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 Second Quarter of 2023, was held at the 7th Floor, Jenkinsen Tower, No. 80 Timog Avenue, Quezon City on August 14, 2023, at 1:30 p.m.

Present:

Genaro L. Kong
Jonnette C. Almanzar
Eufrecina T. De Jesus
Joselito D. Fernandez
Md. Shamsul Hasan
Joan S. Alfarero
Sheen Ray U. Acosta
Joan D. Madriaga
Lorna D. Dalere
Jocelyn S. Pavia
Zorabel G. Asuncion (via videoconference)
Emelita B. Bordaje (via videoconference)
Ricardo P. Lirio
Reena Concepcion G. Obillo

Absent:

Joan S. Alfarero
Arlene A. Catolico

Also Present:

TIM Fakruzzaman (via videoconference)
Khristopher Ian D. Magboo
Richard Jeremy L. 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.

OPENING PRAYER

PPFC Legal Counsel Atty. Khristopher Ian D. Magboo led the opening invocation.

CERTIFICATION OF NOTICE AND QUORUM

The Corporate Secretary certified that a quorum existed for the meeting to proceed.

REINTRODUCTION OF THE MEMBERS OF THE PPMAI BOARD OF TRUSTEES AND MANAGEMENT TEAM

All the members of PPMBAI's Board of Trustees and management team took the occasion to reintroduce themselves particularly the newly-elected Nanay Trustees who attended the meeting in person.

READING AND APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING

The Chairman/President gave members of the Board time to go over the minutes of the regular meeting of the Board of Trustees last May 11, 2023, for their comments/inputs. Thereafter, the entirety of the minutes was deemed to be a faithful recording of what transpired during the said 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 May 11, 2023, be approved and ratified."

MANDATORY CONTRIBUTION FOR BASIC LIFE INSURANCE PLAN (BLIP) AND CREDIT LIFE INSURANCE PLAN (CLIP) FOR 1ST CYCLE BORROWERS

The Chairman/President advised with the Board that upon approval by PPMBAI's partner MFI, Pagasa Philippines Finance Corporation ("PPFC"), it was agreed that BLIP and CLIP contributions will now be mandatory for 1st cycle borrowers. Availment of Hospitalization Care Assistance ("HCA") Family HCA, and Retirement Savings Fund ("RSF"), will to be optional on the part of the members. The Chairman/President projected that the mandatory contributions would bring about an estimated 20% increase in membership and collections for PPMBAI.

After discussion and upon motion duly made and seconded, it was unanimously

> "**RESOLVED**, as it hereby resolved, that the mandatory coverage of BLIP and CLIP for 1st cycle borrowers be approved and ratified.

MEMBERS WITH PAST DUE LOANS OF 90 DAYS OR MORE WITH PPFC

The Chairman/President apprised the Board that there are members who have past due loans of more than 90 days with PPFC. Upon prior discussions with PPFC's management, he proposed to put a procedure in place wherein the members' equity with PPMBAI will be used to pay their past due loans. However, the Chairman/President clarified that ₱195 of the members' equity will be retained in order for them not to lose their membership with the PPMBAI. However, for inactive members, no part of equity will be retained but their equity balance will be offset up to the extent of their past due loan with PPFC. The Chairman/President directed General Manager Noel Madriaga D. Madriaga and Financial Controller Richard

Jeremy L. Tabudlo to draft the written procedures for offsetting of the members' equity, while Corporate Secretary Joselito D. Fernandez will assist in drafting an agreement with the members once a written procedure is in place.

The Nanay Trustees Joan D. Madriaga, Lorna D. Dalere, and Jocelyn S. Pavia gave their unqualified assent to the proposal.

Independent Trustee Reena Concepcion G. Obillo asked for clarification on how the scheme works. The Chairman/President explained that for active borrowers, their equity balance will be applied against their past due loans with PPFC but will retain their current equity of ₱195, while for inactive members, no part of their equity will be retained but will be applied up to the extent of their past due loans. In case of dispute by the member regarding offsetting of her equity against past due loans with PPFC, the same will be readily returned to the member by PPMBAI.

For his part, Independent Trustee Ricardo P. Lirio inquired as to the number of active members. The Chairman/President responded that active members was about 250,000, while total membership, inclusive of inactive members was about 700,000. Additionally, the Chairman/President informed the Board that members' equity from 2021 and below, will be transferred to payables account, so that the equity account only represents the contributions of active members and for those who just dropped from the program. Members' equity transferred to payables account will no longer earn interest.

The Chairman/President informed the Board that he will discuss the draft procedure concerning the offsetting of members' equity against their past due loans with PPFC during the next board meeting.

