

AYALA MULTI-PURPOSE COOPERATIVE
MINUTES OF THE 2019 ANNUAL GENERAL ASSEMBLY
April 24, 2019, Wednesday, 3:00 p.m.
25th Floor, The Blue Room, Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue, Makati City

	No. of Members	Percentage of Total
Members Present Entitled to Vote:	5,857	49%

I. CALL TO ORDER

After the national anthem and the invocation, Mr. Ruel T. Maranan, Vice Chairman of the Board, acted as Chairman of the meeting and called the meeting to order. Ms. Maria Paula G. Romero-Bautista, Cooperative Secretary, recorded the proceedings.

II. CERTIFICATION OF NOTICE AND QUORUM

The Secretary certified that written notice of the time, date, place and purposes of chapter meetings as well as of this general assembly was sent to all members in accordance with the By-Laws of the Cooperative.

The Secretary further certified that there was a quorum and stated that out of 12,058 members in good standing with voting rights, a total of 5,857 members or 49% attended this general assembly and 62 separate chapter meetings held during the period April 3 to April 19, 2019.

III. APPROVAL OF MINUTES OF LAST GENERAL ASSEMBLY

The Chairman then proceeded with the approval of the minutes of the previous general assembly, copies of which were distributed to the members upon their registration.

Upon motion made and duly seconded, the members approved the minutes of the last general assembly held on April 20, 2018.

IV. CHAIRMAN'S REPORT

The Chairman reported to the members that the Cooperative made history as it reached the Php3 Billion mark in total assets that reached Php3.2 Billion ahead by 18% increase from the previous year. For yearend 2018, the membership of the Cooperative increased by 11% at 37,221 members from 122 Ayala Group companies including 2 new companies that joined the Cooperative, namely, Negros Island Biomas Holdings, Inc, a subsidiary of AC Energy and Surface Technology International Phils. - Cebu, a subsidiary of Integrated Microelectronics, Inc.

The Cooperative also has significant increases in loan availments that reached Php2 Billion, ahead by 17% compared the previous year of Php1.8 Billion. Loan bookings also increased by 6% from 16,654 borrowers in 2017 to 17,694 borrowers in 2018. 66% of loan releases attributed to the quarterly loan promotions. Housing loans also grew by 83% from Php40 Million in 2017 to Php73 Million in 2018. The Chairman also noted that more than half of the members does not avail the loan programs of the Cooperative. The Cooperative is offering new loan programs to various Ayala Group companies, namely: employee loan program for Ayala Foundation, Inc. (AFI), car loan program for the officers of Aprisa Business Process Solutions, Inc. and a motorcycle loan program for Ayala Group employees in partnership with KTM Asia Motorcycle Manufacturing, Inc.

The Cooperative is still persistent to invest in various business ventures for the benefit of the members. A condominium unit in The Pineridge Baguio can be rented by the members at an affordable price and Suds Go Laundry, a self-service laundry shop will go live by June 2019 and is located at The Flats Amorsolo.

To strengthen the operations of the Cooperative, the Chairman said that a new accounting system, Accounting Information and Management System was rolled up. The IT infrastructure was also upgraded that started with using of Microsoft 365. The Cooperative's website was augmented that now have a shopping portal. By June 2019, the website of the Cooperative will also feature a digital library with various applications. The Cooperative also complied with the Data Privacy Act by amending all the documents that contains sensitive information about the members. The Chairman also said that the Cooperative has always been investing with their people and in relation to that, employees were sent to seminars to enhance their knowledge in project development.

The Chairman also reported that the Cooperative collaborated with various government agencies. Some of the projects were Saludo sa Serbisyo whereby the Cooperative donated Php100,000.00 worth of appliances and equipment to the 6th Special Action Battalion Consumer Coop store located in Sagay City, Negros Occidental. In conformity with the Big Brother, Small Brother program of the Cooperative Development Authority (CDA), the Cooperative conducted an orientation about running a cooperative with the 10th Infantry Division of the Philippine Army at Compostela Valley. The Chairman also informed the members that a successful Ayala Goes Healthy Pa More fun run was held last April 14, 2018 for the benefit of Hero Foundation, Incorporated and the scholars of Affordable Private Education Center (APEC) schools that will receive Php100,000.00 respectively. The Cooperative is also supporting the corporate rice farming of the Department of Agriculture to help the rice farmers in Palawan and Iloilo to generate more income through advance payment of the rice supply that the El Nido resorts and Seda Hotel will need. The Cooperative also offered a soft loan to vegetable farmers in Palawan amounting to Php250,000.00.

