

"Positioning CLIMBS for High Growth"

41st Annual General Assembly

Radisson Blu Hotel Cebu
Sergio Osmeña Boulevard Cor. Juan Luna Avenue, Cebu City, Philippines

Annual Report
2012
"More than just Protection"



OUR NEW VISION-MISSION STATEMENT

Core Purpose

- CLIMBS Pursue the economic upliftment of its members nationwide, through insurance
- We were born to provide affordable insurance for the many small people in the grassroots countryside, the marginalized poor and the not-so-poor, through their cooperatives. We are outreaching to areas which big insurance firms are not inclined to visit.
- The insurance protection we provide was meant to be multifold in aspects: life, non-life, pre-need, etc.
- Through grassroots insurance, we were also envisioned to make the financial investments suited to our members' needs and the cooperative movement.

Core Values

We subscribe to the cooperative values and principles espoused by Raiffeisen & Rochdale
But we have certain values we pay careful attention to:

- service excellence, while reserving for growth
- risk management, especially on members' monies
- environmental protection, amidst climate change
- fairness, transparency, accountability in our governance.

We are particularly sensitive to the fact that our member-investors are also our member- markets.
And we adjudge accordingly.

Goals

- As the leading cooperative insurance firm in the country, we are going international, into emerging markets of Asia.
- As the grassroots insurance leader, we seek not only a broad-er servicing of cooperative members, but also coverage of NGOs, MFIs, and other people-based development groups.
- As a financial institution, we shall become a group of companies, in partnership with cooperatives, into diverse invest-ments, financial packaging, and community-impact projects.
- As a federation, we are advocating the further development of cooperative thought and the upgrading of management across the entire cooperative movement.
- We will show the country that cooperativism is the best way to generate people-based economic upliftment.

These goals are what make CLIMBS different.

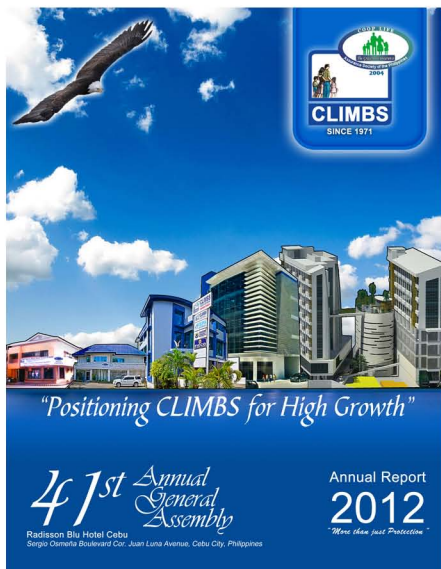


Table of Contents

Board of Directors (2012-2013)	3
Messages	
The Chairperson	4
The President & CEO	5
Board of Directors & Management Report	
2012 Accomplishments	6-7
Plans for 2013	8
Statement of Opinion	9
Statement of Management Responsibility	10
Audited Financial Statement	
Report of Independent Auditors	11-12
Consolidated Statement for Financial Position	13
Consolidated Statement of Income	14
Consolidated Statement of Changes in Equity	15
Consolidated Statement of Cash Flows	16
Notes to Consolidated Financial Statements	17-43
Activities, Highlights & Plans	
CLIMBS Corporate Social Responsibility	44-45
CLIMBS Institute for Financial Literacy	46
Directory of Offices and Branches	47

About the Cover

In this cover shows the historical growth of CLIMBS through the years, Since it started in 1971 with its first office at Tiano-Pacana Sts. Cagayan de Oro City. Presently, CLIMBS Head Office is at CLIMBS compound, Bulua, Cagayan de Oro City and the old building in Tiano-Pacana Sts. is renovated into a 5 stories commercial building. CLIMBS is planning to construct 9 stories Condominium at Bulua, Cagayan de Oro City.

BOARD OF DIRECTORS 2012-2013



Judge Esperanza F. Garcia (Ret.)
Chairperson
Cebu CFI Community Cooperative



Cecille M. Laguna
Vice Chairperson
First Community Cooperative



Rene A. Lim
Director
Agdao MPC



Marlene D. Sindayen
Director
Novaliches Development Cooperative



Atty. Daniel O. Evangelio
Director
Toril Community Cooperative



Ma. Evelyn T. Gameda
Director
Metro Ormoc Community Cooperative



Joselito O. Santillan
Director
Sta. Ana MPC



Nenita E. Lumaad
Director
Tagum Cooperative



Elvira S. Dandan
Director
San Dionisio Credit Coop



Fiscal Adrian C. Borromeo
Independent Director
Bais City Officials and Employees MPC



Wilma P. Salas
Independent Director
Maripipi MPC



Atty. Rolando C. Casaway
Corporate Secretary

COMMITTEES



Profetiza S. Lim
Election Committee
PHCEI



Mansueto V. Dela Peña
Election Committee
Oro Integrated Coop



Eufemio L. Calio
Election Committee
MSU-IIT MPC



Romeo R. Busalla
Conciliation Committee
Toril Community Cooperative



Alma R. Jaranilla
Conciliation Committee
Cebu CFI Community Cooperative



Rosalina S. Argent
Conciliation Committee
Tagum Cooperative

MANAGEMENT TEAM



Fermin L. Gonzales
President & CEO



Jorge G. Lumasag, Jr
Executive Vice-President & COO



Noel D. Raboy
Vice-President for Marketing



Roy S. Miclat
Luzon Branch Head



Jesus Antonio R. Dosdos
Non-Life Division Manager



Henry Lopez
CUFSA General Manager

Message from the Chairperson



Dear Fellow Cooperators,

Today we celebrate the 41st Anniversary of CLIMBS existence. This year's celebration is very significant considering that this year, CLIMBS has evolved into a BILLIONAIRE COOPERATIVE.

This was the result of our years of nurturing good and strong relationship with our primary cooperatives and our dedication to building a portfolio based on client-owner-business partnership. We gave priority to their interests in paying claims above and beyond business profits. The key, therefore to this unprecedented growth is the unwavering support of our primary cooperatives.

What are the plans of CLIMBS for this year?

While continuing with our insurance business, we plan:

- a. To innovate financial protection services through partnership with cooperatives-owned mortuary services.
- b. To offer an opportunity for capital investment program by acquiring attractive high quality properties for joint-ventures.
- c. To enhance free financial education for cooperative leaders through CLIMBS Institute for Financial Literacy.

The drive now is to make these dreams come true. And, if we achieve all these, we can make this country great again!

Finally, I want to thank all CLIMBS Officers, Management Team and Employees for their dedicated and unwavering service.

Ug sa tanan tag-iya sa CLIMBS daghan kaayong salamat sa inyong pagsalig ug pagsuporta.

A handwritten signature in black ink, appearing to read 'E. Garcia', written in a cursive style.

**JUDGE ESPERANZA F. GARCIA (RET.)
CHAIRPERSON**

Message from the President/CEO



Dear Fellow Cooperators,

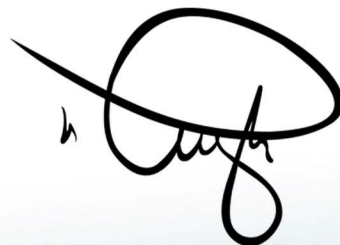
2012 is another banner year for CLIMBS. For the last 4 years our growth has been very consistent with an average of 42% for assets and premium. We are proud to report that CLIMBS now is a Billionaire with Ph 1.2 Billion (USD 244M) coop enterprise. We thank God for all His blessing and to you members for your unwavering support through all this years.

Cooperative Data in the Philippines reveals that there are 20 thousand operating coops with more than 7 million individual members. We have ensured 1.7 million members representing 233, 932 households. Our penetration rate is 11% as to coops and 24% of the coop members. We have paid a total claim of Ph 264M (USD 6.4M).

Our theme starting 2013 onward is to "Position CLIMBS for High Growth". As a pioneer in Grassroot Insurance we will aggressively pursue growth by capturing 30% of the coops and 50% of its members. We are investing a lot in the financial education thru our CLIMBS Institute for Financial Literacy. We have divided Luzon into 3 regions Northern Luzon based in Baguio City, Southern Luzon in Legazpi and Metro Manila and its environs. Visayas into two Eastern based in Cebu and Western in Iloilo City. Mindanao into 2 Northern based in Cagayan de Oro and Southern in Davao City.

We will also go into merges and consolidation, joint venture with coops. We will pioneer the initiations of impact projects. We will continue to open opportunities that will benefit cooperative members(entrepreneurial). CLIMBS believes that a strong cooperative system, united in purpose,will be a winning strategy to improve members economic status thus contributing to nation building.

In closing, let me thank everybody, the members, management and staff, to the Board of Directors, Committees and to those who in one way or another has given encouragement for CLIMBS to continue climbing. But most of all, to GOD Almighty, who has made all these things possible.



FERMIN L. GONZALES
PRESIDENT / CEO

Board of Directors & Management Report

Dear CO-OWNER of CLIMBS,

The past five years has been many of the turning moments for CLIMBS. We were able to achieve and establish milestones that position CLIMBS to where it will be heading in the next years to come.

WE ARE A 1 BILLION COOPERATIVE

Today, CLIMBS is already a 1 billion insurance company in assets. It already has its own 3-storey building on a 5,056 square-meter lot it owned in Barangay Bulua, Cagayan de Oro City which also housed its Training Center and is currently constructing its 5-storey commercial complex at the city proper. It has area offices in Davao City, Cebu City, Makati City and a satellite office in Iloilo City. It will also open satellite offices in Tacloban City, Naga City and Baguio City by the first quarter of this year.

CLIMBS already is employing 120 people for backroom support nationwide. It has 85 functional CoopAssurance Centers (CAC) and 70 One Million Paying Accounts.

On February, the Manila Area Office already operate as a branch; another landmark in the history of CLIMBS.

CLIMBS average growth for the last 3 years is 50% both for the Total Assets and Premium Income. The highest growth for asset was registered in 2011 at 53% and 2010 Premium Income at 61% for Total.

ON CLIMBS CSR INITIATIVES



The outrage of Typhoon Sendong(Washi) in 2011 did not end, Typhoon Pablo(Bopha) affected large parts of Mindanao, from Northern Mindanao to the Southern parts of the island in December 2012. Constituent cooperatives in the Southern parts of Mindanao suffered predominantly specifically cooperatives located in Davao Area like the Grow Lambo MPC, Callawan Farmers MPC, Nabunturan Integrated Coop, San Miguel Banana Growers Coop, Laak MPC, Tagum Cooperative, Pantukan Chess Club Coop, MAGROW Coop, COMVAL Farmers Coop, DOHP MPC, and Mindanao Credit Coop but was able to reached out by CLIMBS Corporate Social Responsibility(CSR) with the eminent help from Parañaque Federation of Credit Cooperative.

CLIMBS also started early last year the installation of Alarm System situated in Barangay Balulang and Barangay Macasandig in Cagayan de Oro City that brought great relief to the residents. The last alarm system will be in placed at Barangay Iponan of the same city.

Aside from reaching out the affected communities of the said Typhoons, CLIMBS was able to extend its helping arms to more than seventy(70) children in Mother Theresa Foundation in Upper Puerto, CDO City with the participation of all CLIMBS employees that gave distinguished joy to the children with the trust that the youth is truly the hope of our nation.



