

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 2024 was held at the 7th Floor, Jenkinsen Tower, No. 80 Timog Avenue, Quezon City on August 28, 2024, at 2:30 p.m.

Present:

Genaro L. Kong
Jonnnette C. Almanzar
Eufrecina T. De Jesus
Joselito D. Fernandez
Md. Shamsul Hasan
Joan S. Alfarero
Joan D. Madriaga
Jocelyn S. Pavia
Arlene A. Catolico
Zorabel G. Asuncion
Emelita B. Bordaje
Lorna D. Dalere
Ricardo P. Lirio
Reena Concepcion G. Obillo

Also Present:

T I M Fakruzzaman
Noel D. Madriaga

CALL TO ORDER

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

OPENING PRAYER

The Chairperson/President requested PPMBAI General Manager Noel D. Madriaga ("GM Madriaga") 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 all of the trustees were in attendance.

READING AND APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING

Moving on to the next item in the agenda, 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 May 27, 2024, and provide their feedback.

Independent Trustee Ricardo P. Lirio, on the other hand, raised a query regarding the ₱2.5 million approved budget for the 2024 AGM meetings which was approved by the Board during its last meeting if it was exceeded. The Chairperson/President replied that since PPMBAI's Financial Controller, Mr. Richard Jeremy L. Tabudlo is not present, he will be asked to present the expenses during the next meeting for the Board to know how much was actually spent for the AGMs, whether the budget was exceed or not.

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 May 27, 2024, be approved and ratified."

ACTION ITEMS

The Chairperson/President gave an enumeration of the queries/concerns raised during open forum portion and the actions taken thereon.

Query/Feedback/Suggestion	Response	Action Taken
Unclaimed equity of members	The Chairperson/President directed GM Noel D. Madriaga to write to the Insurance Commission to seek clarification regarding the members' equity if there is a prescriptive period to file claim.	GM Madriaga already wrote the IC and the latter replied in the negative. Which means that the PPMBAI needs to maintain the unclaimed equity in its books indefinitely.

As a follow-up action, he further instructed GM Madriaga to raise the issue with RIMANSI on what to do with the unclaimed equity, how many years before forfeiting, and what is the practice of other MBAs. GM Madriaga was directed to provide a report on the next AGM meeting.

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

PRODUCT/SERVICE COLLECTION		
YEAR	ADMISSION FEE	
	Premium Collection	Members Collected
2nd Quarter 2023	₱8,215,000	82,150
2nd Quarter 2024	₱15,749,906	157,499
% Increase (Decrease)	92%	92%

PRODUCT/SERVICE COLLECTION			
YEAR	BASIC LIFE INSURANCE PLAN (BLIP)		
	Active Members	Premium Collection	Members Collected
2nd Quarter 2023	254,797	₱99,370,857	254,797
2nd Quarter 2024	353,442	₱137,842,559	353,442
% Increase (Decrease)	39%	39%	39%

PRODUCT/SERVICE COLLECTION			
YEAR	CREDIT LIFE INSURANCE PLAN (CLIP)		
	Active Members	Premium Collection	Members Collected
2nd Quarter 2023	254,797	₱21,690,772	254,797
2nd Quarter 2024	353,442	₱29,969,313	353,442
% Increase (Decrease)	39%	38%	39%

PRODUCT/SERVICE COLLECTION			
YEAR	RETIREMENT SAVINGS FUND		
	Active Members	Premium Collection	Members Collected
2nd Quarter 2023	253,815	₱32,995,966	253,815
2nd Quarter 2024	312,567	₱40,634,711	312,575
% Increase (Decrease)	23%	23%	23%

PRODUCT/SERVICE COLLECTION			
YEAR	HOSPITALIZATION CARE ASSISTANCE		
	Active Members	Premium Collection	Members Collected
2nd Quarter 2023	254,797	₱33,828,850	254,797
2nd Quarter 2024	353,442	₱45,982,780	459,828
% Increase (Decrease)	39%	36%	80%

The Chairperson/President noted a huge increase in Admission Fees for Q2 2024 which means that there are newer members from 254,797 from Q2 2023 to 353,442 in Q2 2024. The other insurance products likewise posted increases.

At the instance of Trustee Md. Shamsul Hasan, the Chairperson/President directed GM Madriaga to investigate the huge rise in Admission Fees by checking with PPFC's borrowers' data and comparing it with PPMBAI's own data.

