

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

The organizational and regular meeting of the Board of Trustees of PagASA ng Pinoy Mutual Benefit Association, Inc. for the First Quarter of 2024 was held at the 7th Floor, Jenkinsen Tower, No. 80 Timog Avenue, Quezon City on May 27, 2024, at 9:30 a.m.

Present:

Genaro L. Kong
Jonnnette C. Almanzar
Eufrecina T. De Jesus
Joselito D. Fernandez
Md. Shamsul Hasan
Sheen Ray U. Acosta
Lorna D. Dalere
Ricardo P. Lirio
Reena Concepcion G. Obillo

Absent:

Joan S. Alfarero
Joan D. Madriaga
Jocelyn S. Pavia
Arlene A. Catolico
Zorabel G. Asuncion
Emelita B. Bordaje

Also Present:

TIM Fakruzzaman (via videoconference)
Md. Azizur Rahman
Richard Jeremy L. Tabudlo
Noel D. Madriaga

CALL TO ORDER

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

OPENING PRAYER

Trustee and Treasurer Eufrecina T. De Jesus ("Treasurer De Jesus") led the opening invocation.

CERTIFICATION OF NOTICE AND QUORUM

The Corporate Secretary conducted a roll call of the members and certified that a quorum existed for the meeting to proceed upon determining that a majority of the trustees were in attendance.

OPENING REMARKS

Trustee Md. Shamsul Hasan ("Trustee Hasan"), Consultant Md. Azizur Rahman ("Consultant Aziz"), and Treasurer De Jesus delivered their respective welcome messages to the Board. Trustee Hasan mentioned that there is a need to evaluate PPMBAI's products and to assess the performance of the first quarter amid the dropout from a lot of borrowers. Consultant Aziz raised the concern by the members during the recent Group Leaders' Gathering regarding the age of dependent spouses of borrowers which is only limited to sixty-five years old, whereas PPFC had already raised the age of qualified borrowers up to seventy years old. For her part, Treasurer De Jesus echoed the same concern raised by Consultant Aziz. Moreover, Treasurer De Jesus gave her observation during her field visit regarding the Claims and Underwriting Officers ("CUO") unfamiliarity with PPMBAI procedures and called the attention of General Manager Noel D. Madriaga ("GM Madriaga") to apprise the CUOs on PPMBAI's internal

policies. The Chairperson/President noted Treasurer De Jesus' observations and will ask GM Madriaga during the next meeting regarding the actions he will take to address the issue.

READING AND APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING

The Chairperson/President provided an account of the matters that were discussed during the previous meeting. He provided the members of the Board with the opportunity to review the minutes of the regular meeting of the Board of Trustees held on February 19, 2024, for providing their feedback.

Firstly, as discussed during the previous meeting, the Chairperson/President presented the schedules of this year's AGM meeting for the Board's information:

Date of AGM	Division
May 27, 2024	Cainta, Malibay, Malolos
May 28, 2024	Cabanatuan, Candon, Tarlac
May 30, 2024	Gensan, Digos, Tagum, CDO, Butuan
May 31, 2024	Batangas, Calamba, Naga
June 21, 2024	Cebu, Iloilo, San Carlos
June 21, 2024	PMPMI Branches
July 5, 2024	Pagadian

Secondly, the Chairperson/President gave an enumeration of the action items raised during previous meeting and the actions that have been taken thereon.

SN	Agenda Items	Initial Action	Present Status of Execution
1	Mechanics for the 2024 AGM Meeting.	GM Noel Madriaga to prepare the mechanics for the conduct of the 2024 AGM meeting to be	DONE.

