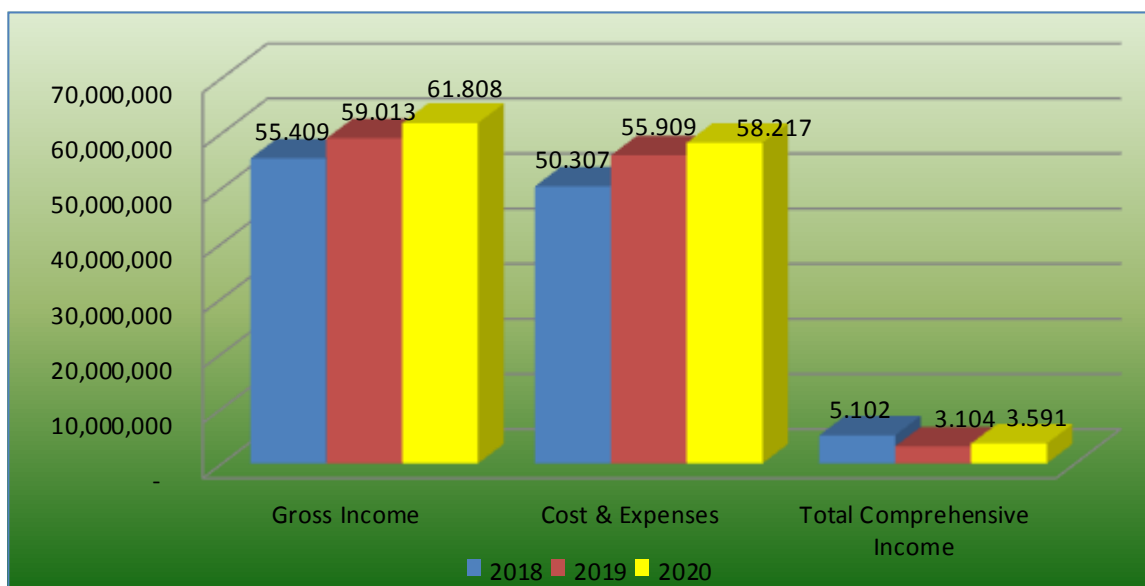
Based on the graph presented above, we can assess the bank's position in terms of financial stability. As of December 31, 2020, total Assets of the bank has increased from Four Hundred Sixty-eight Million Four Hundred Ninety-nine Thousand Eighty-seven Pesos (P 468,499,087) to Five Hundred Thirty-one Million Six Hundred Thirty-seven Thousand Two Hundred Forty-six Pesos (P 531,637,246). Hence, for the year 2020, the bank finally realized its target to meet its total Assets to at least Five Hundred Million Pesos (P 500,000,000.00).

As of December 31, 2020 the bank has a sufficient stock of liquid assets of P164,232,843.93 resulted to a liquidity ratio of 39.90%, thus, the bank is very liquid and still compliant with the Minimum Liquidity Ratio of 20% required by the Bangko Sentral ng Pilipinas (BSP).

As to the Results of Operations

Profitability

Particulars	2020	2019	2018
Gross Income	61,808,460	59,013,360	55,408,844
Cost & Expenses	58,217,107	55,909,299	50,306,883
Total Comprehensive Income	3,591,353	3,104,061	5,101,961



Note: The figures above are based on the Audited Financial Statements of the three-year period starting in the year 2018 to 2020

Expenses

Particulars	2020	2019	2018
Total Expenses	58,217,107	55,909,299	50,306,883



Net Worth

Particulars	2020	2019	2018
Net Worth (Assets Minus Liabilities)	71,849,788	68,389,417	74,262,578



The Board of Directors and its management has been very proactive in managing the operations amidst the pandemic that we are facing right now. Its Capital and liquidity are properly monitored to hold substantial buffer that would help the bank to surpass the current global economic crisis.

Though the bank's strategic direction is slightly affected especially in the areas of income generation and managing loan portfolio, the bank was still able to protect the shareholders and depositors' interests and promote the stability and efficiency of bank's financial system by ensuring the adequacy of its Capital. Moreover, in the midst of this time of pandemic, the bank was able to release the following loans through the collective efforts of the Board of Directors and management in the strategic campaign and advertisement of the bank's products and services:

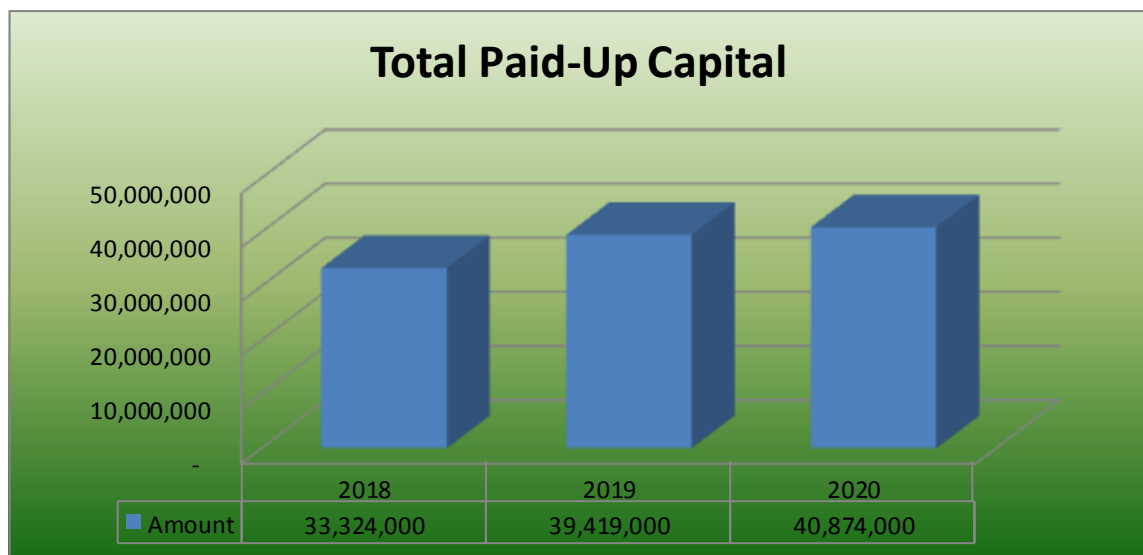
Other Agricultural Credit Loan	22,713,600.00
Agrarian Reform Credit Loan	8,098,334.00
Small Scale Enterprise	55,330,800.00
Medium Scale Enterprise	61,724,775.00
Consumption purposes-salary	84,928,950.00
Consumption purposes-auto	10,283,000.00
Consumption purposes-other loan	5,461,000.00
Total	<u>248,540,459.00</u>

Furthermore, the total past due accounts over the total loan portfolio in 2020 has decreased by 1.36% compared to the prior year, from 21.10% to 19.74%. Likewise, there are 6 investment properties account that has been disposed during the year 2020, 5 ROPA accounts were sold in cash, and 1 account sold under contract to sell. Disposing investment properties such as ROPA is also a great factor in minimizing Non-Performing Assets and increasing our Capital Adequacy Ratio since its risk weight in the CAR computation is 150%.

Membership

Total Paid-Up Capital

Particulars	2020	2019	2018
Total Paid-Up Capital	40,874,000	39,419,000	33,324,000



Million Cooperatives

Particulars	2020	2019	2018
No. of Millionaire Cooperatives	9	9	7

List of Top 15 Member Cooperatives

	Name of Cooperative	Shareholdings
1	Valencia Cansibao Credit Cooperative	2,381,000.00
2	BADOTSCO	2,360,000.00

3	Bohol Provincial Employees Multi-Purpose Cooperative (BOPE MPC)	2,309,000.00
4	Bagtic Masagana Multi-Purpose Cooperative	2,073,000.00
5	BIT-IC Credit Cooperative	1,758,000.00
6	Loboc Community Credit Cooperative	1,387,000.00
7	Bohol Community Multi-Purpose Cooperative	1,216,000.00
8	1 Cooperative Insurance System of the Phils. (1 CISP)	1,046,000.00
9	Bohol Island Operators & Drivers Multi-Purpose Cooperative (BIODMPC)	1,045,000.00
10	Bohol Diocesan Multi-Purpose Cooperative	528,000.00
11	Manga Multi-Purpose Cooperative	510,000.00
12	Dimiao Parish Multi-Purpose Cooperative	474,000.00
13	Dauis-Panglao Island Multi-Purpose Cooperative	451,000.00
14	Laya Primary Multi-Purpose Cooperative	378,000.00
15	Sagnap Multi-Purpose Cooperative	378,000.00
	TOTAL	18,294,000.00

As of December 2020:

2020 ALLOCATION FROM CONSOLIDATED NET INCOME

NET INCOME **2,570,262.00**

LESS: CDA Mandatory Reserves Allocation:

GENERAL RESERVES FUND	30%		771,078.60
Due to APEX Org'n.	5%	128,513.10	
Due to CETF	5%	128,513.10	
Due to Community Dev't. Plan	3%	77,107.86	
Due to Optional Fund	7%	179,918.34	514,052.40

AVAILABLE FOR PATRONAGE AND DIVIDEND DISTRIBUTION **1,285,131.00**

Patronage Refund (25%) 321,282.75

Dividend

Cash Dividend (75% of 75%) 722,886.19

Stock Dividend (25% of 75%) 240,962.06 963,848.25

AVAILABLE SURPLUS FUND **-**

Total paid up Capital as of year 2020 has increased by 1,455,000, from 39,419,000 to 40,874,000, thus increasing the number of issued shares by 1,455. In addition, Bohol Taxi Drivers & Operators Transport Cooperative and United Drivers & Operators Transport Coop, new member cooperatives, invested in the bank during the year 2020.

Moreover, the member cooperatives of bank maintain the spirit of Cooperativism in all their dealings. As of December 31, 2020, 56 savings and time deposit accounts amounting to P44,119,212.28 was entrusted and deposited in the bank by the 38 member cooperatives. Likewise, the shareholders of the bank continually patronized its loan products. As of December 31, 2020, bank's 50 Common Shareholders and 81 Preferred Shareholders availed its loan products amounting to P21,830,516.29 and P3,065,352.68 respectively. Hence, out of total loan portfolio, 7.81% of it is the loan availed by the shareholders.

The Bank will start the patronage refund distribution to our members starting April 12, 2021; however, the cash dividend and stock dividend will be put on hold and temporarily booked as Stock Dividends Distributable while we are still waiting for the approval of our amendment on our By-Laws and Articles of Cooperation.

Operational Highlights

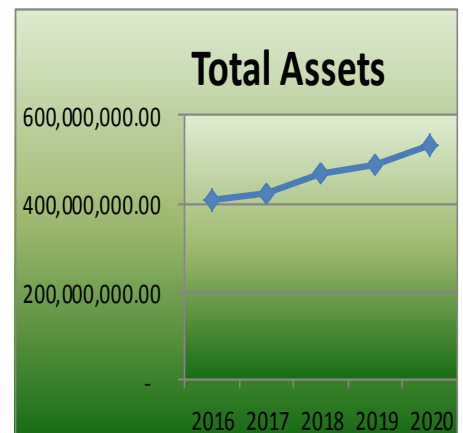
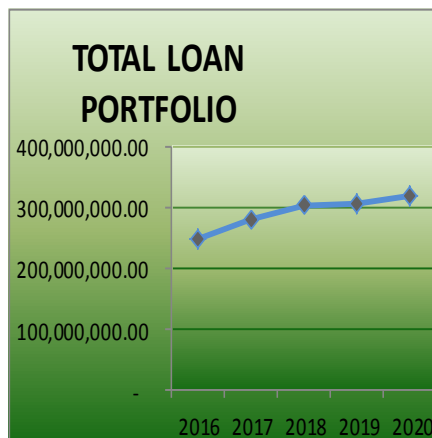
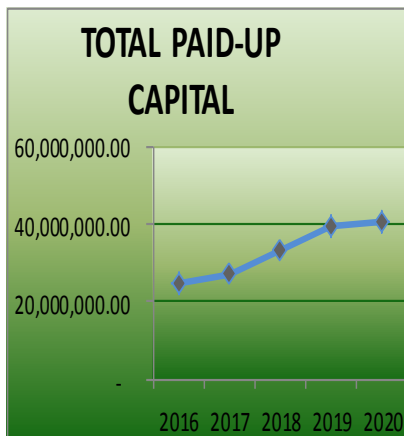
Target vs. Actual 2020

PARTICULARS	ACTUAL 2020	TARGET 2020	VARIANCE OVER ACTUAL
Total Comprehensive Income	3,591,353	2,000,000	1,580,478
Expenses	58,217,107	70,449,749	(13,387,704)
Loan Releases	248,540,459	306,150,000	(57,609,541)
Collection	261,652,703	297,375,714	(35,723,011)

Due to the bank's challenge brought by the pandemic, total releases and collections of the bank has been affected. Most of our clients' businesses were temporarily closed and those employed were temporarily under skeletal condition. Further, Marketing and Collection team were not able to intensify our collections due to travel restrictions and clients' availment of the grace period in the Bayanihan 1 and 2 Acts.

5-Year Significant Accounts

PARTICULARS	2020	2019	2018	2017	2016
Total Paid-Up Capital	40,874,000	39,419,000	33,324,000	27,303,400	24,701,000
Total Assets	531,637,246	487,791,993	468,499,087	421,969,128	407,699,301
Loan Portfolio	318,604,045	304,165,528	303,907,840	279,429,159	246,155,347
Total Comprehensive Income	3,591,353	3,104,061	5,101,961	5,165,546	2,297,884



Comparative Performance for the year 2020 and 2019

PARTICULARS	2020	2019	REMARKS	
			INCREASE/ DECREASE	AMOUNT
Total Assets	531,637,246	487,791,993	Increase	43,845,253
Loan Portfolio	318,604,045	304,165,528	Increase	14,438,518
Deposit	431,662,888	386,114,096	Increase	45,548,792
Capital	71,849,788	68,389,417	Increase	3,460,371
ROE (Return on Equity) Formula: Net Income After Tax for the period/ Ave. Capital for the period	4.63%	4.16%	Increase	0.47%
Ratio of Expenses to Total Income	94.19%	94.74%	Increase	-0.55%
Past Due Ratio	19.74%	21.10%	Decrease	-1.36%

Challenge

It is clear that banks today face profound industry challenges driven by evolving customer expectations, digital challengers, pandemic and increasing regulation scrutiny like adoption to BSP's Supervisory Assessment Framework (SAFr) from CAMELS as the rating system in assessing BSP-supervised institution. We are still waiting for the approval of our amended By-laws and Articles of Cooperation, thus, distribution of stock and cash dividend for the year 2020 is still pending.

In the last year, we have closely evaluated a number of opportunities since there was a shift in the direction in doing business and banking strategies and we will continue this as part of our ongoing diversification strategy. As the BSP continues to foster the growth and development of digitalization through enabling policies and regulations, it also promotes further financial inclusion as BSP Governor Benjamin E. Diokno emphasized the importance of digitalization in keeping the gears of the economy running amid the pandemic.

As a respond, Cooperative Bank of Bohol is geared towards solving these issues as part of our short-term and long-term plans as the bank has crafted this year's objectives and comprehensive action plans in achieving them by developing a stronger and more effective workforce and lastly by improving our corporate governance. In other words, ladies and gentlemen, Cooperative Bank of Bohol not only survived 2020 and the pandemic, but it also continued to thrive.

Social Responsibility

Cooperative Bank of Bohol as part of upholding its social responsibility to the community supports our member-cooperatives by providing cash assistance and grocery items during the COVID-19 pandemic. The bank is responsive to the needs of its member-cooperatives, co-workers and individual clients. Achieving the targets is not the only goal of the bank; it also caters the needs of its shareholders. With the ongoing threats brought about by COVID-19 pandemic that has been experiencing by all cooperatives, the bank had undertaken program/activities for the benefit of its member cooperatives. Last year, 2020, an amount of P91, 000.00 was allocated to provide assistance for the shareholders. Further, as part of our Social Development Program to member Cooperative, a total of 35 bundles were prepared to accommodate the number of members of Laya Primary MPC. The mere bundles of joy truly gave tons of joy to its members. Not only that, we also provided the elementary students of Triple Union Elementary School with school supplies and dental kit.

Further, as we ensure excellence in customer service, we abide with the government's advocacy known as "BAYANIHAN TO HEAL AS ONE ACT" giving 30-day grace period on payments through BSP Memo no. 2020 -017 and "BAYANIHAN TO RECOVER AS ONE ACT" also known as Bayanihan 2 which provides the application of the mandatory 60-day grace period, in effect, moves the payment due dates of the entire loan, thereby extending the loan maturity for the amortizations that fall due between September 15 and December 31, 2020.

Another remarkable undertaking that the bank has done was when we became a conduit partner with the Department of Agriculture – Agricultural Credit Policy Council (ACPC) for Sure-Aid, KAYA and ANYO programs amounting to P20,000,000.00.

Closing Statement

The President closes her speech by commending the Shareholders for their continued support through the years. Secondly, to our Board of Directors headed by our chairperson Atty. Maximiliano A. Cempron who really goes to great extents to responsibly deliver the best outcomes possible to our shareholders. Lastly, congratulations to her CO-EMPLOYEES, true CBBians in spirit, the success of the bank is a result of our hard work. Our entire team moved forward with our long-term mission faster than anticipated. With this, I'd like to recognize the employees' teamwork for surpassing the odds of last year. Her words can never be enough to praise their actions, the work and talent they bring to the table always exceed her expectations. Thank you!

As President of the bank, this is the perfect time to reflect on the past, the present, the future and how we can make things work even better, moving forward as one community. We will continue to faithfully and energetically represent, protect and grow your interests and look forward to your ongoing support as we deliver value from an exciting array of future opportunities.

RISK MANAGEMENT FRAMEWORK ADOPTED

The principles set forth in the Circular No. 855 regarding credit risk management guidelines shall be used in determining the adequacy and effectiveness of the CBB's credit risk management process and adequacy of capital relative to exposure.

Role of the Board and Senior Management

1. Board of Directors
 - a. Responsible for the approval and regular review of credit risk strategy and credit policy, as well as the oversight of the implementation of a comprehensive and effective credit risk management system appropriate for the size, complexity and scope of operations of CBB.
 - b. Ensure that the system provides for adequate policies, procedures and processes to identify, measure, monitor and control all credit risks inherent in CBB's products and activities, both at the individual and portfolio levels on a consistent and continuing basis; 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.
2. Senior Management
 - a. Responsible for ensuring that the credit risk-taking activities of CBB are aligned with the credit risk strategy approved by the board of directors.
 - b. Also responsible for developing and implementing CBB's credit policies and procedures that lay down the conditions and guidelines for an effective credit 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.

Outsourcing of financial services exposes a bank to a number of risks which need to be evaluated and effectively managed & mitigated. Key risk areas should be evaluated before entering into and while managing outsourcing contracts. The key risks that may arise due to outsourcing are:

- **Strategic Risk:** The service provider may conduct business on its behalf, which is inconsistent with the overall strategic goals and objectives of the bank.
- **Reputation Risk:** Poor service from the service provider, its client interaction may not be consistent with the overall standards of the bank.
- **Legal Risk:** It includes, but not limited to, exposure to fines, penalties or punitive damages resulting from supervisory and lawful actions, as well as private settlements due to omissions and commissions of the service provider.
- **Operational Risk:** Arising due to technology failure, fraud, error, inadequate financial capacity of the service provider to fulfill obligations and/or provide remedies.
- **Compliance Risk:** Privacy, consumer and prudential laws provided by regulatory agencies may not be adequately complied with by the service provider.
- **Concentration Risk:** Due to lack of control of the bank over a service provider, more so when overall banking industry has considerable exposure to one service provider. The failure of the service provider in providing the desired services covered by the terms of agreement or any non-compliance of any legal/regulatory requirements by the service provider can lead to reputational or financial loss for the bank which can trigger a systematic risk in the banking system as such. The imperative therefore will be securing effective management by the bank for mitigation of this risk.

In this regard, the management and the oversight/control personnel of the Cooperative Bank of Bohol must perform risk assessment of every business activity and evaluate the implications of performing the activity in-house or outsourced.

In line with the BSP's thrust to foster a balanced and coherent approach to innovation, the Monetary Board (MB) recently approved the issuance of Circular 949 dated 15 March 2017 the pioneering guidelines on social media risk management that advocate responsible use of social media by BSP Supervised Financial Institutions (BSFIs) such as the Cooperative Bank of Bohol. BSP recognizes that social media presents vast potential benefits and opportunities for greater economic advancement and financial inclusion. The guidelines ensure that the necessary safeguards, governance structure and standards are in place to effectively manage the associated risks.

The Cooperative Bank of Bohol's social media risk management program should, at a minimum, be able to address potential reputational risks as well as provide guidance on acceptable use of social media by employees, whether for official or personal purposes. The bank, in formulating and implementing their social media policies, should see to it that existing rules and regulations on financial consumer protection, cyber-security, outsourcing and anti-money laundering, among others, are complied with. Aside from ensuring that the pertinent legal, reputational, strategic, operational, and compliance risks are addressed, the new guidelines highlight added dimensions to these traditional risks which the bank need to consider in designing their social media risk management program. These include the growing threats on information security and fraud such as account take over, malware attacks, and phishing and spoofing schemes, among others.

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputational risk. Cooperative Bank of Bohol must ensure that its board of directors and senior management are actively involved in the oversight of the operational risk management framework, it has an operational risk management system that is conceptually sound and is implemented with integrity, and it has sufficient resources in the use of the approach in the major business lines as well as the control and audit areas.

Management should evaluate its rights and obligations in contractual relationships, conform with legal and regulatory requirements agreements/contracts entered into and that no party is unduly disadvantaged, assess the trends of customer complaints, manage outstanding legal cases involving bank or any of its directors, officers, with respect to suits filed in line with the performance of their duties, assess and report regularly the potential outcome including probable liability or receivable, identify and understand the distinct operational risk arising from the products and services being offered or innovative delivery channels used, and ensure sustained delivery of financial services to the unserved and underserved sector.

To address the liquidity risks or the risk of running out of funds, the bank shall adopt a sound contingency funding plan. The said Contingency Funding Plan of the Bank was first approved by the Board of Directors on June 28, 2017 per Board Resolution No. 2017-243. However, the Board of Directors feel the need to review and test the effectiveness of said Contingency Funding Plan, hence, the Board of Directors decided to amend the said plan and this has been consequently approved per Board Resolution No. 2020-222 dated May 25, 2020. The amended CFP design, plans and procedures should be closely integrated with the bank's ongoing analysis of liquidity risk and with the results of the scenarios and assumptions used in stress tests. Senior management of the Cooperative Bank of Bohol should monitor for potential liquidity stress events by using early warning indicators and event triggers. Early indicators should identify any adverse movement; create an initial assessment; and potential management action in order to mitigate the bank's exposure to liquidity risk. The Cash Department Head as chief financial officer shall be responsible in establishing and maintaining liquidity risk measures and monitoring system. However, when banking distress becomes systemic and reaches a crisis proportion which is likely to impact on the entire financial services industry, the routine processes and procedures of the supervisory authority to deal with the situation may be inadequate.

RISK APPETITE AND STRATEGY

Our reputation is based on trust and confidence from our clients, employees, stakeholders, regulators and the public in general. We will avoid actions and situations that can compromise trust and result in negative impact to Cooperative Bank of Bohol's reputation, and, if and when, an unwanted and inevitable incident/situation arises, we shall manage it head-on to preserve our reputation.

Cooperative Bank of Bohol has established a history of client trust, financial strength and innovation in pursuit to achieving its vision, mission and goals. The bank's risk management framework seeks to ensure that there is an effective process in place to monitor and manage risks.

Our mission is to provide the financial welfare of both the cooperatives and individuals and upholding trust and confidence of the depositors. The bank is willing to take on the risk of borrowing funds from other banks or sources at 85% of its approved credit line in order to maintain its liquidity ratio at 30%. If in any case there might be a rapid increase in deposits or an abrupt withdrawal of

deposits involving large amounts of cash resulting to a decline of said ratio below its minimum limit, we shall limit our granting of loan releases up to 25% above the desired target, intensify collection scheme specifically those that are nearing bad debts, and evaluate and assess loans to borrowers with good credit standing which could be possibly granted short-term credits that will easily be converted to cash to pay-off currently maturing obligations owed to valued clients.

Cooperative Bank of Bohol has a very low appetite for prolonged outage of a core banking system which supports its critical business functions including those which relate to banking operations. The Bank is also committed to ensuring that its information is relevant, accurate, timely and properly conserved and managed in accordance with legislative and business requirements. The Bank has no appetite for any fraud or corruption perpetrated by its personnel. It takes all assertions of suspected fraud or corruption earnestly and responds fully and impartially as set out in the Bank's Manual of Operation.

The Bank is dedicated to a high level of compliance with relevant legislation, regulation, industry standards as well as internal policies and sound corporate governance principles. Identified breaches of compliance will be remedied as soon as practicable. It has no appetite for deliberate or purposeful violations of legislative or regulatory requirements.

The Bank utilizes credit practices which provide assurance that loans will be repaid and risk of not collecting these accounts is minimized. The Bank reviews borrower's repayment ability by analyzing the borrower's cash flows against his impending loan obligation. It will not accept real estate mortgage secured loans where the loan to appraisal value is greater than 60%. For unsecured loans, the Bank applies conservative methods of determining the maximum loanable amount. The Bank's objective is to provide a secured environment for its people by ensuring its security measures meet high standards. It has a very low appetite for work health and safety risk and aims to create a safe working environment for its entire staff, where people are protected from physical or psychological harm. It does not condone practices or behaviors that lead to staff being harmed while at work.

Cooperative Bank of Bohol's overall risk tolerance is low to moderate.

Below are the risks affecting the Bank and its associated risk tolerance:

Type of Risk		Risk Category
Enterprise Risk	Capital and Earnings	<p>Capital Adequacy Ratio</p> <p>Low Risk Moderate Risk High Risk below 12% to 11.5% Below 11.5% to 11% below 11% to 10.5%</p> <p>A net income after tax of 3% to 4% below the budget is considered low risk, 5% to 9% below is moderate risk and the bank cannot bear risk for income which falls down to 10% or more from the budget. The bank believes to meet the total income net of tax to at least within the target or increase to not less than 10% from the target. While, total expenses should not exceed the budget so net income will not be compromised. A decrease of total expenses from the target is acceptable and encouraged but an increase of total expenses by 5% or more than the target is not tolerable. More so, loan releases must be achieved per the computed target at the end of each year without weakening the established bank credit policies. The bank cannot take the risk for loan releases that is 20% or more below the set target.</p>
	Reputational	Low

	Risk	
Non-Financial Risk	Operational Risk	Low to Moderate
	Compliance Risk and Legal Risk	Low to Moderate
Financial Risk	Credit Risk	Low
	Liquidity Risk	Low
	Market Risk	Low

b. The Bank also look into the Operational risks which may bring probability of loss resulting from employee errors, inadequate or failed procedures, system failures or failed procedures, policies or systems.

Management Information - Cooperative Bank of Bohol has a very low appetite for prolonged outage of its core banking system which supports its critical business functions including those which relate to banking operations. The Bank is also committed to ensuring that its information is relevant, accurate, timely and properly conserved and managed in accordance with legislative and business requirements.

Internal Fraud and Corruption - The Bank has no appetite for any fraud or corruption perpetrated by its personnel. It takes all assertions of suspected fraud or corruption earnestly and responds fully and impartially as set out in the Bank's Manual of Operation.

Credit and Collection Risk -The Bank utilizes credit practices which provide assurance that loans will be repaid and risk of not collecting these accounts is minimized. The Bank reviews borrower's repayment ability by analyzing the borrower's cash flows against his impending loan obligation. It will not accept real estate mortgage secured loans where the loan to appraisal value is greater than 60%. For unsecured loans, the Bank applies conservative methods of determining the maximum loanable amount.

People and Culture Risk - The Bank's objective is to provide a secured environment for its people by ensuring its security measures meet high standards. It has a very low appetite for work health and safety risk and aims to create a safe working environment for its entire staff, where people are protected from physical or psychological harm. It does not condone practices or behaviors that lead to staff being harmed while at work.

c. Compliance and Legal Risk - The Bank is dedicated to a high level of compliance with relevant legislation, regulation, industry standards as well as internal policies and sound corporate governance principles. Identified breaches of compliance will be remedied as soon as practicable. It has no appetite for deliberate or purposeful violations of legislative or regulatory requirements.

The following are the strategies of the Bank to manage legal and compliance risk:

- ensure adequate transaction documentation
- accept customers that have the required authority or not legally restricted to transact
- evaluate that the transaction is permissible under applicable laws and regulations

- Avoid penalty by submission of reports before the deadline
- timely dissemination of regulatory information, regulations and policies affecting our bank
- compliance to all laws, policies, regulations, issuances, Circulars, Accounting and Auditing Standards
- Immediate action of compliance issues and identified deficiencies
- Increase CAMELS from current rating

RISK MANGEMENT AND ASSET QUALITY REPORTING

Asset Quality Review will begin in full following the completion of the Enhanced Policies on loan restructuring and Enhanced Processes and Policies on Credit Risk.

Methodology levels and implementation:

- Processes, policies and accounting review
The Accountant will make a quarterly consolidated report for the Board of Directors of the classified loans for provisioning of valuation and allowance booking.
- Loan tape creation and data integrity validation
- Sampling
A credit folder will be carried out for review, involving the review of specifics such as loan classification and provisioning.
- Credit File Review
The bank team composed of Compliance Officer; Internal Auditor and Credit Risk Officer will verify the existence of the collateral and to check credit exposure that has been classified in the bank's system by conducting credit file review. The result will be finalized by the Internal Auditor for submission to the Board of Directors.
- Collateral and Real Estate Valuation
This is to determine if the appropriate carrying amount and valuation of collateral are accurate.
- Collective Provision Analysis
Provisioning models should align with the letter and spirit of accounting rules of International Accounting Standards and Generally Accepted Accounting Principles.
- Define Mediation Activities
 - *Creation of a credit valuation adjustment if any;*
 - *Corrections to specific provisions for individually impaired credit facilities that were sampled in the file review;*
 - *Bank's implementation of corrective internal models and policies.*

The primary function of credit and asset quality reporting and monitoring is to assist the management and Board of Directors in fulfilling its oversight responsibilities by reviewing the financial information that will be provided to the shareholders and others; the systems of internal controls established by management and the Board; and the risk management, accounting and financial reporting processes.

Authority:

- To provide open avenues of communication among the risk management committee, manager internal auditor, compliance officer, loan officer, accountant and the Board of Directors.

- To report Committee actions to the full Board of Directors and make recommendations.
- To meet quarterly, more frequently if circumstances make that preferable. The Risk Management Committee chairman has the power to call a Committee meeting whenever necessary.

Documentation Review

1. The Board of Directors shall review the risk management reports provided to management and management's response.
2. Review internal audit reports and address and resolve any concerns associated with the conduct of accompanying internal audits to ensure independence with the Risk Management Committee is maintained throughout the audit schedule.
3. Review with management and External Audit team the interim and annual financial information prior to its filing.
4. Review with top management, Audit Committee and Risk Management Committee the quarterly financial statements, key performance ratios and operating results.

Cooperative Bank of Bohol realized that banking institutions have faced difficulties over the years for a multitude of reasons, the major cause of serious banking problems continues to be directly related to lax credit standards for borrowers, poor portfolio risk management, or a lack of attention to changes in economic or other circumstances that can lead to a deterioration in the credit standing of a bank's borrowers.

To reduce the bank's credit risk, the bank may perform a credit check on the prospective borrower as well as review the credit standing of the existing borrowers. In general, the higher the risk, the higher will be the possibility of nonpayment.

For most banks, loans are the largest and most obvious source of credit risk; however, other sources of credit risk exist throughout the activities of a bank, including in the banking book and in the trading book, and both on and off the balance sheet.

Cooperative Bank of Bohol implemented this enhanced credit risk in order to promote sound practices for managing credit risk. Principles contained in this program are not new to the bank but only to sharpen the existing credit policies of the bank, that are most clearly applicable to the business of lending, they should be applied to all activities where credit risk is present.

The Management now implements more comprehensive loan review and improves the existing processes, policies, assessment of bank loans, provisioning and collateral evaluation, among others.

This is to ensure proper matching of loan terms with timing cash flows and Settlement risk. The risk that the completion or settlement of a financial transaction will fail to take place as expected, thus includes elements of liquidity, market, operational and reputational risk as well as credit risk.

AML Governance and Culture

The Cooperative Bank of Bohol's Money Laundering Prevention Program is aligned to comply and support the policies set by the Anti Money Laundering Council and the Bangko Sentral ng Pilipinas. It is the vital responsibility of the Board of Directors that the bank is compliant with the AML regulations and the internal policies are adequate to risks associated with the ML/TF activities. The Senior Management oversees the day-to-day management of the bank and ensures effective implementation of the said policies along with the independent supervision of the Compliance Officer and Internal Auditor.

It is the fundamental role of the bank to identify, understand and assess the ML/TF risks arising from the delivery of services to the customers, thus, creating the risk assessment tool appropriate with the nature of operations and complexity of the bank. Minimum Know-Your-Client policy is required before starting any business relationship with the customers. Customer due diligence is properly applied in a manner that will not discriminate certain customer types such as politically exposed persons, certain religions, race or ethnic origin or other attributes.

If there is a suspicion of money laundering or terrorist financing, and if there is doubt about the veracity or adequacy of previously obtained customer information data then enhanced due diligence shall be undertaken by the bank. All customer identification records shall be maintained and safely stored for five (5) years from the date of transaction which are jointly safeguarded by the bank's two (2) designated personnel. Reporting of covered and suspicious transactions to the AMLC shall be done as prescribed within five (5) working days from the occurrence thereof.

The AML Compliance Officer shall ensure the accuracy and completeness of the CT and ST report. The AML Compliance Officer also guarantees that the bank is compliant with AMLA by conducting periodic compliance checking, providing the bank's personnel on resolutions, circulars and other issuances of the BSP and AMLC, and reviewing the noted deficiencies during onsite examination by the Internal Auditor, Bangko Sentral ng Pilipinas and other regulating bodies, the deficiencies are immediately corrected and acted upon.

The Internal Auditor conducts periodic and independent evaluation of the risk management, customer identification process and completeness of the information and documents establishing the true and full identity, the risk classification and standard of due diligence applied to customer, and the effectiveness of other existing internal controls associated with the bank's money laundering prevention program. The results of the audit are timely communicated to the Board of Directors and are also communicated to the Compliance Office for appropriate monitoring of corrective actions taken by the different units concerned.

CORPORATE GOVERNANCE

The business of the bank shall be conducted under the supervision and control by the Board of Directors of nine (9) members who shall be elected from among the representatives of the cooperatives and federations of cooperatives by secret balloting by the members at the annual general assembly and hold office for a term of two (2) years unless earlier removed for cause, or have resigned or become incapacitated due to illness or death, and until their successors shall have been elected and qualified.

The Board of Directors are representatives of member cooperative shareholders of the bank. Each Board of Directors has no indirect shares held.

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 affairs of the bank. It shall prescribe policies consistent with the by-laws and the resolutions of the general assembly for the management of its business and the guidance of its members, officers and employees.

The board of directors shall be responsible for approving and overseeing of the bank's corporate governance framework. They shall ensure corporate governance policies are followed and periodically reviewed for ongoing improvement. They shall constitute at a minimum, the Audit, Risk Oversight, Corporate Governance and Related Party Transaction committees.