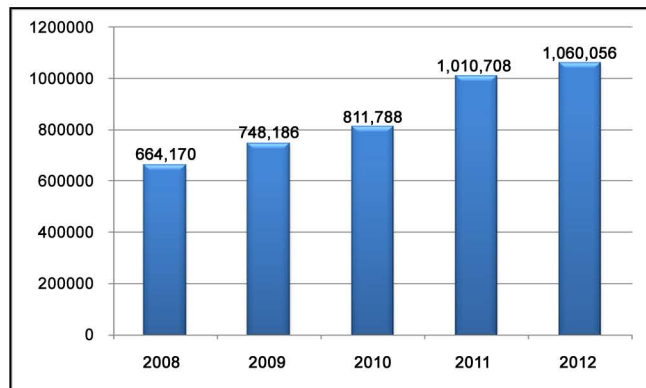
Key Financial Highlights

	2012		2011		2010		2009	
Assets	1,134.77	100.0%	739.31	100.0%	484.85	100.0%	331.24	100.0%
Cash	357.24	31.5%	205.05	27.7%	185.06	38.2%	122.16	36.9%
Investments	649.39	57.2%	444.48	60.1%	237.18	48.9%	180.51	54.5%
Insurance Receivables	18.37	1.6%	19.79	2.7%	2.22	0.5%	2.12	0.6%
Property & Equipment	91.17	8.0%	55.17	7.5%	45.54	9.4%	21.20	6.4%
Legal Reserves	416.17	36.7%	279.05	37.7%	160.92	33.2%	97.78	29.5%
Equity	309.04	27.2%	244.27	33.0%	205.53	42.4%	171.34	51.7%
Net Premium	831.80	100.0%	568.16	100.0%	353.57	100.0%	247.47	100.0%
Investment / Other Inc	47.95	5.8%	27.58	4.9%	38.99	11.0%	18.39	7.4%
Gross Revenue	879.75	105.8%	595.74	104.9%	392.56	111.0%	265.86	107.4%
Claims	415.23	49.9%	252.66	44.5%	150.85	42.7%	85.22	34.4%
Policy Reserves	116.61	14.0%	106.03	18.7%	65.16	18.4%	40.83	16.5%
Commission	208.08	25.0%	134.88	23.7%	97.33	27.5%	73.08	29.5%
Salaries / Benefits	33.99	4.1%	23.82	4.2%	15.42	4.4%	12.53	5.1%
Other Expenses	47.08	5.7%	37.77	6.6%	30.08	8.5%	29.04	11.7%
Total Expenses	820.99	98.7%	555.16	97.7%	358.84	101.5%	240.70	97.3%
Net Income	58.76	7.1%	40.58	7.1%	33.72	9.5%	25.16	10.2%

BUSINESS PERFORMANCE

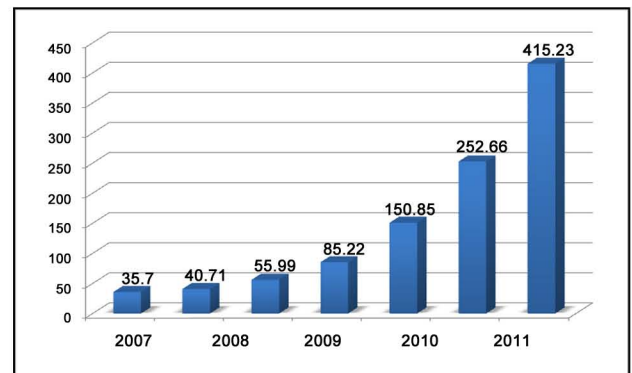
Policy holder

The NON-LIFE division has 10,672 total policies issued in year 2012, a substantial increase of 7,625 policies from 3,047 policies in 2011 with a remarkable percentage growth of 250%. The LIFE division policy holder registered an increase of 41,723. Policy issued for year 2012.



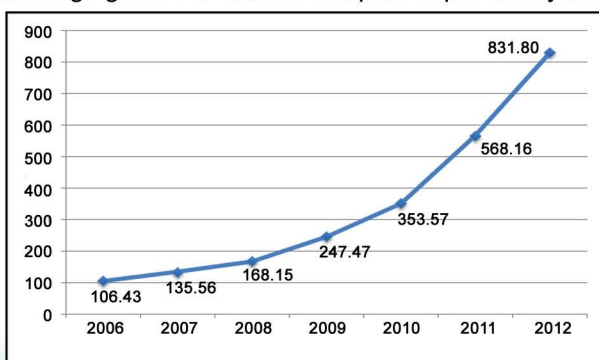
Claims Paid (in millions)

The NON-LIFE division claims amounted to Php 20.67 million while the LIFE division claims amounted to Php 394.55 million. The total claims represent a growth of 64.24% compare to the previous year. This represents 50% from the net premium.

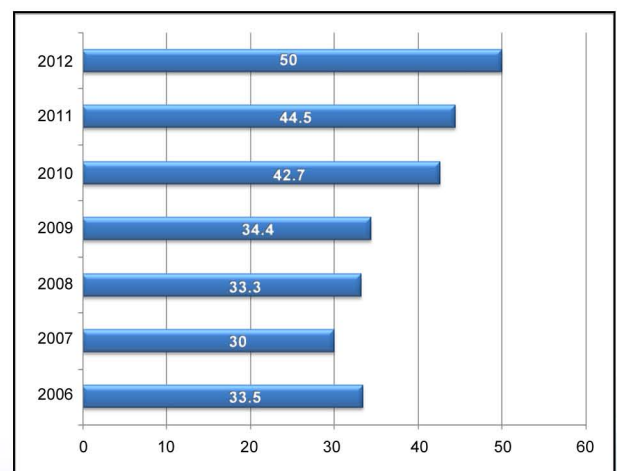


Net Premium (in millions)

The total net premium posted an increase of Php 263.6 million with notable growth of 46.39% compare to year 2011. The NON-LIFE division contributed Php 80.74 million with a percentage growth of 82.05% and the LIFE division contributed Php 751.06 million with a percentage growth of 43.32% compare to previous year.

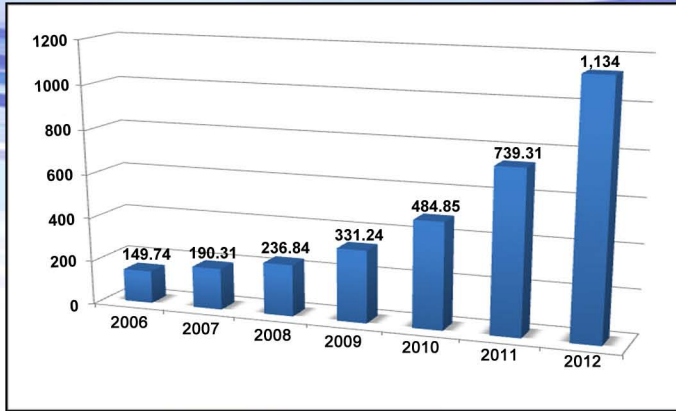


% of Claims to Premium



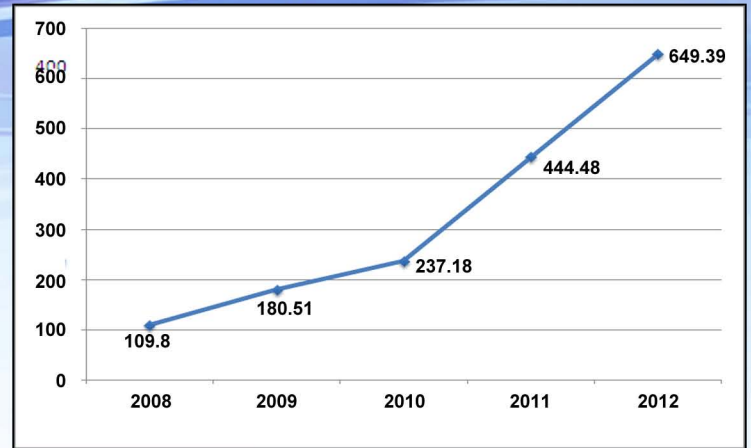
Total Assets (in millions)

The total asset grew by Php 395.47 million with an outstanding percentage growth by 53.50% compare to year 2011.



Managed Fund

The investment has increase by Php204.91million with a growth 46.10% compare to previous year. Investment include placement at the Registry of Scripless Security (RoSS) to fully fund our legal policy in compliance with the requirement of the Insurance Commission.



CLIMBS PROJECTS AND MORE

CLIMBS Institute for Financial Literacy

CLIMBS is pleased to report that its campaign for training and education has been successful after more than a year of its implementation on November 2011. The scheduled trainings have been patronized and enjoyed by its CETF Partners such as Cebu CFI Community Coop, FICCO, Agdao MPC, DOH Employees MPC, Oro Integrated Coop, San Dionisio Credit Cooperative, Sta. Ana MPC, PHCCI Tacloban, Toril MPC, Nabunturan Integrated Coop, Bukidnon Pharmacy Coop, Mambajao Credit Cooperative, Gubat St. Anthony Coop, OCCCI, Holy Child MPC, BUPHARCO, Maco Development Coop, Maripipi MPC, COC Faculty & Students MPC, Nabunturan Farmers MPC, Silago MPC, Marian Heart MPC and more are positively responding to the invitation to participate and invest. This year shall have the following courses as follows:

Dates	Courses
January 10-11	Cooperative Issues We Must Resolve Today
January 23-25	General Manager's Training 2nd Rerun-Luzon
February 6-8	Dividend Policy: Doing It Right
March 13-15	Marketing Concepts and Practices Coop Should Master
June 5-7	Mission-Driven Social Enterprise for Community Impact
July 10-12	Managing Cost Effectively
September 12-13	Cooperative Micro-Insurance for Coops and NGOs
October 9-11	Crafting your Investment Policy
December 5-6	The Economic Outlook for 2014 and Its Impact on Coops and NGOs

Total CETF Contribution as of December 30, 2012 – Php 22.17 Million

KEY CHALLENGES AND OPPORTUNITIES

The next years will be most exciting for CLIMBS as we explore different and diversified prospects and avenues for our member- cooperatives. CLIMBS will be more aggressive in our campaign for all cooperatives to appreciate and patronize our products and services. We will be more conscious and aspire to provide better after sales service to our members and to become a significant propeller of economic development in this country.

With all the opportunities laid, we are grateful and confident that all of us, from the Board of Directors, Management and Staff together with you, our member-cooperatives, we will be on these endeavors hand in hand and we will make all these things happen.

Mabuhay po tayong lahat!




FERMIN L. GONZALES
 President & CEO


JUDGE ESPERANZA F. GARCIA (RET.)
 Chairperson



STATEMENT OF OPINION

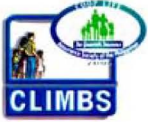
I, **Panfilo P de la Paz**, consulting actuary of **CLIMBS Life and General Insurance Cooperative**, express the opinion that, based on the data supplied to me by Christopher C. Gabule-Actuarial in Charge and Investment Officer of CLIMBS, the legal policy reserves and claim reserves of CLIMBS as of 31 December 2012 broken down as follows:

Policy reserves (including unearned premium)	:	212,649,296.59
Equity reserves (Mutual Aid System)	:	7,613,744.91
Claims Payable (Net Liability)	:	60,246,496.00

are adequate and accurate. The calculations of the legal policy reserves are based on reasonable actuarial assumptions and are in accordance with generally accepted actuarial principles.

