CLIMBS

Life and General Insurance Cooperative

PROTECTING OUR MEMBERS' PROPERTIES THRU CLIMBS' TAX - EXEMPT INSURANCE SERVICES

2010 | ANNUAL REPORT

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Board of Directors

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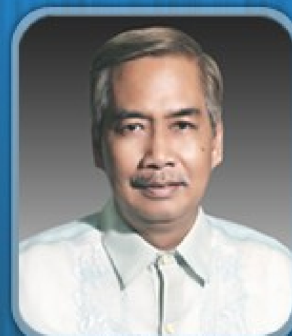
Representing Cebu CFI

Cecilia Laguna
Vice Chairperson
Representing First Community Cooperative

Atty.Daniel Evangelio Jr.
Director
Representing Toril Community Coop

Marlene Sindayen
Director
Representing Novaliches Dev't Coop



Antonio Arañas, MPA
Director
Representing Tagum Cooperative

Dr. Victor Bonifacio Hofileña
Director
Representing SAMULCO

Ma. Evelyn Gemeda
Director
Representing Metro Ormoc Comm. Coop

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Independent Director
Representing Maripipi MPC

Fiscal Adrian Borromeo
Independent Director
Representing Bais City Officials & Emp. MPC

Susan Positos
Independent Director
Representing MSU-IIT MPC

Our Vision

We envision a strong and effective cooperative mutual protection system based on cooperative and humane values committed to service excellence thereby enhancing the dignity and quality of life.

Officers & Commitee

Atty. Rolando C. Casaway
ELECOM
Representing Tagum Cooperative

Luis Chito Yap
ELECOM
Representing First Community Cooperative

Romeo Busalla
Conciliation Commitee
Representing Toril Community Coop

Roberto Dangkulos
Conciliation Commitee
Representing MSU-IIT MPC

Nenita R. Malbas
Conciliation Commitee
Representing Tagum Cooperative

Atty. Isidro Lico
Corporate Secretary
Representing CRB-Misamis Oriental

Management

Fermin L. Gonzales
President & CEO, CLIMBS

Isagani B. Daba
Executive VP & COO, CLIMBS

Jorge G. Lumasag, Jr.
VP for Marketing, CLIMBS

Roy S. Miclat
Manager for Life Division, CLIMBS

Jesus Antonio R. Dosdos
Manager for Non-Life Division, CLIMBS

Noel Raboy
Manager for CLIFSA

Our Mission

- To create and develop mutual protection service responsive to the needs and reaching out to the majority of our people.
- To work towards unifying the mutual protection system in the movement.
- To develop life and non-life insurance systems.
- To serve as one of the financial sources of the cooperative movement.
- To develop and establish a dynamic education and research program, especially in the preventive medicine and health are for members and the community in general.

Message from the Chairperson

Dear Fellow Cooperators,

CLIMBS soared high in 2010! Thanks to all of you loyal members.

The number of policy holders increased to 844,610, from 2009's 748,186. Net premium increased by over P100 million, from 2009's P247.47 million to P356.22 million. Resources posted an even higher growth of over P150 million, from P324.55 million to P476.82 million.

Even claims paid to members soared to unprecedented heights, from P85.22 million in 2009 to P150.88 million. **This last indicator may bother some commercial insurance companies, but not CLIMBS. In addition to confirming our capability as grassroots insurance provider, the payments of claims validate our reason for our being, that is, to serve coop members.**

We look forward to the year 2011 with confidence and vigor. With our wide array of products and services designed to meet varied insurance needs of coop members, coupled with supportive regulatory environment, CLIMBS aims to widen its membership base, cover micro-finance institutions, sell individual plans to coop members, and to coops, our newest product, the NATCAT (natural catastrophe) insurance.

We are hoping the leadership and top management of our member-coops will see the advantages of **raising the insurance awareness of their members, emphasizing its poverty alleviation feature.** A huge insurance gap waiting to be filled is the need to have the homes of coop members insured. Convincing coop members with motor vehicles to course their insurance through their coops and CLIMBS is also a challenge. We also urge coops to protect their loan portfolio through the NATCAT insurance.

Thus for 2011, CLIMBS adopted as theme –

"Protecting our Members' Properties thru CLIMBS' Tax-exempt Insurance Services."

Coursing insurance for residences and motor vehicles, in addition to traditional products, through coops and CLIMBS will allow members to benefit from our tax-exempt status. It will also strengthen the insurance leg of the **integrated coop financial system** we hope to jointly build.

With your unwavering support, CLIMBS commits to keep improving its services.

Dili mapugngan ang paglambo sa CLIMBS kon kita magkahiusa!

(RET.) JUDGE ESPERANZA F. GARCIA
CHAIRPERSON

Board of Directors & Management Report

DEAR CO-OWNERS OF CLIMBS,

Almost a year after the Insurance Commision granted CLIMBS its composite insurance license, our non-life insurance services start to gain traction. While actual non-life operation started only in August 2010, three product lines already show promise:

	Premium	% of Total
Money Security and Payroll (MSPR)	P 2.87 mil.	30.1%
Fire	2.73 mil.	28.6%
Motor Car	2.03 mil.	21.3%
Fidelity Bond, Personal Accident, Others	1.90 mil.	20.0%
Total	P 9.53 mil	100.0%

While MSPR and fidelity bond are services to coops, a very large market waiting to be tapped are insurance coverage for coop members' motor car and residences. Thus, to highlight the advantages of our non-life insurance services to our coops and their members, CLIMBS adopted as this year's theme:

"Protecting our Members' Properties thru CLIMBS' Tax-exempt Insurance Services."

Indeed, with our tax-exempt status, we can deliver our non-life services at very competitive prices to coop members through their coops. This arrangement will also benefit the coops in terms of expanded financial services offered to members, facilitated service delivery, financial floats, as well as creating insurance awareness on the part of the grassroots.

With almost 812,000 existing policyholders, it is not difficult to imagine that no less than 300,000 own their homes (mostly without insurance), and about 90,000 own motor vehicles (presently insured but not with CLIMBS). If we can convince them to source their insurance requirements from CLIMBS through our coops, we will have strengthened the insurance leg of an integrated coop financial system, provide protection for the grassroots, and contribute to poverty alleviation.

NATCAT, another new products

Another new product CLIMBS is pushing is the natural catastrophe (NATCAT) insurance that covers loan portfolio of coops. This service protects coops in the event of inability of their members who are affected by natural calamities (typhoon, floods) to pay their obligations. With predetermined wind speed or rainfall volume beyond which claims are triggered, coupled by high-tech satellite readings, the NATCAT insurance service allows coops to cover risk from calamities.

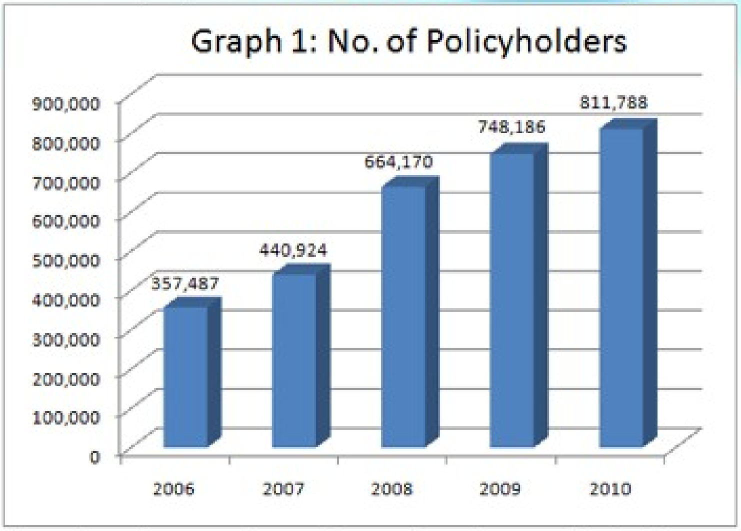
The NATCAT insurance is a first in this country and was brought about through the partnership of CLIMBS with Munich RE, a large reinsurance company of Germany, and the GTZ, the development agency of the Republic of Germany. CLIMBS is proud to be part of a continuing effort to provide risk protection to the grassroots. This leadership role in servicing the grassroots was made possible by CLIMBS established track record and proven capability.

Thus, with expanded product lines that cover property, fidelity and accident in addition to the traditional loan and savings protection, and group renewable term, members coops are urged to improve the level of insurance awareness of its members and pursue the potential of micro-insurance as poverty alleviation tool.

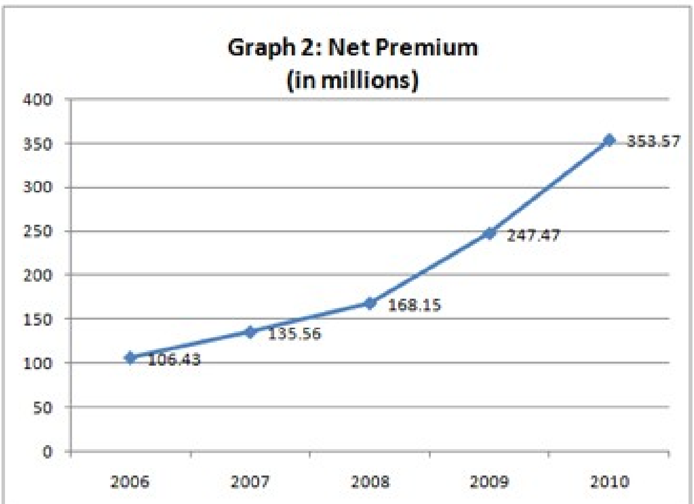
Improving Financial Indicators

Insurance is a service that pools resources (premium) to take care of risk that may occur. One thing notable about insurance is the wide disparity between the premium contributed and the risk covered. This is made possible if there are many contributors who will partake of the risk. Thus, insurance is a business of spreading risk.

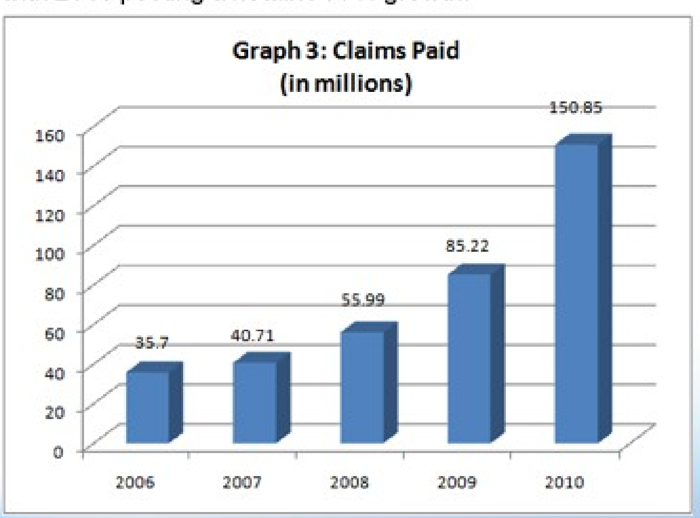
Graph 1 shows the number of CLIMBS' policyholders, or the number of people who shared risks, over the last five years.



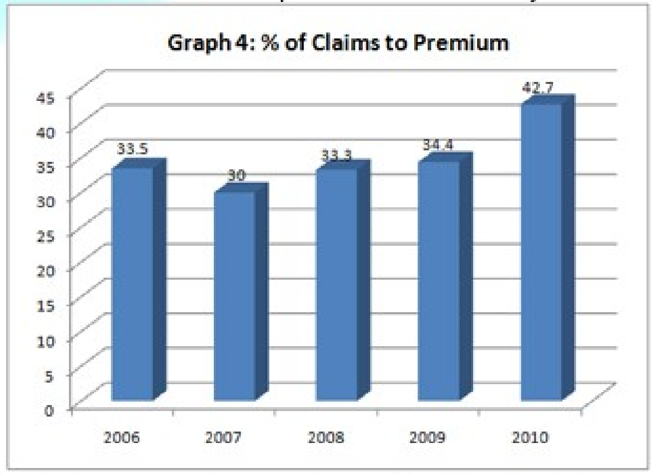
Graph 2 shows volume of premium those policyholders contributed. The average premium contributed by each policyholder is as follows: 2008, P253; 2009, P331; and P436



Graph 3 shows the volume of claims over the same period, with 2010 posting a notable 77% growth.



Graph 4 shows that a big part of the premium is returned to coops as claims payment. Claims shot up to 42.7% from the norm of less than 35 % of premium the last four years.



Graph 5 shows Total assets jumped to P498.05 million from 2009's P331.24 million. The 50% growth in 2010 eclipsed the 40% increase posted in 2009.