Upon motion made and duly seconded, it was unanimously

> "**RESOLVED**, as it is hereby resolved, that the offsetting of the members' equity with PPMBAI against their past due loans with PPFC be approved in principle, subject to the presentation of written procedures/guidelines for ratification and approval.
>
> **RESOLVED FURTHER**, that the outstanding equity of inactive members from 2021 and below, be classified as liability of the PPMBAI as non-interest bearing payables account."

<u>INCREASE OF PPMBAI'S MONTHLY SHARE IN EXPENSES OF PPFC BRANCHES FOR VARIOUS EXPENSES RELATED TO PPMBAI TRANSACTIONS FROM ₱3,500 TO ₱5,000</u>

The Chairman/President informed the Board that PPMBAI contributes to the monthly expenses of PPFC's branch offices as PPFC staff are the ones implementing the various insurance products of the PPMBAI, including collection of premiums. Upon proper consultations with PPFC, current contribution of ₱3,500 per branch no longer appears to be adequate considering the rising operational costs, thus, an increase of ₱1,500 is in order, bringing the monthly share of PPMBAI to ₱5,000 per branch.

> "**RESOLVED**, as it is hereby resolved, that the monthly share of PPMBAI in the monthly expense per PPFC branch be increased from ₱3,500 to ₱5,000 is approved with effect from August 1, 2023."

<u>PROPOSED ENHANCEMENTS FOR HCA AND BLIP PRODUCTS FOR ACTUARIAL STUDY</u>

The Chairman/President updated the Board, informing that the proposed enhancements to HCA and BLIP products are already under study by the actuary. For the benefit of the newly-elected Nanay Trustees, the

Chairman/President provided an introduction on actuarial study as well as its objective.

As for HCA, it is proposed to increase the maximum coverage for six months to ₱10,000. For BLIP, to increase the death benefit for dependent spouse equal to that of the member. Additionally, for accidental death benefit for children (above six months), the maximum limit will be increased to ₱20,000, while a minimum limit of ₱5,000 for natural death benefit for children (below six months). The Chairman/President explained that these enhancements for HCA and BLIP would result to increased premiums, however, availment would be optional on the part of the member.

EXTENSION OF PPMBA MEMBERSHIP FOR MEMBERS AGED SIXTY-FIVE TO SEVENTY YEARS OLD

The Chairman/President informed the Board a new scheme that would allow members aged sixty-five years old and above to maintain their membership with the PPMBAI as PPFC had entitled its borrowers aged sixty-five up to seventy years old to remain as part of the loan program. Members aged sixty-five years old and above shall be entitled to avail of loan from PPFC up to the extent of their equity.

The Chairman/President clarified, however, that it would entail increased premiums but will be optional on the part of the member. The Chairman directed GM Madriaga to submit the scheme for actuarial study.

After discussion and upon motion duly made and seconded, it was unanimously

> "**RESOLVED**, as it hereby resolved, that extension of PPMBAI membership for members sixty-five years old and above be approved and ratified."

ELECTION OF CORPORATE OFFICERS

The meeting proceeded to the election of the officers to serve for the ensuing two years from 2023-2025. Thereupon, the following were nominated officers of the Association:

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

No further nominations having been made, the Chairman declared that the above persons were unanimously elected to the offices set before their respective names to serve as such until their respective successors shall have been elected and qualified.

ELECTION OF THE CHAIRMAN AND MEMBERS OF THE BOARD COMMITTEES

The meeting thereafter proceeded to the election of the members of the Board Committees to serve from 2023 to 2025.

Upon duly made and seconded, it was unanimously -

> "**RESOLVED**, as it is hereby resolved, that the following trustees be, as they are hereby, elected to the following committees, to hold office for two (2) years or until their successors are duly elected and qualified:

Corporate Governance Committee

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

Audit & Board Risk Oversight Committee

Ricardo P. Lirio (Chairman)
Genaro L. Kong
Md. Shamsul Hasan
Eufrecina T. De Jesus
Joan D. Madriaga

Related-Party Transaction Committee

Eufrecina T. De Jesus (Chairman)
Ms. Shamsul Hasan
Reena Concepcion G. Obillo
Atty. Joselito D. Fernandez
Jocelyn Pavia

THE PRESIDENT'S REPORT ON PPMBAI'S OPERATIONAL PERFORMANCE

Moving on to the next item on the agenda, the Chairman/President presented to the board the operations data for Q2 2023 compared to Q2 2022, to wit:

