

**ANNUAL
REPORT
2021**



**ENHANCING MEMBERS'
PROTECTION
THROUGH MICROINSURANCE
ACCESIBILITY**

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About the Cover

The year 2021 marks the start of a long road to recovery. The COVID-19 Pandemic has shaped the world into a standard that departed from what was the norm a decade ago. It truly was a world where everyone had to adapt in order to keep up with what the world required of them.

However, change can bring with it its own merits and demerits. Those living in low- income households experienced the worst in this pandemic. They had to prioritize their basic needs even more and filter out any unnecessary expenses. These people, who were already struggling financially, might see insurance as unimportant, an expense that would disrupt their meek budget.

We here at NATCCO MBI, however, see insurance as an additional layer of protection that will give them financial support in times of sickness and death. Having insurance will give security that their lives will continue should the worst happen to a loved one.

NATCCO MBI aims to follow through with this philosophy by insuring as many lives as possible. Not only that, but we also make microinsurance products simpler and easier to understand, all for a very low premium. Through our partner cooperatives, applications and insurance issuance are quicker and more accessible. There are also different life insurance packages and riders our members can choose from. We will always continue to improve our products and services to fulfill our promise of delivering protection.

As the purple color symbolizes, we are very positive about achieving peace and harmony this year and in the coming years. Giving solid protection and support to our members. This color also means wisdom, bravery, and spirituality. The same characters represent our association and our partnership with the members.

With you, our members, nothing is impossible. We will do more. We will achieve more.



Vision

300,000 Strong MBA - By 2025.

Mission

We Provide Family Protection and Member's Security Through Insurance Services.

Core Values

INTEGRITY

We are uncompromising in upholding governance and ethics, living with utmost integrity in our daily life and deserving of our members and partner's trust.

COMPASSION

We serve our partners, members, and their families with a heart. We take care of our employees and our employees are loyal to the company.

EXCELLENCE

We provide service of the highest standards and with accountability. We are always looking for innovative ways to ably respond to the needs of our members and partners.

TEAMWORK

Our team is united towards one goal, working in harmony, and supportive of each other when facing challenges.



Message from the Chairperson

It is still a great year, after all --- 2021!

While 2021 is a whole year of disruption brought about by COVID 19, the preceding year had already laid down the necessary inputs for NATCCO MBI to face the challenges with confidence. Believing that nothing is over until it's over, this Association maintained a proactive approach in its operations. This is indeed the real "learning life the hard way" mode because of the uncertainties on the effects of this pandemic in our business and in our personal lives. The first two things that we have learned and applied are the need to protect our people as best as we can and the need to connect and keep in touch with our members, partners, and regulatory bodies to remain sustainable.

Protection is what NATCCO MBI offers. Unfortunately, this pandemic has raised the number of those who would opt not to avail of protection in order to put food on the table, especially for the financially challenged. A review of our existing products led NMBAI to innovate to meet the varying needs of the people based on their capacity to purchase, the number of family members to cover, and the benefits acceptable to them. By all means, we must remain protected to cushion the impact of loss on the family. We continued to assist our members through webinars about health and wellness, including financial literacy, and through social services where needed.

2021 has amplified the need for digitalization and NMBAI is into it. We are continuously improving our processes so that by the time normalcy sets in, our Association is ready to develop vigorously. Let the 2021 Annual Report speak for what NATCCO MBI had accomplished.

My heartfelt gratitude to the Board of Trustees for leading the way through the storm, the Officers for the needed support, the Management and Staff for the awesome job, our partners and members for the patronage, and our regulatory bodies for the guidance.

May God be pleased with the works of our hands and grateful hearts.

EVELIA BARDOS-TIZON
NATCCO MBI Chairperson



Message from the President

Indeed, 2021 was another year of pain, fear, mental health, death, financial crisis, and frustrations. In our lifetime, this period was forgettable.

But as the saying goes, there is light at the end of the tunnel. There will always be solutions to problems. There will always be ways. Kapag gusto may paraan.

This is what our association stands for. We are always ready to serve our members, support them in the most difficult times, and continue looking for ways to protect and nurture our relationship with them.

NATCCO MBAI is dedicated to insuring as many members as possible. This becomes reality because of our loyal partners. Cooperatives that are dedicated to serving the members and community. Together, we extend financial assistance to members in the form of death and sickness benefits. The goal of giving equal opportunity to all is to have a good insurance product that would help the family in difficult times. We make sure our insurance products are accessible and would address the ever-changing needs of members.

We thank you, our members and partners, for staying with us in 2021. For continuing the fight to survive and bounce back to our normal lives. We promise that we will never stop improving our association, and make our MBA the MBA for everyone.

Thank you.

MINERVA G. TEJADA
NATCCO MBAI President

NATCCO MBAI

11th Annual Meeting

Enhancing Members' Protection Through Microinsurance Accessibility

MAY 31, 2022 | 9:00 AM | Via Zoom

PART I: OPENING PROGRAM

PARTICIPANT CHECK IN & TECHNICAL ORIENTATION

Program Host

INVOCATION

Ms. Ma. Veronica B. Sierra | Trustee, NATCCO MBAI

NATIONAL ANTHEM, VISION, MISSION, CORE VALUES

Program Host

WELCOME MESSAGE

Ms. Ellen R. Pastores | Vice Chairperson, NATCCO MBAI

VIDEO PRESENTATION

Program Host

MESSAGES FROM PARTNERS

NATCCO Network

NEC Multipurpose Cooperative

Taloy Farmers Multipurpose Cooperative

KEYNOTE SPEAKER

Atty. Juan Paolo P. Roxas |

Division Manager, Microinsurance Division, Insurance Commission

NATCCO MBAI 2021 MICROJUAN RECOGNITION

(Awarding of Top Partner Cooperatives)

Top Performer on BLIP

Top Performer on CLIP

MICROJUAN Award

Program Host

CLOSING MESSAGE

Atty. Adolfo A. Ibañez | Independent Trustee, NATCCO MBAI

PART II: ANNUAL MEETING | 1:00 PM

Opening Program & Annual Meeting Zoomlink:

<https://us02web.zoom.us/j/87248583037?pwd=bk1obUhnS2dqeGQ4dIZtcHdoRnlxQT09>

Meeting ID: 872 4858 3037

Passcode: 474340

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NOTICE OF 11TH ANNUAL MEETING (2022)

To: BOARD OF DIRECTORS, PARTNER COOPERATIVES

Annual Meeting:

Notice is hereby given that the **Annual Meeting of the National Confederation of Cooperatives Mutual Benefits Association, Inc. (NATCCO MBAI)** will be held on **May 31, 2022, at 8:00 AM via Zoom** the following agenda:

ANNUAL MEETING

Declaration of quorum

Considerations of the Minutes of the 2021 Annual Meeting dated May 25, 2021

Matters arising from the Minutes of the 2021 Annual Meeting dated May

Unfinished Business

Annual Reports

President's Report

Treasurer's Report

- 2021 Audited Financial Statement

Presentation of the 2022 Annual Plans and Budget

Appointment of 2022 External Auditor

Other Matters

Please confirm your attendance at 0998 594 6712 or through the following:

NATCCO MBAI Nomination Committee Secretariat

: 3/F NATCCO Bldg., #227 JP Rizal St., Project 4, 1109 Quezon City
nmbai.annualmeeting2022@gmail.com

FB Messenger **<https://www.facebook.com/messages/t/100010624025995>**

Cooperatively yours,



Mildred C. Cerezo
Board Secretary

Description of the Agenda

Call to Order. The Presiding Officer will call the meeting to order.

Roll Call and Determination of Quorum. The Board Secretary will determine the number of attendees, whether in person or by proxy, for the purpose of determining the presence of quorum to validly transact business. A simple majority (51%) of the voting membership will constitute a quorum.

Approval of the Agenda. The Presiding Officer will read the Agenda and will ask the Members for their approval.

Considerations of the Minutes of the 2021 Annual Meeting dated May 25, 2021. A copy of the minutes is available at the website of NATCCO MBAI, (<https://www.natccombai.org>). Members will be asked to approve the minutes and acknowledge the completeness and accuracy thereof.

Matters arising from the Minutes of the 2021 Annual Meeting dated May 25, 2021.

Presiding Officer will present updates on the matters raised during the 2021 Annual

Annual Reports. Ratification of the Board and Management actions, including the 2021 Audited Financial Statement.

New Business

The 2022 Annual Plan and Budget will be presented to the Members;

The appointment of External Auditor for the year 2022 will be presented to the Members

Election of the Board of Trustees. The term of two (2) Regular Board of Trustees will e on May 2022, while two (2) Independent Trustees are for election every year. To prepare the Members for the election, the Nomination Committee will:

Present the nomination and selection procedures, and the online election

Present the candidates;

Proclaim the winners

Adjournment

External Auditor: AQUINO MATA CALICA & ASSOCIATES

Aquino, Mata, Calica & Associates (“AMC & Associates”) was registered with the Philippine Securities and Exchange Commission on February 18, 2002 as a general professional partnership providing various services in audit and assurance, accounting, tax and advisory services and business process

To be the leading firm provider of high quality services in the field of audit, taxation, accounting, consulting and business process outsourcing

To provide the most reliable, effective and efficient M I S S I O N services that adds value to client’s business, both local and international.

Transparency
Results oriented

Audit and assurance; Business process support; Tax; Management consultancy; other services

Contact Details:

Address: Suites 1804 1807 Cityland Condominium 10, Tower II, H.V. Dela Costa Street Salcedo Village, Makati City, Philippines

website: <http://www.amcassociates.com>

Telephone numbers: (02) 841

3534 : (02) 841 0462 Local 106

Email: Audit : jcvcalica@amcassociates.com / Accounting: nssantiago@amcassociates.com / HR : associates.com

OFFICE OF THE QUALIFIED NOMINEES FOR THE POSITION OF BOARD OF TRUSTEES

REGULAR BOARD OF TRUSTEES



MAGDAONG, ROMEO M.

| | |
|---------------------------|--|
| | |
| Coop Affiliation | Red Ribbon Multi Purpose Cooperative |
| No. of years in coop | |
| Related experience/skills | Cooperative management, product development, information technology, financial and accounting |
| Educ. Attainment | Bachelor of Science in Business Administration |
| Priority thrust for NMBAI | Help NATCCO MBAI in achieving its goals in insurance technology, product marketing, and product research and |
| Other directorship | NATCCO Network |



GARCIA, ANGEL JR., P.

| | |
|---------------------------|---|
| | |
| Coop Affiliation | Taloy Farmers Multi Purpose Cooperative |
| No. of years in coop | |
| Related experience/skills | Cooperative management |
| Educ. Attainment | Bachelor of Science in Accountancy |
| Priority thrust for NMBAI | Help NATCCO MBAI in implementing its strategic plans, ensure its compliance of financial and government regulations, and proper reporting and disclosures of financial records. |
| Other directorship | |

INDEPENDENT BOARD OF TRUSTEES



IBANEZ, ADOLFO A.

| | |
|----------------------------|---|
| Coop Affiliation | Regional and Central Comelec Employees MPC |
| No. of years in coop | |
| Related experience/skills | Legal, cooperative management, corporate governance |
| Educ. Attainment | Juris Doctor, Master in National Security Administration (MNSA) |
| Priority thrusts for NMBAI | governance, pricing of products, legal services |



PADILLA, RYAN ARTHUR DG.

| | |
|----------------------------|--|
| Related experience/skills | Insurance, sales and marketing, information technology |
| Educ. Attainment | BS Business Administration, BA Political Science |
| Other directorship | |
| Priority thrusts for NMBAI | adoption of digital platform for membership & claims processing; help NMBAI craft strategies in realizing its vision |

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MINUTES

OF THE 10TH ANNUAL MEETING



Minutes of the NATCCO MBI 2021 10 Annual Meeting via Zoom
Theme: Cushioning the Impact of Tough Times Through Solicitude and Solidarity
May 25, 2021

| | REPRESENTATION |
|-------------------------|--|
| ELLEN R. PASTORES | NMBAI CHAIRPERSON, BOARD OF TRUSTEE |
| EVELIA BARDOS | NMBAI VICE CHAIRPERSON, BOARD OF TRUSTEE |
| JUPITER B. BONILLA | NMBAI REGULAR BOARD OF TRUSTEE |
| ROMEO M. MAGDAONG | NMBAI REGULAR BOARD OF TRUSTEE |
| | NMBAI REGULAR BOARD OF TRUSTEE |
| | NMBAI INDEPENDENT BOARD OF TRUSTEE |
| RYAN ARTHUR DG. PADILLA | NMBAI INDEPENDENT BOARD OF TRUSTEE |
| MINERVA TEJADA | NMBAI PRESIDENT |
| ROBERT ABAO | NMBAI AUDITOR |
| MILDRED C. CEREZO | NMBAI SECRETARY |
| | BAAO PARISH |
| RICHARD A. AMAGA | |
| SATURNINO AUSTERO | |
| ARJELIE S. AUXTERO | |
| RICO C. BADILLA | KABANGASAN MAPUA DAHILIG ARC COOPERATIVE |
| MARKSON BRAZIL BAJO | |
| LEONARDO S. BANGA | DEL ROSARIO |
| PEDRO C. BAUTISA JR. | |
| JOEBERT B. BERDIGUEL | KAUSWAGAN AGRARIAN REFORM BENEFICIARIES |
| NORELYN BESANA | GLANSAR CREDIT COOPERATIVE |
| LEO L. CABATUANDO | |
| MIRASEL T. CARNIZER | BUKLOD NG BUHAY ARC |

| | |
|----------------------------|---|
| JEREMIAS S. COLANGOY | MANSALAY AGRICULTURE AND FISHERIES |
| JOHN ENRIE H. CRUZ | MINDORO OCCIDENTAL SUSTAINABLE SKILLS |
| MARY JOY C. DE GUZMAN | ST. ANTHONY DEVELOPMENT COOPERATIVE |
| ELSIE C. DE ROBLES | |
| JINKY S. DELA TORRE | |
| MARY ANN LEONA EBONA | |
| | BACBACAN MIPC |
| JORGE FUENZADILA JR | CAMARINES SUR |
| RUSTY U. GALANG JR. | INCORPORATOR |
| RENATO A. GARBO JR | |
| ANGEL P. GARCIA JR. | TALOY FARMERS |
| GINA S. GIANAN | BATONG PALOWAY AGRARIAN REFORM COOPERATIVE |
| JOEL A. GONZALES | PANAY AGRARIAN REFORM COOPERATIVE |
| HEIZEL M. JAVINES | LICO AGRARIAN REFORM COOPERATIVE |
| ROGET DE ASIS LALIC | |
| NERISSA D. LUCENA | |
| LEOPOLDO DC MANLICLIC | SAN NICOLAS |
| RENANTE F. MARCENO | |
| MYLENE F. MARTIRES | NORTHERN SAMAR SAVINGS COOPERATIVE |
| JUNITH V. MERIDA | NAGKAHIUSANG MANG UUMA SA GUIHALINAN COOP |
| MIRIAM T. MINDARO | BONBONON FARMERS AGRARIAN REFORM MANJUYOD & SIATON BRANCH, SOUTHERN NEGROS CREDIT COOP KABANKALAN |
| JAQUELINE T. MONTANTE | |
| | MILLENIAL CREDIT COOPERATIVE |
| SALVACION P. NICOLAS | |
| KATHERINE R. OLIVERA | DALAWINON FARMERS |
| ROMENITO A. PADER | BAYANIHAN HUNDRED ISLANDS AGRARIAN REFORM COOPERATIVE |
| EDUARDO FELIX V. PAGILAGAN | PAYOMPON DEVELOPMENT COOPERATIVE |

| | |
|---------------------------|--|
| SAMUEL G. PENUELA | GUIMARAS BRETHERN |
| JOEL S. QUEBERAL | SAN ISIDRO DEVELOPMENT COOPERATIVE |
| MARIA JASMINE J. QUIDILLA | |
| MARITES B. SACLET | SAN MIGUEL FARMERS AND FISHERS |
| RICKY S. SALERA | LIMBAHAN SMALL COCONUT FARMERS & WOMEN |
| | |
| SHEILA MARIE D. SATUR | |
| OLGA D. SUATENGCO | |
| DONATILLA T. TEJADA | |
| JEROME S. TEJADA | |
| JOCELYN O. TEVES | KATILINGBANONG PROGRAMA SA MAAYONG KINAUGALINGONG PANINGKAMOT |
| RYAN JIM M. TORERO | |
| JANICE C. VARGAS | COOPERATIVE |
| REYJI E. ANTONIO | COOPERATIVE SAN LORENZO RUIZ |
| CRESENTE C. PAEZ | INCORPORATOR |
| LUIS D. CARILLO | INCORPORATOR |
| DHONNA R. FRANCISCO | NATCCO MBAI OPERATIONS TEAM |
| JENNIFER M. ESTOCADA | MBAI OPERATIONS TEAM |
| MA. CHERISH G. SOLSONA | NATCCO MBAI OPERATIONS TEAM |
| MA. ELIZABETH B. AQUINO | NATCCO MBAI OPERATIONS TEAM |
| JENINA DJ. DELA CRUZ | NATCCO MBAI OPERATIONS TEAM |
| | NATCCO MBAI OPERATIONS TEAM |

The Chairperson, Ellen R. Pastores

Annual Meeting to order at 10:00 o'clock in

Proof of Due Notice, Roll Call and Determination of the Quorum

The Secretary, Mildred Cerezo certified the following:

- Notice of the 10th Annual Meeting of the NATCCO MBAI was sent on May 3, 2021 to all the members via email and was uploaded on the NMBA website.
- Number of active members as of Dec 31, 2020 was finalized on March 1, 2021.
- The release of letters to partner cooperatives asking them to appoint official representative was on March 1
- The deadline for the acceptance of the official representative was disseminated and set

- On May 1st, the total number of proxy votes for each Representative was then finalized.
- And the Nomination Committee validated the completeness of membership count and proxy votes on May 1

The NATCCO MBAI has total of 65,393 members as of December 31, 2020, with 71 representatives in attendance carrying 60,792 proxy votes or 93%.

then certified the existence of a quorum.

Approval of the Agenda

Ellen R. Pastores presented the Agenda and asked the approval from the

Representative Romenito Pader of Bayanihan Hundred Islands Agrarian Reform Cooperative moved for the approval of the agenda, severally seconded. There being no objection, the motion was approved.

Annual Meeting Resolution No. 01

Resolution approving the agenda of 2021 Annual Meeting as

Proof of Due Notice, Roll Call and Determination of the Quorum

Approval of the Agenda

Considerations of the Minutes of the 2020 Annual Meeting dated July 21,

Business arising from the Minutes of the 2020 Annual Meeting dated

Annual Reports

Chairperson's Report

President's Report

Treasurer's Report

2020 Audited Financial Statement

Nomination Committee's Report
Audit Committee's Report
Presentation of the 2021 Annual Plans and Budget
Appointment of 2021 External
Other Matters

The votes casted and received on the approval of the agenda with voting rights as follows:

| | | | | |
|---------------|--|----------------|--|--|
| Members/Proxy | | Votes in Favor | | |
| | | | | |

Consideration of the Minutes of Previous Annual Meetings

Minutes of July 21, 2020 th Annual Meeting

The Chairperson, Ellen R. Pastores presented the copies of Minutes that was sent in advance to the

Representative Atty. Adolfo moved to dispense with the reading of the Minutes of July Annual Meeting which was seconded severally.

After the reading and no correction need, Representative Saturnino Austero of Kisandal Multi Purpose Cooperative moved for the approval o 2020 Annual Meeting, which was seconded severally. There being no objection, the motion was approved.

Annual Meeting Resolution No. 2
Resolution, approving the Minutes of July 21, 2020 9 Annual Meeting of the NATCCO

votes casted and received on the approval of the Minutes of July 21, 2020 Annual Meeting:

| | | | | |
|-----------------------|--|-----------------------|--|--|
| present and by | | Votes in Favor | | |
| | | | | |

Business Arising from the

The Chairperson, Ellen R. Pastores gave update on the resolutions passed last Annual Meeting. She informed the body about the implementation of the Revised Corporation Code of the Philippines in the Association where the President sits with the Board of Trustees but does not have voting power.

Representative Romenito Pader of Bayanihan Hundred Islands Agrarian Reform Cooperative asked why not make NMBAI a cooperative instead of corporation, since most the members are from cooperatives.

Chairperson replied that this is being considered and that the transition to being a cooperative micro insurance needs further study. This will be discussed in the board

Representative Luis Carillo being one of the founding incorporators added t requirement would need one billion (1B) total for an entity or 500M guaranty fund to become a cooperative insurance.

Also presented was the Annual Resolutions and the actions taken by the Board as follows:

| RESOLUTION# | ANNUAL MEETING RESOLUTION | UPDATES |
|-------------|--|--------------|
| 1-S2020_AM | Resolution to include in the Agenda that NATCCO MBAI shall comply with the provision of the Revised Corporation Code of the Philippines under Section 24 which states that the President must be member of the board, thus has the voting rights | Implemented. |
| 2-S2020_AM | Resolution approving the Annual Meeting agenda | Implemented. |
| 3-S2020_AM | Resolution to suspend the order of business and to proceed first with the election to give way to virtual election. | Implemented. |
| 4-S2020_AM | Resolution accepting the report of the Nomination Committee. | Implemented. |
| 5-S2020_AM | Resolution approving the Minutes of May 28, 2019 8 th Annual Meeting of the NATCCO MBAI. | Implemented. |
| 6-S2020_AM | Resolution approving the Minutes of November 11, 2019 Special Annual Meeting. | Implemented. |
| 7-S2020_AM | Resolution approving the Board of Trustees and Management Actions on 2019 resolutions. | Implemented. |
| 8-S2020_AM | Resolution accepting the report of the President as presented. | Implemented. |
| 9-S2020_AM | Resolution accepting the Treasurer's Report and the 2019 Audited Financial Statement. | Implemented. |
| 10-S2020_AM | Resolution accepting the report of the Audit Committee. | |
| 11-S2020_AM | Resolution adopting the 2020 Annual Plan and budget of NATCCO MBAI | Implemented. |
| 12-S2020_AM | Resolution reappointing <u>Banaria Banaria</u> and Company as the External Auditor of the NATCCO MBAI for 2020. | Implemented. |
| 13-S2020_AM | Resolution accepting the newly elected Board of Trustees | Implemented. |

Representative Leonardo Banga of Del Rosario moved for the approval of the actions taken by the BOT on the 2020 Annual Meeting resolutions, seconded severally. There being no objection, the motion was approved.

The votes casted and received on the approval of the actions taken by the Board of Trustees on the 2020 Annual Meeting resolutions:

| present and by | | Votes in Favor | | |
|-----------------------|--|-----------------------|--|--|
| | | | | |

Presentation of Reports

Chairperson’s Report on BOT and Management Actions for the year 2020

The Chairperson, Ellen R. Pastores turned over the Chairmanship to Vice and reported the 2020 Board of Trustee resolutions as follows:

| Annual Meeting Board Resolutions | |
|---|--|
| Resolution No. | Board Resolution |
| | Resolution approving the Plans and Budget for the NATCCO MBAI. |
| | Resolution approving the amount of Php100,000 for the Lakbay Program providing financial assistance to members affected by eruption of Taal |
| | Resolution appointing Chairperson Ellen Pastores, Vice Chairperson Evelia Tizon, Treasurer Zorahayda Cafirma, Trustee Romeo Magd Independent Trustee Ryan Padilla as members of Risk and Oversight |
| | Resolution designating Chairperson Ellen R. Pastores representative of the NATCCO MBAI for RIMANSI 2020 Annual GA |
| | Resolution adopting the 2020 Revised Policy on Productivity Bonus |
| | Resolution accepting the Investment Policy subject for enhancement |
| Resolution 10 | Resolution approving the amount of P10,000 financial aid to purchase protective essentials for Staff and Officers of Coop members in NCR. |
| Resolution 12 | Resolution approving the Work Home arrangement for NMBAI employees including the preparation of Checks necessary for claims and other related expenses for the operation outside the office. |
| Resolution 15 | Resolution approving the budget for the work home arrangement during the pandemic. |
| Resolution 17 | Resolution approving the allocation for the virtual meetings of the NMBAI. |

| | |
|---------------|--|
| Resolution 18 | Resolution approving the 2019 Financial Statement of the NATCCO MBAI |
| Resolution 22 | Resolution approving the new organizational structure of the NATCCO MBAI |
| Resolution 23 | Resolution approving the following policies for NMBAI: |
| | Customer Welfare Policy and Activity |
| | Safeguarding the Creditor's Rights |
| | corruption Policy and Activities |
| | Dividend Policy |
| Resolution 24 | Resolution appointing Chairperson Ellen Pastores, Vice Chairperson Evelia Tizon, Independent Trustee Atty. Adolfo , Trustee Romeo Magdaong, and Treasurer Zorahayda Cafirma as members of the Policy Review Committee. |
| Resolution 27 | Resolution approving the Adjusted 2020 Budget of the NATCCO MBAI. |
| Resolution 29 | Resolution, approving the evaluation tool for Board of Trustees and President. |
| Resolution 30 | Resolution appointing Independent Trustee Ryan Arthur Padilla, Trustee Romeo Magdaong and Trustee Jupiter Bonilla as members of Product Review and Development Committee. |
| Resolution 31 | Resolution approving the Policy on Flexible Work Arrange Community Quarantine |
| Resolution 33 | Resolution approving the Committee Charter of Board Risk Oversight |
| Resolution 34 | Resolution approving the P2M additional Guaranty Fund required by the |
| Resolution 36 | Resolution directing the Management to deposit the required amount for the Guaranty Fund immediately after the certification of the Actuary. |
| Resolution 38 | Resolution forming a Corporate Governance C |
| Resolution 46 | Resolution approving the Investment Committee Charter. |
| Resolution 47 | Resolution approving the Related Party Transaction Committee Charter. |
| Resolution 48 | Resolution approving the Policy Review Committee Charter. |
| Resolution 50 | Resolution forming a Marketing Committee composed of the following members: Trustee Jupiter Bonilla, Independent Trustee Ryan Arthur Padilla, Ms. Zorahayda Cafirma and Ms. Mildred Cerezo |
| | Resolution approving the launching of the marketing video of NMBAI to social |
| Resolution 53 | Resolution approving the Policy on Financial Management Framework. |
| Resolution 54 | Resolution confirming the approval of the P350,000 financial aid to 14 coop partners affected by typhoons Rolly and Ulysses. |
| Resolution 56 | Resolution approving the Corporate Governance Committee Charter |

| | |
|---------------|--|
| | Resolution approving the Product and Review Committee Charter |
| Resolution 58 | Resolution approving the Marketing Committee Charter. |
| Resolution 61 | Resolution approving the 2021 Annual Plans and Budget of the NATCCO MBI. |
| Resolution 62 | Resolution approving the guidelines on membership enrollment collection fee on the additional riders for partner cooperatives. |
| Resolution 63 | Resolution confirming the approval of P70,000 financial assistance to cooperatives affected by typhoons. |

Chairperson, Evelia B Tizon, being the presiding officer asked if there's any question, on the report presented by the Chairperson.

Representative Rico Badilla of Kabangasan Dahilig Arc Coopera Balingoan moved for the approval of the Board and Management Actions on the 2020 Resolutions which was seconded severally There being no objection, the motion was approved.

**Annual Meeting Resolution No. 3
Resolution, approving the Board of Trustees and Management Actions on 2020**

The votes casted and received on the approval of the Board of Trustees and Management Actions on 2020 resolutions:

| present and by | Votes in Favor | | | |
|-----------------------|-----------------------|--|--|--|
| | | | | |

President’s Report

The President, Minerva G. Tejada presented her report.