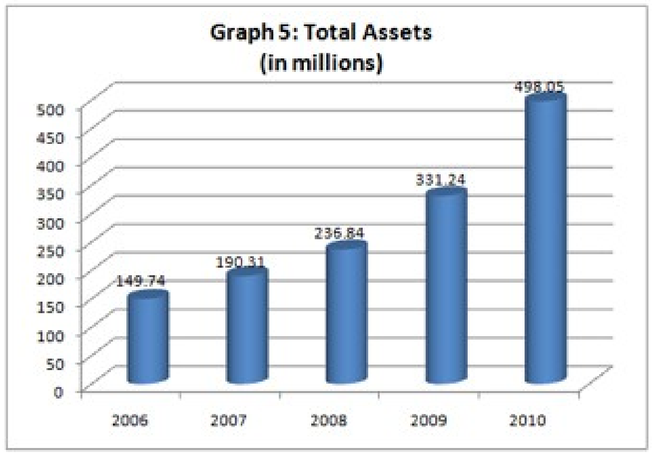


Table A shows significant strides in key result areas.

Table A: Key Financial Indicators

	2010		2009		2008	
Assets	**498.05**	100.0%	**331.24**	100.0%	**236.84**	100.0%
Cash	185.06	37.2%	122.16	36.9%	82.45	34.8%
Investments	237.18	47.6%	180.51	54.5%	109.80	46.4%
Premium recble	11.60	2.3%	2.12	0.6%	18.89	8.0%
Property & Equipment	45.54	9.1%	21.20	6.4%	21.07	8.9%
Legal Reserves	**160.92**	**32.3%**	**97.78**	**29.5%**	**57.21**	**24.2%**
Equity	**206.72**	**41.5%**	**171.34**	**51.7%**	**149.56**	**63.1%**
Net Premium	353.57	100.0%	247.47	100.0%	168.15	100.0%
Inv'mnt / other inc	38.99	11.0%	18.39	7.4%	7.97	4.7%
Gross Revenue	**392.56**	111.0%	265.86	107.4%	176.12	104.7%
Claims	150.85	42.7%	85.22	34.4%	55.99	33.3%
Inc in pol reserves	65.16	18.4%	40.83	16.5%	15.08	9.0%
Comission	97.33	27.5%	73.08	29.5%	58.87	35.0%
Salaries / benefits	15.42	4.4%	12.53	5.1%	10.79	6.4%
Other exp	30.08	8.5%	29.04	11.7%	25.02	14.9%
Total Expenses	**358.84**	101.5%	240.70	97.3%	165.75	98.6%
Net Income	**33.72**	9.5%	25.16	10.2%	10.37	6.2%

- Total Equity continues to climb, from P 149.56 million in 2008 to P 171.34 million in 2009 to P206.72 million in 2010, exceeding the minimum standards set by IC.
- Legal policy reserves inched up to 32.3% of resources from 2009's 29.5%.
- Cash and investment still account for a hefty 84.8% of total assets. While lower than 2009's 91.4%, this is still almost twice than liabilities.
- The bottom line improved to P 33.72 million from previous year's P25.16 million.
- Dividend rates improved to 9% from previous year of 8.5%. Patronage & experience refund rates at 1% and 4%, respectively.

CLIMBS' improved financial performance was made possible thru the unwavering support of members. With the same support we hope to sustain the momentum in 2011.

Plans for 2011

As a composite micro-insurance provider, CLIMBS will pursue the following:

- Recruit new coop clients, especially those with in-house insurance programs. Sell to them our wide array of life and non-life insurance products.
- Sell to existing clients our non-life products, including NATCAT insurance. If coops can convince their members to insure their residences and motor vehicle with CLIMBS, we will have tapped into this huge insurance market.
- Repackaged life savings protection, charging premium to interest, and emphasizing its poverty alleviation feature.
- Continue in the establishment of CACs. This is a proven marketing strategy and should be pursued even more.
- Sell individual life plans to coop and non-coop members. We expect to get IC approval for this product within the first quarter of this year.
- Offer CLIMBS services to micro-finance institutions, including rural banks. Initial discussions with MFIs and rural banks were already made.

The present environment is very conducive to climbs. The government push for micro-insurance coupled by our forty years track record as grassroots insurer thrust CLIMBS to take the lead role. Our entry into non-life insurance widens our market. We have a robust organizations to handle the new challenges and our products and services are designed to meet the needs of the micro-insurance targets.

In 2010, we once again proved our capability as coop micro-insurer. We will aggressively market our services to MFIs, rural banks and even to non-coop members. We urge all members to continue supporting CLIMBS in terms of additional capital infusion, patronizing it's products and services, immediate premium remittances, and creating awareness on the part of it's members of the importance of mico-insurance as poverty alleviation tool.

Ret. Judge ESPERANZA F. GARCIA
Chairperson

FERMIN L. GONZALES
President / CEO

BDO

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Members
CLIMBS LIFE AND GENERAL INSURANCE COOPERATIVE
CLIMBS Bldg., Zone 5, Upper Bulua
National Highway, Bulua
900 Cagayan de Oro City, Philippines

Report on the Financial Statements

We have audited the accompanying financial statements of **CLIMBS LIFE AND GENERAL INSURANCE COOPERATIVE,** which comprise the statement of financial condition as of December 31, 2010, and the related statement of operations, changes in members' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility of the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards applicable to Cooperatives registered with the Cooperative Development Authority (CDA), taking into consideration Cooperative laws, principles and practices, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditors' Report
To the Board of Directors and Members
COOP LIFE AND GENERAL INSURANCE COOPERATIVE

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **CLIMBS LIFE AND GENERAL INSURANCE COOPERATIVE** as at December 31, 2010, and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards applicable to Cooperatives registered with CDA, taking into consideration Cooperative laws, principles, and practices.

Other Matters

The financial statements of **CLIMBS LIFE AND GENERAL INSURANCE COOPERATIVE** as at December 31, 2009 were audited by other auditors whose report dated February 13, 2010 expressed an unqualified opinion. As part of our audit of the 2010 financial statements, we also audited, the adjustments described in Note 25 to the financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2009 financial statements of the Cooperative other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2009 financial statements taken as a whole.

We did not audit the 2010 financial statements of the Parent Cooperative's wholly-owned subsidiary, Coop Life General Insurance and Financial Services Agency (CLIFSA). The financial statements of the subsidiary were audited by other auditors whose report had been furnished to us. Our opinion on the consolidated financial statements insofar as it relates to the amounts included for the subsidiary is based solely on this report. The consolidated financial statements reflect total assets of CLIFSA of **PhP 11.52** million and members' equity of **PhP 3.31** million as at December 31, 2010.

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes and licenses in Note 28 is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

April 8, 2011
Cagayan de Oro City

CLIMBS LIFE AND GENERAL INSURANCE COOPERATIVE

CONSOLIDATED STATEMENT OF FINANCIAL CONDITION
December 31, 2010
(With Comparative Figures for 2009)

(In Philippine Peso)

	Notes	2010	2009 *As Restated* *(See Note 25)*
ASSETS			
CASH AND CASH EQUIVALENTS	4	185,058,256	122,164,271
INSURANCE RECEIVABLES	5	11,596,294	2,117,365
HELD-TO-MATURITY INVESTMENTS	6	77,334,323	65,299,541
AVAILABLE-FOR-SALE FINANCIAL ASSETS	7	159,844,129	115,205,686
LOANS AND RECEIVABLES	8	5,434,826	4,026,965
INVESTMENT PROPERTY - net	9	7,420,341	7,625,817
PROPERTY AND EQUIPMENT - net	10	38,120,802	13,571,662
OTHER ASSETS	11	13,245,655	1,231,028
TOTAL ASSETS		498,054,626	331,242,335
LIABILITIES AND MEMBERS' EQUITY			
INSURANCE CONTRACT LIABILITIES	12	160,919,806	100,724,151
INSURANCE PAYABLES	12	75,674,992	29,958,807
TRADE AND OTHER PAYABLES	13	31,289,139	12,680,818
INTEREST ON CAPITAL, EXPERIENCE AND PATRONAGE REFUND PAYABLE		23,446,254	16,541,197
Total Liabilities		291,330,191	159,904,973
MEMBERS' EQUITY		206,724,435	171,337,362
TOTAL LIABILITIES AND MEMBERS' EQUITY		498,054,626	331,242,335

(The notes on pages 11 to 25 are an integral part of these financial statements.)

CLIMBS LIFE AND GENERAL INSURANCE COOPERATIVE

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended December 31, 2010
(With Comparative Figures for 2009)

(In Philippine Peso)

	Notes	2010	2009 As Restated (See Note 25)
REVENUE			
Gross premiums on insurance contracts		359,495,294	248,596,870
Less reinsurers' share of gross premiums on insurance contracts		5,922,794	1,126,135
Net insurance premiums		353,572,500	247,470,735
Commission income		6,735,142	2,947,303
Investment income		28,530,152	12,635,276
Miscellaneous		3,729,426	2,803,509
		392,567,220	265,856,823
BENEFITS AND OPERATING EXPENSES			
Gross benefits and claims paid on insurance contracts		152,013,235	86,065,142
Increase in legal policy reserves		65,161,232	40,830,923
Reinsurers' share of gross benefits and claims paid		(1,158,533)	(850,000)
Net insurance benefits and claims		216,015,934	126,046,065
Collection costs		97,329,709	73,084,796
General and administrative		26,974,961	25,787,881
Salaries, wages, officers' and employees' benefits		15,423,775	12,528,422
Depreciation		3,099,736	2,908,021
		358,844,115	240,355,185
PROFIT FROM OPERATIONS BEFORE INCOME TAX EXPENSE		33,723,105	25,501,638
INCOME TAX EXPENSE	20	-	341,968
NET SURPLUS		33,723,105	25,159,670
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME		33,723,105	25,159,670
Accounted for as follows:			
Net surplus of Parent Cooperative		31,459,605	24,642,536
Net surplus of consolidated wholly-owned subsidiary		2,263,500	517,134
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		33,723,105	25,159,670
NET SURPLUS DISTRIBUTION	19		
General reserve fund		3,145,960	2,464,254
Cooperative education and training fund		3,145,960	2,464,254
Community development fund		943,788	739,276
Optional fund		1,581,473	1,238,779
Interest on share capital, experience and patronage refund		22,642,424	17,735,973
Total distribution		31,459,605	24,642,536

(The notes on pages 11 to 25 are an integral part of these financial statements.)

CLIMBS LIFE AND GENERAL INSURANCE COOPERATIVE

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Year Ended December 31, 2010
(With Comparative Figures for 2009)

(In Philippine Peso)

	Notes	2010	2009 *As Restated (See Note 25)*
SHARE CAPITAL	14		
Preferred Shares - PhP 1,000 Par Value			
Opening balances		53,361,000	55,428,000
Additional investments received during the year		7,798,000	23,522,000
Withdrawals of investments during the year		-	(25,589,000)
Closing balances		61,159,000	53,361,000
Common Shares - PhP 1,000 Par Value			
Opening balances		99,428,000	86,899,000
Additional investments received during the year		20,290,000	18,249,000
Withdrawals of investments during the year		-	(5,720,000)
Closing balances		119,718,000	99,428,000
Deposit for future subscriptions		1,055	1,072,336
Total Share Capital		180,878,055	153,861,336
STATUTORY RESERVES	15		
General reserve fund			
Balance, January 1		7,289,435	4,209,357
Distributions during the year		3,145,960	2,464,254
Net transactions during the year		(482,096)	615,824
Balance, December 31		9,953,299	7,289,435
Cooperative education and training fund			
Balance, January 1		2,856,576	1,552,421
Distributions during the year		1,572,980	1,232,127
Net transactions during the year		(712,028)	72,028
Balance, December 31		3,717,528	2,856,576
Optional Fund			
Balance, January 1		5,912,510	4,673,731
Distributions during the year		1,581,473	1,238,779
Net transactions during the year		-	-
Balance, December 31		7,493,983	5,912,510
Community development fund			
Balance, January 1		739,276.00	-
Distributions during the year		943,788	739,276
Net transactions during the year		-	-
		1,683,064	739,276.00
Total Statutory Reserves		22,847,874	16,797,797
MEMBERS' EQUITY OF WHOLLY-OWNED SUBSIDIARY		2,998,506	678,229
REVALUATION RESERVE			
Opening balances		-	(3,784,407)
Share in net income during the year		-	3,784,407
Closing balances		-	-
		206,724,435	171,337,362

(The notes on pages 11 to 25 are an integral part of these financial statements.)

