

MINUTES OF THE ORGANIZATIONAL MEETING
OF THE BOARD OF TRUSTEES OF
**PAGASA NG PINOY MUTUAL BENEFIT
ASSOCIATION, INC. (PPMBAI)**

The organizational meeting of the board of trustees of Pagasa ng Pinoy Mutual Benefit Association, Inc. was held at the 7th Floor, Jenkinsen Tower, No. 80 Timog Avenue, Quezon City on July 18, 2019 at 1:00 pm.

Present:

Genaro L. Kong
Eufrecina T. De Jesus
Jonnette C. Almanzar
Atty. Joselito D. Fernandez
Sheen Ray U. Acosta
Rea R. Agner
Ken Albert G. Bayudan
Julieta Macaoay
Delia Villalon
Josephine Cariso
Ricardo P. Lirio
Reena Concepcion G. Obillo

Absent:

Elizabeth Loot
Mercy Melloria
Leslie Embradora

Also Present:

T I M Fakruzzaman
Md. Shamsul Hasan
Richard Jeremy Tabudlo
Noel D. Madriaga

CALL TO ORDER

The President, Mr. Genaro L. Kong, acting as Chairman called the meeting to order and thereafter presided. The Corporate Secretary, Atty. Joselito D. Fernandez, recorded the minutes thereof.

CERTIFICATION OF QUORUM

The Corporate Secretary certified as to the existence of a quorum for the valid transaction of business.

READING AND APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING

The Chairman read *in toto* the Minutes of the Meeting of the Board of Trustees of PPMBAI dated May 7, 2019 wherein several matters were discussed, such as [1] Release of the MBA's 2018 Audited Financial Statements; [2] Filing of the MBA's Audited Financial Statements with the Bureau of Internal Revenue, Securities and Exchange Commission (SEC), and the Insurance Commission (IC) on time; [3] Completion and submission of the MBA's Annual Statement to the IC; [4] Roll-out of the Hospitalization Care Assistance (HCA) to all branches beginning last February 2019 upon earlier approval by the IC; [5] Approval and implementation of the extension of member's exit age from sixty (60) to sixty five (65) years old, excluding their dependents; [6] Implementation of increase in premium of Credit Life Insurance Plan (CLIP) from the previous ₱2.50 to new rate of ₱5.00 for every ₱1,000 amount of loan effective last February 2019; [7] Reinsurance contract entered into between the MBA and the National Reinsurance Corporation of the Philippines (NatRe) for catastrophic insurance coverage; [8] Revised approval limit of PPFC branches for the release of member's equity from the previous ₱2,000 to ₱3,000 in order to facilitate equity releases; [9] Filing of application with the SEC for the amendment of the MBA's By-Laws to increase the number of trustees from the previous seven (7) to thirteen (13), excluding the two (2) independent directors, thus, bringing the number of seats in the Board to fifteen (15); [10] Management Information System (MIS) of the MBA which is still currently under development, full completion of all modules is expected within the month of May 2019; [11] Change of corporate logo of the MBA; [12] The MBA's 5th Annual General Membership (AGM) Meeting for 2019 on June 17, 18, 19, & 21, 2019 and the proposed budget for the AGM.

After the reading of the minutes of the meeting held on May 7, 2019 and upon motion duly made and seconded, the Chairman noted that the minutes had been approved.

CERTIFICATION OF ELECTION/QUORUM

The Corporate Secretary certified that at the Annual General Membership meeting just concluded last June 17, 18, 19, & 21, 2019 held at Quezon City, Bacolod City, Davao City, and Cagayan de Oro City respectively, the following were elected as trustees from 2019 to 2021, and to serve as such until the election and qualification of their successors:

Genaro L. Kong
Eufrecina T. De Jesus
Jonnette C. Almanzar
Atty. Joselito D. Fernandez
Ken Albert G. Bayudan
Rea R. Agner
Sheen Ray U. Acosta
Delia B. Villalon
Julieta Macaoay
Josephine B. Cariso
Elizabeth Loot

Mercy Melloria
Leslie Embradora
Reena Concepcion G. Obillo
Ricardo P. Lirio

APPOINTMENT OF CHAIRMAN AND MEMBERS OF THE COMMITTEES

The meeting thereafter proceeded to the appointment of the members of the Committees to serve from 2019 to 2021.