Representative Adolfo Iba moved for the acceptance of the report presented which was seconded severally. There being no objection, the motion was approved.

**Annual Meeting Resolution No. 4
Resolution to accept the report of the President as presented.**

The votes casted and received on the acceptance of the President’s Report:

| present and by | | Votes in Favor | | |
|-----------------------|--|-----------------------|--|--|
| | | | | |

Treasurer’s Report

Chairperson presented the Treasurer’s report and the Audited FS.

Representative Jerome Tejada moved for the acceptance of the report presented, seconded severally. There being no objection, the motion was approved.

**Annual Meeting Resolution No. 5
Resolution to accept the Treasurer’s Report and the 2020 Audited Financial Statement.**

The votes casted and received on the acceptance of the Treasurer’s Report

| present and by | | Votes in Favor | | |
|-----------------------|--|-----------------------|--|--|
| | | | | |

Nomination Committee Report

presented the Nomination Committee Report.

Representative Samuel Penuela of Guimaras Brethren Multi Purpose Cooperative moved for the acceptance of the report presented and seconded severally. There being no objection, the motion was approved.

Annual Meeting Resolution No. 6

Resolution, accepting the report of the Nomination

The votes casted and received on the acceptance of the Nomination Committee’s Report:

| | | | | |
|-----------------------|--|-----------------------|--|--|
| | | Votes in Favor | | |
| present and by | | | | |
| | | | | |

Audit Committee Report

Independent Trustee Atty. Adolfo being the Chairperson of the Audit Committee presented their report.

Representative Don Tejada of MICOOP moved for the acceptance of the report as presented which was seconded severally. There being no objection, the motion was approved.

Annual Meeting Resolution No. 7

Resolution, accepting the report of the Audit Committee.

The votes casted and received on the acceptance of the Audit Committee Report:

| | | | | |
|-----------------------|--|-----------------------|--|--|
| | | Votes in Favor | | |
| present and by | | | | |
| | | | | |

New Business

2021 Annual Plans & Budget

President Minerva G. Tejada presented the NATCCO MBI Annual Plan for 2021.

Representative Adolfo of Regional and Central Comelec Employees moved for the acceptance of the report presented, seconded severally. There being no objection, the motion was approved.

Annual Meeting Resolution No. 8

Resolution, accepting the 2021 Annual Plans and Budget of the NATCCO MBI

The votes casted and received on the acceptance of the 2021 Annual Plans and Budget:

| present and by | | Votes in Favor | | |
|-----------------------|--|-----------------------|--|--|
| | | | | |

B. Appointment of the External Auditor for 2021

The Chairperson, Ellen R. Pastores sought the approval from the body the reappointment of Banaria, Banaria and Company CPAs as the External Auditor of the NATCCO MBI for 2021.

Representative Romenito Pader of Bayanihan Hundred Islands Agrarian Reform Cooperative moved to reappoint Banaria Banaria as the External Auditor of the NATCCO MBI for 2021, seconded severally. There being no objection, the motion was approved.

Annual Meeting Resolution No. 9

Resolution, reappointing Banaria, Banaria and Company CPAs as the External Auditor of the NATCCO MBI for 2021.

The votes casted and received on the approval of the external auditor:

| present and by | | Votes in Favor | | |
|-----------------------|--|-----------------------|--|--|
| | | | | |

Result of the Election

The Nomination Committee declared the following winners based on the tabulation. Following are the results of the Election:

| | | |
|---|--|--|
| TOTAL BALLOTS | | |
| # valid 47 | | |
| # invalid 8 | | |
| Total number of representatives who casted their votes | | |
| | | |
| | | |
| Total number of reps who voted thru FB messenger | | |
| | | |
| | | |
| Total number of reps who voted thru | | |
| | | |
| | | |

Result of Election on Regular Trustee:

| | | |
|---|--------------------|--|
| Total Voting Members Present and By Proxy | Name of Candidates | |
| | Jupiter B. Bonilla | |

Result of Election on Independent Trustee:

| | | |
|---|-------------------------|--|
| Total Voting Members Present and By Proxy | Name of Candidates | |
| | | |
| | Ryan Arthur DG. Padilla | |

| | | |
|------------------------------------|--|--|
| | | |
| Jupiter B. Bonilla Regular Trustee | | |
| | | |
| Ryan Arthur DG. Padilla | | |

After the presentation and declaration of the winners, Representative Romenito Pader Bayanihan Hundred Islands Agrarian Reform Cooperative moved for the confirmation of the newly elected officers of NMBAI seconded by Representative Marites Saclet of San Miguel Farmers and Fishers Multi Purpose Cooperative. There being no objection, the

Annual Meeting Resolution No. 10

Resolution, confirming the following newly elected in the Board of Trustees: Jupiter Regular Trustee, Atty. Adolfo A. Independent Trustee and Ryan Arthur DG. Independent

The votes casted and received on the acceptance of the newly elected Board of Trustees:


| present and by | | Votes in Favor | | |
|----------------|--|----------------|--|--|
| | | | | |

Adjournment

There having no more business at hand, Representative Salvacion Nicholas of MICOOP moved for the adjournment of the 2021 10 Annual Meeting, seconded severally. There being no objection, the motion was approved.

Ellen R. Pastores
o'clock in the afternoon

NATCCO MBAI Annual Meeting at 1:58



Mildred C. Cerezo
Board Secretary



Ellen R. Pastores

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MICROINSURANCE
ACCESSIBILITY**

BOARD OF TRUSTEES REPORT



BOARD OF TRUSTEES REPORT

NATCCO MBAI Annual Meeting last May 25, 2021, the Board of Trustees focused on coming up with strategies on how to cushion the impact of tough times through solicitude and solidarity (malasakit at pagkakaisa): solicitude for you, our coop partners and your member enrollees as our members too and solidarity among us, so together, we can traverse the pandemic times unscathed and thriving. Year 2021 was still challenging but the learnings we got were strengthening. springboard for innovation, inclusion and enhancement of processes, in response to the call of the

In keeping with our roles, as Board of Trustees, we humbly present to our stakeholders our accomplishments for 2021.

CONFORMANCE ROLES

Accountability

The Board of Trustees is mandated to report to its stakeholders regularly, that is, annually. But this does not happen once. All the actions of the Board and Management are uploaded in the NATCCO MBAI website for easy access of the members, anytime during the year.

In the midst of the pandemic period, the Board ensured compliance of NATCCO MBAI with legal and regulatory requirements. This includes operating within the industry standards such as SEGURO, where we got a GOOD rating and ASEAN Corporate Governance Scorecard (ACGS) where we are higher than the average rating of 119 participating insurance companies and 31 MBAs. Likewise, measures were undertaken to comply with the recommendations of the Insurance Commission for the implementation of the Revised Corporate Code of Governance.

Regular monitoring and supervision of executive performance done quarterly by the Board and monthly by the Executive Committee. This practice cushioned the impact of tough times through timely corrective actions on whatever shortfalls seen during the monthly

PERFORMANCE ROLES

s at the core of the Board of Trustees' duties and responsibilities. This role was tested during this pandemic time, falling within the 7 (2025) development plan of NATCCO MBAI. Anchored on our governance charter (vision, mission, values) and its strategy map, the Board maintained the end goal but tweaked the strategy execution, based on the dictates of the changing times.

The Board sets the tone at the top through its approved policies. The Committees ably aided the formulation and review of policies, as follows:

- Revised Nomination Committee Charter
- MicroJuan Program for NMBAI Members
- Revised Election Code
- Code of Conduct
- Board Charter
- Board Diversity Policy
- Enterprise Risk Management Policy
- Policy on giving collection fees to partners
- Revised RPT Policy with Vendor & Supplier Conflict of Interest Disclosure Form and Business and Personal Affiliation Disclosure Form
- Policy for Reinsurance Partnership
- Data Privacy Policy
- MIS Committee Charter

In 2021, the Board of Trustees passed the following Board Resolutions:

| RESOLUTION | 2021 BOARD RESOLUTION |
|------------|--|
| | Resolution, approving the Committee Charter of the Nomination |
| | Resolution, approving the Election Code for 2021 as |
| | Resolution to approve the Code of Conduct of the NATCCO MBAI. |
| | Resolution approving the Board Charter as part of the internal control |
| | Resolution approving the Board Diversity Policy |
| | Resolution approving the Enterprise Risk Management Policy (ERM) |
| | Resolution approving the Committee Evaluation Form |
| | Resolution approving the policy on giving collection fees to partners |
| | Resolution, approving the 2020 Audited Financial Statement of NATCCO |
| | Resolution approving the recommendation of the Audit Committee to reappoint Banaria Banaria as the External Auditor for 2021 |
| | Resolution, approving the 2021 Balance Score Card and Mid Up plan of the NATCCO MBAI |
| | Resolution, requiring Trustee Members to provide a written disclosure of their board membership with cooperatives and other organization to the Management within 15 calendar days |

| | |
|--|---|
| | Resolution, approving the Nomination Committee Revised Charter |
| | Resolution, approving the Php336,000 budget allocated to system revision and modification of NMBAI. |
| | Resolution approving the Microjuan Program for the NMBAI members |
| | Resolution approving the revised Election Code |
| | Resolution approving the revised Related Party Transaction Policy (RPT), Vendor & Supplier Conflict of Interest Disclosure Form and Business & Personal Affiliation Disclosure Form |
| | Resolution approving the New Policy for Reinsurance Partnership |
| | Resolution approving the P150,000 budget for social media management with PhilipRad |
| | Resolution approving the Data Privacy Policy |
| | Resolution approving the MIS Committee Charter |
| | Resolution approving the Anti Fraud Policy of NMBAI |
| | Resolution approving the NMBAI Officers Job Descriptions: 1. President 2. Secretary 3. Treasurer 4. Auditor |
| | Resolution approving the 2022 Plans and Budget of NMBAI. |

All of these were accomplished by the Board of Trustees by working with and through the President of NATCCO MBAI.



EVELIA BARDOS
Board Chairperson



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MANAGEMENT REPORT

MANAGEMENT REPORT

2021 is another challenging year. Experts are saying it is a year in crisis, not just because of the COVID 19 virus but more of its severe effects on the economy. The country continued to experience hardships in returning to the pandemic situation. Unemployment and poverty are still the top concerns of Filipinos. In spite of what we went through, 2021 was also a year of celebration as it was the year when Olympics gold medal.

For NATCCO MBAI, 2021 is the opportunity to further serve its members. This is the year of continued support to partner cooperatives through virtual webinars and celebrations. This is the year where we launched three (3) most important projects the additional product riders for the Basic Life Insurance Plan (BLIP), the NMBAI Business Application Solutions Inter Connection MIS, and the much website of the association. This is the year where we truly enhanced our members' protection and made sure that microinsurance is accessible f

OPERATIONS HIGHLIGHTS

Total Number of Active Members with Inforce Policies

Total Number of Active Policies

Total Amount of Contributions and Premiums Received

Total Amount of Claims Benefits Released

Total Assets

Percentage of Claims Released Within 3 days

Basic Life Insurance Plan

No. of Claims

Benefit Amount Released

Hospital Income Benefit

No. of Claims

Benefit Amount Released

Credit Life Insurance Plan

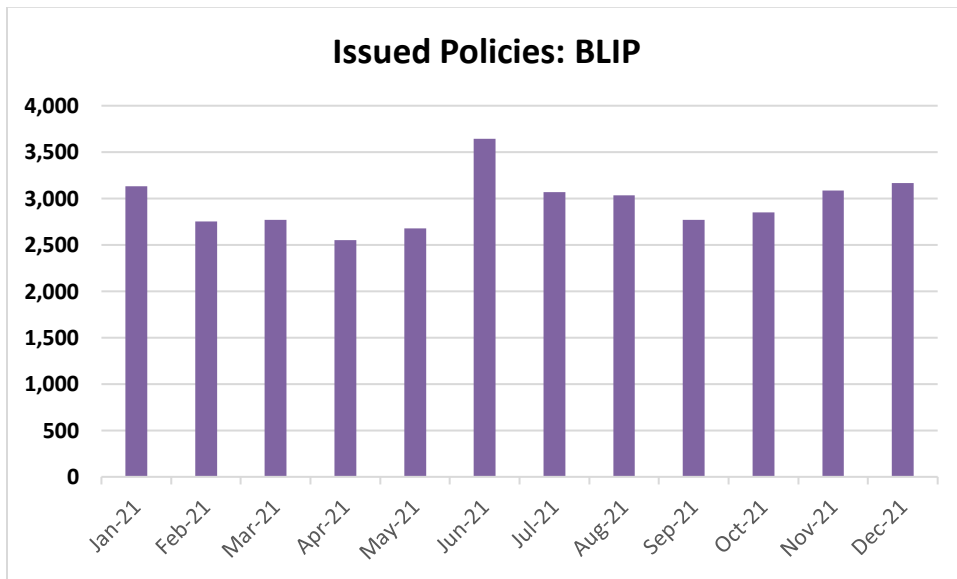
No. of Claims

Benefit Amount Released

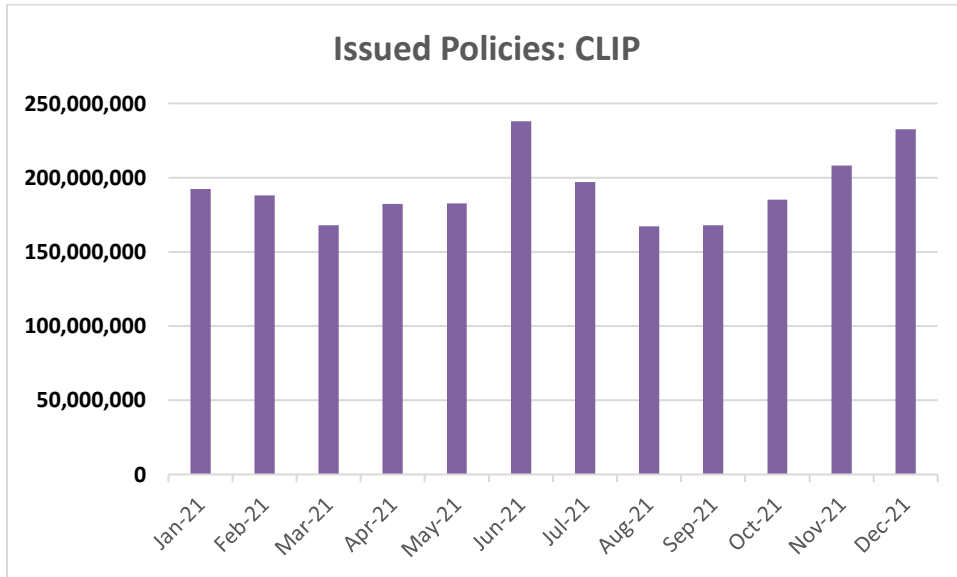
OUR 2021 ACCOMPLISHMENTS

ISSUED POLICIES

In 2021, we issued _____ policies for the Basic Life Insurance Plan with a total sum assured of **1,820,690,000**. This is 13% higher than 2020's 31,503 issued policies.

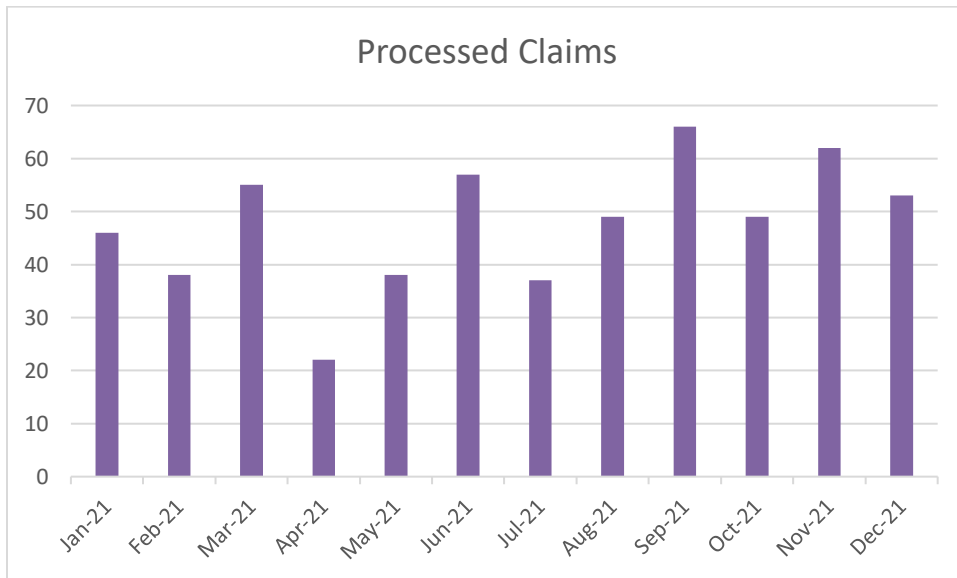


For Credit Life Insurance Product, we issued policies with a total loan amount of **2,308,986,364**. This is 17% higher than 1,967,419,645.



RELEASED CLAIM BENEFITS

The NATCCO MBI’s promise is to make sure that the financial benefits for our members are released as soon as possible, and this is not just a mere promise, but we make sure that we deliver. With increased number of Members insured, there was also an increase in the number of death claims. For 2021, a total of death claims were processed and we released total benefits of



The Insurance Commission (IC) required the MBAs to release the benefits within 10 working days, but Association, we were able to release 85% or 488 claims within 3 working days. 42% or 239 of that were released within 1 day. One (1) of the claims was from the Hospital Income Benefit rider. The member was hospitalized for 13 days due to COVID eimbursed her P 3,900.00. Her rider 300 with an annual premium of P 360.00 only, and she was able to collect more than what she paid for. This is the benefit of having insurance.

Consistently, cardiovascular disease is still the number one cause of death, followed by respiratory disease. COVID cause of death. Last year, our association released a total claim benefit of

| CAUSE OF DEATH | | | |
|---------------------|--|--|--|
| RELATED DISEASE | | | |
| RESPIRATORY DISEASE | | | |
| | | | |
| | | | |
| KIDNEY DISEASE | | | |
| | | | |
| | | | |
| ORGAN FAILURE | | | |
| HYPERTENSION | | | |
| | | | |
| LIVER FAILURE | | | |
| UNDETERMINED | | | |
| RESPIRATORY DISEASE | | | |
| | | | |

NEW RIDERS FOR BASIC LIFE INSURANCE PLAN

NATCCO MBI consistently put the welfare of the Members on top priority. Offering relevant products that would answer the needs of the Members is what we aspire to.

In September 2020, the Insurance Commission approved our request for micro riders that can be attached to our existing Basic Life Insurance Product.

Total and Permanent Disability (TPD) Rider, wherein with a very minimal additional premium, TPD benefit will be given to the Insured Member who becomes totally disabled by bodily injury or disease and is thereby prevented from engaging in any occupation for compensation or profit.

Hospital Income Benefit minimal additional premium, the Hospital Income Benefit specified in the Policy shall be paid to the Insured Member for each day of hospital confinement, if any, for a maximum of 30 days.

These two (2) micro riders will definitely give protection to Members, and our Association will process claims immediately. We are hoping that the partner cooperatives will start offering these products to their members.

Last year, we were able to launch these two (2) products to our partner cooperatives. At the end of the year, seven (7) cooperatives with a total of twenty one (21) branches have subscribed to the new BLIP packages. The new BLIP will give more benefits for members, as high as P100,000.00 basic benefit, with double indemnity due to accidental death. The beauty of this new BLIP is the access to the new riders, where the members can add the Total and Permanent Disability and Hospital Income Benefit riders in their insurance plan.

MALASAKIT PROGRAM

To support the Association's mission and our core values of Integrity, Compassion, Excell Team Work, we have launched the **Lakbay Malasakit Program** (LMP) in 2020. It aims to help our members by conducting different social service activities. The activities such as medical & dental missions, giving of relief goods to disaster mbers, learning sessions about insurance, health and wealth, and livelihood. LMP is an avenue to enrich the relationship of NATCCO MBAI to its Members and their community, and this is.

In 2021, LMP has brought webinar series to our members and partner cooperatives. We were able to hold eight (8) sessions, with topics such as financial literacy, mental health, life insurance 101, and the power of social media in marketing. Also, we were able to launch the improved BLIP with its new riders and held a special virtual Christmas celebration with the partners.

SEGURO is a set of Key Performance Indicators (KPIs) by which the micro insurance providers shall be evaluated and monitored to ensure the stability, viability and delivery of safe and sound products, and services to the Members. SEGURO stands for Solvency and Stability (S), Efficiency (E), Governance (G), Understanding of the Product by the insured (U), Rate of Growth (R), and Outreach (O).

This is another tool used by the Insurance Commission to check the stability of the association’s financial conditions and operating performance.

For 2021, out of the 100 maximum scores, our association scored 82 points.

| | Max Possible | NATCCO MBI Score |
|-------------------------------------|--------------|------------------|
| SOLVENCY & STABILITY | | |
| | | |
| GOVERNANCE | | |
| UNDERSTANDING OF THE PRODUCT BY THE | | |
| RATE OF GROWTH | | |
| | | |
| | | |

The score translates to these ratings:

| | | |
|--|--|-----------------|
| | | |
| | | |
| | | |
| | | Marginal / Poor |

, and we are at a “**satisfactory level**”. This is an indicator that we are doing very well. Satisfactory is defined as “The financial condition and operating performance of the insurer are satisfactory and can withstand business conditions. Resources are sufficient to sustain operations and pay obligations now and in the near term. The insurer currently meets the needs of the insured and most of its clients understand the product. The board and management exhibit satisfactory performance and risk management practices are acceptable relative to the insurer’s size, the complexity of products, and risk profile. Moderate weaknesses in operations are noted and can be addressed by management in the ordinary course of business.”

This inspires us to do better, aiming to be at an Excellent level so that we can do more and give more to our members.

ASEAN CORPORATE GOVERNANCE SCORECARD (ACGS)

The ASEAN Corporate Governance was developed based on international benchmarks such as the Organization for Economic Co operation and Development (OECD), Principles of Corporate Governance, the International Corporate Governance Network Corporation (ICGN) Governance Principles, as well as industry practices from ASEAN and the world¹. The ACGS is a tool used to evaluate corporate governance practices. Endorsed by the ASEAN finance ministers in 2009, it was designed to help develop an integrated capital market for the region’s financial integration by 20

It is the policy of the Insurance Commission to raise the bar of corporate governance in the insurance industry by adopting the corporate governance best practices in the ASEAN region. In its Circular Letter 20132, the Insurance Commission mandated the adoption of ACGS to all insurance companies and mutual benefits association (MBA) enjoining the covered companies to develop their company websites and their responses to the ACGS questionnaire with supporting documents.

The ACGS covers five areas of the G20/OECD Principles of Corporate Governance:

- Rights of the Shareholders
- Equitable Treatment of Shareholders
- Role of Shareholders in Corporate Governance
- Disclosure and Transparency
- Responsibilities of the Board

Industry result

The Institute of Corporate Directors (ICD) is the institution that assesses the companies. In 2020, there was a delay in the release of their report due to the IC’s new Annual Revised Corporate Governance Report (ACGR). Effective 2021, ACGS will be replaced with ACGR. The 2020 scorecard will still be used for the 2021 report.

A total of 119 insurance companies were subjected to ACGS scoring, and NATCCO MBAI belongs to the 31 MBAs that participated in this.

Breakdown of companies according to class

The average score of the companies assessed in 2020 is 45.9 points. For the MBA sector, the average score is 51.39 points. NATCCO MBAI scored higher than the industry, and higher than the MBA sector.

| | | | | | |
|-------------------------------|--|--|--|--|--|
| | | | | | |
| Rights of Shareholders | | | | | |
| Equitable Treatment of | | | | | |
| Roles of Stakeholders | | | | | |
| Disclosure and | | | | | |
| Responsibilities of the Board | | | | | |
| Bonus and Penalty | | | | | |
| TOTAL SCORE | | | | | |

This means our association is continuously upgrading its corporate governance practices to effectively serve the members and to ensure a steady flow of financial support so that we can consistently deliver

B.A.S.I.C MIS

Our Association is continuously looking for ways to improve our processes. We know the importance having an accurate and efficient MIS system that would help the Head Office and partner cooperatives easily access the members’ enrollment records as well as file claims immediately. That is the goal why we set up the “Business Application Solutions In Connection Management Information System” or BASIC MIS. For 2021, we were able to install the system to twenty two (22) partners. This was done in the last quarter of the year. By 2022, we will continue installing this system on other partners.

ll, 2021 was indeed a very challenging year. It was the year that we need to be more resilient, resourceful, hopeful, and positive. It was a year of discovery for better science and medicine, a call for good governance, and a need to be more compassionate yet forceful and strong willed. It was a year of crisis but also the year when we started bouncing back. It was a year of opportunity to give more protection for members and a year to make microinsurance available to everyone. NATCCO MBAI will ready to serve the members and fulfill its promises. From the Officers to the employees, everybody is included and welcome to make the association better and stronger. This is OUR ASSOCIATION. This is OUR MBA. Let’s make it work and more accessible for everyone’s protection.





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ACCESSIBILITY**

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

CONFIRMATION STATEMENT

NATCCO MBAI Board of Trustees, Officers, and Management Team confirm its full compliance to the Corporate Governance. We take corporate governance to mean “the framework of rules, systems and processes in the association that governs the performance of the Board of Trustees and Management of their respective duties and responsibilities to members and stakeholders which include, among others, customers, employees, suppliers, financiers, government and community in which it operates.”

With this understanding, NATCCO MBAI binds itself “to promote fairness, transparency and accountability” in all its corporate actions and endeavors.

_____ provides the assurance that all members have their rights protected and are treated equitably. Promoting long term shareholder value is important. Trustees shall devote the time and attention necessary to properly discharge their duties and responsibilities, in return for the trust given them by members. The Board of Trustees has a duty to direct and manage in a manner fair to all and act with prudence and justice. Fairness is intimately related to _____. The BOT has the ultimate responsibility for creating a culture that promotes ethical practice responsively through corporation. A trustee must ensure that the company’s goals, strategies, policies, and practices are right, good, proper, moral, and legal. A trustee shall not use his position to make a profit or to acquire benefits or advantages for himself and/or related interests.

Accountability recognizes that the Board of Trustees is answerable to members. It is responsible for the actions of Management, which implements policies and strategic directions emanating from the Board. It involves assigning responsibility and measuring results, and the use of policies, plans, risk management systems, and other systems of internal controls and accounting/reporting systems. It serves to maximize value while meeting the financial and other legal and contractual obligations. In brief, the BOT must answer for the consequences of action or inaction.

_____ requires that the Board of Trustees ensure timely and accurate disclosure on all material matters, such as the financial situation, and performance, including disclosure of any material foreseeable risks. It requires a system of checks and balances and a system of monitoring and reporting based on accepted standards of adequate disclosure for both financial and non financial information. There should be clear dividing lines among members, trustees, and managers. Whenever they cross lines such as when trustees wear different hats (e.g. Trustee / Committee Member) this should be disclosed accordingly.

BOARD OF TRUSTEES

The Board of Trustees, composed of non executive trustees and headed by a non chairperson, derives its power from the General Assembly by means of elections, governs by means of strategic decisions, policies, and oversight, and is fully accountable to the General Assembly.

The Board is composed of trustees with a collective working knowledge, experience, or expertise that vant to the association’s sector.

INDEPENDENT BOARD OF TRUSTEES

Two (2) of the seven (7) members of the Board of Trustees are Independent Trustees. They are independent of management and the controlling members, and are free from any business or other relationship, which could, or could reasonably be perceived to materially interfere with their exercise of independent judgment in carrying out their responsibilities as a trustee.