The members of the Board of Directors, in the discharge of their duties, shall be jointly and severally responsible for transactions, acts, omissions made in violation of the law, regulations, by-laws, or the resolutions of the general assembly, except those who entered a protest at the time when such transaction, act or omission was acted upon.

The executive directors of the bank have management responsibilities. The non-executive directors are members of the board without daily management responsibilities of the bank which shall include the independent directors to promote independent oversight of management by the board of directors. The chairman of the board provides leadership in the board of directors. He ensures effective functioning of the board of directors, including maintaining a relationship of trust with members of the board of directors.

BOARD COMPOSITION

Name	Cooperative Represented	Type of Directorship	No. of Years as Director	No. of Shares held as of 12/31/20	%age of shares held to total outstanding shares of the bank
Cempron, Maximiliano A.	Loboc Community CC	Executive	39	1,387	4.84%
Evardone, Francisco M.	Manga MPC	Executive	28	510	1.78%
Balite, Dionisio D.	Valencia Cansibao CC	Executive	10*	2,381	8.31%
Calamba, Ernesto B.	Cansumbol MPC	Executive	10	274	0.96%
Daniel, Melchor Sr. R.	Bohol Community MPC	Non-executive	2	1,216	4.24%
Pagaran, Nicandro M.	BDMPC	Executive	5	528	1.84%
Oppus, Dositeo M.	Laya Primary MPC	Non-executive	6	378	1.32%
Quiwag, Teodora M.	Dauis-Panglao Island MPC	Executive	14	451	1.57%
Suarez, Ranulfo L.	Bagtic Masagana MPC	Non-executive	6	2,073	7.23%

**Dir. Balite served as Chairman of the Board of Directors from 1985 to 1994. He resumed serving as member of the Board of Directors in 2020.*

QUALIFICATIONS AND DISQUALIFICATIONS OF COOP BANK DIRECTORS

(Excerpt from the Rules and Regulations on the Conduct of the Annual Regular Election of the Members of the Board of Directors and members of the Election Committee)

QUALIFICATIONS

1. Shall be at least twenty-five (25) years of age at the time of his/her election or appointment;
2. Shall be at least a college graduate or have at least five (5) years experience in business;
3. Must be fit and proper for the position of a director of the cooperative bank. In determining whether a person is fit and proper for the position of a director, the following matters must be considered: integrity/probity, competence, education, diligence and experience/training;
4. Has paid the minimum capital requirement;
5. Has no delinquent account with the cooperative bank;
6. Has continuously patronized the cooperative bank services;
7. A member in good standing for the last two (2) years;
8. Must have attended a special seminar for board of directors conducted or accredited by the Bangko Sentral ng Pilipinas within a period of six (6) months from the date of his/her election; and
9. completed or willingness to complete within the prescribed period the required education and training whichever is applicable.

DISQUALIFICATIONS

1. Holding any elective position in the government, except that of a party list representative being an officer of a cooperative he/she represents;
2. Members holding any other position directly involved in the day-to-day operation and management of the bank;
3. Having direct or indirect personal interest with the business of the bank;
4. Having been absent for at least fifty (50%) percent of the total number of meetings in the preceding year unless with valid excuse as approved by the board of directors;
5. Being an official or employee of the cooperative development authority, except in a cooperative organized among themselves;
6. Having been convicted by final judgement in administrative proceedings or civil/criminal suits involving financial and/or property accountability;
7. Persons who have been convicted by final judgment of the court for violation of banking laws;
8. Persons who have been judicially declared insolvent, spendthrift or incapacitated to contract; and
9. Directors, officers or employees of closed banks/qbs/trust entities who were responsible for such institution's closure as determined by the monetary board;
10. Other disqualifications as provided for in the manual of regulations for banks (MORB).

MANNER OF VOTING

Per Article VI. Sec. 8 of the By-laws as amended on May 29, 2010, manner of voting is Corporate straight voting.

BOARD LEVEL COMMITTEES

The Board level committees are the Audit Committee and Executive Committee. Different committees created by the Board of Directors are Mediation Committee, Ethics Committee, Election, Credit, and Mediation and Conciliation Committee.

AUDIT COMMITTEE

MEMBERSHIP

The committee shall be composed of five (5) members, of which three (3) are members of the board of directors who shall be non-executive directors, including the chairperson who shall be an independent director and the remaining two (2) members, who are not directors, shall be elected from the general assembly. The chairperson shall be preferably with accounting, auditing or related financial management expertise or experience commensurate with the size, complexity of operations and risk profile of the bank.

FUNCTIONS

- 1) Provides oversight over the institution's financial reporting policies, practices and control and internal and external audit functions. It shall be responsible for the setting up of the internal audit department and for the appointment of the internal auditor as well as external auditor who shall both report directly to the audit committee. In cases of appointment or dismissal of external auditors, it is encouraged that the decision be made only by the independent and non-executive audit committee members. It shall monitor and evaluate the adequacy and effectiveness of the internal control system;
- 2) Reviews and approves the audit scope and frequency. It shall receive key audit reports and ensure that senior management is taking necessary corrective actions in a timely manner to address the weaknesses, non-compliance with policies, laws and regulations and other issues identified by auditors;
- 3) It shall have explicit authority to investigate any matter within its terms of reference, full access to and 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. The committee shall 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;
- 4) It establishes and maintains 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 has power to take corrective action;
- 5) Reviews loans to capture and identify existing or potential problem loans by assessing the adequacy of the credit evaluation and appropriate reserves
- 6) Identifies and evaluates exposures. The committee shall assess the probability of each cash risk becoming a 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;
- 7) Develop risk management strategies. The committee shall develop a written plan defining the strategies for managing and controlling the major risks. It shall identify practical strategies to reduce the chance of harm and failure or minimize losses if the risk becomes real;
- 8) Oversees the implementation of the risk management plan. The committee shall conduct regular discussions on the institution's current risk exposure based on regular management reports and assess how the concerned units or offices reduced these risks;
- 9) Reviews and revises the plan as needed. The committee shall evaluate the risk management plan to ensure its continued relevance, comprehensiveness, and effectiveness. It shall revisit strategies, look for emerging or changing exposures, and

stay abreast of development that affect the likelihood of harm or loss. The committee shall report regularly to the board of directors the entity's overall risk exposure, action taken to reduce this risks, and recommend further action or plan as necessary.

CREDIT COMMITTEE

MEMBERSHIP

The committee shall be composed three (3) members appointed by the Chairman of the Board. They will elect among themselves their Committee Chairperson, Secretary and member. The President is a permanent member of the committee.

FUNCTIONS

1. Reviews and ensures completeness and accuracy of the loan documents submitted by the Loans Officer;
 - a) Ascertains the truth of the purpose of the loan;
 - b) Ensures/ascertains whether collaterals offered are clean and appropriate
 - c) Reviews appraisal of collaterals made by the Appraiser;
 - d) Checks coverage, expiry and renewal dates of the loan applied for;
 - e) Checks existence of a right of way;
 - f) Determines comprehensiveness of insurance coverage, dates of renewal and expiry;
 - g) Decides to grant the loan after at least 80% degree of certainty on the viability of the loan has been attained;
 - h) Keeps a complete file of the minutes of its meeting.
2. The committee shall check the credit background of the client:
 - a) Identifies other creditors of the client;
 - b) Conducts a background check to determine whether the prospective borrower is a good payor;
 - c) Ascertains whether the prospective borrower is not heavily indebted to other banks or lending institutions; and
 - d) Offers to prospective borrowers affordable plan of loan payment.
3. Approves loan applications with loanable amount above P500,000.00 to P800,000.00;
4. Recommends to the Board loan applications above P800,000.00.;
5. Campaigns for more deposits and loan clients;
6. Monitors the accomplishment of the collectors and propose measures/activities to improve/increase collections by the Collectors.

ELECTION COMMITTEE

MEMBERSHIP

The election committee shall be composed of three (3) members elected during a general assembly meeting. They shall hold office for a term of 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 a chairperson, vice-chairperson and a secretary. No member of the committee shall hold any other position within the cooperative during his/her term of office.

FUNCTIONS:

- 1) Formulate election rules and guidelines and recommend to the general assembly for approval;
- 2) Implement election rules and guidelines duly approved by the general assembly;
- 3) Recommend necessary amendments to the election rules and guidelines for the general assembly's approval;
- 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 results of the election;
- 6) Proclaim the winning candidates;
- 7) Decide election related cases except those involving the committee or its members; and
- 8) Perform such other functions as prescribed in the by-laws or authorized by the general assembly.

MEDIATION AND CONCILIATION COMMITTEE

Membership

The committee shall be composed of three (3) members appointed by the chairperson of the board from the general assembly. They shall elect from among themselves a chairperson, vice-chairperson and a secretary.

FUNCTIONS:

- 1) Formulates and develops the conciliation-mediation program and ensures that it is properly implemented;
- 2) Settles disputes among shareholders, clients, members of the board of directors, and employees of the bank;
- 3) Monitors conciliation-mediation programs and processes;
- 4) Submits semi-annual reports of cooperative cases to the authority within fifteen (15) days after the end of every semester;
- 5) Accepts and files evaluation reports;
- 6) Submits recommendations for improvements to the board of directors;
- 7) Recommends to the board of directors any member of the cooperative for conciliation-mediation training as cooperative conciliator-mediator;
- 8) Issues the certificate of non-settlement (CNS) ; and
- 9) Performs such other functions as may be prescribed in the by-laws or authorized by the general assembly.

ETHICS COMMITTEE

MEMBERSHIP

The committee shall be composed of three (3) members appointed by the chairperson of the board from the general assembly. They shall elect from among themselves a chairperson, vice-chairperson and a secretary.

FUNCTIONS:

- 1) Develops code of conduct and ethical standards to be observed by officers, employees, and members of the cooperative subject to the approval of the board of directors and ratification of the general assembly;

- 2) Disseminates, promotes and implements the approved code of governance and ethical standards;
- 3) Monitors compliance with the code of conduct and ethical standards and recommends to the board of directors' measures to address the gap, if any;
- 4) Conducts initial investigation or inquiry upon receipt of a written complaint arising from the code of conduct and ethical standards and submits a report to the board of directors together with the appropriate sanctions;
- 5) Recommends ethical rules and policy to the board of directors; and
- 6) Performs such other functions as may be prescribed in the by-laws or authorized by the board.

EXECUTIVE COMMITTEE

MEMBERSHIP

The committee shall be composed of the Chairperson, Vice Chairperson, President and three regular members of the Board of Directors. Each member is handling different sub-committees which include Corporate Governance, Education/Human Resources, Related Party Transactions, and Gender and Development.

FUNCTIONS

1. Acts on urgent matters when the Board is not in session;
2. Prepares agenda for board meetings; and
3. Performs other functions as authorized by the Board of Directors.

EDUCATION & HUMAN RESOURCE DEVELOPMENT SUB-COMMITTEE

MEMBERSHIP

This is handled by the Vice Chairperson of the board.

FUNCTIONS

- 1) Prepares a comprehensive education and training plan to be attended/participated in by the following:
 - a. stockholders of the bank
 - b. board of directors
 - c. officers/employees
- 2) Conducts a province-wide information campaign of the services rendered by the bank.
- 3) Strengthens employer-employee relations and consolidate efforts for the continued viable operations of the bank;
- 4) Enhances personal and professional growth and development of the staff through continuing human resource development initiatives;
- 5) Is responsible for the recruitment and hiring of employees, their promotion, transfer, and performance appraisal for recommendation to the Board.

RELATED PARTY TRANSACTIONS SUB-COMMITTEE

MEMBERSHIP

This is handled by the one director member of the Executive Committee. In case he/she has conflict of interest in a particular RPT, he/she should refrain from evaluating that particular transaction. The compliance officer or internal auditor may sit as resource person.

PURPOSE

The Related Party Transactions Committee shall be responsible for the continuing identification and review of existing relations between and among businesses and counterparties, and for ensuring that RPTs are processed in the regular course of business, and are priced fairly.

FUNCTIONS

- 1) Evaluate on an ongoing 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 non-related 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.
- 2) Evaluate all material RPTs to ensure that these are not undertaken on more favorable 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:
 - (a) The related party's relationship to the bank and interest in the transaction;
 - (b) The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
 - (c) The benefits to the BSFI of the proposed RPT;
 - (d) The availability of other sources of comparable products or services; and
 - (e) 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 have in place an effective price discovery system and have exercised due diligence in determining a fair price for RPTs. All RPTs that are considered material based on bank's internal policies shall be endorsed by the RPT committee to the board of directors for approval.
- 3) 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 conflicts 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.
- 4) Report to the board of directors on a regular basis, the status and aggregate exposures to each related party as well as the total amount of exposures to all related parties.

- 5) Ensure that transactions with related parties, including write-off of exposures, are subject to periodic independent review or audit process.
- 6) Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including the periodic review of RPT policies and procedures.

CORPORATE GOVERNANCE SUB-COMMITTEE

MEMBERSHIP

This is handled by a director who is a member of the Executive Committee.

PURPOSE

The Corporate Governance Committee shall assist the Board of Directors in fulfilling its corporate governance responsibilities.

FUNCTIONS

- 1) Reviews and evaluates the qualifications of all persons nominated to the Board as well as those nominated to other positions requiring appointment by the Board of Directors;
- 2) Ensures the Board's effectiveness and due observance of corporate governance principles and guidelines;
 - a. Oversees the periodic performance evaluation of the Board and its committees and executive management and conduct an annual self-evaluation of its performance.
 - b. Coordinates with external facilitators in carrying out board assessment, within the frequency approved by the entire Board.
 - c. Decides whether or not a director is able to and has been adequately carrying out his/her duties as director based on its own assessment or the assessment of external facilitators, bearing in mind the director's contribution and performance (competence, candor, attendance, preparedness and participation).
- 3) Makes recommendations to the Board regarding the continuing education of directors, assignment to board committees, succession plan for the board members and senior officers, and their remuneration commensurate with corporate and individual performance;
- 4) Decides the manner by which the Board's performance shall be evaluated and propose an objective performance criteria duly approved by the Board;
- 5) Recommends a system of awards for exceptional and/or highly commendable performance of employees.

GENDER AND DEVELOPMENT SUB-COMMITTEE

MEMBERSHIP

This is handled by a director who is a member of the Executive Committee.

FUNCTIONS

- 1) Conducts gender analysis;
- 2) Develops and recommends Gender and Development and Gender Equality policies and programs/activities/projects to the Board.
- 3) Monitors and assesses progress in the implementation of GAD programs/activities/projects towards achieving GE;
- 4) Submits report to the Board; and
- 5) Provides directional guidance

Directors Attendance at Board and Committee Meetings

Cooperative Bank of Bohol
Compliance Monitoring Report

Directors Attendance at Board and Committee Meetings For the Year 2020

#	Name of Director	Board Meeting Number of Meetings		Risk Oversight Committee Number of Meetings		Audit Committee Number of Meetings		Related Party Transactions Committee Number of Meetings		Credit Committee Number of Meetings		Corporate Governance Committee Number of Meetings		Education/HR Number of Meetings		Executive Committee Number of Meetings		Special Event Committee Number of Meetings	
		Attended	%	Attended	%	Attended	%	Attended	%	Attended	%	Attended	%	Attended	%	Attended	%	Attended	%
1	<u>Maximiliano A. Cempron</u>	28	100							2	100					4	100		
2	<u>Francisco M. Evardone</u>	28	100							6	100			3	100	4	100		
3	<u>Ernesto B. Calamba</u>	28	100	5	100			6	100	2	100	3	100			3	100		
4	<u>Lilia A. Balite</u>	13	72							5	83								
5	<u>Dionisio D. Balite</u>	9	90													3	100		
6	<u>Teodora M. Quiwag</u>	26	93										2	67	2	67	2	100	
7	<u>Ranulfo L. Suarez</u>	28	100	5	100							2	67						
8	<u>Dositeo M. Oppus</u>	27	96	5	100	8	100	6	100			3	100						
9	<u>Nicandro M. Pagaran</u>	28	100					1	17	6	100	1	33	3	100				
10	<u>Melchor R. Daniel</u>	28	100					5	83										
Total Number of Meetings Held During the Year		28		5		8		6		6/2*		3		3		4/3*		2	

EXECUTIVE OFFICERS

Name	Position	Qualification	Age	Nationality
Cempron, Maximiliano	Chairman	LLB	87	Filipino
Evardone, Francisco	Vice Chairman	LLB	76	Filipino
Bungabong, Georgia	Secretary	BS Agriculture	61	Filipino
Durango, Emmanuel	Treasurer	BSC-Banking and Finance	50	Filipino
Calacat, Juvie	President	BS Accountancy	39	Filipino

The executive officers of the bank shall be the Chairman of the Board, Vice-Chairman, Secretary, President and the Treasurer.

1. Chairman

The Chairman shall see to it that all orders and resolutions of the board of directors, of the Monetary Board of the Bangko Sentral Ng Pilipinas, and all rules and regulations and circulars of the Cooperative Development Authority governing cooperatives pertaining to and applicable to cooperative banks are carried out into effect, and shall exercise such other powers and perform such other duties as are prescribed for the office of the Chairman of the Board.

2. Vice-Chairman

The Vice-Chairman shall exercise the powers, authority and duties of the Chairman of the board during the absence or inability of the latter to act.

3. Secretary

He/she shall keep the records of the bank and shall have custody of the corporate seal. He/she shall, in addition, exercise such powers and perform such other duties as are prescribed for the office of the Secretary or usually pertaining to that office, and other duties prescribed from time to time by the Board of Directors.

4. Treasurer

He/she shall have the custody of all funds, securities, and other assets of the bank, shall keep full and complete record of all its assets and liabilities and shall make reports with respect thereto as may be required by the Board of Directors. He/she shall, in addition, exercise such other powers and perform such other duties as are prescribed for the office of the Treasurer and all other duties usually pertaining to that office and such other duties as may be prescribed by the Board of Directors.

5. President

The president shall be the chief executive officer of the cooperative bank. He/she shall be the overall-in-charge for the management of the business and affairs of the cooperative bank governed by the strategic direction and risk appetite approved by the board of directors. He/she shall be primarily accountable to the board of directors in championing the desired conduct and behavior, implementing strategies and in promoting the long-term interest of the cooperative bank. He/she has the power to recommend/appoint and remove subordinate employees of the cooperative bank to the board of directors.

PERFORMANCE ASSESSMENT PROGRAM

Board and Senior Management Assessment is a strategic opportunity in managing multiple priorities and stakeholders and making plans for positive change and enhanced performance. Regulators and other policy making institutions are also considering assessments to determine whether the boards, its committees and senior management are functioning effectively. This assessment should not simply serve as a compliance exercise. Ongoing review and assessment of board and senior management performance can contribute to organizational, board, individual director and senior officers' improvements.

The objectives of this assessment are:

1. to recognize and correct corporate governance problems
2. to recognize the Board and Senior Management as strategic assets
3. to contribute significantly to performance improvement
4. to increase clarity of roles and responsibilities
5. to improve teamwork
6. to increase accountability
7. to improve decision-making
8. to enhance communication
9. to increase efficiency in operations

The assessments shall be conducted by the Corporate Governance Committee, the HR Officer who represents the Management, to be assisted by the CO, IA and the bank's legal counsel.

The scope of this assessment includes the Board, individual directors, and committees, the CO, IA and Senior Management who have frequent interaction with the Board.

The assessment is conducted through combination of written questionnaire, checklist and open answers. The legal counsel shall tabulate the result and will convene with the rest of the assessment group to discuss the result and formulate recommendations for improvement which shall be reported to the Board for further discussion and implementation of action plans.

The assessment shall be conducted annually, within the month of January, for the immediately preceding year.

The assessment report and documentation shall be in the custody of the Corporate Secretary and shall observe the record retention policy of the bank.

This policy shall take effect after the approval of the Board of Directors and shall be subjected for review every 2 years by the assessment team referred to in Section III of the Assessment policy.

Form I
BOARD SELF-ASSESSMENT FOR THE YEAR

Please check your answer

	5 Very Good	4 Good	3 Average	2 Fair	1 Poor
1. The Board knows and understands the bank's belief's, values, philosophy, vision, mission, strategic plan and business plan and reflects this understanding on key issues throughout the year.					
2. The Board has and follows procedures for effective meetings.					
3. Board meetings are conducted in a manner that ensures open communication, meaningful participation, and timely resolution of issues.					
4. Board members receive timely and accurate minutes, advance written agenda and meeting notices, and clear and concise background material to prepare in advance of meetings.					
5. Board members evaluate Board's performance on a periodic basis.					
6. The Board reviews, adopts annual capital and operating budgets and monitors regularly throughout the year.					
7. The Board monitors cash flow, profitability, net revenue and expenses, productivity, and indicators to ensure that the bank performs as projected.					
8. The Board monitors bank's performance with the industry comparative data.					
9. Board members stay abreast of issues and trends affecting the bank, and use this information to assess and guide the bank's performance not just year to year, but in the long term.					
10. Board members comprehend and respect the difference between the Board's policy-making role and the President's management role.					
11. The Board acts to help the President by setting a clear and well understood policy.					
12. Board's goals, expectations, and concerns are honestly communicated to the President.					
13. The Board is actively engaged in succession planning for the Executive officers of the bank.					

Ranking of answers shall be from 1 - Not Performing to 5 - Outstanding Performance.

Comments:

Accomplished by: _____
 Form II
 DIRECTOR'S SELF-ASSESSMENT FOR THE YEAR

Date: _____

Please check your answer

	5 Very Good	4 Good	3 Average	2 Fair	1 Poor
1. I am fully prepared for Board meetings.					
2. I devote an appropriate amount of time to the issues and the needs of the Bank to be able to make informed decisions.					
3. I often speak my mind during meetings, even if the views are different from other Directors.					
4. I encourage contributions from other Board or Committee members.					
5. I take tough, constructive stands at Board or Committee meetings when necessary.					
6. I ensure that the Board or Committee makes decisions.					
7. I make effective contributions at Board or Committee meetings.					
8. I derive satisfaction and a feeling of accomplishment through serving in the Board of Directors.					
9. I understand the Bank's industry and markets.					
10. I challenge the strategy and direction when necessary.					
11. I am able to remain objective, even in the face of the most difficult decisions.					
12. When appropriate, I take the initiative to obtain relevant corporate information.					
13. I maintain discretion and confidentiality with communications received.					
14. I have sufficient expertise to evaluate strategies, policies, market development and industry-specific idiosyncrasies from a higher long-term oriented level.					
15. I am a valuable resource in fulfilling the accountabilities of the Board.					
16. I confront conflict and help manage it constructively and productively.					
17. When I am absent from Board meetings, I gather enough					

information about the meeting to stay sufficiently informed.					
18. I initiate contact with the Chairman when appropriate.					
19. I have personal contact with senior management.					
20. I make my individual expertise available when called upon by management.					
As a committee member of:					
Audit Committee:					
1. Participate in the review and approval of the audit scope and frequency.					
2. Review the effectiveness of the institution's internal controls, including financial, operational and compliance controls, risk management.					
3. Review loans to capture and identify existing or potential problem loans by assessing the adequacy of the credit evaluation and appropriate reserves.					
4. Attend committee meetings and participate in the discussion.					
5. Oversee the implementation of the risk management plan.					
6. Identify and evaluate exposures and assess the probability of each risk.					
Corporate Governance Sub-Committee					
1. Review and evaluate the qualifications of all persons nominated to the Board as well as those nominated to other positions requiring appointment by the Board of Directors.					
2. Make recommendations to the Board regarding the continuing education of directors, assignment to board committees, succession plan for the board members and senior officers, and their remuneration commensurate with corporate and individual Performance					
3. Attend committee meetings and participate in the discussion.					
Related Party Transactions (RPT) Sub-Committee					
1. Refrained from evaluating a particular transaction where I have a conflict of interest in a particular Related Party Transaction					
2. Helped ensure that all related party transactions are continuously identified, RPTs are monitored on a on-going basis, and subsequent changes in relationships with counterparties (from related to non-related and vice versa) are captured					
Gender and Development Sub-Committee					
1) Conducts gender analysis;					
2) Develops and recommends Gender and Development and Gender Equality policies and programs/activities/projects to the Board.					
3) Monitors and assesses progress in the implementation of GAD programs/activities/projects towards achieving GE;					
4) Submits report to the Board; and					

5) Provides directional guidance					
Education/HR Sub-Committee					
1) Prepares a comprehensive education and training plan to be attended/participated in by					
2) Conducts a province-wide information campaign of the services rendered by the bank.					
3) Strengthens employer-employee relations and consolidate efforts for the continued viable operations of the bank					
4) Enhances personal and professional growth and development of the staff through continuing human resource development initiatives					
5) Helps in the recruitment and hiring of employees, their promotion, transfer, and performance appraisal for recommendation to the Board					
Executive Committee					
1) Acts on urgent matters when the Board is not in session;					
2) Prepares agenda for board meetings; and					
3) Performs other functions as authorized by the Board of Directors.					

Rating:

SA- Strongly Agree

A – Agree

N - Neither Agree nor Disagree

D - Disagree

SD - Strongly Disagree

Name of Director: _____

Signature: _____

Committee: _____

Date: _____

Assessment of the Related Party Transaction (RPT) Sub-Committee

Name of Director Evaluated					
Assessment Accomplished by					
Date Accomplished					
	5 Very Good	4 Good	3 Average	2 Fair	1 Poor
3. Refrained from evaluating a particular transaction where I have a conflict of interest in a particular Related Party Transaction	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Helped ensure that all related party transactions are continuously identified, RPTs are monitored on a on-going basis, and subsequent changes in relationships with counterparties (from related to non-related and vice versa) are captured	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Ensure that related parties, RPTs and changes in relationships shall be reflected in the relevant reports to the BOD and regulators/supervisors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Evaluated all material RPTs to ensure that these are not undertaken on more favorable economic terms to such related parties than similar transactions with non-related parties under similar circumstances	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Helped ensure that no corporate or business resources of the bank are misappropriated or misapplied in connections with RPT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Helped determine any particular reputational risk issues that may arise as a result in connection with the RPT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Helped ensure all RPTs that are considered material based on the bank's internal policies are endorsed by the RPT committee to the BOD for approval	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Helped ensure that appropriate disclosure is made, and or information is provided to regulating and supervising authorities relating to the bank's RPT exposures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Helped ensure that a report to the BOD is made on a regular basis, the status and aggregate exposures to each related party as well as the total amount of exposures to all related parties	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Helped ensure that all transactions with related parties, including write-off of exposures, are subject to periodic independent review or audit process	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Participated in the periodic review of RPT policies and procedures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Helped in overseeing the implementation of the system for identifying, monitoring, measuring, controlling and reporting RPTs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Helped ensure that at all times the RPT committee shall be entirely composed of independent directors and non-executive directors, with majority of the members comprised by independent directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Assessment of the Risk Oversight Sub-Committee

Name of Director Evaluated					
Assessment Accomplished by					
Date Accomplished					
	5 Very Good	4 Good	3 Average	2 Fair	1 Poor
1. Helped ensure that the Committee shall be composed of at least three members of the BOD, majority of whom shall be independent directors including the Chairperson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Helped assess that the Committee chairperson shall not be the Chairman of the Board, or any other Board level Committee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Advised the Board of Directors on the bank's overall current and future risk appetite, oversee the senior management's adherence to the risk appetite statement, and report on the state of the risk culture of the bank.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Overseeing the enterprise risk management framework	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Ensure that there is quarterly review of the effectiveness of the risk management systems and recovery plans	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Ensure corrective actions are promptly implemented to address risk concerns	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Helped ensure that the current and emerging risk exposures are consistent with the Bank's strategic direction and over-all risk appetite	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Has assessed the overall 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 management, among others	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Helped in the appointment/selection, remuneration and dismissal of the Risk Officer.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Helped ensure that the risk management function has adequate resources	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Helped oversee the risk taking activities of the bank	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Have physically attended in all committee meeting.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Have actively participated in the approval, review, and update of the Charter at least annually or whenever there are significant changes therein?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Assessment of the Corporate Governance Sub-Committee

Name of Director Evaluated					
Assessment Accomplished by					
Date Accomplished					
	5 Very Good	4 Good	3 Average	2 Fair	1 Poor
1. Have physically attended in all committee meeting.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Have participated in the approval and overseeing the implementation of the risk governance framework of the bank.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Have participated in defining appropriate governance structure and practices for its own work and ensure that such practices are followed and periodically reviewed.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Have actively participated in the approval, review, and update of the Charter at least annually or whenever there are significant changes therein?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Helped ensure that the committee maintained appropriate records that documents fulfillment of its responsibilities and facilitate the assessment of effective performance of our function?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Participated in the discussion of risk management and corporate governance matters in board meetings.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Participated in overseeing the nomination process for members of the board of directors and for positions appointed by the board of directors.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Helped in the establishment and ensure implementation of policy for on - boarding orientation program for first time directors and annual continuing education for all directors.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Participated in overseeing the periodic evaluation of contribution and performance of the board of directors, board level committee and senior management.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Helped ensured that the remuneration and other incentives policy is aligned with operating and risk culture as well as strategic and financial interests of the Bank, promotes good performance and conveys acceptable risk taking behaviour defined under its Code of Ethics	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Helped promote good performance and conveys acceptable risk taking behaviour defined under its Code of Ethics	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Helped ensured compliance with legal and regulatory requirements.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

9. Establishes and maintains 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;	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Has at least one member who possesses the requisite level of financial reporting knowledge or acquires such knowledge soon after joining the committee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Has a sufficient independent voice, bringing requisite knowledge, abilities and skills to the table	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Maintains a productive relationship with the executive board, maintaining open lines of communication and an ongoing dialogue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Builds constructive professional relationship with both internal and external auditors, putting them at their ease when bringing up sensitive issues	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Discusses the performance of external auditors, encouraging candid discussions with them based on set criteria, including further improvements, in order to be in a position to recommend the external auditors for contract renewal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Reviews and approves the engagement contract with the external auditor and ensures that the scope of audit cover areas specifically prescribed by the Bangko Sentral and other regulators;	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16. Discusses with the executive board and the external auditor any significant accounting and reporting issues during the period	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. Challenges areas involving management judgement, significant accounting accruals, provisions or other estimates that have a material impact on the financial statements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Discusses the audit results with the external auditor, assesses how the executive board handles the weaknesses identified and the recommendations to be made by the external auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. Annually evaluates the performance of the committee as a whole and its individual members, and takes decisive corrective action, if necessary	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. Considers whether there are emerging issues that will demand its attention going forward and is proactive in positioning itself to deal with them	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Cooperative Bank of Bohol
Assessment of the Executive Committee
For the year

Name of Director Evaluated					
Assessment Accomplished by					
Date Accomplished					
	5 Very Good	4 Good	3 Average	2 Fair	1 Poor
1. Acts on urgent matters when the Board is not in session.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Prepares agenda for board meetings.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Actively performs other functions as authorized by the Board of Directors.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Helps provide organizational direction and acting on behalf of the Board.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Helps establish and maintain good governance oversight.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Enhances communication between the Board, Committees and Management.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Helps in the recruitment and hiring of employees, their promotion, transfer, and performance appraisal for recommendation to the Board.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Helps in providing members with current updates in cooperative development and opportunities.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Provide activities/experiences that build positive relationship and develop both good learning skills and social skills.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Refrained from evaluating a particular transaction where I have a conflict of interest in a particular Related Party Transaction	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Helped ensure that all related party transactions are continuously identified, RPTs are monitored on a on-going basis, and subsequent changes in relationships with counterparties (from related to non-related and vice versa) are captured	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Evaluated all material RPTs to ensure that these are not undertaken on more favorable economic terms to such related parties than similar transactions with non-related parties under similar circumstances	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Helped ensure that no corporate or business resources of the bank are misappropriated or misapplied in connections with RPT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Helped ensure that appropriate disclosure is made, and or information is provided to regulating and supervising authorities relating to the bank's RPT exposures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Helped ensure that a report to the BOD is made on a regular basis, the status and aggregate exposures to each related party as well as the total amount of	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

exposures to all related parties					
16. Helped ensure that all transactions with related parties, including write-off of exposures, are subject to periodic independent review or audit process	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. Participated in the periodic review of RPT policies and procedures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Conducts gender analysis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. Develops and recommends Gender and Development and Gender Equality policies and programs/activities/projects to the Board.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. Monitors and assesses progress in the implementation of GAD programs/activities/projects towards achieving GE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Cooperative Bank of Bohol
Assessment of the Election Committee
For the year

Name of Director Evaluated					
Assessment Accomplished by					
Date Accomplished					
	5 Very Good	4 Good	3 Average	2 Fair	1 Poor
1) Annually propose an overall timetable for elections to the Board, to be approved by the Board.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2) Establish procedures for electing/appointing Directors, to be approved by the Board.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3) Post ballots to the member constituencies authorized to elect Directors.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4) Monitor the counting of ballots and certify the results of the Member voting.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5) Monitor any challenge period and manage any election challenge according to procedures established by the Board.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6) Publicly announce the results of the Member election and appointment by the Board.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7) Report the results of the election to the Board at the Annual General Assembly Meeting.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Cooperative Bank of Bohol
Assessment of the Credit Committee
For the year**

Name of Director Evaluated					
Assessment Accomplished by					
Date Accomplished					
	5 Very Good	4 Good	3 Average	2 Fair	1 Poor
1. Reviews and ensures completeness and accuracy of the loan documents submitted by the Loans Officer.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Ascertains the truth of the purpose of the loan.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Ensures/ascertains whether collaterals offered are clean and appropriate.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Reviews appraisal of collaterals made by the Appraiser.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Checks coverage, expiry and renewal dates of the loan applied for.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Checks existence of a right of way.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Determines comprehensiveness of insurance coverage, dates of renewal and expiry.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Decides to grant the loan after at least 80% degree of certainty on the viability of the loan has been attained.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Keeps a complete file of the minutes of its meeting.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Identifies other creditors of the client.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Helped promote good performance and conveys acceptable risk taking behavior defined under its Code of Ethics	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Helped ensured compliance with legal and regulatory requirements.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Ensures the conduct of background check to determine whether the prospective borrower is a good payor.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Ascertains whether the prospective borrower is not heavily indebted to other banks or lending institutions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Offers to prospective borrowers' affordable plan of loan payment.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16. Approves loan applications with loanable amount above P850,000.00.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. Recommends to the Board loan applications above P1,000,000.00.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Campaigns for more deposits and loan clients.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. Approves and submits renewal of loans to the Board for confirmation.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. Monitors the accomplishment of the collectors and propose measures/activities to improve/increase collections by the Collectors.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Cooperative Bank of Bohol
Assessment of the Ethics Committee
For the year**

Name of Director Evaluated					
Assessment Accomplished by					
Date Accomplished					
	5 Very Good	4 Good	3 Average	2 Fair	1 Poor
1. Develops the Code of Conduct and Ethical Standards to be observed by the officers, employees, and members of the cooperative subject to the approval by the Board of Directors and ratification by the General Assembly.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Disseminates, promotes and implements the approved Code of Governance and Ethical Standards.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Monitors compliance of the Code of Conduct and Ethical Standards and recommends to the Board of Directors measures to address the gaps, if any.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Conducts initial investigation or inquiry upon receipt of a written complaint arising from the Code of Conduct and Ethical Standards and submits a report to the Board of Directors together with the appropriate sanctions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Recommends ethical rules and policy to the Board of Directors.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Actively performs such other functions as may be prescribed in the By-laws or authorized by the Board.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Cooperative Bank of Bohol
Assessment of the Mediation and Conciliation Committee
For the year**

Name of Director Evaluated					
Assessment Accomplished by					
Date Accomplished					
	5 Very Good	4 Good	3 Average	2 Fair	1 Poor
1. Formulates and develops the Conciliation-Mediation Program and ensures that it is properly implemented.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Settles disputes among stockholders, clients, members of the Board of Directors, and employees of the bank.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Monitors Conciliation-Mediation programs and processes.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

4. Submits semi-annual reports of cooperative cases to the Cooperative Development Authority within fifteen (15) days after the end of every semester.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Accepts and files Evaluation Reports.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Submits recommendations for the improvement of relationships between and among bank stockholders, clients, officers and employees to the Board of Directors.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Recommends to the Board of Directors any member of the cooperative for Conciliation-Mediation Training as Cooperative Conciliator-Mediator.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Performs such other functions as may be prescribed in the By-laws or authorized by the Board of Directors.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Cooperative Bank of Bohol
Assessment of the President
For the year**

Name of President Evaluated					
Assessment Accomplished by					
Date Accomplished					
	5 Very Good	4 Good	3 Average	2 Fair	1 Poor
1. Promotes the desired conduct and behavior, implementing strategies and in promoting the long-term interest of the bank.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Sets the tone of governance from the top. Promotes the good governance practices within the bank by ensuring that policies on governance as approved by the board of directors are consistently adopted across the bank.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Ensures that bank’s activities and operations are consistent with the bank’s strategic objectives, risk strategy, corporate values and policies as approved by the board of directors.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Effectively delegated duties to the staff and oversees the performance of these delegated duties and responsibilities.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Established a management structure that promotes accountability and transparency.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Has established measurable standards, initiatives and specific responsibilities and accountabilities for each bank personnel.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Promotes and strengthens checks and balances systems in the bank.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Promotes sound internal controls.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Avoids activities that shall compromise the effective dispense of his/her functions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

11. Has given due recognition to the importance of the internal audit, compliance and external audit functions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Communicating effectively, on behalf of the company, with shareholders, government entities, and the public.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Leads the development of the bank's short- and long-term strategies.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Ensures staff and Board have sufficient and up-to-date information.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Manages well the bank's financial and physical resources.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16. Recommends yearly budget for Board approval and prudently manages bank's resources within those budget guidelines according to current laws and regulations.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Employee's Performance Appraisal

This Employee's Performance Appraisal is a process of evaluating employee's performance. The rating of an employee will serve as a basis for promotion and giving of rewards.