CLIMBS LIFE AND GENERAL INSURANCE COOPERATIVE

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2010
(With Comparative Figures for 2009)

(In Philippine Peso)

	Notes	2010	2009 *As Restated* *(See Note 25)*
CASH FLOWS FROM OPERATING ACTIVITIES			
Total comprehensive income		33,723,105	25,159,670
Adjustments for:			
Depreciation on property and equipment		2,858,259	2,690,681
Depreciation on investment property		241,476	217,340
Income tax paid		-	341,968
Interest income		(1,276,848)	(167,179)
Investments income earned		(28,530,152)	(12,635,276)
Operating income before working capital changes		7,015,840	15,607,204
Decrease (increase) in current assets:			
Insurance receivables		(9,478,929)	16,769,163
Loans and receivables		(1,407,861)	(626,618)
Other assets		(12,014,627)	-
Increase (decrease) in current liabilities:			
Insurance contract liabilities		60,195,655	40,574,256
Insurance payables		45,716,185	16,106,300
Trade and other payables		26,922,167	5,539,468
Cash generated from operations		116,948,430	93,969,773
Contribution to plan asset		(10,000,000)	-
Interest received		1,276,848	167,179
Income tax paid		-	(341,968)
Net cash provided by operating activities		108,225,278	93,794,984
CASH FLOWS from FINANCING ACTIVITY			
Increase in share capital		28,046,719	11,426,290
Payment of interest on share capital, experience and patronage refund payable		(16,416,417)	(14,236,611)
Charges to the statutory reserves		(1,375,123)	6,362,338
Net cash provided by (used in) financing activities		10,255,179	3,552,017
CASH FLOWS from INVESTING ACTIVITY			
Investments incomed earned		28,530,152	12,635,276
Decrease in held-to-maturity investments		(12,034,782)	(19,091,556)
Increase in available-for-sale investments		(44,638,443)	(48,142,586)
Additions to property and equipment		(27,407,399)	(2,985,981)
Additions to investment property		(36,000)	(47,073)
Net cash used in investing activity		(55,586,472)	(57,631,920)
NET INCREASE IN CASH		62,893,985	39,715,081
CASH, JANUARY 1		122,164,271	82,449,190
CASH, DECEMBER 31		185,058,256	122,164,271

(The notes on pages 11 to 25 are an integral part of these financial statements.)

CLIMBS LIFE AND GENERAL INSURANCE COOPERATIVE

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – THE ORGANIZATION

The CLIMBS Life and General Insurance Cooperative (formerly Coop Life Insurance and Mutual Benefit Services (CLIMBS) (the Parent Cooperative) is a national federation of cooperatives incorporated as a stock cooperative. It was registered with the Cooperative Development Authority (CDA) on March 17, 2004, and obtained license to operate as an insurance company from the Insurance Commission (IC) on April 28, 2004. Its Composite Insurance License, renewed yearly, would expire on June 30, 2011. The Parent Cooperative maintains Head Office at CLIMBS Building, Zone 5, Upper Bulua, National Highway, Cagayan de Oro City. It maintains area offices all over the Philippines.

The Parent Cooperative is engaged in the business of life and non-life insurance, and mutual benefit services, offering its members and beneficiaries with 3 major products: 1) Cooperative Loan Protection Program (CLPP), 2) Group Accident, Death and Dismemberment Indemnity (GADDI) and 3) Group Renewable Term Life (GRTL). It also offers Group Life Protection Plan (GLP) with Mutual Aid System (MAS) as its primary product. CLIMBS market covers the whole archipelago.

Granting of Composite Insurance License

On October 23, 2007, The CDA approved the amendments to the primary purposes of CLIMBS, paving the way for its engagement in non-life assurance business as a Composite Insurance Company. The amendment effectively authorized the Parent Cooperative to underwrite non-life insurance contracts for all risks, hazards, and contingencies to which marine, fire, motor car and other casualty insurances and suretyship as are applicable, subject to the granting of secondary license from the IC.

On April 21, 2010, the IC granted the Parent Cooperative's Composite Insurance License authorizing the Parent Cooperative to operate as a life and general insurance company. In the same year, the Parent Cooperative commenced its non-life division.

Tax Exemptions

As a cooperative transacting with members only, the Parent Cooperative is entitled to the following tax exemptions and incentives provided for under Article 60 of Republic Act (RA) No. 9520, as implemented by Section 7 of the Joint Rules and Regulations Implementing Articles 60, 61 and 144 of RA No. 9520:

- Income tax on income from CDA-registered operations;
- Value-Added Tax (VAT) on CDA-registered sales or transactions;
- Other percentage tax;
- Donor's tax on donations to duly accredited charitable, research and educational institutions and reinvestment to socio-economic projects within the area of operation of the cooperative;
- Excise tax for which it is directly liable;
- Documentary stamp tax: Provided, however, that the other party of the taxable document/transaction who is not exempt shall be the one directly liable for the tax;
- Annual registration fee of 500 under section 236 (B) of the Tax Code of 1997; and
- All taxes on transactions with insurance companies and banks, including but not limited to 20% final tax on interest deposits and 7.5% final tax on interest income derived from a depository bank under the expanded foreign currency deposit system.

The Parent Cooperative had already complied with the documentary requirements for the application of the certificate of tax exemption (CTE) within the prescribed period under the Joint Rules and Regulations Implementing Articles 60, 61 and 144 of RA No. 9520. However, as at April 8, 2011, the CTE had not yet been issued by the BIR.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The consolidated financial statements have been prepared in conformity with Financial Reporting Standards applicable to Parent Cooperatives registered with CDA taking into consideration Cooperative laws, principles, and practices.

To facilitate the understanding of the financial statements, the applicable accounting standards are summarized below:

PAS 1-*"Presentation of Financial Statements"* - Provides framework of financial statements presentation. It requires more specific statement of financial condition line items such as tax liabilities, provisions, non-current interest bearing debt, among others; financial statements must be comparative; and has a number of new disclosure requirements. The standard also requires presentation of comparative information.

PAS 8 –*"Accounting Policies, Changes in Accounting Estimates and Errors"* - The standard is applied in selecting and applying accounting policies and accounting for changes in accounting policies, Changes in accounting estimates and correction of prior period errors.

PAS 10 –*"Events after the Reporting Date"* - The standard is applied in the accounting for and disclosure of events after the reporting period.

PAS 16 –*"Property, Plant and Equipment"*- The standard provides additional guidance and clarification on recognition and measurement of property, plant and equipment; requires capitalization of the costs of asset dismantling, removal or restoration; and requires measurement of an item of property and equipment acquired in exchange for a non-monetary asset or a combination of monetary and non-monetary assets at fair value, unless the exchange transaction lacks commercial substance. The standard also provides guidelines for de-recognition (e.g., disposal).

PAS 19 –*"Employee Benefits"* - Prescribes the accounting and disclosure for employee benefits, including short-term benefits (wages, annual leave, sick leave, annual profit-sharing bonuses, and non-monetary benefits); pensions, post-employment life insurance and medical benefits other long-term employee benefits (long-service lease, disability, deferred compensation, long-term profit sharing and bonuses, and equity compensation).

PAS 24 –*"Related Party Transactions"* - This standard applies in: (a) identifying related party relationship transactions; (b) identifying outstanding balances between an entity and its related parties; (c) identifying the circumstances in which disclosures to be made about these items.

PAS 27 – *"Consolidated and Separate Financial Statements"* – This standard applies in the preparation of consolidated and separate statements for a Cooperative of entities under the control of a parent.

PAS 36 –*"Impairment of Assets"* - This standard applies in accounting for the impairment of assets other than those covered by separate standards.

PAS 2 –*"Inventories"* - Prescribes the accounting treatment for inventories.

PAS 7 – *"Cash Flow Statements"* - Prescribes the provision of information about the historical changes in cash and cash equivalents of an entity by means of a cash flow statement which classifies cash flows during the period from operating, investing and financing activities.

PAS 38 –*"Intangible Assets"* - Prescribes the accounting treatment for Intangible Assets not dealt with specifically in another standard.

PAS 32 and 39 –*"Financial Instruments"* - Prescribe the accounting treatment, presentation and disclosure requirements for Financial Instruments.

PAS 40 –*"Investment Property"* - Prescribes the accounting treatment and disclosure requirements for Investment Property.

Basis of Consolidation

The consolidated financial statements include the accounts of the subsidiaries as of December 31, 2010. The financial statements of the subsidiary are prepared for the same reporting year as the Parent Cooperative.

Subsidiaries are consolidated from the date on which control is transferred to the Parent Cooperative and cease to be consolidated from the date on which control is transferred out of the Parent Cooperative. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Balances and transactions, including profits and unrealized profits and losses arising from transaction between the Parent Cooperative and its subsidiaries are eliminated.

Non-controlling interests represent interests in certain subsidiaries not held by the Parent Cooperative and are presented separately in the consolidated statement of comprehensive income and consolidated statement of changes in members' equity separately from the equity of the members of the Parent Cooperative.

The Parent Cooperative's subsidiary is the Coop Life Insurance and Financial Services Agency (CLIFSA), a whole-owned subsidiary organized to provide the Parent Cooperative with complete line of financial services through forged strategic business alliances with a non-life insurance company operating nationwide and with a local developer of a memorial park. The subsidiary is expected to widen the market scope of the Parent Cooperative by bridging the gap between the cooperative members, other marginalized sectors and their families and access to customized low-cost social service packages in life and non-life insurance, funeral/memorial services and hospitalization plans. It holds office on the 2nd Floor, CLIMBS Building, Zone 5, Upper Bulua, National Highway, Cagayan de Oro City.

The Parent Cooperative's significant accounting policies are discussed in detail in the following sections:

Functional and Presentation Currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Philippine Peso, which is the Parent Cooperative's functional and presentation currency.

Financial Assets

Financial assets include cash and other financial instruments. The Parent Cooperative classifies its financial assets, other than hedging instruments, into either of the following categories: cash and other cash equivalents, loans and other receivables, financial assets at fair value through profit and loss (FVPL), held to maturity investments, Available-for-sale (AFS) investments and investments in non-marketable equity securities. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired.

The designation of financial assets is re-valued at every end of the reporting period at which date, a choice of classification or accounting treatment is available, subject to compliance with specific provisions of applicable standards.

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and are subject to an insignificant risk of changes in value and are free of any encumbrances.

Insurance Contracts Receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are receivables arising from insurance contracts, such as amounts due from policy holders and members of the mutual benefit association, agents and brokers. The receivables are reviewed regularly for impairment and are carried at amortized cost using the effective interest method. A provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Parent Cooperative will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivables is reduced through the use of an allowance account. Impaired debts are derecognized when they are assessed as uncollectible.

Financial Assets

Financial assets include cash and other financial instruments. Financial assets are classified into categories: financial assets at fair value to profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. Financial assets are assigned to different categories by management on initial recognition, depending on the purpose for which the investments are required. The designation of financial assets is re-evaluated at every reporting date at which date a choice of classification or accounting treatment is available, subject to compliance with specific provisions of applicable accounting standards. Regular purchase and sale of financial assets are recognized on their trade date. All financial assets that are not classified as at fair value through profit or loss are initially recognized at fair value, plus transaction costs.

The following are the applicable financial assets of the Parent Cooperative:

o ***Held-to-Maturity Investments***

These are also non-derivative financial assets with fixed of determinable payments and fixed date of maturity. These are mostly investments in treasury bonds with fixed maturity for more than three (3) months to one (1) year or more, and which management has the express intentions of holding to maturity or until these are sold to raise operating capital. These investments are measured at amortized cost using the effective interest method.

If there is objective evidence that the investment has been impaired, it is measured at present value of estimated cash flows. Any changes to the carrying amount of the investment are recognized in profit or loss.

o ***Available-for-Sale Financial Assets***

These are non-derivative financial assets that do not qualify for inclusion in any of the foregoing categories. This includes investment in stock of member-cooperatives and organizations and is not more than 20% of the member-cooperatives' total equity. The Parent Cooperative intends to hold on to the investment for a longer period of time. Also included are investments in bonds which the management has expressly classified as AFS financial assets at the time the investments were initially placed. These investments are recognized initially at fair value plus transaction costs and subsequently carried at fair value.

Unrealized gains or losses are reported as a separate component of equity until the investment is derecognized or determined to be impaired. If an AFS financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously.

Debt securities are reversed through the statement of comprehensive income if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss are recognized in the statement of comprehensive income.

o ***Loans and Receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Parent Cooperative provides money, goods or services directly to a debtor with no intention of trading the receivables. Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment losses. Any change in their value is recognized in profit or loss.

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account. The amount of impairment loss is recognized in the statement of comprehensive income.

For investments that are actively traded in organized financial markets, fair value is determined by reference to stock exchange quoted market bid prices at the close of business on the reporting date. For investments where there is no quoted market prices at the close of business on the reporting date. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash of the underlying net asset base of the investment.

Non-computing interest, dividend income and other cash flows resulting from holding financial assets are recognized in profit or loss when earned, regardless of how the related carrying amount of financial assets is measured. All income and expense relating to financial assets recognized in profit or loss are presented in the statement of comprehensive income under Investment Income.

De-recognition of financial assets occurs when the rights to receive cash flows from the financial instruments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

Financial Liabilities

Financial liabilities include insurance payables, trade and other payables and interest on capital, patronage and experience refund payable, which are recognized when the Parent Cooperative becomes a party to contractual agreements of the instrument.

Insurance payables and accounts payable and accrued expenses (excluding statutory payables) are recognized initially at their nominal value and subsequently measured at amortized cost less settlement payments.

Interest on capital, patronage and experience refund payable to shareholders are recognized as financial liabilities at the end of the year when the amounts are computed based on the pre-determined rates contained in the By-Laws of the Parent Cooperative.

Financial liabilities are derecognized in the statement of financial condition only when the obligations are extinguished either through discharge, cancellation, or expiration.

De-recognition of Financial Assets and Liabilities

Financial assets are derecognized when

a) the right to receive cash flows from the assets have expired;
b) the Parent Cooperative retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a pass-through arrangement; or
c) the Parent Cooperative has transferred its rights to receive cash flows from the asset and either has transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities are derecognized when the obligations under the liabilities expire, are discharged or are cancelled.