BOARD MEETINGS

The Board of Trustees regularly meets quarterly, and also hold special board meetings if there are matters that need to be discussed immediately.

For 2021, the NMBAI Board of Trustees had a total of 12 meetings, Eight (8) regular board meetings, and four (4) special board meetings.

Meeting dates: January 16, February 13, March 13, April 10, April 17, May 15, May 22, June 12, June 18, July 31, September 11, and December 16.

| BOARD MEETING | | TOTAL NUMBER OF MEETINGS | PERCENTAGE |
|-----------------------|-----------------|--------------------------|------------|
| EVELIA BARDOS | CHAIRPERSON | | |
| 2. ELLEN R. PASTORES | CHAIRPERSON | | |
| 3. JUPITER B. BONILLA | REGULAR TRUSTEE | | |
| 4. ROMEO M. MAGDAONG | REGULAR TRUSTEE | | |
| 5. MA. VERONICA B. | REGULAR TRUSTEE | | |
| 6. ADOLFO A. IBAÑEZ | INDEPENDENT | | |
| 7. RYAN ARTHUR DG. | INDEPENDENT | | |

BOARD COMMITTEES

Board committees are set up to support the effective performance of the Board's functions. They are empowered to carry out their functions. All committees are headed by a trustee who reports directly to the Board of Trustees. The Chair of a Committee is responsible for providing leadership to enhance the effective and independent functioning of the Committee in order to fulfill its duties.

CORPORATE GOVERNANCE COMMITTEE

The Insurance Commission with its Circular Letter 2020 71, "Revised Corporate Governan Insurance Commission Regulated Companies," has recommended the creation of a Corporate Governance Committee. Composed of at least five (5) members appointed by the Board of Trustees. The composition of functional. The members will serve for at least one (1) year of appointment.

Committee Meetings:

Meeting dates: February 20, June 24, September 9, September 23, November 25, and December 13.

| CORPORATE GOVERNANCE COMMITTEE | | | TOTAL NUMBER OF MEETINGS | PERCENTAGE |
|---|-------------|--|--------------------------|------------|
| 1. ELLEN R. PASTORES | CHAIRPERSON | | | |
| EVELIA BARDOS | | | | |
| 3. ADOLFO A. IBAÑEZ | | | | |
| 4. RYAN ARTHUR DG. PADILLA | | | | |
| | | | | |
| 6. RUSTICO U. GALANG, JR. (resource person for remuneration matters) | | | | |

AUDIT COMMITTEE

Composed of three members, headed by an independent trustee, with all members having the ability to read financial reports. This Committee is an effective system of internal control that will ensure the integrity of the financial reports and the protection of the assets of the association for the benefit of all

Committee Meetings:

Meeting dates: March 19, July 10, September 4, and November 11.

| AUDIT COMMITTEE | | TOTAL NUMBER OF MEETINGS | PERCENTAGE |
|----------------------------|-------------|--------------------------|------------|
| ADOLFO A. IBAÑEZ | CHAIRPERSON | | |
| 2. RYAN ARTHUR DG. PADILLA | | | |
| 3. MA. VERONICA B. SIERRA | | | |
| 4. JUPITER B. BONILLA* | | | |
| 5. ELLEN R. PASTORES** | | | |

*Member from January to May only

**Member from June to December only

RELATED PARTY TRANSACTIONS (RPT) COMMITTEE

The RPT Committee is composed of at least three (3) members. For NMBAI, RPT Committee members are two (2) Independent Trustees, a Chairperson of the Board of Trustees, and one (1) more trustee. They are tasked with reviewing all material related party transactions of the association.

Committee Meetings:

Meeting dates: July 17 and September 27.

| RELATED PARTY TRANSACTION COMMITTEE | | TOTAL NUMBER | PERCENTAGE |
|-------------------------------------|-------------|--------------|------------|
| 1. ELLEN R. PASTORES | CHAIRPERSON | | |
| 2. ADOLFO A. IBAÑEZ | | | |
| 3. RYAN ARTHUR DG. PADILLA | | | |
| EVELIA BARDOS | | | |

**Member from June to December only

BOARD RISK OVERSIGHT COMMITTEE (BROC)

The Insurance Commission with its Circular Letter 2020 71, “Revised Corporate Governance for Insurance Commission Regulated Companies,” has recommended the creation Oversight Committee. The BROC assists the Board of Trustees in fulfilling its oversight of NMBAI’s Risk Management system to ensure its functionality and effectiveness.

Committee Meetings:

Meeting dates: February 6, February 13, March 6, May 8, and October 23.

| | | TOTAL NUMBER OF MEETINGS | PERCENTAGE |
|----------------------------|-------------|--------------------------|------------|
| 1. RYAN ARTHUR DG. PADILLA | CHAIRPERSON | | |
| EVELIA BARDOS | | | |
| 3. ELLEN R. PASTORES | | | |
| 4. ROMEO M. MAGDAONG | | | |
| 5. ZORAHAYDA A. CAFIRMA | | | |

NOMINATION COMMITTEE

Membership is composed of three (3) members. They formulate rules and regulations governing the conduct of nominations and elections during the annual members’ meeting, as in special should such occur, prepare and issue ballots to be used and supervise the conduct of elections, canvass the votes and proclaim the results of the elections.

Committee meetings:

Meeting dates: January 16, January 23, February 20, April 17, May 1, August 12, and December 11.

| NOMINATION COMMITTEE | | TOTAL NUMBER OF MEETINGS | PERCENTAGE |
|-----------------------------|-------------|--------------------------|------------|
| EVELIA BARDOS | CHAIRPERSON | | |
| 2. MA. VERONICA B. SIERRA* | | | |
| 3. ROMEO M. MAGDAONG* | | | |
| 4. JUPITER B. BONILLA* | | | |
| 5. ELLEN R. PASTORES** | | | |
| 6. ADOLFO A. IBAÑEZ*** | | | |

*Member from January to May only

**Member from June to December

***Member from September to December only

EXECUTIVE COMMITTEE

The Executive Committee is composed of the Board of Trustees Chairperson and Vice Chairperson, with the Board Treasurer and President of the Operations Team. The EXECOM shall exercise the powers and perform the duties of the Board of Trustees during the intervening period between the Board of Trustees meetings.

Committee Meetings:

Meeting dates: January 9, February 6, March 5, May 8, May 26, August 14, September 24, September 25, October 9, November 13, and December 3.

| | | TOTAL NUMBER OF MEETINGS | PERCENTAGE |
|-------------------------|-------------|--------------------------|------------|
| EVELIA BARDOS | CHAIRPERSON | | |
| 2. ELLEN R. PASTORES | | | |
| 3. ZORAHAYDA A. CAFIRMA | | | |
| 4. MINERVA G. TEJADA | | | |

INVESTMENT COMMITTEE

Composed of the Board Chairperson, Board Treasurer, one (1) Regular Board of Trustee, and the President of the Operations Team. The committee reviews and recommends for approval by the Board, the investment policies, including investment objectives and strategies. They also recommend for Board approval the selection of investment managers, custodians, consultants and other investment professionals as appropriate.

Committee meetings:

Meeting dates: April 23 and November

| INVESTMENT COMMITTEE | | TOTAL NUMBER OF MEETINGS | PERCENTAGE |
|-------------------------|-------------|--------------------------|------------|
| 1. ZORAHAYDA A. CAFIRMA | CHAIRPERSON | | |
| 2. ELLEN R. PASTORES | | | |
| 3. ROMEO M. MAGDAONG | | | |

REVIEW COMMITTEE

One of the powers of the NATCCO MBI Board of Trustees is “From time to time, promulgate rules and regulations consistent with these by laws, and to review, revise or amend the same when it deems necessary for the management of the Association’s business and affairs” (NATCCO MBI Bylaws Art 6, Sec 1, paragraph a). To aid the Board of Trustees, Board Resolution # 24 2020 dated July 11, 2020, was passed, creating the Policy Review Committee (POLREVCOM).

Committee meetings:

Meeting dates: January 30, September 28, and December 8.

| POLICY REVIEW COMMITTEE | | TOTAL NUMBER OF MEETINGS | PERCENTAGE |
|-----------------------------|-------------|--------------------------|------------|
| EVELIA BARDOS | CHAIRPERSON | | |
| 2. ELLEN R. PASTORES | | | |
| 4. ADOLFO A. IBAÑEZ | | | |
| 5. ZORAHAYDA A. CAFIRMA | | | |
| 6. MA. VERONICA B. SIERRA** | | | |

*Member from January to May only

**Member from June to December only

PRODUCT REVIEW AND DEVELOPMENT COMMITTEE

In response to the constantly changing needs of our members, the Board of Trustees deemed it necessary to create a committee which will conduct periodic reviews of current products and research in order to develop new respons products and services.

Board Resolution # 30 2020 dated Sept. 12, 2020 was passed, creating the Product Review and Development Committee (PRD COM).

Committee meetings:

Meeting dates: January 14 and October 2.

| PRODUCT REVIEW AND DEVELOPMENT | | TOTAL NUMBER OF MEETINGS | PERCENTAGE |
|--------------------------------|-------------|--------------------------|------------|
| 1. ROMEO M. MAGDAONG | CHAIRPERSON | | |
| 2. RYAN ARTHUR DG. PADILLA | | | |
| 3. JUPITER B. BONILLA | | | |

MARKETING COMMITTEE

To achieve the institutional vision of 300,000 strong NMBAI by 2025, the Board of Trustees passed Board Resolution # _____ dated November 14, 2020, creating the Marketing Committee (MC) to set the strategic marketing direction of NMBAI.

Meeting dates: June 26, September 8, and November 24.

| MARKETING COMMITTEE | | | TOTAL NUMBER OF MEETINGS | PERCENTAGE |
|----------------------------|-------------|--|---------------------------------|-------------------|
| 1. JUPITER B. BONILLA | CHAIRPERSON | | | |
| 2. RYAN ARTHUR DG. PADILLA | | | | |
| 3. ZORAHAYDA A. CAFIRMA | | | | |
| 4. MINERVA G. TEJADA | | | | |
| 5. MILDRED C. CEREZO | | | | |

MANAGEMENT INFORMATION SYSTEM (MIS) COMMITTEE

To guide the management team in the process of transition from manual to automated, the Board of Trustees created the Management Information System (MIS) Committee in 2019.

Committee meetings:

Meeting dates: July 29 and November 17.

| MANAGEMENT INFORMATION SYSTEM | | | TOTAL NUMBER OF MEETINGS | PERCENTAGE |
|--------------------------------------|-------------|--|---------------------------------|-------------------|
| 1. RYAN ARTHUR DG. PADILLA | CHAIRPERSON | | | |
| 2. ROMEO M. MAGDAONG | | | | |
| 3. MA. VERONICA B. SIERRA | | | | |
| MINERVA G. TEJADA | | | | |
| 5. ZORAHAYDA A. CAFIRMA | | | | |

INDEPENDENT CHECKS AND BALANCES

Guided by the association's core values of integrity and excellence, independent check and balances activities are regularly carried out with the help of its auditors.

Internal Auditor

The Board of Trustees yearly appoints the Internal Auditor to ensure effective internal control measures. Mr. Robert Abao was initially appointed on May 29, 2018, to be the Internal Auditor. He was reappointed for the same position on May 28, 2019, July 21, 2020, and May 25, 2021.

External Auditor

Recommended by the Audit Committee and approved by the Board of Trustees, the Banaria, Banaria & Company served as the External Auditor of NATCCO MBAI. With the audit fee of P47,000.00 and all other expenses incurred by the auditors during the audit period, they audited the 2021 Financial Statement of the association, and this was affirmed by the Board of Trustees on July 21, 2020.

Company Compliance

To ensure the association's compliance with all the regulatory bodies, especially the Insurance Commission, a Compliance Officer, and Alternative Compliance Officer was appointed by the Board of Trustees. The Compliance Officer will also carry out the corrective actions recommended by the internal and external auditors.

CODE OF CONDUCT AND BUSINESS ETHICS

The NATCCO MBAI Code of Conduct is the foundation of how the Officers and Employees conduct their business. It puts NMBAI values into practice and guides the Officers' and employees' ethical behavior whenever and wherever they do business or act on behalf of NATCCO MBAI.

The conduct of the Insurance business is imbued with high public trust. All NATCCO MBAI officers and employees must conduct themselves with the highest degree of responsibility, integrity, loyalty, and efficiency and must remain accountable to the NMBAI stakeholders.

Thus, it is the declared policy of NATCCO MBAI that all Officers and employees must, at all times, comply with all applicable laws and regulations. NATCCO MBAI will not condone the activities of officers and employees who achieve results through violation of law and/or unethical business dealings.

RELATED PARTY TRANSACTION

The Board of Trustees has the overall responsibility of ensuring that there is a group wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions, particularly those that pass certain thresholds of materiality. There is an appropriate review and approval of material or significant RPTs, which guarantee fairness and transparency of the transactions. The policy encompasses all entities within the group, taking into account their size, risk profile, and complexity of operations.

Ensuring the integrity of related party transactions is an important fiduciary duty of the trustee, it is the Board's role to initiate policies and measures geared towards prevention of abuse and promotion of transparency, and in compliance with applicable laws and regulations to protect the interest of all

TRANSPARENCY AND DISCLOSURE

Ensuring the members and stakeholders are updated on the processes and whereabouts of the association, NATCCO MBI communicates to them through different channels:

- www.natccombai.org) This contains the manuals and policies of the association, as well as the AFS, Annual Reports, minutes of the meetings, and other important information for the members.
- **Facebook Page** <https://www.facebook.com/natccombaiofficial>) for faster and easier connection to the members, the association utilizes also FB in communicating to members.
- (8962 3408; 0998 594 6712) in all activities and campaigns for the members and stakeholders, the NATCCO MBI is publishing these contact numbers to inform the public that they can reach the association anytime.

PERFORMANCE EVALUATION

The performance assessment was conducted to further improve the performance of every Board of Trustees. For 2021, the evaluation was done at the end of the year, and they did evaluate self performance, peer performance, and committee performance. The assessment included among others their understanding of the Association's vision, mission, and strategic goals and their performance as a group and individually. The Corporate Governance Committee (CGC) took the overall activity under

STAKEHOLDERS' INTERESTS

Stakeholders, most especially the members, are the core of NATCCO MBI's existence, thus giving them the best programs and services is the top priority.

Customer Welfare Policy

NATCCO MBI's Customer Welfare Policy promotes fairness and transparency in its business dealings with members and partner cooperatives. Our Association is committed to our customer's quality standards in a mutually fair and satisfactory manner without compromising the business ethics set by the Association.

To protect customer safety and welfare, we abide by the relevant laws, rules and regulations set by the Philippine government.

corruption Policy

is a form of _____ [criminal offense](#) undertaken by a person or organization entrusted with a position of authority, to acquire illicit benefit or abuse of power for one's private gain.

The employee, by virtue of his employment, is bound not to betray that trust by seeking to gain any undue personal or pecuniary advantage (other than the rightful proceeds of employment) from his h or for and on behalf of the Association. Employees maintain the highest standards of honesty and professional conduct. Seeking undue financial and material advantage from transactions with the Association is a breach of trust between the employee and the

NATCCO MBI values its reputation for ethical behavior and for financial probity and reliability. It recognizes that over and above the commission of any crime, any involvement in bribery will also reflect adversely on its image and reputati

Environment Friendly Value Chain Policy

NATCCO MBI is committed to the protection of the environment, the health, and the safety of its employees, members, customers, and the community.

We shall continue to

- Adopt systems that promote environmental protection, occupational health and safety, and compliance with relevant statutory and regulatory requirements;
- Seek ways to efficiently use materials and energy;
- Review and improve our safety, health, and environmental performance;
- Communicate our environmental activities to our employees, the public, and relevant

Encourage employee initiatives that contribute to safe and improved environmental work at the community.

Safeguarding Creditor's Rights

NATCCO MBAI's Code of Conduct sets out ethical standards and policies that aim to uphold its reputation for acting responsibly and with integrity at all times in dealings with our members, cooperative partners, suppliers, creditors, competitors and society as a whole. It is every employee's responsibility to protect the interest and integrity of the Association and maintain the highest standards of conduct to promote a high level of employee and corporate performance.

NATCCO MBAI's main creditors are its suppliers. In dealing with said suppliers of goods and services, the Association maintains the highest possible standards of integrity in business relationships with said suppliers.

Dividend Policy (Free and Unassigned Surplus)

As stated in IC 46, Rules in the Application of Section 408, Paragraph 3 of the Amended Insurance Code on Free and Unassigned Surplus.

Section 1: Applicable Provision. Section 408, paragraph 3 of the Insurance Code, as amended provides

“A mutual benefit association shall only maintain a free and unassigned surplus of not more than twenty percent (20%) of its total liabilities as verified by the Commissioner. Any amount in the excess shall be returned to the members by way of dividends, enhancing the equity value, or providing benefits in kind and other relevant services. In addition, subject to the approval of the Commissioner, a mutual benefit association may allocate a portion for the capacity building and research and development such as developing new products and services, upgrading and improving operating systems and equipment, and continuing member education.”

Section 2. Definition of Terms.

This term shall be construed to mean any additional benefit, whether in cash or in kind, given to members of an MBA. The term shall not be construed as dividends for stock corporations as defined under the Corporation Code of the Philippines and as dividends payable, if any, under a participating plan.

With these, NATCCO MBAI's free and unassigned surplus in excess of 20% will be distributed to members by enhancing equity value or providing benefits in kind and other relevant services. Moreover, as approved by the Commissioner, NATCCO MBAI may allocate a portion for the capacity building research and development such as developing new products and services, upgrading and improving operating systems and equipment, and continuing member education.

Whistleblowing Policy

Created on June 19, 2018, this Whistleblowing Policy aims to give all employees and members the confidence to raise concerns about wrong behavior and practice, and to mitigate risks and losses through the early discovery of irregular activities. NATCCO MBI commits itself to break down communication barriers and providing a safe internal communication channel for all employees to express their concerns through the enactment of the Policy, which allows for anonymous disclosures and the protection of informants from sanctions under specific conditions. The policy covers all or information in relation to actual or suspected fraud, misconduct activities, unlawful acts or omissions, violations of the Code of Conduct, danger to health and safety, improprieties, or malpractice in the workplace, including those relative to matters of financial reporting, internal control and/or auditing. All employees, regardless of position or rank, who are witnesses to anomalies in the workplace are obliged to speak up and report the same personally or in writing to his/her unit head or any of the officers, verbally or writing.

EMPLOYEES AND MEMBERS DEVELOPMENT PROGRAM

Annual Physical Exam (APE)

This is one of the health programs of the association for its qualified employees. This encourages all employees to undergo laboratory tests to check their current health condition and prevent whatever disease they may acquire. Due to the pandemic, not all employees were able to have the APE. Of the seven (7) employees, three (3) had their APE, while the rest were unable to secure appointments the quarantine status in their area of residence.

Training and Development

Job performance assessment, staff training, and development are key performance indicators and developments for employees to ensure their continued learnings and skills enhancements. As a member of MiMAP (Rimansi), employees are encouraged to attend training related to their specific functions and apply new learnings to their everyday performance.

NATCCO MBI also holds learning sessions with the members, at least once a year. A thorough discussion on the products and services is being done to make sure they fully and correctly understand these and all questions and concerns are addressed.

Trainings Attended

ejada, President and

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| MILESTONE: MiMAP's Learning Series in Today's New Normal | | |
| Financial Literacy | NMBAI/Paramount Life | |
| Financial Wellness Planning | | |
| Succession Planning | | |
| Supervisory Leadership Training | | |
| Board Orientation Program | | |
| Masterclass on Governance | | |
| Mental Health | NMBAI/ Dr. Marylou | |
| Power of Social Media | NMBAI/PhilipRad Agency | |
| Establishment of a Credit and Insurance Program for Small Scale Fisheries | Dept of Agriculture, Agricultural Credit Policy | |
| Data Privacy and Security for Financial | Globe Business Academy | |
| All about withholding taxes | | |
| Maximizing Plan Benefits at Minimal Cost | Actuarial Exponents | |
| Professional Optimism and Management | | |
| GGAPP Roundtable Discussion for Insurance Commission Regulated Entities | | |
| Mindfulness in Times of Uncertainty | NMBAI/Darryl Correa | |
| Basic Life Insurance 101 | | |
| Fraud in Claims | | |
| Leadership Training Workshop: Soft Skills for Servant Leadership | | |
| Microinsurance Forum | | |
| ACGR Workshop | | |
| Life Insurance Operations and Management | | |
| Management Forum | | |

Yani M. Yugo, Accounting Supervisor and Alternate Compliance Officer

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| Microinsurance Forum | | |
| MILESTONE: MiMAP's Learning Series in Today's New Normal | | |
| Succession Planning | | |
| ACGR Workshop | | |
| Advanced Supervisory Leadership Training | | |

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| All about withholding taxes | | |
| GGAPP Roundtable Discussion for Insurance Commission Regulated Entities | | |
| Leadership Training Workshop: Soft Skills for Servant Leadership | | |
| Life Insurance Operations and Management | | |
| Management Forum | | |

Ma. Cherish G. Solsona, Database Specialist

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| Microinsurance Forum | | |
| MILESTONE: MiMAP's Learning Series in Today's New Normal | | |
| Succession Planning | | |
| Valuing Privacy in the Time of Digital Transformation: Protecting Filipinos. Promoting Economic Recovery. Building Trust | National Privacy | |
| Data Privacy and Security for Financial | Globe Business Academy | |
| Leadership Training Workshop: Soft Skills for Servant Leadership | | |
| Life Insurance Operations and Management Course (LIOM) | | |
| Management Forum | | |

Jennifer M. Estocada, Claims Speciali

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| Microinsurance Forum | | |
| Reinsurer Division Training: online reports | | |
| MILESTONE: MiMAP's Learning Series in Today's New Normal | | |
| Succession Planning | | |
| Advanced Supervisory Leadership Training | | |
| Fraud in Claims | | |
| Leadership Training Workshop: Soft Skills for Servant Leadership | | |
| Life Insurance Operations and Management | | |
| Management Forum | | |

Ma. Elizabeth B. Aquino, Database Associate

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| Microinsurance Forum | | |
| Reinsurer Division Training: online reports | | |
| MILESTONE: MiMAP's Learning Series in Today's New Normal | | |
| Succession Planning | | |
| Advanced Supervisory Leadership Training | | |
| Data Privacy and Security for Financial | Globe Business Academy | |
| Leadership Training Workshop: Soft Skills for Servant Leadership | | |
| Life Insurance Operations and Management | | |
| Management Forum | | |

Dhonna R. Francisco, Administrative Staff

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| Microinsurance Forum | | |
| MILESTONE: MiMAP's Learning Series in Today's New Normal | | |
| Succession Planning | | |
| ACGR Workshop | | |
| All about withholding taxes | | |
| Leadership Training Workshop: Soft Skills for Servant Leadership | | |
| Management Forum | | |

Jeniña DJ. Dela Crzu, Marketing Officer

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| Microinsurance Forum | | |
| MILESTONE: MiMAP's Learning Series in Today's New Normal | | |
| Succession Planning | | |
| Leadership Training Workshop: Soft Skills for Servant Leadership | | |
| Management Forum | | |

Sunshine O. Mariano, Accounting

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| Management Forum | | |

Aside from employees, the Board of Trustees also attended training.

Ellen R. Pastores, Board Chairperson, Regular Trustee

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| | | |
| Advanced Corporate Governance | | |
| Money Laundering (AMLA) | | |
| Financial Literacy | NMBAI/Paramount Life | |
| Financial Wellness Planning | | |
| Board Orientation Program | | |
| Masterclass on Governance | | |
| Mental Health | NMBAI/ Dr. Marylou | |
| Power of Social Media | NMBAI/PhilipRad Agency | |
| Mindfulness in Times of Uncertainty | NMBAI/Darryl Correa | |
| Basic Life Insurance 101 | | |
| Professional Directors Program | | |

Evelia Bardos, Regular Trustee

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| | | |
| Advanced Corporate Governance Training | | |
| Money Laundering (AMLA) | | |
| Financial Literacy | NMBAI/Paramount Life | |
| Financial Wellness Planning | | |
| Succession Planning | | |
| Board Orientation Program | | |
| Masterclass on Governance | | |
| Mental Health | NMBAI/ Dr. Marylou | |
| Power of Social Media | NMBAI/PhilipRad Agency | |
| Mindfulness in Times of Uncertainty | NMBAI/Darryl Correa | |
| Basic Life Insurance 101 | | |
| Professional Directors Program | | |

Jupiter B. Bonilla, Board Member, Regular Trustee

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| | | |
| Advanced Corporate Governance Training | | |
| Money Laundering (AMLA) | | |
| Financial Literacy | NMBAI/Paramount Life | |
| Financial Wellness Planning | | |
| Succession Planning | | |
| Board Orientation Program | | |

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| Masterclass on Governance | | |
| Mental Health | NMBAI/ Dr. Marylou | |
| Power of Social Media | NMBAI/PhilipRad Agency | |
| Mindfulness in Times of Uncertainty | NMBAI/Darryl Correa | |
| Basic Life Insurance 101 | | |

Ma. Veronica B. Sierra, Board Member, Regular Trustee

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| | | |
| Advanced Corporate Governance Training | | |
| Money Laundering (AMLA) | | |
| Financial Literacy | NMBAI/Paramount Life | |
| Financial Wellness Planning | | |
| Succession Planning | | |
| Board Orientation Program | | |
| Masterclass on | | |
| Mental Health | NMBAI/ Dr. Marylou | |
| Power of Social Media | NMBAI/PhilipRad Agency | |
| Mindfulness in Times of Uncertainty | NMBAI/Darryl Correa | |
| Basic Life Insurance 101 | | |

Romeo M. Magdaong, Board Member, Regular Trustee

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| | | |
| Advanced Corporate Governance Training | | |
| Money Laundering (AMLA) | | |
| Financial Literacy | NMBAI/Paramount Life | |
| Financial Wellness | | |
| Succession Planning | | |
| Board Orientation Program | | |
| Masterclass on Governance | | |
| Mental Health | NMBAI/ Dr. Marylou | |
| Power of Social Media | PhilipRad Agency | |
| Mindfulness in Times of Uncertainty | NMBAI/Darryl Correa | |
| Basic Life Insurance 101 | | |
| Life Insurance Operations and Management | | |

Member, Independent Trustee

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| | | |
| Advanced Corporate Governance Training | | |
| Money Laundering (AMLA) | | |
| Financial Literacy | NMBAI/Paramount Life | |
| Financial Wellness Planning | | |
| Board Orientation Program | | |
| Masterclass on Governance | | |
| Mental Health | NMBAI/ Dr. Marylou | |
| Power of Social Media | NMBAI/PhilipRad Agency | |
| Mindfulness in Times of Uncertainty | NMBAI/Darryl Correa | |
| Basic Life Insurance 101 | | |

Ryan Arthur DG. Padilla, Board Member, Independent Trustee

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| | | |
| Advanced Corporate Governance Training | | |
| Money Laundering (AMLA) | | |
| Financial Literacy | NMBAI/Paramount Life | |
| Financial Wellness Planning | | |
| Succession Planning | | |
| Board Orientation Program | | |
| AMLA Compliance in the Age of the Digital | | |
| Masterclass on Governance | | |
| Mental Health | NMBAI/ Dr. Marylou | |
| Power of Social Media | NMBAI/PhilipRad Agency | |
| Mindfulness in Times of Uncertainty | NMBAI/Darryl Correa | |
| Basic Life Insurance 101 | | |

Mildred C. Cerezo, Board Secretary

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| | | |
| Advanced Corporate Governance Training | | |
| Money Laundering (AMLA) | | |
| Financial Literacy | NMBAI/Paramount Life | |
| Financial Wellness | | |
| Succession Planning | | |
| Board Orientation Program | | |
| Masterclass on Governance | | |
| Mental Health | NMBAI/ Dr. Marylou | |

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|-------------------------------------|---------------------|--|
| Power of Social Media | PhilipRad Agency | |
| Mindfulness in Times of Uncertainty | NMBAI/Darryl Correa | |
| Basic Life Insurance 101 | | |

Zorahayda A. Cafirma, Board Treasurer

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| | | |
| Advanced Corporate Governance | | |
| Money Laundering (AML) | | |
| Financial Literacy | NMBAI/Paramount Life | |
| Financial Wellness Planning | | |
| Succession Planning | | |
| Board Orientation Program | | |
| Masterclass on Governance | | |
| Mental Health | NMBAI/ Dr. Marylou | |
| Power of Social Media | NMBAI/PhilipRad Agency | |
| Mindfulness in Times of Uncertainty | NMBAI/Darryl Correa | |
| Basic Life Insurance 101 | | |

Robert Abao, Auditor

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| | | |
| Advanced Corporate Governance Training | | |
| Money Laundering (AML) | | |



**ENHANCING
MEMBERS'
PROTECTION
THROUGH
MICROINSURANCE
ACCESSIBILITY**

TREASURER'S REPORT

TREASURER’S REPORT

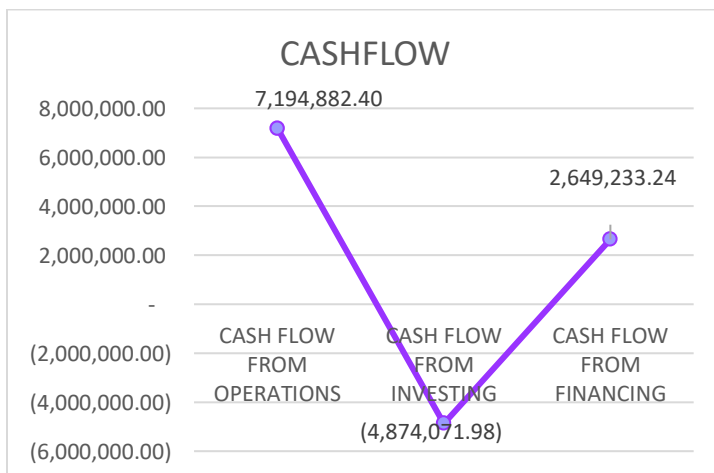
Thank you to the Board of Trustees, Officers, Management, and staff who remain committed to serving our members thru enhancing members’ protection through Micro insurance accessibility, their confidence and invaluable guidance, and their ongoing support helped make good progress in strengthening the overall business and achieve good results. With a remote workforce and increased collaboration of the Board of Trustees and the management, I am happy to give my report to our members and partners, on the Cash Flow to provide insight into the actual cash activities and how our Association spent it.