PANFILO P DE LA PAZ, FASP, FSA
Consulting Actuary
PTR No 3941
January 08, 2013

08 April 2013



CLIMBS LIFE AND GENERAL INSURANCE COOPERATIVE

Home Office: CoopLife Bldg., Zone 5, National Highway, Bulua, 9000 Cagayan de Oro City, Phils
Telefax Nos.: (08822) 738738; (088) 8561355 Tel. Nos. (08822) 738722; 738886 *** email: head_office@climbs.coop

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of the CLIMBS Life and General Insurance Cooperative is responsible for the preparation and fair presentation of the financial statements of the Cooperative for the years ended December 31, 2012 and 2011, in accordance with Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submits the same to the members of the Cooperative.

Quilab, Cabilin, Bato & Co., CPAs, the independent auditors appointed by the Board of Directors for the period December 31, 2012 and 2011, have examined the financial statements of the Cooperative in accordance with Philippine Standards on Auditing, and in its report to the Board of Directors and Members, have expressed its opinion on the fairness of presentation upon completion of such examination.

April 14, 2013, Bulua, Cagayan de Oro City.


FERMIN L. GONZALES
President and CEO


JORGE G. LUMASAG, JR.
Executive Vice President /COO


REYNALDO G. SAN ANDRES
Compliance Officer

◆ **QUILAB CABILIN BATO & Co**
2F Executive Centrum Building
J.R. Borja St., Cagayan de Oro City
9000 Philippines

63 (08822) 72-7515, (088) 856-4401
qcb_co@yahoo.com

◆ **Accreditations**
SEC No. 0182-FR-1 (Mar. 25, 2016)
BOA/PRC Reg. No. 0250 (Dec. 31, 2014)
CDA CEA No 0015-AF (Dec. 14, 2013)
NEA No. 2011-10 (Jul. 30, 2013)
IC No. F-0042-R (Oct. 14, 2014)
BSP (Jul. 18, 2014)

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Shareholders of
CLIMBS Life and General Insurance Cooperative

We have audited the accompanying consolidated financial statements of CLIMBS Life and General Insurance Cooperative and Subsidiary, which comprise the consolidated statements of financial position as at December 31, 2012 and 2011, and the consolidated statements of income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to consolidated financial statements comprising of a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated financial statements based on our audits. We conducted our audits 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 whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of CLIMBS Life and General Insurance Cooperative and Subsidiary as of December 31, 2012 and 2011 and of its financial performance and its cash flows for the years then ended, in accordance with Philippine Financial Reporting Standards.

Juliet Cabalin Santos & Co

PTR No. CDO 2322383 A
January 2, 2013
Cagayan de Oro City

April 14, 2013
Cagayan de Oro City, Philippines

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

CLIMBS Life and General Insurance Cooperative and Subsidiary

<i>December 31</i>	2012	2011
ASSETS		
Cash and Cash Equivalents <i>(Note 4)</i>	P357,245,246	P205,049,916
Insurance Receivables <i>(Note 5)</i>	18,372,533	19,790,964
Held-to-Maturity Investments <i>(Note 6)</i>	548,392,586	303,182,658
Available-for-Sale Financial Assets <i>(Note 7)</i>	100,998,863	141,299,977
Loans and Receivables <i>(Note 8)</i>	6,333,587	4,100,173
Investment Property <i>(Note 9)</i>	4,446,000	7,190,947
Property and Equipment <i>(Note 10)</i>	86,720,323	47,983,545
Other Assets <i>(Note 11)</i>	12,265,242	10,707,714
	P1,134,774,380	P739,305,894
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Insurance contract liabilities <i>(Note 12)</i>	P416,169,930	P279,046,117
Insurance payables <i>(Note 12)</i>	293,122,248	169,814,756
Trade and other payables <i>(Note 13)</i>	78,303,913	16,968,669
Interest on capital, patronage and experience refund payable <i>(Note 20)</i>	38,135,437	29,208,312
Total Liabilities	825,731,528	495,037,854
Shareholders' Equity		
Share capital <i>(Note 14)</i>	251,968,909	205,528,428
Statutory reserves <i>(Note 15)</i>	51,197,912	38,739,612
Surplus reserves <i>(Note 16)</i>	5,876,031	—
Total Shareholders' Equity	309,042,852	244,268,040
	P1,134,774,380	P739,305,894

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

CLIMBS Life and General Insurance Cooperative and Subsidiary

<i>Years Ended December 31</i>	2012	2011
REVENUE		
Gross premiums on insurance contracts	P844,422,335	P576,558,797
Less reinsurers' share of gross premiums on insurance contracts	12,622,540	8,398,218
Net insurance premiums	831,799,795	568,160,579
Investment income	42,511,506	23,793,408
Commissions earned and other underwriting income	1,381,773	1,401,855
Other income	4,054,018	2,383,067
	879,747,092	595,738,909
BENEFITS AND OPERATING EXPENSES		
Gross benefits and claims paid on insurance contracts	417,401,186	257,230,254
Increase in legal policy reserves	116,611,425	106,027,052
Reinsurers' share of gross benefits and claims paid	(2,173,479)	(4,567,098)
Net insurance benefits and claims	531,839,132	358,690,208
Collection costs	208,080,509	134,881,483
General and administrative <i>(Note 18)</i>	50,112,653	32,826,715
Salaries, wages, officers' and employees' benefits <i>(Note 19)</i>	25,218,167	23,823,428
Depreciation <i>(Notes 9 and 10)</i>	5,736,326	4,934,760
	820,986,787	555,156,594
PROFIT FOR THE YEAR <i>(Note 17)</i>	P58,760,305	P40,582,315
Earnings Per Common Share <i>(Note 21)</i>	P100.01	P94.82

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CLIMBS Life and General Insurance Cooperative and Subsidiary

<i>December 31</i>	2012	2011
SHARE CAPITAL <i>(Note 14)</i>		
Preferred Shares – ₱1,000 Par Value		
Opening balances	₱65,378,000	₱61,159,000
Additional investments received during the year	7,691,000	4,219,000
Closing balances	73,069,000	65,378,000
Common Shares – ₱1,000 Par Value		
Opening balances	140,149,000	119,718,000
Additional investments received during the year	38,750,000	20,431,000
Closing balances	178,899,000	140,149,000
Deposit for future subscriptions	909	1,428
Total Share Capital	251,968,909	205,528,428
STATUTORY RESERVES <i>(Note 15)</i>		
Opening balances	38,739,612	24,655,285
Share in net income during the year	14,748,837	11,374,003
Net transactions during the year	(2,290,537)	2,710,324
Closing balances	51,197,912	38,739,612
SURPLUS RESERVES <i>(Note 16)</i>	5,876,031	–
	₱309,042,852	₱244,268,040

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

CLIMBS Life and General Insurance Cooperative and Subsidiary

<i>Years Ended December 31</i>	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	₱58,760,305	₱40,582,315
Add (deduct) adjustments for:		
Depreciation during the year <i>(Note 10)</i>	5,736,326	4,934,760
Provision for retirement benefits <i>(Note 11)</i>	1,038,837	2,963,400
Investments income earned	(42,511,506)	(23,793,408)
Operating income before changes in working capital	23,023,962	24,687,067
Decrease (increase) in:		
Insurance receivable <i>(Note 5)</i>	1,418,431	(17,567,348)
Loans and receivable <i>(Note 8)</i>	(2,233,414)	1,334,653
Other assets <i>(Note 11)</i>	(2,596,365)	(1,292,488)
Increase (decrease) in:		
Increase in insurance contract liabilities <i>(Note 12)</i>	137,123,813	118,126,311
Insurance payables <i>(Note 12)</i>	123,307,492	94,139,764
Trade and other payables <i>(Note 13)</i>	61,335,244	1,525,477
Interest on share capital and patronage refund payable <i>(Note 20)</i>	8,927,125	1,928,123
Net Cash Provided from Operating Activities	350,326,288	222,881,559
CASH FLOWS FROM FINANCING ACTIVITIES		
Additional capital subscriptions received – net of withdrawals <i>(Note 14)</i>	46,440,481	24,650,373
Increase in statutory reserves <i>(Note 15)</i>	12,458,300	14,084,327
Increase in other reserves <i>(Note 16)</i>	5,876,031	–
Increase in retirement benefit obligation – net of plan assets <i>(Note 11)</i>	–	(2,963,400)
Distribution of profit for the year <i>(Note 20)</i>	(58,760,305)	(40,582,315)
Total Cash Provided from Financing Activities	6,014,507	(4,811,015)
CASH FLOWS FOR INVESTING ACTIVITIES		
Investments income earned	42,511,506	23,793,408
Disposals (acquisition) of:		
Held-to-maturity investments <i>(Note 6)</i>	(245,209,928)	(225,848,335)
Available-for-sale financial assets <i>(Note 7)</i>	40,301,114	18,544,152
Additions to property and equipment and investment property <i>(Note 10)</i>	(41,728,157)	(14,568,108)
Total Cash Used for Investing Activities	(204,125,465)	(198,078,884)
NET INCREASE IN CASH AND CASH EQUIVALENTS	152,195,330	19,661,660
OPENING CASH AND CASH EQUIVALENTS	205,049,916	185,058,256
CLOSING CASH AND CASH EQUIVALENTS <i>(Note 4)</i>	₱357,245,246	₱205,049,916

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CLIMBS Life and General Insurance Cooperative and Subsidiary

As of and for the Years Ended December 31, 2012 and 2011

Note 1

Cooperative Information

The Parent Cooperative

The CLIMBS Life and General Insurance Cooperative (henceforth referred to as 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. Pursuant to CDA Memorandum Circular No. 2010-05, Series of 2010, the Group complied with the mandatory filing for the registration of amendment in accordance with the provisions of Republic Act (R.A.) No. 9520, An Act Amending the Cooperative Code of the Philippines to be Known as the "Philippine Cooperative Code of 2008", obtaining therein its new Registration No. 9520-10008741 on March 1, 2010.

The Parent Cooperative is a holder of a Composite Insurance License from the Insurance Commission (IC) obtained on April 21, 2010, effectively granting the Parent Cooperative the authority to operate as a life and general insurance company. The secondary license is renewed yearly and its current license would expire by June 30, 2013.

The Parent Cooperative is engaged in the business of life insurances, mutual benefit services and non-life insurances offering its members and beneficiaries the following products: (1) Coop Life Savings Plan, (2) Coop Loan Protection Plan, (3) Group Renewable Term Life, (4) Group Family Plan, (5) Group Accident, Death, Dismemberment, Disablement Insurance, (6) Group Life and Accident with Fire Insurance, (7) Group Accidental Death, Disablement & Dismemberment Indemnity and Funeral Service Assistance, and (8) Member Year Renewable Accident and Life.

The Parent Cooperative also offers individual life insurances as well as underwrites 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.

The Subsidiary Cooperative

The Coop Life General Insurance and Financial Services Agency (CLIFSA) (referred to in the succeeding sections as the "Subsidiary Cooperative") is a secondary cooperative that is licensed by the Insurance Commission (IC) as a General Agency. It is a wholly-owned subsidiary of the Parent Cooperative.

The Subsidiary Cooperative is the distribution channel of the Parent Cooperative offering a complete line of financial services through forged strategic business alliances with CCC Insurance Corporation, Alpha Insurance and Malayan Insurance, a non-life insurance companies operating nationwide. It is widening the market scope of the Parent Cooperative by bridging the gap between the cooperative members, other marginalized sectors and their families and the access to customized low-cost social service packages in life and non-life insurance, funeral/memorial services and hospitalization plans. The major product lines of the Parent Cooperative are being marketed and sold by the Subsidiary Cooperative to its clients.

