



Ayala Coop

ANNUAL REPORT 2010

Board of Directors

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Alberto Ramirez, MWC
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Members All Coop Coordinators

Audit & Supervisory Committee

Chairman Jimmy P. Villegas, AC

Members

Marilou Miranda, MWC
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Election Committee

Chairman Aurelio Alonzo, BPI

Members

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Simon Nicolas, ASTI

General Manager Lourdes B. Orosa



Ayala coop website www.ayalacoop.com

Special points of interest

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CHAIRMAN'S REPORT

Fifteen years ago, May 15, 1995, a group of 21 Ayala employees with an initial capitalization of Php10,500 started what is now known as the Ayala Multipurpose Cooperative (AMPC). With more than 17,000 members across the Ayala Group and a capitalization of Php700M, the Coop is considered as one of the top institution-based cooperatives.

This year saw a dramatic increase in its membership from 16,005 in 2009 to 17,564 in 2010. Recruitment roadshows and presence during Ayala sports tournaments were some of the activities undertaken by the Coop. While more than 50% of the Ayala Group employee population already members of the Coop, for 2011, the Coop will continue to actively recruit members most especially coming from new Ayala companies. Terminations also decreased from 4,249 in 2009 (a result of redundancy programs) to 1,123 in 2010.

The Coop generated a 17% growth in gross revenue from Php82M to Php95M, year on year. Loan releases increased by 16% or Php72.3M from Php456M to Php528M. As an anniversary promotional offer, the Share Cap Loan (for investors), Christmas Shopping Loan and the Healthcare Loan (tie up with Maxicare) were introduced. Significant increase in loan availments resulted in a minimal rise in the delinquency rate from 3.70% in 2009 to 3.80% in 2010. Administrative expenses grew by 26% from Php14M to Php18M due to increases in rental, utilities, advertising, people costs and provision for bad loans. An increase of 14% from Php67M in 2009 to Php77M in the Excess of Revenue Over Expenses was realized in 2010. Considering the very competitive, even higher than market, return on investments, both active and retired Ayala employees have contributed to the substantial increase of members' equity from Php 582M in 2009 to Php713M this year. The Coop has seen a considerable increase in the number of members with Php1M investment. This partly explains the decrease of this year's dividend rate.

The Coop's vision to transform itself into a more customer-centric organization paved the way for it to undertake process improvement projects – "Simplify, Automate, Eliminate."

Coop employees were tasked to come up with ideas, suggestions, etc. to address the need to make things more customer friendly, giving way to a more participative work environment. Elimination/reduction of certain processes, documents and the redesign of the Coop's forms are just some of the products of the Coop employees. A workshop was also conducted for the HR Coordinators of the different companies not only as a refresher but to provide them with more information about the Coop's products and services. The Coop engaged the facilities of BPI to allow 24/7 loan payments and share capital contributions through BPI Express On Line. Special Banking Arrangements (SBA) facility with BPI through the use of the Members' Reference Number has eliminated the need to fax deposit slips. The three day clearing requirement experienced by BPI Family Coop members is a thing of the past as the uploading of BFB loans can now be done via Expresslink.

With its campaign to increase awareness and expand the reach of the Coop, more aggressive communications via e-mail blasts, more professionally done brochures, coordination with field offices of the different companies and more importantly the setting up of the Coop's website have been utilized.

The engagement of HR Mall now covers not only HR Mall enrolled companies but non HR Mall companies as well. The extent of its engagement will include not only the front end but the back end of the Coop's operations as well. This will mean a centralized database of the Coop's operations. The project is on-going but will experience a bit of a set back in its completion date due to the broadened scope of the engagement.

In compliance with the Cooperative Development Authority, the Coop has embarked on a Corporate Social Responsibility (CSR) project in partnership with the Filipinas Heritage Library's My Library project to rehabilitate the Centex library. Coop members will eventually be invited to volunteer for programs such as story-telling, book donation and the like.

Moving forward, the Coop will endeavor to provide even better products and services that will allow improvement on the quality of life of its members.