FINANCIAL HIGHLIGHTS

NATCCO MBAI’s (NMBAI) financial highlights showed a comprehensive income of P4.7 million or 13.06% from 2020 amounting to P4.2 million.

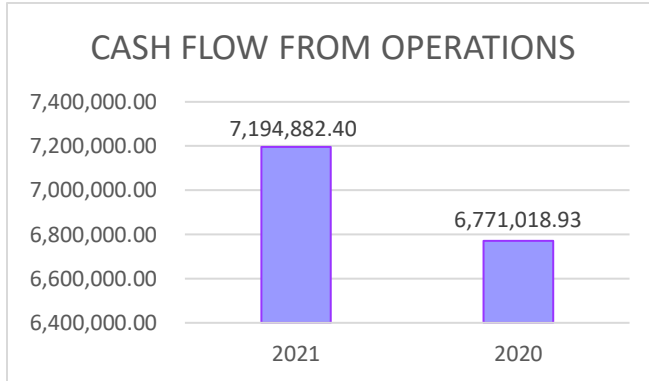
Also, worth reporting is an increase of P7.93 million or 10.72% on the Total Assets of P81.94 million in 2021 from P74.00 million in 2020. An indication that our members remain committed to NMBAI.

For 2021, the net cash flow is P4.97 million. NATCCO MBAI has consistently generate flows from its daily business operations. This demonstrates that the NMBAI's liquid assets are increasing, enabling it to cover obligations, reinvest in its business, provide benefits to members, pay expenses, and afford a buffer against possible future financial challenges.



Cash Flow from Operating Activities

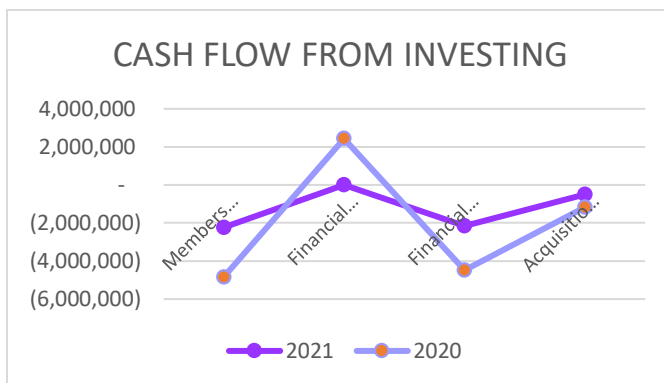
Cash flow from operating activities emphasizes the core activities of NATCCO MBI which are members' contributions and claims that generate cash inflows and outflows.



The operations for 2021 as stated brought an increase in the comprehensive income. This is due to the decrease in the operating expenses as compared to 2020. In 2021 about P10.13 million of the received in advance were recognized as income resulting in a significant increase of 38.22% from P38.02 million to P52.57 million. However, due to more claims, the benefit expenses rose to 58.97% from P24.8 million to P39.4 million. The overall effect on the operations of NATCCO MBI is still satisfactory as it yielded a higher comprehensive income of P4.74 million.

Cash Flow from Investing Activities

Cash flow from investing activities reflects how NMBAI prepares for its future growth. This changes in cash from the purchase or sale of property, equipment, or generally long term investments.



In 2021 compared with the 2020 cash outflow of P8.072 million, there was a decrease of P3.2 million as NMBAI invested the required additional investment of P2.15 million to the Insurance Commission as our guaranty fund whereas last 2020 NMBAI invested P4.5 million. The membership certificate loans were lower by P2.6 million and the acquisition of equipment is not much compared to last year

Flow from Financing Activities

Cash flow from financing activities consists of activities that will alter the fund balance or borrowings

The increase in cash outflow is due to the allocation from the free and unassigned funds and utilization amounting to P679, 141.

AUDITED FINANCIAL STATEMENTS

NATCCO MBI Financial Statements as of December 31, 2021, were audited by our external auditor, Banaria, Banaria & Co.



ZORAHAYDA A. CAFIRMA



**ENHANCING
MEMBERS'
PROTECTION
THROUGH
MICROINSURANCE
ACCESSIBILITY**

COMMITTEE REPORTS



**ENHANCING
MEMBERS'
PROTECTION
THROUGH
MICROINSURANCE
ACCESSIBILITY**

**CORPORATE
GOVERNANCE
COMMITTEE**

CORPORATE GOVERNANCE COMMITTEE (CGC) 2021 REPORT

Members: Ellen R. Pastores, Evelia B. Tizon, Jupiter B. Bonilla, Adolfo A. Ibañez,
Rustico U. Galang, Jr.

Number of Meetings

Committee Mandate

The Corporate Governance Committee is a committee created by NATCCO MBAI Board of Trustees in compliance with the Revised Corporate Governance Code issued by the Insurance Commission to ensure proper observance of corporate governance principles and practices. The committee is responsible for the oversight of the corporate governance framework focusing on Trustees' nomination, training and development, performance evaluation, and remuneration.

The committee conducted 6 meetings in 2021 with the following activities and recommendations:

| | Recommendations |
|------------------------------------|---|
| Review of NMBAI Organizational | Revision of the Organizational Structure of NMBAI, to adapt the RCGC recommendation 12.2 wherein the internal audit function is part of the management or the internal auditor as a regular employee. |
| Review of Job Description of NMBAI | Resolution approving the NMBAI Officers Job Descriptions: Auditor for endorsement to the Board of Trustees for Resolution approving the NMBAI Job Descriptions: Auditor for endorsement to the Board of Trustees for |

| | |
|--|---|
| <p>Review of Job Description of</p> | <p>Resolution approving the NMBAI Job Descriptions: Auditor for endorsement to the Board of Trustees for Endorsement of the revised JD of the President, Secretary, Treasurer, and Auditor for approval of the Board of Trustees. Resolution approving the NMBAI Job Descriptions: Auditor for endorsement to the Board of Trustees for</p> |
| <p>Formulate Policy on Recruitment</p> | <p>Endorsement of the recruitment policy for approval of the Board of trustees.</p> |
| <p>Review of BOT Charter</p> | <p>Integration of the Capacity building program for BOT in the Charter of the Board of Trustees.</p> |
| <p>Review of NMBAI</p> | <p>Endorsement of the new NMBAI Salary Matrix for approval of the Board of Trustees.</p> |

The committee facilitated the self evaluation for BOT and committees to ensure that the Officers are performing according to the approved parameters and criteria for the Board and committees. The following are the results of the evaluation for the year 2021:

| Board of Trustees | |
|--|----------------------------|
| | Average Performance |
| How well has the Board Done its Job? | 124/125 or Excellent |
| How well has the Board conducted itself? | 49/50 or Excellent |
| Performance of Individual Board of Trustees | 71/75 or Excellent |
| <p style="text-align: center;">Excellent 2 Satisfactory 1 Needs Improvement</p> | |
| Executive Committee | |
| Audit Committee | |
| and Oversight Committee | |
| Nomination Committee | |
| Corporate Governance Committee | |
| Related Party Committee | |
| Investment Committee | |
| MIS Committee | |
| Product Review and Development Committee | |
| | |

The evaluation showed excellent performance for BOT and above satisfactory performance for the committees for the year 2021. Nonetheless, the Corporate Governance Committee will continue to monitor the performance of the Officers to ensure effective implementation of its mandate and contribute to the efficient operation of NMBAI.



ELLEN R. PASTORES
Committee Chairperson



**ENHANCING
MEMBERS'
PROTECTION
THROUGH
MICROINSURANCE
ACCESSIBILITY**

AUDIT COMMITTEE

AUDIT COMMITTEE 2021 REPORT

Members: Atty. Adolfo Ibañez, Ryan Arthur Padilla, Ma. Veronica Sierra, Jupiter B. Bonilla and

Number of Meetings conducted: 4

Committee Mandates

The Audit Committee is delegated with the authority of the Board to provide independent oversight of the association's financial reporting and internal control systems, adequacy of the external and internal audit processes, and compliance with applicable laws and regulations. The Committee is provided with sufficient resources to perform its duties including support, to review material financial, operational and compliance controls.

Performance Audit

IC Circular Letter number 5 2011 dated January 31, 2011 provides that "the Performance Standards for Microinsurance are hereby adopted as the Microinsurance industry benchmarks in assessing and evaluating the operations of all microinsurance providers beginning calendar year 2011".

The Association's SEGURO rating for 2021 is 82 out of 100 points or "Satisfactory" Performance. This is an improvement from the 79 scores in 2020. Significant improvement in the areas of efficiency, governance, and rate of growth was achieved.

The Institute of Corporate Directors conducted an evaluation of the Association's Corporate Governance Scorecard for 2020 and received it in February 2022. NATCCO MBI in 2020 yielded a score of 68.06 in the assessment higher than the 51.39 average for MBAs. ICD also recommended several items for governance improvement to achieve a higher score.

The Insurance Commission conducted verification of the 2020 Annual statement and rendered three (3) findings and recommendations which were all closed by the end of 2021.

Financial Reporting

The external audit of the Association was conducted by Banaria Banaria and Company. Exit conference was conducted where the Manager, Bookkeeper, Executive Committee, and Oversight and Audit Committee attended. Issues, concerns, and recommendations were discussed.

An unqualified opinion was rendered by the Auditor. The auditor certified that the Association's Financial Statements present fairly, in all material respects, the financial position of NATCCO MBAI as of December 31, 2020, and 2021, and of its financial performance and its cash flows for the years then cordance with the Philippine Financial Reporting Standards. No significant findings were reported by the auditor.

Hence, the Audit Committee concurs with the opinion of the auditor that the financial statements are true and fairly present the performance of NATCCO MBAI.

Further, this committee recommends looking for another external auditor for NATCCO MBAI for 2022.

Other Accomplishments

The committee, to jumpstart its function in 2021, prepared the 2021 committee calendar to ensure that to do its job. The same was done for the 2022 action plans. The committee reviewed its charter which was eventually approved by the Board of Trustees.

2021 Plans and Accomplishments:

- 2021 Committee Calendar
- Committee Charter
- Auditor's Term of Reference
- 2022 Action Plans



ATTY. ADOLFO A. IBA

Committee Chairperson



**ENHANCING
MEMBERS'
PROTECTION
THROUGH
MICROINSURANCE
ACCESSIBILITY**

NOMINATION COMMITTEE

NOMINATION COMMITTEE REPORT 2021 REPORT

**Members: Jupiter B. Bonilla, Evelia Bardos Tizon, Ellen R. Pastores, Ma. Veronica Sierra
Atty. Adolfo A. Ibañez**

Number of Meetings conducted:

SCHEDULE OF ELECTION

The NMBAI 2022 Election is scheduled on May 31, 2022 during its Annual Meeting through videoconferencing. This mode was applied during the 2021 Annual Meeting and the Board of Trustees decided to adopt the same due to the restrictions on mass gathering.

The Guidelines for the Conduct of Virtual Election which was approved by the Board of Trustees on December 12, 2021 will be implemented this year.

MEMBERSHIP COUNT AS OF DECEMBER 31, 2021 (see Annex B)

Total of 67,112 Proxy votes from Partner Cooperatives.

50,485 proxy votes
Unrepresented and assigned to the NMBAI Chairperson 16,627 proxy votes

Total of 1,164 Direct

17 NMBAI Officers and Staff
48 MICOOP Group (NATCCO)
785 NMBAI Incorporators (5 at 157 votes each)

2.3 Based on the Board Resolutions received, as of April 30, forty one (41) partner will be represented during the Annual Meeting to cast their proxy votes.

VACANT SEATS

Two (2) Regular Board of Trustees to serve for three (3) years
Two (2) Independent Trustees to serve for one (1) year

OFFICIAL CANDIDATES

For Regular Board of Trustee

ROMEO M. MAGDAONG
ANGEL P. GARCIA,

For Independent Board of Trustee

ATTY. ADOLFO A. IBAÑEZ
RYAN ARTHUR DG PADILLA

**RELATED PROVISION FOR INDEPENDENT TRUSTEE FROM THE POLICY ON BOARD DIVERSITY.
PROCEDURE # 4**

To avoid groupthink, the composition of the Board must include expertise or working knowledge on, but not limited to:

Finance and Audit
Information Technology

Risk Management
Cooperative Management
Human Resource
Sales and Marketing
Corporate Governance
Total Quality Management
Research and Development



JUPITER B. BONILLA
Committee Chairperson

Attachment: ELECTION CODE

Pursuant to Article VI of the NATCCO MBI By Laws, the Nomination Committee (NOMINATION) hereby promulgates the following rules and regulations in the conduct of the election.

DATE OF ELECTION

The election of the members of the Board of Trustees, whether in person or virtual, will be held during the Annual Meeting (AM), scheduled every last Tuesday of May of each year at such time and place as may be decided by the Board of Trustees. Refer to **Annex A: Guidelines for Virtual Election**.

VOTERS' QUALIFICATION

The following are considered qualified voters:

Any individual member currently insured under any of the insurance products of NMBAI.

Any individual member currently insured under any of the insurance products of NMBAI, authorized by a partner institution to carry proxy votes, for and behalf of members who cannot attend the Annual Meeting. This must be covered by a Board Resolution to be submitted NOMINATION COMMITTEE, at least fifteen (15) days before the election day.

Existing incorporating member/s as defined by NMBAI bylaws.

QUALIFICATIONS AND DISQUALIFICATIONS OF CANDIDATES

r entitled to vote, who has the time, willingness, and ability to serve, is qualified to seek office as Trustee, except those who are under any of the following circumstances:

A regular member of the board of trustees having served for two (2) consecutive

An independent trustee having served for nine (9) cumulative years.

Having a conflicting interest with the business of NMBAI

Having been absent for two (2) cumulative board meetings without being excused. Acceptable reasons are as follows:

 nal medical emergency and official travel

3.2 Family emergencies

3.3 Force majeure (natural or man

Holding any elective position in the government

Having been convicted of any crime involving moral turpitude, gross negligence, or gross misconduct in the performance of his duties or found culpable in any administrative case involving such offenses

Having exceeded the allowed optimal directorial seats other than NMBAI.

While the NMBAI AIBL provides that a Trustee is allowed to have a maximum of 5 directorial seats held at the time of the election, the NOMINATION COMMITTEE will consider the following factors to determine the capacity of the trustee to perform his duties diligently: (Ref: IC Circular 2005 dated September 26, 2005)

 the business of the corporation where he is a director

 Age of the trustee;

 Number of trusteeships/active memberships and officerships in other corporations or

 Possible conflicts of interest

Having been disqualified pursuant to disqualifications prescribed by law.

TERM OF OFFICE

The term of office of the Regular Board of Trustee is three (3) years, while Independent Trustee is one

In case an office becomes vacant due to death, resignation, retirement, disqualification, in any other causes, the vacant position will be filled during the next election, as determined by the board, with the winning candidate to serve the unexpired term.

FILING OF CERTIFICATES OF CANDIDACY

Section 1. Members who wish to seek office in NMBAI must file their certificates of candidacy with the NOMINATION COMMITTEE not later than the date set forth in the Notice of Annual Election

Section 2. Incumbent members of the Board of Trustees seeking re election need not resign from their position to allow performance of duties until a qualified successor is elected.

Section 3. Only the names of those candidates who completed all the requirements must be listed in the Master List of Candidates.

NOMINATION COMMITTEE must validate and certify the correctness and integrity of all election materials.

Section 1. The NOMINATION COMMITTEE will publish the official List of Candidates at the polling place and at all NATCCO MBAI social media accounts.

Section 2. Campaigns will be conducted professionally and will be limited to the presentation of programs and platforms and the candidates' qualifications and achievements.

Section 3. No candidate will be allowed to distribute campaign materials and to campaign through social media before and during the AM. NATCCO MBAI will provide common campaign materials for all the candidates during the AM.

CONDUCT OF ELECTIONS

Section 1. The NOMINATION COMMITTEE, in quorum, must conduct the elections through secret

Section 2. Prior to the AM, the Board of Trustees must appoint principal and alternate NOMINATION members from the Board, who are not re electionists to ensure a quorum.

Section 3. The TION COMMITTEE must declare the number of authorized representatives present during the elections.

Section 4. The venue where the Annual Meeting is being held must be designated as the polling place.

Section 5. The NOMINATION COMMITTEE must present the candidates to the assembly before the casting of votes.

Section 6. If on election day the number of qualified candidates is less than the vacant positions subject to election, the Board of Trustees, by a majority vote, may fill up the position by appointment. Appointed Trustee/s will only serve until the next election. No floor nominations shall be allowed.

Section 7. Official ballots must be prepared by the NOMINATION COMMITTEE described as follows:

7.1 Each official ballot must bear the NATCCO MBI logo and must be in the shape of a strip stub and detachable coupon containing the voter's number and signature.

7.2 The following notice must also be printed at the bottom of the ballot: FILL OUT ALL THE ELECTION SEATS FOR BOARD OF TRUSTEES, OTHERWISE, IT WILL NOT BE COUNTED.

CANVASS OF VOTES AND PROCLAMATION

Section 1. The NOMINATION COMMITTEE must declare the opening and closing of the polls before

Section 2. Before canvassing of the NOMINATION COMMITTEE must announce the following:

2.1. Number of voting delegates

2.2. Number of cast ballots

2.3. Number of nullified ballots

Section 3. The NOMINATION COMMITTEE must canvass the votes, in full view of the members of NMBAI.

Section 4. Appreciation of ballots

4.1. Ballots with any of the following markings must be nullified.

4.1.1. Symbols/drawings

4.1.2. Torn Ballots

4.1.3. Color of ink other than the official one

4.1.4. Unknown names

4.1.5. Name of a candidate written more than

4.2. Erasures may be allowed when a line is drawn across the name, followed by the corrected

4.3. Votes must be counted in favor of any candidate based on the official list of names/aliases provided by the NOMINATION COMMITTEE

case of a tie and no one withdraws, the winner must be determined through a toss coin. For multiple ties, draw lots will apply.

Section 6. The NOMINATION COMMITTEE must proclaim the winning candidates only after the canvassing of votes is completed.

NOMINATION COMMITTEE must submit the official result of the elections to the assembly, through the Chairperson of the Board of Trustees.

ELECTION PROTEST

Section 1. Election protests must be filed with the NOMINATION COMMITTEE

Section 2. Grounds. Any violation of the provisions of this Code must be a ground for an election protest.

Section 3. Protests against any candidate must be filed at least five (5) working days before the Election day, in writing, duly signed, and accompanied by proof of the act under complaint.

Section 4. Any alleged violation during the campaign period must be filed before the day of the election.

NOMINATION COMMITTEE will decide on all protests where judgment will be final and immediately

Section 5. Any error made by the NOMINATION COMMITTEE in the appreciation and counting of votes must be brought up immediately to the Board of Trustees for resolution.

AMENDMENTS

Amendments to this Election Code may be adopted by a two (2/3) vote of the members of the Board of Trustees present at any regular or special Board Meeting.

SEPARABILITY CLAUSE

Should any part of this Code be declared unconstitutional, the rest of the provisions will remain valid.

VALIDITY CLAUSE

This Election Code will take effect upon approval of the Board of Trustees. Adopted this _____ day of _____ in the year of our Lord, Two Thousand _____ in Quezon City.

VIRTUAL ELECTION

NATCCO MBAI VIRTUAL ELECTION GUIDELINES

In any event that the NMBAI Annual Election cannot be made in person, NMBAI will shift to a virtual election set up as follows:

PREPARATION FOR VIRTUAL ELECTION

All members and representatives of partner cooperatives must submit an official Gmail e address, messenger account, and cellphone number to NOMINATION COMMITTEE, at least fifteen (15) days before the election day. NMBAI assures protection of personal information as per Data

The official email address of NMBAI for the purpose of virtual election will be included in the NOMINATION COMMITTEE letter to members for filing of candidacy.

The guidelines for the Filing of Candidacy during election in person will apply to

Two (2) weeks before NOMINATION COMMITTEE will email the official List of Candidates, which will include their qualifications and achievements, to the registered address of the members and representatives of partner cooperatives. This serves as the campaign material for all the candidates. The same will also be posted the NMBAI website and Facebook page.

No candidate will be allowed to distribute campaign materials and to campaign through different digital channels before and during the AM.

During the virtual presentation of candidates, campaigns will be conducted professionally and will be limited to the presentation of the candidates' programs and platforms. This will be done through NMBAI's designated digital channel.

Release of Election

To ensure the proper and orderly conduct of the virtual election, the election link and the e number will be emailed, a day before the Annual Meeting, to the registered email address of the voters. But this link can only be accessed once the opening of the election has been declared. The email will also include the official NMBAI cellphone number and Messenger account to address possible connectivity problems.

Conduct of Virtual Election

The election will start and end upon announcement of the NOMINATION COMMITTEE

Voters will log in to their registered mail account where the election link was sent. The voter clicks the link and casts his/her vote.

In case of power failure or poor internet connection, the voter must inform the NOMINATION thru NMBAI's official cellphone number or Messenger account. After validation, NOMINATION COMMITTEE will then advise the voter on the alternative method of casting

Authorized staff, with the presence of the NOMINATION COMMITTEE, will encode in the e ballot tally sheet, the votes received thru messenger and SMS upon validation.

Proper documentation on votes received thru messenger and SMS will be undertaken.

ballots and Proclamation of Winners

The Nomination Committee will validate the votes based on the following unique identifications:

assigned ballot number
registered email account

The assigned ballot number and the registered mail address must match. If not, it will be declared void.

Only votes of those confirmed in attendance will be counted. Votes by those not in attendance will be considered void.

To ensure the integrity of the election results, the Nomination Committee will appoint an Election Assistant tasked to access the final results thru google form. In case of a tie and no one withdraws, the winner must be determined through _____, the digital wheel will be used to determine the winner. NOMINATION COMMITTEE presents the result of the virtual election _____ the shared screen of the designated digital channel and declares the winners accordingly.

NATCCO MBAI VIRTUAL ELECTION GUIDELINES

In any event that the NMBAI Annual Election cannot be made in person, NMBAI will shift to a virtual election set up as follows:

PREPARATION FOR VIRTUAL ELECTION

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The official email address of NMBAI for the purpose of virtual election will be: natccombai@nmbainsurance.com

The guidelines for the Filing of Candidacy during _____ election in person will apply to virtual

Two (2) weeks before _____ NOMINATION COMMITTEE will email the official List of Candidates, which will include their qualifications and achievements, to the official address of the members and representatives of partner cooperatives. This serves as the campaign material for all the candidates. The same will also be posted _____ the NMBAI website and Facebook page.

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Voters will log in to their registered account where the election link was sent. The voter clicks the link and casts his/her vote.

In case of power failure or poor internet connection, the voter must inform thru NMBAI's official cellphone number or Messenger account. After validation, NOMINATION COMMITTEE will then advise the voter on the alternative method of casting

Authorized staff, with the presence of the NOMINATION , will encode in the e ballot tally sheet, the votes received thru messenger and SMS upon validation. Proper documentation on votes received thru messenger and SMS will be undertaken.

Appreciation of E ballots and Proclamation of Winners

Nomination Committee will validate the votes based on the following unique identifications:

assigned ballot number

The assigned ballot number and the registered address must match. If not, it will be declared void.

Only votes of those confirmed in attendance will be counted. Votes by those not in attendance will be considered void.

To ensure the integrity of the election results, the Nomination Committee will appoint an Election Assistant tasked to access the final results thru google form.

NOMINATION COMMITTEE presents the result of the virtual election the shared screen of the designated digital channel and declares the winners accordingly.