The Subsidiary Cooperative was registered with Cooperative Development Authority (CDA) on April 27, 2010, and with the Insurance Commission on July 1, 2010 with Registration No. N312693-0. Pursuant to

CDA Memorandum Circular No. 2010-05, Series of 2010, the Subsidiary Cooperative complied with the mandatory filing for the registration of amendment in accordance with the provisions of Republic Act (R.A.) No. 9520, An Act Amending the Cooperative Code of the Philippines to be Known as the "Philippine Cooperative Code of 2008", obtaining therein its new Registration No. 9520-10017273 on September 30, 2010.

Area of Operation and Locations of Business Offices

The Parent Cooperative and the Subsidiary Cooperative's area of operation covers the whole of the Philippines. The principal place of business and Head Office of the Parent Cooperative is located at CLIMBS Building, Zone 5, Upper Bulua, National Highway, Bulua, Cagayan de Oro City, Philippines. It has area offices in Luzon, Visayas and Mindanao. The Subsidiary Cooperative also holds office on the Second Floor, CLIMBS Building, Zone 5, Upper Bulua, National Highway, Bulua, Cagayan de Oro City, Philippines.

Together, the Parent Cooperative and the Subsidiary Cooperative is referred to in the following sections as the "Group".

Tax Exemptions

In accordance with Section 7 of Revenue Memorandum Order No. 76-2010, dated September 27, 2010, the Group enjoys tax exemptions under RA No. 9520, as a cooperative dealing/ transacting business with members only and whose total reserves already exceeded ₱10 million:

- a) Income Tax imposed by Title II of the NIRC, as amended;
- b) Value-Added Tax (VAT) imposed under Title IV of the NIRC, as amended;
- c) Percentage Tax imposed under Title V of the NIRC, as amended;
- d) Donor's Tax imposed under Title III of the NIRC, as amended, on donations to duly accredited charitable research and educational institutions and reinvestment to socio-economic projects within the area of operation of the cooperatives;
- e) Excise Tax under Title VI of the NIRC, as amended, for which it is directly liable;
- f) Documentary Stamp Tax imposed under Title VII of the NIRC, as amended, provided however that the other party to the taxable document/transaction who is not exempt shall be the one directly liable for the tax;
- g) Annual Registration Fee of ₱500 under Section 236(B) of the NIRC, as amended, and
- h) All taxes on transactions with insurance companies and banks, including but not limited to 20% final tax on interest deposits and 7.5% final income tax on interest income derived from a depository bank under the expanded foreign currency deposit system, and

Note 2

Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

Basis of Preparation

The consolidated financial statements have been prepared under historical cost conventions, except for available-for-sale (AFS) financial assets, which have been measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The consolidated financial statements are presented in Philippine peso, which is the Group's functional and presentation currency and all values are recorded to the nearest peso except when otherwise indicated.

The preparation of the consolidated financial statements made use of estimates, assumptions and judgments by management based on management's best knowledge of current and historical facts as at statement of financial condition date. These estimates and judgments affect the reported amounts of assets and liabilities and contingent liabilities as at statement of financial condition date, as well as affecting the reported income and expenses for the year. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

Basis of Consolidation

The consolidated financial statements include the accounts of CLIMBS Life and General Insurance Cooperative and of Coop Life General Insurance and Financial Services Agency (CLIFSA), its wholly-owned subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant inter-company transactions and balances between and among the Group, including inter-company profits and unrealized profits, have been eliminated in the consolidation. The financial statements of the wholly-owned subsidiary are prepared for the same reporting year as the financial statements of the Parent Cooperative.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- (a) Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- (b) Recognizes the fair value of the consideration received, fair value of any investment retained and any surplus or deficit in profit or loss; and
- (c) Reclassifies the Parent Company's share of components previously recognized in the other comprehensive income to profit or loss or retained earnings, as appropriate.

New and Amended Standards Adopted by the Group

There are no PFRSs or Philippine Interpretations-IFRIC that are effective for the first time for the financial year beginning on or after January 1, 2012 that would be expected to have a material impact to the Group. The following new and revised PFRSs issued by the Financial Reporting Standards Council (FRSC) as being adopted from the issuances of the International Financial Reporting Interpretations Committee (IFRIC) were adopted by the Group effective January 1, 2012:

- PAS 24, *Related Party Disclosures* (Amended) – The amended standard is effective for annual periods beginning on or after January 1, 2011. It clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application.
- PAS 32, *Financial Instruments: Presentation - Classification of Rights Issues* (Amended) – The amendment to IAS 32 amended the definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, or to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency.
- Philippine Interpretation IFRIC 14, *Prepayments of a Minimum Funding Requirement* (Amended) – The amendment provides guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset.

- Philippine Interpretation IFRIC 19, *Extinguishing Financial Liabilities with Equity Instruments* – IFRIC 19 is effective for annual periods beginning on or after July 1, 2011. The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. In case that this cannot be reliably measured, the instruments are measured at the fair value of the liability extinguished. Any gain or loss is recognized immediately in profit or loss.
- Improvements to PFRS. The omnibus amendments to PFRS issued in May 2011 were issued primarily with a view to removing inconsistencies and clarifying wording.
 - PFRS 3, *Business Combinations*
 - PFRS 7, *Financial Instruments: Disclosures*
 - PAS 1, *Presentation of Financial Statements*
 - PAS 27, *Consolidated and Separate Financial Statements*
 - Philippine Interpretation IFRIC 13, *Customer Loyalty Programmes*

These new and revised PFRS have no significant impact on the amounts and disclosures in the consolidated financial statements of the Group.

New Standards and Interpretations Not Yet Adopted

A number of new standards, amendments to standards and interpretations have been adopted by the FRSC and are effective for annual periods beginning after January 1, 2013, and have not been applied in preparing these financial statements. The Group does not plan to adopt these standards early.

- (a) *Investment Entities – Amendments to IFRS 10, Consolidated Financial Statements, IFRS 12, Disclosure of Interests in Other Entities and IAS 27, Separate Financial Statements, Investment Entities*, issued by the International Accounting Standards Board, as amendments to PFRS 10, *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities* and PAS 27, *Separate Financial Statements*.

The amendments require a parent that is an investment entity to measure its investments in particular subsidiaries at fair value through profit or loss instead of consolidating them. New disclosure requirements relating to investment entities were added in PFRS 12 and PAS 27. The amendments are effective for annual periods beginning on or after January 1, 2014. Earlier application is permitted.

- (b) *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)*, adopted by the Financial Reporting Standards Council (FRSC) on July 31, 2012, from the *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance* (Amendments to IFRS 10, IFRS 11 and IFRS 12), issued by the International Accounting Standards Board, as amendments to PFRS 10, *Consolidated Financial Statements*, PFRS 11, *Joint Arrangements* and PFRS 12, *Disclosure of Interests in Other Entities*.

The amendments clarify the transition guidance in PFRS 10 and provide additional transition relief in PFRS 10, PFRS 11 and PFRS 12, which is to limit the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments also remove the requirement to present comparative information for disclosures related to unconsolidated structured entities, for periods before PFRS 12 is first applied. The amendments are effective for annual periods beginning on or after January 1, 2013.

- (c) *Annual Improvements to PFRSs 2009–2011 Cycle*, adopted by the Financial Reporting Standards Council (FRSC) on May 29, 2012, from the *Annual Improvements to IFRSs 2009–2011 Cycle* issued by the International Accounting Standards Board.

The annual improvements process provides a vehicle for making non-urgent but necessary amendments to the standards. The topics addressed by the *Annual Improvements to PFRSs 2009–2011 Cycle* are shown in the table below. The amendments are effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

<i>PFRS</i>	<i>Subject of amendment</i>
PFRS 1, <i>First-time Adoption of Philippine Financial Reporting Standards</i>	Repeated application of PFRS 1 Borrowing costs
PAS 1, <i>Presentation of Financial Statements</i>	Clarification of the requirements for comparative information
PAS 16, <i>Property, Plant and Equipment</i>	Classification of servicing equipment
PAS 32, <i>Financial Instruments: Presentation</i>	Tax effect of distribution to holders of equity instruments
PAS 34, <i>Interim Financial Reporting</i>	Interim financial reporting and segment information for total assets and liabilities

- (d) *Amendments to PFRS 1 to Add New Exception to the Retrospective Application of PFRSs*, adopted by the Financial Reporting Standards Council (FRSC) on April 25, 2012, from the *Amendments to IFRS 1, Government Loans*, issued by the International Accounting Standards Board (IASB), as *Amendments to PFRS 1, First-time Adoption of Philippine Financial Reporting Standards (PFRSs)*.

The amendments add an exception to the retrospective application of PFRSs. First-time adopters are required to apply the requirements in PFRS 9, *Financial Instruments* (If PFRS 9 is not yet adopted, references to PFRS 9 in the amendments shall be read as references to PAS 39, *Financial Instruments: Recognition and Measurement*.) and PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance* prospectively to government loans existing at the date of transition to PFRSs. However, a first-time adopter may apply the requirements of PFRS 9 and PAS 20 to government loans retrospectively if it has obtained the necessary information to do so. The amendments are effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

There are no other PFRSs or Philippine Interpretations-IFRIC that are not yet effective that would be expected to have a material impact on the Group.

Cash and Cash Equivalents

Cash, which are carried in the books at cost, substantially consist of cash on hand and cash in banks and other short-term liquid investments with original maturities of three months or less, from dates of placements and that are known amounts of cash that are subject to insignificant risk of changes in value.

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 the 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.

The following are the applicable financial assets of the Group:

◦ Held-to-Maturity Investments

These are also non-derivative financial assets with fixed or 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.

◦ 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 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 recognized in the statement of income, is transferred from shareholders' equity to the statement of income. Reversals in respect of equity instruments classified as AFS are not recognized in the statement of income. Reversals of impairment loss on debt securities are reversed through the statement of income if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognized in the statement of income.

◦ 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 Group 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 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 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-compounding 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 income under Investment Income.

Derecognition 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 Group becomes a party to contractual agreements of the instrument. Insurance payables and accounts payable and accrued expenses 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.

Derecognition of Financial Assets and Liabilities

Financial assets are derecognized when (a) the rights to receive cash flows from the asset have expired; (b) the Group 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 Group has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset, or has neither 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.

Property and Equipment

Property and equipment are carried 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 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 derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognized.

Depreciation is computed on the straight-line method over the estimated useful lives of the assets as follows: a) buildings, 25 years; (b) furniture, fixtures and equipment, 3 to 5 years and (b) leasehold rights and improvement, over the estimated useful lives of the improvements or the term of the lease, whichever is shorter.

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. The carrying values of property and equipment are reviewed for impairment when changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. The recoverable amount of

property and equipment is the greater of net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's-length transaction.

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 25 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 income in the year of retirement or disposal.

Impairment of Non-financial Assets

The Group'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 the 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 Group 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 Group 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 the best estimates. If the assumption is more susceptible to change or 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 Group ensures: (a) when taken one at a time, the provision is reasonable with respect to the underlying best estimate assumption, and the extent of uncertainty present in making that 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 claims incurred up to, but not paid, at the end of the year, whether reported or not.