AUDITED FINANCIAL STATEMENTS

(In million pesos)

ASSETS	2010	2009	%Change
Cash and cash equivalents	196.4	193.1	2%
Investments	59.4	5.0	1089%
Loans receivable - net	557.7	477.0	17%
Furniture, fixtures and equipment and system software	3.5	3.8	-7%
Other Assets	6.1	4.2	43%
	823.1	683.1	20%

LIABILITIES AND MEMBERS' EQUITY	2010	2009	%Change
Current Liabilities			
Accounts and other payables	55.5	45.6	22%
Notes payable	54.5	55.5	-2%
Total Liabilities	110.1	101.1	9%
Total Members' Equity	713.0	582.0	23%
	823.1	683.1	20%

	2010	2009	% Inc. / (Dec)
REVENUES			
Interest income	91.3	77.9	17%
Penalties and fines	2.1	2.4	-12%
Membership and service fees	1.8	1.4	26%
Miscellaneous	0.2	0.2	-7%
TOTAL REVENUES	95.4	81.9	17%
EXPENSES			
Salaries & employees' benefits	9.3	8.1	14%
Impairment losses on Loans Rec	3.9	0.9	314%
Other Operating Expenses	5.0	5.4	-7%
	18.2	14.4	26%
EXCESS OF REVENUES OVER EXPENSES	77.2	67.5	14%

NOTES TO FINANCIAL STATEMENTS

Ayala Coop posted a strong performance in 2010 in terms of loan releases and share capital generation which resulted in double-digit growth in assets, equities and revenues. Total Assets grew 20% to P823M from previous year's P683M. Loan portfolio breached the P500M level at P557M, up 17% from P477M in 2009. Members' Equity registered a substantial increase of P131M to P713M from P582 as at year end 2009.

Greater demand for loans resulted to a 17% growth in gross revenue to P95M from P82M. Operating expenses also went up to P18M from P14M largely because of the increase in provision for bad debts. To manage loan delinquency,

strong collection efforts are put in place.

We ended 2010 with Excess of Revenue over Expenses of P77M, 14% higher than the previous year's P67M.

Consistent with the previous years, the Board is recommending to set aside minimum statutory reserves of 14% equivalent to P10.8M. After deducting this from the Net Surplus of P77M, P66M is available for distribution as Dividend and Patronage Refund. For the year 2010, the Board is recommending a 60% : 40% allocation between Dividend and Patronage Refund. This will translate to a dividend rate of 7.56% and patronage refund rate of 32.88%.

Loan Interest Rates, net of Patronage Refund

	Effective Rates		
	Nominal Rates	After Patronage Refund 2010	After Patronage Refund 2009
Special Emergency/ PCL/ Car Repair	6%	4.03%	4.41%
Educ/Hospi /Housing / Transport	18%	12.08%	12.43%
Travel / Wedding	24%	16.11%	16.58%
Providential / Appliance			
- 1 year	43%	28.93%	29.77%
- 1.5 years	42%	28.46%	29.29%
- 2 years	42%	28.46%	29.29%

AMENDMENTS IN THE BY-LAWS

- Creation of Executive Committee (ExCom) composed of the Chairman, Vice Chairman and Treasurer.
- Automatic termination of membership after 90 days from resignation date if member did not apply as an Associate.
 - If the loan balance is greater than the share capital, the excess is due and demandable.
 - If the share capital is greater than the loan balance, the excess will be lodged to a suspense account and will not earn dividends. Excess will be released to the party concerned once claimed.
- Increase in membership fee from P50 to P100
- Breakdown of 2 million shares worth P1Bn into common (active) and preferred (associates) shares, as follows.

INCREASE IN AMPC FEES

- Current fees since 1995
- Comparable to other banks' fees

	FROM	TO
Membership Fee	P50	P100
Service Fee	P100 (except Appliance, Providential, Housing & Transport)	0.5% of the loan amount or P100 whichever is higher

	No. of Shares	Amount of Capital
Common	1,600,000	P800Mn
Preferred	400,000	P200Mn

- In conformity with Republic Act 9520, also known as The Philippine Cooperative Code of 2008, the complete list of other items for amendment is posted in our website www.ayalacoop.com