SN	Agenda Items	Initial Action	Present Status of Execution
		presented during the next Board meeting.	
2	Decrease in RBC ratio in 2022.	GM Madriaga was previously assigned the responsibility of investigating the situation and providing a report.	Already adjusted the data to be submitted to Insurance Commission particularly the cost of insurance. We have lowered it from ₱42B to ₱22B.
3	Member (Juliet Rieta Lambaran) from Santo Domingo Branch was admitted to hospital in January and spent 17 days in the hospital but HCA claim was released only after one month from discharge (by: Nanay Trustee Joan Madriaga).	The Chairperson/President made a commitment to act on the matter. GM Madriaga was tasked to investigate and provide a report.	Will submit report to PPFC for their disposition.
4	Member's dependent died last February 3 and buried on February 17, but burial assistance has not been released yet. Member was Noralyn Tab.	The Chairperson/President made a commitment to act on the matter. GM Madriaga was tasked to investigate and provide a report.	Member name is Noralyn Tab. It was noted that the branch only submitted the necessary requirement when we inquired the claim. Immediately we processed the claim upon receipt of the requirements only last 02/19/2024, the day of the BOT meeting as evidenced by the date received (March 5, 2024).
5	Allow CUO to approve HCA claims and let PPMBAI verify the claims after.	The Chairperson/President made a commitment to act on the matter. GM Madriaga was tasked to allow CUO to approve HCA claims.	DONE.

Thereafter, the Chairperson/President noted that the minutes constituted a faithful recording of the matters that were discussed during the aforementioned meeting.

Upon motion made and duly seconded, it was unanimously

“RESOLVED, as it is hereby resolved, that the minutes of the regular meeting of PPMBAI’s Board of Trustees held on February 19, 2024, be approved and ratified.”

THE PRESIDENT’S REPORT ON PPMBAI’S OPERATIONAL PERFORMANCE

Moving on to the next item on the agenda, the Chairperson/President presented to the board the operations data, to wit:

Operational Performance – Collection

PRODUCTS	BLIP	CLIP	RSF	HCA
2023	₱226,973,895	₱47,254,312	₱70,871,921	₱75,482,700
2022	₱190,398,148	₱39,937,539	₱62,937,267	₱58,265,300
% Increase (Decrease)	19%	18%	13%	30%

On a yearly comparison, the Chairperson/President noted an increase in collections on all products during 2023 as compared to 2022.

PRODUCT/SERVICE COLLECTION		
YEAR	ADMISSION FEE	
	Premium Collection	Members Collected
Q1 2023	₱4,352,274	43,523
Q1 2024	₱8,427,822	84,278
% Increase (Decrease)	94%	94%

PRODUCT/SERVICE COLLECTION			
YEAR	BASIC LIFE INSURANCE PLAN (BLIP)		
	Active Members	Premium Collection	Members Collected
Q1 2023	250,083	₱51,981,930	133,287
Q1 2024	353,558	₱70,235,682	180,091
% Increase (Decrease)	41%	35%	35%

PRODUCT/SERVICE COLLECTION			
YEAR	CREDIT LIFE INSURANCE PLAN (CLIP)		
	Active Members	Premium Collection	Members Collected
Q1 2023	250,083	₱11,261,457	133,287
Q1 2024	353,558	₱14,415,385	180,091
% Increase (Decrease)	41%	28%	35%

PRODUCT/SERVICE COLLECTION			
YEAR	RETIREMENT SAVINGS FUND		
	Active Members	Premium Collection	Members Collected
Q1 2023	249,072	₱17,242,566	132,635
Q1 2024	304,969	₱20,409,870	156,999
% Increase (Decrease)	22%	18%	18%

PRODUCT/SERVICE COLLECTION			
YEAR	HOSPITALIZATION CARE ASSISTANCE		
	Active Members	Premium Collection	Members Collected
Q1 2023	250,083	₱17,649,450	176,495
Q1 2024	353,558	₱22,767,175	227,672
% Increase (Decrease)	41%	29%	29%

Similarly, the Chairperson/President noted a sizeable increase for Q1 2024 as compared to Q1 2023 particularly for Admission Fees and BLIP, following PPFC's policy decision for mandatory insurance coverage on first cycle borrowers. He, however, expects Admission Fees and BLIP collections to drop in Q2 2024 due to PPFC's decision to amend its earlier policy from mandatory to optional coverage for first cycle borrowers. CLIP, RSF, and HCA products likewise posted modest increases in Q1 2024 compared to Q1 2023.

Operational Performance – Claims

PRODUCTS	BLIP	CLIP	RSF	HCA
2023	₱135,354,320	₱15,785,868	₱50,743,456	₱14,109,685

PRODUCTS	BLIP	CLIP	RSF	HCA
2022	₱145,265,980	₱13,445,176	₱35,149,532	₱6,795,674
% Increase (Decrease)	-7%	17%	44%	108%

The Chairperson/President noted a decrease in BLIP claims in 2023 as compared to 2022, while CLIP, RSF, and HCA registered higher claims by members during 2023.