Share Capital

Share capital is determined using the nominal value of shares that have been issued.

Reinsurance

The Group 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 Group may not recover outstanding amounts under the terms of the contract and when the impact on the amounts that the Group will receive from the reinsurer can be measured reliably. The impairment loss is recorded in the statement of income. Ceded reinsurance arrangements do not relieve the Group 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 Group and that the revenue can be measured reliably. The following specific recognition criteria must be met before revenue is recognized:

(1) Premiums – Life

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) Premiums – Non-Life

Gross insurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period and are recognized on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior periods.

Premiums from short-duration insurance contracts are recognized as revenue over the period of the contracts using the 24th method except for the marine cargo where premiums for the last two months are considered earned the following year. The portion of the premiums written that relate to the unexpired periods of the policies at the reporting dates are accounted for as Provision for unearned premiums as part of Insurance contract liabilities and presented in the liabilities section of the consolidated statement of financial position. The related reinsurance premiums ceded that pertains to the unexpired periods at reporting dates are accounted for as Deferred reinsurance premiums and shown as part of reinsurance assets in the consolidated statement of financial position. The net changes in these accounts between the end of reporting periods are recognized in the consolidated statement of income.

(3) Commissions

Commissions earned from short-duration insurance contracts are recognized as revenue over the period of the contracts using the 24th method except for marine cargo where the deferred reinsurance commissions for the last two months of the year are considered earned the following year. The portion of the commissions that relate to the unexpired periods of the policies at the end

of reporting period are accounted for as Deferred reinsurance commissions and presented in the liabilities section of the consolidated statement of financial position.

(4) Interest Income

For all financial instruments measured at amortized cost and interest-bearing financial instruments, interest income is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options), includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The adjusted carrying amount is calculated based on the original effective interest rate. The change in carrying amount is recorded as interest income.

(5) Dividend income

Dividend income is recognized when the right to receive payment is established.

(6) Rental income

Rental income from investment property is recognized on a straight-line basis over the term of the lease.

(7) Benefits and Claims

Gross benefits and claims consists of benefits and claims paid to policyholders and changes in the gross valuation of insurance contract liabilities, except for gross changes in the provision for unearned premiums which are included in net premiums earned. It further includes internal and external claims handling cost that are directly related to the processing and settlement of claims. Amounts receivable in respect of salvage and subrogation are also considered. General insurance claims are recorded on the basis of notifications received.

Share in liabilities for claim 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.

(8) Expenses

General and administrative expense, other investment expense and other underwriting expense are recognized as they are incurred.

(9) Interest Expense

Interest expense is charged to operations and is calculated using the effective interest method.

Leases

The Group determines whether an 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 Group accounts for its leases as follows:

◦ Group as Lessee

Leases which transfer to the Group 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 or, if lower, at the present value of minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the leased 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 Group substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as expense in the statement of income on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

◦ Group as Lessor

Leases wherein the Group 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 Group's net investment in the lease. Finance income is recognized based on the pattern reflecting a constant periodic rate of return on the Group'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 income on a straight-line basis over the lease term.

Employee Benefits

The Group 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 Group, 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 Group'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 Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group 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 Group expects to pay as a result of the unused entitlement.

Earnings Per Common Share, or EPS

Basic EPS is calculated by dividing net income or loss for the period attributable to common shareholders (net income or loss adjusted for dividends on preferred shares) by the weighted average number of common shares outstanding during the period, after giving retroactive effect to any stock dividend declarations.

Distribution of Net Income

In accordance with the provisions of the Philippine Group Code of 2008, the Group 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 Group 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 Group 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) Of the remaining net surplus, an equivalent of ten (10%) is set-aside by the Cooperative under Unimpaired Surplus and the rest shall be made available to members in the form of interest on share capital and patronage refund.

Provisions and Contingent Liabilities

Provisions, if any, are recognized when the Group 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.

Subsequent Events

Post year-end events that provide additional information about the Group's position at the reporting date (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.

Note 3
Significant Accounting Judgment and Estimates

The preparation of the consolidated financial statements in accordance with PFRS requires the Group 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 and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the consolidated 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 critical accounting estimates and judgments may be applicable, among many other possible areas not presented in the Group's consolidated financial statements:

Impairment of AFS Financial Assets

The Group 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 Group 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.

Allowance for Impairment of Insurance Receivable and Loans and Receivables

Allowance is made for specific accounts, where objective evidence of impairment exists. The Group evaluates these accounts based on available facts and circumstances, including, but not limited to, the length of the Group's relationship with the customers, the customers' 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 Group 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 accounts.

Impairment of Non-financial Assets

The Group 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 the 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 is 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 assets or, if it is not possible, 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 Group's financial statements.

Pension and Other Employee Benefits

The determination of the Group's obligation and cost for pension and other employee benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates, expected return on plan assets and salary increases. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in assumptions may materially affect retirement obligations.

Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provision and disclosure of contingencies are discussed in Note 2.

Note 4
Cash and Cash Equivalents

This consists of the following:

<i>December 31</i>	2012	2011
Cash with commercial banks and trust companies	P87,468,363	P84,555,390
Cash with thrift banks, rural banks and cooperatives	79,897,167	73,887,806
Short-term deposits with commercial banks and trust companies	130,380,441	45,888,086
Petty cash, claims and revolving funds	59,499,275	718,634
	P357,245,246	P205,049,916

Time deposits were made for varying periods of between one day and one month depending on the liquidity requirements of the 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.

Note 5
Insurance Receivable

This account consists of the following:

<i>December 31</i>	2012	2011
Premiums receivable – net	P14,113,596	P18,374,388
Amounts recoverable from accepting companies	3,676,866	936,484
Automatic contribution loans of MAS members	422,830	353,168
Policy loans	159,241	126,924
	P18,372,533	P19,790,964

During the year, the Group determined that a portion of the non-life premiums receivable has already been impaired. Consequently, about P3,565,734 have been written-off in the books.

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
Held-to-Maturity Investments

These consist of the following:

<i>December 31</i>	2012	2011
Government bonds	P179,800,068	P198,246,518
Trust accounts	73,566,189	104,936,140
Commercial papers	295,026,329	–
	P548,392,586	P303,182,658

Government bonds consist of 5- to 25-year peso-denominated bonds issued by the Philippine Government which bears interest rates ranging from 5.875% to 11.75% per annum maturing on various dates from 2013 to 2036. Commercial papers include time deposits with commercial and cooperative rural banks earning interest ranging from 2.25 % to 12.00% per annum. The commercial papers matured in 2011.

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

<i>December 31</i>	2012	2011
Due within one year	P4,037,784	P6,079,773
Due after one year through five years	425,761,343	80,782,743
Due after five years through ten years	118,593,459	216,320,142
	P548,392,586	P303,182,658

The carrying amounts of the investments are determined to approximate their fair values as at December 31, 2012 and 2011.

Note 7
Available-for-Sale Financial Assets

These consist of the following:

<i>December 31</i>	2012	2011
Equity in managed funds	P60,891,241	P104,770,837
Equity securities (common shares)	40,107,622	36,529,140
	P100,998,863	P141,299,977

The equity in managed funds represents the fair values of investments administered by a bank. This consists substantially of investments in bonds and other debt instruments, short-term equity investments and special savings deposits, net of accrued trust fees payable.

The investment in equity securities represents equity investments in member cooperatives and organizations, accounted in the books at cost, being less than 20% of the investees' total equity.

The carrying amounts of security equities are determined to approximate their fair values as at December 31, 2012 and 2011.

Note 8
Loans and Receivables

The loans and receivables consist of the following:

<i>December 31</i>	2012	2011
Accrued investment income	P2,721,714	P –
Accounts receivable – others	1,852,921	2,255,485
Advances to officers and employees	1,758,952	1,844,688
	P6,333,587	P4,100,173

Management believes that the foregoing accounts are not impaired as at December 31, 2012.

Note 9
Investment Property

The investment property includes a piece of land with two-storey building located along Tiano and Pacana Streets in Cagayan de Oro City, which are being leased out to business establishments since 2006. Rental incomes of ₱883,421 and ₱1,132,268 were recognized in the books in 2012 and 2011, respectively.

The details of this account are follows:

<i>December 31</i>	2012	2011
Land	₱4,446,000	₱4,446,000
Buildings and improvement	-	4,542,149
	4,446,000	8,988,149
Less accumulated depreciation	-	1,797,202
	₱4,446,000	₱7,190,947

The buildings and improvement in Tiano was derecognized in 2012 after it was demolished to make way for a new building which is still under construction as of the December 2012. The residual book value of the buildings and improvements, amounting ₱2,496,824, has been recognized as a loss on retirement.

Note 10
Property and Equipment – At Cost

This consists of the following:

<i>December 31</i>	2012	2011
Land and improvements	₱12,394,089	₱6,469,030
Buildings and improvements	45,975,200	30,218,229
Service vehicles	12,807,327	8,789,085
Furniture, fixtures and office equipment	15,840,638	12,947,368
Construction in progress	20,867,489	5,886,401
	107,884,743	64,310,113
Less accumulated depreciation	21,164,420	16,326,568
	₱86,720,323	₱47,983,545

The reconciliation of the movements of the accounts in 2012 follows:

<i>December 31, 2012</i>	<i>Opening Balances</i>	<i>Additions</i>	<i>Disposals</i>	<i>Closing Balances</i>
Cost				
Land and improvements	₱6,469,030	₱5,925,059		₱12,394,089
Buildings and improvements	30,218,229	15,756,971		45,975,200
Service vehicles	8,789,085	4,018,242		12,807,327
Furniture, fixtures and equipment	12,947,368	2,912,506	₱19,236	15,840,638
Construction in progress	5,886,401	14,981,088		20,867,489
	64,310,113	43,593,866	19,236	107,884,743

(Carried Forward.)

(Brought Forward.)

December 31, 2012

	Opening Balances	Additions	Disposals	Closing Balances
Accumulated Depreciation				
Buildings and improvements	3,880,497	4,471,357	879,238	7,472,616
Service vehicles	4,259,038	795,019		5,054,057
Furniture, fixtures and equipment	8,187,033	469,950	19,236	8,637,747
	16,326,568	5,736,326	898,474	21,164,420
	₱47,983,545	₱37,857,540	₱879,238	₱86,720,323

December 31, 2011

	Opening Balances	Additions	Disposals	Closing Balances
Cost				
Land and improvements	₱3,753,168	₱2,715,862		₱6,469,030
Buildings and improvements	6,475,254	23,742,975		30,218,229
Service vehicles	7,653,588	2,567,497	₱1,432,000	8,789,085
Furniture, fixtures and equipment	10,521,564	2,547,199	121,395	12,947,368
Construction in progress	22,637,090	(16,750,689)		5,886,401
	51,040,664	14,822,844	1,553,395	64,310,113
Accumulated Depreciation				
Land				
Buildings and improvements	2,148,608	1,731,889		3,880,497
Service vehicles	4,169,424	1,713,108	1,623,494	4,259,038
Furniture, fixtures and equipment	6,701,820	1,489,763	4,550	8,187,033
	13,019,852	4,934,760	1,628,044	16,326,568
	₱38,020,812	₱9,888,084	₱74,649	₱47,983,545

Note 11

Other Assets

This consists of the following assets which are stated at the lower of cost or net realizable value:

December 31	2012	2011
Deposits and placements with banks under receivership	₱3,471,315	₱4,301,901
Net pension asset (See below.)	5,177,232	4,092,129
Refundable deposits	749,944	702,723
Others	2,866,751	1,610,961
	₱12,265,242	₱10,707,714

The deposits and placements with banks under receivership have been processed for insurance claims from the PDIC. Management started to amortize to expense in 2011 some of the losses that it anticipates to incur. A total of ₱645,390 and ₱533,545 were charged to expense during 2012 and 2011, respectively.