Prepayments

Payments made in the current year that will be used in the future periods are carried as prepayments and to be amortized over the period which will be benefited.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Such cost includes the cost of replacing part of such property and equipment when that cost is incurred, if the recognition criteria are met. Interests incurred on borrowed funds used to finance the construction of the properties during the construction period are capitalized. Other borrowing costs are expensed. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognized.

Depreciation is computed on the straight-line method over the estimated useful lives of the properties as follows: (1) buildings and improvements – 20 years; (2) office furniture, fixtures, and office equipment – 2 to 5 years; (3) transportation equipment – 5 years, and (4) land is not depreciated.

The carrying values of the Parent Cooperative's property and equipment are reviewed for impairment when changes in circumstances indicate the carrying value may not be recoverable. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is credited or charged to income. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits arising from the renovations will flow to the organization.

Investment Property

Investment Property is measured initially at acquisition cost. Subsequently, investment property is stated at cost less accumulated depreciation and any impairment in value. Depreciation is computed on the straight-line basis over the estimated useful life of the property, which is 20 years (for the building).

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

Investment property is derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in the statement of comprehensive income in the year of retirement or disposal.

Impairment of Non-financial Assets

The Parent Cooperative's property and equipment, investment property and other assets are subject to impairment testing. Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. An impairment loss is recognized for the amount by which the asset or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is higher of fair value, reflecting the market conditions less cost to sell, and value in use, based on an internal evaluation of discounted cash flow. All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the previously recognized impairment loss.

Actuarial Policies

Actuarial liabilities and other policy liabilities, including policy benefits payable, are computed by the Consulting Actuary of the Parent Cooperative using actuarial practices generally accepted in the Philippines. Actuarial liabilities and other policy liabilities represent the estimated amounts which, together with estimated future premiums and net investment income, will provide for outstanding claims, estimated future benefits, and expenses on in-force policies.

In calculating actuarial liabilities and other policy liabilities, assumptions must be made about the timing and amount of many events, including death, accident or sickness, investment, inflation, policy termination, expenses, taxes, premiums and commissions. The Parent Cooperative uses best estimate assumptions for expected future experience.

Uncertainty is inherent in the process, as no one can accurately predict the future. Some assumptions relate to events that are anticipated to occur many years in the future and are likely to require subsequent revision. Additional provisions are included in the actuarial liabilities to provide for possible adverse deviations from best estimates. If the assumption is more susceptible to change of if the actuary is less certain about the underlying best estimate assumption, a correspondingly larger provision is included in the actuarial liabilities. In determining these provisions, the Parent Cooperative ensures: (a) when taken one at a time, the provision is reasonable with respect to the underlying best estimate assumption, and (b) in total, the cumulative effect of all provisions is reasonable with respect to the total actuarial liabilities. With the passage of time and resulting reduction in estimation risk, the provisions are released into income. The best estimate assumptions and margins for adverse deviations are reviewed annually and revisions are made where deemed necessary and prudent.

Recording of Claims from Policyholders

Claims incurred comprise settlement and handling costs of paid and outstanding claims arising during the year and adjustments to prior year claim provisions. Outstanding claims comprise incurred up to, but not paid, at the end of the year, whether reported or not.

Reinsurance

The Parent Cooperative cedes insurance risk in the normal course of business. Reinsurance assets include balances recoverable from reinsurance companies. Recoverable amounts are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contract. An impairment review is performed at each reporting date or more frequently when an indication of impairment arises during the reporting year.

Impairment occurs when objective evidence exists that the Parent Cooperative may not recover outstanding amounts under the terms of the contract and when the impact on the amounts that the Parent Cooperative will receive from the reinsurer can be measured reliably.

The impairment loss is recorded in the statement of comprehensive income. Ceded reinsurance arrangements do not relieve the Parent Cooperative from its obligations to policyholders.

Revenue and Cost Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Parent Cooperative and that the revenue can be measured reliably.

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

1. Insurance premiums are recorded as income as these are collected, usually at the policy anniversary date. Accrual of uncollected premiums is made at the end of the year if the grace period is still in effect. Single premiums, however, are amortized over the term of the policy – these are recorded as income each policy anniversary date. Premium income is also deducted by the amount of premiums on insurance business ceded;
2. Interest earned from investments and bank deposits are recognized as the interest accrues (taking into account the effective yield on the asset);
3. Rental income from investment property is recognized in the statement of comprehensive income on a straight-line basis over the lease term; and
4. Other sources of revenue are recognized on the accrual method.

Costs and expenses are recognized upon utilization of the service or at the date they are incurred.

Claim Costs Recognition

Share in liabilities for claims costs and claim adjustment expenses relating to insurance contracts are accrued when insured events occur.

The share in liabilities for claims (including those for incurred but not reported) are based on the estimated ultimate cost of settling the claims. The method of determining such estimates and establishing reserves are continually reviewed and updated. Changes in estimates of claim costs resulting from the continuous review process and differences between estimates and payments for claims are recognized as income or expense of the period in which the estimates are changed or payments are made.

Leases

The Parent Cooperative determines whether and arrangement is, or contains a lease based on the substance of the arrangements. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys the right to use the asset.

The Parent Cooperative accounts for its leases as follows:

- ***Parent Cooperative as Lessee***

  Leases which transfer to the Parent Cooperative substantially all risks and benefits incidental to ownership of the leased item are classified as finance leases and are recognized as assets and liabilities in the statements of financial condition at amounts equal at the inception of the lease to the fair value of the leased property. If lower, at the present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are directly charged against income. Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

  Leases which do not transfer to the Parent Cooperative substantially all the risks and benefits of ownership of the asset are classified as operating lease. Operating lease payments are recognized as expense in the statement of comprehensive income on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expenses as incurred.

- ***Parent Cooperative as Lessor***

  Leases wherein the Parent Cooperative substantially transfers to the lessee all risks and benefits incidental to ownership of the leased item are classified as finance leases and are presented as receivable at an amount equal to the Parent Cooperative's net investment in the lease. Finance income is recognized based on the pattern reflecting a constant periodic rate of return on the Parent Cooperative's net investment outstanding in respect of the finance lease.

  Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized as income in the statement of comprehensive income on a straight-line basis over the lease term.

Employee Benefits

The Parent Cooperative employees are provided with the following benefits:

- ***Retirement Benefit Obligation***

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

- ***Termination Benefits***

  Termination benefits are payable when employment is terminated by the Parent Cooperative before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Parent Cooperative recognizes termination benefits when it is demonstrably committed to either: (a) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or (b) providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting date are discounted to present value.

- ***Compensated Absences***

  Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the reporting date. The amounts recognized are included in Trade and Other Payables account in the statement of financial condition at the undiscounted amount that the Parent Cooperative expects to pay as a result of the unused entitlement.

Distribution of Net Surplus

In accordance with the provisions of the Cooperative Code of the Philippines, the Parent Cooperative distributes its net savings in the following manner: (a) At least ten percent (10%) of the net surplus is set-aside for a reserve fund intended for the stability of the Cooperative to meet net losses from operations; (b) Not more than ten percent (10%) of the yearly net surplus is set-aside for an education and training fund to be utilized by the Cooperative for the education and training of its officers and members, with half of the amount to be presented as a "Reserves" account, while the other half, to be remitted to certain cooperative apex organizations; (c) Not more than ten percent (10%) of the yearly net surplus is set-aside as an Optional Fund for Land and Building Fund (LBF) and Community Development, and (d) The remaining net surplus shall be made available to members in the form of interest on share capital, experience and patronage refund.

Provisions and Contingent Liabilities

Provisions, if any, are recognized when the Parent Cooperative has legal or constructive obligations as a result of a past event: it is probable that an outflow of resources will be required to settle the obligation and estimate can be made of the amount obligation. Provisions are recognized when present obligation will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the statement of financial condition date, including the risks and uncertainties associated with the present obligation. Any reimbursement expected to be received in the course of settlement of the present obligation is recognized, if virtually certain as a separate asset, not exceeding the amount of related provision.

Provisions are reviewed at each statement of financial condition date and adjusted to reflect the current best estimate. In those cases where the possible outflow of the economic resources as a result of present obligation is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the consolidated financial statements. Probable inflows of economic benefits that do not yet meet the recognition criteria of the asset are considered contingent assets, hence, are not recognized in the financial statements. No contingent liabilities have been incurred during the year.

Events after the End of the Reporting Period

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

Accounts Peculiar to Cooperatives

The following applicable accounts are peculiar to the Parent Cooperative due to its nature as well as adherence to cooperative laws, issued policies, rules and regulations, as well as cooperative principles and practices:

ASSETS:

- Cash in Cooperative Federation - refers to money deposited in federations which are unrestricted and readily available when needed. These are treated as cash and other cash equivalents.
- Due from Accountable Officers and Employees - refers to total collectibles from shortages and other losses due from accountable officers and employees that are subject to immediate settlement/sanction. These are recognized at cost, less allowance for impairment, if any.
- Cooperative Development Cost - refers to expenses incurred prior to the actual operations of the Cooperative. These are recognized at cost, subject to amortization for a period not exceeding 3 years
- Other Funds and Deposits - refers to funds set aside for funding of reserves (Statutory and Other Reserves) established by the Cooperative such as Retirement, Mutual Benefit and other Funds. These are recorded at cost.

LIABILITIES:

- Interest on Share Capital Payable - refers to liability of the Cooperative to its members for interest on share capital, which can be determined only at the end of every year.
- Patronage Refund Payable - is the liability of the Cooperative to its members and patrons for patronage refund, which can be determined only at the end of every year.
- Due to Union/Federation (CETF) - is an amount set aside for the education and training fund of an apex organization wherein 50% of the amount is allocated by the Cooperative in accordance with the provision of the Cooperative's by-laws and the Cooperative Code. The apex organization may either be a federation or union of which the Cooperative is a member.
- Project Subsidy Fund Payable - unused portion of the donation/grant for training, salaries & wages, etc.
- Mutual Benefit and Other Funds Payable - are funds for special purposes such as members' welfare & benefits (i.e. loan protection, hospitalization, death, scholarship assistance, etc. including provision for accidents not taken from net surplus).

EQUITY

Donations/ Grants - are amounts received by the Cooperative as awards, subsidies, grants, aids and others. This shall not be available for distribution as interest on share capital and patronage refund, and shall form part of the members' equity in the Statement of Financial Condition

- Statutory Funds - are mandatory funds established/set up in accordance with Articles 86 and 87 of the Cooperative Code. They are as follows:
  - Reserve Fund - amounts set aside annually for the stability of the Cooperative and to meet net losses in its operations. It is equivalent to at least 10% of the net surplus. A corresponding fund should be set up either in the form of time deposit with local banks or government securities. Only the amount in excess of the paid up share capital may be used for the expansion and authorized investment of the Cooperative as provided for in its by-laws.
  - Education and Training Fund - an amount retained by the Cooperative out of the mandatory allocation as stipulated in the Cooperative's by-laws
  - Community Development Fund – This is, at the minimum, 3% of the net surplus. This is used for projects or activities that will benefit the community where the Cooperative operates.
  - Optional Fund - fund set aside from the net surplus (should not exceed 10%) for future use such as land and building, community developments, etc.

EXPENSES

- General Assembly Meeting - expenses incurred in the conduct of regular/special general assembly
- Members' Benefit - all expenses incurred for the benefit of the members
- Affiliation Fee - amount incurred to cover membership or registration fees and annual dues to a federation or union
- Social and Community Service - expenses incurred by the Cooperative in its social community involvement including solicitations and donations to charitable institutions
- Provision for Members' Future Benefits - amount set up for future benefit of members, such as pension of members, etc. not taken from net surplus

Subsidized Project Expenses - refers to a portion of the Project Subsidy Fund expended for training, salaries and wages and other activities subsidized by donations and grants

NOTE 3 – SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements in accordance with PFRS requires the Parent Cooperative to make judgments and estimates that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and liabilities. Future events may occur which will cause the judgments, estimates and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the financial statements as they become reasonably determinable. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The following is a summary of the significant estimates, judgments and assumptions used by the Parent Cooperative:

Judgments

- ***Selecting Functional Currency***
  Based on the economic substance of the underlying circumstances relevant to the Cooperative, the functional currency of has been determined to be the Philippine Peso. The Philippine Peso is the currency of the primary economic environment in which the Cooperative operates. It is the currency that mainly influences the Parent Cooperative's recognition and measurement of revenue and expenses.

- ***Classification of Financial Instruments***
  The Parent Cooperative classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the statement of financial condition.

- ***Determination of Operating Lease***
  The Parent Cooperative has entered into various lease agreements as a lessor and as lessee.
  Parent Cooperative as lessee
  The Parent Cooperative has determined that lessor retains all significant risks and rewards of ownership of its properties that are leased out on an operating lease.
  Parent Cooperative as lessor
  The Parent Cooperative has determined that it retains all significant risks and rewards of ownership of its properties that are leased out on an operating lease.