PROXY VOTES: as of DECEMBER 31, 2021

| | | | REPRESENTATIVE |
|--|---|--|-----------------------|
| | ALIPAO MULTI PURPOSE COOPERATIVE | | JAQUILINE M. YAMIT |
| | BAYANIHAN HUNDRED ISLANDS AGRARIAN REFORM COOPERATIVE | | ROMENITO A. PADER |
| | BUKLOD NG BUHAY ARC MULTI COOPERATIVE | | |
| | BAAO PARISH MULTI PURPOSE COOPERATIVE | | MA. FATIMA A. ALVAREZ |
| | BACBACAN MULTI PURPOSE COOPERATIVE | | RICHARD A. AMAGA |
| | BACARRA SAVINGS AND CREDIT COOPERATIVE | | JUPITER BONILLA |
| | BATONG PALOWAY AGRARIAN COOPERATIVE | | EDILBERTO MATIENZO |
| | AS SAVINGS AND CREDIT COOPERATIVE | | JUPITER B. BONILLA |
| | DUMANGAS AGRARIAN REFORM COOPERATIVE | | MARY LE IGNACIO |
| | DAGOHOY MULTI PURPOSE COOPERATIVE | | IRENE P. BALONGA |
| | DEVELOPMENT WORKERS SAVINGS AND CREDIT COOPERATIVE | | MARIO R. TAMIDLES |
| | DALAWINON FARMERS MULTI COOPERATIVE | | JANETTE U. BLANCO |
| | FIVE STAR MULTI PURPOSE COOPERATIVE ALLACAPAN BRANCH | | JUPITER B. BONILLA |
| | FIVESTAR MULTI PURPOSE COOPERATIVE CAUYAN BRANCH | | JUPITER B. BONILLA |
| | FIVE STAR MULTI PURPOSE COOPERATIVE | | JUPITER B. BONILLA |
| | FIVE STAR MULTI PURPOSE COOPERATIVE GONZAGA BRANCH | | JUPITER B. BONILLA |
| | FIVESTAR MULTI PURPOSE COOPERATIVE | | JUPITER B. BONILLA |
| | FIVESTAR MULTI PURPOSE COOPERATIVE ROXAS BRANCH | | JUPITER B. BONILLA |
| | FIVESTAR MULTI PURPOSE COOPERATIVE SANTIAGO BRANCH | | JUPITER B. BONILLA |
| | FIVESTAR MULTI PURPOSE COOPERATIVE TUGUEGARAO BRANCH | | JUPITER B. BONILLA |
| | FIVE STAR MULTI PURPOSE COOPERATIVE TUMAUNI BRANCH | | JUPITER B. BONILLA |
| | GLANSAR CREDIT COOPERATIVE | | NORELYN S. BESANA |

| | | | |
|--|---|--|----------------------|
| | GUIMARAS BRETHERN MULTI COOPERATIVE | | LEMON G. MAGOLIMAN |
| | COOPERATIVE | | YOLANDA ROSARIO |
| | EVELIA B. TIZON | | EVELIA B. TIZON |
| | KABANGASAN COOPERATIVE | | RICO C. BADILLA |
| | KISANDAL MULTI PURPOSE COOPERATIVE ANTIPAS BRANCH | | |
| | KISANDAL MULTI PURPOSE COOPERATIVE M''''LANG BRANCH | | ARTHUR R. MASLOG |
| | KATILINGBANONG PROGRAMA SA MAAYONG KINAUGALINGONG PANINGKAMOT MPC | | RYAN U. BORON |
| | KISANDAL MULTI PURPOSE COOPERATIVE KIDAPAWAN (H.O) | | ARTHUR R. MASLOG |
| | LOURDES MULTI PURPOSE COOPERATIVE CALINTAAN BRANCH | | NERISSA D. LUCENA |
| | LIMBAHAN SMALL COCONUT FARMERS AND | | DONNATILLA T. TEJADA |
| | LOURDES MULTI PURPOSE COOPERATIVE | | |
| | MOTHER RITA MULTI PURPOSE COOPERATIVE | | ROSELLE S. REYES |
| | NATCCO NETWORK MICOOP EMPLOYEES | | MICOOP EMPLOYEES |
| | MANSALAY AGRICULTURE AND FISHERIES PURPOSE COOPERATIVE | | COLANGOY JR. |
| | PURPOSE COOPERATIVE SAN MAECELINO BRANCH | | ROSELLE S. REYES |
| | MINDORO OCCIDENTAL SUSTAINABLE PURPOSE COOPERATIVE | | KATHRINE MACKKEY |
| | NORTHERN SAMAR SAVINGS AND CREDIT COOPERATIVE | | MYLENE F. MARTIRES |
| | NAGKAHIUSANG MAG UUMA SA GUIHALINAN COOPERATIVE | | GLENN C. ARABIS |
| | NEC MPC BATASAN BRANCH | | ELLEN R. PASTORES |
| | NEC MPC DAET BRANCH | | ELLEN R. PASTORES |
| | DHONNA R. FRANCISCO | | DHONNA R. FRANCISCO |
| | ELLEN R. PASTORES | | |
| | EVELIA B. TIZON | | EVELIA B. TIZON |
| | JENIÑA DJ. DELA CRUZ | | JENIÑA DJ. DELA CRUZ |
| | JENNIFER M. ESTOCADA | | |
| | JUPITER B. BONILLA | | JUPITER B. BONILLA |

| | | | |
|--|--|--|----------------------|
| | MA. CHERISH G. SOLSONA | | MA. CHERISH G. |
| | MA. ELIZABETH B. AQUINO | | MA. ELIZABETH B. |
| | MA. VERONICA B. SIERRA | | MA. VERONICA B. |
| | MILDRED C. CEREZO | | MILDRED C. CEREZO |
| | MINERVA G. TEJADA | | MINERVA G. TEJADA |
| | ROBERT ABAO | | ROBERT ABAO |
| | ROMEO M. MAGDAONG | | ROMEO M. MAGDAONG |
| | RYAN ARTHUR DG. PADILLA | | RYAN ARTHUR DG. |
| | | | |
| | ZORAHAYDA A. CAFIRMA | | ZORAHAYDA A. |
| | NEC MPC SAN PEDRO BRANCH | | ELLEN R. PASTORES |
| | NEC MPC MAIN BRANCH | | |
| | NEC MPC TAGUIG BRANCH | | ELLEN R. PASTORES |
| | PANGASINAN SAVINGS AND CREDIT COOPERATIVE AGOO BRANCH | | JUPITER BONILLA |
| | PANAY AGRARIAN REFORM COOPERATIVE | | SUGAR RAY L. LIGASAN |
| | PANGASINAN SAVINGS AND CREDIT COOPERATIVE | | JUPITER BONILLA |
| | RED RIBBON MULTI PURPOSE COOPERATIVE BOD, STAFFS & OFFICERS | | ROMEO M. MAGDAONG |
| | RED RIBBON MULTI PURPOSE COOPERATIVE | | ROMEO M. MAGDAONG |
| | REGIONAL AND CENTRAL COMELEC EMPLOYEES | | |
| | SAN ISIDRO (SN) DEVELOPMENT COOPERATIVE AGRI BUSINESS CENTER | | JOEL S. QUEBRAL |
| | SAMAHAN SA IKAUNLAD NG PAMAYANAN CREDIT COOP (SIKAPCO) | | ENRILY V. SENOJA |
| | SAN ISIDRO (SN) DEVELOPMENT COOPERATIVE | | |
| | SAN MIGUEL FARMERS AND FISHERS MULTI PURPOSE COOPERATIVE EL NIDO BRANCH | | MARITES B. SACLET |
| | SAN ISIDRO (SN) DEVELOPMENT COOPERATIVE | | JOEL S. QUEBRAL |
| | SAN ISIDRO (SN) DEVELOPMENT COOPERATIVE IRIGA BRANCH | | |
| | SOUTHERN NEGROS CREDIT COOPERATIVE KABANKALAN | | MIRIAM T. MINDARO |

| | | | |
|--|---|--|--------------------|
| | SAN ISIDRO (SN) DEVELOPMENT COOPERATIVE | | JOEL S. QUEBRAL |
| | SAN NICOLAS MULTI PURPOSE COOPERATIVE | | REJOICE I. MENESES |
| | DEVELOPMENT COOPERATIVE | | JOEL S. QUEBRAL |
| | SRT OF PALAWAN MULTI COOPERATIVE | | LLOYD F. GERIA |
| | SAN ISIDRO (SN) DEVELOPMENT COOPERATIVE | | JOEL S. QUEBRAL |
| | SAN ISIDRO (SN) DEVELOPMENT COOPERATIVE POLANGUI SATELLITE | | JOEL S. QUEBRAL |
| | SAN ISIDRO (SN) DEVELOPMENT COOPERATIVE | | JOEL S. QUEBRAL |
| | SAN MIGUEL FARMERS AND FISHERS MULTI PURPOSE COOPERATIVE (SMFFMPC) | | MARITES B. SACLET |
| | ST. ANTHONY DEVELOPMENT COOPERATIVE | | MARY JOY C. DE |
| | TALOY FARMERS MULTI PURPOSE COOPERATIVE ATOK BRANCH | | ANGEL GARCIA |
| | TALOY FARMERS MULTI PURPOSE COOPERATIVE | | ANGEL GARCIA |
| | TALOY FARMERS MULTI COOPERATIVE BUGUIAS BRANCH | | ANGEL GARCIA |
| | MULTI PURPOSE COOPERATIVE SAN LORENZO RUIZ BRANCH | | REYJI ANTONIO |
| | TALOY NORTE FARMERS MULTI COOPERATIVE | | ANGEL GARCIA |
| | TALOY FARMERS MULTI PURPOSE COOPERATIVE | | ANGEL GARCIA |
| | TOTAL REPRESENTED VOTES | | |

| | | | REPRESENTATIVE |
|--|---|--|-----------------------|
| | | | |
| | BACLAY MULTI PURPOSE COOPERATIVE | | UNREPRESENTED |
| | AGRICULTURE FISHERY FORESTRY COOPERATIVES FEDERATION (AGRICOOHP) | | UNREPRESENTED |
| | AGRA PROGRESO COOPERATIVE | | UNREPRESENTED |
| | BANTOLINAO FARMERS MPC ANTEQUERRA | | UNREPRESENTED |
| | BACOLOD CITY SAVINGS AND CREDIT COOPERATIVE | | UNREPRESENTED |
| | BAGGAK TI DAYA DEVELOPMENT COOPERATIVE | | UNREPRESENTED |
| | BONBONON FARMERS AGRARIAN REFORM MPC MANJUYOD BRANCH | | UNREPRESENTED |
| | BACLAY MULTI PURPOSE COOPERATIVE PAGADIAN CITY | | UNREPRESENTED |
| | BONBONON FARMERS MULTI COOPERATIVE | | UNREPRESENTED |
| | CADIZ CITY CREDIT COOPERATIVE | | UNREPRESENTED |
| | CAMARINES SUR MPC | | UNREPRESENTED |
| | CARMEN MULTI PURPOSE COOPERATIVE | | UNREPRESENTED |
| | CAMARINES NORTE DEV'""T COOP | | UNREPRESENTED |
| | DEPARTMENT OF AGRARIAN REFORM MULTI PURPOSE COOPERATIVE | | UNREPRESENTED |
| | DAVAO DE ORO SAVINGS AND CREDIT COOPERATIVE | | UNREPRESENTED |
| | DEL ROSARIO MULTI PURPOSE COOPERATIVE | | UNREPRESENTED |
| | GO QUIRINIANS SAVINGS AND CREDIT COOPERATIVE | | UNREPRESENTED |
| | HACIENDA MARIA PRIMARY MULTI COOPERATIVE | | UNREPRESENTED |
| | ANON SAVINGS AND CREDIT COOPERATIVE (FORMERLY HATDANNAY | | UNREPRESENTED |
| | REYNALDO GADIONCO | | UNREPRESENTED |
| | CRESENTE C. PAEZ | | UNREPRESENTED |
| | RESTY U. GALANG JR. | | UNREPRESENTED |
| | RAUL M. CALAYAN | | UNREPRESENTED |
| | KAUSWAGAN AGRARIAN REFORM BENEFICIARIES | | UNREPRESENTED |
| | LABO PROGRESSIVE MULTI PURPOSE COOPERATIVE CAPALONGA BRANCH | | UNREPRESENTED |
| | PURPOSE COOPERATIVE | | UNREPRESENTED |

| | | | |
|--|--|--|---------------|
| | AGRARIAN REFORM COOPERATIVE | | UNREPRESENTED |
| | LABO PROGRESSIVE MULTI PURPOSE COOPERATIVE | | UNREPRESENTED |
| | LA LIBERTAD AGRARIAN REFORM BENEFICIARIES MPC | | UNREPRESENTED |
| | MILLENNIAL CREDIT COOPERATIVE | | UNREPRESENTED |
| | IIT NATIONAL MULTI COOPERATIVE CALUMPANG BRANCH | | UNREPRESENTED |
| | NATCCO NETWORK MICOOP EMPLOYEES | | UNREPRESENTED |
| | IIT NATIONAL MULTI COOPERATIVE PAGADIAN BRANCH | | UNREPRESENTED |
| | IIT NATIONAL MULTI COOPERATIVE SAN PEDRO, DAVAO CITY | | UNREPRESENTED |
| | MANGUYANG AGRARIAN REFORM BENEFICIARIES' COOPERATIVE | | UNREPRESENTED |
| | NORTHERN QUEZON SAVINGS AND CREDIT COOPERATIVE | | UNREPRESENTED |
| | NEDC (NATCCO NETWORK SUBSIDIARY) | | UNREPRESENTED |
| | NATCCO NETWORK EMPLOYEES | | UNREPRESENTED |
| | PURPOSE COOPERATIVE | | UNREPRESENTED |
| | NATCCO MBAI INCORPORATORS & BOT/OFFICERS AND STAFFS | | UNREPRESENTED |
| | NABUA DEV MULTI PURPOSE COOPERATIVE | | UNREPRESENTED |
| | NATCCO NETWORK BOARD OF DIRECTORS AND | | UNREPRESENTED |
| | PINGKIAN COMMUNITY DEVELOPMENT COOPERATIVE | | UNREPRESENTED |
| | PAYOMPON DEVELOPMENT COOPERATIVE | | UNREPRESENTED |
| | PILI MARKET DEVELOPMENT COOPERATIVE SIPOCOT BRANCH | | UNREPRESENTED |
| | PERPETUAL HELP MULTI COOPERATIVE or PHCCI MPC Tacloban | | UNREPRESENTED |
| | SANDIGAN SAVINGS AND CREDIT COOPERATIVE | | UNREPRESENTED |
| | STA. CRUZ MULTI PURPOSE COOPERATIVE | | UNREPRESENTED |
| | SOUTHERN NEGROS AGRARIAN REFORM COOPERATIVE | | UNREPRESENTED |
| | STA. CRUZ MULTI PURPOSE COOPERATIVE | | UNREPRESENTED |
| | STA. CRUZ MULTI PURPOSE COOPERATIVE MALANDAG BRANCH | | UNREPRESENTED |

| | | | |
|----------------------------------|---|--|---------------|
| | SPRINGSIDE IRRIGATOR""S AND FARMERS AGRARIAN REFORM BENEFICIARIES MULTU PURPOSE COOPERATIVE | | UNREPRESENTED |
| | SAN RAMON MULTI PURPOSE COOPERATIVE | | UNREPRESENTED |
| | STA. CRUZ SAVINGS & DEVELOPMENT COOPERATIVE | | UNREPRESENTED |
| | SRT PUERTO PRINCESA COOPERATIVE OF PURPOSE COOPERATIVE | | UNREPRESENTED |
| | SPRINGSIDE "ARB"S" IRRIGATORS & FARMERS | | UNREPRESENTED |
| | SALVACION FARMERS DEVELOPMENT COOPERATIVE | | UNREPRESENTED |
| | SAMAHANG MAGSASAKA NG BARANGAY STA. MARIA AGRARIAN REFORM COOPERATIVE | | UNREPRESENTED |
| | SARANGANI MULTI PURPOSE COOPERATIVE | | UNREPRESENTED |
| | TANIKALA NG PAGKAKAISA MULTI COOPERATIVE | | UNREPRESENTED |
| | TAYABAS COMMUNITY MULTI COOPERATIVE | | UNREPRESENTED |
| | TUMALALUD FARMERS MULTI COOPERATIVE | | UNREPRESENTED |
| | ZAMBOANGA SIBUGAY CREDIT COOPERATIVE | | UNREPRESENTED |
| | ZANORTE COMMUNITY CREDIT COOPERATIVE | | UNREPRESENTED |
| TOTAL UNREPRESENTED VOTES | | | |

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BOARD RISK OVERSIGHT COMMITTEE



BOARD RISK OVERSIGHT COMMITTEE (BROC) 2021 REPORT

yan Arthur DG. Padilla Ellen R. Pastores, Evelia B. Tizon, Romeo M. Magdaong
Zorahayda A. Cafirma

Number of Meetings conducted:

Committee Mandate

The BROC has the responsibility to assist the Board in ensuring that there is an effective and integrated risk management process in place. With an integrated approach, the Board and top management will be in a confident position to make well informed decisions, having taken into consideration related to significant business activities, plans and opportunities.

MEETINGS AND ACCOMPLISHMENTS

The Committee conducted 5 meetings in 2021.

As BROC plays an important role in supporting the Board in the oversight and management of risk,

- out the authority and responsibilities
- reviewed and updated the Enterprise Wide Risk Management (ERM) Policy and
- Reviewed the Risk Register and updated the Risk Profile
appetite and tolerances focusing on current and emerging financial

2022 PRIORITIES

The Committee will monitor and submit a quarterly report on the status of significant risks that exceeded the acceptable levels, as well as the risk management activities and emerging risks if any.



RYAN ARTHUR DG. PADILLA
Committee Chairperson

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RELATED PARTY TRANSACTION COMMITTEE



RELATED PARTY TRANSACTION (RPT) COMMITTEE 2021 REPORT

Members: Adolfo A. Ibañez, Ellen R. Pastores, Ryan Arthur DG. Padilla Evelia B. Tizon

Number of Meetings conducted: 2

Committee Mandates

The Insurance Commission with its Circular Letter 2020 71, “Revised Corporate Governance for Insurance Commission Regulated Companies,” has recommended the creation of Related Party Transaction Committee.

Subject to a corporation's size, risk profile and complexity of operations, the board should establish a Related Party Transaction (RPT) Committee, which should be tasked with reviewing all mater party transactions of the company and should be composed of at least three non executive directors, majority of whom should be independent, including the Chairman

Authority and responsibilities:

Evaluates on an on going basis the existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, and subsequent changes in relationships with counterparties (from non related to related and vice versa) are captured. Related parties, RPTs and changes in relationships should be reflected in the relevant reports to the Board and regulators/supervisors;

Evaluates all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g. price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non related parties under similar circumstances and that no corporate or business resources of the company are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. In evaluating RPTs, the Committee takes into account, among others, the

The related party's relationship to the company and interest in the transaction;
The material facts of the proposed RPT, including the proposed aggregate value of such

The benefits to the corporation of the proposed RPT;
The availability of other sources of comparable products or services; and

An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The company should have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs;

Ensures that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the company's RPT exposures, and policies on conflicts of interest or potential conflicts of interest. The disclosure should include information on the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that could arise as a result of the company's affiliation or transactions with other related

Reports to the Board of _____ on a regular basis, the status and aggregate exposures related party, as well as the total amount of exposures to all related parties;

Ensures that transactions with related parties, including _____ off of exposures are subject to a periodic independent review or audit process; and

_____ implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures.

2021 Plans and Accomplishments:

- 2021 committee calendar
- Disclosure Forms
- Policy and procedure
- Review of Committee Charter
- Come up with 2022 committee action plans



ADOLFO A. IBAÑEZ
Committee Chairperson

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PRODUCT REVIEW & DEVELOPMENT COMMITTEE



PRODUCT REVIEW AND DEVELOPMENT (PRD) COMMITTEE 2021 REPORT

Members: Romeo Magdaong, Ryan Arthur Padilla Jupiter Bonilla

Number of Meetings conducted: 2

In response to the constantly changing needs of our members, the Board of Trustees deemed it necessary to create a committee that will conduct periodic reviews of current products and conduct review of current products and services.

f current products and services

1.1 Assess product performance of all existing products and services at least once a

1.2 Provide recommendations in terms of maintenance, enhancement, or phase of products and services.

New products and services

1 Conduct market research and studies in order to come up with in applicable products and services for the members at least once a year

Evaluation of Insurance Partnership

Fulfill other duties or responsibilities related to product review and development as delegated by the Board of Trustees from time to time.

2021 Plans and Accomplishments:

Create 2021 committee calendar

Completion of Policy on Evaluating Existing Reinsurance Partner

Come up with 2022 committee action plans

2021, the committee was able to analyze the relevant reinsurance data that resulted in the increase in the percentage of claims recovery from our Reinsurer. Product Review and Development Committee (PRD COM) is looking forward to adding in to NATCCO MBI existing product lines in the near future is the Golden Life Insurance for Senior Members with coverage up to 100 years old.



ROMEO M. MAGDAONG
Committee Chairperson



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INVESTMENT COMMITTEE

INVESTMENT COMMITTEE 2021 REPORT

Members: Zorahayda A. Cafirma, Ellen R. Pastores Romeo M. Magdaong

Number of Meetings conducted: 2

COMMITTEE MANDATE

The Board of Trustees has created the Investment Committee to help the body come up with recommendations relating to investment policy, guidelines and performance.

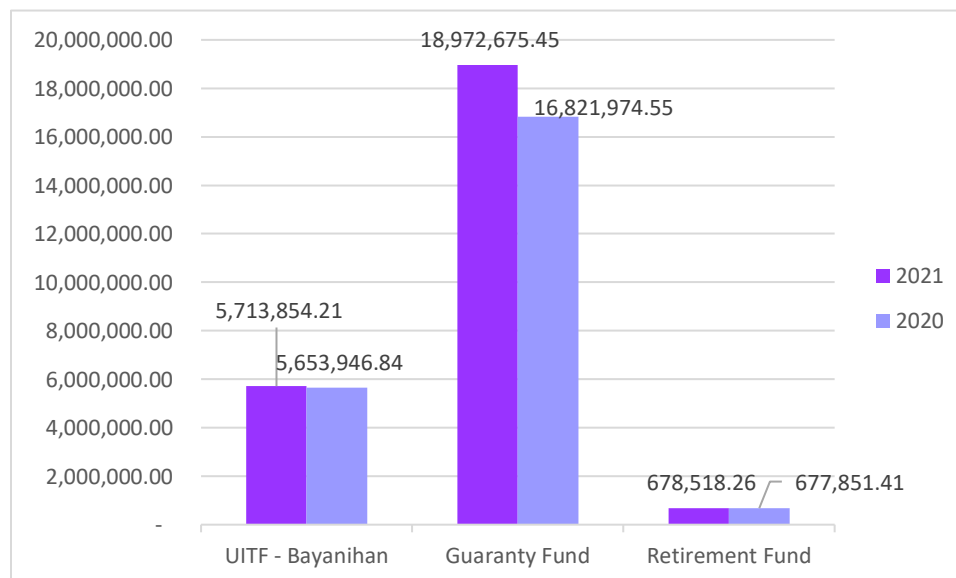
ACCOMPLISHMENTS

The Investment Committee created their Charter, reviewed the Investment policy and guidelines. Also, we review and recommended on the current cash balance to determine the:

Cash requirement needed for the 3 months expenses and capital expenditures;
Excess funds to be invested to UITF and Government Securities and time

CURRENT INVESTMENT PORTFOLIO

The current investment portfolio of NMBAI are Unit Investment Trust Fund BPI Bayanihan Fund (UITF MBA Pooled Investment created by Rimansi, government securities as our Guaranty Fund and time deposit to Metrobank for the retirement fund of the Association's employees.



PERFORMANCE OF THE INVESTMENT PORTFOLIO DURING 2021

The Investment Committee believe that the NMBAI's investments as shown in the graph are fundamentally sound position and are being responsibly managed.

RECOMMENDATIONS

The Investment Committee made the following recommendations on the asset allocation of the NMBAI investments:

- BAYANIHAN FUND Additional deposit of P1.5 million, based on IC rules, 10% of admitted assets / admitted assets as of December 31, 2021.
- Government Security (Ross Account) deposit P1.5 million additional for the Guaranty
- Invest P15 million to time deposit with mid to long term

On the retirement fund, based on the actuarial valuation as of December 31, 2021, the Committee also recommended additional deposit of P450,000.00 so that the fund is fully provided.



ZORAHAYDA A. CAFIRMA
Committee Chairperson



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MARKETING COMMITTEE

MARKETING COMMITTEE

2021 REPORT

: Jupiter B. Bonilla, Ryan Arthur DG. Padilla, Mildred C. Cerezo Zorahayda A. Cafirma

Number of Meetings conducted

Committee Mandates

To achieve the institutional vision of 300,000 strong NMBAI by 2025, the Board of Trustees passed Board Resolution # _____ dated November 14, 2020, creating the Marketing Committee (MC) to set the strategic marketing direction of NMBAI.

Authority and responsibilities:

Assist and guide the Association in the development of the marketing plans and activities in its identified direction.

Evaluate, review and recommend the Marketing plans of NATCCO MBAI.

Ensure adequate resources and proper usage of the marketing fund in support of the strategic

Fulfill other duties and responsibilities related to the Marketing Committee as may be directed by the Board of Trustees.

2021 Plans and Accomplishments:

To comply with its mandate, the committee came up with activities to strengthen advantage. Initially, the committee calendar was drafted to prioritize and monitor progress of our activities. Revisited the _____ social media platforms like the NATCCO MBAI website and Facebook account. Review how it performs and eventually found out that there is a need to revamp the website to have a better representation in the general public. This however, requires individuals with _____ social media management. The committee then recommends Philiprad Digital Advertising temporarily improve, enhance and manage all social media _____ of the association while in the process of capacitating the marketing personnel. At present we have a total reach of _____

In the second quarter of this year, the committee was able to launch the 2 _____ marketing video that educates incoming members. This video _____ uploaded to the association's _____ distributed to partner cooperatives to aid them in promoting NATCCO MBAI.

_____ committee intends to invite more members, our commitment to our existing members is equally important. This year we were able to extend help to our members by providing relief goods _____

during calamities. We also released year end giveaways and even had virtual Christmas Party with

Some partner cooperatives are being selected in the distribution of school supplies, printers
ent as part of our social advocacies. We continually aim to position ourselves by
providing innovative products and services to our members and to the entire community.

A handwritten signature in black ink, consisting of a horizontal line with a large, stylized loop and a vertical stroke crossing it.

JUPITER B. BONILLA
Committee Chairperson



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**MIS
COMMITTEE**

MANAGEMENT INFORMATION SISYEM (MIS) COMMITTEE 2021 REPORT

Members: Ryan Arthur G. Padilla, Romeo M. Magdaong, Ma. Veronica B. Sierra, Zorahayda A. Minerva G. Tejada

Number of Meetings conducted: 2

Committee Mandates

In response to the constantly changing needs of our members, the Board of Trustees deemed it necessary to create a Management Information System (MIS) Committee which will conduct periodic reviews of IT's best practices and decide on what are the most applicable for the Association.

Authority and responsibilities:

- Review of the current micro insurance system;
 - Provide recommendations in terms of maintenance, enhancement, or phase out of all systems being used by the association;
 - Conduct research and studies in order to come up with the most applicable system to be used for the entire life insurance process;
 - view and recommend all IT related requirements of the Association; and
 - Evaluate and recommend partnerships with 3 party technology providers.
- related duties and responsibilities as delegated by the Board of Trustees.

2021 Plans and Accomplishments:

- 2021 committee calendar
- Committee Charter
- Microinsurance system enhancement
- Update data privacy policy
- Installation of microinsurance system to 22 partner
- Come up with 2022 committee action plans

With the stabilization of the Microinsurance System, our Management was given the green light to proceed with extending the system to its 22 partner cooperatives which was completed already. As we get the others to comply with the system requirements this year (2022), we see more par cooperatives experiencing the benefit of having an automated system.

As tasked by the Board of Trustees, the committee has committed to help ensure our compliance to RA 10173 or more commonly known as the Data Privacy Act of 2012. Aside from updating for such, we have made plans for an association wide awareness program for 2022 by inviting third party subject matter experts to talk about what we need to understand about the said RA.



RYAN ARTHUR G. PADILLA
Committee Chairperson



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POLICY REVIEW COMMITTEE

POLICY REVIEW COMMITTEE (POLREVCOM) 2021 REPORT

Evelia Bardos

Romeo Magdaong Adolfo Ibañez

Veronica Sierra

Number of Meetings conducted:

Committee Mandates

As provided for in the POLREVCOM Charter, this committee is mandated to do the following:

Review of policies and recommend revisions, if any, to th

Periodic review of all existing operational policies

Specific policy which needs urgent attention, as directed by the BOT

Conformity with changes in the NMBAI bylaws and regulatory issuances.