The other items substantially include the computerization costs amortized by the Group over three (3) years. Amortization costs incurred during 2012 and 2011 amounted ₱111,736 and ₱572,460.

Net Pension Asset

The Group has a qualified, noncontributory retirement plan covering substantially all of its employees. The Plan requires contributions to be made to administered funds. The plan is administered by a local bank as trustee.

The net pension asset is computed as follows:

<i>December 31</i>	2012	2011
Fair value of plan asset	P12,363,004	P10,619,532
Present value of defined benefit obligation	(7,185,772)	(6,527,403)
Net Pension Asset	P5,177,232	P4,092,129

The principal actuarial assumptions used in determining plan assets and obligations include salary rate increase of 5%, discount rate of 7.135% and expected return on plan assets of 5%.

The movement in the pension plan assets was accounted as follows:

<i>December 31</i>	2012	2011
Opening balance	P10,619,532	P10,000,000
Actuarial return	1,743,472	619,532
Contributions during the year	-	646,894
Benefits paid	-	(646,894)
	P12,363,004	P10,619,532

The reconciliation of the fair value of plan assets follows:

<i>December 31</i>	2012	2011
Balance at beginning of year	P10,619,532	P10,000,000
Actuarial gain	1,743,472	119,532
Expected return on plan assets	-	500,000
	P12,363,004	P10,619,532

The pension plan assets were distributed as follows:

<i>December 31</i>	2012	2011
Cash and cash equivalents	P463,190	P3,845,840
AFS financial assets	11,819,895	6,721,229
Accounts receivable	88,982	61,987
Accrued trust fees payable	(9,063)	(9,524)
	P12,363,004	P10,619,532

The accounting of the movements of the present value of pension benefit obligation follows:

<i>December 31</i>	2012	2011
Opening balance	P6,527,403	P3,830,429
Current service cost	1,038,837	492,891
Interest cost	-	273,301
Additional expense	-	2,697,208
Benefits paid during the year	(380,468)	(646,894)
Actuarial gains	-	(119,532)
Present Value of Pension Benefit Obligation	P7,185,772	P6,527,403

The net benefit expense included in salaries, wages and employees' benefits is accounted as follows:

<i>Years Ended December 31</i>	2012	2011
Current service cost	₱1,038,837	₱492,981
Interest cost	-	273,295
Expected return on plan assets	-	(500,000)
Additional expense	-	2,697,124
Transition gain	-	-
Net Pension Expense	₱1,038,837	₱2,963,400

Note 12
Actuarial Liabilities and Other Policy Liabilities

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

<i>December 31</i>	2012	2011
Aggregate reserves for life policies	₱383,753,306	₱259,370,852
Reserved for unearned premiums	32,416,624	19,675,265
Total	416,169,930	279,046,117
Insurance payables	293,122,248	169,814,746
	₱709,292,178	₱448,860,863

The amount of insurance contract liabilities (legal policy reserves) and other actuarial items in the financial statements for the years ended December 31, 2012 and 2011, have been computed and certified by the Consulting Actuary of the 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 consists of the following breakdowns:

<i>December 31</i>	2012	2011
Accounts payable and accrued expenses	₱64,606,488	₱ 16,764,669
Endowment trust fund	13,354,393	-
Rental deposits	204,000	204,000
CETF payable	139,032	-
	₱78,303,913	₱16,968,669

The Endowment Trust Fund represents the contributions of 23 member-cooperatives intended to finance the operations of CLIMBS Institute of Financial Literacy, an institute established by CLIMBS in 2012 dedicated to respond to the training needs of members.

Note 14
Share Capital

This consists of the following breakdowns:

<i>December 31</i>	2012	2011
Preferred Shares – ₱1,000 Par Value		
Authorized – 200,000 shares <i>(See paragraph below.)</i>		
Issued – 73,069 shares in 2012 and 65,378 shares in 2011	₱73,069,000	₱65,378,000
Common Shares – ₱1,000 Par Value		
Authorized – 500,000 shares		
Issued – 178,899 shares in 2012 and 140,149 shares in 2011	178,899,000	140,149,000
Deposits for future subscriptions	909	1,428
	₱251,968,909	₱205,528,428

Note 15
Statutory Reserves

The statutory reserves of the Cooperative consist of the following:

<i>December 31</i>	2012	2011
General reserve fund	₱25,356,457	₱17,460,387
Cooperative education and training fund	9,283,504	8,816,575
Optional (Land and building fund)	13,676,153	10,855,256
Social Development Fund	2,881,798	1,607,394
	₱51,197,912	₱38,739,612

The movements of the accounts during 2012 and 2011 are as follows:

<i>December 31, 2012</i>	<i>Beg. Bal.</i>	<i>Distribution of 2012 income</i>	<i>Collections</i>	<i>Disbursements</i>	<i>2012 End Bal.</i>
General Reserve Fund	₱17,460,387	₱5,876,031	₱2,020,039		₱25,356,457
Coop. Education & Training Fund	8,816,575	5,876,031		(₱5,409,102)	9,283,504
Optional fund (Land and Bldg.)	10,855,256	1,233,966	1,586,931		13,676,153
Social Development Fund	1,607,394	1,762,809		(488,405)	2,881,798
	₱38,739,612	₱14,748,837	₱3,606,970	(₱5,897,507)	₱51,197,912

<i>December 31, 2011</i>	<i>Beg. Bal.</i>	<i>Distribution of 2011 income</i>	<i>Collections</i>	<i>Disbursements</i>	<i>2011 End Bal.</i>
General Reserve Fund	₱11,343,615	₱4,058,232	₱2,058,540		₱17,460,387
Coop. Education & Training Fund	3,856,560	4,058,231	901,784		8,816,575
Optional fund	7,688,627	2,040,071	1,126,558		10,855,256
Social Development Fund	1,766,483	1,217,469	(1,376,558)		1,607,394
	₱24,655,285	₱11,374,003	₱2,710,324		₱38,739,612

The natures of the reserves are in accordance with the Cooperative By-Laws, as follows:

General Reserve Fund (GRF)

GRF is intended for the stability of the Group and to meet net losses in its operations and normally receives 10% allocation every year from the net profit of the Group. 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 Group. 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 Group, 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 Group is affiliated, and to donate, contribute, or otherwise dispose of the amount for the benefit of the community where the Group operates. If the General Assembly cannot decide upon the disposal of the Fund, the same shall go to the federation or union to which the Group is affiliated.

Optional Fund

Optional Fund is intended either for land and building, community development or any other necessary fund. The fund receives 10% of allocation from the annual profit of the Cooperative. For the 2011 allocation, the Board of Directors approved to reduce the allocation to only 5.03%. This was further reduced to 2.1% in 2012.

Cooperative Education and Training Fund (CETF)

CETF is intended for the education and training and other purposes of the Cooperative and receives 10% allocation from the net profit of the Cooperative every year. 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.

Cooperative Development Fund (CDF)

CDF is set aside for projects or activities that will benefit the community where the Cooperative operates and receives annual allocation of 3% of net profit.

Note 16
Surplus Reserves

In order to respond to the requirements of the Insurance Commission for a minimum statutory net worth, the Group established the Surplus Reserves beginning 2012 out of 10% share in net the profit for the year.

Note 17
Segmental Results of Operations

The Group's segmental income and expenses in 2012 are as follows:

<i>Year Ended December 31, 2012</i>	<i>Life</i>	<i>Non-Life</i>	<i>Agency</i>	<i>Total</i>
Revenue				
Premiums on insurance contracts – net	₱751,055,774	₱80,744,021		₱831,799,795
Investment income	41,140,955	1,370,551		42,511,506
Commissions/ underwriting income	–	1,381,773	₱22,689,631	24,071,404
Other income	3,235,088	263,492	555,438	4,054,018
	795,431,817	83,759,837	23,245,069	902,436,723

(Carried Forward.)

(Brought Forward.)

Year Ended December 31, 2012	Life	Non-Life	Agency	Total
Expenses				
Net benefits paid	498,425,352	33,413,780	–	531,839,132
Collection costs	192,276,907	32,198,158	6,295,075	230,770,140
General and administrative expenses	37,539,774	6,915,796	5,657,083	50,112,653
Salaries, wages and employees benefits	18,107,442	3,241,698	3,869,027	25,218,167
Depreciation	4,857,088	370,194	509,044	5,736,326
	751,206,563	76,139,626	16,330,229	843,676,418
Profit for the Year	₱44,225,254	₱7,620,211	₱6,914,840	₱58,760,305

The Group's segmental income and expenses in 2011 are as follows:

Year Ended December 31, 2011	Life	Non-Life	Agency	Total
Revenue				
Premiums on insurance contracts – net	₱523,977,856	₱44,182,723		₱568,160,579
Investment income	22,280,064	1,302,134	₱211,210	23,793,408
Commissions/ underwriting income	–	949,211	13,364,093	14,313,304
Other income	2,345,149	15,643	22,275	2,383,067
	548,603,069	46,449,711	13,597,578	608,650,358
Expenses				
Net benefits paid	335,935,413	22,754,795		358,690,208
Collection costs	130,159,665	14,886,443	2,746,823	147,792,931
General and administrative expenses	27,420,509	1,912,531	3,493,675	32,826,715
Salaries, wages and employees benefits	18,278,830	3,248,098	2,296,500	23,823,428
Depreciation	4,093,387	159,439	681,934	4,934,760
	515,887,804	42,961,306	9,218,932	568,068,042
Profit for the Year	₱32,715,265	₱3,488,405	₱4,378,646	₱40,582,316

The difference between total revenue and expenses as presented in the segmented results of 2012 and 2011 operations against the total revenue presented in the consolidated statements of profit or loss represents the inter-unit transactions that were eliminated in the consolidation process.

Note 18

Details of General and Administrative Expenses

Years Ended December 31	2012	2011
General support services	₱18,239,620	₱11,643,439
Meetings, conferences and general assembly	6,729,524	3,126,221
Travel and transportation	4,877,229	5,029,033
Premiums receivable written-off (Note 5)	3,565,734	–
Promotions and networking	3,532,917	4,446,072
Materials and supplies	2,880,192	1,706,982
Loss on retirement of investment property (Note 9)	2,496,824	–
Communications	1,807,432	1,587,177
Rent	1,624,746	1,270,964
Light and power	1,404,490	1,129,012
Repairs and maintenance	1,217,987	821,645

(Carried Forward.)

(Brought Forward.)