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 2023	51,117	₱58,025,569	416	₱7,425,325
2nd Quarter 2024	59,443	₱71,016,284	524	₱9,579,921
% Increase (Decrease)	16%	22%	26%	29%

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 2023	50,318	₱18,141,812	3,398	₱4,295,939
2nd Quarter 2024	54,803	₱23,277,192	6,056	₱12,033,780
% Increase (Decrease)	9%	28%	78%	180%

YEAR	BASIC LIFE INSURANCE (BLIP) – Claims and Benefit Payment		
	Equity Return	Death Benefit	Total
2nd Quarter 2023	₱32,733,293	₱25,292,276	₱58,025,569
2nd Quarter 2024	₱36,910,190	₱34,106,094	₱71,016,284

1ST QUARTER 2024						
BENEFIT PAID TO	Equity Return		Death Benefit		TOTAL	
	No. of Claims	Amount	No. of Claims	Amount	No. of Claims	Amount
Dependent	-	₱ -	1,080	₱9,094,000	1,080	₱9,094,000
Member	57,835	₱36,910,190	528	₱25,012,094	58,363	₱61,922,284
TOTAL	57,835	₱36,910,190	1,608	₱34,106,094	59,443	₱71,016,284

For Q2 2024 BLIP claims likewise increased by 22% in Q2 2024 from Q2 2023. All other insurance products likewise registered higher claims figures.

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 June 30, 2024 (Unaudited)	As of December 31, 2023 (Audited)
Assets		
Cash and Cash Equivalents	₱678,291,207	₱663,939,445
FVPL Investments	36,406,834	31,481,652
HTM Investments	90,968,055	79,317,285
Loans and Receivables	95,805,322	6,056,298
Property and Equipment	14,388,604	15,008,830
Intangibles and Other Assets	332,313	374,940
Total Assets	₱916,192,235	₱796,178,450
Liabilities		
Due to Members (Equity and RSF)	₱625,393,677	₱574,102,826
Reserve for Insurance Liability	53,630,866	43,998,278
Hospitalization Care Assistance	19,128,735	15,836,525
Other Liabilities	61,267,342	23,478,861
Total Liabilities	₱759,420,621	₱657,416,491
Total Equity (General Fund)	₱156,771,613	₱138,761,959

The Chairperson noted that PPMBAI's total assets increased to ₱916 million as of June 30, 2024 from ₱796 million as of December 31, 2023. He forecasted that the total assets would breach the ₱1 billion mark by year end. As for total liabilities, he noted that it likewise increased, with a big chunk of the liabilities consisting of Due to Members account and further broken down to members' equity and RSF.

Financial Highlights – Financial Performance

	For the 6- months ending June 30, 2024 (Unaudited)	For the 6- months ending June 30, 2023 (Audited)	For the year ending December 31, 2023 (Audited)
Revenues	₱231,110,319	₱163,166,923	₱386,515,051
Benefits and Expenses			
Insurance Benefit Expenses	139,488,115	94,160,736	210,723,317
Reimbursement of Expenses	30,945,919	17,637,017	44,680,492
General and Administrative Expenses	42,666,631	41,358,485	82,465,524
Total	213,100,665	153,156,238	337,869,333
Income before final tax	18,009,654	10,010,685	48,645,718
Excess of Revenue over Expenses	₱18,009,654	₱10,010,685	₱48,645,718

The Chairperson/President remarked that net income for the 6-months ending June 30, 2024 was ₱18.0 million and had surpassed the net income for the same period in 2023 of ₱10.0 million. He further added that looking at the trend, this year's net income may likely surpass last year's net income of ₱48.6 million.

Insurance Liabilities and Reserves

INSURANCE LIABILITIES AND RESERVES			
	As of June 30, 2024	As of June 30, 2023	As of December 31, 2023
Reserve for Member's Equity Value	₱403,146,478	₱350,073,187	₱392,213,146
Retirement Savings Fund	222,247,199	197,693,497	204,889,680

INSURANCE LIABILITIES AND RESERVES			
	As of June 30, 2024	As of June 30, 2023	As of December 31, 2023
Total Liabilities – To Members	₱625,393,677	₱547,766,683	₱574,102,826
Reserve for Basic Life Insurance	₱28,147,811	₱20,674,366	₱24,945,418
Reserve for Credit Life Insurance	11,932,824	8,499,363	7,475,993
Policy and Contract Claims Payable	13,550,232	14,764,307	11,576,867
Total Reserve Liabilities	₱53,630,866	₱43,938,037	₱43,998,278
GRAND TOTAL	₱679,024,544	₱591,704,720	₱618,101,104

Guaranty Fund and Risk-Based Capital Requirement

GUARANTY FUND AND RISK BASED CAPITAL REQUIREMENT	As of December 31, 2023 (Unverified)	As of December 31, 2022 (Verified)
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	95,000,000	80,000,000
EXCESS (DEFICIENCY) IN GUARANTY FUND	₱4,087,425	₱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 2023	232%	158%

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

The Chairperson/President informed the Board that the PPMBAI's RBC ratio had improved to 232% after revisions were made to the actuarial estimates. He explained that the higher the higher the RBC ratio.

As for the Guaranty Fund, the Chairperson/President explained that the Guaranty Fund per IC requirement is actually ₱125 million. However, the IC allowed for PPMBAI to gradually increase the fund. As of December 31, 2023, its fund is already 90.9 million, and PPMBAI would still need at least ₱35 million to finally comply with the IC's requirements.