- ***Impairment of AFS Financial Assets***
  The Parent Cooperative determines that AFS financial assets are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Parent Cooperative evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, and its operational and financing cash flows.

- ***Legal Contingencies***
  The estimate of probable costs for the resolution of possible claims is developed in consultation with outside counsel handling the Cooperative's complaints in these matters and is based upon an analysis of potential results. As of April 8, 2011, the Cooperative is not involved in any significant legal cases. No provision for probable losses arising from legal contingencies was recognized in the Cooperative's financial statements as of December 31, 2010 and 2009.

Estimates and assumptions

- ***Allowance for Impairment of Insurance Receivable and Loans and Receivables***
  Allowance is made for specific accounts, where the objective evidence of impairment exists. The Parent Cooperative evaluates these accounts based on available facts and circumstances, including, but not limited to, the length of the Parent Cooperative's relationship with the customers, the customer's current credit status based on known market forces, average age of accounts, collection experience, and historical loss experience. The recorded losses for any period would therefore differ based on the judgments and estimates made.
- ***Estimating Useful Lives of Property and Equipment***
  The Parent Cooperative reviews annually the estimated useful lives of its property and equipment based on expected asset utilization. It is possible that future results of operations could be materially affected by changes in these estimates. A reduction in the estimated useful lives of these properties would increase recorded depreciation and amortization expense and decrease the related asset account.

- ***Impairment of Property and Equipment***
  The Parent Cooperative assesses at each reporting period whether there is an indication that property and equipment may be impaired.

  Determining the value in use of property and equipment, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Parent Cooperative to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Parent Cooperative to conclude that property and equipment is impaired. Any resulting impairment loss could have a material adverse impact on the Parent Cooperative's financial position and results of operations.

The preparation of the estimated future cash flows involves significant judgments and estimates. While the Parent Cooperative believes that the assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable values and may lead to future impairment charges.

- ***Impairment of Non-financial Assets***
  The Parent Cooperative assesses the impairment of its non-financial assets whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is higher of an asset's net selling price and the value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use it the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual asset or, if it is not probable, for the cash-generating unit to which the asset belongs. For impairment loss on specific asset, the recoverable amount represents the net selling price. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Bank is required to make estimates and assumptions that can materially affect the Parent Cooperative's financial statements.

- ***Actuarial Assumptions used in Determining the Ultimate Cost of Providing Post-employment Benefits***
  The determination of the Parent Cooperative's plan asset and retirement costs is dependent on the selection of certain assumptions used by the actuary in calculating such amounts. Those assumptions are described in Note 16 to the financial statements and include, among others, discount rates and rate of compensation increase. In accordance with PAS 19, actual results that differ from the Parent Cooperative's assumptions are accumulated and amortized over future periods and therefore, generally affect the Parent

  Cooperative's recognized expenses and recorded obligation in such periods. While management believes that the assumptions are reasonable and appropriate, significant differences in the Parent Cooperative's actual experiences or significant changes in the assumptions may materially affect the pension and other retirement obligation.

Foreign Currency Transactions

The accounting records of the Parent Cooperative are maintained in Philippine peso. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

NOTE 4 - CASH AND CASH EQUIVALENTS

This account consisted of the following:

	2010	2009
	(In Philippine Peso)	
Short-term deposits with commercial banks and trust companies	80,680,588	62,810,133
Cash with commercial banks and trust companies	59,277,934	39,332,821
Cash with thrift banks, rural banks and cooperatives	44,806,378	19,770,317
Petty cash and revolving funds	293,356	251,000
	185,058,256	122,164,271

Time deposits were made for varying periods of between one day and one month depending on the liquidity requirements of the Parent Cooperative. Time deposits (in pesos) earn interest with rates ranging from 2.80% to 8.00%. Cash in banks generally earn interest at rates based on daily bank deposit rates.

Short-term deposits with commercial banks and trust companies include short-term placements aggregating 8,099,742 in Banco-Filipino Savings and Mortgage Bank. The Monetary Board of the Bangko Sentral ng Pilipinas in its Resolution No. 372.A dated March 17, 2011 placed the aforementioned Bank under receivership with the Philippine Deposit Insurance Corporation (PDIC) as the designated Receiver. Prior to the receivership, the Parent Cooperative had withdrawn PhP5,000,000 of the total placements on February 11, 2011. In March 2011, the Parent Cooperative has filed its claim on the remaining placements with the PDIC.

NOTE 5 – INSURANCE RECEIVABLES

This account consisted of the following

Premiums receivable - net	11,262,779	877,986
Automatic contribution loans of MAS members	262,515	335,979
Amounts recoverable from accepting companies	71,000	903,400
	11,596,294	2,117,365

The amount of automatic contribution loans of MAS members is chargeable against the equity value of the defaulting members' certificate, free of interest and other charges. At the end of the year, management considers the accounts active and unimpaired.

NOTE 6 – HOLD TO MATURITY INVESTMENTS

This account consisted of the following

	2010	2009
	(In Philippine Peso)	
Government Bonds	75,024,306	58,483,153
Commercial Papers	2,152,490	6,015,686
Trust Accounts	157,527	150,182
Pre-need placements	-	650,520
	77,334,323	65,299,541

Government bonds consist of 10-year peso-denominated bonds issued by the Philippine Government which bears interest rates ranging from 5.50% to 10.625% per annum maturing on various dates from 2010 to 2016. Commercial papers include time deposits with commercial and cooperative rural banks earning interest ranging from 6% to 8.5% per annum.

The pre-need plan represents the cost of a 6 –year special investment plan with Philam Plans, Inc. obtained on December 14, 2004, which matured on December 23, 2010, with maturity value of 1 million. The trust accounts, covered with Investments Management Agreements, represent investments with Land Bank of the Philippines.

The following represents the fair values of investments in bonds by contractual maturity dates:

Due within 1 year	-	23,139,838
Due after 1 year through 5 years	17,550,706	10,079,055
Due after 5 years through 10 years	59,783,617	32,080,648
	77,334,323	65,299,541

The carrying amounts of the investments were determined to approximate their fair values as at December 31, 2010 and 2009.

NOTE 7 – AVAILABLE-FOR-SALE (AFS) FINANCIAL ASSETS

This account consisted of the following

Equity managed funds	126,673,123	97,695,946
Equity securities (Common shares)	33,171,006	17,509,740
	159,844,129	115,205,686

The market values of the AFS financial assets that were acquired by the Parent Cooperative at the start of 2008, amounting to 50 million, have declined in value in 2009. Consequently, the difference between the recorded cost and the fair value, amounting PHP3,787,407, had been debited to the "Revaluation Reserve" in the statement of financial condition. During 2009, the Parent Cooperative sold the securities and the resulting net loss had been recognized in profit or loss in the same year.

The investment in security equities represents equity investments in member cooperatives and organizations, which are accounted for in the books at cost, being less than 20% of the investees' total equity. The carrying amounts of security equities were determined to approximate their fair values at December 31, 2010 and 2009.

NOTE 8 – LOANS AND RECEIVABLES

This account consisted of the following

	2010	2009
	(In Philippine Peso)	
Account Receivable - Others	4,484,620	3,318,501
Advances to officers and employees	950,206	708,464
	5,434,825	4,026,965

Management believes that the foregoing accounts were not impaired as at December 31, 2010.

NOTE 9 – INVESTMENT PROPERTY - NET

The details of this account follows:

	Land	Building & Improvements	TOTAL
Cost		(In Philippine Peso)	
At January 1, 2010	4,446,000	4,506,149	8,952,142
Additions	-	36,000	36,000
At December 31, 2010	4,446,000	4,542,149	8,988,149
Accumulated Depreciation			
At January 1, 2010	-	1,326,332	1,326,332
Provisions	-	241,476	241,476
At December 31, 2010	-	1,567,808	1,567,808
Net Book Value			
At December 31, 2010	4,446,000	2,974,341	7,420,341
At December 31, 2009	4,446,000	3,179,8174	7,625, 817

The investment property includes a piece of land with 2-storey building located along Tiano and Pacana Streets in Cagayan de Oro City which are being leased out to business establishments. Rental income earned on the property amounted to PhP815,842 and PhP1,042,452 in 2010 and 2009, respectively.

NOTE 10 – PROPERTY AND EQUIPMENT - NET

The details of property and equipment follows:

	Land and Improvements	Building and Improvements	Office furniture, fixtures & equipment	Transportation Equipment	Construction In progress	TOTAL
Cost			*In Philippine Peso*			
At January 1, 2010	3,753,168	4,896,205	7,835,281	6,573,688	674,913	23,733,255
Additions	-	1,579,049	2,786,283	1,079,900	21,962,167	27,407,399
At December 31, 2010	3,753,168	6,475,254	10,621,564	7,653,588	22,637,080	51,140,654
Accumulated Depreciation						
At January 1, 2010	-	1,843,864	5,415,958	2,901,772	-	10,161,594
Provisions	-	304,744	1,285,862	1,267,652	-	2,858,258
At December 31, 2010	-	2,148,608	6,701,820	4,169,424	-	13,019,852
Net Book Value						
At December 31, 2010	3,753,168	4,326,646	3,919,744	3,484,164	22,637,080	38,120,802
At December 31, 2009	3,753,168	3,071,023	2,419,323	3,671,916	674,913	13,571,661

The management believes that there is no indication of impairment on the Parent Cooperative's property and equipment and that its net carrying amount can be recovered through use in operations.

NOTE 11 – OTHER ASSETS

This account consists of:

	2010	2009
	(In Philippine Peso)	
Plan asset *(Note 16)*	10,000,000	-
Deposits and placements with banks under receivership	2,448,595	-
Refundable deposits	200,768	147,357
Others	596,292	1,083,671
	13,245,655	1,231,028

In 2010 various banks were placed under receivership pursuant to various Monetary Board of BSP resolutions. The Parent Cooperative had already filed its claims with the PDIC. However, as at April 8, 2011, the claims had not yet been settled by the PDIC. The individual deposit and placement amounts, however, are fully covered by the 500,000 claim from PDIC. Accordingly, no loss provisioning allowance had been recognized in 2010.

NOTE 12 – ACTUARIAL LIABILITIES AND OTHER POLICY LIABILITIES

This actuarial liabilities and other policy liabilities consist of the following:

	2010	2009
	(In Philippine Peso)	
Insurance contract liabilities	160,919,806	100,724,151
Insurance payables	75,674,992	29,958,807
	236,544,798	130,682,958

The amount of insurance contract liabilities (legal policy reserves) and other actuarial items in the financial statements for the years ended December 31, 2010 and 2009, have been computed and certified by the Consulting Agency of the Parent Cooperative to be in accordance with commonly accepted actuarial standards consistently applied and that the legal policy reserves and other actuarial items are fairly stated in accordance with sound actuarial principles.

NOTE 13 – TRADE AND OTHER PAYABLES

This account consisted of the following

Accounts payable and accrued expenses	16,206,020	7,664,332
Retirement fund payable *(Note 16)*	3,830,429	3,616,369
CETF payable	1,712,012	1,232,127
Rental deposits	168,000	168,000
Deferred premiums	9,372,678	-
	31,289,139	12,680,818

NOTE 14 – SHARE CAPITAL

The Parent Cooperatives share capital consists of the following:

Preferred Shares – PhP 1,000 Par Value		
Authorized – 200,000 shares		
Issued – 61,159 in 2010 and 53,361 shares in 2009	61,159,000	53,361,000
Common Shares – PhP 1,000 Par Value		
Authorized – 500,000 shares		
Issued – 119,718 shares in 2010 and 99,428 shares in 2009	119,718,000	99,428,000
Deposits for future subscriptions	1,055	1,072,336
	180,878,055	153,861,336

NOTE 15 – STATUTORY RESERVES

The Parent Cooperative's statutory reserves consist of the following:

	2010	2009
	(In Philippine Peso)	
General reserve fund	9,953,299	7,289,386
Cooperative education and training fund	3,717,528	2,856,625
Optional fund	8,233,259	5,912,510
Community development fund	943,788	739,276
	22,847,874	16,797,797

In accordance with the Parent Cooperative's By-Laws, the General Reserve Fund (GRF), which receives 10% allocation every year from the net surplus of the Cooperative, is intended for the stability of the Parent Cooperative and to meet net losses in its operations. The General Assembly may decrease the amount allocated to GRF when the Fund already exceeds the share capital. Such excess may be used at anytime, upon the resolution of the General Assembly, for any project that would expand the operations of the Parent Cooperative. The Fund shall not be utilized for investments other than those allowed by the Cooperative Code. Any sums recovered on items previously charged to the Fund shall be credited back to the Fund. Upon the dissolution of the Parent Cooperative, the General Reserve Fund shall not be distributed to members. The General Assembly may resolve to establish a usufructuary fund for the benefit of any federation or union to which the Parent Cooperative is affiliated, and to donate, contribute, or otherwise dispose of the amount for the benefit of the community where the Cooperative operates. If the General cannot decide upon the disposal of the Fund, the same shall go to the federation or union to which the Parent Cooperative is affiliated.