<i>Years Ended December 31</i>	2012	2011
Amortization of computerization costs (Note 11)	645,390	572,460
License fees and membership dues	343,462	399,915
Insurance	260,677	155,952
Amortization of losses on deposits (Note 11)	111,736	533,545
Interest and financial charges	23,468	30,439
Miscellaneous	351,225	373,859
	₱50,112,653	₱32,826,715

Note 19

Details of Salaries, Wages and Officers' and Employees' Benefits

<i>Years Ended December 31</i>	2012	2011
Salaries and wages	₱21,156,108	₱17,337,767
Uniforms and other employees' benefits	1,731,703	2,244,175
SSS, PHIC and HDMF counterpart contributions	1,291,519	1,278,086
Retirement contributions	1,038,837	2,963,400
	₱25,218,167	₱23,823,428

Note 20

Distribution of Net Income

In accordance with its By-laws, the Cooperative's net incomes have been distributed as follows:

<i>Years Ended December 31</i>	2012	2011
General reserve fund (10%)	₱5,876,031	₱4,058,232
Coop. Education and training fund (10%)	5,876,031	4,058,231
Land & building fund (2.10% & 5.03%)	1,233,966	2,040,071
Community development fund (3%)	1,762,809	1,217,469
Surplus Reserves (10%)	5,876,031	–
Interest on capital, experience and patronage refund (64.9%)	38,135,437	29,208,312
	₱58,760,305	₱40,582,315

The Executive Committee of the Board of Directors of the Cooperative approved to distribute the 2012 and 2011 net income after providing for statutory reserves, as follows:

<i>Years Ended December 31</i>	2012	%	2011	%
Dividends for common shares	₱16,333,770	42.83	₱12,501,972	42.80
Dividends for preferred shares	4,559,667	11.96	3,816,340	13.07
Patronage refund	8,450,000	22.16	5,790,000	19.82
Experience refund	8,792,000	23.05	7,100,000	24.31
	₱38,135,437	100.00	₱29,208,312	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 21
Earnings Per Common Share

<i>Years Ended December 31</i>	2012	2011
Net income allotted for interest on capital	₱16,333,771	₱12,501,972
Weighted Average Number of Common Shares	163,325	131,856
Earnings Per Common Share	₱100.01	₱94.82

Note 22
Related Party Transactions

In the ordinary course of trade or business, the Group 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 Group accepts insurance business from various cooperatives that are also shareholders of the Group. The bulk of the insurance revenue of the Group comes from these shareholders and their members. The volume of transactions from the top five member-cooperatives amounted to ₱397,143,781 in 2012 and ₱262,034,742 in 2011.
- b. The Group also extends advances subject to liquidation to its officers and employees. Total advances to officers and employees amounted to ₱1,758,952 in 2012 and ₱1,844,688 in 2011.

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 consists of the following:

<i>Years Ended December 31</i>	2012	2011
Salaries and allowances	₱3,782,560	₱3,698,820
Other benefits	2,140,574	2,017,708
	₱5,923,134	₱5,716,528

Note 23
Risk Management Objectives and Policies

The Group is exposed to a variety of risks in performing its activities. Its risk management is coordinated by its Board of Directors. The Group is principally exposed to insurance risk, the risk that the actual claims and benefit payments exceed the carrying amount of insurance liabilities. Management addresses this issue by

ceding portion of the risks to a reinsurer. Although the Group 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 Group 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 Group 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 in 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.

As at December 31, 2012, the Group's financial assets are composed of the following:

<i>December 31, 2012</i>	<i>Neither Past Due Nor Impaired</i>	<i>Past Due But Not Impaired</i>	<i>Total</i>
Cash and cash equivalents	₱357,245,246		₱357,245,246
Insurance receivables	18,372,533		18,372,533
Held-to-maturity investments	548,392,586		548,392,586
Available-for-sale financial assets	100,998,863		100,998,863
Loans and receivable	6,333,587		6,333,587
	₱1,031,342,815	₱-	₱1,031,342,815
	100.00%	-	100.00%

The Group is likewise exposed to liquidity or funding risk, the risk that it will encounter difficulty in raising funds to meet commitments associated with financial instruments. It may result from either the inability to sell financial assets quickly at their fair values; or the counterparty failing to repay a contractual obligation; or insurance liabilities falling due for payment earlier than expected; or inability to generate cash inflows as anticipated. Management addresses this issue by maintaining its available cash resources in demand deposits or time deposits that can be pre-terminated anytime and in such volume as to ensure that it meets its obligations on time.

The maturity profile of the Group's financial liabilities is as follows:

<i>December 31, 2012</i>	<i>Due in One Year</i>	<i>Due Over One Year</i>	<i>Total</i>
Insurance payables	₱416,169,930		₱416,169,930
Insurance contract liabilities	293,122,248		293,122,248
Trade and other payables	78,303,913		78,303,913
Interest on share capital and refunds payable	38,135,437		38,135,437
	₱825,731,528		₱825,731,528
	100.00%		100.00%

Note 24 **Capital Management**

The Group maintains a certain level of capital to ensure sufficient solvency margins and to adequately protect its members. The Group'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 Insurance Commission (IC) and the amount

computed under the Risk-Based Capital (RBC) Model. The Group 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 a margin of solvency (MOS) equal to ₱500,000 or 10% of the total amount of its net premiums written during the preceding year, 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 Group 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 up 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 Insurance Commission. The minimum paid-up capital is pegged at 50% of the minimum statutory net worth.

The Insurance Commission (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 2010 as the basis for 2011 and 2011 as the basis for 2012. The Advisory of the Insurance Commission dated November 22, 2012, reiterated this matter. As of December 31, 2012, the required minimum statutory net worth and minimum paid-up capital required of the Group, being a wholly Filipino-owned domestic insurance company, is ₱500 million and ₱250 million, respectively.

On June 1, 2012, the Department of Finance issued Department Order No. 15-2012 establishing the minimum paid-up capital (PUC) requirements of all insurance and professional reinsurance companies doing business in the Philippines. In accordance with DO No. 15-202, an existing or licensed life or nonlife insurance company must have a PUC in accordance with the amounts and schedule of compliance as follows:

<i>Paid-Up Capital</i>	<i>Compliance Date</i>
₱250 Million	On or before December 31, 2012 (Per DO No.27-06 and IMC No. 10-2006)
₱400 Million	On or before December 31, 2014
₱600 Million	On or before December 31, 2016
₱800 Million	On or before December 31, 2018
₱1 Billion	On or before December 31, 2020

In accordance with Chapter XIII – Insurance Cooperative, Article 107, of Republic Act No. 9520, "An Act Amending the Cooperative Code of the Philippines to be Known as the "Philippine Cooperative Code of 2008", the requirements on capitalization, investments and reserves of insurance firms may be liberally modified upon consultation with the Cooperative Development Authority and the cooperative sector. But in no case may the requirements be reduced to less than half of those provided for under the Insurance Code and other related laws."

The Group's paid-up capital at the end of 2012 amounted ₱251,968,909. The Group's minimum paid-up capital at the end of 2012 complied with the minimum required by the IC. The Group is committed to comply

with the minimum PUC as required by the Department of Finance. It will undertake measures and implement strategies to ensure that it will meet the required PUC in 2014.

RBC Requirements

In October 2006, the Insurance Commission 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 subject the insurance company to the corresponding regulatory intervention which has been defined at various levels.

The Group's RBC ratio can be determined only after considering the admitted value of certain financial statement accounts and these are normally determined after the examination of the Insurance Commission.

Consolidated Compliance Framework

In November 2006, the Insurance Commission 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. 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 the RBC Hurdle Rates from 2007 to 2011.

In view of the provisions of Circular Letter No. 26-2008, for the year 2011, the basis of the review shall be the 2010 synopsis, and the Industry RBC Ratio Compliance Rate is 90%, while the RBC Hurdle Rate is 250%. Failure to achieve one of the rates will result in the imposition of the fixed capitalization requirement of the year under review.

Note 25
Commitments and Contingencies

In the normal course of its operations, the Association 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 26
Events After Reporting Date

There were no events after reporting date that would require disclosures or adjustments on the financial statements of the Association.

Note 27
Approval of Financial Statements

The Group's financial statements as of and for the year ended December 31, 2012, were authorized for issue by management on April 18, 2013.

CLIMBS Institute for Financial Literacy

Highlights

The Institute was formally planned on October 2011, and launched its first offering on January 2012. Since then, it has managed 12 training programs benefitting over 100 cooperatives. Among its milestone courses were: General Manager Training, Succession Planning, Board Protocol, and Dividend Policy.

What sets the Institute apart from all others are:

- (a) course offerings important to Top Management and Boards of Directors;
- (b) faculty and resource speakers familiar with cooperative contexts;
- (c) empirical research backing up training programs.

We pay careful attention to the high caliber of courses, faculty, and research. All our courses are developed in-house. VRV Management (our Managing Consultant) oversees these matters.

It takes P3.6 Million yearly to run the Institute. We therefore encourage our member coops to keep contributing to the Redeemable Management Development Trust (RMDT). These funds remain intact as assets of the participating coops. The Institute uses only the interest earnings to run the Institute. To date, we have P23 Million in RMDT; we are targeting P50 Million.

Very soon, we shall be conducting training programs overseas, with international funding. Very soon, NGOs and funding agencies will co-mingle with cooperatives on course offerings done locally. By then, we will be proud to say that CLIMBS and its member coops have put Cagayan de Oro on the map for international conferences.



CLIMBS 'Corporate Social Responsibility

The year of the dragon 2012 paved for CLIMBS' involvement to the different community activities which is one of CLIMBS' Mission in spreading goodwill to the community in fulfillment of its core purpose to reach out to the grassroots as they are the sector that needs immediate attention.

Series of activities in community organizing were conducted through the Homeowners Association of Villa Angela Subdivision (HAVAS) of Barangay Balulang, Cagayan de Oro City. The residents' involvement was made possible through the contest on cleanliness and beautification where blocks and streets were grouped into 8 zones. Zone officers were elected who managed the unified regular cleaning and beautification activities. A total of sixty five thousand pesos (P65,000.00) was provided by CLIMBS as prizes. The said activity resulted to residents' consciousness on cleanliness and beautification, making them more cohesive, cooperative and participative.



Residents of Villa Angela Subdivision helping each other in establishing their communal garden.



The two Alarm Systems at Brgy. Balulang (left) & Brgy. Macasandig (right). The alarm system at Brgy. Balulang was first used when Typhoon Pablo traverse in Northern Mindanao.

The horrible experience brought by typhoon sendong last December 2011 made everyone realized the need to prepare for any eventuality especially during disaster. Hence, priority was given to the installation of an "Alarm System" where its function is simply to warn the people for an immediate evacuation whenever a calamity is about to happen. CLIMBS spent a total of P 200,000.00 for this project alone serving as one of its commitment to corporate social responsibility. This project was the first in the entire city of Cagayan de Oro where Barangay Balulang was identified to be the first recipient together with the barangays of Macasandig and Iponan. These were the areas who were badly hit and damaged by Typhoon Sendong.



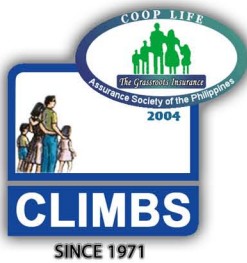
To date, the “Alarm System” in Barangay Balulang is already functional. The residents were trained and a round the clock security forces were on duty. A follow up training on family disaster preparedness has been coordinated with the frontline agencies including the training on First Aid and Basic Life Support. Regular follow through on the different line up of community activities is being done to ensure that what CLIMBS has started in working with people, will be strengthened and institutionalized by the HAVAS Officers and Zone Leaders.