For rank and file employees, performance appraisal shall be conducted every six (6) months. There shall be three (3) raters: employee, immediate supervisor (work related)/Administrative Officer (bank activities related and punctuality) and Branch Manager. The average rating of the three raters will be the employee's rating for the semester.

For supervisory position, the performance appraisal shall be conducted annually. There shall be two (2) raters: employee and the Branch Manager. The average rating of the two raters shall be the employee's rating for the year.

For officers, branch managers and department heads, the performance appraisal shall be conducted annually. There shall be two (2) raters: employee and the President. The average rating of the two raters shall be the employee's rating for the year.

- Highest rating is 100%.
- 90 – 99% - Outstanding
- 80 – 89% - Very Satisfactory
- 70 – 79% - Satisfactory
- 60 – 69% - Needs Improvement

Employees who are rated NI shall be called by the Administrative Officer for an one on one dialogue.

EMPLOYEES PERFORMANCE APPRAISAL

Name of Employee: _____

Branch: _____

Position: _____

Period Covered: _____

PARTICULARS	Standard Rating (%)	Self Rating	Admin./ Dept. Head Rating	Gen. Mgr. Rating
			I,II, V- Admin. III,IV- Br. Mgr. VI-Dept. Head VII - IA	
I. PERSONALITY	6			
1. The proper use of uniform during specific days.	2			
2. Good grooming at all times.	2			
3. Courtesy in dealing with peers and clients.	2			
II. ATTENDANCE & PUNCTUALITY	12			
1. Reporting and leaving the office on time.	2			
2. Proper notification of superiors in case of absences and keep absences within guidelines.	2			
3. Begins working on time.	2			
4. Ensures work responsibilities are covered when absent.	2			
5. Willingness to extend after office hours due to work demand.	2			
6. Attends and arrives on time on meetings and other bank's activities.	2			
III. OFFICE CONDUCT/BEHAVIOUR	16			
1. Use of pass slips.	2			
2. Respect for the members of the Board of Directors, officers, peers and clients.	2			
3. Behavior/conduct with one's work or the employees' conduct in assisting other employees.	2			
4. Acts with integrity.	2			
5. Communicates effectively.	2			
6. Ability to accept constructive criticism.	2			
7. Proper care and use of supplies and equipments and other documents under one's custody.	2			
8. Observes proper guidelines in the use of the bank's telephone, vehicle, and other equipments.	2			
IV. SUBORDINATION TO HIGHER OFFICERS	4			
1. Timely carrying out of orders of immediate superiors.	2			
2. Proper observance of policies, rules and regulations and systems of the bank.	2			
V. COOPERATION TO BANK'S ACTIVITIES/PROGRAMS	8			
1. Readiness to assist:				
a. Programs/activities for bank's operation/occasion/celebration	2			
b. Special programs for bank's expansion	2			

2. Contributes to the business strategy.	2			
3. Honesty and punctual performance of the above assistance.	2			
VI. EFFECTIVENESS IN THE EXERCISE/DELIVERY OF DUTIES AND RESPONSIBILITIES	50			
1. Diligence in the exercise/delivery of responsibilities				
a. Daily work is done on time.	5			
b. Submitted required reports to superiors, offices and agencies on specified time.	5			
c. Quantity of work produced and the promptness with which it is completed.	5			
d. Establishes processes and procedures for getting work done.	5			
e. Ability displayed and accuracy of work produced, meeting bank's standards and nearness.	5			
f. Basic knowledge and equipment necessary to do the job.	4			
2. Adapts to changes in the work environment.	4			
3. Strong desire for self-improvements & self-development.	5			
4. Self-reliance in performing one's duties.	4			
5. Keeps abreast of current developments.	4			
6. Openness to counsel from superiors and peers.	4			
VII. EMPLOYEE'S AUDIT RATING	4			
1. Acceptable (10)	4			
2. Acceptable (7-9)	3			
3. Issues (4-6)	2			
4. Unacceptable (1-3)	1			
TOTAL	100%			

TRAINING METHOD

1. Internal Training

- a) In-House
- b) Informed Training (Orientation)
- c) On the Job Training –planned interaction with immersion in the actual work scenario
- d) Job Rotation/Cross Training- assignment of employees to other unit within the organization to gain knowledge on other work processes.

2. External Training

- a) Outsourcing –training from accredited training provider or regulatory agencies.

Based on the training needs of an employee, the HR will recommend to the Education/HR Committee that the employee shall undergo training and to be approved by the Board.

An employee who will be sent for training shall serve the bank within the prescribed period based on the amount of training expenses incurred. This schedule below is on per training basis. In case of a number of trainings attended, the amount spent for an employee sent for training will be summed up. Record shall be kept for this purpose.

P10,000.00 – P20,000.00 – after 6 months

P20,001.00 – P50,000.00 – after 1 year

P50,001.00-P75,000.00 – after 2 years

P75,001.00 – P100,000.00 – after 2 ½ years

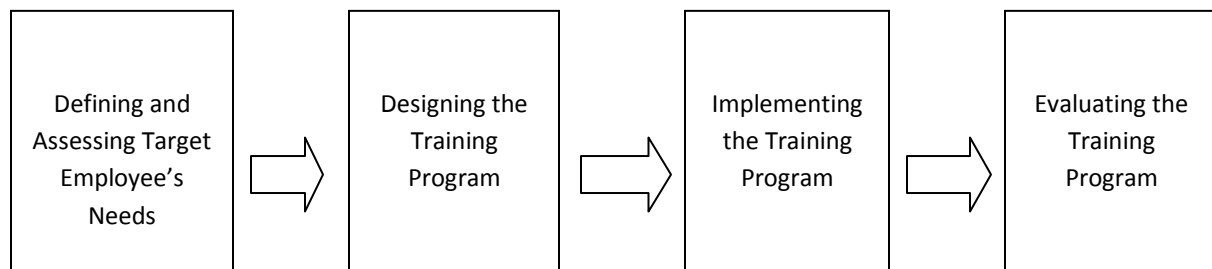
Over P100,000.00 – after 3 years

3. Educational Tour – another way to develop the members of the Board and employees' personality and enrich their knowledge relative to their work and the visited places, institutions and organizations.

A budget shall be appropriated for this educational tour every year to be approved by the Board.

4. Team Building – an activity designed to enhance social relations, increase motivation and promote cooperation among the employees and Board of Directors. This will be done every year and to be appropriated in the annual budget.

TRAINING PROGRAM CYCLE FOR IN-HOUSE TRAINING



Designing the Training Program for In-House Training

1. Titling the Program;
2. Selecting the Training Modality;
3. Formulating the Training Objectives;
4. Determining the programs Specific content;
5. Arranging the lessons and exercises in order they will be facilitated;
6. Selecting and preparing the instructional methods, materials and assigning resource speakers;
7. Planning the lessons;
8. Preparing the budget; and
9. Physical preparation.

Training Needs Assessment

A training need is a gap between present and desired performance of an employee which can be narrowed through training. It is a measure of the knowledge, attitudes, and skills that have to be developed to bring about the desired performance. Training needs are manifested by the following:

1. Work standards are not met;
2. Accident;
3. Excessive wastes;
4. High costs of repair;
5. High turnover rates;
6. Low performances;
7. Work methods are not standardized;
8. Production bottlenecks and delays; and
9. Excessive fatigue and worker stresses.

Identifying training needs will minimize training expenses and evaluation will be easier. Trainees will be motivated and the return on investments will be maximized.

Techniques in Training Needs Assessment:

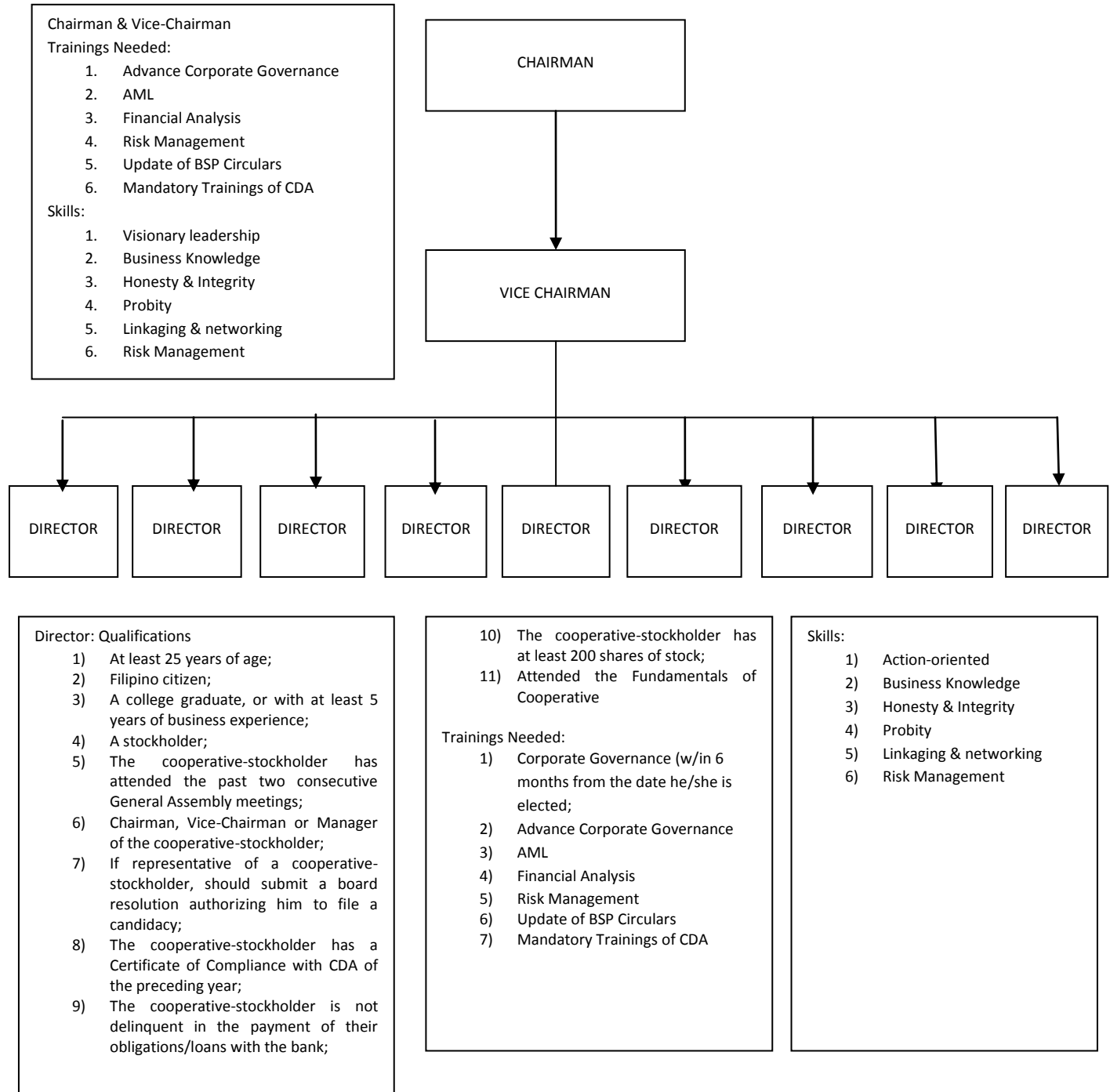
1. Interviews;
2. Study of employee's performance records; and
3. Observations.

RETIREMENT AND SUCCESSION PLANNING

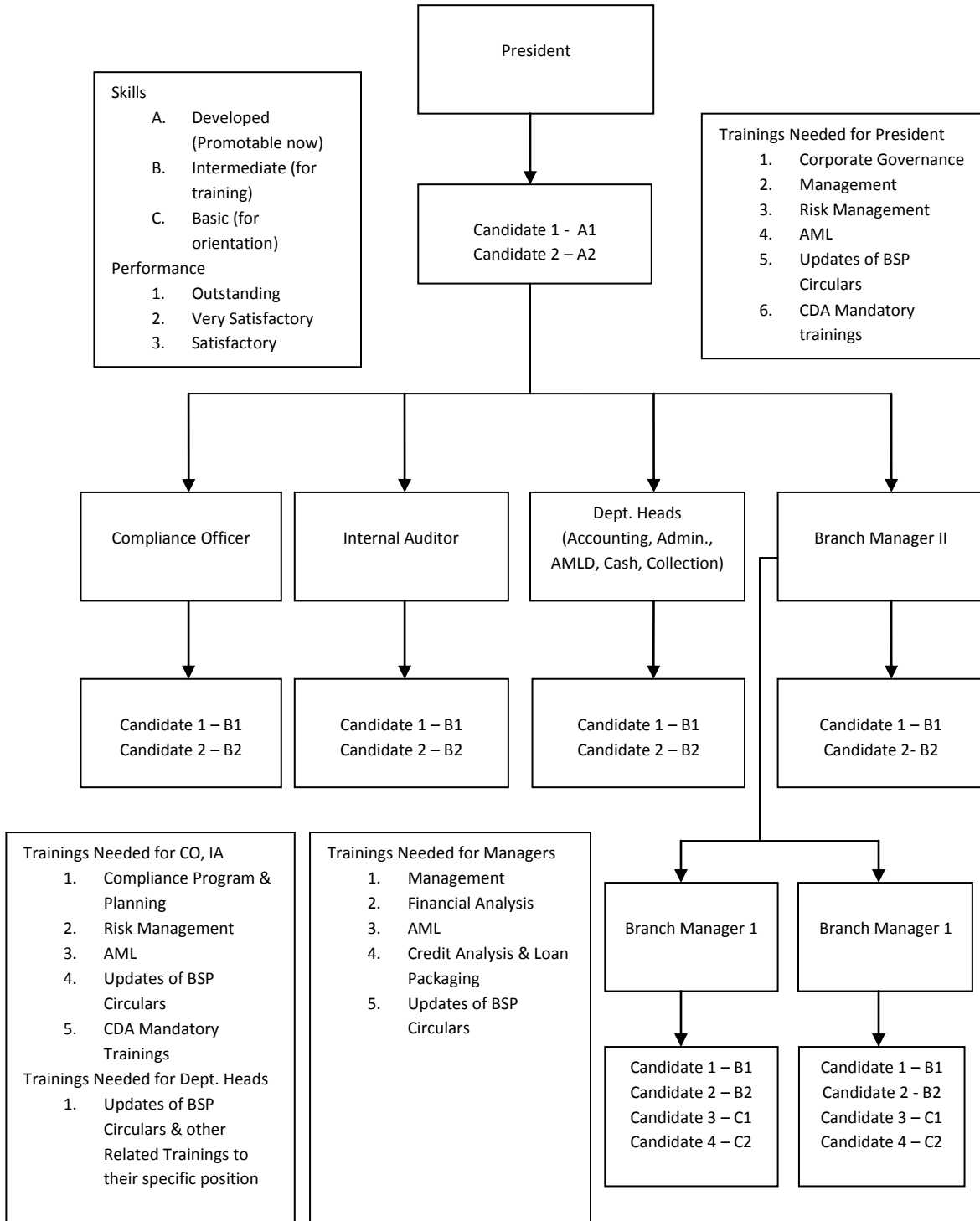
The Bank has an approved Retirement Plan of the employees. The mandatory retirement age is 60 years of age. Retirement fund is appropriated annually to answer the retirement pay of the employees.

For assurance of full and quality continuity of operations and services in case of the absence of any of the Bank's key officers, the following succession plan shall automatically be operational and implemented until the return to duty of the employee on leave of absence. In case of a permanent vacancy, the Education and Human Resources Committee conducts the screening of applicants after which, it recommends for approval to the Board of Directors, the appointment of the best qualified applicant.

SUCCESSION PLAN for BOARD OF DIRECTORS



SUCCESSION PLAN OF OPERATION



Remuneration Policy

Honorarium and other benefits of the Board of Directors shall be included in the annual budget of the bank to be approved by the General Assembly. There shall be special approval on this account.

For senior management, their remuneration is also included in the budget to be approved by the Board of Directors.

Performance bonus, merit increase and other benefits shall be extended to bank’s directors, officers and employees, to boost their morale and to recognize good performances.

The 1–21 Salary Grades Schedule is hereby created to be made as basis for entrance salary or hiring rate of newly appointed employees. In this schedule the employee with lowest rank shall be assigned a salary grade of 1 and the highest officer a grade of 21.

SALARY GRADE STANDARD

		Sal Gr #	Basic	Step 1	Step 2	Step 3	Step 4	Step 5	Step 10
A. SENIOR MANAGEMENT									
	President	21							
B. INDEPENDENT OFFICE									
	Compliance Officer	19							
	Internal Auditor	18							
C. DEPARTMENT HEADS									
	AML Head	19							
	Admin. Officer	17							
	Accountant	16							
	Cashier	17							
	Collection Dept. Head	17							
D. BRANCH MANAGER									
	Branch Manager II	14							
	Branch Manager I	12							
E. SUPERVISOR									
	Loan Officer II, Bookkeeper II	11							
E. MANAGEMENT SUPPORT TEAM									
	Loan Officer I	9							
	Remedial In-Charge	8							
	IT In-charge	8							
	Teller II	8							

	Business Development	7							
	Teller I	6							
	Bookkeeper I	6							
	Clerk III, Collector III	6							
	Collector II, Clerk II	5							
	Appraiser	4							
	Collector I, Clerk I	3							
F.									
ADMINISTRATIVE									
AIDE									
	Driver/Messenger/UW	2							
	Branch UW/Messenger	1							

- There shall be 5 step increments of the Personnel Salary Grade.
- There shall be an increase in the amount of P500.00 in every step increment.
- An employee can be adjusted to a next step of his present position after two years of service and with very satisfactory performance.
- Clerk 1 shall be promoted to Clerk II after 2 years if he/she has a very satisfactory performance.
- Clerk II shall be promoted to Clerk III after 2 years if he/she has a very satisfactory performance.
- Good performance shall be determined by the Education/HR Committee based on the Annual Performance Report.

A. BENEFITS

Performance bonus, merit increase and other benefits shall be extended to bank's directors, officers and employees, to boost their morale and to recognize good performances. Recognition shall be in non-monetary and monetary forms. Non-monetary shall be in the forms of Plaque of Appreciation, Letters of Commendation and others.

1. Monetary and Non-Monetary Benefits:

A. Granted to Directors

- 1) Medical Allowance – annually
- 2) Rice Allowance – every month
- 3) Uniform Allowance - annually

B. Granted to Employees

- 1) 13th Month Pay
- 2) 14th Month Pay
- 3) Christmas Cash Gift
- 4) Anniversary Incentive
- 5) Grocery Incentive - Christmas, New Year
- 6) Cost of Living allowance (COLA) - monthly
- 7) Medical Allowance – annually

- 8) Travelling Allowance – monthly
- 9) Rice Allowance – every month
- 10) Uniform Allowance - annually
- 11) Leave Privileges

Vacation Leave – 15 days for every year of service (An employee should enjoy his/her 5 days mandatory vacation leave while the remaining vacation leave will be monetized at the end of the year)

Sick Leave – 15 days for every year of service. Cumulative and shall be monetized upon retirement from service. If an employee has more than 80 days accumulated sick leave, the excess number of days shall be monetized at the end of the year but to a maximum of 10 days only.

Special Leave – not more than 3 days in a year to be availed of or enjoyed under the following occasions; (Wedding Anniversary, Birthday, Enrollment/Graduation Day, Death Anniversary of immediate member of the family)

Maternity Leave – 105 days (regular delivery and for Caesarean delivery)

Paternity Leave – 7 days leave to be enjoyed by married male employee during the first 4 deliveries of his legitimate spouse.

Special Leave for Pregnant Women – Within 9 months pregnancy period, a pregnant employee is entitled of ½ day special leave every month intended for pre-natal purposes.

Parental Leave – for solo parent 7 days annually

Other leave credits required by law.

- 12) Retirement Plan - Compulsory Retirement Age – 60 years old
- 13) Collection incentives for bank collectors who meet their collection targets
- 14) Employees Financing Program (EFP)

- Real Estate
- Vehicle Loan
- Appliance Loan
- Personal Loan

The monthly amortization of the loan secured under the Employees Financing Program (EFP) shall not exceed 50 % of the employees' monthly salary and other allowances

C. Granted to President, Independent Officers, Department Heads and Managers

Representation Allowance

- President - monthly
- Department Heads and Managers – monthly

D. Granted to Managers

Mobilization Pay

President – monthly

Branch Manager – monthly

E. Granted to Cashier and Teller

Shortage Allowance

Cashier and Teller – annually

Cashier/Teller – annually

F. Granted to Collectors

Repair and Maintenance Allowance – monthly

Hazard Pay - monthly

REWARDS MANAGEMENT

Rewards are monetary and non-monetary forms that the bank offers to its employees in exchange for their work contribution, accomplishments and as recognition of his/her/their extraordinary achievements.

Objectives of Rewards and Recognition

1. To attract the right people (competent workforce) and encourage them to be a part of the organization.
2. To retain potential performers by satisfying their work related needs and rewarding their efforts and contributions.
3. To develop workforce capabilities by rewarding employees for knowledge/skill and ability enhancement.
4. To motivate employees to contribute to the best of their abilities thereby encouraging productivity in order to meet strategic goals and objectives.

Types of Rewards

1. Monetary- these are awards in the form of “cash” or money.
2. Non-Monetary – are perceived as separate and independent from compensation or salary/benefits. Has long term effects and brings greater recognition and increases engagement.

Incentive Pay

Incentive Pay Programs are designed to relate pay directly to performance to encourage specific actions or behaviour by employees or branch during a specific performance period. This will motivate and encourage employee's productivity.

Types of Incentive Schemes/Programs

1. Employee Recognition – generates increased morale and positive workplace attitudes. Offers feedback and encouragement to employees. Includes verbal praise, award ceremonies, public announcements.
2. Knowledge Contingent Pay – rewards employees who seek self-development and career development.
3. Individual Performance Programs – Employees are given specific types of awards for meeting or exceeding planned targets. Annually the bank shall award an "Employee of the Year".
4. Group Based Performance Incentive – rewards are paid based on group achievement or exceeding of targets and encourage teamwork.

This Group Based Performance Incentive in a form of cash will be given to a branch at the close of the year if they exceeded the year's target on loan releases. Aside from loan releases, other indicators to be considered are favourable loan collection (at least the target past due ratio will be attained), expenses not to exceed the year's target and the target net income will be attained. It shall be 1/10 of 1% of the total loan releases for the year.

Schedule to follow, in case of the following:

No Net income
Loan Releases – exceeded the target
Collection – has not met the required PDR
Expenses – exceeded the target
No GBPI

With Net income but below the target
Loan Releases – exceeded the target
Collection – has not met the required PDR
Expenses – exceeded the target
No GBPI

Net income exceeding at least 25% of the target
Loan Releases – exceeded the target
Collection – has not met the required PDR
Expenses – exceeded the target

GBPI – 60 % of the 1/10 of 1% of the total loan releases

Net income exceeding at least 25% of the target

Loan Releases – exceeded the target

Collection – has not met the required PDR

Expenses – has not exceeded the target

GBPI – 80 % of the 1/10 of 1% of the total loan releases

Net income exceeding at least 25% of the target

Loan Releases – exceeded the target

Collection – has met the required PDR

Expenses – has not exceeded the target

GBPI – 100 % of the 1/10 of 1% of the total loan releases

5. Profit Related Incentive – given to employees based on overall revenue/profit earned by a branch for a given period.

Profit Related or Productivity Incentive amount shall be determined if the bank will exceed its target income. The amount of PRI shall be 1/10 of 1% of the excess amount of the target amount.

The Corporate Office is responsible for implementing the strategic direction and policies set by the Board; providing necessary support to the operating branches; maintaining a strong system of internal control; and ensuring the bank's compliance with legal and regulatory requirements. Hence, the President and personnel in the corporate office shall have a share in the Group Based Performance Incentive and Profit Related Incentive. Percentage shall be as follows:

Group Based Performance Incentive (GBPI)

President	- 20% of the amount of GBPI
Independent Officers and Dept. Heads	- 30% of the amount of GBPI
Branch	- 50% of the amount GBPI
Branch Manager	- 25% of the branch amount of GBPI
Rank & File	- 75% of the branch amount of GBPI

Independent Officers and Department Heads (7)

(CO, IA, Accountant, Admin. Officer, AMLD Head, Cashier, Collection Head)

Branch Rank & File (4) & the SO, IT in-charge, Business Development., IA Clerk, AMLD Clerk, & Driver (6)

Policies and Procedures on related party transactions

The Board of Directors, as an oversight body, of the Cooperative Bank of Bohol has 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.

Related Parties shall cover the following:

- Bank's subsidiaries as well as affiliates and any party that the bank exerts direct/ indirect control over or the bank;
- The bank's directors, officers, stockholders, and their related interests (DOSRI);
- And their close family members;
- Corresponding persons in affiliated companies;
- Person/ juridical entity whose interests may pose potential conflict with the interest of the financial institution (FI);
- Direct or indirect linkages to a bank identified as follows:

Ownership, control or power to vote, of ten percent (10%) to less than twenty percent (20%) of the outstanding stock of the borrowing entity, or vice versa

Interlocking directorship or officership, except in cases involving independent directors as defined under existing regulations or directors holding nominal share in the borrowing corporation;

Common stockholders owning at least ten (10%) percent of the outstanding voting stock of the bank and ten (10%) percent to less than twenty (20%) percent of the outstanding voting stock of the borrowing entity; or

Permanent proxy or voting trusts in favor of the bank constituting ten (10%) percent to less than twenty (20%) of the outstanding voting stock of the borrowing entity, or vice versa

Close Family Members shall refer to persons related to the bank's directors, officers and stockholders (DOS) within the second degree of consanguinity or affinity, legitimate or common-law. These shall include the following:

- Spouse
- Parent
- Child
- Brother
- Sister
- Grandparent
- Grandchild
- Parent-in-law
- Son/daughter-in-law
- Brother/sister-in-law
- Grandparent-in-law
- Grandchild-in-law

Related Party Transactions (RPTs) shall refer to transactions or dealings with related parties of the bank regardless of whether or not a price is charged. The following criteria shall constitute the definition of RPTs which shall include, but not limited to the following:

MATERIALITY

Any financial transaction, arrangement or relationship in which the aggregate amount involved will or may exceed P15, 000,000.00 in any year or any single financial transaction amounting to P1, 000,000.00 at any time where a related party has or will have direct or indirect material interest.

COVERED

- On and off balance sheet credit exposures and claims and write-offs
- Investments and/or subscriptions for debt/equity issuances
- Consulting, professional, agency and other service arrangements/ contracts
- Purchases and sales of assets, including transfer of technology and intangible items
- Construction arrangements/ contracts
- Lease arrangements / contracts
- Trading and derivative transactions
- Borrowings, commitments, fund transfers and guarantees
- Sale, purchase or supply of any goods or materials, and
- Establishment of joint venture entities

NOT COVERED

- Immaterial transactions defined as amounts not exceeding P15,000,000.00 in any year or any single financial transaction amounting to P1,000,000.00 at any time. *These shall not require review and approval of the Board of Directors but shall be subject to vetting.*
- Transactions concerning deposit operations (CASA /Time Deposits) and other bank services where standard fees or published market rates apply.
- Credit Card availments (Provided, That credit card lines with amounts falling within the definition of "material transactions" shall be reported to the Bangko Sentral upon approval of the line)
- Regular trade transactions purchases and sales of debt securities traded in an active market
- A transaction where the rates or charges involved in the transaction are determined by competitive bids or fixed by the bank or law or regulated by a government authority.
- Transactions where the Bank acts as a Transfer Agent
- Executive Officer/Director compensation arrangements and Employee Benefits
- Other transactions of similar nature

TRANSACTIONS NOT COVERED BUT SUBJECT TO VETTING PROCESS

- DOSRI loans, regardless of the amount, as these are already reported to the BSP within 15 banking days from end of reference quarter
- Single deposit accommodation of at least P50,000.00 at any time or aggregate amount of at least P100,000.00 in any year
- Single non-loan accommodation of at least P50,000.00 at any time or aggregate amount of at least P100,000.00 in any year

- Non-Collateral Loan - Single loan accommodation of at least P50,000.00 at any time or aggregate amount of <P15M to P100,000.00 in any year
- Collateral Loan - Single loan accommodation of at least P100,000.00 at any time or aggregate amount of <P15M to P200,000.00 in any year

NATURE

- On and off balance sheet credit exposures and claims and write-offs
- Investments and/or subscriptions for debt/equity issuances
- Consulting, professional, agency and other service arrangements/ contracts
- Purchases and sales of assets, including transfer of technology and intangible items
- Construction arrangements/ contracts
- Lease arrangements / contracts
- Trading and derivative transactions
- Borrowings, commitments, fund transfers and guarantees
- Sale, purchase or supply of any goods or materials, and
- Establishment of joint venture entities

Arm's Length is a term referring to transactions in an open and unrestricted market and between willing parties who are knowledgeable, informed, and who act independently of and without regard to any relationship with each other.

In evaluating RPTs, the committee shall take into account, among others, the following:

- The related party's relationship to the bank and interest in the transaction;
- The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
- The benefits to the bank of the proposed RPT;
- The availability of other sources of comparable products or services; and
- 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 have in place an effective price discovery system and have exercised due diligence in determining a fair price for RPTs. All RPTs that are considered material based on the bank's internal policies shall be endorsed by the RPT committee to the Board of Directors for approval.
- 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 conflicts of interest. The disclosure shall include information on the approach to managing material conflicts of interest that are consistent 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 of Directors on a regular basis, the status and aggregate exposures to each related party as well as the total amount of exposures to all related parties.
- Ensure that transactions with related parties, including write-off of exposures, are subject to periodic independent review or audit process.

- 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 regulations.

The Internal Audit function shall conduct a periodic formal review of the effectiveness of the bank's system and internal controls governing RPTs to assess consistency with the board-approved policies and procedures. The resulting audit reports, including exceptions or breaches 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 formed of regulatory developments in areas affecting related parties. It shall aid in the review of the bank's transactions and identify any potential RPT that would require review by the Board or RPT committee. It shall ensure that the RPT policy is kept updated and is properly implemented throughout the bank.

Each Director, Stockholder or Senior Officer is responsible to declare a transaction to be called a Related Party Transaction and the material interest that they or an immediate family member may have on such transaction.

A Disclaimer Statement is required from all approving officer/s signing contracts, agreements, work orders and purchase orders that they are not related to the counterparties of the proposed transaction.

All credit and non-credit Related Party Transactions go through the normal approval processes of the Company given the delegated discretion after due consideration to existing DOSRI regulations and Single Borrowers limits.

Upon approval, all financial transaction, arrangement or relationship in which the aggregate amount involved will or may exceed P15, 000,000.00 in any year or any single financial transaction amounting to P1, 000,000.00 at any time related Party Transactions including transactions falling under the Ordinary Course of Business but with policy deviations are referred to the Related Party Transactions Committee/Audit Committee. The Committee shall review and approve these Related Party Transactions and endorses to the Board for approval.

The Board of Directors shall approve and confirm all Related Party Transactions endorsed by the Related Party Transactions Committee. Any member of the Board or Related Party Transactions Committee who has interest in the transaction must abstain from participation in the review and approval of any Related Party Transaction.

STRUCTURE OF INTERNAL AUDIT AND COMPLIANCE FUNCTIONS

The Bangko Sentral ng Pilipinas in Section 161 of the latest MORB and BSP Circular 972 as the guides to the Enhanced Compliance Framework has instituted revision to the compliance

framework which all banks are required to maintain and operate. The new compliance program defines compliance as the overall handling by the bank's business risks that could negatively affect the franchise value of the bank. In this circular business risks is defined as the conditions which may be detrimental to the bank's model and its ability to generate returns from operations. Business risks shall include, but not limited to the following:

- a. Risks to reputation that arise from internal decision that may damage a banks market standing;
- b. Risks to reputation that arise from internal decision and practices that ultimately impinge on the public trust of the bank;
- c. Risks from activities of the bank that are contrary to existing regulations and identified practices and reflect weaknesses in the implementation of codes of conduct and standards of good practices;
- d. Legal risks to the extent that changes in the interpretation or provisions of regulations directly affect a bank's business model.

The Cooperative Bank of Bohol carry and engage in the business of extending credit and accepting deposits to all types of cooperatives their member, small farmers and tenants and to deserving rural industries. In the conduct of the bank's normal business operations various risks can be encountered and it is therefore the responsibility of the Board of Directors to identify, establish and create measures to mitigate the same.