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

The Optional Fund also receives not more than 7% allocation from the net surplus of the Parent Cooperative every year, intended for land and building and community development. This year only 5.03% was allocated from the net surplus to Optional Fund.

NOTE 16 – RETIREMENT COST

The Parent Cooperative Employees Retirement Plan is non-contributory and discount benefits provided by the plan using the Projected Unit Credit Method covering all regular and full-time employees entitled to all benefits provided for under the policies formulated by BOD with consideration to RA No. 7641. Contribution and cost are determined in accordance with actuarial studies made for the plan.

The actuarial valuation of plan assets and the present value of the defined benefit obligation as of December 31, 2010 were done by an independent actuary on January 11, 2011.

The principal annual actuarial assumptions used in determining retirement benefit obligation of the Parent Cooperative for the year ended December 31, 2010 follow:

	2010
	(In Philippine Peso)
Discount Rate	7.135%
Future Salary Increase	5.00%
Expected return on plan assets	5.00%
Average remaining working lives of employees	16 Years

Retirement asset/liability recognized in the statement of financial condition for December 31, 2010 follows:

Present value of obligation	**4,994,334**
Fair value of plan assets	**(10,000,000)**
Present value of unfunded obligations	**(5,005,666)**
Unrecognized actuarial gains (losses)	**(1,163,905)**
Unrecognized Past Service Cost - Non-Vested Benefits	-
	(6,169,575)

Changes in the present value of retirement benefit obligation follow:

At January 1	**3,616,369**
Current service cost	**492,981**
Interest cost	**258,976**
Actuarial loss (gain)	**1,163,905**
Transition gain	**(537,897)**
At December 31	4,994,334

Changes in the fair value of plan assets follow:

NOTE 17 – DETAILS OF GENERAL AND ADMINISTRATIVE EXPENSES

	2010	2009
	(In Philippine Peso)	
General Support Services	8,748,213	9,015,875
Travel and Transportation	4,872,722	5,792,009
Promotion	3,518,463	2,237,483
Meetings, Conferences and General Assembly	2,720,188	2,034,429
Materials and Supplies	1,537,881	900,513
Communications	1,314,714	1,214,800
Rent	1,095,119	909,154
Light and Power	905,687	1,089,092
Repairs and Maintenance	845,944	851,361
License Fees and Membership Dues	497,480	496,007
Business Development Cost	357,642	567,991
Insurance	229,686	233,317
Interest and Financial Charges	34,095	38,664
Miscellaneous	297,127	407,186
	26,974,961	25,787,881

NOTE 18 – DETAILS OF SALARIES, WAGES AND OFFICERS' AND EMPLOYEES' BENEFIT

Salaries and Wages	11,950,935	8,578,508
Uniforms and other employee's benefit	2,020,335	1,370,550
SSS, PHIC, and HDMF counterpart contributions	1,238,446	992,028
Retirement Contributions	214,059	1,657,336
	15,423,775	12,598,422

NOTE 19 – DISTRIBUTION OF NET SURPLUS

The Parent Cooperative's distribution of net surplus in 2010 and 2009 follow:

	2010		**2009**	
	%	(In Philippine Peso)	%	(In Philippine Peso)
General reserve fund	10%	3,145,960	10%	2,464,254
Cooperative education and training fund (10%)	10%	3,145,960	10%	2,464,254
Optional fund(5.03%)	5.03%	1,581,473	5.03%	1,238,779
Community development fund(3%)	3%	943,788	3%	739,276
Interest in capital, experience and patronage refund (71.97%)	71.97%	22,642,424	71.97%	17,735,973
	100%	31,459,605	100%	24,642,536

The Executive Committee of the Board of Directors of the Parent Cooperative approved to distribute the 2010 net surplus after providing for statutory reserves, as follows:

	2010	%	2009	%
Dividends for common shares	9,921,468	43.81	7,827,251	44.14
Dividends for preferred shares	3,520,956	15.55	2,829,015	15.95
Patronage fund	3,200,000	14.14	2,474,707	13.95
Experience refund	6,000,000	26.50	4,605,000	25.96
	22,644,423	100.00	17,735,973	100.00

The experience refund is given to members as additional incentives to be distributed as follows: 80% to be distributed based on net premiums contributed by the members and 20% to be distributed based on common shareholdings.

NOTE 20 – INCOME TAX EXPENSE

The tax expense in 2009 pertains to the subsidiary's (CLIFSA) tax liabilities in the same year prior to its registration with the CDA. CLIFSA was previously registered with the Securities and Exchange Commission under which it is required to compute for income tax on its businesses. The tax liability was settled in the same year.

NOTE 21 – RELATED PARTY TRANSACTIONS

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

The significant related party transactions are summarized below:

a) In the ordinary course of business, the Parent Cooperative accepts insurance business from various cooperatives that are also shareholders of the Parent Cooperative. The bulk of the insurance revenue of the Parent Cooperative comes from these shareholders and their members. These cooperatives earn commissions from the insurance accepted and also share in the net surplus of the Parent Cooperative at the end of the year.
b) The Parent Cooperative also accepts reinsurance business from certain mutual benefit associations (MBAs), the founding entities of which are also shareholders of the Parent Cooperative.
c) In the ordinary course of trade or business, the Parent Cooperative cedes insurance contracts to Philippine Prudential Life Insurance, Inc., a shareholder of the Parent Cooperative.

None of the transactions with related parties incorporate special terms and conditions and no guarantee is given or received. Outstanding balances are usually settled in cash.

The key management compensation amounted to 2,673,375 and PhP1,942,885 in 2010 and 2009, respectively.

NOTE 22 – RISK MANAGEMENT OBJECTIVES AND POLICIES

The Parent Cooperative is exposed to a variety of risks in performing its activities. Its risk management is coordinated by its Board of Directors. The Parent Cooperative is principally exposed to insurance risk, The risk that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. Management addresses the issue by ceding portion of the risks to a reinsurer. Although the Parent Cooperative has reinsurance agreements with Philippine Prudential Life Insurance, Inc., It is not relieved of its direct obligations to its policyholders and thus, a credit exposure exists with respect to reinsurance ceded, to the extent that the reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

The Parent Cooperative is also exposed to a variety of financial risks through its financial assets and financial liabilities. In particular, the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts. Credit risk is a risk due to uncertainty in a counterparty's (also called an obligor) ability to meet its obligation. To mitigate the effects of financial risks, the Parent Cooperative does not actively engage in the trading of financial assets. It does not also write options. It has no significant exposure to foreign currency risks as most transactions are denominated in Philippine peso, its functional currency. It has invested most of its cash investments and deposits with fixed interest rates. Its exposure to credit risk is limited to the carrying amount of financial assets recognized at the reporting date. Among these assets, the Parent Cooperative's investments in AFS financial assets have been exposed to risks of a decline in value.

NOTE 23 – CAPITAL MANAGEMENT

The Parent Cooperative maintains a certain level of capital to ensure sufficient solvency margins and to adequately protect its members. The Parent Cooperative's Board of Directors reviews regularly its capital structure and considers the cost of capital and the risks associated with each class of capital. The level of capital maintained is usually higher than the minimum capital requirements set by the IC and the amount computed under the Risk-Based Capital (RBC) Model. The Parent Cooperative fully complied with the externally imposed capital requirements during the reported financial periods. These are the margin of solvency (MOS), fixed capitalization requirement and RBC requirements.

Margin of Solvency

Under the Insurance Code, an insurance company doing business in the Philippines shall maintain at all times MOS equal to 500,000 or PHP2.00 per thousand of the total amount of its insurance, whichever is higher. The MOS shall be the excess of the value of the admitted assets (as defined under the Insurance Code), exclusive of its paid-up capital over the amounts of its liabilities, unearned premiums and reinsurance reserves. The final amount of the MOS can be determined only after the accounts of the Parent Cooperative have been examined by the IC especially as to admitted or non-admitted assets as defined in the Insurance Code.

Fixed Capitalization Requirements

In September 2006, the Department of Finance issued Order 27-06, increasing the capitalization requirements for life, non-life and reinsurance companies on a staggered basis for the years ended December 31, 2006 to 2011. Depending on the level of foreign ownership in the insurance company, the minimum statutory net worth and minimum paid-up capital requirements vary. The statutory net worth shall include the company's paid-up capital, capital in excess of par value, contingency surplus, retained earnings and revaluation increments as may be approved by the IC. The minimum paid-up capital is pegged at 50% of the minimum statutory net worth.

As of December 31, 2010, the required minimum statutory net worth and minimum paid-up capital for the Parent Cooperative, being a wholly Filipino-owned domestic insurance company, is 200 million and PhP100 million, respectively. The IC issued its Circular Letter No. 26-2008 deferring the 2007 requirements of IMC No. 10-2006 for a year that effectively made the 2007 requirements the basis for 2008, and therefore, making 2008, 2009, and 2010 as the basis for 2009, 2010 and 2011, respectively.

The Parent Cooperative's minimum paid-up capital has complied with the minimum required. However, its statutory net worth has not reached the minimum requirements for 2010. The Parent Cooperative will submit to the IC updated strategies to reach the minimum requirements.

RBC Requirements

In October 2006, the IC issued IMC No. 7-2006 adopting the risk-based capital framework for the life insurance industry to establish the required amounts of capital to be maintained by companies in relation to their investment and insurance risks. Every life insurance company is annually required to maintain a minimum Risk-Based Capital (RBC) ratio of 100% and not to fail the trend test. Failure to meet with the minimum RBC ratio shall be subject the insurance

Consolidated Compliance Framework

In November 2006, the IC issued IMC 10-2006, integrating the compliance standards for the fixed capitalization and risk-based capital framework. Under this IMC, all insurers must possess the capitalization required for the year 2006 and onwards. Likewise, all insurers shall annually comply with the RBC ratio requirements. Subsequent to 2006, the fixed capitalization requirement for a given year may be suspended for insurers that comply with the required RBC hurdle rate, provided the industry complies with the required industry RBC Ratio Compliance Rate. The IMC provides the annual schedule of progressive rates for the Industry RBC Ratio Compliance Rates and RBC Hurdle Rates from 2007 to 2011.

In view of the provisions of Circular Letter No. 26-2008, for the year 2010, the basis of the review shall be the 2009 synopsis, and the Industry RBC Ratio Compliance Rate for 2010 is 90%, while the RBC Hurdle Rate is 200%. Failure to achieve one of the rates will result in the imposition of the fixed capitalization requirement of the year under review.

NOTE 24 – COMMITMENTS AND CONTINGENCIES

In the normal course of its operations, the Parent Cooperative makes various commitments and incurs certain contingent liabilities which are not reflected in the accompanying financial statements. Management anticipates no material losses, if any, that may arise from these commitments and contingencies.

NOTE 25 – RESTATEMENT OF ACCOUNTS

Various accounts have been restated from the amounts previously reported in 2009 to give retroactive effects to the consolidation of the Parent Cooperative's subsidiary. The effect of this restatement resulted to an increase in total assets of **6,688,847** and an increase in total liabilities and members' equity by the same amount in 2009. The restatement did not affect the distribution of net surplus in 2009.

NOTE 26 – EVENT AFTER THE END OF THE REPORTING PERIOD

- The financial statements for the year ended December 31, 2010 were approve and authorized for issue by the President of the Parent Cooperative on April 8, 2011.

NOTE 27 – OTHER MATTERS

Enactment of the Philippine Cooperative Code of 2008

- On February 17, 2009, the President of the Philippines signed into law Republic Act No. 9520 "An Act Amending the Cooperative Code of the Philippines to be known as the 'Philippine Cooperative Code of 2008'". The Code was published in a newspaper of general circulation on March 7, 2009 and took effect 15 days thereafter or March 22, 2009.

  Salient Features of RA 9520 – Philippine Cooperative Code of 2008
  - an act amending RA 6938 of 1992 known as the Cooperative Code of the Philippines.
  - the charter of Cooperative Development Authority (CDA) will be amended
  - PICPA will be involved in the preparation of the IRR

  Allowed Deviations from PFRS
  - Presentation of donated capital direct to equity
  - Modified cash basis of accounting

  Paid-up Capital
  - Art 14 - Paid-up capital shall not be less than 15,000 (before PhP2,000) which may increase every 5 years upo consultation with the cooperative sector and NEDA

  Members, Officers and Directors
  - **Art 26** - Deleted [Who May Be Members of Cooperatives] and replaced with Kinds of Membership – include a regular member and an associate member
  - **Art 27** - All elective officials of the government shall be ineligible to become officers and directors provided that the disqualification does not extend to a party list representative

  Quorum
  - **Art 35** - At least 25% of all members entitled to vote; 5% for electric cooperatives; for cooperative banks, according to Art 99 of the code;

  Term of BOD
  - **Art 37** – Deleted [However, no director shall serve for more than 3 consecutive terms]

  Committees of Cooperatives
  - **Art 43** - The audit and election committees shall be elected by the general assembly and be directly accountable and responsible to the general assembly

  Compensation
  - **Art 46** - Directors and officers shall not be entitled to any per diem when, in the preceding calendar year, the cooperative reported a net loss or had a dividend rate less than the official inflation rate for the same year

  Books and Reports
  - **Art 52** - The accountant or bookkeeper shall be responsible for the maintenance and safe keeping of the books and records in accordance with GAAP
  - **Art 53** - Every cooperative shall draw up regular reports of its program of activities showing their progress and achievements to be filed with CDA within 120 days (before 60 days) from the end of the calendar year.