Upon duly made and seconded, it was unanimously -

“RESOLVED, that the following trustees be, as they are hereby, appointed to the following committees, to hold office for two (2) years or until their successors are duly elected and qualified:

Nomination Committee

Reena Concepcion G. Obillo (Chairman)
Genaro L. Kong
Jonnette C. Almanzar
Julieta Macaoay
Atty. Joselito D. Fernandez

Oversight and Audit Committee

Ricardo P. Lirio (Chairman)
Genaro L. Kong
Josephine Cariso
Atty. Joselito D. Fernandez
Eufrecina T. De Jesus

Remuneration Committee

Eufrecina T. De Jesus (Chairman)
Genaro L. Kong
Delia Villalon
Atty. Joselito D. Fernandez
Reena Concepcion G. Obillo

RATIFICATION AND APPROVAL OF THE MINUTES OF THE PREVIOUS AGM MEETING

Upon motion duly made and seconded, the reading of the minutes of the Annual General Membership Meeting of the MBA held on June 17, 18, 19, and 21, 2019 at

Quezon City, Bacolod City, Davao City, and Cagayan de Oro City respectively was dispensed with and the Chairman noted that the minutes had been ratified and approved.

ELECTION OF CORPORATE OFFICERS

The meeting proceeded to the election of the officers to serve for the ensuing year. Thereupon, the following were nominated officers of the corporation:

Genaro L. Kong	- Chairman
Jonnette C. Almanzar	- Vice-President
Eufrecina T. De Jesus	- Treasurer
Atty. Joselito Fernandez	- Corporate Secretary

No further nominations having been made, the Secretary ordered to cast all votes in favor of the above nominees and the Chairman declared that the above persons were unanimously elected to the officers set before their respective names to serve as such until their respective successors shall have been elected and qualified.

OPERATIONAL UPDATES FOR THE 2ND QUARTER 2019

The Chairman updated the Board on the following matters:

1. The application for the new MBA logo has already been filed with the Insurance Commission;
2. The MBA's Management Information System (MIS) pilot-testing has not commenced. Pilot-testing of the MIS is expected to commence by the 4th week of July 2019.

THE PRESIDENT'S UPDATE ON THE MBA'S OPERATIONAL PERFORMANCE

The President/Chairman discussed the MBA's operational performance for the 6-months ended June 30, 2019 as compared with the 6-months ended June 30, 2018. He noted that for the first six months of 2019 as compared to the same period in 2018, collections for Admission Fees was almost the same and had no growth, while for Basic Life Insurance Plan (BLIP), it increased by around ₱2 million, and on the other hand, Credit Life Insurance Plan (CLIP) posted a huge increase as amount collected was ₱13.2 million compared to ₱6.2 million for the same period of last year. The significant increase in CLIP collections is attributable firstly, to the increase in the premium rate from ₱2.50 to ₱5.00 which was implemented starting February 2019 and secondly, the average loan to borrowers has increased, and since CLIP premium is based on the amount of loan, therefore, the CLIP collections will likewise increase.

For Retirement Savings Fund (RSF), collections modestly increased by about ₱2.6 million while Hospitalization Care Assistance (HCA), collections amounted to ₱11.5 million as compared ₱0.9 million for the same period of last year which is encouraging considering that many members are currently availing of the HCA.

For 6-months ended June 30, 2019 as compared to the 6-months ended June 30, 2018 figures, claims, equity returns, and benefits payments have increased significantly for BLIP and RSF both in terms of the number of claims and payment amounts. For BLIP, the claims almost doubled and the Chairman/President explained that the increase could be attributed to the faster processing of member claims as previously, it was processed at the head office, however, it has been delegated to PFFC branches who now releases almost all of the equity returns. CLIP claims posted slight increase, RSF posted significant increase due corresponding increase in withdrawals by members or drop-out from the program, while for HCA, claims were reasonable compared to its premium collections.