CLAIMS, EQUITY RETURN, AND BENEFIT PAYMENT				
CLAIMS	BASIC LIFE INSURANCE (BLIP)		CREDIT LIFE INSURANCE (CLIP)	
YEAR	No. of Claims	Claims Payment	No. of Claims	Claims Payment
Q1 2023	26,874	₱34,519,289	240	₱6,979,084
Q1 2024	26,910	₱34,060,875	289	₱4,423,324
% Increase (Decrease)	0%	-1%	20%	-37%

CLAIMS, EQUITY RETURN, AND BENEFIT PAYMENT				
CLAIMS	RETIREMENT SAVINGS FUND		HOSPITALIZATION CARE ASSISTANCE	
YEAR	No. of Claims	Claims Payment	No. of Claims	Claims Payment
Q1 2023	26,383	₱11,329,694	1,689	₱2,741,800
Q1 2024	25,222	₱10,777,125	3,419	₱5,758,287
% Increase (Decrease)	-4%	-5%	102%	110%

YEAR	BASIC LIFE INSURANCE (BLIP) – Claims and Benefit Payment		
	Equity Return	Death Benefit	Total
Q1 2023	₱18,093,587	₱16,425,702	₱34,519,289
Q1 2024	₱16,896,159	₱17,114,716	₱34,060,875

1ST QUARTER 2024						
BENEFIT PAID TO	Equity Return		Death Benefit		TOTAL	
	No. of Claims	Amount	No. of Claims	Amount	No. of Claims	Amount
Dependent	-	₱ -	659	₱5,620,381	659	₱5,620,381
Member	25,961	₱16,896,159	290	₱11,544,335	26,251	₱28,440,494
TOTAL	25,961	₱16,896,159	948	₱17,114,716	26,910	₱34,060,875

For Q1 2024 BLIP, CLIP, and RSF claims were lower compared to Q1 2023, while HCA claims registered a substantial increase. The

Chairperson/President informed the Board that he would double check on the figures as it appeared to be an irregular trend and will report to the Board during the next meeting.

THE PRESIDENT'S REPORT ON PPMBAI'S FINANCIAL PERFORMANCE

The Chairperson/President gave an overview of the PPMBAI's financial standing, to wit:

Financial Highlights – Financial Position

	As of December 31, 2023 (Audited)	As of December 31, 2022 (Audited)	Difference	%
Assets				
Cash and Cash Equivalents	₱663,939,445	₱649,033,230	₱14,906,215	2%
FVPL Investments	31,481,652	12,251,036	19,230,616	157%
HTM Investments	79,317,285	12,234,667	67,082,618	548%
Loans and Receivables	6,056,298	4,257,702	1,798,596	42%
Property and Equipment	15,008,830	3,468,437	11,540,393	333%
Intangibles	360,750	472,875	-112,125	-24%
Other Assets	14,190	67,689	-53,499	-79%
Total Assets	₱796,178,450	₱681,785,636	₱114,392,814	17%
Liabilities				
Due to Members (Equity and RSF)	₱574,102,826	₱516,541,957	₱57,560,869	11%
Reserve for Insurance Liability	43,998,278	37,438,358	6,559,920	18%
Hospitalization Care Assistance	15,836,525	12,538,836	3,297,689	26%
Other Liabilities	23,478,861	25,150,244	-1,671,383	-7%
Total Liabilities	₱657,416,491	₱591,669,395	₱65,747,096	11%
Total Equity (General Fund)	₱138,761,959	₱90,116,241	₱48,645,718	54%

Total assets as of December 31, 2023, was up by 17% from December 31, 2022, with increase in assets mainly coming from cash and Property, Plant & Equipment brought about by the acquisition of condominium property at the 5th floor of Jenkinsen Tower which serves as PPMBAI's new principal office. On the other hand, liabilities increased by 11% mainly due to an increase in the equity of the members.