Taxation

- **Art 61**- Transactions of members with the cooperative shall not be subject to any taxes and fees, including but not limited to final taxes on members' deposits and documentary tax.
- Cooperatives with accumulated reserves and undivided net savings of more than 10M shall pay the following taxes at full rate:
  a) Income tax – on the amount allocated for interest on capitals, provided that the same tax is not consequently imposed on interest individually received by members; provided further that cooperatives, regardless of classification, are exempt from income tax from the date of registration with CDA.
  b) VAT on transactions with non-members, provided that cooperatives duly registered with CDA are exempt from payment of VAT subject to Section 109 SS L, M and N of the NIRC, as amended.
  c) Cooperatives with accumulated reserves and undivided net savings of not more than 10M shall be exempted from all national, city, provincial, municipal or barangay taxes and from customs duties, advance sales or compensating taxes on importation or machineries, equipment and spare parts used by them.

Donations and Other Assistance

- **Art 72** - Subsidies, donations, legacies, grants, aids and such other assistance from any local or foreign institution whether public or private, provided that capital coming from such subsidies, donations, legacies, grants, aids and other assistance shall not be divided into individual share capital holdings at anytime but shall instead form part of the donated capital or fund of the cooperative. Upon dissolution, such donated capital shall be subject to escheat.

Share Capital

- **Art. 73** - No member of a primary cooperative other than a cooperative itself shall own or hold more than 10 % (before 20%) of the share capital
- **Art 76** - The par value of a share may be fixed at any figure not more than 1,000 (before not less than PhP1.00)

Audit

- **Art 80** - Cooperatives shall be subject to annual financial, performance and social audit
- **Art 81**- Audit Report – The auditor shall submit to the BOD and audit committee the financial audit report which shall be in accordance with GAAS for cooperatives as jointly promulgated by the PICPA and CDA
- Thereafter, the BOD shall present the complete audit report to the general assembly in its next meeting

Order of Distribution of Net Surplus

- **Art 86** - An amount for the reserve fund which shall be at least 10% of the net surplus, provided, that in the first 5 years of operation after registration, this amount shall not be less than 50% of the net surplus
  a) *Education and training fund* - not more than 10% of the net surplus; half of the amount transferred to education and training fund annually shall be spent by the cooperative for education and training, while the other half may be remitted to the union or federation
  b) *Community development fund* - not less than 3% of the net surplus
  c) *Optional fund, land and building, and any other necessary fund* - the total of which shall not exceed 7% (before 10%)
  d) *Remaining net surplus* - shall be made available to the members in the form of interest on share capital not to exceed the normal rate of return on investments and patronage refunds, provided that any amount remaining after the allowable interest and the patronage refund have been deducted shall be credited to the reserve fund. The sum allocated for patronage refunds shall be made available at the same rate to all patrons of the cooperative in proportion to their individual patronage

On January 25, 2010, the Joint Congressional Oversight Committee on Cooperatives approved the IRR that laid down the guidelines for the grant of tax exemptions to cooperatives. The joint rules and regulations implementing Articles 60, 61 and 144 of RA 9520 were signed by the Department of Finance, Bureau of Internal Revenue and CDA on February 5, 2010.

NOTE 28 – SUPPLEMENTARY INFORMATION ON BIR REVENUE REGULATIONS (RR) NO. 15-2010

RR No. 15-2010, an Act Amending Certain Provisions of Revenue Regulations No. 21-2002, provides that effective December 10, 2010, the Notes to Financial Statements shall include information on taxes, duties and license fees paid or accrued during the taxable year.

In compliance to the foregoing RR, the following taxes were paid and accrued by the Cooperative in 2010:

Withholding tax on compensation	2,390,946
Expanded withholding tax	2,960,380
	5,351,326

HIGHLIGHTS

COMPLETION AND INAUGURATION OF THE NEW BUILDING

Finally, the multi-million peso building of Climbs Life and General Insurance Coop (CLIMBS) is now completed and was officially opened for business last week of November 2010.

The P21.6 million edifice was constructed in a lot owned by CLIMBS in Barangay Bulua, Cagayan de Oro City and presently considered a landmark in the area, which is now fast becoming a growth center in the city of the "Golden Friendship".

CLIMBS President and Chief Executive Officer Fermin L. Gonzales said the four-storey building will become the new main office of CLIMBS and the vacant spaces will be offered for lease to interested establishments, especially cooperatives.

In fact, the new building is now occupied by two cooperatives (Cebu CFI Cooperative and First Community Cooperative) in the 1st floor, Coop Life Insurance and Financial Services Agency, Inc.(CLIFSA) and CLIMBS Non-life Division in the 2nd floor.

Gonzales added that the commercial building is expected to generate revenues to CLIMBS. In fact, he said the old building of the company in Tiano-Pacana St., has been earning about P80,000 a month from office rentals.

Meanwhile, Gonzales said CLIMBS is also planning to construct a commercial building in its old office in Tiano-Pacana, Cagayan de Oro City.

Photos taken during the blessing of CLIMBS P21.6 million,done by Archbishop Antonio J. Ledesma, SJ and attendedby officers of coop primaries and federations all over the country, on November 26, 2010 in Barangay Bulua, Cagayan de Oro City

Inset, Archbishop Antonio J. Ledesma, SJ (right side back of Former Senator Agapito "Butz" A. Aquino), Aquino, CLIMBS Corporate Secretary now Atin Koop Party-list Representative Isidro

HIGHLIGHTS

MALAYAN INSURANCE SIGNS COOPERATIVE REINSURANCE PARTNERSHIP WITH CLIMBS

Expanding its commitment to serve the microinsurance needs of low-income segments, Malayan Insurance has tied up with the Coop Life Insurance and Mutual Benefit Services (CLIMBS) to facilitate the latter's capacity to issue non-life insurance to its coop members. The formal signing ceremony of the partnership took place last September 30, 2010 at the Hexagon Lounge, RCBC Plaza in Makati City.

Through this partnership, CLIMBS enhances its stature as the leading life and non-life insurance provider in the cooperative sector, with Malayan providing reinsurance facility for various non-life insurance lines such as Fire, Motorcar, Cargo (Marine) and General Accident.

Photo shows (seated from left): Malayan Insurance executives Joel T. Almagro, 2nd VP-Underwriting Division Head; Antonio M. Rubin, EVP; and Yvonne S. Yuchengco, President; with CLIMBS President Fermin L. Gonzales and VP for Marketing Jorge S. Lumasag, Jr. Behind them are the senior officers of Malayan Insurance and CLIMBS.

SOURCE: MALAYAN INSURANCE

HIGHLIGHTS

PROTECTING COOPERATIVES AGAINST EXTREME WEATHER EVENTS THROUGH CLIMBS WEATHER PROTECT (LOAN PORTFOLIO INSURANCE)


MOA Signing Ceremony between CLIMBS, Munich RE and GTZ during the Weather Protect Grand Launching held at the 10th National Cooperative Summit. *(From left: Fermin Gonzales, Francis Savari and Dr. Antonis Malagardis)*

Source: MIPSS

Many regions in South-East Asia are highly expose to extreme weather events. Extreme weather events pose a financial risk to cooperatives. These events interrupt the cash flow of cooperatives as member borrowers can lose their livelihoods and assets in a single storm and become unable to repay their loans. Currently, to offset this risk, cooperatives lend money at a higher interest rate, posing an additional burden to the member borrower.

In the light of recent natural catastrophes, Munich Re and the German Technical Cooperation, GTZ GmbH entered into a development partnership to review microinsurance needs and demands in the South-East Asian Countries. In this review, it was evident that the development of a weather-indexed microinsurance product for the protection of loan portfolios against natural catastrophes is the most feasible form of addressing these needs. CLIMBS has become the third crucial partner and is the primary insurance provider of the microinsurance product.

The strategic alliance aims to offer insurance services against the effects of extreme weather events in order to enhance the financial stability of cooperatives and other microfinance providers, and to protect their credit portfolios. A core objective is to pass on the insurance benefits to low-income members.

CLIMBS is owned by more than 2,000 cooperative primaries and federations all over the country. As an insurance provider for coops and their members, CLIMBS provides a number of services including life, property and healthcare insurance products. "Unlike other commercial insurance companies, we cater to the needs of the poor household communities, and we are able to operate deep within the grassroots through their cooperatives," says Mr. Gonzales.


This bridge is unpassable during the devastation of Typhoon Ondoy due to high level of flood.


Typhoon Ketsana approached Metro Manila and caused widespread flooding in the cities of Caloocan, Marikina, Malabon, Muntinlupa, Quezon, Makati, the Manila, Pasay, Pasig, Antipolo, Taguig, Valenzuela, and San Juan


Sanie Dosdos, Non-Life Manager of CLIMBS, explains how an extreme weather event triggers the payout

On September 28, 2009, Typhoon Ketsana lashed the National Capital Region, Southern and Northern Luzon islands with winds of 140 km/hr (85 mph) and gusts of up to 100 km/hour with a damage of $1.09 billion and 747 fatalities.. Within a period of less than two weeks, the Philippines was battered by a second super typhoon, namely Typhoon Parma within a span of a week during October 2009, with winds of 195 km/h(120 mph). Homes, properties and crops were destroyed and livelihoods disrupted. Cooperatives in the affected regions suffered financially. There were reports of insufficient funds due to increases in bad debts and unexpected expenses.

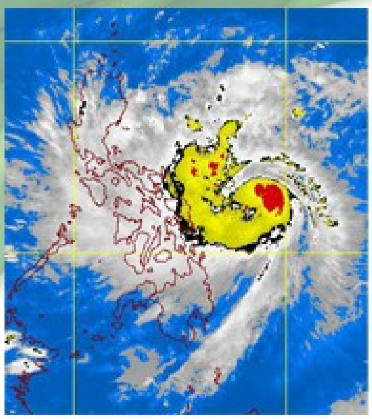
Last October 2010, GTZ, Munich Re and CLIMBS jointly launched the microinsurance product and a cooperative insurance literacy campaign that will support microfinance institutions in making sound decisions on how to mitigate fnancial risk arising from extreme weather events.

New Product

CLIMBS WEATHER PROTECT (LOAN PORTFOLIO INSURANCE)

PROTECTING YOUR COOPERATIVE AGAINST CATASTROPHE & CALAMITIES

IN PARTNERSHIP WITH Munich RE & gtz



The product focuses on both frequent and severe extreme weather events due to wind-speed and rainfall. Based on the topographic relief and geographic location of the Philippines local government units structure (municipalities) trigger indexes for wind-speed and rainfall per municipality have been developed. As the trigger depends on the individual LGU's geographic profile, municipalities individual risk perception and vulnerability will be considered by the index. Accordance to the intensity of the event the trigger are categorize in three levels (yellow, orange and red) representing following reoccurrence period:

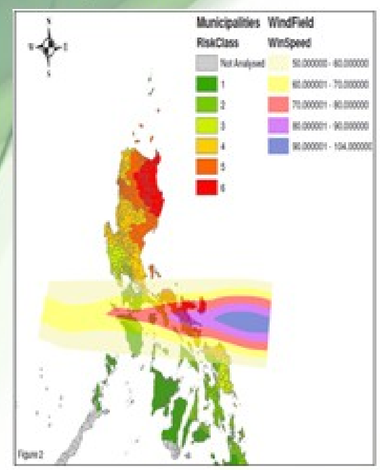
Yellow : 10-15 years ; Orange: 15-20 years ; Red : More than 20 years

If either wind-speed or rainfall exceeds the predefined trigger value in either of the 3 colour codes, we considered the municipality "affected". Cooperatives with operations in the "affected" municipalities will receive claims payout.

HOW IT WORKS

Natural catastrophe often has a devastating effect on the poor households' cash flow, liquidity and earning capacities. Particularly financial service providers for the poor (like cooperatives) experience the high vulnerability of the poor towards outlier events in their portfolio. Like for example loan borrowers who- after the occurrence of a natcat event- might face difficulties to fulfil their duties. As a consequence, the loan default rate of the lending institution will increase. Subject to the geographical outreach of the event and the borrowers concentration within the region severe solvency issues of the financial service provider could be the consequence.

The services offered to the poor by these institutions are crucial to manage their daily live. By protecting the portfolio of the financial services in case of extreme event, reliable financial capacity can be ensured particularly at the time where it is most needed.



TRIGGER CATEGORY RED
PAYOUT 20% of the accrued average loan per municipality

TRIGGER CATEGORY ORANGE
PAYOUT 10% of the accrued average loan per municipality

TRIGGER CATEGORY YELLOW
PAYOUT 5% of the accrued average loan per municipality

PAYOUT FOR AFFECTED MUNICIPALITIES

The annual insurance is unlimited. Based on the category of wind speed and rainfall as evaluated by an independent consultant the affected municipalities will be declared and categorized by its intensity.

