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 Third Quarter of 2023 was held at the 7th Floor, Jenkinsen Tower, No. 80 Timog Avenue, Quezon City on February 19, 2024, at 2:00 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
Arlene A. Catolico
Zorabel G. Asuncion
Emelita B. Bordaje
Reena Concepcion G. Obillo

Not Present:

Ricardo P. Lirio

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 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 attended.

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 October 17, 2023, for providing their feedback.

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

Feedback/Suggestion	Response	Action Taken
Member confined in hospital for 6 days but still required to pay her weekly amortization.	Moratorium on loans is no longer available to borrowers, as a delay in payment of loan would result in additional interest. Borrowers could use the HCA proceeds.	General Manager Noel D. Madriaga ("GM Madriaga) to conduct a study on how to expedite release of HCA at the branch, and to report on the issue during the next Board meeting.
HCA benefit takes days or weeks to receive.	PPMBAI to study to make release more efficient, such as releasing the HCA at the branch subject to safety nets.	Chairperson/President proposed to decentralize the release of HCA claims by allowing Claims & Underwriting Officers ("CUOs") to pre-approve HCA claims, subject to post-approval by PPMBAI head office in order to expedite the release proceeds of HCA claims.

Feedback/Suggestion	Response	Action Taken
Member suffered from kidney disease and undergoing dialysis after becoming a member. Is she entitled to benefits?	It would depend if the illness occurred after the one-year contestability period. If beyond the one-year contestability period, member can claim benefits.	Chairperson/President instructed Vice President Jonnette C. Almanzar include the issue in the monthly memorandum and GM Madriaga was likewise directed to provide the list of illnesses that are covered by insurance.
How long is the validity period of insurance coverage if the member already offset?	Members who offset their loans are still entitled to forty-five days (45) additional insurance coverage after the lapse of six months of their loan term. This is on the condition that the member did not renew her loan. If the member renewed, the additional forty-five days is superseded by the new six months coverage.	Member's query only. No further action is required.
PPFC branch staff does not provide briefing to the borrower their responsibilities with respect to the loan as well as the breakdown of charges deducted from the loan proceeds.	Consultant and PPFC President TIM Fakruzzaman took note of the feedback.	PPFC had already taken action to address the issue.
Short-term loan to Group Leaders to pay for the amortization of the delinquent group member with loans from other microfinance lenders.	Group Leaders are not responsible in paying the amortizations of delinquent members of their group. It is not encouraged by PPFC. The Group Leader's role is to maintain group discipline and encourage and put pressure on the other borrowers to pay. The Group Leaders can go to the borrower's co-maker. Besides, is going to pay for the short-term loan?	Member's query only. No further action is required.
Moratorium during local holidays.	PPFC no longer declares loan moratorium during local holidays.	Member's query only. No further action is required.
How loan rebates work?	Rebates are only granted in the event that the loan is repaid in its entirety prior to the 23rd	Member's query only. No further action is required.

Feedback/Suggestion	Response	Action Taken
	week. For instance, if the loan were paid in full by the 19th week, any interest that would have accrued on the remaining amortization would be waived.	
Christmas perks for members	As much as it would have wanted, PPMBAI cannot afford to give gifts or to throw Christmas party for all of its members. In lieu of this, an annual GL gathering is being held to show the Company's appreciation for its members.	Member's query only. No further action is required.
Delays in loan renewal process (e.g., borrowers' documents being misplaced by staff, slow system, etc.)	The Chairperson/President has acknowledged the problem. PPFC is doing everything to address the problem.	PPFC continuing to work towards improving the loan renewal process.
Loan supporting documents such as Mayor's permit which is being issued on an annual basis is being required from borrowers every loan renewal	PPFC's policy is to require it only every year. PPFC management to reiterate the policy.	Member's query only. No further action is required.
Implication of Credit Information Corporation (CIC)	Members are advised to be very careful in their loan payment so as not to ruin their credit reputation as banks, lending, and financing companies already have access to the CIC database from where they could obtain the borrower's credit history as almost all financial institutions are now uploading their clients' credit data as mandated by law.	PPFC is already checking borrower's credit history with Credit Information Corporation (CIC) for loan applications ₱50K and above.
What is meant by "group pressure"?	This means that the group members join in maintaining group discipline and reaching out to pay the delinquent (undisciplined) member as a way of encouraging her to pay the loan.	Member's query only. No further action is required.
"Pasaway" borrowers must not be allowed to renew their loan.	Group Leaders' recommendations are well taken, thus, the PPFC management is giving weight to their recommendation before granting loans.	Management has taken note.