Among the risks a bank faces in its normal operations are:

1. Risks of poor collections or non-collection of loans
Measures to be taken:
 - a. ensure that the borrower has the capacity to pay as shown by the
 - financial statement
 - income tax return
 - statement of assets and liabilities
 - credit investigation
 - b. approved and released loans should be complete in needed information and free from any or all of the following deficiencies
 - incomplete signatures on loan documents
 - loan amount beyond the lending authority of loan officer/credit committee
 - loan amount in excess of the borrowers credit limit or at the loan value of the submitted collateral
 - incomplete documentation of collaterals
 - c. borrowers, co-makers, endorsers, sureties and guarantors in case of unsecured loans shall possess good credit standing and are financially capable of fulfilling commitments in the event the borrower is unable to settle his obligation to the bank.
 - d. borrower's repayment schedule shall be aligned with his cash flows

- e. reduction of 20% percent of the principal obligation and submission of updated income tax return or financial statements shall be one of the requirements for renewal of loans
2. Risk of unwarranted concentration of credits
Measure to be taken:
 - granting of loan other than agricultural, ie. Salary loan, appliance loan, car loan should be within the established benchmark
 3. Risk to over exposure to DOSRI
Measures to be taken:
 - granting of loan shall be within the aggregate and individual ceiling prescribe by the BSP
 4. Risk arising from adverse business decision or improper implementation of decision.
Measures to be taken:
 - The banks board resolution, policies, procedures and other issuances shall conformed with the sound banking practices, laws, rules and regulation and it must be religiously implemented and followed.
 5. Risk arising from negative public opinion which will affect the bank's ability to establish new relationship or services or continue servicing existing relationship.
Measures to be taken:
 - The bank must be transparent in all dealings and transaction to the clients in general.
 6. Risk to earnings or capital arising from violation of, or non-conformance with laws, rules, regulations and prescribed practices issued by the supervisory and or regulatory. This risks exposes the bank and officers to fines, monetary penalties and administrative sanctions. The non-monetary penalty of warning, reprimand or preventive suspension can be imposed to a Director or officer determined to be involved in the commission of a violation. It can also lead to diminished reputation, limited business opportunities, lessened expansion potential and lack of contract enforceability.
 7. Losses which are commonly exposed due to violations and/or non compliance of laws, rules and regulatory issuance are as follows:
 - a. Monetary penalties on a bank and/or its officers due to failure to submit periodic report in the prescribed form on time, legal reserve deficiencies, failure to observe single borrower's limit and credit accommodations to director, officers, stockholders and related interest (DOSRI)
 - b. Administrative sanctions against a bank such as the suspension of lending operations, disqualification from branching and borrowing from the lending window of the Bangko Sentral ng Pilipinas (BSP) as a result of legal reserve deficiencies, deficiencies in prescribed minimum capital may result to a very substantial losses.

- c. Tax assessment deficiency due to failure to pay correct tax

The ultimate penalty for gross violation of laws, rules and regulation as well as the Monetary Board and the Bangko Sentral ng Pilipinas (BSP) directions or instructions having material effect on bank's solvency, liquidity and profitability is the closure of a bank.

The bank has adopted this program to see to it that its directors, officers and staff are regularly informed of laws and regulations relevant to banking and that these are observed to avoid monetary and administrative sanctions.

COMPLIANCE OFFICER AND FUNCTIONS

The compliance officer shall be appointed/designated by the Board of Directors whose principal function is to oversee the administration of the compliance program and promote its effective implementation and address breaches that may arise. He/She is also responsible for ensuring the integrity and accuracy of all documentary submission to Bangko Sentral ng Pilipinas (BSP). The appointment of the Compliance Officer shall require prior approval of the Monetary Board subject to existing fit and proper rules of the Bangko Sentral ng Pilipinas (BSP) and other regulatory agencies.

COMPLIANCE FUNCTIONS:

The compliance function is an independent activity operating within the bank with no line function under the direction and reporting to the Board, to assist management and the Board of Directors in discharging their duties and responsibilities. In line to the function he/she is authorized to the following:

1. To communicate with any staff members and obtain access to any records or files necessary to enable it to carry out its responsibilities.
2. To carry out its responsibilities on its own initiative in all department of the bank in which compliance risks exists.
3. To conduct investigation of possible breaches of the compliance policy and to request assistance from the legal or internal audit to perform this task if appropriate.
4. To report to Senior Management on any irregularities or possible breaches disclosed by its investigation without fear of retaliation from management or other staff members. Although the reporting line should be to senior management, the compliance function has the right to direct access to the Board of Directors or to a board level-committee by passing normal reporting lines when appears to be necessary.

The specific responsibilities of the compliance function are the following:

5. To furnish copy to Board of Directors and senior management of the latest Bangko Sentral ng Pilipinas circular, memorandum, circular letter and keeping them informed on the respective development.
6. To assist senior management:
 - a. Educating the staff on compliance issues and act as contact persons within the bank on compliance queries from the staff.
 - b. Establishing guidance to staff in the appropriate implementation of compliance laws, rules and regulations through policies and procedures.

7. To coordinate with the directors, senior management and employees in the implementation of the BSP programs and requirements.
8. To consult the BSP and other regulatory agencies for additional clarification on specific provisions of laws and or discuss compliance findings with the regulatory authorities. A dialogue may also be initiated with respect to borderline issues.
9. To adopt ways to measure compliance risks and use such measurement to enhance compliance risks assessment.
10. To monitor and test compliance by performing sufficient compliance testing.
11. To monitor the submission of periodic reports to various government agencies.

COMPLIANCE SYSTEM

To ensure compliance with laws, rules and regulations in the daily operations of the bank the following policy and procedures shall be observed:

1. Copy of all laws, rules, regulations and Board resolutions relevant to the duties and functions of the individual officers and staff of the bank shall be properly disseminated. List of all relevant laws, rules and regulations are shown in the Annexes.
2. A complete list of all required reports for submission to the Bangko Sentral ng Pilipinas (BSP) and other regulatory agencies shall be properly furnished to the concerned department/staff with corresponding information as to the frequency and date for submission. The department/branch concern shall be responsible for the preparation and submission of their assigned reports. Log book containing information as to what report being made and submitted to the regulatory body. Evidence of receipt of said report shall be kept on file at all times. List of all reports required to be submitted to the Bangko Sentral ng Pilipinas and other regulatory agencies is shown in the Annexes.
3. The compliance rating on each department/branch shall be based on the frequency and nature of violations found during the audit/inspections, the amount involved and the persistence in committing same violation.

The levels of risks are as follows:

- a) Low – possibility of loss is minimal
 - b) Medium – risks of loss is manageable
 - c) High – exposure to loss is imminent
4. The compliance audit/investigation shall be carried out quarterly. After the conduct of the audit/investigation of different department/branches is rated "LOW" the audit/investigation may be reduced to once a year, those rated "MEDIUM" the audit/investigation shall be continued quarterly, while those rated as "HIGH" audit/investigation shall be conducted monthly. In cases where the rating of a department/branches continue to be "HIGH" for three consecutive audit/investigation, the President shall conduct conference with the principal officers of the department/branch concern to determine the reasons thereof and to require said officers to submit specific measure to be taken to avoid further violation.

The compliance rating of the department/branch is important in determining the frequency and scope of succeeding compliance review to performed. It is likewise

considered as basis for promotion, giving of awards and incentives as well as disciplinary actions.

5. The report of the Compliance Officer on the outcome of the compliance testing should be submitted to the President together with her/his recommendation.
6. The President then, shall inform in writing the head of the department/ branch subject of the report, the details of the violations noted during the conduct of the compliance testing and requiring to correct their violations and to submit written report on action taken.
7. The President shall submit periodic report to the Board of Directors as to the violations noted by the Compliance Officer together with the action taken to correct the same and with his recommendation to prevent repetition thereof.

REVIEW OF THE COMPLIANCE PROGRAM

The compliance program shall be reviewed by the President regularly at least annually; the review shall include the assessment of the performance of Compliance Officer and the efficiency of the monitoring, testing and reporting system. The program shall be updated at least annually to incorporate changing responses to evolving internal and external conditions.

INTERNAL CONTROL SYSTEM

Internal Control

Is a plan of organization adopted within a business to safeguard its assets, check the accuracy of reliability of its accounting data, promote operational efficiency and encourage adherence to prescribed managerial policies.

Section 3166, Manual of Regulations

All rural banks shall review existing internal controls and adopt and implement such improvements as are essential in accordance with the minimum internal control standards.

A. Proper Accounting Records

1. All business organization should maintain proper and adequate accounting records.
2. These records should be kept currently posted and should contain sufficient details so that an audit trail is established.
3. All vouchers/tickets should bear official approval and should be initialed by the person originating and another person checking them.

B. Independent Balancing

1. Independent balancing shall mean that records posted by a person or cash held by a teller or cashier shall be balanced or counter by another person.

2. The minimum independent balancing procedures which should be adopted are the following:
 - a. Monthly reconciliation of general ledger balances against their respective subsidiary and supporting records and documentations by someone other than the bookkeeper or the person handling the records.
 - b. irregular and unannounced count of teller's cash and checks and other cash items (COCI) at least twice a month and vault cash at least once a month by auditor/control officer or by an officer not connected with the cash department.
 - c. Monthly reconciliation of due from banks/cash in bank and due to/from head office account by someone other than the person handling the records or posting the general entries
 - d. Periodic verification of the accuracy of the interest credits to deposit liability accounts.

C. Division of Duties and Responsibilities

1. The duties of all the officers and employees should be segregated, clearly defined, understood, documented and manualized if possible. No individual shall have complete authority and responsibility for handling all phases of any transaction from beginning to end without some check or balance from some other part of the organization.
2. The physical handling of a transaction should be separated from its recording and supervision as follows:
 - a. A person handling cash should not be permitted to post the ledger records nor should posting of the general ledger be performed by an employee who posts the depositors' subsidiary ledgers.
 - b. A loaning officer should never be allowed to disburse proceeds of notes, accept not payment nor process loan ledgers.
 - c. The function of issuing, recording and signing of checks should be separated.
 - d. The receipt of statements from depository bank should be assigned to any employee other than the one connected with the preparation, recording and signing of the institutions' own check.
 - e. Collateral appraisals should be done by an employee/officer other than the ones approving the loan.
 - f. Credit reports should be obtained by someone other than the lending officers.
 - g. Mailing of customers' statements and delinquent notices should be done by an employee other than the one who granted the loan or the one handling the records.
3. Extensive background checking of person intended to be assigned to handle cash/securities should be conducted. Frequent follow-up checking after their employment should also be made.

Joint Custody

1. Joint custody shall mean the processing of transactions in the presence of and under the direct observation of a second person. Both persons shall be equally accountable for the physical protection of the items records involved.
2. Physical protection should be deemed established through the use of two locks or combination on a file chest or vault compartment.
3. Two or more persons should be assigned to each half of the control so that operating efficiency is not impaired if one person is not immediately available.
4. The following should be under joint custody:
 - a. Cash in vault/safe
 - b. All accountable forms
 - c. Collaterals
 - d. Documents of title and/or ownership of properties or fixed assets
 - e. Dormant or inactive deposit ledgers and corresponding signature
 - f. cards
 - g. Trust receipts
 - h. Duplicate keys, spare locks and keys
 - i. Safe combinations
 - j. Safekeeping items

D. Signing Authorities

1. Signing authorities for the different levels of officers to sign for and in behalf of the institutions should be approved by the board of directors and the extent of each level of authority should be clearly defined. This signing authorities should include but not be limited to the following:
 - a. Lending operations
 - b. Investment
 - c. Approval of expenses
 - d. Reports
 - e. Institution's check and certificates of time deposits

E. Dual Control

1. Dual control shall mean the work of one person is to be verified by a second person to determine that:
 - a. Proper authority has been given to handle the transaction.
 - b. The transaction is properly recorded.
 - c. Proper settlement of the transactions is made.
2. The routine of each transaction should be designed so that at least two or more individuals are involved in the completion of every transaction.
3. The following accounts/transactions should be under dual control:

- a. Institution's own check – The signature of at least two officers should be required in the issuance of the checks. The Board of Directors may, however, prescribe a certain predetermined amount by which one senior officer could sign, subject to appropriate control measures.
- b. Certificate of Time Deposits – All certificates of time deposits issued should be signed jointly by two authorized officers.
- c. Borrowings – The signature of at least two authorized officers should be required.
- d. All transactions giving rise to "due to/from head office" account all instruments of remittances evidencing these transactions particularly those involving substantial amounts should be approved by two authorized officers.

F. Number Control

- 1. Sequence number controls should be incorporated in the accounting system and should be used in registering notes, in issuing official checks and in other similar situations. Number control should be policed by a person designated by senior management who should be detached from the particular operations involved.
- 2. The following are the forms, instruments and accounts that should be number-controlled:
 - a. Institution's own check(Cashiers check)
 - b. Promissory notes
 - c. Savings deposit accounts/savings passbook
 - d. Time deposits
 - e. Official and provisional receipts
 - f. Certificate of stocks
 - g. Loan accounts
 - h. Expense vouchers (e.g. petty cash vouchers)

G. Rotation of Duties

- 1. The duties of personnel handling cash, securities and bookkeeping records should be rotated.
- 2. Rotation of assignment should be irregular, unannounced and long enough to permit disclosure of any irregularities or manipulations.
- 3. Teller should be relieved of their duties during actual count of their cash accountabilities during audit.

H. Independence of the Internal auditor

- 1. The position of internal auditor should be provided for in the by-laws together with the duties and responsibilities, scope and objectives of internal auditing.

2. The internal auditor should report directly to the Board of Directors or to an Audit/Supervisory Committee who are not connected with the management.
3. The internal auditor should not install or develop procedures, prepare records or engage in other activities which he/she normally reviews or appraise.

I. Direct Verification

1. Direct verification shall mean the confirmation of accounts or records by direct correspondence with the institution's customers/debtors/creditors.
2. The following accounts among others, should be subject to direct verification by the internal auditing staff at least once a year:
 - a. Balance of loans and credit accommodations of borrowers.
 - b. Deposit account balances particularly new deposit accounts, inactive or dormant accounts and closed accounts
 - c. Outstanding balances of borrowings and other liabilities.
 - d. Outstanding balances of receivables and payables.

J. Other Internal Control Standards

1. Deposit Accounts
 - a. Entries to dormant account ledgers should be verified and approved by a designated officer. His initial should be placed next to the entry on the ledger sheet.
 - b. Dormant account should be segregated from active account ledgers with a separate subsidiary control
 - c. Signature cards for dormant accounts should be removed from active files.
 - d. Signature cards and deposit ledger sheets should be authenticated by some form of validation. Subsequent changes should also be validated.
 - e. Signature cards and deposit ledger sheets should be accessible only to authorized persons
 - f. Dates appearing on deposit tickets/slips should be occasionally examined at irregular intervals after they have been posted to determine that posting was made on the actual date deposits are received to avoid "lapping".
 - g. Printing of subsidiary ledger on deposits dormant and current accounts quarterly.
 - h. Printing subsidiary ledger on loans current and past due accounts quarterly.

APPROPRIATE INTERNAL CONTROL PROCEDURE

1. Cash

- a. Unannounced cash count.
- b. Initial required to check posting in the subsidiary ledger. Bookkeeper should initial
- c. Late deposit should be handled by another person other than the cashier/teller
- d. Verify long-outstanding/undeposited COCIs
- e. Physical controls (teller's cage, cash box, locked drawers, day gate, dual locking mechanism)

- f. Keys to validating machine/computer under the custody of the internal auditor
- g. Rotation of personnel/mandatory leave

2. Checks and Other Cash Items (COCI)

- a. Examine long-outstanding COCIs
- b. Use COCI register to monitor items on hand as against general ledger balance.
- c. COCI should be under the custodianship of someone not handling cash. COCI will be given to the accountant then sealed ready for deposit next day
- d. Returned items should be checked and a record should be maintained
- e. Negotiated checks should be stamped "Non-Negotiable" or be validated by a machine

3. Due from Other Banks

- a. Regular reconciliation of account by the internal auditor.
- b. Arrangement with depository to send bank statement directly to the auditor.
- c. All unissued drafts should be under dual control.
- d. Withdrawals from "Due from Other Banks" account should be approved by at least two authorized officers.
- e. All exceptions/floating items should be investigated and followed-up promptly to a satisfactory conclusion.
- f. Use of bank draft register to monitor the cancelled/validated checks from the outstanding ones.

4. Investment

Purchase/sale of securities should be approved by the Board of Directors.

- a. Two official signatures should be required on letters confirming the purchase, sale or pledge.
- b. Securities held should be under joint custody for proper safekeeping.
- c. Use of security register to record the "in" and "out" of securities.
- d. Use of subsidiary ledgers to record the movement of the securities.

5. Loans & Other Receivables

- a. Fixing of definite loan authority
- b. Written lending policies
- c. Loans granted, renewals, extension and charge-off should be properly authorized
- d. Definite policies and procedures should be established for the appraisal of collaterals and for credit evaluation
- e. A number control should be maintained, a number assigned to every new promissory or renewed note
- f. Monthly run-up of loan ledgers and reconciliation with controlling accounts.
- g. "Paid" or Renewed" notes should be stamped as such
- h. Release of loans should be in check, never in cash
- i. Proper safekeeping of loans ledgers, credit files and collaterals
- j. Direct confirmation of accounts by internal auditor
- k. Released collaterals of paid loans be acknowledge by the borrowers and the receipt properly filed
- l. Credit reports should be obtained by someone other than the lending officer
- m. A designated employee to oversee/inspect the collaterals and related documents
- n. Segregation of past due accounts from current files

- o. Recoveries from charged-off loans should be properly accounted
- p. Charged-off loans be assigned P1 peso each for inventory purposes
- q. Printing of subsidiary ledger of loans current and past due accounts quarterly
- r. Monthly releases proof list

6. Fixed Assets/ROPA

- a. Maintenance of a detailed subsidiary ledger for each account
- b. Regular reconciliation of the account
- c. Physical inventory of fixed assets should be taken at least annually
- d. Individual fixed assets should be tagged for inventory purposes
- e. Policy on differentiation between capital and revenue expense
- f. Fixing a P1.00 nominal value for fully depreciated assets for inventory purposes
- g. Policy on disposal of fixed assets/ROPA
- h. Maintenance of adequate insurance coverage for fixed assets and buildings and improvements for ROPA
- i. Proper setting up of depreciation records

7. Other Assets

- a. Maintenance of subsidiary records
- b. No advances should be granted without prior approval from authorized officer
- c. Conversion of long-outstanding advances to other loans
- d. Proving of subsidiary ledgers against controlling accounts
- e. Use of petty cash vouchers
- f. Designation of a responsible custodian for other assets and petty cash fund

8. Deposit Liabilities

- a. New current accounts should be approved by authorized officer
- b. Articles of Incorporation, Board resolutions, Special Power of Attorney, special agreement, list of authorized signatories and other requirements should be required for all corporate and partnership accounts.
- c. Number control should be adopted and a number assigned to passbooks and to each of the account
- d. Proper maintenance of signature cards
- e. Signature cards of dormant accounts should be segregated
- f. Customers should prepare and sign their own deposit slips/withdrawal slips
- g. Proper validation of withdrawal and deposit slips
- h. Checks received for deposits should be stamped "Non-Negotiable"
- i. Dates on deposit slips should be occasionally examined to detect "lapping"
- j. Segregation/rotation of duties
- k. Control keys to posting machine/computer should be kept by the internal auditor
- l. Regular balancing/run-up of subsidiary ledgers
- m. Segregation of dormant accounts from active accounts
- n. Proper authority required in reactivating dormant accounts
- o. Prohibition on Bookkeeper/Cashier to maintain deposit accounts
- p. Proper accounting of paid Time Certificate of Deposits
- q. Denomination of the amount paid to payee should be indicated in paid checks/withdrawal slips

9. Borrowings

- a. Authority of the officer to enter into a borrowing agreement

- b. Regular reconciliation of accounts/subsidiary ledgers
- c. Proper maintenance of subsidiary records

10. Unamortized Discounts/Deferred Credits

- a. Examine unusual debits
- b. Test-check transfer from unamortized discounts to interest income

11 . Cashiers/Managers/Treasurers check

- a. Number control of Cashier's/Manager's checks
- b. Checks issued should not be payable to cash or bearer
- c. Dual control-(Signature of 2 officers on the checks)
- d. Outstanding checks should be proved monthly
- e. Maintenance of check register
- f. Require cashier/teller to indicate the denomination of the amount paid to payee

12. Capital Stock

- a. Proper maintenance of subsidiary ledgers and proper filling-up of stubs of stock certificates
- b. Use of number control for stock certificates
- c. At least two employees should participate in the issuance of stock certificates
- d. Surrendered stock certificates should be duly accounted and cancelled

CONFIRMATION OF DEPOSITS/LOANS

A confirmation of deposit shall be done annually. Confirmation letters shall be sent to bank depositors stating their deposit balances while loan confirmation shall be made every semester.

CENTRAL LIABILITY REGISTER

A central collateral register should be maintained. This should include complete and accurate descriptions of all collateral pledged/deposited with the bank.

INTERNAL AUDITOR

The Internal Auditor shall be responsible for developing and implementing comprehensive programs of internal audit in the bank – head office and branches. He shall have full and unrestricted access to all records of bank transaction including properties and personnel matters.

The Internal Auditor shall be independent from the bank's management and shall be directly under the supervision and control of the Board of Directors. He shall see to it that management

activities are in accordance with existing laws, Bangko Sentral ng Pilipinas rules and regulations, and policies promulgated by the Board of Directors.

Specifically, the Internal Auditor shall have the following responsibilities:

- i. See to it that all rules and regulations, policies and guidelines issued by the Board of Directors governing the operation is properly and religiously followed/complied with;
- ii. Plan out the audit program and schedule its implementation with respect to the bank and each of its branches;
- iii. Execute the developed audit program and recommend improvements whenever necessary;
- iv. Apprise the branch managers, thru the Chairman, deficiencies in their respective work and require corrective measures to rectify them;
- v. Check and verify correctness of loan releases to, and payments thereof by the borrowers including collaterals and documentations thereof;
- vi. Conduct special audits as may be requested by management and regularly review complaints made by clients of the bank and its branches;
- vii. Regularly visit the branches to determine effectiveness of branches in the management of the bank resources and its compliance with established policies and procedures;
- viii. Check and verify correctness of the bank's records and see to it that all transactions are correctly entered in the books of accounts and thereby minimum independent balancing procedures are to be adopted to wit:
 1. Monthly reconciliation of general ledger balances against their respective subsidiary ledger and supporting records/documents;
 2. Irregular and unannounced count of cash and checks and other cash items at least twice a month;
 3. Monthly reconciliation of due from banks/cash in bank accounts and due from/to head office/branches;
 4. Periodic verification of securities and collaterals/properties of the bank;
 5. Periodic verification of the accuracy of the interest credits to deposit liabilities accounts;
- ix. He shall attend to such other duties as the Board of Directors may from time to time assign to him.

INTERNAL AUDIT CHARTER

Purpose and Objectives:

The Internal Audit Department is an independent activity operating within the bank at the direction of, and reporting to, the Chairman to assist management and the Board of directors in discharging their duties and responsibilities.

The principal areas of concern are the following:

1. Reviewing and appraising the soundness, adequacy, and application of accounting, financial and operating controls, and promoting effective control at reasonable cost;
2. Ascertaining the extent of compliance with established policies, plans and procedures;
3. Ascertaining the extent to which bank assets are accounted for and safeguarded from losses of all kinds;
4. Ascertaining the reliability of management data developed within the organization;
5. Appraising the quality of performance in carrying out assigned responsibilities; and

6. Recommending operating improvements

The foregoing activities stress the fact that the Internal Auditor's objective is to assist all members of management, from the top man to the lowest level of authority including the rank and file. He is expected to be concerned with any business activity where he can be of service to any member of the organization. In this connection, he is given a free hand in the discharge of his responsibilities so long as he keeps in mind his overall objective.

In the attainment of this overall objective, the Internal Auditor is tasked to conduct appropriate examinations, appraisal and review of business policies, plans and activities to satisfy himself that:

1. The internal control system is sound and strong,
2. Policies, regulations, plans and procedures are adequate;
3. Accounting data and operating statistics are reliable;
4. There is compliance with established policies, plans and procedures;
5. There is adequate protection for all property of the business;
6. Individual performance is efficient and effective;
7. Activities are carried on economically, efficiently and effectively.

Authority and Responsibility

The internal Audit Department has the full authority vested with the Chairman to perform examinations, audits, and investigations of all financial records, operations, activities, and affairs of the bank. It shall have full access to all the bank's records, properties, and personnel relevant to the subject under review. It is free to review and appraise policies, plans, procedures and records.

The Internal Audit Department's responsibilities shall be:

1. To inform and advise management and to discharge this responsibility in a manner that is consistent with the Code of Ethics of the Institute of Internal Auditors.
2. To coordinate internal audit activities with others so as to best achieve the audit objectives of the bank.

In performing its functions, the Internal Audit Department has no direct responsibility for, or authority over, any of the activities reviewed. Therefore, the internal audit review and appraisal does not in any way relieve the persons in the bank of the responsibilities assigned to them.

The Internal Audit Department shall submit its reports to the Chairman in such manner as the Board of Directors may prescribe.

Scope and Functions:

The scope of Internal Auditing covers practically all phases of activities in the bank. The Internal Audit Department is supposed to attend to all matters where it will be of service to management. The scope of internal auditing work encompasses what audit work should be

performed. It is recognized, however, that management and the Board of Directors provide general direction as to the scope of work and the activities to be audited.

Scope:

- 1) financial
- 2) accounting
- 3) operating activities

Function:

- 1. Examination of control procedure to determine their adequacy and propriety.
- 2. Verification of the reliability and integrity of information
- 3. Review of compliance with existing policies, regulations, plans and procedures.
- 4. Review of means of safeguarding assets.
- 5. Appraisal of performance and economical and efficient use of resources.
- 6. Review of established objectives and goals of operations or programs.
- 7. Special assignments which may include: special studies on any phase of management activity, character examination, investigation work, management representation in negotiations, participation in bank training programs, and many others.

Review of Compliance Officer and Internal Auditor

To ensure effectiveness and adequacy of internal control, the Board assess the Compliance Officer and the Internal Auditor once a year together with the Board and Committees assessment.

In addition, they report to their respective Committees monthly and quarterly and may also report directly to the Board. The Compliance Officer reports to the Board the accomplishment of the Compliance Program on a monthly basis.

Evaluation of Chief Compliance Officer Performance

This form should be completed for to assess the performance of the Chief Compliance Officer by the Risk Oversight Committee, the Corporate Governance, the Related Party Transaction Committee members and the Management during the year _____. The form should be completed to the best of your ability, based on the respective committee’s interaction with the CCO. The evaluation is designed to obtain feedback on the CCO’s performance and will form part of the annual performance review.

Please return the completed evaluation form to Chief Compliance Officer.

THANK YOU FOR TAKING TIME TO COMPLETE THE EVALUATION!

Name of Bank	Cooperative Bank of Bohol
Name of Related Party Transaction Committee Member Completing Evaluation	_____ Signature

Date Evaluation Completed						
Chief Compliance Officer's Name						
		5 Very Good	4 Good	3 Average	2 Fair	1 Poor
1.	The Chief Compliance Officer is courteous and professional.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	Any written communication received from the Chief Compliance Officer is easily understood, organized and well written.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.	The Chief Compliance Officer arrives at the committee meetings well prepared.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.	The Chief Compliance Officer demonstrates effective presentation skills at committee meetings.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.	The Chief Compliance Officer responds adequately and confidently to committee questions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.	The Chief Compliance Officer is willing to deal with difficult or contentious issues.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.	Overall, the Chief Compliance Officer meets committee expectations.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.	Advised the board of directors and senior management on relevant laws, rules and standards, including keeping them informed on developments in the area	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9.	Apprised Bank personnel on compliance issues, and acting as a contact point within the bank for compliance queries from bank personnel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.	Established 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;	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11.	Identified, documented and assessed the compliance risks associated with the Bank's business activities, including new products and business units	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12.	Assessed the appropriateness of the Bank's compliance procedures and guidelines, promptly following up any identified deficiencies, and where necessary, formulating proposals for amendments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13.	Quarterly monitored and tested compliance by performing sufficient and representative compliance testing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

14. Maintained a constructive working relationship with the Bangko Sentral and other regulators.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Based on your experience with this Chief Compliance Officer, please comment on any strengths or development areas you have noted:					
Have you received any specific feedback on this Chief Compliance Officer from management? If so, please provide details:					
Please provide any additional comments on your experience with this Chief Compliance Officer:					

Audit Committee – Evaluation of Internal Auditor Performance

One form should be completed for each Auditor with whom the audit committee has had interaction during the year _____. The form should be completed to the best of your ability, based on the audit committee’s interaction with the individual. If you are unable to respond to a particular question, please select “N/A”. The evaluation is designed to obtain feedback on the auditor’s performance and will form part of the annual performance review.

Please return the completed evaluation form to Internal Auditor.

THANK YOU FOR TAKING TIME TO COMPLETE THE EVALUATION!

Name of Bank	Cooperative Bank of Bohol				
Name of Audit Committee Member Completing Evaluation	_____ Signature				
Date Evaluation Completed					
Auditor Name					
	5 Very Good	4 Good	3 Average	4 Fair	5 Poor
1. The auditor is courteous and professional.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Any written communication received from the auditor is easily understood, organized and well written.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. The auditor arrives at audit committee meetings well prepared.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

4. The auditor demonstrates effective presentation skills at audit committee meetings.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. The auditor responds adequately and confidently to audit committee questions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. The auditor is willing to deal with difficult or contentious issues.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. The auditor demonstrates appropriate leadership and has the necessary skills to fulfill his responsibilities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. The auditor submits reports to the committee on the status of accomplishments of the internal audit unit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Overall, the auditor meets audit committee expectations.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. All approved revisions are included in the Manual	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Audit plans are carried out accordingly within the set timelines and resources.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. The Audit Manual has been updated with all the approved guidelines pertaining to risk assessment process.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. The audit scope for the year included all auditable units and processes.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Based on your experience with this auditor, please comment on any strengths or development areas you have noted:					
Have you received any specific feedback on this auditor from management? If so, please provide details:					
Please provide any additional comments on your experience with this auditor:					

Dividend Policy

Declaration of dividend shall be done after the close of the calendar year. Appropriation of the net income shall follow the mandatory reserves per By-laws and the Cooperative Code of the Philippines. After the mandatory reserves, amount for dividend and patronage refund will now be determined.

Corporate Social Responsibility Initiatives

Cooperative Bank of Bohol upholds its vision in providing reliability in financial services to cooperatives and individuals by promoting economic opportunities for financial stability among Boholanos, extending continuing education to member-cooperatives and crafting policies and procedures to support its social responsibility to the community.

CORPORATE SOCIAL RESPONSIBILITY FRAMEWORK

OPERATING IN A SOUND & ACCOUNTABLE MANNER

The bank will operate in a sound, ethical and accountable manner by ensuring comprehensive compliance and financial reporting; implementing a comprehensive risk management framework; implementing sustainable procurement practices; ensuring a code of conduct in good governance and related party policy is in place; and holding employees accountable for adhering to ethical business practices as they carry out their responsibilities.

NURTURING OUR MOST IMPORTANT RESOURCE

The bank provides for the professional development and care of our human capital. We encourage growth by providing capability-building programs and granting every employee access to fair and equal opportunities for training and development. We safeguard occupational health and safety through full compliance with relevant standards.

PROTECTING THE ENVIRONMENT

Cooperative Bank of Bohol recognizes the need to protect the natural environment. Keeping our environment clean and unpolluted is a benefit to all. We advocate in promoting and protecting Mother Nature by participating in coastal clean-up, tree or mangrove planting, and allied activities. We'll always follow best practices when segregating and disposing garbage. Stewardship will also play an important role.

DONATIONS AND AID

The bank may preserve a budget to make monetary donations. These donations will aim to advance the arts, health & sanitation, education, sports, religious activity, cultural and community events and alleviate those with medical needs.

SUPPORTING THE MEMBERS AND THE COMMUNITY

The bank may initiate and support its members and the community through consultation and collaboration with member-cooperatives and the local government agency; providing necessary trainings and support to our member-cooperatives; supporting charitable giving and involvement in community causes; engaging an active participation on community-based activities like promoting women empowerment and disaster risk reduction; and encouraging individual personal responsibility for charitable giving and community outreach.

SERVING CUSTOMERS WITH EXCELLENCE AND INTEGRITY

Cooperative Bank of Bohol ensures excellence in customer service through full disclosure of the features, terms and conditions of our products and services that complies with all laws and rules of government regulatory bodies. We provide timely financial and technical support for our mandated clients and make pertinent product and service information easily available to them. As a financial institution, we make sure that compliance testing is an established procedure that ensures the management of pertinent risks and compliance with applicable laws, rules, and regulations. We enhance customer service and reinforce the culture of quality, excellence and continued improvement in our banking processes.

Consumer Protection Practices

The Board of Directors is ultimately responsible in ensuring that consumer protection practices are embedded in the bank business operations. The Cooperative Bank of Bohol must adhere to the highest service standards and embrace a culture of fair and responsible dealings in the conduct of our business through the adaption of the Financial Consumer Protection Framework that is appropriate to the bank corporate structure, operations, and risk profile.

The Board and Senior Management are responsible for developing the bank's consumer protection strategy and establishing an effective oversight over the bank consumer protection programs. The Board shall be primarily responsible for approving and overseeing the implementation of the consumer protection policies as well as the mechanism to ensure compliance with the policies. The Board may also delegate other duties and responsibilities to Senior Management but not the overseeing compliance with the BSP-prescribed Consumer Protection Framework and the CBB Consumer Protection Framework.

The management of Cooperative Bank of Bohol ensures that customers have a reasonable holistic understanding of the products and services offered, which they may be acquiring or availing. Full disclosure and utmost transparency will empower the customer to make informed financial decisions. Provide the customer with ready access information that accurately represents the nature and structure of our product and services, the terms and conditions, as well as its fundamental benefits and risks.

Ensure that customers have a reasonable holistic understanding of the products and services offered, which they may be acquiring or availing. Full disclosure and utmost transparency will empower the customer to make informed financial decisions. Provide the customer with ready access information that accurately represents the nature and structure of our product and services, the terms and conditions, as well as its fundamental benefits and risks.

The CBB may demonstrate competencies required in the principle of proper disclosure and transparency if we complies with the following:

1. Key Information
 - a. To ensures that offering documents of products and services contain all information necessary for customers to be able to make an informed judgment of our product and service and, in particular, meet the full disclosure requirements specified under existing laws and regulations. All key features and risks of our products should be highlighted prominently in a succinct manner. If product is being offered on a continuous basis, its offering documents should be updated in accordance with the requirements set out in the regulations.
 - b. Have a ready and consistent written copy of the Terms and Conditions (T&C) of our products and services available to the customers. The T&C must be fully disclosed and explained to financial customers before initiating a transaction. Where and when warranted, reference to the T&C should be

made while transacting with the customer and before consummating the transaction, if such reference is material to the understanding of the consumer of the nature of the product and services we offer , as well as its benefits and risks. As a written document, the T&C must be complete but concise, easily understandable, accurate, and presented in a manner that facilitates the consumer's comprehension. The latter is taken to mean that the text of the document should be according to Section 3 of Circular 702 dated 15 December 2010.