Financial Highlights – Financial Performance

	For the year ending December 31, 2023 (Audited)	For the year ending December 31, 2022 (Audited)	Difference	%
Revenues	P386,515,051	P304,361,199	P82,153,852	27%
Benefits and Expenses				
Insurance Benefit Expenses	210,723,317	175,050,064	35,673,253	20%
Reimbursement of Expenses	44,680,492	33,191,719	11,488,773	35%
General and Administrative Expenses	80,947,921	68,608,676	12,339,245	18%
Total	336,351,729	276,850,459	59,501,271	13%
Income before final tax	50,163,321	27,510,740	22,652,581	82%
Final Tax	1,517,603	651,732	865,871	133%
Excess of Revenue over Expenses	P48,645,718	P26,859,008	21,786,710	81%

The Chairperson/President stated that the net revenues in 2023 was P48 Million, noting that PPMBAI's income increased by almost 100%.

Insurance Liabilities and Reserves

	As of December 31, 2023	As of December 31, 2022	As of December 31, 2021
Reserves for Member's Equity Value	P369,213,146	P333,703,101	P332,410,811
Retirement Savings Fund	204,889,680	182,838,856	152,974,245
Total Liabilities – To Members	P574,102,826	P516,541,957	485,385,056
Reserves for Basic Life Insurance	P24,945,418	P17,590,782	P15,866,083
Reserves for Credit Life Insurance	7,475,993	5,733,841	5,065,063
Policy and Contract Claims Payable	11,576,867	14,113,732	11,549,620
Total Reserve Liabilities	43,998,278	37,438,355	32,480,766
GRAND TOTAL	P618,101,104	P553,980,312	P517,865,822

	DIFFERENCE 2023 vs. 2022	%
Reserves for Member's Equity Value	P35,510,045	11%
Retirement Savings Fund	22,050,824	12%
Total Liabilities – To Members	P57,560,869	11%

	DIFFERENCE 2023 vs. 2022	%
Reserves for Basic Life Insurance	₱7,354,636	42%
Reserves for Credit Life Insurance	1,742,152	30%
Policy and Contract Claims Payable	-2,536,865	-18%
Total Reserve Liabilities	6,559,923	18%
GRAND TOTAL	₱64,120,792	12%

Total liabilities to members increased to ₱574 Million as of December 31, 2023, from ₱516 Million as of December 31, 2022, with total liability and reserve requirement increased to ₱618 Million from ₱553 Million.

Guaranty Fund and Risk-Based Capital Requirement

GUARANTY FUND AND RISK BASED CAPITAL REQUIREMENT	As of December 31, 2023 (Audited)	As of December 31, 2022 (Audited)
TOTAL GUARANTY FUND AS REQUIRED UNDER IMC NO. 2- 2006 (IC REQUIREMENT)	₱90,912,575	₱75,789,746
TOTAL GUARANTY FUND DEPOSITED WITH IC – GOV'T. BONDS AND DEPOSIT CERTIFICATES	100,000,000	80,000,000
EXCESS (DEFICIENCY) IN GUARANTY FUND	₱9,087,425	₱4,210,254
Risk Based Capital (RBC) Ratio Requirement per IC	Should not be lower than 125%	Should not be lower than 125%
PPMBAI RBC – As previously verified by IC for the Year 2021	232%	158%

	As of December 31, 2023 (Audited)	As of December 31, 2022 (Audited)
As of December 31, 2022		
ADMITTED ASSETS	₱787,968,936	₱673,382,651
TOTAL LIABILITIES	₱657,416,491	₱591,807,076

The Chairperson/President explained that the maximum Guaranty Fund required by the Insurance Commission ("IC") is ₱125 Million, however, PPMBAI was previously able to convince the IC to allow it through its Implementing Rules and Regulations ("IRR") for gradual funding until the required level is reached.

As for the Risk-Based Capital ("RBC") ratio as of December 31, 2023, is 232% on top of the IC requirement of 125%. He explained that the higher the ratio, the better for PPMBAI.

Independent Trustee Ricardo P. Lirio ("Independent Trustee Lirio") clarified if members who have already resigned waived their right to their equity and if they can file any legal claim? The Chairperson/President replied that PPMBAI does not forfeit the equity of the members. IC rules require that the members could always claim their equity and PPMBAI cannot consider unclaimed equity of members as revenues. He added, however, that PPMBAI had already stopped giving interest to equity of inactive members as approved by the Board.

The Chairperson/President directed GM Madriaga to do the write to the IC to seek clarification regarding the members' equity if there is a prescriptive period to claim. Moreover, GM Madriaga was instructed on a "best effort" basis, to provide a list of all inactive borrowers with unclaimed equity.