CLIMBS employees together with the children of Mother Theresa Foundation, Inc. of Maitum, Upper Puerto, CdeO City

Moreover, CLIMBS is not only committed in providing assistance to community activities but also to non-governmental organizations like the Mother Theresa Foundation, Inc. whose serving street children in an effort to rescue these street children from becoming a juvenile delinquent or before they fall prey to a more difficult situations. Last December 2, 2012, gift giving was conducted with the CLIMBS’ employees providing entertainment and socialization activities to seventy two(72) disadvantaged children of Mother Theresa Foundation, Inc. located at Maitum, Upper Puerto, Cagayan de Oro City. Each child was provided with basic necessities as well as a monthly supply of their staple food. Further, the children residents of Villa Angela Subdivision were also provided with “Christmas gifts” as one of the highlights during the awarding ceremony of winners of the cleanliness and beautification contest held last December 23, 2012 at Barangay Balulang.

The year that has passed was truly heart touching and really inspiring especially that all of our efforts were bearing positive outcome. CLIMBS’ commitment to help will always be there, a task we put on ourselves as we continue with our purpose, values and goals, all for the best interest and welfare of everyone.



CLIMBS

Life and General Insurance Cooperative

41st ANNUAL GENERAL ASSEMBLY

APRIL 26-27 RADISSON BLU HOTEL, CEBU CITY

Educational & Business Forum

PROGRAMME

- 1:00 PM - INVOCATION
- 1:05 PM - NATIONAL ANTHEM
- 1:10 PM - *Welcome Address & Opening Remarks*
Fermin L. Gonzales, President/CEO
- 1:15 PM - *Presentation on NAFECOOP:*
A Business Federation
Fermin L. Gonzales, President/CEO
- 1:30 PM - *CoopAssurance Center 1*
Katherine V. Apoderado
Metro Ormoc Community Cooperative
- 1:45 PM - *Direction for CLIMBS Institute for*
Financial Literacy
Prof. Vicente R. Valdellon, Jr.
- 2:15 PM - *HP/Dataworld Comp.Center Presentation*
Lyle O. Togono
Partner Business Manager - PPS
- 2:30 PM - *CoopAssurance Center 2*
San Dionisio Credit Cooperative
Cielito L. Garrido, CEO
- 2:45 PM - *BDO Presentation*
Edgardo R. Marcelo, Jr.
1st Vice President & Head,
Account Mgt - Cash Mgt Services -
Transaction Banking Group

Virgil Daniel R. Villarruz
Manager and Training Officer,
Trust and Investment Group
- 3:20 PM - *Awarding of Marketing Agents & Top CAC's*
- 3:25 PM - *CISCO/Dataworld Comp.Center Presentation*
Erick Martin B. Olavides
Territory Business Manager
- 4:05 PM - **R A F F L E**
- 4:25 PM - *Closing Remarks*
Noel D. Raboy, VP for Marketing

Cooperator's Night

PROGRAMME

- 5:00 PM - HOLY MASS
- 6:00 PM - DINNER
- 7:00 PM - *PROGRAM PROPER*
Invocation
National Anthem
CLIMBS Hymn
- 7:15 PM - *WELCOME ADDRESS*
Fermin L. Gonzales
President/CEO
- 7:20 PM - *OPENING REMARKS*
Cecilia M. Laguna
Vice Chairperson of the Board

Introduction to Participants
- 7:30 PM - *Introduction to the Guest Speaker*
Nenita E. Lumaad
Board of Director
- 7:35 PM - *Guest Speaker*
Hon. Emmanuel M. Santiagué, Ph.D
CDA Chairperson

Giving of Plaque of Appreciation
Cecilia M. Laguna, Vice Chairperson of the Board
Fermin L. Gonzales, President/CEO

Awarding of Top Cooperatives

Closing Remarks
Atty. Daniel O. Evangelio
Board of Director

Assembly Proper

PROGRAMME

- 6:30 AM - BREAKFAST
- 7:30 AM - REGISTRATION
- 8:30 AM - INVOCATION
NATIONAL ANTHEM
CLIMBS HYMN
- 8:45 AM - *Welcome Remarks*
Judge Esperanza F. Garcia(Ret.)
Chairperson of the Board
- 8:50 AM - *Introduction to Keynote Speaker*
Rene A. Lim
Board of Director
- 9:00 AM - *Keynote Speaker*
Hon. Emmanuel F. Dooc
Commissioner, Insurance Commission

Giving of Plaque of Appreciation
Ms. Cecilia M. Laguna, Vice Chairperson of the Board
Mr. Fermin L. Gonzales, President/CEO

Awarding of Top Cooperatives
- 10:00 AM - **ASSEMBLY PROPER**
 1. Roll Call
 2. Proof of Due Notice
 3. Determination of Quorum
 4. Consideration of the Previous Minutes
 5. Board of Director's Report
 6. Consideration of Resolution,
Recommendations & New Business
 7. Election of Board of Directors, AIC,
Election & Conciliation Committee
 8. Adjournment
- 12:30 PM - LUNCH



Directory of Offices and Branches

HOME OFFICE

CLIMBS Bldg., Zone 5, Upper Bulua, National Highway, Bulua
9000 Cagayan de Oro City, Phils.
Trunk Line (08822)738-738 / (088)856-1355
E-mail: head_office@climbs.coop
climbscompany@yahoo.com
Website: www.climbs.coop

GENERAL AGENCY

Mr. Henry Lopez
General Manager
Coop Life General Insurance & Financial Services Agency (CLIFSA)
CLIMBS Bldg., Zone 5 Upper Bulua, National Highway, Bulua
9000 Cagayan de Oro City, Phils.
Telefax: (088)856-5644 / (088)231-6236
E-mail: clifsa_cdo@yahoo.com Website: www.clifsa.com.ph

LUZON AREA

BRANCH OFFICE

Mr. Roy S. Miclat
Branch Manager
Unit 42 CTB 2/F Makati Prime Towers
St.Paul, San Antonio Village, Makati City, Phils.
Telefax No.: (02)415-9336 / (02)401-2952
E-mail: roysmiclat@yahoo.com,
roysmiclat@climbs.coop

Ms. Del Bellen

Regional Marketing Manager
Unit 42 CTB 2/F Makati Prime Towers
St.Paul, San Antonio Village, Makati City, Phils.
Tel.No.: (02)401.2952, 0923.7145914
0926.3024957, 0928.5215106
E-mail: dpbellen@yahoo.com
metro_manila@climbs.coop

BAGUIO AREA OFFICE

Ms. Olive T. Pendon
Regional Marketing Manager - Northern Luzon
Rm.402, Lyman Ogilby Centrum
Magsaysay Avenue, Baguio City, Phils.
Tel.No.: 0917.3085688, 0922.8174948,
0918.9513244
E-mail: keeper_gr14@yahoo.com

Ms. Cecilia T. Cabusas

Regional Marketing Manager - Southern Luzon
Annex 1, 3rd Floor M.DY building,
Rizal St. Legazpi City, Phils.
Tel.No.: 0917.7224384, 0932.8879235,
0928.5215107
E-mail: ccabusas@yahoo.com
ccabusas@gmail.com

AGENCY OFFICES

Mr. Joel Sabularse
General Agency Manager
SIDEKO Bldg. City Hall Compound, J.Miranda Ave. Naga City
Tel.No. (054) 472-3260 / 09237145917
E-mail: climbsbicol@yahoo.com

Mr. Liberato Ramos

General Agency Manager
CLIFSA Bayombong Office
#24 National Road, Sta. Rosa, Bayombong. Nueva Vizcaya
Tel No.: 321-2482 / 0917-5830383

Mr. Isaac Miranda

General Agency Manager
#96 Quezon Ave., Brgy. Sto.Niño, Angono, Rizal
Tel.No.: (02)651-0334

VISAYAS AREA

AREA OFFICE

Ms. Sylvia Quinesio
Regional Marketing Manager
4th Flr., Cebu CFI Bldg. Capitol Comp., Cebu City, Phils
Telefax No.: (032)2552234
E-mail: metro_cebu@climbs.coop

Ms. Lorina B. Gabato

Regional Marketing Manager
4th Flr., Cebu CFI Bldg. Capitol Comp., Cebu City, Phils
Tel.No.: 0932.8432567, 0927.3610181
E-mail: lorinagabato@hotmail.com

MINDANAO AREA

DAVAO AREA OFFICE

Mr. Edgardo D. Apoya
Regional Marketing Manager
CAM Bldg., Monteverde St., Davao City
Telefax No.: (082)3051398 / (082)3031011
E-mail: metro_davao@climbs.coop

AREA OFFICE

Mr. Raul Pregon
Regional Marketing Manager - Northern Mindanao
CLIMBS Bldg., Zone 5, Upper Bulua, National Highway, Bulua
9000 Cagayan de Oro City, Phils.
Tel.No.: (088)856.1355 loc.105
Mobile No.: 0917.7210611, 0922.8939172
E-mail: rpregon@yahoo.com

AGENCY OFFICES

Jaime L. Salvage, Sr.
Agency Manager
JLS General Services Agency
Lot No.7 Blk No.7 Villa Theresa Heights Subd.
Brgy. San Isidro, Ormoc City, Leyte
Tel. Nos.:(053)2554874 / (053)5611707
Mobile No.: 09287450356

Agnes Bernasar

Circumferential Road,
Fronting motorpool, Dampas District
Tagbilaran City

AGENCY OFFICES

Ms. Rowena Abella
General Agency Manager
CAM Bldg., Monteverde St., Davao City
Telefax No.: (082)305-1398
Mobile No.: 09237145920
E-mail: anewor1515@yahoo.com

Ms. Analene T. Bollo

General Agency Manager
#066 Emerald St. Liwayway Village
Tagum City, Davao Del Norte 8100
Mobile No.: 0910.8513226, 0905.1411824,
0923.7149533
E-mail: dean_ayen@yahoo.com.ph

SATELLITE OFFICE

CLIMBS - Tacloban st VICTO Office
1430 Sampaguita St., Tacloban City
Tel. No.: (053)321-4396
Fax No.: (053)321-4122

BACOLOD OFFICE

2/F La Consolacion Coop Bldg.
Gatuslao St. Bacolod City

SERVICE OFFICE

Mezzanine Flr. Jamerlan Bldg.
Izaart St., Iloilo City
Telefax No.: (033)335-0247

Mr. Alberto Camaddo

General Agency Manager
AC-GIISA Pagtutulungan Program
Tiano-Pacana St. Cagayan de Oro City
Mobile No.: 09237149534

SATELLITE OFFICE

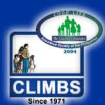
Yap Building, Roxas Avenue
General Santos City

LINKAGES

Munich RE - Website: <http://www.munichre.com>
GIZ(GTZ) - Website: <http://www.giz.de>
Asia Oceana Association - Website: <http://www.aoa-icmf.org>
International Cooperative Mutual Insurance Federation
Website: <http://www.icmf.org>
National Confederation of Cooperatives(NATCCO)
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>

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/>



For more information
www.climbs.coop



www.clifsa.com.ph



LIKE US!

www.facebook.com/CLIMBSofficial



FOLLOW US!

www.twitter.com/#!/CLIMBSofficial

CLIMBS *Life and General Insurance Cooperative*
“ More than just Protection ”

CLIMBS Bldg. Upper Zone 5, National Highway, Bulua, Cagayan de Oro City
Trunk Line: (08822)738.738/(088)856.1355 Fax: (08822)738.738/(088)856.1355 loc. 104
Email: head_office@climbs.coop, climbscompany@yahoo.com Website: www.climbs.coop

Designed by: MIS Department