DO GATHERING BUDGET

The Chairman/President announced that partner MFI Pagasa Philippines Finance Corporation ("PPFC") and Pagasa ng Masang Pinoy Microfinance, Inc. ("PMPMI") would be holding its Development Officers' ("DO") Gathering or teambuilding activity for the year 2024. PPMBAI's estimated share in the expenses for the DO Gathering is about ₱3 Million and the remainder would be shared by the two other entities (PPFC and PMPMI).

Upon motion made and duly seconded, it was unanimously

"RESOLVED, as it is hereby resolved, that the PPMBAI's contribution to the DO Gathering budget in the amount of ₱3 million is approved and ratified."

RESIGNATION OF TRUSTEE SHEEN RAY U. ACOSTA AND APPOINTMENT OF MD. AZIZUR RAHMAN AS MEMBER OF THE BOARD OF TRUSTEES OF PPMBAI

The Chairperson/President informed the Board that Trustee Sheen Ray U. Acosta ("Trustee Acosta") had already resigned from PPFC and from PPMBAI's Board about two months ago. The Executive Committee has previously convened and nominated Consultant Mr. Md. Azizur Rahman ("Consultant Aziz") to serve for the remainder of the term of Trustee Acosta. However, Consultant Aziz is not personally present during the meeting.

Upon motion duly made and seconded, it was unanimously

"RESOLVED, as it is hereby resolved, that the resignation of former Trustee Sheen Ray U. Acosta is accepted with regrets, and the nomination and appointment of Md. Azizur Rahman as the new member of the board of trustees of the Corporation, who shall serve for the remainder of the term of Trustee Sheen Ray U. Acosta, and shall have the authority, functions, and responsibilities as the Board of Trustees or the President may from time-to-time assign, be and is hereby approved and ratified."

DECLARAIION OF VACANCY IN THE BOARD MEMBERSHIP

The Chairperson/President informed the Board that current Trustee and Corporate Secretary, Atty. Joselito D. Fernandez, is likewise the Corporate Secretary of both PPFC and PMPMI, however, he is not a member of the board of these two entities. Thus, it was decided that PPMBAI should follow the same scheme, and in view thereof, the board seat currently held by the Corporate Secretary would have to be declared vacant and a new trustee would have to be appointed to fill the vacancy for Atty. Joselito D. Fernandez's remaining term.

Upon motion duly made and seconded, it was unanimously

"RESOLVED, as it is hereby resolved, that the board seat currently held by Trustee and Corporate Secretary, Atty. Joselito D. Fernandez, be declared as vacant."

OPEN FORUM

The Chairperson/President opened the floor for open forum. Trustee and Treasurer Eufrecina T. De Jesus ("Treasurer De Jesus") moderated the session.

Query/Feedback/Suggestion	Response
Why is additional interest incurred when there are holidays? (By: Trustee Joan D. Madriaga)	The Chairperson/President explained that the system automatically generates add-on interest of around 1.3% of the outstanding loan balance during holidays. This is how the system (AMBS) is currently designed for all ASAI Group entities. However, PPFC already secured approval from the ASAI holding level that all holiday add-on interest(s) incurred will be waived on the borrowers' last amortization schedule.
When there are prolonged holidays, it also extends the loan maturity. (By: Trustee Joan D. Madriaga)	The Chairperson/President has acknowledged the issue. For instance, there is a holiday for two weeks, the loan term will also be extended by two weeks. He promised that PPFC Operations Team will look into the concern.
Status of the loan with 9-months' term? (By: Trustee Joan D. Madriaga)	According to Consultant T I M Fakruzzaman, variable loan term options will be introduced very soon. Borrower will soon be able to choose loan terms of 12, 18, and 24 months. However, there will be no 9 months term as the loan term is in multiples of 6.

CLOSING REMARKS

Consultant and PPFC President T I M Fakruzzaman delivered his closing remarks. He congratulated the Board and management team for good performance of PPMBAI. He reiterated his call for the Nanay Trustees to reach out to their borrower group and even other groups to get feedback directly from the borrowers and report it to the Board. Finally, he thanked

the two independent trustees, Mr. Ricardo P. Lirio and Ms. Reena Concepcion G. Obillo for serving in PPMBAI's Board for the longest time.

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.) JOAN S. ALFARERO
Trustee

(SGD.) JOAN D. MADRIAGA
Trustee

(SGD.) LORNA D. DALERE
Trustee

(SGD.) JOCELYN S. PAVIA
Trustee

(SGD.) ARLENE S. CATOLICO
Trustee

(SGD.) ZORABEL G. ASUNCION
Trustee

(SGD.) EMELITA B. BORDAJE
Trustee

(SGD.) RICARDO P. LIRIO
Trustee

**(SGD.) REENA CONCEPCION G.
OBILLO**
Trustee