INTEREST ON EQUITY AND RETIREMENT SAVINGS FUND

The Chairperson/President apprised the Board that as a matter of policy, for the PPMBAI needs to obtain Board's approval every year to give interest on the equity of active members. He proposed to give an interest

rate of 0.75%, however, the majority of the Board members opted to give 1%.

Upon motion duly made and seconded, it was unanimously

"RESOLVED, as it is hereby resolved, that the Board approve, as it hereby approves to grant 1% interest on outstanding equity of active members for the current year."

BUDGET FOR PPMBAI'S 2024 ANNUAL GENERAL MEMBERSHIP (AGM) MEETING

The Chairman/President proposed a budget for this year's Annual General Membership ("AGM") meetings at ₱2.5 million, considering the multiple locations where such meetings will be held and the number of members expected to attend said AGM meetings.

Upon motion duly made and seconded, it was unanimously

"RESOLVED, as it is hereby resolved, that the Board approve, as it hereby approves the proposed budget of ₱2.5 Million for the holding of PPMBAI's 10th AGM meeting."

CONTRIBUTION TO PPFC's GROUP LEADER'S GATHERING

The Chairperson/President announced that partner MFIs Pagasa Philippines Finance Corporation ("PPFC") and Pagasa ng Masang Pinoy Microfinance, Inc. ("PMPMI") shall be holding their Group Leader's ("GL") Gathering for the year 2024. The PPMBAI plan to contribute ₱10 Million as its share of expenses in this year's GL Gathering.

Independent Trustee Reena Concepcion G. Obillo (Independent Trustee Obillo") raised a point regarding the belated presentation for board

approval of PPMBAI's contribution PPFC and PMPMI's Group Leaders' gathering but the said activity had already commenced. The Chairperson/President explained that the matter had been previously approved by PPMBAI's Executive Committee composed of the Chairperson/President, Treasurer De Jesus, and Trustee Hasan, but subject to the Board's ratification and approval. He further added that under internal rules, the Executive Committee can convene and approve certain items. Independent Trustee Obillo clarified that as one currently working for the government, she was just mindful of following the procedures, and wanted to ensure that the proper procedures were followed as well at PPMBAI.

The Chairperson/President, afterwards, proposed to add two more members to the Executive Committee, namely, Independent Trustee Obillo and the Corporate Secretary as members.

Upon motion made and duly seconded, it was unanimously

"RESOLVED, as it is hereby resolved, that the PPMBAI's contribution to PPFC & PMPMI's Group Leader's Gathering budget in the amount of ₱10 Million is approved and ratified."

OPEN FORUM

The Chairperson/President opened the floor for open forum. Since only Nanay Trustee Lorna D. Dalere was present, the Chairperson/President asked her just one question, as to why some group members are no longer attending group meetings. Nanay Trustee Dalere replied that such was not a concern in the group she is handling.

CLOSING REMARKS

Consultant and PPFC President T I M Fakruzzaman delivered his closing remarks.

ADJOURNMENT

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

CERTIFIED CORRECT:

(SGD.) JOSELITO D. FERNANDEZ
Secretary of the Meeting

ATTEST:

(SGD.) GENARO L. KONG
Trustee / President
Chairperson of the Meeting

(SGD.) JONNETTE C. ALMANZAR
Trustee / Vice President

(SGD.) EUFRECINA T. DE JESUS
Trustee / Treasurer

(SGD.) JOSELITO D. FERNANDEZ
Trustee / Secretary

(SGD.) MD. SHAMSUL HASAN
Trustee

(SGD.) SHEEN RAY U. ACOSTA
Trustee

(SGD.) LORNA D. DALERE
Trustee

(SGD.) JOAN D. MADRIAGA
Trustee

(SGD.) LORNA D. DALERE
Trustee

(SGD.) REENA CONCEPCION G. OBILLO
Trustee

(SGD.) RICARDO P. LIRIO
Trustee

ABSENT:

JOAN S. ALFARERO
Trustee

JOAN D. MADRIAGA
Trustee

JOCELYN S. PAVIA
Trustee

ARLENE A. CATOLICO
Trustee

ZORABEL B. ASUNCION
Trustee

EMELITA B. BORDAJE
Trustee