The Chairman added that the Cooperative is an active advocate of education especially for those who are less fortunate. In relation to that, the Cooperative launched the Brigadang Ayala in partnership with the Department of Education, Ayala Foundation, Inc. (AFI) and Ayala Land, Inc. (ALI) where in May, various activities will be held and will turn over donation worth approximately over Php1,000,000.00 to four public schools in Sicogon Island and Iloilo that will include school kits and equipment and toy libraries that will benefit 1,396 students. The Chairman further reported that in 2018, 3,443 school kits were donated to various public schools, 731 school bags was given to students in Basilan and 5 toy libraries were turned over in Palawan, Iloilo and Basilan. The Cooperative also has the LETS (Learning English Through Stories) read program for the students in said places with low proficiency in English. Mad 4 Arts, a benefit concert for the CENTEX (Center for Excellence in Public Elementary Education) was held in partnership with AFI and donated the amount of Php350,000.00. The Chairman noted that currently, the Cooperative has 20 scholars in APEC school, 15 of whom are children of the members.

For the corporate social responsibility (CSR) of the Cooperative, it partnered with the Philippine Red Cross, Ayala ERnet and Ayala Business Club in conducting blood drives held last October 2018 and

February 2019 where in 964 blood bags were collected from 11 blood sites nationwide. The Cooperative also partnered with AC Industrials for the conduct of bingo social wherein the funds raised will be donated to the Philippine Jesuits Prison Service Foundation. The Cooperative also joined the MacQuarie fun run in support with AFI and partnered with Makati Cooperative Development office for a tree planting activity at La Mesa dam as party of the 23rd anniversary celebration and a total of 24 CSR activities for 2018. The Chairman noted that generosity given to the communities was a result of a solid business achieved by the Cooperative.

In closing, the Chairman noted that for two straight years the Cooperative swept the awards at the annual KoopBida awards of the CDA. The following awards were given: best performing cooperative in terms of growth in total assets and growth in membership, and best performing cooperative with nationwide concern for the community.

V. TREASURER'S REPORT

Mr. Romualdo L. Katigbak, the Treasurer of the Cooperative, shared that the Cooperative achieved a remarkable performance in 2018 as the asset base of the Cooperative hit the Php3 Billion mark while the loan portfolio attained the Php2 Billion level. He added that the membership grew from 33,618 in 2017 to 37,221 in 2018 across 122 Ayala Group companies.

Mr. Katigbak presented the financial figures for 2018 as compared with 2017 based on the audited report of SyCip Gorres Velayo & Co. –

- Total assets grew 18 percent to Php3.2 Billion from previous year's Php2.7 Billion.
- Loans receivable posted 20% increase to Php2.2 Billion from Php1.8 Billion at year end 2017.
- Membership equity up by 19% to Php2.8 Billion from Php2.4 Billion in 2017.
- Gross revenue went up by 20% from Php282 Million in 2017 to Php339 Million in 2018.
- Net surplus grew at a much faster pace of 22% to Php287 Million from Php236 Million in 2017.

Total assets reached a record-high of Php3.2 Billion. Total assets jumped to Php504 Million due to Php363 Million increase in the loan portfolio at Php2.2 Billion from Php1.8 Billion in 2017. Total loan releases amounted to Php2 billion, up Php289 Million from 2017 and above budget by Php36 Million. The promo loans of the Cooperative have the biggest share with Php1.2 Billion and the housing loan program recorded the highest growth at 83% due to the expansion of loan limit from Php3 Million to Php12 Million. The Cooperative made additional investments in the amount of Php100 Million with the Ayala Land, Inc.'s fixed-rate bonds.

On the liabilities, interest on share capital and Patronage Refund grew 22% at Php244 Million. This represents the amount available for distribution to the members, after deducting amount allocated for reserves, as required by the CDA.

Membership equity continued to show growth with an increase of Php440 Million from Php2.4 Billion in 2017 to Php2.8 Billion in 2018. Cooperative millionaires is continuing to increase in number, 142 new Coop millionaires was bringing the total to 570 coop millionaires by year end 2018. Mr. Katigbak further stated that the Cooperative has applied for the increase of authorized capitalization with the CDA as approved by the General Assembly in 2018.

Gross revenue accelerated 20% at Php339 Million and was ahead budget. Mr. Katigbak added that due to the liquidity of the Cooperative, it had an opportunity to invest in a 3 bedroom unit at The Pineridge condominium in Baguio City which is being rented out to the members at the amount of Php15,000 for a 3

days, 2 nights stay. He also shared that the Cooperative acquired a franchise of Suds Go laundry and will operate soon at The Flats Amorsolo.

The Cooperative had a total expenses of Php52 Million, up by 12% but it is still within the budget. Impairment losses on loans receivable went down to Php9.4 Million from Php9.7 Million. The PDO rate of 2.16% was the lowest in 5 years which is attributable to the hard work and perseverance of the collections team for pursuing to collect from the members who are no longer connected to the Ayala Group companies. The net surplus of the Cooperative was up by 22% from Php236 Million to Php287 Million.

The Cooperative proposed to set aside minimum mandatory reserve requirements of 10% for general reserves and 3% for community development fund equivalent to Php28.7 Million and Php8.6 Million, respectively, and 1% each for optional reserves and cooperative's education and training fund equivalent to Php2.8 Million.

After the deduction of the total statutory reserves, Php244.2 Million is available for distribution as interest on share capital and patronage refund. Recognizing the contribution of the borrowers to the Cooperative's bottom line for 2018, Mr. Katigbak reported that the Board is proposing a 63:37 ratio between interest on share capital and patronage refund.