THE PRESIDENT'S UPDATE ON THE MBA'S FINANCIAL PERFORMANCE

The Chairman/President gave a rundown of the MBA's financial standing. Per audited financial statements, total assets, liabilities, and fund balance of the MBA grew in 2018 from the previous 2017:

	2018	2017
Assets	₱437,188,508	₱334,221,000
Liabilities	₱393,506,221	₱296,208,604
Fund Balance	₱ 43,682,287	₱ 38,012,396

As for the net revenues, the 2018 figure was higher than 2017 figure:

	2018	2017
Net Revenues	₱5,669,892	₱1,310,597

For the 6-months ending June 30, 2019, net revenues were lower than the same period of 2018 which was due to actuarial considerations which the MBA has not made accounting adjustments yet, the Chairman/President explained.

	6-Months Ending	
	June 30, 2019	June 30, 2018
Revenues	₱99,059,352	₱86,399,499
Expenses	₱96,504,843	₱80,799,948
Net Revenues	₱ 2,554,508	₱ 5,599,551

Insurance liabilities and reserves as of June 30, 2019 (unaudited) were higher at ₱414,432,195 versus the December 31, 2018 and 2017 (audited) figures at ₱ 381,485,982 and ₱ 288,838,400 respectively. Meanwhile, as of June 30, 2019, the

guaranty fund amounted to ₱ 40 Million which is over and above the IC's requirement of ₱ 36,201,986. Risk Based Capital (RBC) as of June 30, 2019 stood at 135%, a very conservative computation, way above the IC's requirement of 125%, the Chairman/President noted.

OTHER MATTERS

Members of the Board were allotted time individually by the Chairman to voice out his/her comments, suggestions, or opinions on any issues concerning the MBA or even PPFC as Consultant and PPFC's President & CEO, Mr. TIM Fakruzzaman was present to address their concerns.

On the part of the Trustee Julieta Macaoay reported to the Board that the weekly savings collected from members who were granted loans of ₱20,000.00 and above by PPFC is ₱150.00 instead of ₱50.00 which they believe should be the correct amount. Consultant Md. Shamsul Hasan, however, clarified that it was indeed the prevailing policy for loans ₱20,000.00 and above. The Chairman/president explained that there may have been miscommunication or that the Branch Manager or the Development Officer may not have properly explained the policy to the members.

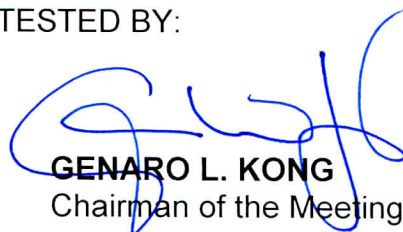
For her part, Trustee Josephine Cariso inquired about the PPFC's scholarship program. Chairman/President explained that the scholarship program had already been discontinued and replaced it with a new program called "Brigada Eskwela" which provides school supplies to children of qualified PPFC borrowers. Treasurer/Trustee Eufrecina T. De Jesus likewise clarified that the scholarship program was not permanent and was subject to availability of funds.

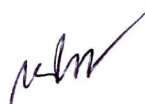
ADJOURNMENT

There being no further business to transact, on motion duly made and seconded, the meeting was adjourned.


JOSELITO D. FERNANDEZ
Secretary of the Meeting

ATTESTED BY:


GENARO L. KONG
Chairman of the Meeting / Trustee


EUFRECINA T. DE JESUS
Trustee


JONNETTE C. ALMANZAR
Trustee



JOSELITO D. FERNANDEZ
Trustee



SHEEN RAY U. ACOSTA
Trustee



REA R. AGNER
Trustee


KEN ALBERT G. BAYUDAN
Trustee


JULIETA MACAOAY
Trustee


DELIA B. VILLALON
Trustee


JOSEPHINE B. CARISO
Trustee


RICARDO P. LIRIO
Independent Trustee


REENA CONCEPCION G. OBILLO
Independent Trustee

Absent:

ELIZABETH LOOT
Trustee

MERCY MELLORIA
Trustee

LESLIE EMBRADORA
Trustee