The T&C should include at least of the following:

- i. The full price or cost to the customer including all interest, fees, charges, and penalties. The T&C must clearly state whether interest, fees and charges, and penalties can change over time. The method for computing said interest, fees, charges, and penalties shall be presented in accordance with circular 730 dated 20 July 2011;
 - ii. General information about the operation of the products or services including the customer's obligations and liabilities;
 - iii. Cooling-off period, if applicable;
 - iv. Cancellation, return and exchange policies, any related cost;
 - v. The actions and remedies which the bank may take in the event of a default by the customer;
 - vi. Procedures to report unauthorized transactions and other contingencies, as well as the liabilities of parties in such case; and
 - vii. A summary of the bank's complaints handling procedure.
- c. Advises customers to read and understand the applicable T&C, when considering a product or service.
 - d. To ensures that our staff communicates in such a manner that clients can understand the terms of the contract, their rights and obligations. Our staff should communicate with techniques that can address literacy limitations of the customer.
 - e. To provide the customer adequate time to review the T&C of our products and services, giving an opportunity to asks questions and receives additional information prior to signing contracts or executing transaction. Our staff should be available and capable to answer questions and clarifications from the financial customer.
 - f. To ensure that the staff/personnel assigned to deal directly with customer, or who prepare advertisement materials or markets our products and services must be fully knowledgeable and competent about the products and services, including statutory and regulatory requirements, and are able to explain the nuances to the customer.
 - g. We encourage the use of variety of communication channels to disclose clear and accurate information. Such communication channels should be available

to the public without need for special access requirements, which may entail additional expense. Communication channels should be sufficiently responsive to address the literacy limitations of the financial consumer and it may be written or verbal as may be warranted.

- h. Discloses pricing information in public domains.
- i. Updates customers with relevant information, free of charge in a clear and understandable, comprehensive, and transparent manner, for the duration of the contract. Such information covers the characteristics and the risks of the product sold by the bank and our authorized agents.
- j. Imparts targeted information to the specific groups of clients to whom specific products are being marketed, with a particular consideration for vulnerable customers. Communication channels employed for the targeted marketing initiatives should be according calibrated.
- k. Enhanced disclosure for more complex products, highlighting the costs and risks involved for the customer. For structures investment products if there is any, a Product Highlighted Sheet (PHS) is required. It should be clear, concise, and easily understandable by individual customers based on their literacy limitation. Disclosure must contain information that empowers the customer to appreciate the key features of the product and its risks. It should be prepared in the format that facilitates comparison with other products. The PHS should be available at no cost to the public and made available to the customer upon request. Before signing any contract, the bank ensures that the customer has freely signed a statement to the effect that the customer has duly received, read and understood the PHS.
- l. Notifies the customer in writing of any change in:
 - i. Interest rate to be paid or charged on any account of the customer as soon as possible; and
 - ii. A non-interest charge on any account of the customer within the number of days as provided under existing regulations prior to the effective date of the change.

If the revised terms are not acceptable to the customer, he or she should have the right to exit the contract without penalty, provided such right is exercise within the reasonable period. The customer should be informed of this right whenever a notice of change is made.

- m. Provides customers with a proof of the transaction immediately after the transaction has been completed. The customer should be given a hard copy of each document signed by the clients with all terms and conditions. We should ensure that documents signed by the customer are completely filled and that there are no blank terms.
- n. Regularly provides customers with clear and accurate information regarding their accounts (e.g. statement of accounts that includes, among others, covering period, opening balance/value of transactions, all kinds of interest, fees and charges, closing balance, inquiries for outstanding balances, proof of payments for loans like OR).

- o. Informs customer of their rights and responsibilities including their right to complain and the manner of its submission.

2. Advertising and Promotional Materials

- i. Ensures that advertising and marketing materials do not make false, misleading, or deceptive statements that may materially and/or adversely affect the decision of the customer to avail of a service or acquire a product.
- ii. Ensure that advertising and promotional materials are easily readable and understandable by the general public. It should disclose clear, accurate, updated, and relevant information about the product or service. It should be balanced and proportional (reflecting both advantages and risks of the product or service); visible/audible; key information is prominent and not obscured; print is of sufficient size and clearly legible.
- iii. Ensures that promotional materials are targeted according to the specific groups of consumers to whom products are marketed and the communication channels employed for marketing financial services.
- iv. Ensures that all advertising and promotional materials disclose the fact that it is a regulated entity and that the name and contact details of the regulator are indicated.

3. Conflict of Interest

- i. Discloses properly to the consumer prior to the execution of the transaction that the bank or any of its staff has an interest in a direct or cross transaction with a consumer.
- ii. Discloses the limited availability of products to consumers when the bank only recommends products which issued by their related companies, particularly when commissions or rebates are the primary basis for recommending the particular product to consumers.
- iii. Discloses the basis on which the bank is remunerated at the pre-contractual stage.
- iv. Ensures that adequate system and controls are in place to promptly identify issues and matters that may be detrimental to a customer's interest (e.g., cases in which advice may have been given merely to meet sales targets, or may be driven by financial or other incentives).

Financial consumers have the right to expect that their financial transactions, as well as relevant personal information disclosed in the course of a transaction, are kept confidential. Toward this end the bank ensures that we have well-articulated information security guidelines, well-defined protocols, a secure database, and periodically re-validated procedures in handling the personal information of our

financial customers. This should be an end-to-end process that can cover among others, the array of information that will be pre-identified and collected, the purpose of gathering information, how these will be sourced from the client, the IT-security infrastructure of the bank and the protocols for disclosure, both within the bank and third parties, if there is any.

Fair treatment ensures that the financial consumers are treated fairly, honestly, professionally and are not sold inappropriate and harmful financial products and services. CBB ensures that we have the necessary resources and procedures in place, internal monitoring, and control mechanisms, for safeguarding the best interest of our customers. These include general rules, such as those addressing ethical staff behavior, acceptable selling practices as well as regulating products and practices where customers are more likely to be offered services that are inappropriate for their circumstances.

The Consumer Protection Risk Management System (CPRMS) is a means by which the bank identifies measure, monitor and control CP risks inherent in its operations. The risks belong to the financial consumer or the bank. The CPRMS is proportionate to the size, structure and complexity of the bank's operations. It provides the foundation for ensuring the bank's adherence to CP standards of conduct and compliance with CP laws, rules and regulations in order to prevent risk to the bank and any harm or financial loss to the consumer.

The Consumer Assistance Management System (CAMS) is composed of the Consumer Assistance Group (CAG) and the Consumer Assistance Officer who plays a vital role in the implementation of the CPRMS, as follows:

Roles of Consumer Assistance Officer

- 1) Receive and acknowledge consumer concerns;
- 2) Records concerns in a Register or Database;
- 3) Make an initial review and investigation of concerns;
- 4) Process concerns;
- 5) Provide official reply to the customer;
- 6) Request client feedback;
- 7) Prepare and submit report to Head Consumer Assistance Officer or Consumer Assistance Group

Roles of Consumer Assistance Group (CAG)/Head Consumer Assistance Officer (HCAO)

- 1) Monitor consumer assistance process;
- 2) Keep track, identify and analyze nature of complaints and recommend solutions to avoid recurrence;
- 3) Report to Senior Management the complaints received on a monthly basis including reasons for such complaints, the recommended solutions to avoid recurrence and the suggestions for process or personnel competency needing improvement;

- 4) Ensure immediate escalation of any significant complaint to concerned unit of the Bank.

Manual of Policies and Procedures in Handling Consumer Assistance

I. Introduction

The BSP acknowledges the indispensable role of financial consumers in bringing about a strong and stable financial system, their right to be protected in all stages of their transactions with the Bank, and be given an avenue to air out their grievances in the products and services of the Bank.

II. Applicability and Scope

These minimum guidelines on receiving, recording, evaluating, resolving, monitoring, reporting, and giving feedback to consumers shall apply to CBB and its branches and other offices. These guidelines shall, as far as practicable, also apply to inquiries and requests received from clients and potential clients.

III. Definition of Terms

1. Complaint – is an expression of dissatisfaction relative to a financial product or service in which a response or resolution is expected.
2. Simple complaint/request – complaint/request where frontline staff solution or immediate explanation or action can be rendered. A resolution is immediate if it can be resolved without the need of third-party intervention, such as outsource service providers, external auditors, or other Banks. Resolution thereof must be achieved within a 7-day period.
3. Complex complaint/request - complaint/request which needs assessment, verification, or investigation with third-party intervention. Resolution thereof may ideally be achieved within a 45-day period.
4. Consumer – refers to natural or juridical person who has complaint, inquiry or request relative to the Bank's products and services.

IV. Role of the Board and Senior Management

The Board of Directors shall be responsible for the delivery of effective recourse to its consumers. Pursuant thereto, the Board shall:

- a. Approve the Consumer Assistance policies and procedures;
- b. Approve Risk Assessment Strategies relating to Effective Recourse by the Consumer;
- c. Ensure compliance with Consumer Assistance policies and procedures;
- d. Provide adequate resources devoted to Consumer Assistance; and
- e. Review the Consumer Assistance policies at least annually.

The Bank's Senior Management shall be responsible for the implementation of the Consumer Assistance policies and procedures.

E. Consumer Assistance Channel

1. Consumers may lodge their concerns through any reasonable means, such as, a centralized web-portal, walk-in or personal visit, letter, e-mail, telephone, and facsimile.
2. The Bank must maintain a Consumer Assistance Helpdesk or hotline dedicated for customer concerns and service and manned by a Consumer Assistance Group.

Tagbilaran Branch	Branch Manager	Contact No. 501-9904; 411-3483
Candijay Branch	Branch Manager	510-6237
Inabanga Branch	Branch Manager	512-9712
Corporate Office	President (<i>Head CAO</i>)	501-9904; 427-2116

3. The Bank shall ensure that customers know how and where to lodge their concerns.
4. The Bank provides alternative modes of resolution, thru the conciliation, mediation and arbitration committee, in order to achieve settlement of the issues at the Bank level.

F. Consumer Assistance Process and Timeliness

1. Complaint/Request

	SIMPLE*	COMPLEX*
Acknowledgment	Within 2 days	Within 2 days
Processing and Resolution (assess, investigate, and resolve)	Within 7 days	Within 45 days
Communication and Resolution	Within 9 days	Within 47 days

**all periods are reckoned from receipt of complaint.*

a. Receiving and acknowledging complaints/requests

- i. A Bank shall obtain and record the following data from the consumer (*Annex A*):
 - (1) full name and contact details;
 - (2) nature of complaint or request and its details;
 - (3) resolution requested;
 - (4) signature of the complainant/requester; and
 - (5) name of Bank personnel directly handling/in-charge of the complaint.
- ii. The Consumer Assistance Officer must be able to explain the Consumer Assistance process and timeliness.
- iii. The acknowledgment shall provide an assurance that the Bank is dealing with the complaint, request additional documents, if necessary, and that the complainant shall be kept informed of the progress of the measures being taken for the complaint's resolution.

b. Investigating and Resolving Complaints

- i. The Bank must establish an institutional approach in assessing and investigating complaints/requests and options in resolving them, considering

the peculiarities of the complaints/requests and the desired remedies of the parties.

- ii. If assessment and investigation on complex complaints/requests cannot be completed within the time frame stated above, complainants shall be informed of the: i) reason thereof; ii) need for extended timeframe; and iii) date on which the complainant may expect the outcome of the BANKs assessment and/or investigation; Provided, however, that the additional period shall not exceed forty-five (45) days. This will afford the complainants opportunity to seek other means to resolve their complaints.
- iii. Result of assessment, investigation, and the Bank's final response shall be communicated to the complainant in writing in simple and clear language. The Bank shall likewise inform the complainant of the possible remedies available to the party, including resort to BSP Consumer Assistance Mechanism and the courts.

Inquiries

The Bank must respond to the inquiries received, at the latest, by the next business day.

G. Confidentiality

The Bank shall not disclose to a third party the information acquired from the consumer in all stages of the complaint, except as may be required by the conduct of the Bank's investigation.

H. Conflict of Interest

A Bank shall ensure that complaints are investigated by a Consumer Assistance Officer who is neither directly nor indirectly involved in the matter which is the subject of the complaint.

I. Consumer Feedback

1. Subject to the willingness of the customer, the Bank shall ask for feedback on the following matters (*Annex B*):
 - a. Overall satisfaction (whether satisfied, somewhat satisfied, or dissatisfied);
 - b. Processes needing improvement;
 - c. Personnel needing improvement;
 - d. Any suggestions for improvement.
2. Consumer feedback may be obtained through a feedback form/customer satisfaction survey available for walk-in complaints, in the website, or through a voice logger system.
3. Customer feedbacks shall be recorded and analyzed to improve the system and to enhance personnel capabilities in handling complaints.

J. Complaints Recording/Data Management

1. The Bank and its branches/other offices shall maintain copies of the complaints/requests received, including supporting and other relevant documents thereto, within a period of 2 years from the date of resolution.

Microfilms/digital copies of original documents may be maintained by the Bank in accordance with its Management Information Systems for record keeping.

2. The Bank and its branches/other offices shall maintain complaints/requests register which contains the following information (*Annex C*):
 - a. Name of the complainant;
 - b. Subject and nature of the complaint;

The **subject and nature** of complain may be indicated by classification, such as those related to credit cards, deposits, administrative, foreign exchange, remittances, investments, others;
 - c. Name of the personnel directly handling/in-charge of the complaint and officer supervising the resolution of the complaint.
 - d. Date of receipt of complaint by the Bank;
 - e. Actions taken on the complaint or request;
 - f. Resolution provided;
 - g. Date of resolution; and
(The complaint register must reveal the reason in case the date of resolution falls outside the regulatory deadline.)
 - h. Other information such as, log and details of phone calls made or received.
3. The Consumer Assistance Group/Head Consumer Association Officer shall maintain (*Annex D*):
 - a. A master register of all complaints received by the Bank and its branches/other offices; and
 - b. A complaint database to identify the trend of complaints received potential problems, and risks.

K. Risk Assessment Strategies

Pursuant to the Bank's Consumer Protection Risk Management System, the Bank shall put in place appropriate management controls and take reasonable steps to ensure that in handling complaints/requests, it: i) identifies and remedies any recurring or systematic problems; and ii) identifies weaknesses in the Bank's internal control procedure and processes. This may be done by:

1. Analyzing complaints/requests data;
2. Analyzing causes for complaints/requests;
3. Considering whether such identified weaknesses may also affect other processes or products, including those not directly complained of/requested; and
4. Correcting, whether reasonable to do so, such causes taking into consideration the concomitant costs and other resources.

L. Complaint Reporting

1. Internal Reporting (*Annex E*)
 - a. The Consumer Assistance Officers in the branches, extensions office and other offices of the Bank shall submit a complaints report to the Consumer Assistance Group/Head Consumer Assistance Officer on a monthly basis.
 - b. Complaints report shall be submitted on a monthly basis by the Consumer Assistance Officer to the Board and Senior Management.

- c. The report shall include, as minimum:
 - i. General category of complaints received;
 - ii. Statistics/frequency of said complaints;
 - iii. Aging of complaints/requests;
 - iv. Explanations on deviations, if any, from required resolution period; and
 - v. General description of resolutions and actions taken to resolve complaints/requests.
 - d. The report shall include recommendation on how to avoid recurring complaints and suggestions for process/personnel competency improvement, as needed.
 - e. The report of the Bank's Compliance and Internal Audit Departments concerning the independent review conducted on the complaints report, policy recommendations, and consumer protection compliance, shall be elevated to Board every quarter.
 - f. The Bank shall include complaints/requests statistics in its Annual Report.
2. Reporting to the BSP

The Bank shall submit a consolidated Complaints Report to the Supervisory Data Center (SDC) of the Supervision and Examination Sector on a quarterly basis. Such report shall be submitted in the format required by BSP. Submission of the report to the SDC shall not be later than one (1) month after the end of every quarter. A complaints report is category B Report for purposes of applying the appropriate monetary penalty.

M. Interface with BSP

1. Pursuant to BSP's Consumer Protection Framework, the Bank shall exhaust all internal remedies available to address the issues raised by the consumers in their complaints/requests.
2. Consumers dissatisfied with the Bank's response or action may seek assistance with BSP-FCAG in accordance with BSP Consumer Assistance Mechanism.
3. Allegations of consumers that the Bank has not properly and efficiently handled, processed, and responded to their concerns shall be validated, and where appropriate, considered in FCAG's assessment of the Bank's compliance with BSP Consumer Protection regulations. This is without prejudice to the imposition of appropriate enforcement actions. It is presumed that the higher number of complaints received by the BSP reflects the non-effectiveness of the Bank's CAMS.

N. Outsourcing of Handling Consumer Concerns

In outsourcing of handling consumer concerns, the Bank shall:

1. Conduct due diligence in the selection of the outsourced entity/person;
2. Be responsible for the performance thereof in the same manner and to the same extent as if performed by itself;
3. Comply with all laws and regulations governing the consumer assistance activities/services performed by the outsource entity/person in its behalf; and
4. Manage, monitor, and review on an ongoing basis the performance by the outsource entity/person of the outsourced consumer assistance activities/services.

O. Accountability and Rewards

In order to ensure fair treatment and responsible business conduct of personnel engaged in consumer relations, a performance appraisal system which considers the performance of the personnel assigned to manage/handle complaints shall be put in place. The performance appraisal of the personnel shall be linked to their efficiency in handling consumer complaints. This could be done through rewards/remuneration for excellent behavior.

P. Consumer Assistance to Persons with Disabilities (PWDs) and Non-English Speakers

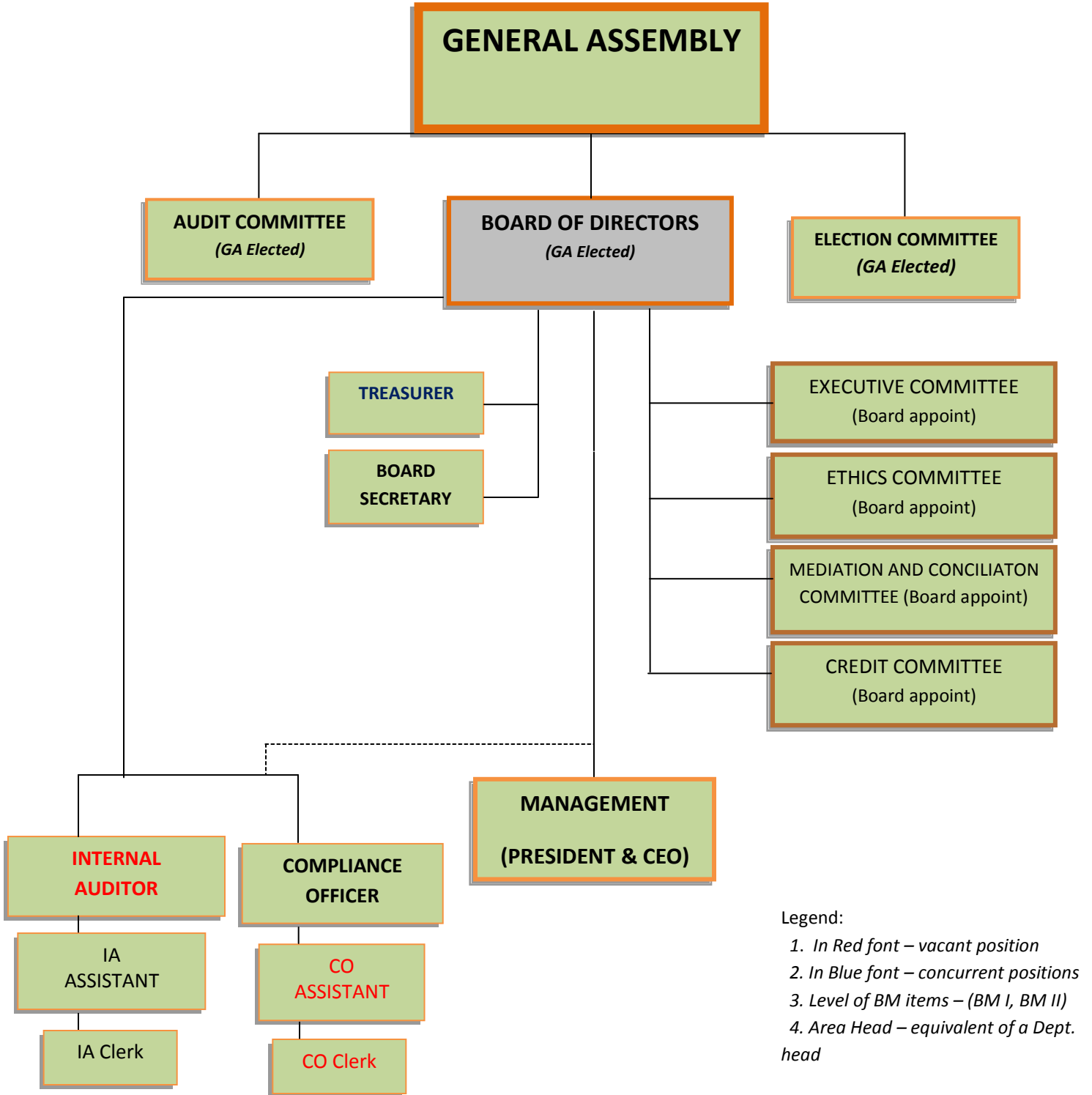
As far as practicable, the Bank shall take into account the needs of PWDs, such as, but not limited to those with learning difficulties, people who are deaf or hard of hearing, the visually impaired, and the non-English speakers, in ensuring that they understand the CAMS.

Q. Repealing Clause

These guidelines supersede/amend/modify other existing regulations on timelines for the Bank's complaints handling, except for those provided under Section X320.13 of the MORB on complaints concerning credit card billing errors and discrepancy.

CORPORATE INFORMATION

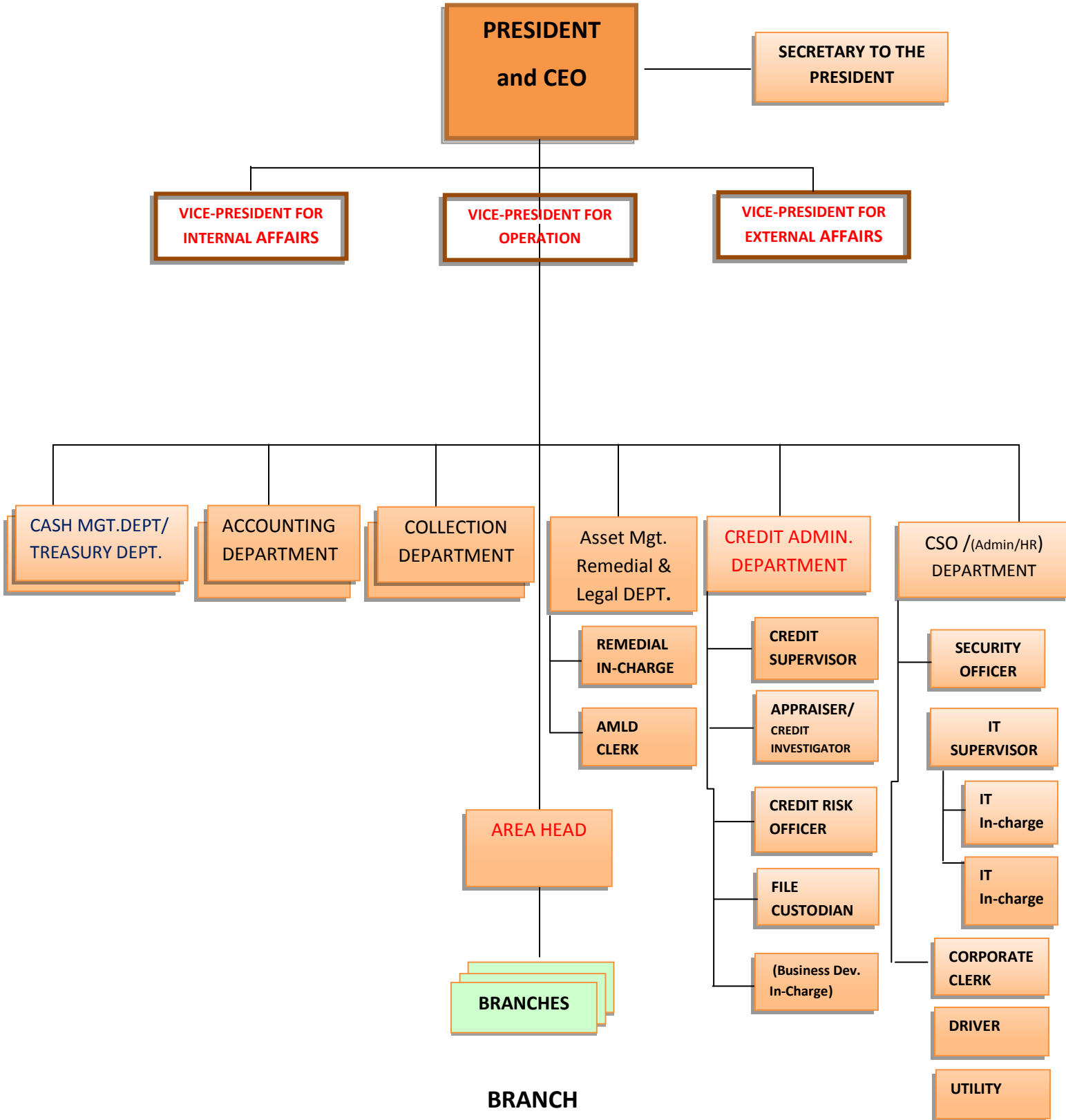
I. ORGANIZATIONAL STRUCTURE



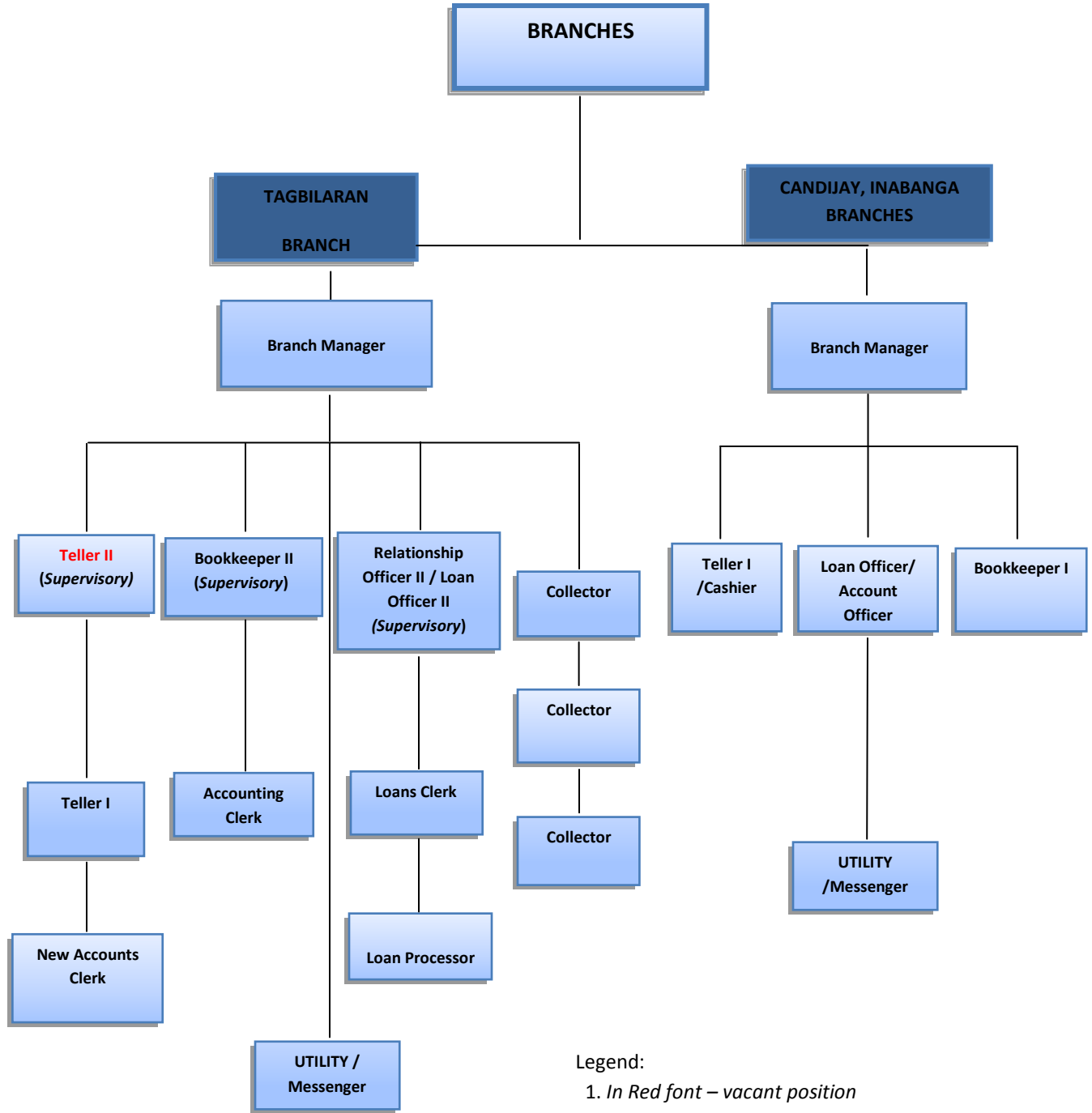
Legend:

1. In Red font – vacant position
2. In Blue font – concurrent positions
3. Level of BM items – (BM I, BM II)
4. Area Head – equivalent of a Dept. head

CORPORATE OFFICE



BRANCH



Legend:

1. In Red font – vacant position
2. In Blue font – concurrent positions
3. Level of BM items – (BM I, BM II)
4. Area Head – equivalent of a Dept. head

LIST OF MAJOR STOCKHOLDER (No major stockholder)

BANK'S SERVICES

The primary services rendered by the Cooperative Bank of Bohol are to accept deposits and to grant loans.

DEPOSIT

1) Savings (Regular)

Savings (Regular) is a kind of savings deposit describes as follows:

- a) The depositor will be issued a passbook after complying all the required documents in opening an account.
- b) Interest shall be computed quarterly based on average daily balance (ADB).
- c) Maintaining balance per month to earn interest shall be P2, 000.00.
- d) Interest rate is 1.7% per annum.
- e) The interest earned shall be charged with a withholding tax of 20%.
- f) The maximum deposit insurance with PDIC is P500,000.00 per depositor
- g) Charges:

Below maintaining balance	– P150.00
Closed account	– P200.00
Lost passbook	– P200.00

- h) Qualified to open an account:

- i) Individual
 - At least 7 years old
 - Filipino citizen
 - If, foreigner with passport and one of the following:
 - Alien Certificate of Registration (ACR)
 - Special Investor's Resident Visa (SIRV)
 - Special Resident Retiree's Visa (SRRV)
- ii) Corporation/Partnership
- iii) Cooperative
- iv) Association/Organization

2) Savings (Basic)

A basic deposit account refers to interest or non-interest-bearing account designed to promote financial inclusion. This account will enable Filipinos, especially the unserved and underserved, to receive and make payments, as well as have a facility for store of value. It will

have the basic functionalities that will characterize ease, accessibility, convenience, and reasonable cost for both banks and customers. (Sec.1 section X222 of the MORB)

A basic deposit account designed to promote financial inclusion primarily aimed towards the unserved low income markets.

Features of basic deposit account are more described as follows:

1. Opening amount of P100.00 only
2. No minimum maintaining balance
3. No dormancy charges
4. Aggregate deposits should not exceed P50, 000.00 or the bank shall convert the account to regular savings deposit account should the depositor exceeded the maximum balance.
5. Interest rate is 1% per annum based on the ADB and is creditable every quarter end.
6. The depositor will be issued a passbook after complying the necessary requirement/s.

Documentary Requirements

The depositor shall submit any one (1) of the following documents:

- a. Any valid ID
- b. Barangay Certification
- c. Cedula
- d. Voter Certification
- e. Any other documents as proof of identity

3) Savings (ATM)

Savings (ATM) is another type of savings deposit wherein a depositor will be issued an ATM card after complying all the required documents in opening an account. This ATM card shall be used whenever a depositor will withdraw at any automatic teller machines. A depositor may opt to withdraw over the counter for some emergency cases. This account will not earn interest. Other features for this Savings (ATM) are as follows:

- a) Minimum amount in opening shall be P500.00.
- b) Maintaining balance per month to earn interest shall be P1, 000.00.
- c) Maximum deposit insurance with PDIC is P500, 000.00 per depositor.
- d) Charges:
 - Lost card – P200.00
 - Account verifying in other banks without receipt - P1.00
 - With receipt - P2.00

Withdrawal of account in other banks is chargeable.

e) Qualified to open an account:

i) Individual
At least 7 years old

Filipino citizen

If, foreigner with passport and one of the following:

Alien Certificate of Registration (ACR)

Special Investor's Resident Visa (SIRV)

Special Resident Retiree's Visa (SRRV)

4) Premium Savings (Passbook with higher rates)

Another type of savings deposit with higher interest rates compared to Savings (Regular) and Time Deposit is the Premium Savings. The depositor will be issued a passbook after complying all the required documents in opening an account. Interest shall be computed quarterly based on average daily balance (ADB). An additional amount shall be allowed only upon maturity. Other features to describe this type of account are as follows:

a) Minimum amount in opening shall be P50, 000.00.

b) Maintaining balance per month shall be P50, 000.00.

c) Interest rate shall be based on market rate

	90days	180days	360days
50,000.00 – 349,999.99	2.25%	2.50%	2.50%
350,000.00 – 699,999.99	2.50%	3.00%	3.00%
700,000.00 – 999,999.99	3.00%	3.25%	3.25%
P1M and above	4.50%	4.50%	4.50%

d) Interest earned shall be charged with a withholding tax of 20%.

e) Maximum deposit insurance with PDIC is P500, 000.00 per depositor.

f) Charges:

Below maintaining balance – P150.00 per month

Closed account within 30 days– P200.00

Withdrawal in excess of 3 times a month – P75.00 per transaction

Lost passbook – P200.00

g) Qualified to open an account:

- i) Individual
At least 18 years old

Filipino citizen

If, foreigner with passport and one of the following:

Alien Certificate of Registration (ACR)

Special Investor's Resident Visa (SIRV)

Special Resident Retiree's Visa (SRRV)

- ii) Corporation/Partnership
- iii) Cooperative
- iv) Association/Organization

5) Time

Time deposit is a type of deposit describe as follows:

- a) The depositor will be issued a certificate after complying all the required documents in opening an account.
- b) Interest shall be computed based on term.
- c) Minimum amount in opening shall be P5, 000.00.
- d) Interest rate shall be based on market rate

	30days	90days	180days	360days
50,000.00 – 349,999.99	1.8%	1.8%	2.00%	2.00%
350,000.00 – 699,999.99	2.00%	2.00%	2.25%	2.25%
700,000.00 – 999,999.99	2.25%	2.25%	2.5%	2.75%
P1M and above	3.00%	3.25%	3.50%	4% or 3.5%**

**3.5% interest pa is applicable to those who withdraw their interest monthly

**4.0% interest pa is applicable to those who withdraw their interest upon maturity

- e) Excess number of days after maturity of the account's term, interest rate shall be equal to the prevailing interest rate on savings regular deposit.
- f) For P1M and above amount of time deposit with a term of 360 days, the depositor may opt to get his interest monthly.