Given the 63:37 allocation between interest on share capital and patronage refund, Php153.8 Million is available for distribution as interest on share capital. The rate of interest on share capital is computed by dividing Php153.8 Million by the members' total average share capital of Php2.3 Billion. This results in the rate of interest on share capital of 6.56% from 6.69% in 2017. As in the previous year, 100% of the interest on share capital will be paid out to the members.

The 37% allocation for patronage refund is equivalent to Php90.3 Million. The rebate to the members who patronized the loan products of the Cooperative is computed by dividing Php90.3 Million by the total interest income from lending operations of Php281 Million. This results in a patronage refund rate of 32.15% from 30.14% in 2017. This means members who borrowed from the Cooperative will get back 32.15 centavos for every Php1 of interest they paid. The release of the interest on share capital and patronage refund will start on April 25 for all Ayala companies, except for HCX which will receive theirs on April 27, simultaneous with their month-end payroll. The credits for the Associate members will also start on April 25 while members who were separated from service between July 01 to December 31, 2018 will receive by the end of May.

There being no further questions or comments, and on motion made and duly seconded, the general assembly approved the Annual Report for the year 2018. After which, Mr. Maranan turned over the proceedings to the Chairman of the Board, Mr. John Philip S. Orbeta.

VI. RATIFICATION OF ALL ACTS AND RESOLUTIONS OF THE BOARD OF DIRECTORS AND THE EXECUTIVE COMMITTEE ADOPTED DURING THE PRECEDING YEAR

The Secretary further presented for ratification of the body all the acts and resolutions adopted by the Board of Directors and the Executive Committee since the last general assembly, including the following:

(1) Cooperative Annual Performance Report; (2) Governance and Management and Social Audit Reports; (3) Report on the List of Trainings undertaken/completed; (4) Audited Financial Statements, including distribution of net surplus; (5) 2019 Budget and (6) 2019 Developmental Plans, details of which were handed out to the members upon their registration.

Upon motion made and duly seconded, without any objection, the general assembly approved and adopted the following resolution:

Resolution No. GA-001-2019

RESOLVED, to approve all acts and resolutions of the Board of Directors and the Executive Committee since the annual general assembly held on April 20, 2018, as reflected in the minutes of the meetings, financial statements and other reports/records of the Cooperative.

VII. ELECTION OF THREE (3) DIRECTORS AND COMMITTEE MEMBERS

The next item in the agenda was the election of three (3) directors and committee members. The Chairman turned over the floor to Mr. Aurelio (Roel) C. Alonzo, the Chairman of the Election Committee, to conduct the elections.

Mr. Alonzo thereafter explained the guidelines for the election of the three (3) directors who shall serve for a term of two (2) years, and the committee members who will serve for a term of one (1) year.

Upon nominations, and on motion duly made and seconded, the following were duly elected:

• **Board of Directors**

Ruel T. Maranan	(Ayala Foundation)
Eliezer C. Tanlapco	(ALI)
Florendo G. Maranan	(BPI)

• **Audit Committee**

Catherine H. Ang	(AC)
Rosemarie Cruz	(BPI)
Lorlyn M. Arceo	(IMI)

• **Election Committee**

Aurelio C. Alonzo	(BPI)
Evangeline Bongon	(AC Automotives)
Nino Raneses	(BFSB)

The Chairman congratulated the three re-elected directors and the committee members.

VIII. ELECTION OF EXTERNAL AUDITORS

The next order of business was the election of external auditors. The Chairman called on Mr. Leovigildo D. Abot, elected Chairman of the Audit Committee, to present this item.

Mr. Abot reported that the Audit Committee and Board jointly recommended the election by the general assembly of the firm of SyCip, Gorres Velayo & Co. as external auditors of the Cooperative for fiscal year 2019 for an audit fee of Php241,500.00, exclusive of value-added tax (VAT) and out-of-pocket expenses not to exceed 10% of the audit fee.

On the basis of such recommendation, and on motion made and duly seconded, the general assembly elected SyCip, Gorres Velayo & Co. as external auditors for fiscal year 2019 for an audit fee of Php241,500.00, exclusive of VAT and out-of-pocket expenses not to exceed 10% of the audit fee, and adopted the following resolution:

Resolution No. GA-002-2019

RESOLVED, as endorsed by the Audit Committee and the Board of Directors, to approve the election of SyCip Gorres Velayo & Co. as the external auditors of the Cooperative for the year 2019 for an audit fee of Php241,500.00, exclusive of value-added tax and out-of-pocket expenses not to exceed 10% of the audit fee.

IX. ADJOURNMENT

There being no other matters to discuss, and on motion made and duly seconded, the meeting was adjourned at 4:29 p.m.



MARIA PAULA G. ROMERO-BAUTISTA
Corporate Secretary

Approved:

JOHN PHILIP S. ORBETA
Chairman of the Board

RUEL T. MARANAN
Vice-Chairman of the Board