Operational Performance - Collection

PRODUCTS		2ND QUARTER 2023	2ND QUARTER 2022	INCREASE/ DECREASE
ADMISSISION FEE	MEMBERS COLLECTED	82,150	73,488	12%
	COLLECTION	₱8,215,000	₱7,348,813	12%

PRODUCTS		2ND QUARTER 2023	2ND QUARTER 2022	INCREASE/ DECREASE
BLIP	MEMBERS COLLECTED	254,797	234,259	9%
	COLLECTION	₱99,370,857	₱91,361,179	9%
	ACTIVE MEMBERS	254,797	234,259	9%

PRODUCTS		2ND QUARTER 2023	2ND QUARTER 2022	INCREASE/ DECREASE
CLIP	MEMBERS COLLECTED	254,797	234,259	9%
	COLLECTION	₱21,690,772	₱19,063,667	14%
	ACTIVE MEMBERS	254,797	234,259	9%

PRODUCTS		2ND QUARTER 2023	2ND QUARTER 2022	INCREASE/ DECREASE
RSF	MEMBERS COLLECTED	253,815	231,264	10%
	COLLECTION	₱32,995,966	₱30,064,340	10%
	ACTIVE MEMBERS	1,273,972	1,073,456	19%

PRODUCTS		2ND QUARTER 2023	2ND QUARTER 2022	INCREASE/ DECREASE
HCA	MEMBERS COLLECTED	254,797	234,259	9%
	COLLECTION	₱33,828,850	₱25,151,991	34%
	ACTIVE MEMBERS	254,797	234,259	9%

The Chairman/President stated that an across-the-board increase for Q2 2023 as compared to Q2 2022 for all insurance products in terms of premiums and active members, taking note of the notable increases in and HCA collections.

Operational Performance - Claims

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**
2nd Quarter 2022	40,055	₱48,270,809	380	₱4,066,268
2nd Quarter 2023	51,117	₱58,025,569	416	₱7,425,325
% Increase (Decrease)	26%	20%	9%	83%

CLAIMS, EQUITY RETURN, AND BENEFIT PAYMENT				
CLAIMS	**RETIREMENT SAVINGS FUND**		**HOSPITALIZATION CARE ASSISTANCE**	
YEAR	**No. of Claims**	**Claims Payment**	**No. of Claims**	**Claims Payment**
2nd Quarter 2022	37,136	₱14,556,227	1,683	₱2,828,350
2nd Quarter 2023	50,318	₱18,141,812	3,398	₱4,295,939
% Increase (Decrease)	35%	25%	102%	52%

YEAR	**BASIC LIFE INSURANCE (BLIP) – Claims and Benefit Payment**		
	Equity Return	**Death Benefit**	**Total**
2nd Quarter 2022	₱24,219,250	₱19,242,000	₱44,161,250
2nd Quarter 2023	₱32,733,293	₱25,292,276	₱58,025,569

2nd Quarter 2023						
BENEFIT PAID TO	**Equity Return**		**Death Benefit**		**TOTAL**	
	No. of Claims	**Amount**	**No. of Claims**	**Amount**	**No. of Claims**	**Amount**
Dependent	-	₱ -	889	₱7,947,888	889	₱7,947,888
Member	50,701	₱32,733,293	416	₱17,344,388	51,117	₱50,077,681
TOTAL	50,701	₱32,733,293	1,305	₱25,292,276	52,006	₱58,025,569

Claims for BLIP and HCA likewise increased in Q2 2023 compared to Q2 2022, the Chairman/President noted.

THE PRESIDENT'S REPORT ON PPMBAI'S FINANCIAL PERFORMANCE

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

Financial Highlights – Financial Position

	As of June 30, 20223 (Unaudited)	As of December 31, 2022 (Audited)
Assets		
Cash and Cash in Banks	₱261,721,096	₱408,599,128
Time Deposits	240,434,102	240,434,102
FVPL Investments	7,751,036	12,251,036
HTM Investments	88,821,089	12,234,667
Loans and Receivables	137,767,347	4,257,702
Property and Equipment	12,058,166	3,468,437
Intangible and Other Assets	435,745	540,564
Total Assets	**₱748,988,582**	**₱681,785,635**
Liabilities		
Due to Members (Equity and RSF)	₱547,766,683	₱516,541,957
Reserve for Insurance Liability	43,938,037	37,438,358
Hospitalization Care Assistance	14,082,975	12,538,836
Other Liabilities	43,073,960	25,150,243
Total Liabilities	**₱648,861,655**	**₱591,669,394**
Fund Balance	**₱100,126,927**	**₱90,116,241**

As of June 30, 2023, audited assets, liabilities, and fund balance were higher than the audited figures as of December 31, 2022. Total assets experienced increased to ₱748 million as of June 30, 2023, from ₱681 million as of December 31, 2022. He explained that the bulk of assets consisted of cash and cash equivalents. Total liabilities likewise increased from ₱591 million as of December 31, 2022, to ₱648 million as of June 30, 2023.