- g) Time deposit that will be pre-terminated on or before half of the required term, the interest would only be 25% of the specified rate. If made after half of the required term, the interest would be 50%.
- h) Maximum deposit insurance with PDIC is P500, 000.00 per depositor.
- i) Charges:
 - Documentary stamps - P1.50 for every P200.00, to be shouldered by the bank. If pre-terminated, documentary stamps shall be charged to the depositor.
 - Withholding tax – 20%
- j) Qualified to open an account:
 - i) Individual
 - At least 7 years old
 - Filipino citizen
 - If, foreigner with passport and one of the following:
 - Alien Certificate of Registration (ACR)
 - Special Investor’s Resident Visa (SIRV)
 - Special Resident Retiree’s Visa (SRRV)
 - ii) Corporation/Partnership
 - iii) Cooperative
 - iv) Association/Organization

A. TIME AND SAVINGS DEPOSIT (SPECIAL RATE)

<p>Savings: (Board Rate – 1.7%) No Premium Rate -</p>	<p>Prospective application. All existing Savings Deposit with premium rates shall be treated as is.</p>
<p>Time BM I & II President (inclusive of BM’s premium rate)-</p>	<p>- up to 0.15% up to 1.00% Prospective application. All existing CTDs with premium rates higher than 1% shall be treated as is until its maturity.</p>

All succeeding Savings Deposit and/or Certificate of Time Deposits with premium rates higher than the above approved rates shall be confirmed by the Board.

B. POLICY ON THE ACCEPTANCE AND PROCESSING OF INTER-BRANCH DEPOSIT TRANSACTION

I OBJECTIVE

In line with the bank's vision to provide reliable financial services to cooperatives and individuals, the objective of accepting inter-branch deposit is to provide mobility to bank clients to place their deposits saving time and cost of travel to their branch of account.

II APPLICABILITY

Due to communication facilities limitation at the moment, the bank's branches have to initially accept deposit of passbook savings and ATM accounts maintained in another branches.

III GUIDELINES

Originating Branch

- 1 These Guidelines is for inter-branch Deposit transactions only.
- 2 Obtain proof of ownership of deposit (passbook or ATM card).

3 Have the client fill up 3 original copies of deposit slips (1st copy-Originating branch; 2nd copy-Receiving branch; 3rd copy-client's copy) indicating the branch where the account is maintained.

- 4 The Originating branch teller has to stamp "INTERBRANCH" on the face of the deposit slip to identify the deposit as such and stamp "DUPLICATE" on the client's copy.
- 5 After verifying the deposit and the cash received, the Originating branch teller has to validate the 3 slips as Miscellaneous Transaction – (916) Cash Receipt –Miscellaneous.

6 The Originating branch teller has to prepare a "CREDIT" advice and send through email to the Head Office and the Receiving branch, together with the validated deposit slip, immediately after the deposit is received , indicating the following particulars: "Inter-branch deposit transaction for the account of _____ with the account number _____."

- 7 The Originating branch teller has to call the Receiving branch Bookkeeper to verify if the "CREDIT" advice has been received and the deposit has been credited to the account.

8 The Originating branch teller has to send the 2nd copy of the validated deposit slip to the branch where the account is maintained together with the receiving branch copy of the advice with signatures of the authorized officers.

IV APPLICABLE FEES

A minimal fee shall be charged per transaction by the Originating branch as follows:

Deposit Range	Service Fee
P100 – P5,000	free
P5,001 – P20,000	P10.00
P20,001 – P50,000	P20.00
P50,001 – P100,000	P30.00
P100,001 – P500,000	P50.00
Over P500,000	P100.00

V EFFECTIVITY

This policy shall take effect immediately after approval of the Board of Directors and shall be reviewed by the Core Group every other year or as the need arises. (Board Reso. No. 2019-012)

Dormant Accounts Policy

I. INTRODUCTION

Providing quality financial services is one of the missions of Cooperative Bank of Bohol. Thus, the bank ensures security and protection of all accounts from the risk of fraudulent transactions, both internal and external factors.

Pursuant to Bangko Sentral ng Pilipinas Circular No. 928 on Amendments to the Regulations Governing Fees on Retail Bank Products/Services and Dormant Accounts and Memorandum No. M-2017-025 on Reminder on compliance with Regulations Governing Fees on Retail Bank products/Services and Dormant Deposit, the bank adhered to strengthen the regulatory framework by providing guidelines and procedures in dealing with dormant accounts and ensure internal control measures are in place all the times.

II. OBJECTIVES

- To have a mechanism in handling dormant accounts.
- To institute proper internal safeguards and control on dormant accounts.
- To ensure that KYC and proper due diligence is in place on reactivation from dormant to current.
- To segregate and maintain in separate ledger/s the deposit accounts which have not been activated upon over a period of two years. This segregation of the inactive accounts is from the point of view of the following;
 - reducing risk of frauds
 - for record keeping and
 - For periodic review of accounts.

III. GUIDELINES

A. HANDLING OF DORMANT ACCOUNTS

A savings account shall be classified as "DORMANT" if it has been inactive for a period of 24 months. Cooperative Bank of Bohol will pursue the following procedures:

1. A savings account should be treated as dormant if there are no deposit or withdrawal transactions for over a period of two years.
2. Dormant accounts will no longer earn interest. If reactivated, the account will earn interest from the date of reactivation.
3. Entries to dormant account ledgers should be verified and approved by Cashier and BM respectively. Their initials should be placed next to the entry on the ledger sheet.
4. Dormant account should be segregated and stamped "DORMANT ACCOUNT" by the bookkeeper for branches and New accounts clerk for Tagbilaran Branch from active accounts ledgers with a separate subsidiary control.
5. Signature cards for dormant accounts should be removed from active files and should be filed separately.
6. CIF, signature cards and deposit ledgers sheets should be accessible only to authorized person. A joint custody must be in place. Joint custody shall mean the processing of transactions in the presence of authorized person and under the direct observation of the Branch Manager. Both persons shall be equally accountable for the physical protection of the items records involved. Physical protection should be deemed established through the use of two locks or combination on a file chest or vault compartment.
7. Subsidiary ledger on dormant accounts must be printed and reviewed quarterly.
8. Confirmation of dormant accounts must be prioritized by the audit team to ensure and verify that the funds entrusted to the bank are properly safeguarded.
9. In case of reactivation, the Cashier and Branch Manager shall validate the identity of the depositor (ask for at least 2 valid IDs, passbook, Dormancy letter) and deposit ledger sheets should likewise be authenticated by the two bank officers.
10. Have the depositor update his/her Specimen Signature Cards (SSC) and Customer Information File (CIF).
11. The New Accounts Clerk shall update the Customer Information System (CIS), capture the updated image and digital signature of the depositor and conduct AMLA Risk Assessment.
12. The New Accounts Clerk (Tagbilaran Branch) and bookkeeper (other branches) should periodically determine the accounts that are to be treated as dormant and exert all efforts to prevent deposit accounts from becoming dormant.
 - a. A letter will be sent to the respective account holders two months prior to the date of conversion to dormant status, informing them about the inactivity and requesting them to reactivate said account, failure on their part, the bank will be forced to classify the accounts as DORMANT. (Refer Letter A)

The notification shall contain the following information:

- i. The effect of dormancy: from active to dormant status,
- ii. Advise on how to reactivate the account,
- iii. Charging of dormancy fee, and

- iv. Reminder that the dormant account will be included in the list of unclaimed balances to be submitted to the Treasurer of the Philippines for escheat in accordance with the Unclaimed Balance Act, if said account has no activity for (10) years.
- b. A letter will be sent to respective holders two months prior to the charging of dormancy fee. When an account is subject to dormancy fee – five (5) years after the last activity, the depositor shall be notified at least sixty (60) days prior to such imposition, provided that: (Refer Letter B)
 - i. The balance falls below the minimum monthly ADB, if any;
 - ii. The monthly dormancy fee shall be thirty pesos (P30.00) and
 - iii. The bank complied with the two (2) notice requirements, prior to the charging of dormancy fees.

In cases when account balance becomes zero after charging dormancy fee, the account will be automatically closed.

- c. A letter will be sent to respective holders two months prior to filing of unclaimed balance deposit to the Court. When an account is subject for ESCHEAT pursuant to the Unclaimed Balances Act – ten (10) years with no activity, the depositor shall be notified at least sixty (60) days before the start of proceedings for escheat or the transfer of unclaimed dormant deposits to the National Treasurer. (Refer Letter C)
- d. The New accounts Clerk/bookkeeper shall contact the customers and inform them in writing that there has been no movement in their accounts and ascertain the reasons for the same. In case the inactivity is due to transfer of depositors from previous address, they may be asked to visit the Bank and update his/her account. If the letters are returned undelivered, in-charge may immediately inquire the whereabouts of depositors or their legal heirs in case former are deceased.
- e. In case the whereabouts of the customers are not traceable, New Accounts Clerk/Bookkeeper shall consider contacting the persons who had introduced/referred the account holder. They could also consider contacting the employer / or any other person whose details are available in the CIF. Also, consider contacting the account holder through phone. In case of Non-Resident accounts, bank may also contact the account holders through e-mail and obtain their confirmation of the details of the account.
- f. In case any reply is given by the account holder giving the reasons for not activating the account, bank shall continue classifying the same as inactive for one more year within which period the depositor may be requested to activate it. However, in case the account holder still does not activate the same during the extended period, bank shall classify the same as dormant account after the expiry of the extended period.
- g. New Accounts Clerk/Bookkeeper shall make a quarterly review of those accounts in which there are no transactions (i.e. no deposits and withdrawals) for more than one year.

- h. All notification shall be sent to the client's known postal address/email address/contact number either through postal or registered mail, courier delivery, electronic mail, text messages, telephone call or other alternative modes of communication.
- i. The Accounts Clerk/Bookkeeper must separate the dormant accounts from the active accounts and keep the records safely and securely for purposes of internal control in tracing and reviewing for future references. This internal control measures must be adopted to ensure that all transactions affecting dormant deposit accounts are legitimate.

B. REACTIVATION OF DORMANT ACCOUNTS

A dormant account shall be re-activated only after undertaking the proper due-diligence process as for opening of a new account and fulfilling of such conditions as may be deemed fit by the BSP and Internal Policy of the Cooperative Bank of Bohol.

- 1. Reactivation of dormant accounts shall only be allowed after due diligence as per risk category of the depositor. Due diligence means ensuring the identity of the depositor based on latest KYC documents. Branches shall obtain latest billing statement, valid IDs, 2 pcs. 2x2 colored ID pictures, verification of the signature, genuineness of the transaction etc.
- 2. Depositor need to approach/visit the branch in which the account is maintained and submit application, latest KYC documents and ID pictures for reactivation of accounts.
- 3. No charges will be imposed to the customer for re-activation of the dormant account.
- 4. When a financial transaction (deposit or withdrawal) is sought to be carried out for a Dormant account, due diligence must be undertaken as per the risk category of the depositor. The Branch Manager shall then approve the transaction including the system approval for reactivation.

C. GUIDELINES ON UNCLAIMED BALANCE DEPOSITS

- 1. An account shall be classified as unclaimed deposits if the same has no activity for more than 10 years from the date of last transaction.
- 2. All unclaimed balances, must be reported to the Treasurer of the Philippines in accordance with the Unclaimed Balances Act (Act No. 3936, as amended) shall be transferred/reclassified from the deposit liability/other credit accounts to the liability account, "Due to the Treasurer of the Philippines," until they are deposited with or turned over to the Treasurer of the Philippines upon order of the court that the same have been escheated in favor of the Government of the Republic of the Philippines and as such, the unclaimed deposit liabilities shall no longer be covered by reserves required of deposit liabilities.

Process for claim of unclaimed balance deposits:

1. Claim from Depositors - Depositor may approach the branch in which the account is maintained and submit application for amount of unclaimed deposit along with the details of deposit (Passbook & other documentary proof), picture, billing statement and valid proof of ID. In case of other entities, claim has to be submitted in Company's letter head duly signed by authorized signatories along with valid proof of ID.
2. Claim from Legal heir / Nominee - Legal heir / Nominee may approach the branch and submit application for amount of unclaimed deposit along with the details of deposit (Passbook & other documentary proof), picture, billing statement and valid proof of ID along with the copy of the death certificate of Deposit holder and other relevant legal documents.
3. At the time of submission of claims the original documents have to be produced for the purpose of verification at the branch.
4. Depositors should visit branch with the latest KYC details (billing statement and other proof of identity) and Bank In-Charge will thoroughly check it. After verifying the documents, the depositor can either reactivate or withdraw the balance.

Process of handling complaints and grievances for unclaimed balance deposit:

1. Depositors with complaints / grievances on the services can approach the Branch of account to address the same.
2. The bank can utilize Feedback Mechanism Policy guidelines which aims to ensure transparency while maintaining the utmost confidentiality of the information received.
3. Complaint/Grievance forms are available in all branches and Officers shall record all details regarding the same.
4. The Bank shall ensure that said complaint/grievance will be addressed promptly and communicate the appropriate resolution to the concerned depositor.

IV. REVIEW OF POLICY

The above stated policy may be modified at any time in accordance to the various rules, regulations, by-laws and guidelines that may be prescribed by BSP or any other Regulatory Agency or as per Internal Policy of Cooperative Bank of Bohol from time to time.

V. EFFECTIVITY

This policy shall take effect after the approval of the Board of Directors and subsequent dissemination to all concerned.

Chapter 2

LOANS

The bank grants the following loans;

1. Agricultural Loans
2. Commercial Loans
3. Loans for other purposes
4. Salary Loans
5. Samahang Nayon Loans
6. Cooperative Members Loan
7. Car Loan
8. Housing Loan
9. Pension Loan
10. OFW/Allottee Loan
11. Corporate Loan
12. Motorcycle Loan
13. Back to Back Loan
14. FUNDagdag Puhunan Loan
15. Employees Financing Plan

A. LOAN PROCESSING

SAMAHANG NAYON/COOPERATIVE

1. Applicant shall be interviewed by the Manager.
2. The Manager endorses the applicant to the Loan Officer for verification, investigation, completion for requirements and evaluation for the loan value to be granted.
3. Loan Officer endorses the application to the Loans Bookkeeper to determine the kind of loan to be granted and to prepare application form.
4. Loans Bookkeeper returns the application to the Manager, complete with the Loans Officer's report for approval.
5. If approved, loan application goes to the loans bookkeeper/clerk for completion of Promissory Note, Co-maker's Statement and other pertinent papers who then forward the same to the Cashier for the issuance of a check.
6. The Cashier forwards the same to the Manager for countersignatures, then encashment. Finally, the Cashier furnishes the Loans Bookkeeper copy of the discount statement for recording and turn over the credit file to the file in-charge.

INDIVIDUAL BORROWERS

1. The applicant shall be interviewed by the Manager who then gives the applicant check list for requirements to be complied.
2. After requirements are complied, the Manager endorses the same to the Loans Officer for verification and collateral inspection (if any), and evaluate maximum loan value.

3. After verification and credit investigation, the loans officer submits the loan application to the manager with his complete reports and recommendation for approval with a prepared loan application.
4. Loan approval varies on the amount of loans applied:

AMENDED MATRIX OF APPROVING AUTHORITY

LOAN APPROVAL (approved per Bd. Reso No. 2019-222 dtd. 04/15/2019)

LOAN AMOUNT	PERSON IN AUTHORITY
P 350,000.00 and below	-Branch Manager II
P 300,000.00 and below	-Branch Manager I
> P300,000.00 - P1,000,000.00	-President – for Candijay and Inabanga Br.
> P350,000.00 – P1,000,000.00	-President – for Tagbilaran Br.
> P1,000,000.00- P1,500,000.00	-Credit Committee
> P1,500,000.00	-Board of Directors

5. If approved, the manager forwards the same to the loans bookkeeper/clerk for the preparation of Chattel Mortgage/Real Estate Mortgage, Promissory Note, Co-Makers' Statements and other pertinent papers then submit the same back to the manager who will require the borrower to register the CM/REM with Register of Deeds, if collateralized (if not, follow order Nos. 5 and 6 of the Samahang Nayon loan processing procedure).
6. After registering the CM/REM, the manager forwards the same to the Cashier for issuance of a check to be countersigned by the manager and procedure No. 6 of the Samahang Nayon processing follows.

AUTHORIZED SIGNATORIES for the APPROVAL MATRIX ON CASHIER'S CHECK

	Primary	Alternate	2nd Alternate
TAGBILARAN BRANCH			
Loan Releases – Cashier's Checks			
1st Signatory	BMII	Cashier	Alternate Cashier
2nd Signatory	President	BMII	Accountant
CANDIJAY & INABANGA BRANCH			
Cashier's Checks			
1st Signatory	Cashier	BMI	Bookkeeper I
2nd Signatory	BMI	Cashier	Bookkeeper I

Note: In no case shall one single employee can complete a transaction. In the absence of both the Cashier and BMI, there will no transaction for the day.

B. UNACCEPTABLE LOAN PURPOSE

The proceeds of loans applied in Cooperative Bank of Bohol shall not be used for the following purposes: Gambling, Drugs, Election Campaign, Other related illegal activities, Mahjong/Jueteng, Church Construction, and Prostitution.

If the collateral used is cockpit arena, for example, but the borrower's loan repayment is from legitimate source, the loan application is exempted from the above limitations. However, if

the borrower is publicly known to be involved in illegal activities, the application shall be deemed automatically denied.

C. HIGH RISK BORROWERS

The following shall be considered as high risk borrowers:

Borrower	Risk Rating	Remarks
Lawyer	HIGH	ACCEPTABLE but the bank should conduct BI/CI before release with close loan monitoring
Press	HIGH	ACCEPTABLE but the bank should conduct BI/CI before release with close loan monitoring
Military	HIGH	ACCEPTABLE but the bank should conduct BI/CI before release with close loan monitoring
Security Guard	HIGH	NOT ACCEPTABLE (except for In-house Guards of the Bank but with close monitoring)
Businessman with Negative Capital	HIGH	GENERALLY NOT ACCEPTABLE; If accepted, loan amount should not exceed P1,000,000.00
Priest/Clergy	HIGH	NOT ACCEPTABLE if the Church Building is the collateral; ACCEPTABLE if personal loan but with close monitoring

D. OTHERS

1. If the collaterals offered to the bank are house and lot, the documentary requirements for both house and lot must be complied first before loan release. These important documents include but do not limit to the following:

- >Title of Lot
- >Tax Declaration of House & Lot
- >Current Tax Receipt of House & Lot
- >Latest Tax Clearance

2. WORK ASSIGNMENT (for Salary Loan Borrowers)

If the borrower is living in Bohol but not working in Bohol	Not acceptable
If the borrower is working in Bohol but not from Bohol	Acceptable but loan amount should not exceed P100,000.00 and loan term should not exceed one year

The bank follows the rules and regulations by the Bangko Sentral ng Pilipinas for granting agricultural, industrial and commercial loans.

No increase of loan shall be granted under the following circumstances:

- ✓ If the borrower is no longer insurable (more than 65 years old)
- ✓ If the borrower's financial status/income is not stable based on borrower's documents presented

- ✓ If the borrower's collateral house or building depreciates its value upon re-appraisal of property
- ✓ If the terrain of the borrower's collateral land/agricultural land changes from its original form during the loan application resulting to lower market value of the property
- ✓ Not more than 50% increase of loan from the original approved amount and in no case shall the increment be more than P2,000,000.00 if the borrower presented no additional collateral, citing only the improvements made on the present collateral

Common Issues on Collateral

ISSUES	DEFINITION	REMARKS
Land locked	Landlocked- a parcel of real property which has no access or egress (entry or exit) to a public street and cannot be reached except by crossing another's property	NOT ACCEPTABLE
No Road Right of Way	Right of Way- a type of easement that allows a person to pass through another's land	NOT ACCEPTABLE
Road Access did not Meet the Minimum Standard of 3 meters	ad -a <i>road</i> that provides <i>access</i> to a specific destination, as to a main highway or to a property that lies within another property.	NOT ACCEPTABLE
Sec. 4, Rule 74 of the Rules of Court	This provides for the liability of the distributees and the estate from contingent claims of creditors, for a period of 2 years after the settlement and distribution of the estate	ACCEPTABLE after the lapse of two years from date of annotation of lien
Reconstituted Title	The reconstitution of a certificate of title denotes restoration in the original form and condition of a lost or destroyed instrument attesting the title of a person to a piece of land. The purpose of the reconstitution of title is to have, after observing the procedures prescribed by law, the title reproduced in exactly the same way it has been when the loss or destruction occurred	ACCEPTABLE
Subject to Extra Judicial Settlement	Extrajudicial settlement by agreement between heirs – If the decedent left no will and no debts and the heirs are all of age, or the minors are represented by their judicial or legal representatives duly authorized for the purpose, the parties may, without securing letters of administration, divide the estate among themselves as they see fit by means of a public instrument filed in the office of the register of deeds, and should they disagree, they may do so in an ordinary action of partition.	NOT ACCEPTABLE

With Lis Pendens	Lis pen dens- is a written notice that a lawsuit has been filed concerning real estate, involving either the title to the property or a claimed ownership interest in it	NOT ACCEPTABLE
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In the case of co-ownership (wherein owners are specifically named in the title), if silent, the shares of co-owners in the property are deemed equal but only a maximum of 50% of the FMV is considered in the loan value computation.

E. POLICY ON APPROVED BUT NOT RELEASED LOANS

This policy shall apply to approved loans but not yet released due to personal reasons such as the timing of release date and the need of money by the party/parties applying for the loan and/or the Bank approving the loan.

For the purpose of this policy, this shall explicitly exclude:

- those approved loans but did not pass the allowable lacking requirements sufficient for the loan to be released such as picture of spouse, photocopy of ID of spouse, signatures of borrower and spouse on the photocopy of IDs, 2-3 credit/bank investigation reports out of ten (10) reports, taxpayer's identification number (TIN), and proof of billing;
- approved loan of borrower with unpaid balance
- Approved loan with uncanceled lien, among other matters that will, in any manner, prejudice the Bank's rights to the mortgage of the collateral.

REQUIREMENTS

Borrowers whose loan applications were already approved by the Bank but not yet released shall be required to secure the following documents before endorsing the loan for release:

REAL ESTATE MORTGAGE

PERIOD FROM DATE OF APPROVAL		
2 WEEKS – 3 MONTHS	MORE THAN 3 MONTHS - 6 MONTHS	MORE THAN 6 MONTHS
Latest Certified True Copy Of Land Title	Latest Certified True Copy Of Land Title	Latest Certified True Copy Of Land Title
Same Proof of Income	Latest Proof of Income (Business. Permit, Contract, Certification, Payroll or Bank Statement for @ least 3 months, etc.)	Latest Proof of Income (Busn. Permit, Contract, Certification, Payroll or Bank Statement for @ least 3 months, etc.)
Same SPA (if applicable)	Same SPA (if applicable)	New SPA (if applicable)
Same Other Loan	Same Other Loan Documents	Same Other Loan Documents

Documents		
No need for re-approval	No need for re-approval	Needs re-approval

For Real Estate Mortgage with SPA, the following guidelines must be observed to achieve uniformity in the content and form of real estate loan documentation.

1. The PRINCIPAL will no longer sign loan documentation [Uniform Loan and Mortgage Agreement (ULAMA) and Promissory Note], BUT:
To state the purpose in the Special Power of Attorney (SPA) and whether:
 - a. For benefit of principal or;
 - b. For benefit of attorney-in-fact with full consent and conformity of principal;
2. GENERAL RULE: Execute new SPA every loan renewal; BUT:
May be allowed in subsequent renewals: provided a statement in SPA that the same shall be valid for up to two (2) renewals involving the same or lower amount and involving same or lesser credit term;
3. Encourage execution of new SPA for renewal/s involving principal/s with frailties (i.e. poor health, advanced age);
4. Taxpayer's Identification Number (TIN) and one valid identification of principal/s with three (3) specimen signatures which are duly verified by loan officer or Branch Manager;
5. In case of default on loans, send demand letters to both principal and attorney-in-fact;
6. Upon foreclosure of collateral/s, deliver redemption notices to both principal and attorney-in-fact;
7. Extend execution of Special Power of Attorney for Chattel Mortgage Loan (absent spouse must execute in favor of present spouse to procure vehicle loan amounting to _____ for a term of _____);
8. In case of overseas Filipino worker (OFW), the SPA shall be executed before the:
 - a. nearest Philippine Embassy/Consulate or
 - b. nearest local notary public with subsequent Apostille from authorized foreign government agency in the country of origin (see list of Apostille countries)

The original SPA must then be submitted.

9. Require three (3) originals for local (Philippine) executed SPA's and ensure retention of bank copy;
10. For overseas SPA and its Apostille, retain photocopy for reference inside bank credit file;
11. As much as possible confine SPA execution between parties related by consanguinity or affinity (e.g. husband-wife, parent-child, siblings, in-laws, aunt/uncle-nephew/niece, grandchild-grandparent, etc.) Vendor-vendee may be allowed provided the Deed of Absolute Sale and purchase price with Acknowledgment Receipt of Full Payment must presented and form part of documentary requirements.

CHattel Mortgage

PERIOD FROM DATE OF APPROVAL	
2 WEEKS TO 6 MONTHS	MORE THAN 6 MONTHS
Latest Proof of Income (Busn. Permit, Contract, Certification, Payroll or Bank Statement for @ least 3 months, etc.)	Latest Proof of Income (Busn. Permit, Contract, Certification, Payroll or Bank Statement for @ least 3 months, etc.)
Same SPA (if applicable)	New SPA (if applicable)
Same Other Loan Documents	Same Other Loan Documents

No need for re-approval	Needs re-approval
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SALARY LOAN

2 WEEKS TO 3 MONTHS	MORE THAN 3 MONTHS
Latest pay slips or payroll for the last three months	Latest pay slips or payroll for the last three months
Same Other Loan Documents	Same Other Loan Documents
No need for re-approval	Needs re-approval

EFP LOAN

PERIOD FROM DATE OF APPROVAL		
2 WEEKS TO 3 MONTHS	MORE THAN 3 MONTHS – 6 MONTHS	MORE THAN 6 MONTHS
Latest one month pay slip	Latest one month pay slip	Latest one month pay slip
Same IA recommendation	New IA recommendation	New IA recommendation
Same Bookkeeper's Cert.	New Bookkeeper's Certification	New Bookkeeper's Certification
Same Other Loan Documents	Same Other Loan Documents	Same Other Loan Documents
No need for re-approval	No need for re-approval	Needs re-approval

AGRARIAN LOAN

PERIOD FROM DATE OF APPROVAL		
2 WEEKS TO 3 MONTHS	MORE THAN 3 MONTHS – 6 MONTHS	MORE THAN 6 MONTHS
Same Board Resolution	Latest Board Resolution	Latest Board Resolution
Same Proof of Billing	Latest Proof of Billing	Latest Proof of Billing
*Latest Audited FS	* Latest Audited FS	* Latest Audited FS
Same Other Loan Documents	Same Other Loan Documents	Same Other Loan Documents
No need for re-approval	No need for re-approval	Needs re-approval

*Latest Audited FS - for loans scheduled for release between the months of January to April- latest available audited FS; on May onwards – new audited FS of the immediately preceding year.

In case the REM loan was approved before 31st of December of the current year but shall be released in the following year, the Bank shall require the borrower the updated copy of tax receipt and/or tax clearance and tax declaration (if applicable).

F. LOANS PRE-TERMINATION FEES

LOAN AMOUNT	TERMINATED OVER 2 YEARS-5 YEARS BEFORE MATURITY	TERMINATED OVER 1 YEAR-2 YEARS BEFORE MATURITY	TERMINATED OVER 6 MOS.-12 MOS. BEFORE THE MATURITY	TERMINATED 1-6 MOS. BEFORE THE MATURITY
50,000.00 and Below	N/A	800.00	500.00	300.00
50,001.00 to 100,000.00	1,300.00	1,000.00	800.00	500.00
100,001.00 to 500,000.00	1,500.00	1,300.00	1,000.00	800.00
500,001.00 to 1,000,000.00	2,000.00	1,500.00	1,300.00	1,000.00
1,000,001 to 2,000,000.00	2,500.00	2,000.00	1,500.00	1,300.00
2,000,001 to 5,000,000.00	3,000.00	2,500.00	2,000.00	1,500.00

-Termination fees are applicable to all loans except for Samahang Nayon and MPC Loans, EFP Loans and REM Loans with a term of lump-sum payment upon maturity.

G. CURE PERIOD POLICY

I. Introduction

Bangko Sentral ng Pilipinas allowed banks to provide cure period policy on a credit product-specific basis within which clients may be allowed to catch up on a late payment without being considered as past due, provided that the cure period policy is based on actual collection experience and reasonable judgment that support tolerance of occasional payment delays. As a general rule, failure to repay on time of any principal and/or interest or installment due, or portions thereof, shall be classified as past-due and could have negative implications for the borrower's credit status. This policy aims to lessen the financial difficulty of the borrower and maximize collection and realizable economic value an obligation within a reasonable period of time.

II. Definition of Terms

Cure Period - a time frame during which company that has gone into technical default on a contractual payment is permitted to submit payment without further prejudice, and without being considered to have defaulted.

Billing Cycle - for a credit card, loan, or any type of monthly account is the period of time between billings.

Cut-off Period - In capital budgeting, it is the period below which a project's payback period must fall in order to accept the project. Generally, it is the time period in which a project gives its investment back.

External factors - Outside influences that can impact the ability of a business or investment to achieve its strategic goals and objectives.

Turnover - the amount of money taken by a business in a particular period.

III. Purpose

Per BSP Circular 941, purpose of cure period is to allow the borrowers to catch up on their late payment without being considered as past-due.

IV. Cure Period of the Bank

LOAN TYPE		CURE PERIOD in (Days)	JUSTIFICATION
Salary	MOA	20	Delayed remittances from offices due to absence of signatories and other circumstances. Billing cycle is also affected by the client's date of release and pay dates. For example, if the client's loan released date is on the July 31st, then the pay date is every 30th and the billing cut-off date of the bank is at 29th or 30th day of the month. In this scenario, the bank's billing does not includes the client's name since it is released on the 31st day. Thus, he/she will not be included on the month of August's payroll deduction. The applicant's name will be reflected on the next month's billing cut-off period (end of August) and will be payroll deducted in the month of September. Therefore, the remittance will be paid in the bank in the in 1st to 2nd week of October depending on the office.
	ATM	15	Borrowers from this accounts usually experiences delayed salary or creditation of their salary in their ATM Accounts. System failure and unavailability of ATM services of the issuing bank, weekdays and holidays are also factors of the delayed salaries.
	EFP	5	Automatic salary deductions every pay day of CBB Employees. Payment cycle is usually being affected by weekends and holidays.

Agricultural		30	A lot of external factors affect the crops and other agricultural products often can't be controlled like unusual weather patterns, such as drought, prolonged rainy seasons, pests, and seasons. Because of this, crop plantation turnover is slow, thus, affecting the farmer's main source of livelihood and is expected to incur more expenses for their crops. Some of these accounts are also from hog raising and livestock which is affected by the animal's growth, health and stress level, seasons, and other external factors.
Agrarian	SN	30	Majority of loans within this classification are relying on their agricultural production such as crops and livestock which are affected by external factors like seasons, acts of God, pests, animal health and growth and other circumstances which cannot be controlled. Thus, affecting their production turnover and which results to low or delayed return on investment.
	MPC	25	Sources of income within this classification vary. Common project from this type is more on Lending, Retail store, and other income generating businesses. Common problems arising from this type of loan includes delayed payments and receivables from customers.
SME-SMALL SCALE ENTERPRISE	Commercial/ Industrial	25	Source of repayments of the accounts within this classification are majority from the profit of their businesses. Clients usually experience delayed payments from their customers. Delayed accounts and collection of receivables are also common from clients with lending and financing businesses. Goods under consignment also encountered deferred payments from their customers. Clients providing products and services are also affected by supply and demand, depending on the seasons, as well as market competitions within their area. Wholesalers of products are also greatly affected by weather since the shipment of their supplies will be delayed. Businesses involving productions are also affected with machine failures. Applicants with space rental business are also being affected by delayed payments from their boarders and tenants.
SME-MEDIUM SCALE ENTERPRISE	OL-REM	20	Loans within this type have various sources of repayments. Common sources of repayments with in this group are income from salary and businesses

			<p>while other sources of income includes allotment and remittances as well as monthly pensions. Others with lump sum payment upon maturity term loan highly depend on annual income like retirement benefits, income from sale of property, and alike. Clients depending on their salaries usually complain regarding the delay of their monthly wages. They are also being affected if the payment schedule of loan is not on the same period of their salary. These problems are also often with clients depending on monthly remittances and pensions. Borrowers who depend on their business are highly affected by their customer's repayment behavior and external factors such as seasons and market competitions.</p>
HOUSING PURPOSES	HOUSING Loans	25	<p>Loans within this type have various sources of repayments. Common sources of repayments with in this group are income from salary and businesses while other sources of income includes allotment and remittances as well as monthly pensions. Others with lump sum payment upon maturity term loan highly depend on annual income like retirement benefits, income from sale of property, and alike. Clients depending on their salaries usually complain regarding the delay of their monthly wages. They are also being affected if the payment schedule of loan is not on the same period of their salary. These problems are also often with clients depending on monthly remittances and pensions. Borrowers who depend on their business are highly affected by their customer's repayment behavior and external factors such as seasons and market competitions.</p>
CONSUMPTION PURPOSES - AUTO LOANS		25	<p>Loans within this type have various sources of repayments. Common sources of repayments with in this group are income from salary and businesses while other sources of income includes allotment and remittances as well as monthly pensions. Clients depending on their salaries usually complain regarding the delay of their monthly wages. They are also being affected if the payment schedule of loan is not on the same period of their salary. These problems are also often with clients depending on monthly remittances and pensions. Borrowers who depend on their business are highly affected by their customer's repayment behavior and external factors such as seasons and market competitions.</p>

Personal - 55%			
Commercial - 45%		30	Almost half of the bank's auto loans are for commercial use. Borrowers from this group majority depend on the profit generated from the usage of the vehicle which is highly affected by the tourism industry. They are also affected by weather and seasons, market competitions, and the present condition of the vehicle and availability of drivers. This group is also prone to machine failures, accidents, and high cost vehicle maintenance such as constant vehicle checkup, repair, change oil and etc. since the vehicles are always used for long road trip drive for travel and tours.

V. Amendment/Revision

This shall be updated on a timely basis such as amendment of BSP Circular 941 or any related regulations pertaining to this policy.

VI. Implementation

This policy shall take effect 15 days after days after Board Approval but not later than August 15, 2019 (Board Res. No. 2019-361)

H. STRENGTHENING THE LARGE EXPOSURES AND CREDIT EXPOSURE LIMITS POLICY

Introduction

Managing and safeguarding against credit risk concentrations should be an important component of the Bank's credit risk Management System.

Objectives

- 1) To properly managed credit risk concentration and avoid significant losses by having a central liability records for each loan exposure
- 2) Avoid excessive exposures to individual counterparties, groups of related counterparties, and groups of counterparties with similar characteristics
- 3) To prevent excessive exposures to particular industries or economic sectors
- 4) To regularly apprise the Board and senior Management of compliance to the prescribed requirements and deviations from the established policies
- 5) To enable the Management take prompt correction action to address any concerns and exceptions noted

General Guidelines

- A. The following are the credit risk concentration limits per type of loan in relation to the total loan portfolio of the bank:

Agra	10%
Agri	15%
EFP	5%
DOSRI	15%
Commercial	28%
Salary	30%
Auto	25%
Housing	5%
OL-REM	30%

- B. The following are the large exposure limits:

Material RPT	1,000,000 single transaction
	15,000,000 aggregate transaction
Single Borrower	5,000,000
Corporate Borrower	5,000,000
Spouses*	considered as one borrower

*On spouses' loans, if either of the spouses has existing unsecured loan, and the other spouse will avail for a REM loan, the existing unsecured loan shall be paid off from the proceeds of the REM loan.