Develop other policies related to the functions of the

2021 Plans and Accomplishments:

| |
|-----------------------------------|
| 2021 committee calendar |
| Capacity Building Program for BOT |
| Policy on Board Diversity |
| |
| 2022 committee action plans |

aided the Board of Trustees in the review of existing policies and formulation of new policies, in keeping with the desire of NATCCO MBAI to comply with legal and regulatory requirements, to be responsive to the changes in the industry and the needs of its and to improve the processes of the Association towards efficiency and effectiv



EVELIA BARDOS

Committee Chairperson

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PEOPLE & ACTIVITIES

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ORGANIZATIONAL CHART



2021-2022 BOARD OF TRUSTEES

EVELIA BARDOS-TIZON

CHAIRPERSON
REGULAR TRUSTEE

ELLEN R. PASTRONES

VICE CHAIRPERSON
REGULAR TRUSTEE

JUPITER B. BONILLA

MEMBER
REGULAR TRUSTEE

ROMEO M. MAGDAONG

MEMBER
REGULAR TRUSTEE

MA. VERONICA B. SIERRA

MEMBER
REGULAR TRUSTEE

ADOLFO A. IBAÑEZ

MEMBER
INDEPENDENT TRUSTEE

RYAN ARTHUR DG. PADILLA

MEMBER
INDEPENDENT TRUSTEE

2021-2022 BOARD OFFICERS

MINERVA G. TEJADA

PRESIDENT

MILDRED C. CEREZO

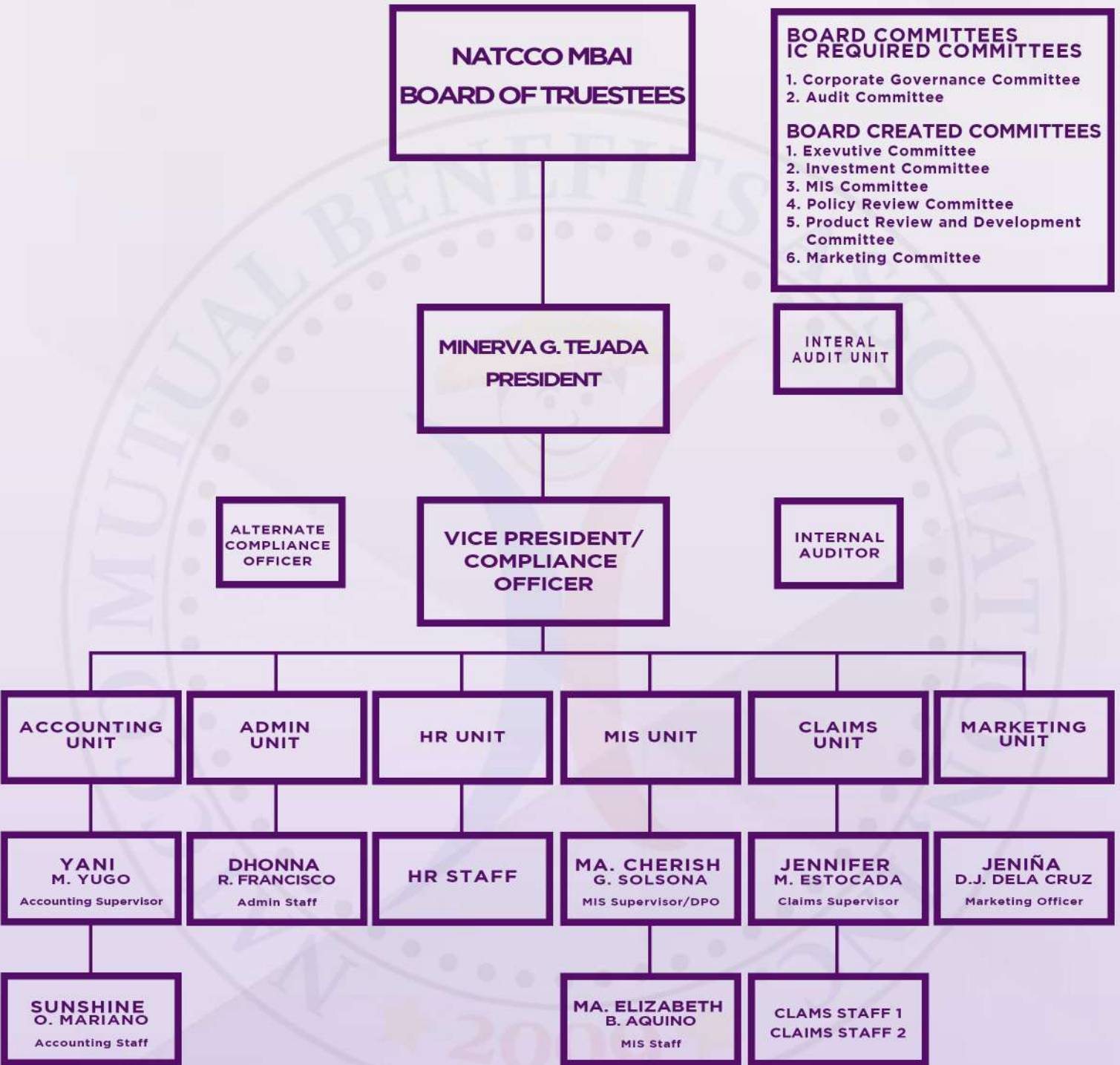
SECRETARY

**ZORAHAYDA A.
CAFIRMA**

TREASURER

ROBERT ABAO

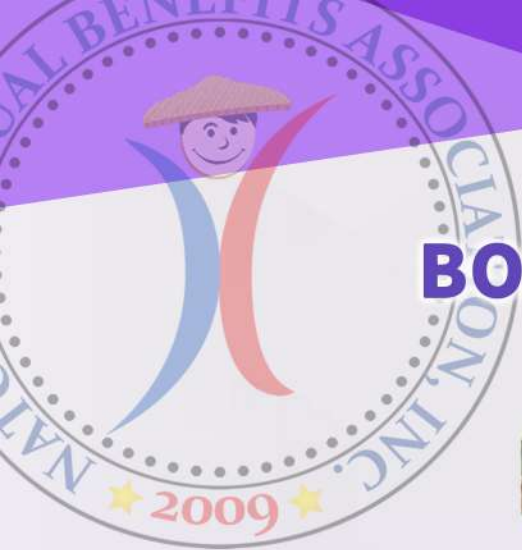
AUDITOR



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**2021
BOARD OF TRUSTEES**





NATCCO MBAI 2021 - 2022 BOARD OF TRUSTEES



EVELIA BARDOS-TIZON

CHAIRPERSON - REGULAR BOARD OF TRUSTEE

One of the Original Incorporators of NATCCO MBAI and a member of the Board since 2009. She was the NATCCO MICOOP Group Head, an expert in cooperative administration and very passionate in learning and development.

She is 66 years old and a graduate of Bachelor of Science in Public Administration.



ELLEN R. PASTORES

VICE CHAIRPERSON - REGULAR BOARD OF TRUSTEE

A member of the Board of Trustees since May 2017, and elected as the Chairperson since 2017-2021. Prior to joining the BOT, she served as the Internal Auditor of the association.

She is 44 years old and a graduate of Bachelor of Science in Accountancy. She is also a Certified Internal Controls Auditor (CICA) and a Certified ISO 9001 (QMS) Auditor. She is also the current Chairperson of NEC MPC BOD.



NATCCO MBAI 2021 – 2022 BOARD OF TRUSTEES



ROMEO M. MAGDAONG
REGULAR BOARD OF TRUSTEE

Mr. Magdaong is one of the original officers of NATCCO MBAI, who served as the Treasurer since its incorporation in 2009. He became a member of the Board of Trustees on May 2017, and again elected on May 2019. He is also an officer of the NATCCO Board, and simultaneously serves as the General Manager of Red Ribbon MPC. He is 55 years old and a graduate of Bachelor of Science in Business Administration and earned 36 units in Master's Degree in Business Administration.



JUPITER B. BONILLA
REGULAR BOARD OF TRUSTEE

A member of the Board of Trustees since May 2018. He is also MICOOP Operation Supervisor and a Unit Head for almost 14 years. A current Development Educator of Asian Confederation of Credit Union (ACCU), with an expertise in Financial and accounting, audit and agro enterprise.

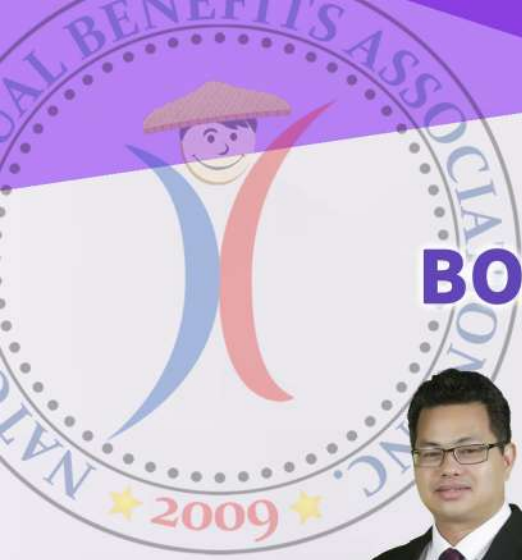
He is 47 years old and a graduate of Bachelor of Science in Accountancy, Master in Public Administration and Agro Enterprise Facilitator.



MA. VERONICA B. SIERRA
REGULAR BOARD OF TRUSTEE

A member of the Board of Trustees since May 2012. She is also the MICOOP Group Head.

She is 51 years old and a graduate of Bachelor of Science in Accountancy, AB Economics, and Master's Degree in Business Administration, with expertise in accounting and financial analysis.



NATCCO MBI 2021 - 2022 BOARD OF TRUSTEES



RYAN ARTHUR DG . PADILLA
INDEPENDENT TRUSTEE

Mr. Padilla joined the NATCCO MBI Board of Trustees last May 2019, as an Independent Trustee. He has a wide knowledge in insurance operations, sales & marketing, and information technology. He is 46 years old, took up AB Political Science and a graduate of BS Business Administration Major in Management.



ATTY. ADOLFO A. IBAÑEZ
INDEPENDENT TRUSTEE

Atty. Ibanez has been an Independent Board of Trustee of NATCCO MBI since May 2016. A former Chairman of VICTO BOD, NATCCO BOD, and Director of International Cooperative Alliance for Asia Pacific (ICA-AP).

He is 72 years old, Juris Doctor and a Master in National Security Administration (MNSA).

| | Board Member | Directorship | Gender | Term |
|---|-------------------------|--------------|--------|---------------|
| 1 | ELLEN R. PASTORES | Regular | Female | 2020-2023 |
| 2 | EVELIA BARDOS-TIZON | Regular | Female | 2020-2023 |
| 3 | JUPITER B. BONILLA | Regular | Male | 2018-2021 |
| 4 | ROMEO M. MAGDAONG | Regular | Male | 2019-2022 |
| 5 | MA. VERONICA B. SIERRA | Regular | Female | 2019-2022 |
| 6 | ADOLFO A. IBAÑEZ | *Independent | Male | 2016 -present |
| 7 | RYAN ARTHUR DG. PADILLA | *Independent | Male | 2019 -present |

*29% or 2/7 are Independent Trustee

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2021 BOARD OFFICERS





NATCCO MBAI 2021 - 2022 BOARD OFFICERS



ZORAHAYDA A. CAFIRMA
BOARD TREASURER



MILDRED C. CEREZO
BOARD SECRETARY



MINERVA G. TEJADA
PRESIDENT



ROBERT ABAO
BOARD AUDITOR



NATCCO MBAI

BOARD SECRETARY



MILDRED C. CEREZO

Ms. Cerezo is the appointed Board Secretary since 2015. She took up Bachelor in Broadcast Communication in Polytechnic University of the Philippines and graduated in 2013. She was the E-Learning Training Officer of NATCCO Network from 2012 to 2013, and now she is a Project Manager of a Virtual Assistant Agency. She is also a technical writer and coordinator, digital marketer and executive assistant.

She has attended AMLA and Corporate Governance trainings.

As the Board Secretary, her functions are:

- a. To give all notices of meetings; (as amended on November 11, 2019)
- b. To keep the minutes of all meetings of the members and of the Board of Trustees in a book kept for the purpose;
- c. To keep the seal of the Association and affix such seal to any paper or instrument requiring the same;
- d. To have custody of the members' register, correspondence and other files of the Association;
- e. To certify to such corporate acts, countersigns corporate documents or certificates and make reports or statements as may be required of him/her by laws or by government rules and regulations;
- f. Also perform all such other duties and work as the Board of trustees may from time to time assign to him/her.

*excerpt from NATCCO MBAI BYLAWS,
ARTICLE XIII- FUNCTION AND POWERS OF OFFICER,
Section 4*



NATCCO MBI

COMPLIANCE OFFICER



MINERVA G. TEJADA

Ms. Tejada joined NATCCO MBI on April 2015 as the General Manager and promoted as President on July 2018. Concurrently, she is also the appointed Compliance Officer of the association and working with Ms. Yani M. Yugo as the Alternate Compliance Officer.

Ms. Tejada is a graduate of Bachelor of Mass Communication.

As the Compliance Officer, her duties include:

- a. Ensures proper onboarding of new directors (i.e., orientation on the company's business, charter, articles of incorporation and by-laws, among others);
- b. Monitors, reviews, evaluates and ensures the compliance by the corporation, its officers and directors with the relevant laws, this Code, rules and regulations and all governance issuances of regulatory agencies;
- c. Reports the matter to the Board if violations are found and recommends the imposition of appropriate disciplinary action;
- d. Ensures the integrity and accuracy of all documentary submissions to regulators;
- e. Appears before the Insurance Commission when summoned in relation to compliance with this Code;
- f. Collaborates with other departments to properly address compliance issues, which may be subject to investigation;
- g. identifies possible areas of compliance issues and works towards the resolution of the same;
- h. Ensures the attendance of board members and key officers to relevant trainings; and
- i. Performs such other duties and responsibilities as may be provided by the Insurance.



NATCCO MBAI 2021 – 2022 BOARD COMMITTEES

CORPORATE GOVERNANCE COMMITTEE



ELLEN R. PASTORES
COMMITTEE CHAIRPERSON

A member of the Board of Trustees since May 2017, and elected as the Chairperson since 2017-2021. Prior to joining the BOT, she served as the Internal Auditor of the association. She is 44 years old and a graduate of Bachelor of Science in Accountancy. She is also a Certified Internal Controls Auditor (CICA) and a Certified ISO 9001 (QMS) Auditor. She is also the current Chairperson of NEC MPC BOD.



EVELIA BARDOS-TIZON
MEMBER



ATTY. ADOLFO A. IBAÑEZ
MEMBER



RYAN ARTHUR DG. PADILLA
MEMBER



JUPITER B. BONILLA
MEMBER



RUSTICO U. GALANG, JR.
MEMBER



NATCCO MBAI 2021 – 2022 BOARD COMMITTEES

AUDIT COMMITTEE



ATTY. ADOLFO A. IBAÑEZ
COMMITTEE CHAIRPERSON

Atty. Ibanez has been an Independent Board of Trustee of NATCCO MBAI since May 2016. A former Chairman of VICTO BOD, NATCCO BOD, and Director of International Cooperative Alliance for Asia Pacific (ICA-AP). He is 73 years old, Juris Doctor and a Master in National Security Administration (MNSA).



ELLEN R. PASTORES
MEMBER
(June to December)



MA. VERONICA B. SIERRA
MEMBER



RYAN ARTHUR DG. PADILLA
MEMBER



JUPITER B. BONILLA
MEMBER
(January to May)



NATCCO MBAI 2021 – 2022 BOARD COMMITTEES

BOARD RISK OVERSIGHT COMMITTEE



RYAN ARTHUR DG. PADILLA
COMMITTEE CHAIRPERSON

Mr. Padilla joined the NATCCO MBAI Board of Trustees last May 2019, as an Independent Trustee. He has a wide knowledge in insurance operations, sales & marketing, and information technology.

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EVELIA BARDOS-TIZON
MEMBER



ELLEN R. PASTORES
MEMBER



ROMEO M. MAGDAONG
MEMBER



ZORAHAYDA A. CAFIRMA
MEMBER



NATCCO MBAI 2021 - 2022 BOARD COMMITTEES

NOMINATION COMMITTEE



JUPITER B. BONILLA
COMMITTEE CHAIRPERSON



MA. VERONICA B. SIERRA
MEMBER
(January to May)



ROMEO M. MAGDAONG
MEMBER
(January to May)



EVELIA BARDOS-TIZON
MEMBER
(January to December)



ELLEN R. PASTORES
MEMBER
(June to December)



ATTY. ADOLFO A. IBAÑEZ
MEMBER
(September to December)



NATCCO MBAI 2021 - 2022 BOARD COMMITTEES

RELATED PARTY TRANSACTION COMMITTEE



ATTY. ADOLFO A. IBAÑEZ
COMMITTEE CHAIRPERSON



ELLEN R. PASTORES
MEMBER



RYAN ARTHUR DG. PADILLA
MEMBER



EVELIA BARDOS-TIZON
MEMBER
(June to December)

INVESTMENT COMMITTEE



ROMEO M. MAGDAONG
MEMBER



ELLEN R. PASTORES
MEMBER



ZORAHAYDA A. CAFIRMA
COMMITTEE CHAIRPERSON



NATCCO MBAI 2021 - 2022 BOARD COMMITTEES

EXECUTIVE COMMITTEE



EVELIA BARDOS-TIZON
COMMITTEE CHAIRPERSON



ELLEN R. PASTORES
MEMBER



ZORAHAYDA A. CAFIRMA
MEMBER



MINERVA G. TEJADA
MEMBER

PRODUCT REVIEW AND DEVELOPMENT COMMITTEE



RYAN ARTHUR DG. PADILLA
MEMBER



JUPITER B. BONILLA
MEMBER



ROMEO M. MAGDAONG
COMMITTEE CHAIRPERSON



NATCCO MBAI 2021 - 2022 BOARD COMMITTEES

POLICY REVIEW COMMITTEE



EVELIA BARDOS-TIZON
COMMITTEE CHAIRPERSON



MA. VERONICA B. SIERRA
MEMBER
(June to December)



ROMEO M. MAGDAONG
MEMBER
(January to May)



ZORAHAYDA A. CAFIRMA
MEMBER



ELLEN R. PASTORES
MEMBER



ATTY. ADOLFO A. IBAÑEZ
MEMBER



NATCCO MBAI 2021 - 2022 BOARD COMMITTEES

MANAGEMENT INFORMATION SYSTEM COMMITTEE



RYAN ARTHUR DG. PADILLA
COMMITTEE CHAIRPERSON



ROMEO M. MAGDAONG
MEMBER



MINERVA G. TEJADA
MEMBER



MA. VERONICA B. SIERRA
MEMBER



ZORAHAYDA A. CAFIRMA
MEMBER



NATCCO MBAI 2021 - 2022 BOARD COMMITTEES

MARKETING COMMITTEE



JUPITER B. BONILLA
COMMITTEE CHAIRPERSON



RYAN ARTHUR DG. PADILLA
MEMBER



MINERVA G. TEJADA
MEMBER



MILDRED C. CEREZO
MEMBER



ZORAHAYDA A. CAFIRMA
MEMBER

**ENHANCING
MEMBERS'
PROTECTION
THROUGH
MICROINSURANCE
ACCESSIBILITY**

MANAGEMENT TEAM



NATCCO MBAI OPERATIONS TEAM



**Sunshine O. Mariano- Accounting Staff | Yani M. Yugo- Accounting Supervisor
Jeniña D.J. Dela Cruz- Marketing Officer | Dhonna R. Francisco- Accounting Staff
| Jennifer M. Estocada- Claims Supervisor**
from left to right

**Ma. Elizabeth B. Aquino- MIS Staff | Minerva G. Tejada- President
Ma. Cherish G. Solsona- MIS Supervisor**
from left to right

ENHANCING
MEMBERS'
PROTECTION
THROUGH
MICROINSURANCE
ACCESSIBILITY

NATCCO MBAI

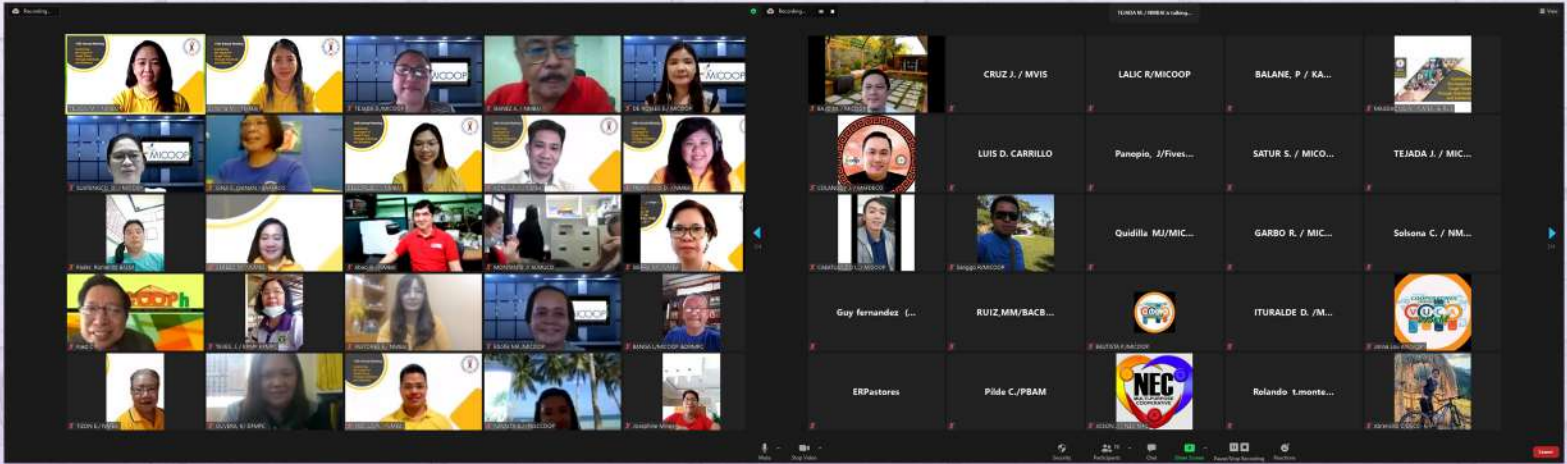
2021 ACTIVITIES



NATCCO MBAI

10th Annual Meeting

May 25, 2021





10TH ANNUAL MEETING



Cushioning the Impact of Tough Times Through Solicitude and Solidarity

KEYNOTE SPEAKER



MS. EMETERIA F. QUIJANO
CHIEF EXECUTIVE OFFICER, ASKI MBA, INC.
& PRESIDENT, MIMAP (RIMANSI)

GUEST SPEAKER

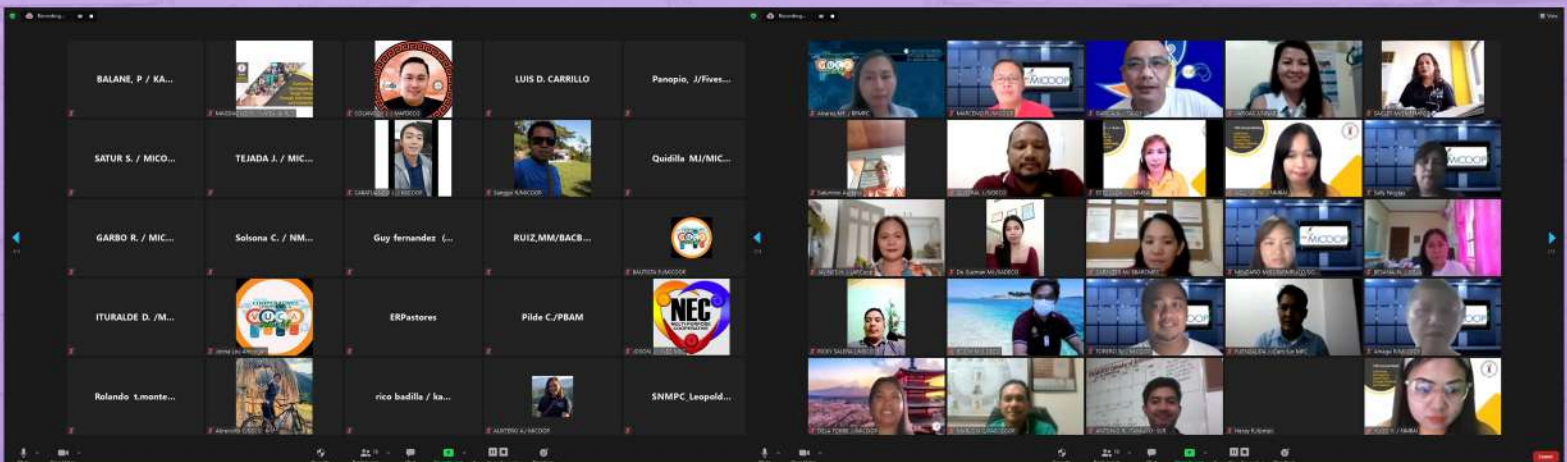


MR. CRESENTE PAEZ
NATCCO MBAI INCORPORATOR



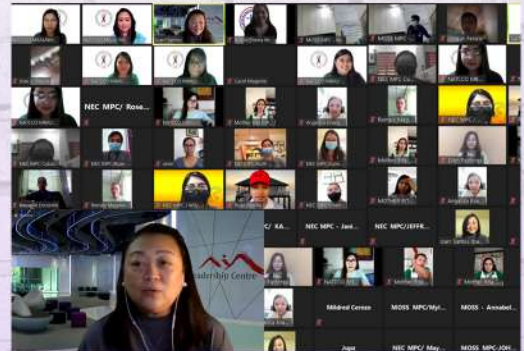
AgriCOPh
PHILIPPINE FAMILY FARMERS-AGRICULTURAL ACTIVITIES FEDERATION





NATCCO MBAI WEBINAR 2021

FINANCIAL LITERACY WEBINAR



with Ms. Maricar J. Santos, Sales Training Officer of AIA PHILAMLIFE | April 19, 2021

MENTAL HEALTH AWARENESS & THE POWER OF SOCIAL MEDIA



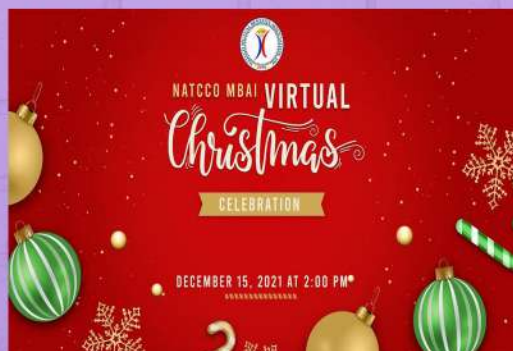
with Dra. Marylou Catibog, Pedia at The Medical City and Mr. Radcliff Rei Manalo, Marketing Director of Philrad Digital Advertising | July 2, 2021

BASIC LIFE INSURANCE & MINDFULNESS IN TIMES OF UNCERTAINTY



with Ms. Maria Iza Antonio, Unit Manager, Zenia Agency, AIA Philippines and Mr. Daryll Correa, Master of Arts Licensed Professional Teacher, Registered Psychometrician | September 25, 2021

PASKONG MASAYA WITH NATCCO MBAI



Virtual Christmas Party Celebration with Partner Cooperatives | December 15, 2021