Feedback/Suggestion	Response	Action Taken

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 October 17, 2023, 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 for the year 2023 compared to 2022, to wit:

Operational Performance – Collection

PRODUCT/SERVICE COLLECTION		
YEAR	**ADMISSION FEE**	
	Premium Collection	**Members Collected**
2022	₱15,493,573	154,936
2023	₱24,108,941	214,089
% Increase (Decrease)	56%	38%

PRODUCT/SERVICE COLLECTION			
YEAR	**BASIC LIFE INSURANCE PLAN (BLIP)**		
	Active Members	**Premium Collection**	**Members Collected**
2022	253,926	₱190,392,383	488,186
2023	327,188	₱226,973,990	581,985
% Increase (Decrease)	29%	19%	19%

PRODUCT/SERVICE COLLECTION			
YEAR	CREDIT LIFE INSURANCE PLAN (CLIP)		
	Active Members	Premium Collection	Members Collected
2022	253,926	₱40,171,814	488,186
2023	327,188	₱47,254,425	581,985
% Increase (Decrease)	29%	18%	19%

PRODUCT/SERVICE COLLECTION			
YEAR	RETIREMENT SAVINGS FUND		
	Active Members	Premium Collection	Members Collected
2022	252,719	₱62,917,819	483,983
2023	291,354	₱70,871,921	545,169
% Increase (Decrease)	15%	13%	13%

PRODUCT/SERVICE COLLECTION			
YEAR	HOSPITALIZATION CARE ASSISTANCE		
	Active Members	Premium Collection	Members Collected
2022	253,926	₱57,078,600	570,786
2023	327,188	₱75,427,150	754,272
% Increase (Decrease)	29%	32%	32%

The Chairperson/President noted a substantial increase for the year 2023 as compared to 2022 particularly for Admission Fees and BLIP, following PPFC's policy decision for mandatory insurance coverage on first cycle borrowers. However, Admission Fees and BLIP collections are expected to drop in 2024 as PPFC has subsequently amended its earlier policy from mandatory to optional coverage for first cycle borrowers. CLIP, RSF, and HCA products likewise posted moderate increases in 2023 compared to 2022.

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
2022	90,847	₱105,289,777	726	₱18,905,055

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**
2023	106,005	₱136,334,663	808	₱19,969,267
% Increase (Decrease)	17%	29%	11%	6%

CLAIMS, EQUITY RETURN, AND BENEFIT PAYMENT				
CLAIMS	**RETIREMENT SAVINGS FUND**		**HOSPITALIZATION CARE ASSISTANCE**	
YEAR	**No. of Claims**	**Claims Payment**	**No. of Claims**	**Claims Payment**
2022	85,797	₱34,732,685	4,339	₱7,003,700
2023	102,839	₱50,743,456	7,767	₱13,923,104
% Increase (Decrease)	20%	46%	79%	99%

YEAR	BASIC LIFE INSURANCE (BLIP) – Claims and Benefit Payment		
	Equity Return	**Death Benefit**	**Total**
2022	₱57,051,125	₱48,238,652	₱105,289,777
2023	₱81,442,132	₱54,892,531	₱136,334,663

For the year 2023						
BENEFIT PAID TO	**Equity Return**		**Death Benefit**		**TOTAL**	
	No. of Claims	**Amount**	**No. of Claims**	**Amount**	**No. of Claims**	**Amount**
Dependent	-	₱ -	1,675	₱17,860,213	1,675	₱17,860,213
Member	104,330	₱81,442,132	808	₱37,032,318	105,138	₱118,474,450
TOTAL	104,330	₱81,442,132	2,483	₱54,892,531	106,813	₱136,334,663

Retirement Savings Fund ("RSF") and Hospitalization Care Assistance ("HCA") claims have likewise registered substantial increases. The Chairperson/President explained that members' dependents were already included in the extended HCA coverage, which accounted for the increase in the number of members.

PPMBAI'S CONTRIBUTION TO CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

The Chairperson/President announced that PPMBAI will be contributing the amount of ₱3 million to its partner MFI's budget for its Corporate Social Responsibility ("CSR") programs for 2024.

There being no objections by the members, it was unanimously

> "**RESOLVED**, as it is hereby resolved, that PPMBAI's contribution to the Corporate Social Responsibility programs of PPFC for 2024, in the amount of ₱3 Million, is hereby approved and ratified."

2024 ANNUAL GENERAL MEMBERSHIP (AGM) MEETING BUDGET

The Chairperson/President proposed for the holding of PPMBAI's Annual General Membership ("AGM") meeting for the current year sometime during the last week of May and first week of June through hybrid mode (face-to-face and virtual). GM Noel D. Madriaga was tasked to prepare the mechanics for the 2024 AGM, which would be presented to the board during its next scheduled meeting.