Parent and Child	considered as one borrower
Samahang Nayon	equal to paid up capital
Cooperatives	2x of their paid up capital

Prescribed Large Exposure Limits:	5% of bank's qualifying capital
Prescribed Single Borrower's limit:	25% of bank's net worth

- C. Total Unsecured credits should not exceed 30% of the Total Loan Portfolio
- D. No loan exposure to any of the following industries/economic activity should exceed the limit of 30%

Agriculture, Forestry & Fishing

Manufacturing

Electricity, Gas, Steam

Water Supply, Sewerage

Mining and Quarrying

Construction

Wholesale and Retail Trade; Repair of Motor Vehicles & Motorcycle

Accommodation & Food services

Transportation and Storage

Information & Communication

Financial and Insurance Activities

Real Estate Activities

Professional, Scientific and Technical Activities
Administrative & Support
Public Administration & Defense
Education
Human Health and Social Work Activities
Arts, Entertainment & Recreation
Other Service Activities
Activities of Households

- E. Excesses in any of the above limits must be approved by the Board.
- F. Where appropriate, the Compliance should conduct stress testing and scenario analysis of its large exposures to assess the impact of key risk factors (interest rate, liquidity, economic cycle or other market movements) on its profile and earnings.

REPORTING

- 1) Branch Bookkeeper shall generate report and provide Loan Officer and Branch Manager on a daily basis for monitoring such exposures against prescribed and internal limits. Large exposures should be subject to intensive monitoring.
- 2) Compliance and Audit function must ensure that all relevant internal and regulatory prescribed limits and requirements are complied with through their reports to the Board, appropriate Board-level Committee and Senior Management. Breaches and deviations should be reported in a timely manner to the Management for proper disposition and action plan.
- 3) Accountant should ensure reliable, timely, and accurate reports are submitted to Bangko Sentral Ng Pilipinas and External Auditors to avoid finding of unsafe and unsound practice.

REVIEW OF POLICY

This policy shall be reviewed by the Board of Directors at least annually to ensure they remain adequate and appropriate for the bank. Subsequent changes must be approved by the Board.

EFFECTIVITY

Effectivity of the updates of this policy shall be immediately after the Board Approval. Approved by the Board on August 13, 2019 per Board Resolution No. 2019-388.

I. SPECIAL INTEREST RATE OF MPC/SN LOANS

- Special Rate : 11% p.a.
- Term of Loan : 1 year

Qualified to avail this special rate:

- 1) No past due account upon application of loan.
- 2) Has stockholding not lower than P150, 000.00.

- 3) Has a good credit standing with the bank for the past 3 years.
- 4) A stockholder of the bank for more than 3 years.
- 5) With Audited FS and Certificate of Compliance issued by CDA.

J. POLICY ON RISK BASED PRICING

I. Introduction

Credit risk arises from the potential that an obligor is either unwilling to perform on an obligation or its ability to perform such obligation is impaired resulting in economic loss to the bank. Bank's failure to assess and manage credit risk proactively may be detrimental to the financial health of a bank and may lead to severe losses to the bank.

An effective management of credit risk requires that the risk is identified and measured properly. One of the building blocks of credit risk management is the process of properly evaluating the obligor, not only at the time of initiating relationship but also regularly during the course of continued relationship. The Cooperative Bank of Bohol needs to expand the scope of these evaluations towards the risk assessment and measurement during the continued relationship.

In line with the bank's credit risk management policy and the guidelines set forth by BSP Circular No. 855, which articulates sound principles and practices that are embedded in the credit risk management framework and was adopted by the Cooperative Bank of Bohol which covered the following areas:

- a. Establishing an appropriate credit risk environment;
- b. Operating under a sound credit granting process; and
- c. Maintaining appropriate credit administration, measurement, monitoring and control processes over credit risk.

The principles set forth in Circular No. 855 regarding credit risk management guidelines shall be used in determining the adequacy and effectiveness of CBB's credit risk management process and adequacy of capital relative to exposure.

The Internal Credit Risk Rating System (ICRRS) is an integral part of the process of credit evaluation (preapproval) and review (post-approval) in assessing the quality of loan accounts may it be prospective and existing. A blend of qualitative and quantitative factors translated into an equivalent Credit Risk Rating to determine the borrower's financial capacity to meet its obligations to the bank. Translated to an equivalent credit risk rating (CRR) for each loan account. Assigned ratings are then used to compute the corresponding loan loss provisioning of the bank.

The Credit Risk Rating shall be:

- Equivalent to the weighted average of the criteria/ components to determine the credit worthiness of the borrower
- Each borrower can only have one CRR (even if there are several PNs). The lowest/worst rating is taken as rating of the borrower.

II. Objectives

- To uniformly assess the entire credit portfolio at various levels (branches and head office levels)
- To provide management with a structure to define the corporate credit portfolio by dividing the credit portfolio into standard levels of quality
- To result in a meaningful distribution of exposures across grades with no excessive concentration on a single grade
- To provide a mechanism for changing the portfolio's risk profile
- To be able to provide an unbiased assessment as to the creditworthiness of customer and effectively meet its demand according to risk exposure.

III. Policy Statement

The bank shall develop and utilize the ICRRS appropriate to the nature, size and complexity of the bank's activities to help the Board and Senior Management differentiate risks across the individual / group credits for decision making.

The bank shall apply risk-based pricing on applicable loan accounts based on the following principles, that:

- The higher the credit risk rating the higher the interest rate, hence, the lower the credit risk rating the lower the interest rate.
- If based on the score, the higher the score, the lower the interest rate; the lower the score, the higher the interest rate.

IV. Functions

The Internal Credit Risk Rating System shall be influenced by the following important aspects of credit:

1. Underwriting and Approval

Credit underwriting can determine the borrower's financial capacity/ credit worthiness to meet its obligations to the bank. As CRR loan accounts and overall credit risk profile of the bank deteriorates, the underwriting process shall be more stringent. The CRR can help the Board and Senior Management differentiate the risks across the individual loan accounts for decision making purposes as to the approval of the loan.

2. Loan pricing

Risk-based pricing on loan accounts shall apply the statement that the higher the CRR, the higher the risk, hence, the higher that the loan should be priced.

3. Allowance for Probable Losses

The bank shall compute corresponding loan loss reserves per loan account that would serve as basis for the individual booking of allowance for credit losses (ACL).

4. Loan Portfolio Management

The bank shall monitor ratings migration (change in the credit rating of an account) to reflect improvement or deterioration in the credit quality of each account and determine the appropriate ACL. Identify which accounts need closer monitoring due to high risk profile. It will have a meaningful distribution of exposures across ratings, with no excessive concentration on a single rating. The management of the portfolio

shall provide a mechanism for monitoring and changing (if needed) the bank's portfolio risk profile and monitor estimated / recommended ACL versus booked reserves.

5. Board Reporting and Oversight The Board of Directors shall:

- Uniformly assess the entire credit portfolio of the bank, be this individual or business accounts, at the micro and macro level.
- Monitor the overall risk profile and risk direction of the bank on a monthly basis so as to take immediate action plans to suppress continued incidences of rising risk trends.
- Revisit the credit policies (if necessary) to improve and tighten credit risk controls for a better risk profile of the bank
- Monitor the effect on capital of rising risk profile and corresponding ACL of the bank
- Assess the quality of the bank's loan portfolio on a continuous monitoring basis

6. The integration of ICRRS in the bank's loan administration and monitoring shall provide the Board with:

- Profiling of loan accounts as to the ratings classification and corresponding loan loss provisioning.
- Determination of mix and concentration of credit risk ratings of the bank's entire loan portfolio
- Determination of watch list accounts that may exhibit red flags for probable defaults, thus, warrant for closer monitoring and risk mitigation
- Ratings migration of the risk ratings per account basis
- Vertical and horizontal analysis of bank's loan portfolio

V. People Responsible

The internal credit risk rating system of the bank shall be properly administered and monitored by the following persons:

a. Loan Officer

- Responsible in the loan solicitation and origination
- Perform the initial CRR scoring and upgrading/downgrading for renewal, if deemed necessary

b. Credit Review Evaluator

- Conducts the pre-approval review of the loan accounts and CRR validation

c. Credit Risk Officer

- An independent unit to perform the credit risk control function responsible for the design, implementation, and performance of the credit risk rating system
- Review the loan accounts of each loan product at least once a year and as necessary

- Prepare annual portfolio quality report for management and Board which includes the internal ratings which is essential in the annual or more frequent reporting of the Bank's changing portfolio quality over time to the Board
- Maintain data bank on rating histories for all accounts which include annual individual ratings, review dates, loan status, reviewer / rater, identity of borrowers, facilities that defaulted (if any), circumstances and date of default, and reserve
- Report initially to Board the results of credit review after discussion has been made with the loan department and clarifications has been obtained

SCORE	CREDIT RATING	REMARKS
0 - 19	5	Unsatisfactory – Loan denied
20 - 39	4	Cautionary – Lower loan granted from 100,000 to 50,000
40 - 59	3	Good – Grant loan with maximum supervision
60 - 79	2	Very Good – Grant loan with moderate supervision
> = 80	1	Excellent – Grant loan with minimum supervision

VI. Applicability

The following factors shall be applied for this policy:

- All prospective and existing (if renewed and reassessed) credit exposures of the bank shall be covered by the internal credit risk rating system.
- Accounts for housing loan, auto loan, personal loan and other consumption loan such as salary loan of 100,000 and above.
- Business accounts such as for commercial purposes (regardless of asset size).
- As per bank's policy, the pricing shall be based on the credit rating/score from the Credit Evaluator for accounts amounting to 100,000.00 and above for Tagbilaran Branch; and above 250,000.00 for the other branches. Further, the pricing shall be based on the credit rating/score of Branch Managers amounting from 100,000.00 – 250,000.00 for Candijay and Inabanga branch.
- This policy shall not include Employees Financing Program as the latter is approved by the Bangko Sentral ng Pilipinas, Agrarian Reform Loans and subsequent releases under the Credit Line Loan facility of the bank.
- As defined by BSP's policy, each borrower can only have one CRR even if there are several Promissory Notes. If the borrower avails additional credit exposure, the latter

shall be re-assessed of its credit score. The lowest/worst rating is taken as rating of the borrower.

- Repricing of loan shall be done every 2 years for loans with a term of 5 years and above in line with the appraisal frequency of the bank and repricing of loans under the Credit Line Loan facility shall be done every credit line renewal.

Below is the risk based interest rate table:

Score	Interest Rate
>=80	Grant loan with a decrease of 1% of standard rate
60-79	Grant loan with the standard/board rate of interest on loans
40-59	Grant loan with an increase of 1% of standard rate
20-39	Grant loan with an increase of 2% of standard rate
0-19	Deny the loan
The rates above are exclusive of the Board approved premium rates which the President can grant to qualified borrowers.	
Effectivity	
This Risk Based Pricing policy shall be implemented by the Cooperative Bank of Bohol sixty (60) days after the approval by the Board of Directors and shall be reviewed every two years or as necessary.	
Approved per Board Resolution No. 2019-362 dated July 25, 2019	

K. SUPPLEMENTAL TERMS AND CONDITIONS TO REM / CHATTEL LOANS

- (1) CREDIT LIFE INSURANCE. The debtor/mortgagor shall secure and maintain, until full payment of the loan, acceptable credit life insurance and endorse the same in favor of the bank. For those with credit term beyond two (2) years, debtor/mortgagor shall continue to shoulder corresponding credit life insurance for the whole duration of the remaining term and endorse the same in favor of the bank. The debtor/mortgagor shall submit proof of premium payments and renewal thereof not later than ten (10) days before the due date. Should there be any credit life insurance policy that was not endorsed to the bank, the debtor/mortgagor agrees and hereby appoints the bank as his/its attorney-in-fact with full authority to collect any indemnity or claim due thereon in case of death of the insured and apply such proceeds thereof in full or partial payment of the loan;
- (2) FIRE AND OTHER INSURANCE. The debtor/mortgagor shall also secure and maintain, until the full payment of the loan, acceptable insurance against risks of fire, flood, earthquake, and applicable motor vehicle insurance in the amount of the loan or in the sum not less than the appraised value of the improvements as applicable. The insurance policy on the mortgaged property shall be endorsed to and delivered with the bank as beneficiary. The debtor/mortgagor shall also submit proof of payment of premiums and renewal of said policy not later than ten (10) days before the due date. Should there be any insurance policy that was not endorsed to the bank, the debtor/mortgagor agrees and hereby appoints the bank as his/its attorney-in-fact with full authority to collect any indemnity or claim due thereon in case of loss of the mortgaged property and apply such proceeds thereof in full or partial payment of the loan;
- (3) ADVANCES BY BANK/CREDITOR/MORTGAGEE. The bank may, at its discretion, advance the payment of insurance premiums as well as real estate taxes, association dues, assessment fees, charges and cost of repair on the mortgaged property in the event that the debtor/mortgagor fails to pay the same when due or undertake necessary repairs and submit proof of renewal of the insurance or completion of necessary repairs. Any amount advanced by the bank, including premiums on the credit life, fire, flood, earthquake, and applicable motor vehicle insurance policies, taxes, dues, assessments, fees, charges and cost of repair works on the mortgaged property may, at the option of the bank, be debited from debtor/mortgagor's accounts with the bank, demandable immediately or added to the debtor/mortgagor's loan and bear the same interest rate if not paid after one (1) month. (Board Reso. No. 2019-388)

L. GUIDELINES COVERING LOAN SERVICES

LOAN FOR OTHER PURPOSE - Secured by Real Estate Mortgage (REM)

1. Maximum amount allowable is P5 million. As amended under Brd. Res. 2003-005 dated January 3, 2003.
2. Term: A maximum of 8 years
3. Only interest for the first year shall be deducted in advance, and succeeding year's interest shall be added to the following collections.
4. Titled agricultural, residential, industrial & commercial lots located in the city, in the Poblacion or barangays of the municipalities shall be accepted as collaterals.
5. For special consideration, we will allow if the borrower is not from Bohol but the property is located in Bohol.
6. Repayments shall be agreed upon by the bank and the borrower.
For one year term, lump sum upon maturity.
Long term loans, on installment basis.

7. Increase of amount of loans maybe allowed if collateral is still sufficient for an increase.

Requirements:

1. Application form duly signed by the borrower
2. Promissory Note
3. Credit Investigation Report
4. Borrower's Profile
5. Land title
6. Certified True Copy of Land Title
7. Tax Declaration of the Land
8. Tax Declaration of the House/Building
9. Real Estate Mortgage
10. Sketch map
11. Vicinity map
12. Tax Receipt & Tax clearance
13. Proof of Income
14. Proof of Billing (if none, Barangay Certification)
15. TIN/Community Tax Receipt of Spouses
16. Marriage Contract (if married)
17. Photocopy of Valid ID
18. Photocopy of Valid ID of spouse (if married)
19. 2x2 ID picture
20. 2x2 ID picture of spouse (if married)
21. Special Power of Attorney if needed
22. Postdated checks for long term loans

Deductions:

1. Interest
 - Below P1M – 12.5% per annum
 - P1M –P2.5M – 12% per annum
 - Above P2.5M --11% per annum
2. Bank charge
 - 1-2 Yrs. – 5%
 - 3-4 Yrs. – 6%
 - 5-8 Yrs. – 6.5%
3. Documentary tax – P1.50 per P200.00
4. Life Insurance
5. Fire insurance for buildings
6. Notarial fee

SALARY LOANS

1. Beneficiaries

Salary Loan (MOA)

The beneficiaries of the salary loans are all private and government employees who can be covered by the payroll deduction scheme of repayments and salary deduction scheme through the Cashier, Finance Officers and the Treasurers as approved by the Chief of Office and guaranteed by the above.

Salary Loan (ATM/PDC)

The beneficiaries of the salary loan with ATM card/PDC shall include all private and government regular/ permanent employees who are not covered by the payroll deduction scheme of repayment.

Postdated checks shall only be required as collateral in lieu of ATM cards under salary loans on a case to case basis.

Salary loan with ATM card (contractual/provisionary only) and PDC must be with Board approval before release.

Loanable amount of salary loan with ATM card or PDC must be up to P200, 000.00 only and shall have a maximum term of (1) one year. But, a loan term of more than one (1) year may be availed by a specific borrower per discretion of the General Manager, provided that it should be on arm's length judgment.

No recommendations/accommodations should be entertained if beneficiaries does not fall the above criteria.

2. Loan Ceiling

- a. For the loans availed for the first time, the amount should be five (5) times the basic monthly salary and allowances reflected in the payslip of the borrower.
- b. For the succeeding loans (reloans) the maximum loanable amount shall be the following:

With MOA- 10x of the basic monthly salary and allowances reflected in the payslip of the borrower but not to exceed P200,000.00

LGU Dept. Head with MOA- maximum loanable amount shall be P350,000.00

Payment through ATM and PDC- maximum loanable amount shall be P200,000.00

Barangay Officials - maximum loanable amount- P30,000.00
- President' Premium- P65,000.00
- Maximum term- 1 year
- President's Premium- 1 ½ year

3. Relending Policy

- a. Borrowers are allowed only to reloan upon payment of 50% of the previous loan account.
- b. No increase of loan value should be granted if the borrower is delinquent for two or more semi-monthly installments, or one or more monthly installments.
- c. Accounts which matured three months or more should not be allowed to reloan in excess of his/her outstanding balance, if the balance is ten percent (10%) or more of the original amount.
- d. Granting loans to additional applicant from offices that have sixty percent (60%) unattended loan accounts should be suspended.

Requirements:

1. Current payroll or payslip (3 months)
2. Application form duly signed by the borrower
3. Promissory Note
4. Co-makers statement

5. Photocopy of Borrower's Office ID (back to back)
6. Photocopy of Office ID of 2 co-makers (back to back)
7. 2 x 2 picture ID picture of the maker and co-maker
8. ATM card (for those deduction through aTM)
9. Postdated check (for those payment through PDC)

Deductions:

- a. Interest and Service Fee (with MOA)

Term (yr)	Interest/Annum(%)	Service Fee (%)
1	7	4.5
2	8	4.5
3	9	4.5
4	10	4.5
- b. Interest and Service Fee (with ATM)

Term (yr)	Interest/Annum(%)	Service Fee (%)
1	10.5	5
2	11.5	5
- c. Life Insurance
- d. Documentary tax – P1.50 for every P200.00
- e. Notarial fee

SAMAHANG NAYON LOANS

1. Loanable amount shall be equal to the SN's paid-up capital.
2. No SNs are allowed to avail additional loan if they have still past due outstanding loans.
3. Signatories of the loan shall be the President and the Treasurer, or other officers
4. Reloan
 - a. Status of the loan is current upon renewal- loanable amount maybe the same or be decreased by 10% every renewal.
 - b. Status of the loan is past due non-performing- the maximum loanable amount is strictly equal to their capital.
 - c. Status of the loan is past due upon renewal- shall pay 20% of the loan or the maximum renewable amount is equal to their capital.

Requirements:

1. Board Resolution applying for a loan with the Cooperative Bank of Bohol and stating the authorized signatories to transact business with the bank.
2. Application form duly signed by the authorized signatories.
3. Promissory Note
4. Co-maker's Statement
5. Loan Profile
6. List of Individual Borrowers with signatures
7. Community Tax Receipt of the maker and co-maker
8. Proof of Billing /Brgy. Certification of residence of maker and co-maker
9. 2x2 ID picture of maker and co-maker
10. Photocopy of Valid ID of maker and co-maker

Deductions:

1. Interest of 12% per annum
2. Bank charge - 4% of the loan amount
3. Documentary tax – P1.50 per P200.00
4. Life Insurance

COOPERATIVE LOANS

1. A maximum of two times of their paid-up capital.
2. No cooperatives are allowed to avail additional loan if they have still past due outstanding loans.
3. Signatories of the loan shall be the President and the Treasurer, or other officers as authorized by the cooperative.
4. Reloan
 - a. Status of the loan is current upon renewal- loanable amount maybe the same or be decreased by 5% every renewal.
 - b. Status of the loan is past due non-performing- the maximum loanable amount is only two times of their capital.
 - c. Status of the loan is past due upon renewal- the maximum renewable amount is equal to their capital.

Requirements:

1. Board Resolution applying for a loan with the Cooperative Bank of Bohol and stating the authorized signatories to transact business with the bank.
2. Application form duly signed by the authorized signatories.
3. Promissory Note
4. Co-maker's Statement
5. Deed of Assignment of Bank Deposits and Share of Stock
6. Loan Profile
7. Latest Audited Financial Statement
8. List of Individual Borrowers with signatures
9. TIN/Community Tax Receipt of the maker and co-maker
10. Proof of Billing /Brgy. Certification of residence of maker and co-maker
11. 2x2 ID picture of maker and co-maker
12. Photocopy of Valid ID of maker and co-maker

Deductions:

1. Interest of 13% per annum
2. Bank charge - 2% of the loan amount
3. Documentary tax – P1.50 per P200.00
4. Life Insurance

CAR LOAN

1. Program will be for the acquisition of a brand new unit of all types of light vehicles.
2. Qualified borrowers are residents of the Province of Bohol.
3. Supplier of the vehicle should have its office located in Tagbilaran City or in the Province of Bohol.
4. For special consideration, we will allow vehicle loan to be purchase outside Bohol but to be used within the Province.
5. Qualified borrowers shall put-up a 20% equity (personal use) and 30% equity (commercial use). Payment of the 80% (personal use) and 70% (commercial use) of the price of the vehicle shall be made by the bank directly to the supplier.

*Vehicle loans with below 10% equity for personal and below 15% for commercial purposes shall be classified as Chattel Mortgage-Unsecured.

6. Interest and Service Fee

Term	Personal Use		Commercial Use	
	Interest (%)	Bank Charge (%)	Interest (%)	Bank charge(%)
1 year	8.0	3	10	3.5
2 years	8.5	3	10.5	3.5
3 years	9.0	3	11	3.5
4 years	9.5	3.5	11.5	4.0
5 years	10	3.5	12	4.0

7. Loans shall be paid in equal monthly installments to be issued by postdated checks.
8. The vehicle shall be registered in the name of the borrower and to be encumbered in the LTO in favor of the bank.
9. The registration fees and insurance premium (3rd party and own damage) shall be in the account of the borrower.
10. Nonpayment of three accumulated installments will give the bank the right to foreclose said vehicle.
11. For failure to pay the monthly amortization, a penalty of 2 % shall be charged on the amortization due.

Requirements:

1. Application form duly signed by the borrower
2. Promissory Note
3. Credit Investigation Report
4. Borrower's Profile
5. Quotation from the Car Company
6. Picture of Vehicle
7. Stencil of the vehicle chassis and engine
8. Official Receipt of the 20% equity of the vehicle
9. Chattel Mortgage
10. CR & OR

11. Proof of Income
12. TIN/Community Tax Receipt of Spouses
13. Photocopy of Valid ID
14. Photocopy of Valid ID of Spouse (if married)
15. Proof of Billing/Brgy. Certification
16. Marriage Contract (if married)
17. 2x2 ID picture
18. 2x2 ID picture of spouse (if married)
19. Special Power of Attorney, if needed
20. Postdated checks

Deductions:

1. Documentary stamp tax – P1.50 per P200.00
2. Comprehensive insurance
3. Life Insurance, optional
4. Notarial fee

HOUSING LOAN

1. Availment of the program will solely be for the purchase/acquisition of residential, industrial, commercial lot, house construction, major renovation/expansion of a residential house, refinancing/mortgage, payment of an existing housing loan and town house or condominium purchase.
2. Lots to be acquired will preferably be within the City of Tagbilaran, neighboring towns or in the town proper of the municipalities not affected by the peace and order disturbance.
3. The collateral of the loan will be the title of the lot where the building be constructed.
4. Interest of the loan will be 13 % per annum, diminishing balance, non-discounted.
5. Bank charge rate
 - 1-10 Yrs. – 4.5%
 - 11-12 Yrs. – 5%
 - 13-15 Yrs. – 6%
6. Term of the loan will be fifteen (15) years.
7. Release of the loan proceeds shall be staggered in 4 installments.
 - 1st release – 25% of the loan amount for mobilization purposes
 - 2nd release – 25% of the loan amount if the construction is on its 25% phase
 - 3rd release – 25% of the loan amount if the construction is on its 50% phase
 - 4th release – 25% of the loan amount for electrical, painting & other finishing works.
8. For housing loan, the bank appraiser shall monitor the progress of the construction of the building.
9. Payment of the loan will be monthly through postdated checks and failure to pay three monthly accumulated installments will give the bank the right to foreclose the property used as collateral.
10. First monthly installment payment shall be 30 days after the release of each phase.

11. For failure to pay the monthly amortization, a penalty of 2% shall be charged on the amortization due.
12. Maximum amount of loan is P3,000,000.00.

Requirements:

- a. Application form duly signed by the borrower
- b. Promissory Note
- c. Credit Investigation Report
- d. Borrower's Profile
- e. Real Estate Mortgage
- f. Building Plan
- g. Land Title
- h. Tax Declaration
- i. Tax Receipt & Tax clearance
- j. Deed of Sale if needed
- k. Proof of Income
- l. TIN/Community Tax Receipt
- m. Photocopy of Valid ID
- n. Photocopy of Valid ID of Spouse (if married)
- o. Proof of Billing/Brgy. Certification
- p. Marriage Contract (if married)
- q. 2x2 ID picture
- r. 2x2 ID picture of spouse (if married)
- s. Special Power of Attorney, if needed
- t. Postdated checks

Deductions:

- a. Documentary stamp tax – P1.50 per P200.00
- b. Life Insurance
- c. Fire Insurance for the building
- d. Notarial fee

PENSION LOAN

Pension Loan is a type of loan where future pension payments of a retiree or pensioner are used as collateral. The pensioner will take a lump sum of cash repayable within a maximum term of one year in exchange for a certain number of his pension payments in the future.

CHARGES AND DEDUCTIONS:

Bank Charge:	4.5%
Doc Stamps:	0.75%
Notarial Fee:	P200.00
Life Insurance:	65 years old and below-P13.00 per P1,000-loan (CISP) more than 65 years old-P8.50 per P1,000-loan(PCIC)

Interest rate: 11% p.a. – undiscounted

QUALIFICATIONS:

- Must be a pensioner of SSS, GSIS, PVAO & ALL Pensioners
- Sole pension account owner or survivor pensioner
- Must be 59-75 years old upon application
- Must have P1,500.00 monthly minimum pension threshold, net of CBB amortization
- Renewal up to 80 years old only
- Must generally be in good health and able to personally appear in the Bank

DOCUMENTARY REQUIREMENTS:

1. Pension ATM Card
2. Application form duly signed by the borrower and co-maker
3. Promissory Note
4. PVAO ID/SSS ID/GSIS ID/Senior Citizen ID of Borrower and any gov't issued IDs
5. 2 Valid IDs of one (1) Co-maker (any of his relatives/friends in his community with reliable source of income, 21-65 years old & with barangay captain's certification of his residency & capacity to pay)
6. Lates 1 pc. 2x2 ID picture of Borrower
7. Latest 3 months Bank Statement of Pension Account
8. Proof of billing/barangay clearance

LOANABLE AMOUNT:

Minimum Amount: P 8,000.00
Maximum Amount: P 100,000.00
Maximum Term : 1 year

BORROWER'S AGE	LOANABLE AMOUNT	
	FIRST LOAN	RENEWAL
Below 65 years old	Five (5) times their monthly pension but not more than P60,000.00	Ten (10) times their monthly pension but not more than P70,000.00
65 – 69 years old	Four (4) times their monthly pension but not more than P40,000.00	Eight (8) times their monthly pension but not more than P60,000.00
70-80 years old	Two (2) times their monthly pension but not more than P30,000.00	Four (4) times their monthly pension but not more than P40,000.00

OPTION TO RE-AVAIL THE LOAN:

The borrower can re-avail the loan after payment of at least half the loan amount in the existing contract. This re-availment, however, is subject to the conditions and qualifications of a pension loan application.

OFW/ALLOTEE LOAN

1. Beneficiaries – allottees of OFW
2. Loan Ceiling – not more than P50,000.00
3. Term – 1 year
4. Requirements

- a. ATM card
- b. Contract from employer
- c. Application form duly signed by the borrower
- d. Promissory Note
- e. TIN/Community Tax Receipt
- f. 1 x 1 or 2 x 2 ID picture of borrower
- g. Photocopy of Valid ID (driver's license, PRC license, employer's ID, SSS, GSIS, or voter's ID)
- h. Proof of Billing/Brgy. Certification

5. Deductions:

- a. Interest – 12% per annum
- b. Bank charge – 4% of the loan amount
- c. Life Insurance
- d. Documentary stamp tax – P1.50 for every P200.00
- e. Notarial fee

CORPORATE LOAN

- 1. Beneficiaries – corporations, schools, parishes, contractors, tourist facility operators.
- 2. Loan Ceiling – P3M
- 3. Term – 5 years
- 4. Payment of the loan will be monthly through post dated checks and failure to pay three monthly accumulated installments will give the bank the right to foreclose the property used as collateral.
- 5. For failure to pay the monthly amortization, a penalty of 2 % shall be charged on the amortization due.

6. Requirements

- a. Memorandum of Agreement between the bank and the establishment or Board Resolution
- b. Application form duly signed by the borrower
- c. Promissory Note
- d. TIN/Community Tax Receipt
- e. Proof of Income
- f. Proof of Billing/Brgy. Certification
- g. 1 x 1 or 2 x 2 ID picture
- h. Photocopy of Valid Identification Card (driver's license, PRC license, employer's ID, SSS, GSIS, or voter's ID)
- i. Special Power of Attorney, if needed

7. Deductions:

- a. Interest – 10% per annum not discounted
- b. Bank charge – 4% of the loan amount
- c. Life Insurance
- d. Documentary stamp tax – P1.50 for every P200.00
- e. Notarial fee

MOTORCYCLE LOAN

1. Program will be for the acquisition of a brand new unit of motorcycles.
2. Qualified borrowers are residents of the Province of Bohol.
3. For special consideration, we will allow vehicle loan to purchase outside Bohol but to be used within the Province.
4. They shall put-up a 15% equity but not less than P3,000.00
5. Interest and Service Fee:

Term (months)	Interest/Annum (%)	Service Fee (%)
12	8	3
24	5.5	3

6. Nonpayment of three accumulated installments will give the bank the right to foreclose said motorcycles.
7. For failure to pay the monthly amortization, a penalty of 2% shall be charged on the amortization due.

Requirements:

1. Application form duly signed by the borrower
2. Promissory Note
3. Credit Investigation Report
4. Borrower's Profile
5. Quotation from the Motorcycle Company
6. Chattel Mortgage
7. CR & OR
8. Stencil of the motorcycle engine
9. Official Receipt of the 15% equity of the motorcycle
10. Proof of Income
11. TIN/Community Tax Receipt of Spouses
12. Photocopy of Valid ID
13. Photocopy of Valid ID of Spouse (if married)
14. Proof of Billing/Brgy. Certification
15. Marriage Contract (if married)
16. 2x2 ID picture
17. 2x2 ID picture of spouse (if married)

Deductions:

1. Documentary stamp tax – P1.50 per P200.00
2. Life Insurance
3. Notarial fee

BACK-TO-BACK LOAN

Back-to-Back Loan is a standby loan available to existing Savings and Time Deposit account holders that intends to bridge financial gaps for personal and business purpose. It is a loan against deposits and is a better option for those looking to avail a loan at a lower rate when compared to personal loans where interest rates are usually higher. Moreover, you will continue to earn interest on the deposit though you have availed a loan against it. It is worth noting, however, that one cannot terminate or withdraw the deposit after availing the loan.

REQUIREMENTS

TIME DEPOSIT

1. 2 Valid IDs of Borrower and Spouse
2. 2x2 ID Picture of Borrower and Spouse
3. Four (4) copies of notarized Deed of Assignment of Bank Deposits
4. Marital consent shall be required as evidenced by the spouse's conformity in the Promissory Note and Application Form
5. In case of corporate borrower, a Secretary's Certificate is required authorizing the Corporation to secure a loan from the Bank, specifying the authorized signatories for the documents related to the transactions, and authorizing the corporation to use the bank deposit as a collateral for the loan
6. Certificate of Time Deposit duly endorsed by the depositor/assignor stamped "With Hold-Out"
7. Auto Debit Arrangement (ADA)

SAVINGS DEPOSIT

1. 2 Valid IDs of Borrower and Spouse
2. 2x2 ID Picture of Borrower and Spouse
3. Four (4) copies of notarized Deed of Assignment of Bank Deposits
4. Marital consent shall be required as evidenced by the spouse's conformity in the Promissory Note and Application Form
5. In case of corporate borrower, a Secretary's Certificate is required authorizing the Corporation to secure a loan from the Bank, specifying the authorized signatories for the documents related to the transactions, and authorizing the corporation to use the bank deposit as a collateral for the loan
6. Original passbook stamped "With Hold-Out"
7. Auto Debit Arrangement (ADA)

OTHER CONDITIONS

TIME DEPOSIT

1. Minimum Deposit of P100,000.00.
2. Minimum loanable amount is Php90,000.00 while the maximum loanable amount is 90% of total outstanding deposit balance at the time of loan availment, but in no case shall the loan amount exceed P5,000,000.00.
3. 6% interest per annum and other charges shall be computed for the duration of the loan term and will be collected in advance.
4. Bank charge shall be:

TERM OF LOAN & CTD (in days)	FROM	TO
90	ONE-TIME 2% PER TRANSACTION	1.0%
180		2.0%
360		3.0%

5. No refund/discount shall be given on partial payments. However, a rebate may be given on loan full payments but subject to the Bank's existing pre-termination fee.
6. The bank's notarial fee schedule shall be followed.
7. Subject to Documentary Stamp Tax

8. Term of CTD should be three (3), six (6) months or one (1) year.
9. Time deposit certificate shall be retained by the Bank.
10. The President shall have the discretionary power to reduce the interest rate by up to one percent (1%).

SAVINGS DEPOSIT

1. Minimum Deposit of P100,000.00.
2. Minimum loanable amount is Php90,000.00 while the maximum loanable amount is 90% of total outstanding deposit balance at the time of loan availment, but in no case shall the loan amount exceed P5,000,000.00.
3. 4% interest per annum and other charges shall be computed for the duration of the loan term and will be collected in advance.
4. Bank charge shall be:

TERM OF LOAN (in days)	FROM	TO
90	ONE-TIME 2% PER TRANSACTION	1.0%
180		2.0%
360		3.0%

5. No refund/discount shall be given on partial payments. However, a rebate may be given on loan full payments but subject to the Bank's existing pre-termination fee.
6. The bank's notarial fee schedule shall be followed.
7. Subject to Documentary Stamp Tax.
8. Depositor's passbook shall be retained by the Bank.
9. The President shall have the discretionary power to reduce the interest rate by up to one percent (1%).

SAMPLE COMPUTATION

(Determination of Loanable, Restricted & Withdrawable Amounts)

Illustration 1

DEPOSIT AMOUNT

P 1,000,000.00

Maximum Loanable Amount (90% of CTD/SD Amt.)