NATCCO MBAI ESKWELA AYUDA PROJECT

NATCCO MBAI and Partner Cooperatives give school supplies on their beneficiary schools

GP-125 GOLDEN PANCE MULTIPURPOSE COOPERATIVE



Tablang Elementary School- Tablang Paniqui Tarlac



Pance Elementary School- Pance Ramos Tarlac

MILLENNIAL CREDIT COOPERATIVE



East Bayugan Central Elementary School- Bayugan City Agusan Del Sur



SRT OF PUERTO PRINCESA COOPERATIVE OF PALAWAN MPC



San Miguel National Highschool- San Miguel Puerto Princesa



PANAY AGRARIAN REFORM COOPERATIVE



Magdungao Elementary School- Passi City Iloilo



**ENHANCING
MEMBERS'
PROTECTION
THROUGH
MICROINSURANCE
ACCESSIBILITY**

PARTNER COOPERATIVES



NATCCO MBAI PARTNER COOPERATIVES

LUZON

- Agra Progreso MPC
- Agricooph
- Baao Parish MPC
- Bacarra MPC
- Batong Paloway Agrarian Reform Cooperative
- Bayanihan Hundred Islands Arc
- Buklod Ng Buhay Arc Multi-Purpose Cooperative
- Camsur MPC
- Del Rosario MPC
- Dur-As Savings And Credit Cooperative
- Five Star Multi-Purpose Cooperative
- GP-125 Golden Pance MPC
- Labo Progressive MPC
- Lourdes MPC
- Manguyang Agrarian Reform Beneficiaries Cooperative
- Mansalay Agriculture And Fisheries Development Cooperative
- Mother Rita MPC
- Nabua Development MPC
- Northern Quezon Saving And Credit Cooperative
- Pangasinan Savings And Credit Cooperative
- Payompon Development Cooperative
- Pili Market Development Cooperative
- Pingkian Multi-Purpose Cooperative
- Samahan Sa Ikauunlad Ng Pamayanan Multipurpose Cooperative
- Samahang Magsasaka Ng Brgy. Sta Maria Agrarian Reform Cooperative
- San Isidro (Sn) Development Cooperative
- San Miguel Farmers And Fisher MPC
- San Nicolas MPC
- San Ramon MPC
- Self Reliant Team Of Palawan MPC
- Srt Puerto Princesa Cooperative Of Palawan MPC
- St. Anthony Development Cooperative
- Sta. Cruz Savings & Development Cooperative
- Talisayon MPC
- Taloy Farmers MPC
- Tanikala Ng Pagkakaisa MPC

NATCCO MBAI PARTNER COOPERATIVES

NCR

- Department of Agrarian Reform MPC
- Mindoro Occidental Sustainable Skills MPC
- NEC MPC
- Red Ribbon MPC

VISAYAS

- Bonbonon Farmers Agrarian Reform MPC
- Cadiz City Credit Cooperative
- Dumangas Agrarian Reform Cooperative
- Development Workers for Savings and Credit Cooperative
- Guimaras Brethren MPC
- Holy Child MPC
- HDA Maria MPC
- Lace MPC
- Lico Agrarian Reform Cooperative
- Northern Samar Savings and Credit Cooperative
- Panay Agrarian Reform Cooperative
- Perpetual Help Multi-Purpose Cooperative
- Regional and Central Comelec Employees MPC
- Saint Vincent De Paul MPC
- Southern Negros Agrarian Reform Cooperative
- Southern Negros Credit Cooperative
- Tumalalud Farmers MPC

NATCCO MBAI PARTNER COOPERATIVES

MINDANAO

- Alipao MPC
- Bacbacan MPC
- Baclay MPC
- Dagohoy MPC
- Dalawinon FarmersMPC
- Davao De Oro Credit Cooperative
- Glansar Credit Cooperative
- Kabangasan Mapua Dahilig Arc Coop
- Katilingbanong Programa Sa Maayong Panglawas-Kinaugalingong Paningkamot MPC
- Kauswagan Agrarian Reform Beneficiaries-MPC
- Kisandal MPC
- La Libertad Agrarian Reform Beneficiaries Cooperative
- Limbahan Small Coconut Farmers And Women MPC
- Millennial Credit Cooperative
- Nagkahiusang Mag-Uuma Sa Guinhalinan Development Cooperative
- Springside Arb Irrigators and Farmers MPC
- Sta. Cruz MPC
- Zamboanga Sibugay Credit Cooperative - Imelda
- Zanorte Community Credit Cooperative

**ENHANCING
MEMBERS'
PROTECTION
THROUGH
MICROINSURANCE
ACCESSIBILITY**

**2021
AUDITED
FINANCIAL STATEMENT**



**NATIONAL CONFEDERATION OF COOPERATIVES MUTUAL BENEFITS
ASSOCIATION (NATCCO MBA), INC.**
227 J. P. Rizal Street, Bayanihan
Project 4, Quezon City

FINANCIAL REPORTS
December 31, 2021 and 2020

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **NATIONAL CONFEDERATION OF COOPERATIVES MUTUAL BENEFITS ASSOCIATION (NATCCO MBAI), INC.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to ease operations, or has no realistic alternative but to do so.

The Board of Directors or Trustees reviews and approves the financial statements including the schedules attached therein, and submits the same to the stock holders or members.

Banaria, Banaria and Company, the independent auditor appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.



MINERVA G. TEJADA
President



ZORAHAYDA A. CAFIRMA
Treasurer, Board Officer

Signed this 6th day of April, 2022

INDEPENDENT AUDITORS' REPORT

The Members and the Board of Trustees
**NATIONAL CONFEDERATION OF COOPERATIVES
MUTUAL BENEFITS ASSOCIATION (NATCCO MBA), INC.**
227 J. P. Rizal Street, Bayanihan
Project 4, Quezon City

**Opinion**

We have audited the financial statements of **NATIONAL CONFEDERATION OF COOPERATIVES MUTUAL BENEFITS ASSOCIATION (NATCCO MBA), INC.** ("the Association"), which comprise the statements of financial position as at December 31, 2021 and 2020, the statements of comprehensive income, statements of changes in fund balance and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association in accordance with the Philippine Ethics Standards Board for Accountants (PESBA Code) together with the ethical requirements in the Philippines, the Code of Ethics for Professional Accountants in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Schedule of Philippine Financial Reporting Standards and Interpretation but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Philippine Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Association to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits.

Report on Legal and Other Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 31 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BANARIA, BANARIA AND COMPANY, CPAs

By: 
GRACIA SEVERA A. BANARIA-ESPIRITU
Partner

CPA Certificate No. 27621

Tax Identification No. 131-938-548

PTR No. 2564458-D, January 26, 2022, Quezon City

CTC No. 07579974, January 26, 2022, Quezon City

BOA Accreditation No. 0030, valid until August 20, 2024 (Firm)

BIR Accreditation No. 07-000408-003-2020, valid until July 10, 2023 (Firm)

BIR Accreditation No. 07-000412-003-2020, valid until July 16, 2023 (Partner)

IC Accreditation No. 27621-IC, valid until October 27, 2024 (Partner)

IC Accreditation No. F-2019-003-R, valid until July 17, 2022 (Firm)



April 6, 2022

**NATIONAL CONFEDERATION OF COOPERATIVES
MUTUAL BENEFITS ASSOCIATION (NATCCO MBA), INC.
STATEMENTS OF FINANCIAL POSITION
For the Years Ended December 31, 2021 and 2020
(Centavo Omitted)**

| | Note | 2021 | 2020 |
|--|------|---------------------|---------------------|
| A S S E T S | | | |
| CURRENT ASSETS | | | |
| Cash | 7 | P 36,542,985 | P 31,572,942 |
| Trade and other receivables | 8 | 36,556 | 2,224,826 |
| Financial asset at fair value through profit or loss | 9 | 5,713,854 | 5,653,946 |
| Other funds and deposits | 10 | 678,518 | 677,851 |
| Other current assets | 11 | 760,587 | 311,315 |
| Total | | 43,732,500 | 40,440,880 |
| NON-CURRENT ASSETS | | | |
| Property and equipment, net | 12 | 1,705,662 | 1,439,104 |
| Membership certificate loans | 13 | 17,526,602 | 15,295,631 |
| Financial assets at amortized costs - long term | 14 | 18,972,675 | 16,821,975 |
| Other non-current asset | 15 | - | 7,333 |
| Total | | 38,204,939 | 33,564,043 |
| TOTAL ASSETS | | P 81,937,439 | P 74,004,923 |
| LIABILITIES AND FUND BALANCE | | | |
| CURRENT LIABILITIES | | | |
| Liability on individual equity value | 16 | P 37,205,783 | P 30,418,477 |
| Members contribution received in advance | 17 | 2,803,832 | 12,930,665 |
| Claims payable on basic contingent benefit | 18 | 2,339,455 | 2,548,971 |
| Optional benefit reserves | 19 | 4,217,557 | 2,036,783 |
| Claims payable on optional benefit | 20 | 1,760,179 | 1,334,868 |
| Basic contingent benefit reserve | 21 | 6,023,984 | 706,484 |
| Other payables | 22 | 3,926,388 | 5,470,212 |
| Total | | 58,277,178 | 55,446,459 |
| NON-CURRENT LIABILITY | | | |
| Post-employment benefits liability | 23 | 431,574 | 766,215 |
| TOTAL LIABILITIES | | 58,708,752 | 56,212,674 |
| TOTAL FUND BALANCE (Exhibit C) | | 23,228,687 | 17,792,249 |
| TOTAL LIABILITIES AND FUND BALANCE | | P 81,937,439 | P 74,004,923 |



**NATIONAL CONFEDERATION OF COOPERATIVES
MUTUAL BENEFITS ASSOCIATION (NATCCO MBA), INC.
STATEMENTS OF COMPREHENSIVE REVENUE
For the Years Ended December 31, 2021 and 2020
(Centavo Omitted)**

| | Note | | 2021 | | 2020 |
|--|------|---|----------------|---|----------------|
| PREMIUMS AND CONTRIBUTIONS | 24 | P | 52,984,665 | P | 39,401,845 |
| Premiums ceded to reinsurers-micro | | | (1,565,799) | | (1,779,802) |
| Total | | | 51,418,866 | | 37,622,043 |
| OTHER REVENUE | 27 | | 1,156,939 | | 415,396 |
| GROSS REVENUE | | | 52,575,805 | | 38,037,439 |
| EXPENSES | 25 | | | | |
| Benefit expenses | | | (19,442,845) | | 16,851,433 |
| Other benefit expenses | | | (19,992,819) | | 7,983,217 |
| Total | | | (39,435,664) | | (24,834,650) |
| NET SURPLUS BEFORE OPERATING EXPENSES | | | 13,140,141 | | 13,202,789 |
| OPERATING EXPENSES | 26 | | (8,558,809) | | (9,316,048) |
| NET SURPLUS AFTER OPERATING EXPENSES | | | 4,581,332 | | 3,886,741 |
| OTHER COMPREHENSIVE SURPLUS | | | | | |
| Beginning balance | 23 | | 305,878 | | 42,559 |
| Remeasurement of post-employment benefit costs | | | (147,071) | | 263,319 |
| Ending balance | | | 158,807 | | 305,878 |
| NET COMPREHENSIVE SURPLUS | | P | 4,740,139 | P | 4,192,619 |



EXHIBIT B

**NATIONAL CONFEDERATION OF COOPERATIVES
MUTUAL BENEFITS ASSOCIATION (NATCCO MBA), INC.
STATEMENTS OF CHANGES IN FUND BALANCE
For the Years Ended December 31, 2021 and 2020
(Centavo Omitted)**

| | Note | 2 0 2 1 | 2 0 2 0 |
|--|------|---------------|---------------|
| ASSIGNED FUNDS | 28 | | |
| <i>Guaranty Fund</i> | | | |
| Balance - beginning | P | 18,100,563 | P 16,130,471 |
| Transfer from free and unassigned funds | | 2,649,233 | 1,970,092 |
| Balance - end | | 20,749,796 | 18,100,563 |
| <i>Member's Benefits</i> | | | |
| Balance - beginning | | 1,231,586 | 1,231,586 |
| Add: Allocation from free and unassigned funds | | - | - |
| Balance - end | | 1,231,586 | 1,231,586 |
| <i>Product Development</i> | | | |
| Balance - beginning | | - | 96,972 |
| Allocation from free and unassigned funds | | - | (96,972) |
| Balance - end | | - | - |
| FREE AND UNASSIGNED FUNDS | | | |
| Balance - beginning | | (1,845,778) | (2,087,269) |
| Prior period adjustments | 29 | 1,002,177 | (1,675,158) |
| Adjusted beginning balance | | (843,601) | (3,762,427) |
| Transfer to assigned funds | | (2,649,233) | (1,970,092) |
| Excess of receipts over expenses (Exhibit B) | | 4,581,332 | 3,886,741 |
| Balance - end | | 1,088,498 | (1,845,778) |
| OTHER COMPREHENSIVE INCOME | | | |
| Beginning balance | | 305,878 | 42,559 |
| Remeasurement of post-employment benefit costs | 23 | (147,071) | 263,319 |
| Total | | 158,807 | 305,878 |
| TOTAL FUND BALANCE (To Exhibit A) | | P 23,228,687 | P 17,792,249 |

EXHIBIT C

**NATIONAL CONFEDERATION OF COOPERATIVES
MUTUAL BENEFITS ASSOCIATION (NATCCO MBA), INC.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2021 and 2020
(Centavo Omitted)**

| | <u>Note</u> | <u>2 0 2 1</u> | <u>2 0 2 0</u> |
|---|-------------|--------------------------|----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Income before adjustments to reserve (Exhibit B) | P | 4,581,332 | P 3,886,741 |
| Adjustments for non-cash transactions: | | | |
| Depreciation | 12 | 225,843 | 233,013 |
| Amortization | 15 | 7,333 | 8,000 |
| Prior period adjustments | 29 | 1,002,177 | (1,675,158) |
| Allocation of assigned fund | 28 | (2,649,233) | (1,970,092) |
| Remeasurement of post employment liability | 23 | (147,071) | 263,319 |
| Assigned fund balance | 28 | - | (195,716) |
| Operating income before working capital changes | | 3,020,381 | 550,107 |
| Decrease (increase) in: | | | |
| Trade and other receivables | 8 | 2,188,270 | (1,674,053) |
| Additional financial assets through profit or loss | 9 | (59,908) | (250,201) |
| Other funds and deposits | 10 | (667) | (2,490) |
| Other current assets | 11 | (449,272) | 201,215 |
| Increase (decrease) in: | | | |
| Liability on individual equity | 16 | 6,787,306 | 4,079,604 |
| Members contribution received in advance | 17 | (10,126,833) | (932,851) |
| Additional post-employment benefits liability | 23 | (334,641) | (96,436) |
| Claims payable on basic contingent benefit | 18 | (209,516) | 849,073 |
| Optional benefit reserves | 19 | 2,180,774 | (850,027) |
| Claims payable on optional benefit | 20 | 425,311 | 439,452 |
| Basic contingent benefit reserve | 21 | 5,317,500 | (487,675) |
| Other payables | 22 | (1,543,824) | 4,945,302 |
| Net cash provided by operating activities | | <u>7,194,881</u> | <u>6,771,020</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Additional membership certificate loans | 13 | (2,230,971) | (4,832,945) |
| Decrease in financial assets at amortized cost - short term | 14 | - | 2,429,700 |
| Additional financial assets at amortized cost - long term | 14 | (2,150,700) | (4,487,393) |
| Acquisition of property and equipment | 12 | (492,400) | (1,181,579) |
| Net cash used in investing activities | | <u>(4,874,071)</u> | <u>(8,072,217)</u> |
| CASH FLOWS FROM FINANCING ACTIVITY | | | |
| Utilization of assigned funds | | <u>2,649,233</u> | <u>1,970,092</u> |
| Net cash provided by financing activity | | <u>2,649,233</u> | <u>1,970,092</u> |
| NET INCREASE IN CASH | | 4,970,043 | 668,895 |
| CASH, BEGINNING | | <u>31,572,942</u> | <u>30,904,047</u> |
| CASH, END | P | <u><u>36,542,985</u></u> | <u><u>P 31,572,942</u></u> |

EXHIBIT D

**NATIONAL CONFEDERATION OF COOPERATIVES
MUTUAL BENEFITS ASSOCIATION (NATCCO MBA), INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021 and 2020
(All Amounts in Philippine Peso)**

Note 1 - CORPORATE INFORMATION

1.1 In General

National Confederation of Cooperatives Mutual Benefits Association (NATCCO MBA), Inc. (“the Association”) was organized under the laws of the Philippines and duly registered with the Securities and Exchange Commission on April 24, 2009 under Registration No. CN200905690. Its members are active members of any cooperative affiliated with the National Confederation of Cooperatives (NATCCO). It is a regulated entity under the Insurance Commission.

The Association has objectives to extend financial assistance to its members, spouse, and children in the form of benefits, sickness benefits, provident savings and loan redemption assistance; to ensure continued access to benefits or resources by actively involving the members in the management of the association that will include implementation of policies and procedures geared towards sustainability and improved services; to do and perform any other acts and things and to have and exercise any other power and functions as may be necessary, convenient, legal and appropriate to accomplish the purpose for which the mutual benefits association is established or organized.

As amended on May 31, 2017, by majority vote of Board of Trustees and by the vote of at least two-thirds (2/3) of the members adopted the amended Articles of Incorporation dated September 8, 2017 to change the Association from Non-Stock Mutual Benefits Association to Non-Stock, Non-Profit Mutual Benefits Association.

The Association has a total of 66,327 and 64,294 active members as of December 31, 2021 and 2020, respectively.

The Association’s registered office, which is also its principal place of business, is located at 227 J. P. Rizal Street, Bayanihan, Project 4, Quezon City.

1.2 Tax Exemption

The Association is not subject to income tax under Section 30 (c) of the National Internal Revenue Code with respect to income received from its not-for-profit activities such as donations, gifts or charitable contributions. However, income from any of its properties, real and personal, or from any of its activities conducted for profit shall be subject to income tax.

The application for tax exemption of the Association was received by the Bureau of Internal Revenue (BIR) dated May 27, 2014, while other documents required were received on August 17, 2015 and was still awaiting for BIR’s approval and issuance of the certificate of tax exemption.

1.3 Approval of the Financial Statements

The financial statements of the Association for the year ended December 31, 2021 (including the comparative for the year ended December 31, 2020) were approved and authorized for issue by the Board of Trustees on _____.

Note 2 - STATUS OF OPERATIONS

The accompanying financial statements have been prepared on a going concern basis, which contemplate the realization of assets and settlement of liabilities in the normal course of business.

Note 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Basis of Preparation of Financial Statements

Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the Association have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs). PFRSs are adopted by the Financial Reporting Standards Council (FRSC), formerly the Accounting Standards Council, from the pronouncements issued by the International Accounting Standards Board (IASB). PFRSs consist of:

- a. Philippine Financial Reporting Standards (PFRS) - corresponding to International Financial Reporting Standards;
- b. Philippine Accounting Standards (PASs) - corresponding to International Accounting Standards; and
- c. Interpretations to existing standards - representing interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), formerly the Standing Interpretations Committee (SIC), of the IASB which are adopted by the FRSC.

Basis of Measurement

These financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial assets. The measurement bases are more fully described in the accounting policies that follow.

Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standard (PAS 1), *Presentation of Financial Statements*. The Association presents all items of income and expenses in a single statements of comprehensive income.

The Association presents a third statements of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statements of financial position at the beginning of the preceding period. The related notes to the third statements of financial position are not required to be disclosed.

All values are rounded to the nearest one Peso (P1), except when otherwise indicated.

3.2 Functional Currency and Foreign Currency Transactions

These financial statements are presented in Philippine Peso, the Association's functional currency, and all values represent absolute amounts except when otherwise indicated.

Functional and Presentation Currency

Items included in the financial statements of the Association are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The financial statements are presented in Philippine Peso, which is also the Association’s functional currency.

Transactions and Balance

The accounting records of the Association are maintained in Philippine Peso. Foreign currency transactions during the period are translated into the functional currency at exchange rates, which approximate those prevailing on transaction dates.

3.3 Adoption of New Interpretation, Revisions and Amendments to PFRS

Changes in Accounting Policies

Except for the following standards and amended PFRS which were adopted as of January 1, 2021, the accounting policies and methods of computation adopted in the preparation of the financial statements are consistent with those followed in the previous financial year.

- (i) the reporting period in which the entity first applies the interpretation.

Effective 2021

- (i) IFRS 17, *Insurance Contracts*. Establishes the principles for the recognition, measurement, presentation and disclosure of Insurance contracts within the scope of the Standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. An entity shall apply IFRS 17 *Insurance Contracts* to: a) Insurance contracts, including reinsurance contracts, it issues; b) reinsurance contracts it holds; c) and Investment contracts with discretionary participation features it issues, provided the entity also issues insurance contracts. Some contracts meet the definition of an insurance contract but have as their primary purpose the provision of services for a fixed fee.

Effective 2022

- (i) PAS 16 (Amendments), *Property, Plant and Equipment – Proceeds before Intended Use*. Amends the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.
- (ii) PAS 37 (Amendments), *Provisions, Contingent Liabilities and Contingent Assets, Onerous Contract – Cost of Fulfilling a Contracts*. The changes specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling contract).

- (iii) PFRS 1 (Amendments), *First-time Adoption of Philippine Financial Reporting Standards, Subsidiary as a first-time adopter*. The amendment permits a subsidiary that applies paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to PFRSs.
- (iv) PFRS 9 (Amendments), *Financial Instruments, Fees in the '10 percent' test for derecognition of financial liabilities*. The amendment clarifies which fees an entity includes when it applies the '10 percent' test in paragraph B3.3.6 of PFRS 9 in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

Effective 2023

- (i) PAS 1 (Amendments), *Presentation of Financial Statements, Classification of Liabilities as Current or Non-current*. The amendments affect only the presentation of liabilities in the statement of financial position not the amount or timing of recognition of any asset, liability, income or expenses, or the information that entities disclose about those items. Clarify that the classification of liabilities as current or non-current (a) should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve (12) months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of liability, (b) is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, and (c) settlement refers to the transfer to the counterparty of cash, equity instruments and other assets or services.
- (ii) PFRS 17 (Amendments), *Insurance Contracts*. The main changes resulting from Amendments to PFRS 17 are:
 - Deferral of the date of initial application of PFRS 17 by two years to annual periods beginning on or after January 1, 2023 and change the fixed expiry date for the temporary exemption in PFRS 4 Insurance Contracts from applying PFRS 9 Financial Instruments, so that entities would be required to apply PFRS 9 for annual periods beginning on or after January 1, 2023.
 - Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk.
 - Recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognized in a business acquired in a business combination.
 - Clarification of the application of PFRS 17 in interim financial statements allowing an accounting policy choice at a reporting entity level.
 - Clarification of the application of contractual service margin (CSM) attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements.
 - Extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives.

- Amendments to require an entity that at initial recognition recognizes losses on onerous insurance contracts issued to also recognize a gain on reinsurance contracts held.
- Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than groups of insurance contracts.
- Additional transition relief for business combinations and additional transition relief for the date of application of the risk mitigation option and the use of the fair value transition approach.
- Several small amendments regarding minor application issues.

Such issued contracts are in the scope of the standard, unless an entity chooses to apply to them PFRS 15 Revenue from Contracts with Customers and provided the following conditions are met: (a) the entity does not reflect an assessment of the risk associated with an individual customer in setting the price of the contract with that customer; (b) the contract compensates the customer by providing a service, rather than by making cash payments to the customer; and (c) the insurance risk transferred by the contract arises primarily from the customer's use of services rather than from uncertainty over the cost of those services.

Deferred Effectivity

Amendments to PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*. The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, *Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture. On January 13, 2016, the FRSC postponed the original effective date of January 1, 2016 of the said amendments until the PASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

3.4 Cash and Cash Equivalents

Cash and cash equivalents include petty cash fund, cash in banks, and special savings deposit with original maturities of three months or less from date of placements and that are subject to insignificant risk of changes in value. Cash and cash equivalents are initially and subsequently measured at fair value which is usually its face value. The Association recognized cash and cash equivalent as current asset when the cash or a cash equivalent is not restricted from being exchanged or used to settle liability for at least twelve (12) months after the end of the reporting period.

3.5 Financial Instruments

Date of Recognition

The Association recognizes a financial asset or a financial liability in the statements of financial position when it becomes a party to the contractual provisions of the instrument.

Initial Recognition of Financial Instruments

All financial instruments are initially recognized at fair value. Except for financial assets and financial liabilities at FVPL, the initial measurement of financial instrument includes transaction costs.

The Association classifies its financial assets into the following categories: financial assets at fair value through other comprehensive income, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The Association classifies its financial liabilities into financial liabilities at FVPL and other financial liabilities. The classification depends on the purpose for which the investments were acquired and whether they are quoted in an active market.

Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated at every reporting period at which date a choice of classification or accounting treatment is available, subject to compliance with specific provisions of financial reporting framework applicable to the Association.

As of December 31, 2021 and 2020, the Association's financial instruments are of the nature of trade and other receivables, financial assets at amortized cost, financial asset at fair value through other comprehensive income, financial asset at fair value through profit or loss, membership certificate loans, liability on individual equity, member's contribution received in advance and other payables.

Determination of Fair Value

The fair value of financial instruments traded in active markets at the reporting date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, option pricing models, and other valuation models.

Financial Assets

As of December 31, 2021 and 2020, the Association's financial assets are of the nature of trade and other receivables, membership certificate loans, financial assets at amortized cost, financial asset at fair value through profit or loss, financial asset at fair value through other comprehensive income, and financial asset.

Trade and Other Receivables

Trade and other receivables are recognized initially at its transaction cost and subsequently measured at cost less provision for impairment. A provision for impairment of account receivables is established when there is objective evidence that the Association will not be able to collect all amounts due according to the original terms of the receivables. Other receivables include advances to officers and employees.

Membership Certificate Loans

Membership certificate loans are recognized initially at its transaction price. They are subsequently measured at amortized cost less provision for impairment. A provision for impairment of policy loans is established when there is objective evidence that the Association will not be able to collect all amounts due according to the original terms of the receivables.

All financial assets that are not classified as at fair value through profit or loss are initially recognized at fair value, plus transaction costs.

Interest income, interest expense and impairment losses, relating to financial assets are presented as separate items in the statements of comprehensive income, unless indicated otherwise.

Non-compounding interest and other cash flows resulting from holding financial assets are recognized in profit or loss when earned, regardless of how the related carrying amount of financial assets is measured.

A more detailed description of the four categories of financial assets is as follows:

(a) Financial Assets at Fair Value through Profit or Loss

This category include financial assets that are either classified as held for trading or are designated by the entity to be carried at fair value through profit or loss upon initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling it in the near term or if so designated by management. Derivatives are also categorized as “held for trading” unless they are designated as hedges. Assets in this category are classified as current if they are either held for trading or are expected to be realized within twelve (12) months from the end of each reporting period. Financial assets at fair value through profit or loss are initially recognized at fair value. Any related transaction costs are recognized in the profit or loss.

Financial assets at fair value through profit or loss are subsequently measured at fair value, and changes therein are recognized in profit or loss. Financial assets (except derivatives and financial instruments originally designated as financial assets at fair value through profit or loss) may be reclassified out of fair value through profit or loss category if they are no longer held for the purpose of being sold or repurchased in the near term.

The Association’s investment amounted to P5,713,854 and P5,653,946 as of December 31, 2021 and 2020, respectively (Note 9).