Upon motion duly made and seconded, it was unanimously

> "**RESOLVED**, as it is hereby resolved, that the Board approves the proposal for the PPMBAI to hold its 2024 AGM meeting in May and June the current year.

NEW INSURANCE PRODUCT/ENHANCEMENTS OF EXISTING PRODUCTS FOR SUBMISSION TO INSURANCE COMMISSION'S APPROVAL

The Chairperson/President informed the Board of the new insurance product as well as enhancements of existing products, which have already undergone actuarial study. He clarified though, that the said that the new product and enhancements of existing products are not to be implemented yet, but only being to the Board for approval to submit the actuarial report to the Insurance Commission ("IC").

He announced the new product/enhancements, which consisted of the following:

1. Dependent coverage rider (BLIP)
2. Enhanced Hospitalization Care Assistance
3. Emergency Room Care

On the BLIP dependent coverage rider, the premium to avail of the upgrade would costs an additional premium of ₱310.00, on top of the existing BLIP premium of ₱390.00. With the enhancement BLIP rider, the member's beneficiary will be getting the equivalent benefits as the member.

For the Enhanced HCA, the additional premium for individual member costs ₱75.00, thus, bringing the new premium to ₱175.00. For family HCA, the additional premium costs ₱300.00, thus, bringing the new premium to ₱600.00. With the enhanced benefit, the member's daily hospital allowance is increased from ₱400.00 to ₱500.00.

As for the new product, which is the Emergency Room Care, the member can avail of reimbursement in case of emergency care such as operating room expenses for medical cases not requiring hospital confinement. The member can file claims for reimbursement of actual cost of emergency care not exceeding ₱10,000.00.

The Chairperson/President explained to the Board that all of the new products are optional for the members and are ideally targeted towards third cycle borrowers. He added that the implementation of the new products is dependent on PPFC's approval.

Upon motion made and duly seconded, it was unanimously

"**RESOLVED**, as it is hereby resolved, that the Board approve, as it hereby approves the submission of the actuarial report on the new insurance product/enhancements of existing products to the Insurance Commission."

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 (Unaudited)	**As of December 31, 2022 (Audited)**
Assets		
Cash and Cash in Banks	₱437,498,607	₱408,599,128
Time Deposits	220,073,528	240,434,102
FVPL Investments	7,751,036	12,251,036
HTM Investments	96,586,422	12,234,667
Loans and Receivables	6,408,321	4,257,702
Property and Equipment	15,372,117	3,468,437
Intangible and Other Assets	400,888	540,564
Total Assets	**₱784,090,920**	**₱681,785,635**
Liabilities		
Due to Members (Equity and RSF)	₱573,186,672	₱516,541,957
Reserve for Insurance Liability	52,030,416	37,438,358
Hospitalization Care Assistance	17,752,679	12,538,836
Other Liabilities	19,409,160	25,150,243
Total Liabilities	**₱662,378,927**	**₱591,669,394**
Fund Balance	**₱121,711,993**	**₱90,116,241**

As of December 31, 2023, total assets was ₱784 million up from ₱681 million as of December 31, 2022, posting a growth of 15%. Total liabilities on the other hand, was ₱662 million as of December 31, 2023, up from ₱591 million as of December 31, 2022. Residual fund balance amounted to ₱121 million as of December 31, 2023, which represents PPMBAI's accumulated earnings since its start of operations. The Chairperson/President assured the Board that based on its statement of financial position, PPMBAI is financially sound and stable.

Financial Highlights – Financial Performance

	For the year ending December 31, 2023 (Unaudited)	**For the year ending December 31, 2022 (Audited)**
Revenues	**₱375,122,379**	**₱304,361,199**
Benefits and Expenses		
Insurance Benefit Expenses	221,674,806	175,050,064
Reimbursement of Expenses	47,389,383	33,191,719
General and Administrative Expenses	74,462,439	69,260,408
Total	**343,526,627**	**277,502,191**
Income before final tax	**31,595,752**	**26,859,008**
Excess of Revenue over Expenses	**₱31,595,752**	**₱26,859,008**

The Chairperson/President stated that the net revenues in 2022 was ₱26.8 Million while net revenues in 2023 is estimated at ₱31.5 Million, but still subject to change based on the actuarial report.