900,000.00

Restricted Amount (100% of CTD/SD Amount at the time of availment)

1,000,000.00

Withdrawable Amount

-NONE-

Illustration 2

DEPOSIT AMOUNT

P 1,000,000.00

Availed Loan Amount

500,000.00

Restricted Amount (100% of CTD/SD Amount at the time of availment)

1,000,000.00

Withdrawable Amount
-NONE-

SAMPLE COMPUTATION (Net Proceeds-SD)

Illustration 1 –SD (360 days)	THEN	NOW
Amount	1,000,000.00	1,000,000.00
Interest	(60,000.00)	(40,000.00)
Bank Charge	(20,000.00)	(30,000.00)
Doc Stamps	(7,500.00)	(7,500.00)
Notarial Fee	(1,100.00)	(1,100.00)
Net Proceeds (One Year)	911,400.00	921,400.00

COMPUTATION OF BANK'S INCOME FOR THIS TRANSACTION:

Illustration 1 –Savings (360 days)	THEN	NOW (w/o Pres. Premium Rate)	NOW (w/ Pres. Premium Rate of 1%)
Interest Earned	60,000.00	40,000.00	30,000.00
Bank Charge	20,000.00	30,000.00	30,000.00
Total Income	80,000.00	70,000.00	60,000.00
Interest Expense	(17,500.00)*	(17,500.00)*	(17,500.00)*
Net Income	62,500.00	52,500.00	42,500.00

*After effecting the new interest rate on SD.

SAMPLE COMPUTATION (Net Proceeds - CTD)

Illustration 1 –CTD (180 days)	THEN	NOW
Amount	1,000,000.00	1,000,000.00
Interest	(40,000.00)	(30,000.00)
Bank Charge	(20,000.00)	(20,000.00)
Doc Stamps	(3,750.00)	(3,750.00)
Notarial Fee	(1,100.00)	(1,100.00)
Net Proceeds (One Year)	935,150.00	945,150.00

COMPUTATION OF BANK'S INCOME FOR THIS TRANSACTION:

Illustration 1 – CTD (180 days)	THEN	NOW (w/o Pres. Premium Rate)	NOW (w/ Pres. Premium Rate of 1%)
Interest Earned	40,000.00	30,000.00	25,000.00
Bank Charge	20,000.00	20,000.00	20,000.00
Total Income	60,000.00	50,000.00	45,000.00
Interest Expense	(17,500.00)*	(17,500.00)*	(17,500.00)*
Doc Stamps on CTD	(3,750.00)	(3,750.00)	(3,750.00)
Net Income	38,750.00	28,750.00	23,750.00

*After effecting the new interest rate on CTD.

OTHER LOAN (INTENDED FOR SHOW MONEY)

With the bank's mission to provide quality financial services and to promote economic opportunities, the bank is offering a repackaged Show Money Loan to any individual who is in need of a Bank Certification as a requirement in his VISA application to any embassy not banned by the government.

This credit facility will be available who wishes to apply as immigrant, worker, tourist, student and other travel related abroad and is in need of show money. The client will apply for loan with the bank without collateral.

Purpose of Loan

1. Immigrant Visa
2. Working Visa
3. Tourist Visa
4. Study Visa
5. Other travel related abroad

Features:

Loan Amount- will depend upon the actual need of the client for show money but shall not be less than P100, 000.00 and not more than P2, 000,000.00

Term of Loan- shall be 90 days or 180 days, renewable depending upon the recommendation of the Loan Officer and assessment of the President regarding reapplication due to prior disapproval of VISA application.

Mode of Payment- lump sum

Loan Deductions (to be paid upon release of loan)

Interest Rate

Note: This loan type is not subject to the President's Premium rate

Service

Term	Time Deposit <P100T-700T>	Time Deposit <700T-1M>	Savings Deposit
90 days	2%	3%	5% p.m.
180 days	3.5%	5%	

Charging/Processing Fee

Term	Time Deposit	Savings
90 days	1.5%	.25% p.m.
180 days	2%	

Documentary Stamp Tax on PN- .75% of loan amount

Notarial Fee- depending on loan amount (see approved Tariff)

Guidelines

1. The proceeds of the loan shall be deposited with the Cooperative Bank of Bohol under savings deposit or time deposit account. The bank will issue a bank certification on said deposit account.
2. The term of the Certificate of Time Deposit shall be the same with the term of loan.
3. The deposit account shall be tagged as "hold full amount" in the CASA/TD system.
4. The certificate of time deposit or savings passbook shall be surrendered to the bank, and shall be kept under the joint custody of the Bookkeeper and the Cashier.

5. A Deed of Assignment of Bank Deposits and Authority to Debit shall be signed by the borrower and shall be notarized.
6. Upon maturity of the loan account, the deposit shall be closed/terminated and proceeds shall be applied to pay off the loan account.
7. Any Interest earned shall be paid to the client or credited to existing savings account with the bank net of any charges relative to termination of both the loan and deposit account.

Requirements:

- 1) Application form duly signed by the borrower indicating type of VISA applied and name of Embassy
- 2) Promissory Note
- 3) Deed of Assignment of Bank Deposits
- 4) Authority to Debit
- 5) Borrower's Profile/Credit Proposal
- 6) 2 Valid Identification Cards
- 7) TIN
- 8) Community Tax Receipt
- 9) Proof of VISA Application Processing
 - i. Original Passport with Validity for the entire duration of stay in the applied country
 - ii. VISA Application confirmation page stamped at the VISA Application Center
 - iii. Proof of Fee Payment, which is a valid receipt
 - iv. School Acceptance Letter for student VISA applicant
- 10) Borrower's Risk Rating
- 11) CI/BI

Deductions

- 1) Interest - 5% pa
- 2) Bank charge – 2%
- 3) Documentary stamps
- 4) Notarial fee

Credit Line Facility

Credit Line is an arrangement between CBB and a customer that establishes a maximum loan balance that the Bank permits the borrower to access or maintain. The borrower can access funds from the line of credit anytime, as long as he does not exceed the maximum amount and term set in the agreement and as long as he meets any other requirement set by CBB. The customer can borrow money even without consuming the approved maximum amount for a 1 year term loan, borrow again another amount for another 1 year term up to the approved credit limit in a revolving cycle but assessment of documents and collateral shall be done every year. However, the credit line should be renewed one month before its expiry date. Failure to do so, the said line will be suspended. Using the Loan Approval Memorandum duly approved by the General Manager, the outstanding balance will be transferred by the Bank to regular loan imposing prevailing loan rates. If there is unpaid balance upon maturity, the Bank's loan clean-up policy shall apply securing at least 5% principal reduction.

Qualifications/Guidelines

1. Qualified Individual who are Filipino residents

2. Sole Proprietorship
3. Corporation (at least 80% Filipino owned)
4. Primary Cooperatives
5. At least 25 years old but not more than 65 years old
6. Business must be registered with DTI or SEC
7. With no history of missed payments or past due accounts with the bank and other lending institution (With good credit history with the bank)
8. Qualification/assessment of documents and collateral every year
9. Suspension of the credit line in case of default in interest or principal payment in any PN and demand of immediate repayment. Lifting such suspension shall be made only upon payment of all arrears and have maintained good standing for 3 consecutive months.
10. Upon assessment, the Loan Officer may recommend decrease in credit line when 1) there is slow-down in the borrower's business operations as reflected in the AFS submitted or by actual visit of the LO; 2) decline in value of collateral; and 3) suspension of business operations caused by fire or other acts of nature

Line Amount	60% of the Appraised Value; Minimum of P1,000,000.00, maximum of P5,000,000.00 if secured by Real Estate Properties
	90% of Deposit Amount; Minimum P500, 000.00, maximum of P5, 000,000.00 if against Deposits
Purpose	Working capital, asset purchase, growth funding, additional investment
Term	One Year from date of availment, line assessment every year
Rate	Based on prevailing lending rate at the time of availment
Interest Repricing	Annually
Modes of availment	Via 360 days availment but not to exceed line limit and assessment date. Any available fund, i.e. line limit less outstanding loan balance, can be re-availed for a maximum term of one year.
Repayment	Fixed equal amortization through postdated checks
Collateral	Any prime residential/commercial/industrial properties with or without improvements (Lot classified as Agricultural in the Tax Declaration is not acceptable as collateral for a credit line
Cash Deposits	
Modes of Repayment	Over the counter cash or check payment

Turnaround Time	Approval within 5-10 working days from the submission of complete documents
Others	No Commitment Fee Upon Approval
Interest	12.5% p.a.
Appraisal/Re-appraisal Fee	(based on the tariff schedule)
Service Fee (line renewal)	500.00
Bank Charge	4.5%
Documentary Stamps	0.75%
Benefits	1 PN number per availment with 1 year term
Fire Insurance	All improvements (existing and/or additional) shall be covered by fire insurance every time a new loan availment is made.

Requirements Upon Application

- completely filled out and signed application form
- 2 valid or government-issued IDs of Authorized Signatory (ies)
- Business Registration Papers
 - DTI Certificate of Registration
 - SEC Articles of Incorporation and By-laws, General Information Sheet (GIS)
 - Current Business Permit
- Company Profile and Ownership Structure
- ITR with Audited Financial Statements for the last 2-3 years duly stamped "RECEIVED" by the BIR
- Waiver of Confidentiality of Clients Information and/or Authority of the bank to conduct random verification with BIR (as indicated in the application form)
- Photocopy of bank statements or passbook within the past 6 full months
- Interim Financial Statements, if available
- Photocopy of TCT, Tax Declaration, Sketch and Vicinity Map of the Offered Collateral
- Time Deposit Certificate with signed endorsement at the back portion

Additional Requirements (Depending on Purpose of Loan)

- For acquisition - Contract to Sell/ Copy of TCT of the property being acquired/ Sales Invoice of Property Acquired

Additional Requirements (Based on Nature of Business)

- Lease contracts - if the source of income is from rentals

- Notarized Service Agreements/Contracts and list of completed and on-going projects - if construction
- Franchise Agreements - for franchise or franchisor
- Service contracts - for manpower, labor or transport business
- Purchase Orders - for exporters
- Supply contract - for contract growers
- Licenses or accreditation from institution or government agencies - for businesses such as health care provider, manpower provider and rice and grain dealers
- Contracts/Distribution Agreements - for business in sales or exclusive distributorship

FUNDagdag Negosyo Loan

It is a type of loan offered to existing small business owners for additional capitalization, improvement of business and expansion but not applicable for start-up business.

Below are the features of the said loan product/services:

	GROSS SALES PER MONTH	LOANABLE AMOUNT	INTEREST RATE
1. With business documents & sufficient bank statement	Php 20,000.00 – Php 50,000.00	Maximum amount of Php 100,000.00	12%
	Php 50,000.01 – Php 100,000.00	Maximum amount of Php 150,000.00	12.5%
	Php 100,000.01 and above	Maximum amount of Php 200,000.00	13%
2. With business documents w/ insufficient bank statement (part of income from sales is not deposited)	Php 20,000.00 – Php 50,000.00	Maximum amount of Php 70,000.00	13%
	Php 50,000.01 – Php 100,000.00	Maximum amount of Php 130,000.00	13.5%
	Php 100,000.01 and above	Maximum amount of Php 150,000.00	14%
3. With business documents without bank	Php 20,000.00 – Php 50,000.00	Maximum amount of Php 50,000.00	14%

statement (small business like carenderia, sari-sari store and etc.)	Php 50,000.01 – Php 100,000.00	Maximum amount of Php 80,000.00	14.5%
	Php 100,000.01 and above	Maximum amount of Php 100,000.00	15%

Loan Deductions:

Bank Charge: One – time bank deduction of 5%

Doc Stamp: 0.75% of loan amount

Notarial Fee: Depending loan amount (see approved tariff)

Life insurance: Loan amount x .013 (x depending on years of availment)

Important matters pertaining to this loan:

1. Maximum loan per branch per month:

Tagbilaran Branch – 5 accounts

Candijay Branch – 3 accounts

Inabanga Branch – 3 accounts

2. Approving Authority is the President.

FRINGE BENEFITS PROGRAM

This "FRINGE BENEFITS PROGRAM" is designed to help the Bank's officers, and employees and their families meet unexpected but necessary expenditures for their health, safety, housing, transportation, household and personal needs for their over-all well-being. Only full time officers and permanent employees shall be eligible to participate in this program. The following shall be the mechanics, to wit:

Types/Purposes of Financial Assistance:

1. Real Estate Loan – for the purchase or acquisition of a residential house, lot and/or construction and renovation of the same by qualified officers and employees.

Requirements:

- a) Only officers and employees who have at least 10 years of service to the bank from the time of his/her regular appointment are qualified to this program.
- b) Collaterals shall undergo the standard appraisal procedure of the bank.
- c) Loanable amount depends on the collateral offered but the maximum amount is 15 times of the monthly basic salary and allowances of the employee but not more than P500,000.00.

- d) Availment of the financing plan to construct or acquire a residential house and lot shall be allowed only once during the officer's or employee's tenure with the bank, except where the right over the real estate previously acquired or constructed under the financing plan is absolutely transferred or assigned to another officer or employee of the bank or to a third party. An officer or employee (or his spouse) who already owns a residential house and lot shall not be qualified to avail himself of financial assistance for purposes of acquiring a residential house and/or lot;
- e) Interest Rate is 3% per annum without service fee.
- f) Term is 15 years

2. Transport Vehicle Loan- for the purchase of a vehicle of officers, and employees.

Requirements:

- a) Only officers and employees who have at least 5 years of service to the bank from the time of his/her regular appointment are qualified to this program.
- b) Vehicle shall be a brand new unit and shall undergo the standard appraisal procedure of the bank.
- c) Re-availment shall be made only upon full payment of this loan.
- d) Maximum amount is 15 times of the monthly basic salary and allowances of the employee but not more than P800,000.00.

5 years of service	-300,000.00
6 – 10 years	-500,000.00
Above 10 years	-800,000.00
- e) Interest Rate is 2.5% per annum without service fee.
- f) Term is 5 years.

3. Home Appliance Loan – for the purchase of any home appliances for personal use of the officers and employees.

Requirements

- a) Only officers and employees who have at least 5 year of service in the bank from the time of his/her regular appointment are qualified in this program.
- b) Re-availment shall be made only upon full payment.
- c) Maximum Amount is 3 times of the monthly basic salary and allowances of the employee but not more than P100,000.00

5 Yrs. – P50, 000.00
6-10 Yrs. - P70, 000.00
11-15 Yrs. – P80, 000.00
16 Yrs. & Above- P100, 000.00

- d) Interest Rate is 2% per annum without service fee.
 - e) Term is 2 years.
4. Personal Loan – to defray expenses for medication, maternity, education and emergency needs of the officers and employees.

Requirements:

- a) This kind of loan can be availed by officers and employees who are already permanent regular in the bank.
- b) Re-availment shall be made only if the officer and employee has paid at least 50% of the principal amount of his personal loan.
- c) Maximum Amount is 10 times of the monthly basic salary and allowances of the employee but not more than P200,000.00.

Below 1 year	- 5x of the basic salary but not to exceed 50,000.00
1 – 2 years	- 7x of the basic salary but not to exceed 75,000.00
Over 2-3 years	- 10x of the basic salary but not to exceed 100,000.00
3-5 years	- 10x of the basic salary but not to exceed 150,000.00
5-10 years	- 10x of the basic salary but not to exceed 180,000.00
Over 10 years	- 10x of the basic salary but not to exceed 200,000.00

- d) Interest Rate is 1.75% per annum without service fee.
 - e) Term is 4 years.
5. Special Transport Plan – for efficient performance of bank officers in the performance of their duties and responsibilities, there is a need to provide them with a vehicle necessary to sustain their moral and personal image and standing in the community thus assuring them the trust and confidence of the banking public.
- a) Only managers and department heads holding permanent appointment and have served the bank for at least 10 years are qualified and that they must have at least P6,000.00 take home pay of his monthly salary.
 - b) The car must be brand new either Toyota, Mitsubishi, Isuzu, Honda, Nissan, Kia or Foton.
 - c) The amount of 50 % of the vehicle cost plus P75, 000 shall be paid for 5 years in 60 equal monthly installments through a post-dated check issued by the officer in favor of the bank before the vehicle will be released.
 - d) The vehicle shall be registered in the name of the bank for the first five (5) years after date of purchase.
 - e) The registration fees and insurance premium (3rd party and own damage) for 5 years shall be in the account of the bank.
 - f) Maintenance and vehicle accessories shall be the officers' accountability.
 - g) In case of separation from service before full payment, the vehicle may be returned to the bank and all payments made shall be considered as rental, or the officer shall continue to pay the balance. In case of termination from service, the bank shall retrieve the vehicle and all installments paid shall be forfeited.
 - h) The vehicle shall be solely used by the officer and his family otherwise; cancellation of the car plan will be effected.

- i) These guidelines signed by the officer, shall form part of the agreement which indicates the officer's conformity to these guidelines.
- j) In case of non-payment of installment for 3 consecutive months, the vehicle shall be retrieved by the bank.
- k) After full payment, the bank shall execute a deed of transfer in favor of the officer.
- l) The bank reserves the right to inspect the vehicle anytime and if the same is found not properly maintained, the vehicle may be retrieved by the bank and all the installments paid shall be forfeited.
- m) This car plan can be availed of every 5 years provided that previous availments have been fully paid.

Mechanics of the Fringe Benefits Program

Amount

The amount of financing assistance shall be determined by the board and within the paying capacity of the officers and employees. Total amount of loan of an employee under this program shall not exceed his estimated retirement pay. To compute the estimated retirement pay, number of years of service of the employee upon retirement multiplied by his present basic salary and then multiplied by the retirement percentage per approved retirement plan.

Repayment:

Amortization will be through payroll deduction in an equal semi-monthly amortization of the principal plus interest.

Amortization payment shall include a proportionate part of the amounts required annually for mortgage insurance, taxes, special assessment, etc. as may be necessary.

Ceiling in Total Loans

The aggregate outstanding loans and credit accommodation to bank officers and employees shall not exceed 5 % of the total loan portfolio.

Type	Term(Years) Employees	Max. Amount	Interest (%)
Real Estate	15	300,000.00	3
Transport	5	600,000.00	3
Home Appliances	2	50,000.00	2
Personal Purpose	3	150,000.00	2

Preconditions and Limitations:

- a. An officer or employee may avail for another renovation and repair, vehicle and appliance loans, provided that previous availment has been fully paid.
- b. Personal loans could be availed as emergency demands provided that at least 50% of the principal amount of the previous availment has been fully paid.
- c. In the case of Real Estate loan for lot acquisition and transport vehicle loan, the lot and vehicle should be registered with the Register of Deeds and/or to any registering agency of the government.

- d. If application of the loan proceeds will not be for the purpose intended, the whole amount will be due and demandable.
- e. Release of the above loans shall be effected only after all requirements/documents are complete.
- f. In case of termination, separation or retirement of the officers, or employees from the bank, all his/her monetary benefits shall be credited first to his/her obligations and the difference shall be given to him/her, if any.

Other Requirements:

In all of the above transactions, real estate mortgages, chattel mortgages, fire insurance, mortgage redemption insurance, assignment of money value of leave credits, pensions or retirement benefits shall be required of the officer or employee, co-maker or co-assignor of the above incorporated in the promissory notes.

Supplementary Provision

Under this program, the total amount of monthly amortization of the aggregate loan availment of an officer and employee should not exceed 50% of their monthly compensation (basic salary plus monthly allowances).

Outstanding availments shall be reduced to the above maximum limit, and in no case shall be increased, until amended.

REM & Vehicle shall not be availed at the same time if net take home pay is already below the required amount of Php 5,000.00 per month.

OTHER SERVICES

- 1. POINT OF SALE
- 2. PERA PADALA THROUGH CEBUANA LHUILLIER

BANK'S WEBSITE

The Bank has launched its official website <http://www.cooperativebankofbohol.com> in February, 2020 where the banking public can access and view the many products and services offered, properties for sale, notices to shareholders and clients, bank activities, job opportunities and the latest updates about the bank.

LIST OF BANKING UNITS

Corporate Office	CPG East Avenue, Tagbilaran City Telefax Nos. (038) 427-2116, 501-9904 Juvie D. Calacat – President
Tagbilaran Branch	CPG East Avenue, Tagbilaran City Telefax Nos. (038) 411-3483, 501-9904 Krista Marsha I. Jumamoy – Branch Manager
Candijay Branch	Poblacion, Candijay, Bohol Tel. No. (038) 510-6237 Analia C. Buates – Branch Manager
Inabanga Branch	Poblacion, Inabanga, Bohol Tel. No. (038) 512-9712 Harold C. Cagabhion – Branch Manager

II. AUDITED FINANCIAL STATEMENTS (AFS) WITH AUDITOR’S OPINION

III. CAPITAL STRUCTURE AND CAPITAL ADEQUACY



COOPERATIVE BANK OF BOHOL

Corporate Office

C.P.G East Avenue, Tagbilaran City

Telephone Nos.: 427-2116; 501-9904

Email Address: cooperativebank_bohol@yahoo.com


STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The Management of **COOPERATIVE BANK OF BOHOL** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended **December 31, 2020**. Management is likewise responsible for all information and representations contained in the financial statements accompanying the **Annual Income Tax Return** covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended **December 31, 2020** and the accompanying Annual Income Tax Return are in accordance with the books and records of **COOPERATIVE BANK OF BOHOL** complete and correct in all material respects. Management likewise affirms that:

- (a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- (b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Bank's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
- (c) the **COOPERATIVE BANK OF BOHOL** 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.


ATTY. MAXIMILIANO A. CEMPRON
Chairman of the Board


JUME D. CALACAT
President


EMMANUEL D. DURANGO
Treasurer

Signed this 15th of March, 2021.



COOPERATIVE BANK OF BOHOL

Corporate Office

C.P.G East Avenue, Tagbilaran City

Telephone Nos.: 427-2116; 501-9904

Email Address: cooperativebank_bohol@yahoo.com

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

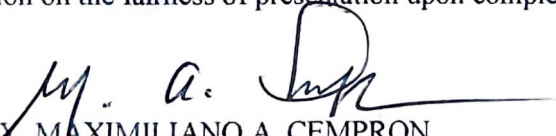
The management of **COOPERATIVE BANK OF BOHOL** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2020 and 2019, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

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 members.

Minerva & Bank, Certified Public Accountants, the independent auditors appointed by the members, has audited the financial statements of the Bank in accordance with Philippine Standards on Auditing, and in its report to the members, has expressed its opinion on the fairness of presentation upon completion of such audit.


ATTY. MAXIMILIANO A. CEMPRON
Chairman of the Board


JUNE D. CALACAT
President


EMMANUEL D. DURANGO
Treasurer

Signed this 15th day of March, 2021

INDEPENDENT AUDITORS' REPORT

THE BOARD OF DIRECTORS
COOPERATIVE BANK OF BOHOL
Carlos P. Garcia, East Avenue, Tagbilaran City

Opinion

We have audited the financial statements of COOPERATIVE BANK OF BOHOL (the "Bank"), which comprise the statement of financial position as at December 31, 2020 and 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at December 31, 2020 and 2019, and of its financial performance and its cash flows for the years then ended in accordance with the Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audit in accordance with the Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 10 to the financial statements wherein the Bank recorded accrued interest receivable as at December 31, 2020 and 2019. As per the respective provisions of Cooperative Development Authority (CDA), Cooperatives which are into lending activities should account for its interest income for loans receivable once it has been collected only. On the other hand, respective provisions of Bangko Sentral ng Pilipinas (BSP) accounts the interest income on accrual basis except for interest from past due loans and loans under litigation which are accounted for only as interest income once it has been collected. The recorded accrued interest receivable could result to an overstatement of the Bank's revenue for the same amount.

Further, Note 17 to the financial statements indicates that the Bank has recognized liability for the deposit for future stocks subscription (DFSS) following the disapproval of the Bank's application to BSP for the increase in its authorized common shares in 2018. On March 2, 2020, the Bank has re-applied to BSP for the said increase in its authorized common shares. However, this was subsequently returned for requirement deficiencies. In March 2021, the Bank re-submitted its application for the increase in authorized capital stock with BSP. Our opinion is not modified in respect of this matter.

Further, the Bank declared 25% stock dividends amounting to a Php1.04 million on common and preferred stockholders on a pro-rated basis. Included in the stock dividends calculation are those shares which are still under subscription classified under DFSS. Our opinion is not modified in respect of this matter.

Further, we draw attention to Note 2 to the financial statements which states the basis of accounting that has been used in the preparation of the financial statements. The financial statements of the Bank have been prepared in accordance with the PFRSs, as modified by the application of the financial reporting reliefs issued by the BSP and approved by the Securities and Exchange Commission (SEC) in response to the COVID-19 pandemic.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance the PFRSs, and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements 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 of our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010 and Bangko Sentral ng Pilipinas Circular No. 1074

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations No. 15-2010 in Note 27 and the Bangko Sentral ng Pilipinas Circular No. 1074 in Note 28 to the financial statements are presented for purposes of filing with the Bureau of Internal Revenue and Bangko Sentral ng Pilipinas, respectively, and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management. The information has been subjected to the auditing procedures applied in our audit of the basic financial statement. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

MINERVA & COMPANY, CPAs

PRC/BOA Reg. Cert. No. 4870 – Valid until 10.08.2022

SEC Accred. No. 396-F – Valid until 10.13.2023

BSP Accred. No. 4870 – BSP – Valid until 01.21.2025

BIR Accred. No. 13-011018-002-2019 Valid until 11.18.2022

NEA Accred No. 2019-07-00062 – Valid until 07.21.2022

CDA CEA No. 0068-AF – Valid until 01.04.2024



ELMER P. MINERVA

CPA Board Cert. No. 82086

T.I.N. 130-291-145

PTR No. 1998359 dated 1.19.2021

SEC Accred. No. 1816-A– Valid until 10.13.2023

BSP Accredited No. 82086 – BSP – Valid until 01.21.2025

BIR Accred. No. 13-021018-002-2019 – Valid until 11.07.2022

March 15, 2021

Cebu City, Philippines

COOPERATIVE BANK OF BOHOL

STATEMENTS OF FINANCIAL POSITION
As at December 31, 2020 and 2019
(Amounts Expressed in Philippine Pesos)

	2020		2019
ASSETS			
ASSETS			
Cash and other cash items <i>(Notes 2,4,5)</i>	PHP	21,421,579	PHP 9,008,069
Due from Bangko Sentral ng Pilipinas <i>(Notes 2,4,6)</i>		14,350,398	14,433,995
Due from other banks <i>(Notes 2,4,7)</i>		131,333,425	136,890,649
Loans and receivables <i>(Notes 2,4,8)</i>		287,183,510	264,736,478
Investment securities <i>(Notes 2,4,9)</i>		2,859,769	357,138
Prepayments and other current assets <i>(Notes 2,10)</i>		25,403,025	14,064,186
Bank premises, furniture, fixtures and equipment, net <i>(Notes 2,3,11)</i>		22,413,565	23,200,229
Non-current assets held for sale <i>(Notes 2,3,12)</i>		15,221,428	15,054,494
Deferred tax assets <i>(Notes 2,25)</i>		852,480	364,859
Other non-current assets <i>(Notes 2,4,13)</i>		10,598,067	9,681,896
TOTAL ASSETS	PHP	531,637,246	PHP 487,791,993
LIABILITIES AND EQUITY			
LIABILITIES			
Deposit liabilities <i>(Notes 2,4,14)</i>	PHP	431,662,888	PHP 386,114,096
Bills payable <i>(Notes 2,4,15)</i>		4,788,520	13,147,454
Accounts payable and other liabilities <i>(Notes 2,4,16)</i>		8,148,860	6,803,658
Income tax payable <i>(Notes 2,25)</i>		-	152,372
Deposits for future stocks subscription <i>(Note 2,17)</i>		8,176,000	7,494,000
Pension liabilities <i>(Notes 2,23)</i>		7,011,190	5,690,996
		459,787,458	419,402,576
EQUITY			
Share capital <i>(Notes 2,18)</i>			
Common stock		20,000,000	20,000,000
Preferred stock		12,421,059	11,925,000
Additional paid-in capital <i>(Notes 2,18)</i>		280,206	246,805
Stock dividends distributable <i>(Notes 2,18)</i>		558,903	-
Donated capital		469,243	469,243
Remeasurement loss on retirement plan <i>(Notes 2,23)</i>		(5,159,919)	-
Surplus reserve <i>(Notes 2,18)</i>		20,379,255	20,619,464
Surplus free <i>(Notes 2,18)</i>		22,901,041	15,128,905
		71,849,788	68,389,417
TOTAL LIABILITIES AND EQUITY	PHP	531,637,246	PHP 487,791,993

(See accompanying Notes to Financial Statements)

COOPERATIVE BANK OF BOHOL

STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2020 and 2019
(Amounts Expressed in Philippine Pesos)

	2020		2019	
INTEREST INCOME (Notes 2,19)	PHP	54,138,513	PHP	54,110,260
INTEREST EXPENSE (Notes 2,21)		(12,080,489)		(11,483,790)
NET INTEREST INCOME		42,058,024		42,626,470
NON-INTEREST INCOME (Notes 2,20)		5,482,919		4,903,100
OPERATING EXPENSES (Notes 2,22)		(45,894,227)		(43,474,206)
INCOME BEFORE INCOME TAX		1,646,716		4,055,364
PROVISION FOR (BENEFIT FROM) INCOME TAX (Notes 2,25)				
Current income tax expense		(242,391)		(951,303)
Deferred income tax benefit		1,165,937		-
		923,546		(951,303)
NET INCOME		2,570,262		3,104,061
OTHER COMPREHENSIVE INCOME				
<i>Items that will not be reclassified to profit or loss</i>				
Gain on remeasurement of retirement plan (Note 23)		1,458,701		-
Income tax effect		(437,610)		-
		1,021,091		-
TOTAL COMPREHENSIVE INCOME	PHP	3,591,353	PHP	3,104,061
EARNINGS PER SHARE	PHP	179.57	PHP	155.20

(See accompanying Notes to Financial Statements)

COOPERATIVE BANK OF BOHOL

STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2020 and 2019
(Amounts Expressed in Philippine Pesos)

	2020		2019	
SHARE CAPITAL (Notes 2,18)				
Authorized common - 20,000 shares at Php1,000 par value				
At beginning of year	PHP	20,000,000	PHP	21,039,000
Reclassification to deposits for future stocks subscription		-		(1,039,000)
At end of year		20,000,000		20,000,000
Authorized preferred - 20,000 shares at Php1,000 par value				
At beginning of year		11,925,000		12,285,000
Additional shares issued during the year		230,000		759,000
Stock dividends distribution		341,059		-
Redemption during the year		(75,000)		(1,119,000)
At end of year		12,421,059		11,925,000
TOTAL SHARE CAPITAL		32,421,059		31,925,000
ADDITIONAL PAID-IN CAPITAL (Notes 2,18)				
At beginning of year		246,805		501,606
Additions during the year		48,727		-
Redemption during the year		(15,326)		(254,801)
At end of year		280,206		246,805
STOCK DIVIDEND DISTRIBUTABLE (Note 2,18)				
At beginning of year		-		-
Stock dividends declared		1,042,962		-
Distribution during the year		(341,059)		-
Redemption during the year		(143,000)		-
At end of year		558,903		-
DONATED CAPITAL		469,243		469,243
REMEASUREMENT GAIN (LOSS) ON RETIREMENT PLAN (Notes 2,23)				
At beginning of year		-		-
Prior years' adjustments		(6,181,010)		-
Gain on remeasurement of retirement plan		1,021,091		-
At end of year		(5,159,919)		-
SURPLUS RESERVES (Notes 2,18)				
At beginning of year		20,619,464		24,344,157
Appropriation to statutory funds		1,156,618		1,511,740
Utilization during the year		(1,396,827)		(5,236,433)
At end of year		20,379,255		20,619,464
SURPLUS FREE (Notes 2,18)				
At beginning of year		15,128,905		15,623,572
Prior years' adjustments		7,529,967		(1,931,785)
Stock dividends distribution		(1,042,962)		-
Appropriation to statutory funds		(1,285,131)		(1,666,943)
Net income for the year		2,570,262		3,104,061
At end of year		22,901,041		15,128,905
TOTAL STOCKHOLDERS' EQUITY	PHP	71,849,788	PHP	68,389,417

(See accompanying Notes to Financial Statements)

COOPERATIVE BANK OF BOHOL

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2020 and 2019

(Amounts Expressed in Philippine Pesos)

	2020		2019	
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income before tax	PHP	1,646,716	PHP	4,055,364
Adjustments for:				
Depreciation of bank premises, furniture, fixtures and equipment (Note 22)		2,901,718		2,639,404
Depreciation of NCAHS (Note 22)		414,895		192,682
Provision for expected credit losses (Note 22)		370,991		420,997
Reversal of provision for expected credit losses (Note 20)		(237,539)		-
Loss (gain) on disposal of NCAHS (Note 20)		41,535		(1,267,853)
Impairment loss of NCAHS (Note 12)		168,173		-
Retirement benefits expense (Note 23)		1,181,714		1,046,216
Prior years' adjustments		2,249,418		(6,521,146)
Operating cash flows before working capital changes		8,737,621		565,664
Increase in:				
Financial assets at amortized cost (Note 8)		(20,789,710)		(7,166,093)
Prepayments and other current assets (Note 10)		(11,395,685)		(4,296,731)
Increase (decrease) in:				
Deposit liabilities (Note 14)		45,548,792		11,666,225
Other liabilities (Note 16)		758,559		(4,543,885)
Cash generated from (used in) operations		22,859,577		(3,774,820)
Contributions to retirement fund (Note 23)		(5,500,000)		(2,000,000)
Income tax paid		(452,000)		-
Net cash generated from (used in) operating activities		16,907,577		(5,774,820)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal (acquisition) of debt securities at amortized cost (Note 9)		(2,502,631)		5,808,396
Acquisition of bank premises, furniture and equipment (Note 11)		(2,115,054)		(6,746,449)
Proceeds from sale (acquisition) of NCAHS		3,053,028		8,231,901
Net cash generated from (used in) investing activities		(1,564,657)		7,293,848
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of bills payable (Note 15)		(9,627,524)		(3,455,037)
Availment of bills payable (Note 15)		1,268,590		13,147,454
Issuance of additional shares (Note 18)		278,727		759,000
Redemption of preferred shares		(233,326)		(1,373,801)
Additional deposit for stock subscription		3,999,000		7,494,000
Deposit for stock subscription withdrawal		(3,317,000)		-
Disbursements from statutory funds		(938,698)		(647,071)
Net cash generated from financing activities		(8,570,231)		15,924,545
NET INCREASE IN CASH AND CASH EQUIVALENTS		6,772,689		17,443,573
CASH AND CASH EQUIVALENTS, beginning of year		160,332,713		142,889,140
CASH AND CASH EQUIVALENTS, end of year	PHP	167,105,402	PHP	160,332,713

(See accompanying Notes to Financial Statements)

COOPERATIVE BANK OF BOHOL

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2020 and 2019

(Amounts Expressed in Philippine Pesos)

	2020		2019	
Cash in the balance sheet is composed of:				
Cash and other cash items	PHP	21,421,579	PHP	9,008,069
Due from Bangko Sentral ng Pilipinas		14,350,398		14,433,995
Due from other banks		131,333,425		136,890,649
	PHP	167,105,402	PHP	160,332,713

	2019		2018	
Operational cash flows from interest:				
Interest received	PHP	32,566,646	PHP	42,099,441
Interest paid		(7,504,759)		(7,412,772)
	PHP	25,061,887	PHP	34,686,669

(See accompanying Notes to Financial Statements)