Financial Highlights – Financial Performance

	For the year ending December 31, 2022	For the year ending December 31, 2021
Revenue	**₱163,166,923**	**₱304,361,199**
Benefits and Expenses		
Insurance Benefit Expenses	94,160,736	175,050,064
Reimbursement of Expenses	17,637,017	33,191,719
General and Administrative Expenses	41,358,485	69,260,408
Total	**153,156,238**	**277,502,191**
Income before final tax		
Final Tax	**10,010,685**	**26,859,008**

Excess of Revenue over Expenses	**₱10,010,685**	**₱26,859,008**

The Chairman/President expressed his optimism that revenue for the current year will surpass last year's revenues with the mandatory BLIP and CLIP coverage for first cycle borrowers.

Insurance Liabilities and Reserves

	As of June 30, 2023	**As of December 31, 2022**
Reserves for Member's Equity Value	₱350,073,187	₱333,703,101
Retirement Savings Fund	197,693,497	182,838,856
Total Liabilities – To Members	**₱547,766,683**	**₱516,541,957**
Reserves for Basic Life Insurance	₱20,674,366	₱17,590,783
Reserves for Credit Life Insurance	8,499,363	5,733,842
Policy and Contract Claims Payable	14,764,307	14,113,733
Total Reserve Liabilities	**43,938,037**	**37,438,358**
GRAND TOTAL	**₱591,704,720**	**₱553,980,314**

Guaranty Fund and Risk-Based Capital Requirement

GUARANTY FUND AND RISK BASED CAPITAL REQUIREMENT	**As of December 31, 2021 (Verified)**	**As of December 31, 2022 (Unverified)**
TOTAL GUARANTY FUND AS REQUIRED UNDER IMC NO. 2-2006 (IC REQUIREMENT)	₱63,356,574	₱74,068,062

GUARANTY FUND AND RISK BASED CAPITAL REQUIREMENT	**As of December 31, 2021 (Verified)**	**As of December 31, 2022 (Unverified)**
TOTAL GUARANTY FUND DEPOSITED WITH IC – GOV'T. BONDS AND DEPOSIT CERTIFICATES	65,000,000	76,585,422
EXCESS (DEFICIENCY) IN GUARANTY FUND	**₱1,643,426**	**₱2,517,360**
Risk Based Capital (RBC) Ratio Requirement per IC	Should not be lower than 125%	Should not be lower than 125%
PPMBAI RBC – As calculated		
PPMBAI RBC – As previously verified by IC for the Year 2021	**224%**	**388%**
PER 2021 AS Verification		
ADMITTED ASSETS	**₱675,598,788**	**₱588,954,826**
TOTAL LIABILITIES	**₱591,669,394**	**₱535,609,999**
TOTAL GUARANTY FUND DEPOSITED w/ IC – GOV'T BONDS AND DEPOSIT CERTIFICATES	**₱83,929,394**	**₱53,344,827**

OPEN FORUM

The Chairman/President provided time to each of the other board members to share their inputs or concerns.

Nanay Trustee Joan D. Madriaga inquired as to the length of time to process and release equity claims. The Chairman/president replied that it is ten working days or two weeks as per Insurance Commission's rules.

Additionally, she shared that prospective borrowers in her Division of Agoo would like to avail of PPMBAI insurance coverage but are being intimidated by the minimum ₱10,000 loan for the first cycle when all they want is the insurance part. Trustee Md Shamsul Hasan explained that they could avail of loan from PPFC even if they will borrow less than ₱10,000.

Finally, she inquired on why PPFC prefers female than male borrowers. The Chairman/President explained that PPFC is known for catering to female borrowers and is advancing "women empowerment'.

CLOSING REMARKS

TIM Fakruzzaman, President & CEO of PPFC ("Consultant Fakruzzaman"), delivered the 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
Chairman 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.) JOAN D. MADRIAGA
Trustee

(SGD.) LORNA D. DALERE
Trustee

(SGD.) JOCELYN S. PAVIA
Trustee

(SGD.) ZORABEL B. ASUNCION
Trustee

(SGD.) EMELITA B. BORDAJE
Trustee

(SGD.) RICARDO P. LIRIO
Trustee

(SGD.) REENA CONCEPCION G. OBILLO
Independent Trustee

Absent:

JOAN S. ALFAREO
Trustee

ARLENE A. CATOLICO
Trustee