Insurance Liabilities and Reserves

	As of December 31, 2023	**As of December 31, 2022**
Reserves for Member's Equity Value	₱370,216,343	₱333,703,101
Retirement Savings Fund	202,970,329	182,838,856
Total Liabilities – To Members	**₱573,186,672**	**₱516,541,957**

	As of December 31, 2023	As of December 31, 2022
Reserves for Basic Life Insurance	₱25,091,184	₱17,590,783
Reserves for Credit Life Insurance	10,156,262	5,733,842
Policy and Contract Claims Payable	16,782,970	14,113,733
Total Reserve Liabilities	**52,030,416**	**37,438,358**
GRAND TOTAL	**₱625,217,088**	**₱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 (Verified)
TOTAL GUARANTY FUND AS REQUIRED UNDER IMC NO. 2-2006 (IC REQUIREMENT)	₱63,356,574	₱75,789,746
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**	**₱795,676**
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	**224%**	**158%**

	As of December 31, 2022 (Verified)	As of December 31, 2021 (Verified)
As of December 31, 2022		
ADMITTED ASSETS	**₱673,382,651**	**₱588,954,826**
TOTAL LIABILITIES	**₱591,807,076**	**₱535,609,999**
Members' Equity	**₱81,575,575**	**₱53,344,827**

The Chairperson/President noted that the Risk Based Capital ("RBC"), the ratio for 2022 was 158% lower than 224% for 2021. Both the 2021 and 2022 RBC figures were already verified by the IC. He likewise took the opportunity to explain how the IC establishes its own criteria for determining admissible assets and liabilities to come up with the Risk Based Capital ("RBC"), which distinguishes admitted assets and admitted liabilities from the assets and liabilities appearing on the balance sheet. Concerning the decreased RBC ratio in 2022, GM Madriaga was previously assigned the responsibility of investigating the situation and providing a report.

OPEN FORUM

The Chairperson/President opened the floor for open forum and provided time to each of the other board members to share their inputs or concerns. The Nanay Trustees raised the following queries/concerns:

Feedback/Suggestion	Response
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.
Member's dependent died last February 3 and buried on February 17, but burial benefit has not been released to date (by: Nanay Trustee Joan Madriaga)	The Chairperson/President made a commitment to act on the matter. GM Madriaga was tasked to investigate.
Member (Norilyn Tan) live-in partner died but burial benefit has not been released (by: Nanay Trustee Joan Madriaga)	The Chairperson/President made a commitment to act on the matter. GM Madriaga was tasked to investigate.
Does the member need to submit a business permit and barangay certificate every loan renewal? (by: Nanay Trustee Joan Madriaga)	The business permit and barangay certificate are required only once a year. PPFC already circulated a memorandum regarding the issue.
Can a member get reimbursement from HCA if she incurred medical	Hospital confinement is required before a member can claim HCA

Feedback/Suggestion	Response
expenses or self-medicated without having been confined in a hospital? (by: Nanay Trustee Zorabel Asuncion)	benefits. Any medical-related expenses outside of confinement are not reimbursable.

CLOSING REMARKS

Trustee Md. Shamsul Hasan delivered his closing remarks. He took the occasion to request the group leaders through the Nanay Trustees to assist PPFC's Development Officers in boosting the number of borrowers. He mentioned that some borrower groups are currently facing low member counts, that is, with ten or less members, which does not meet PPFC's definition of a group as per policy, adding that some groups with eleven to fourteen members are considered as incomplete group, while only those with fifteen to thirty members are considered as a complete group. Trustee Hasan underscored the importance of assistance by the more capable and experienced nanay group leaders to PPFC's Development Officers to bring the incomplete to a complete group, ideally to the maximum thirty borrowers per group.

On another development, Trustee Hasan apprised the Board about PPFC's recently launched loan product, dubbed as Short-Term Loan to cater to borrowers who are only in need of smaller loan amounts. Additionally, another new loan product, the public transportation/vehicle loan, with a different loan duration based on the loan size will be launching soon.

Finally, Trustee Hasan reiterated the importance of group discipline as PPFC's efficiency in collecting and finishing their work on time is largely dependent on the how responsible the group members are with respect to the payment of their loans.

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.) SHEEN RAY U. ACOSTA
Trustee

(SGD.) JOAN D. MADRIAGA
Trustee

(SGD.) LORNA D. DALERE
Trustee

(SGD.) JOCELYN S. PAVIA
Trustee

(SGD.) ARLENE A. CATOLICO
Trustee

(SGD.) ZORABEL B. ASUNCION
Trustee

(SGD.) EMELITA B. BORDAJE
Trustee

(SGD.) REENA CONCEPCION G. OBILLO
Trustee

NOT PRESENT:

RICARDO P. LIRIO
Independent Trustee