All insured cooperatives whose members are living in the affected municipalities are entitled to receive a payout.

SOURCE OF DATA

The relevant trigger points will be calculated and determined by independent consultant with support from Philippine Atmospheric, Geophysical and Astronomical Services Administration (PAGASA).In times of severe weather conditions, weather data will be published by the consultant on a webpage (NatCat Monitoring) and made available to all cooperatives.

Rainfall trigger is based on satellite data provided by TRMM the Tropical Rainfall Measuring Mission (TRMM). It is a joint mission between NASA and the Japan Aerospace Exploration Agency (JAXA) designed to monitor and study tropical rainfall. The satellite has been in operation since 2002 and covers the whole tropical region in a regular series of orbits.

Wind-speed trigger is based on information from Regional Specialized Meteorological Center (RSMC). RSMC is operated by Japan Meteorological Agency (JMA) within the framework of the World Weather Watch program of World Meteorological Organization (WMO). Their primary aim is to assist national meteorological services in Asia and the North Pacific in issuing accurate tropical cyclone.

CLIMBS Employees undergo the challenging yet, enjoyable exertions as part of their team building activity last May 2010 in Obrero's Resort Bukidnon.

TEAM BUILDING 2010

Finally, the multi-million peso building of CLIMBS Life and General Insurance Coop is now completed and was officially opened for business last November 2010.

BUILDING INAUGURATION & BLESSING

NATCAT CONSULTATIONS

COOP MONTH & COOP SUMMIT

TRAININGS & SEMINARS

2010 CHRISTMAS PARTY

HEAD OFFICE

1st Row (From Left to Right): Erlwin Mijares, Ann Busa, Grace Cloma, Grace Soriano, Gretchen Babanto, June Blanche Jalalon Novefe Cabalda, Betty Javonillo, Merced Dollera, Ofelia Anog, Ana Marie Suria, Danilo Dollera

2nd Row (From Left to Right): Florosa Malinao, Lutgarda Talipan, Coke Bernadas, Blesilda Lagang, Irene Meguillo, Nancy Ortega, Rhona Kuinisala, Rose Legaspi, Abelardo Valerio, Roel Santillan, Elmer Elican, Cyfred Odarve, Jade Anthony Pilongo

3rd Row (From Left to Right): Glen Daomar, Regie Dailo, Toto Demonteverde, Jorge Lumasag (VP Marketing), Virgilio Cumba Jr., Henry Lopez, Christopher Gabule, Donde Canincia, Gerald Cabillo, Patrick Doldolea

Not in the picture: Fermin L. Gonzales(President & CEO), Isagani Daba(EVP & COO), Ruth Loking, Roxanne Aliboyog, Santiago Orapa, Wilbur Sonogan, Janyll Sijo, Dr. Aaron Oliveros, Sep Alzen Abella, Juan Desamparado

CLIMBS NON-LIFE DIVISION

1st Row (from left to right): Louie R. Jopson, Joy Fe L. Cabiso, Ruby Jean H. Jabiniar, Ielyn G. Asay
2nd Row (from left to right): Ulysses P. Zulueta, Jesus Antonio R. Dosdos (Non-Life Division Manager), Reagan B. Atiao
Not in the picture: John O. Diona

CLIFSA (Coop Life Insurance & Financial Services Agency)

From Left to Right: Gerry Merto, Gina Ralloma, Jocelyn Duka, Noel D. Raboy (CLIFSA General Manager), Evangeline Rañoa, Katherine Balite, Ryan Dale Maquidato, Gerry Mendoza
Not in the Picture: Michael Angelo Tagudin, Alaiza Daine Alido

AREA OFFICES

1st Row (Front Left to Right)
Roy S. Miclat (Life Division Manager)
Reynaldo San Andres (Compliance Officer)

2nd Row (From Left to Right)
Ruby Shayne Gabriel
Delegada Bellen
Mary Grace Tubal

Not in the picture
Rachelle Agustin


LUZON Area Office


Visayas Area Office

Front Left to Right
Eric Clamonte
Mark Mobe
Henry M. Lopez (Regional Marketing Manager)
Lorina B. Gabato

Front Left to Right
Margie Novela
Rowena Abella
Edgardo Apoya (Regional Marketing Manager)
Analene Bollo
Lynette Bantayan


Mindanao Area Office

2011 AWARDEES CRITERIA

TOP 3 - PLATINUM INVESTOR's AWARD

(National Level - Highest performance growth in premium & investment)

1. Has been a member /owner of CLIMBS for at least 2 years
2. Enrollment of at least three or more products (LPP as the basic product)
3. With a gross premium contribution & investment of 6 million and above
4. With a top net premium contribution

TOP 5 - GOLD SALES ACHIEVER's AWARD

(National Level - Highest performance growth in premium)

1. Has been a member /owner of CLIMBS for at least 2 years.
2. Enrollment of at least two or more products (LPP as the basic product)
3. With a gross premium contribution of 8 million and above
4. With a top net premium contribution

TOP 5 - SILVER SALES ACHIEVER's AWARD

(Regional Level - Highest performance growth in premium)

1. Has been a member / owner of CLIMBS for at least 2 years.
2. Enrollment of at least two or more products (LPP as the basic product)
3. With a gross premium contribution of 1 million to 7.99 Million
4. With a medium net premium contribution

TOP 3 - BRONZE SALES ACHIEVER's AWARD

(Regional Level - Highest performance growth in premium)

1. At least two years enrollment with CLIMBS
2. Enrolment of at least two or more products (LPP as the basic product)
3. With a gross premium contribution of below 1 Million
4. With a sizable net premium contribution

TOP 5 - NON-LIFE TOP PRODUCER's AWARD

(All Non-Life Product Lines)

For achieving the highest nonlife production

TOP 5 - CoopAssurance Center

For achieving the highest production on life & nonlife products in the CoopAssurance Center as a distribution channel of CLIMBS

TOP 3 - General Agency Managers Award (Nonlife Division)

2011 AWARDEES

TOP 3 - PLATINUM INVESTOR's AWARD - National Level

1st Place - CEBU CFI COMMUNITY COOPERATIVE
2nd Place - FIRST COMMUNITY COOPERATIVE (FICCO)
3rd Place - PERPETUAL HELP COMMUNITY COOPERATIVE, INC. (PHCCI)

TOP 5 - GOLD SALES ACHIEVER AWARDS - National Level

1st Place - TAGUM COOPERATIVE
2nd Place - METRO ORMOC COMMUNITY COOPERATIVE (OCCCI)
3rd Place - MSU-IIT MULTI PURPOSE COOPERATIVE
4th Place - NOVALICHES DEVELOPMENT COOPERATIVE, INC. (NOVADECI)
5th Place - AGDAO MULTI PURPOSE COOPERATIVE

TOP 5 - SILVER SALES ACHIEVER AWARDS - Regional Level

Luzon Region -

1st Place - BAAO PARISH MULTI-PURPOSE COOPERATIVE
2nd Place - BAGONG SILANG 2 MULTI PURPOSE COOPERATIVE
3rd Place - LINGAYEN CATHOLIC CREDIT COOPERATIVE

Visayas Region -

1st Place - COOPERATIVE BANK OF CEBU
2nd Place - CEBU MARKET VENDORS DEVELOPMENT COOPERATIVE

Mindanao Region -

1st Place - ORO INTEGRATED COOPERATIVE
2nd Place - NABUNTURAN INTEGRATED COOPERATIVE (NICO)
3rd Place - INTEGRATED COOPERATIVE TOWARDS UNIFIED SERVICES (ICTUS)
4th Place - STA.ANA MULTI PURPOSE COOPERATIVE (SAMULCO)
5th Place - STA.CATALINA MULTI PURPOSE COOPERATIVE, INC.

TOP 3 - BRONZE SALES ACHIEVER AWARDS - Regional Level

Luzon Region -

1st Place - TANAY MARKET VENDORS & COMMUNITY MULTI PURPOSE COOPERATIVE
2nd Place - ANGONO CREDIT & DEVELOPMENT COOPERATIVE (ACDECO)
3rd Place - VALENZUELA DEVELOPMENT COOPERATIVE

Visayas Region -

1st Place - OMAGANHAN FARMERS MULTI PURPOSE COOPERATIVE (OFMPC)
2nd Place - PALOMPON COMMUNITY MULTI PURPOSE COOPERATIVE
3rd Place - SOUTHERN LEYTE COOPERATIVE BANK (SLCB)

Mindanao Region -

1st Place - MACO DEVELOPMENT COOPERATIVE
2nd Place - XAVIER UNIVERSITY COMMUNITY CREDIT COOPERATIVE (XUCCCO)
3rd Place - NOTREDAME OF MARBEL UNIVERSITY DEVELOPMENT COOPERATIVE (NDMUDC)

TOP 5 - NON-LIFE TOP PRODUCER's AWARD

1st Place - CEBU CFI COMMUNITY COOPERATIVE
2nd Place - TAGUM COOPERATIVE
3rd Place - FIRST COMMUNITY COOPERATIVE (FICCO)
4th Place - METRO ORMOC COMMUNITY COOPERATIVE (OCCCI)
5th Place - PERPETUAL HELP COMMUNITY COOPERATIVE, INC. (PHCCI)

TOP 5 - CoopAssurance Center

1st Place - TAGUM COOPERATIVE - Olive Pendon
2nd Place - FIRST COMMUNITY COOPERATIVE (FICCO) - Eduardo Micayabas
3rd Place - METRO ORMOC COMMUNITY COOPERATIVE (OCCCI) - Jose Mosquete
4th Place - PERPETUAL HELP COMMUNITY COOPERATIVE, INC. (PHCCI) - Ronald Vilas
5th Place - MSU-IIT MULTI PURPOSE COOPERATIVE - Jorge Cloa

TOP 3 - General Agency Managers Award (NonLife Division)

1st Place - Rowena Abella
2nd Place - Analene Bollo
3rd Place - Albert Camaddo

CLIMBS Weather Protect Trailblazer Awardee

MACTAN ISLAND MULTI-PURPOSE COOPERATIVE

Directory of Offices and Branches

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Beside Sta.Ana MPC - Main
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Website: www.clifsa.com.ph

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Mr. Liberato Ramos
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Mobile No.: 09287450356

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General Agency Manager
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09237149533
Email: dean_ayen@yahoo.com.ph

Mr. Alfredo Madera
General Agency Manager
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General Agency Manager
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Telefax No.: (082)305-1398
Mobile No: 09237145920
E-mail: anewor1515@yahoo.com

LINKAGES

Munich RE
Website: http://www.munichre.com

GIZ (GTZ)
Website: http://www.giz.de

Asia Oceana Association
Website: http://www.aoa-icmif.org

International Cooperative Mutual Insurance Federation
Website: http://www.icmif.org

National Confederation of Cooperatives
227 JP Rizal St. Project 4, Quezon City
Website: http://www.natcco.coop

Philippine Prudential Life Insurance
Website: http://www.philprudentiallife.com

Malayan Insurance
Website: http://www.malayan.com

Alpha Insurance & Surety Company, Inc.
Website: http://www.alphainsurance.com.ph

CCC Insurance Corporation

A MEMBER OF

Philippine Life Insurance Association, Inc.
Website: http://www.plia.org.ph

Philippine Chamber of Commerce
Website: http://www.philippinechamber.com

Philippine Insurer & Reinsurers Association
Website: http://www.pirainc.org

People Management Association of the Philippines
Website: http://www.pmap.org.ph/

CLIMBS

Life and General Insurance Cooperative

"The Grassroot Insurance"

Credit Life Insurance

- Coop Life Savings Plan (CLSP)
- Coop Loan Protection Plan (CLPP)

Group Term Life Insurance

- Group Renewable Term Life (GRTL)
- Coop Family Plan (CFP)
- Group Accidental Death, Dismemberment, Disablement Insurance (GADDDI)
- Group Life and Accidental with Fire Insurance (GLAFI)
- Group Accidental Death, Disablement & Dismemberment Indemnity and Funeral Service Assistance (GADDDI-FUSA)
- Member Year Renewable Accident and Life (MYRACL)

Individual Life Insurance

- Whole Life
- 5-Pay Plan
- Endowment at 65
- Retirement Endowment
- EZ Protect

Non-Life Insurance

- Fire Insurance
- Motor Car / Vehicle Insurance
- Marine Cargo Insurance
- Bonds
- Engineering Insurance
- Accident & Health Insurance
- Casualty Insurance
- CLIMBS Weather Protect (Loan Portfolio Insurance)

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Email: non-life@climbs.coop

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Admin: (08822)738-738/(088)856-1355 loc.107
Cashiering: (08822)738-738/(088)856-1355 loc.108
Claims: (08822)738-738/(088)856-1355 loc.109
Underwriting: (08822)738-738/(088)856-1355 loc.110
Accounting: (08822)738-738/(088)856-1355 loc.202
EDP: (08822)738-738/(088)856-1355 loc 203

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Telefax.: (088)856-5644
Email: clifsa_cdo@yahoo.com   Website: www.clifsa.com.ph