(b) Held-to-Maturity Financial assets

Held-to-Maturity Financial assets are quoted non-derivative financial assets with fixed or determinable payments and fixed maturities for which the Association’s management has the positive intention and ability to hold to maturity where the Association would sell other than an insignificant amount of these financial assets, the entire category would be tainted and reclassified as AFS financial assets.

Bond investments are recognized initially at fair value plus transaction costs that are directly attributable to the acquisition. After initial measurement, these investments are subsequently measured at amortized cost using the effective interest method, less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate (EIR).

The amortization is included in ‘Interest income’ in the statements of comprehensive income. Gains and losses are recognized in income when the financial assets are derecognized and impaired, as well as through the amortization process. The losses arising from impairment of such investments are recognized in the statements of comprehensive income under ‘Provision for impairment and credit losses’. The effects of translation of foreign currency-denominated financial assets are recognized in the statements of comprehensive income.

The Association classified its investment in bonds and other debt securities as held-to-maturity financial assets. In addition, the Association opted to use the title “Financial Assets at Amortized Costs” in compliance with the Standard Chart of Accounts issued by the Insurance Commission for uniformity of financial reporting amongst the mutual benefits associations.

The Association’s investment amounted to P18,100,000 and P16,100,000 as of December 31, 2021 and 2020, respectively (Note 14).

(c) Available-for-sale Financial Assets

This category includes non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. They are included in non-current assets under the Financial Assets account in the statements of financial position unless management intends to dispose of the investment within twelve (12) months from the reporting period.

All available-for-sale financial assets are initially and subsequently measured at fair value, unless otherwise disclosed, with changes in value recognized in other comprehensive income, net of any effects arising from income taxes. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognized in other comprehensive income is reclassified from revaluation reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income.

Reversal of impairment loss is recognized in other comprehensive income, except for financial assets that are debt securities which are recognized in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognized.

All income and expenses, including impairment losses, relating to financial assets that are recognized in profit or loss are presented as part of Finance Costs or Finance Income in the statements of comprehensive income.

For investments that are actively traded in organized financial markets, fair value is determined by reference to stock exchange-quoted market bid prices at the close of business on the reporting period. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Non-compounding interest, dividend income and other cash flows resulting from holding financial assets are recognized in profit or loss when earned, regardless of how the related carrying amount of financial assets is measured.

Derecognition of financial assets occurs when the rights to receive cash flows from the financial instruments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

As of the reporting period, the Association has no available-for-sale-financial asset.

Impairment of Financial Assets

The Association assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(a) *Assets carried at amortized cost.* The Association first assesses whether objective evidence of impairment exists individually significant and individually or collectively for financial assets that are not individually significant. If the Association determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the Association includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans receivable or held-to-maturity investments carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the statements of comprehensive income.

If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. When practicable, the Association may measure impairment on the basis of an instrument's fair value using an observable market price.

The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtor's ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

Estimates of changes in future cash flows for groups of assets should reflect and be consistent with changes in related observable data from period to period. The methodologies and assumption used for estimating future cash flows are reviewed regularly by the group to reduce any differences between loss estimates and actual loss experience.

If, in a subsequent period, the amount of the impairment loss decrease and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the statements of comprehensive income.

(b) Resources carried at fair value with changes charged to capital funds. In the case of investments classified as available-for-sale financial assets, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from capital funds and recognized in the statement of comprehensive income. Impairment losses recognized in the statement of comprehensive income on equity instruments are not reversed from capital funds and recognized in the statement of comprehensive income. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increase and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss was recognized in profit or loss, the impairment loss is reversed through the statements of comprehensive income.

(c) Resources carried at cost. The Association assesses at each reporting date whether there is objective evidence that any of the unquoted equity securities and derivative assets linked to and required to be settled in such unquoted equity instruments, which are carried at cost and for which objective evidence of impairment exist. The amount of impairment loss is the difference between the carrying amount of the equity security and the present value of the estimated future cash flows discounted at the current market rate of return of a similar asset. Impairment losses on assets carried at cost cannot be reversed.

Financial Liabilities

Financial liabilities are recognized when the Association becomes a party to the contractual agreements of the instrument. All interest related charges are recognized as expense in the statements of comprehensive income under the caption finance costs.

Financial liabilities include liability on individual equity value, member's contribution received in advance, and trade and other payable, which are measured at nominal value.

Liability on Individual Equity

Liability on individual equity value represents the total amount of obligations set-up by the Association on membership certificates pertaining to the 50% equity value, as required under the Insurance Code, and any incremental amount declared by Association.

It is measured initially at transaction price and subsequently measured at cost less subsequent payments and impairment, if any.

Members' Contribution Received in Advance

Member's contribution received in advance represents member contributions received but not yet due/earned as of the end of the accounting period and which is expected to become due within one year. It is measured initially at transaction price and subsequently measured at cost less amount due or earned.

Trade and Other Payables

Trade payables and other payables, if any, represent accounts payables and are recognized initially at the transaction price and subsequently measured at cost less subsequent payments. Other payables include accruals such as utility expenses. Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts if any due to employees. It is necessary to estimate the amount or timing of accruals, however, the uncertainty is generally much less than for provisions

3.6 Derecognition of Financial Assets and Liabilities

Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of financial assets) is derecognized where:

- the rights to receive cash flows from the asset have expired; or
- the Association retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- the Association has transferred its rights to receive cash flows from the asset and either; (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained the risk and rewards of the asset but has transferred the control of the asset.

Where the Association has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Association’s continuing involvement in the asset.

Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statements of comprehensive income.

Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

3.7 Other Current Assets

Other current assets pertain to other resources controlled by the Association as a result of past events. They are recognized in the financial statements when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably.

Other current assets include prepaid reinsurance premium and prepaid taxes that are initially recorded at transaction cost and subsequently measured at cost less impairment loss, if any.

Prepayments are expenses paid in cash and recorded as assets before they are used or consumed, as the service or benefits will be received in the future. Prepayments expire and are recognized as expense either with the passage of time or through use or consumption. Prepayments and other non-financial assets are included in current assets, except when the related goods or services are expected to be received or rendered more than twelve (12) months after the reporting period, which are then classified as non-current assets.

3.8 Property and Equipment

The Association shall recognize the cost of an item of property and equipment as an asset if and only if:

- a) It is probable that future economic benefit associated with the item will flow to the entity; and
- b) the cost of the item can be measured reliably

The Association's property and equipment are initially carried at acquisition cost and subsequently at cost less accumulated depreciation and amortization and impairment in value.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized while expenditures for repairs and maintenance are charged to expense as incurred. When assets are sold, retired or otherwise disposed of, their cost and related accumulated depreciation and amortization and impairment losses are removed from the accounts and any resulting gain or loss is reflected in income for the period.

Depreciation is computed on the straight-line method over the estimated useful lives of the depreciable assets as follows:

| | <u>Estimated Useful Life</u> |
|-------------------------------|------------------------------|
| Office furniture and fixtures | 3 - 5 years |
| Office equipment | 3 - 10 years |
| IT equipment | 4 - 10 years |

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The residual values and estimated useful lives of Association property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of Association's property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statements of comprehensive income in the period the item is derecognized.

3.9 Other Non-current Assets

Other non-current assets pertain to other resources controlled by the Association as a result of past events. They are recognized in the financial statements when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably.

Other non-current assets include web development cost that is initially recorded at transaction cost and subsequently measured at amortized cost less impairment loss, if any.

3.10 Impairment of Non-financial Assets

Association's property and equipment and intangible assets are subject to impairment testing. Intangible assets with an indefinite useful life, those not yet available for use or goodwill are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss.

3.11 Fund Balance

Guaranty fund balance is initially and subsequently measured using the nominal value of contributions by members.

Free and unassigned funds include all current and prior period results as disclosed in the statements of comprehensive income.

3.12 Revenue and Cost Recognition

Income is recognized to the extent that it is probable that the economic benefits will flow to the Association and the revenue can be reliably measured. The following specific recognition criteria must also be met before income is recognized. The current specific revenue recognition policies of the Association are as follows:

- a) *Insurance premium* – Income from insurance premiums are recognized when it is received or becomes receivable.
- b) *Interest income on bank deposits and held-to-maturity financial assets* – Interest income on bank deposits and held-to-maturity financial assets are recognized using the accrual method (taking into account the effective yield on the asset).
- c) *Donations and contributions* – Donations and contributions are recognized by the Association when received from donor.
- d) *Miscellaneous income* – Miscellaneous income such as membership fees, surcharges and penalties are recognized when received.

Costs and expenses are recognized in the statements of comprehensive income upon utilization of the service or at the date they are incurred. All finance costs are reported in profit or loss, except capitalized borrowing costs, if any, which are included as part of the cost of the related qualifying asset, on an accrual basis.

3.13 Employee Benefits

Employees' benefits are all forms of consideration given by the Association in exchange for service rendered by employees, including directors and management.

Short-term Benefits

The Association recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Association to its employees include compensation, social security contributions, short-term compensated absences, bonuses and other non-monetary benefits.

Retirement Benefits

The Association provided retirement benefits for all its regular employees in compliance with the Retirement Laws under Republic Act (R.A.) 7641, as amended. Post-employment benefit accrued balance amounted to P431,574 and P766,215 as at December 31, 2021 and 2020, respectively (Note 23).

The key actuarial valuation is as follows:

Present value of the Defined Benefits Obligation - present value of benefits pertaining to the period of service rendered prior to the valuation date determined using the method and assumptions stated herein.

Current Service Cost - present value of benefits pertaining to period of service rendered in the current accounting period determined using the method and assumptions stated herein.

3.14 Income Taxes

The Association is not subject to income tax under Section 30 (c) of the National Internal Revenue Code with respect to income received from its not-for-profit activities such as donations, gifts or charitable contributions. However, income from any of its properties, real and personal, or from any of its activities conducted for profit shall be subject to income tax.

3.15 Provisions

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Any reimbursement expected to be received in the course of settlement of the present obligation is recognized, if virtually certain as a separate asset not exceeding the amount of the related provision. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. In addition, long-term provisions are discounted to their present values, where time value of money is material.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements.

Probable inflows of economic benefits that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements.

3.16 Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized but are disclosed in the financial statements when an inflow of economic benefits is probable.

3.17 Prior Period Adjustments

Prior period adjustments are omissions from and misstatements in the Association's financial statements for one or more periods arising from a failure to use, or misuse of, reliable information. These adjustments include correction of errors, change in estimates and other adjustments pertaining to prior accounting periods.

A prior period error shall be corrected by retrospective restatement except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effect of the error.

3.18 Related Party Disclosures

A related party is a person or entity that is related to the entity that is preparing its financial statements.

A person or a close member of that person's family is related to a reporting entity if that person: (1) has control or joint control of the reporting entity; (2) has significant influence over the reporting entity; or (3) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

An entity is related to a reporting entity if any of the following conditions applies: (1) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others); (2) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member); (3) both entities are joint ventures of the same third party; (4) one entity is a joint venture of a third entity and the other entity is an associate of the third entity; (5) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity; (6) the entity is controlled or jointly controlled by a person identified in (1); (7) a person identified in (1) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and (8) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

3.19 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Association. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Association uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

PFRS 13 requires that financial assets and liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value, but for which fair value is required to be disclosed in accordance with other relevant PFRS to be categorized into three levels based on the significance of inputs used to measure the fair value.

The fair value hierarchy has the following levels:

- (a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- (b) Level 2: inputs other than quoted prices included within level 1 that are observable for the asset (i.e., derived from price); and,
- (c) Level 3: inputs for the assets or liability that are not based on observable marked data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level significant input to the fair value measurement.

Events after the End of the Reporting Period

Events after the end of the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. Two (2) types of events can be identified:

- a) those that provide evidence of conditions that existed at the end of the reporting period (*adjusting events after the end of the reporting period*); and
- b) those that are indicative of conditions that arose after the reporting period (*non-adjusting events after the end of the reporting period*).

Post year-end events up to the date of the auditors' report that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

Note 4 - SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The Association's financial statements prepared in accordance with PFRS require management to make judgments and estimates that affect amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances. Actual results may ultimately differ from these estimates.

The Association makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in the succeeding pages.

4.1 Critical Accounting Judgments

In the process of applying the Association's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements:

Going Concern Assessment

The Management has made an assessment of the Association's ability to continue as a going concern and is satisfied that the Association has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Association's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Impairment Losses on Financial Assets (Receivables, and Held-to-maturity financial assets)

The Association reviews its receivables and held-to-maturity financial assets portfolios to assess impairment. In determining whether an impairment loss should be recorded in the statements of comprehensive income, the Association makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from the portfolio before the decrease can be identified with an individual item in that portfolio.

The evidence may include observable data indicating that there has been an adverse change in the payment status of members, or national or local economic conditioned that correlate with defaults on assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows.

The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

The Association carries certain financial assets at fair value, which requires the extensive use of accounting estimates and judgment. Significant components of fair value measurement were determined using verifiable objective evidence such as foreign exchange rates, interest rates, volatility rates. However, the amount of changes in fair value would differ if the Association utilized different valuation methods and assumptions. Any change in fair value of these financial assets and liabilities would affect profit and loss and equity.

4.2 Key Sources of Estimation Uncertainty

The Association makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Allowance for Impairment of Receivables

Allowance is made for specific and groups of accounts, where objective evidence of impairment exists. The Association evaluates these accounts based on available facts and circumstances, including, but not limited to, the length of the Association's relationship with the customers, the customers' current credit status based on known market forces, average age of accounts, collection experience and historical loss experience.

Valuation of Financial Assets Other than Trade and Other Receivables

The Association carries certain financial assets at fair value, which requires the extensive use of accounting estimates and judgments. In cases when active market quotes are not available, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net base of the instrument. The amount of changes in fair value would differ if the Association utilized different valuation methods and assumptions. Any change in fair value of these financial assets and liabilities would affect profit or loss and other comprehensive income.

Useful Life of Property and Equipment

The Association estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property and equipment is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors and circumstances.

A reduction in the estimated useful lives of property and equipment would increase recorded operating expenses and decrease non-current assets.

The carrying values of property and equipment amounted to P1,705,662 and P1,439,104 as of December 31, 2021 and 2020, respectively (Note 12).

Impairment of Non-financial Assets

Assessing non-financial assets for impairment includes considering certain indicators of impairment such as significant changes in asset usage, significant decline in market value, obsolescence or physical damage of an asset. If such indicators are present, and where the carrying amount of the asset exceeds its estimated recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

There was no impairment loss recognized in 2021 and 2020.

Retirement and Other Benefits

Liability for the retirement benefits should be computed based on Republic Act (R.A.) No. 7641 and Republic Act (R.A.) No. 8558. The minimum retirement pay due for covered employees shall be equivalent to one-half month salary for every year of service, a fraction of at least six (6) months being considered as one whole year. One-half month salary include: (a) 15 days salary based on the latest salary rate; (b) cash equivalent of 5 days of service incentive leave (or vacation leave); (c) one-twelfth (1/12) of the 13th month pay; provided that retiree has 10 years of continuous service and at least sixty (60) years of age.

The estimated retirement benefit obligation amounted to P431,574 and P766,215 as of December 31, 2021 and 2020, respectively (Note 23).

Provisions and Contingents

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provision and disclosure of contingencies are discussed in Note 3.15 and Note 3.16.

Revenue and Expense Recognition

The Association's revenue and expense recognition policies require the use of estimates and assumptions that may affect the reported amounts of revenues and expenses in the comprehensive income and receivables and payables in the statements of financial position. Differences between the amounts initially recognized and actual settlements are taken up in the accounts upon reconciliation. However, there is no assurance that such use of estimates may not result to material adjustments in future periods.

Note 5 - FAIR VALUE MEASUREMENTS

The Association's financial statements prepared in accordance with PFRS require management to make judgments and estimates that affect amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances. Actual results may ultimately differ from these estimates.

5.1 Fair Value Hierarchy

The following table summarizes the carrying amounts and the fair values by level of the fair value hierarchy of the Association's financial assets and liabilities that are carried at fair value or for which fair value is disclosed as of December 31, 2021 and 2020.

| 2021 | Notes | Carrying Amount | Fair Value Hierarchy | | | Total |
|---|-------|-----------------|----------------------|------------|------------|------------|
| | | | Level 1 | Level 2 | Level 3 | |
| <i>Assets and liabilities for which fair values are disclosed</i> | | | | | | |
| <u>Financial Assets</u> | | | | | | |
| Cash and cash equivalent* | 7 | 36,502,985 | 36,502,985 | - | - | 36,502,985 |
| Trade and other receivables | 8 | 36,556 | - | - | 36,556 | 36,556 |
| Financial asset at fair value through profit or loss | 9 | 5,713,854 | 5,713,854 | - | - | 5,713,854 |
| Other fund and deposits | 10 | 678,518 | 678,518 | - | - | 678,518 |
| Membership certificate loans | 13 | 17,526,602 | - | - | 17,526,602 | 17,526,602 |
| Financial assets at amortized cost - short term | 14 | - | - | - | - | - |
| Financial assets at amortized cost - long term | 14 | 18,972,675 | - | 18,972,675 | - | 18,972,675 |
| <u>Financial Liabilities</u> | | | | | | |
| Liability on individual equity | 16 | 37,205,783 | - | - | 37,205,783 | 37,205,783 |
| Members contribution received in advance | 17 | 2,803,832 | - | - | 2,803,832 | 2,803,832 |
| Claims payable on basic contingent benefit | 18 | 2,339,455 | - | - | 2,339,455 | 2,339,455 |
| Optional benefit reserve | 19 | 4,217,557 | - | - | 4,217,557 | 4,217,557 |
| Claims payable on optional benefit | 20 | 1,760,179 | - | - | 1,760,179 | 1,760,179 |
| Basic contingent benefit reserve | 21 | 6,023,984 | - | - | 6,023,984 | 6,023,984 |
| Other payables ** | 22 | 3,874,760 | - | - | 3,874,760 | 3,874,760 |

| 2020 | Notes | Carrying Amount | Fair Value Hierarchy | | | Total |
|---|-------|-----------------|----------------------|------------|------------|------------|
| | | | Level 1 | Level 2 | Level 3 | |
| <i>Assets and liabilities for which fair values are disclosed</i> | | | | | | |
| <u>Financial Assets</u> | | | | | | |
| Cash and cash equivalent* | 7 | 31,532,942 | 31,532,942 | - | - | 31,532,942 |
| Trade and other receivables | 8 | 2,224,826 | - | - | 2,224,826 | 2,224,826 |
| Financial asset at fair value through profit or loss | 9 | 5,653,946 | 5,653,946 | - | - | 5,653,946 |
| Other fund and deposits | 10 | 677,851 | 677,851 | - | - | 677,851 |
| Membership certificate loans | 13 | 15,295,631 | - | - | 15,295,631 | 15,295,631 |
| Financial assets at amortized cost - short term | 14 | - | - | - | - | - |
| Financial assets at amortized cost - long term | 14 | 16,821,975 | - | 16,821,975 | - | 16,821,975 |
| <u>Financial Liabilities</u> | | | | | | |
| Liability on individual equity | 16 | 30,418,477 | - | - | 30,418,477 | 30,418,477 |
| Members contribution received in advance | 17 | 12,930,665 | - | - | 12,930,665 | 12,930,665 |
| Claims payable on basic contingent benefit | 18 | 2,548,971 | - | - | 2,548,971 | 2,548,971 |
| Optional benefit reserve | 19 | 2,036,783 | - | - | 2,036,783 | 2,036,783 |
| Claims payable on optional benefit | 20 | 1,334,868 | - | - | 1,334,868 | 1,334,868 |
| Basic contingent benefit reserve | 21 | 706,484 | - | - | 706,484 | 706,484 |
| Other payables ** | 22 | 5,447,207 | - | - | 5,447,207 | 5,447,207 |

* The amount excludes petty cash fund amounting to P40,000 as of December 31, 2021 and 2020, respectively.

**The amount excludes statutory and other payables amounting to P51,628 and P23,005, respectively.

5.2 Fair Value Information

The methods and assumptions used by the Association in estimating the fair value of the financial instruments are as follows:

Cash, trade and other receivables, financial assets at amortized cost, and financial asset at fair value through profit or loss - Carrying amounts approximate fair values due to the relatively short-term maturities of these instruments. In relation to advances from stockholders, the carrying amount approximate its fair value even though it has no specific term of payment.

Membership certificate loans, liability on individual equity value, members contribution received in advance, and other payables - Carrying amount were certified to us by the actuary of the Association.

The description of the accounting policies for each category of financial instruments is disclosed in Notes 3.5. A description of the Association's risk management objectives and policies for financial instruments is provided in Note 6.

Note 6 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Association's activities expose it to a variety of financial risks: credit risk and liquidity risk. The Association's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Association. The policies for managing specific risks are summarized below.

6.1 Governance Framework

The Association has established a risk management function with clear terms of reference and with the responsibility for developing policies on market, credit, liquidity, and operational risk. It also supports the effective implementation of policies.

The policies define the Association's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets to the corporate goals and specify reporting requirements.

6.2 Capital Management Framework

The Association's risk management function has developed and implemented certain minimum stress and scenario tests for identifying the risks to which the Association are exposed, quantifying their impact on the volatility of economic capital. The results of these tests, particularly, the anticipated impact on the realistic financial statement accounts, are reported to the Association's risk management function.

The risk management function then considers the aggregate impact of the overall capital requirement revealed by the stress testing to assess how much capital is needed to mitigate the risk of insolvency to a selected remote level.

The operation of the Association is also subject to the regulatory requirements of Insurance Commission and Securities and Exchange Commission. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions.

The Association, in compliance with the Sec. 405 of the Insurance Code of the Philippines (as amended by R.A. No. 10607, dated August 15, 2013), has constituted and established a guaranty fund which is deposited with the Insurance Commission as a primary requirement for license to operate of every mutual benefits association. Any accrual to such fund, be it interest earned or dividend additions on moneys or securities so deposited, may, be withdrawn by the Association if there is no pending benefit claim against it, including interest thereon or dividend additions.

Any increase in the guaranty fund must be in accordance with Sec. 410 of the Insurance Code of the Philippines (as amended by R.A. No. 10607, dated August 15, 2013) wherein ‘every mutual benefit association must accumulate and maintain, out of periodic dues collected from its members, sufficient reserves for the payment of claims or obligations’. Also, a reserve liability shall be established in accordance with actuarial procedures and shall be approved by the Commissioner.

During the year 2017, the Association, in compliance with the Sec. 408 of the Insurance Code of the Philippines (as amended by R.A. No. 10607) has allocated unassigned surplus (in excess of 20% of total liabilities per audited financial statement ending December 31, 2021).

The debt-to-equity ratio of the Association is computed as follows:

| | <u>2 0 2 1</u> | <u>2 0 2 0</u> |
|-----------------------|----------------------|----------------------|
| Total liabilities | 58,708,752 | 56,212,674 |
| Total members' equity | <u>23,228,687</u> | <u>17,792,249</u> |
| Debt-to-equity ratio | <u>P2.53 : P1.00</u> | <u>P3.16 : P1.00</u> |

6.3 Financial Risk

The Association is also exposed to financial risk through its financial assets and financial liabilities. The most important components of these financial risks are: credit risk and liquidity risk.

Credit Risk

Credit risk is the risk that counterparty fails to discharge an obligation to the Association. The Association is exposed to this risk for various financial instruments, for example by granting advances to affiliates.

The Association continuously monitors defaults of borrowers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. The association's policy is to deal only with creditworthy counterparties.

The table below shows the maximum exposure to credit risk for the components of December 31, 2021 and 2020 statements of financial position. The maximum exposure is shown gross, without taking into account collateral and other credit enhancement.

| | <u>2 0 2 1</u> | <u>2 0 2 0</u> |
|---|--------------------------|--------------------------|
| Cash in bank | 36,502,985 | 31,532,942 |
| Financial assets at amortized cost | 18,972,676 | 16,821,975 |
| Membership certificate loans | 17,526,602 | 15,295,631 |
| Financial asset at fair value through profit and loss | 5,713,854 | 5,653,946 |
| Retirement fund | 678,518 | 677,851 |
| Trade and other receivables | <u>36,556</u> | <u>2,224,826</u> |
| Total | <u><u>79,431,191</u></u> | <u><u>72,207,171</u></u> |

The credit risk for cash in bank and cash equivalent are considered negligible, since the counterparties are reputable financial institution with high quality external credit ratings. Cash in banks is insured by the Philippines Deposit Insurance Corporation up to a maximum coverage of P500,000 for every depositor per banking institution.

None of the Association's financial assets are secured by collateral or other credit enhancements.

As at December 31, 2021 and 2020, the Association has no financial instruments with rights to offset in accordance with PAS 32. There are also no financial instruments that are subject to an enforceable master netting arrangement or similar agreements which require disclosure in the financial statements in accordance with amendments on PFRS 7.

Credit Quality per Class of Financial Assets

The table below shows the credit quality per class of financial assets as at December 31, 2021 and 2020.

| 2 0 2 1 | Note | Neither past due nor impaired | Past due | Impaired |
|--|------|-------------------------------------|----------|----------|
| <u>Financial assets</u> | | | | |
| Cash and cash equivalent* | 7 | 36,502,985 | - | - |
| Trade and other receivables | 8 | 36,556 | - | - |
| Financial asset at fair value through profit or loss | 9 | 5,713,854 | - | - |
| Other fund and deposits | 10 | 678,518 | - | - |
| Membership certificate loans | 13 | 17,526,602 | - | - |
| Financial assets at amortized cost - short term | 14 | - | | |
| Financial assets at amortized cost - long term | 14 | 18,972,675 | | |
| <u>Financial liability</u> | | | | |
| Liability on individual equity | 16 | 37,205,783 | - | - |
| Members contribution received in advance | 17 | 2,803,832 | - | - |
| Claims payable on basic contingent benefit | 18 | 2,339,455 | - | - |
| Optional benefit reserve | 19 | 4,217,557 | | |
| Claims payable on optional benefit | 20 | 1,760,179 | | |
| Basic contingent benefit reserve | 21 | 6,023,984 | | |
| Other payables ** | 22 | 3,874,760 | | |
| | | | | |
| 2 0 2 0 | Note | Neither past due nor impaired | Past due | Impaired |
| <u>Financial assets</u> | | | | |
| Cash and cash equivalent* | 7 | 31,532,942 | - | - |
| Trade and other receivables | 8 | 2,224,826 | - | - |
| Financial asset at fair value through profit or loss | 9 | 5,653,946 | - | - |
| Other fund and deposits | 10 | 677,851 | - | - |
| Membership certificate loans | 13 | 15,295,631 | - | - |
| Financial assets at amortized cost - short term | 14 | - | - | - |
| Financial assets at amortized cost - long term | 14 | 16,821,975 | - | - |
| <u>Financial liability</u> | | | | |
| Liability on individual equity | 16 | 30,418,477 | - | - |
| Members contribution received in advance | 17 | 12,930,665 | - | - |
| Claims payable on basic contingent benefit | 18 | 2,548,971 | - | - |
| Optional benefit reserve | 19 | 2,036,783 | - | - |
| Claims payable on optional benefit | 20 | 1,334,868 | - | - |
| Basic contingent benefit reserve | 21 | 706,484 | - | - |
| Other payables ** | 22 | 5,447,207 | - | - |

*The amount excludes revolving fund amounting to P40,000 as of December 31, 2021 and 2020, respectively.

**The amount excludes statutory and other payables amounting to P51,628 and P23,005, respectively.

The Association's management considers that all the above financial assets that are not impaired or past due for each reporting date are of good credit quality.

Liquidity Risk

The Association's objective is to maintain a balance between continuity of funding and flexibility through the use of generated funds. Liquidity risk is the risk that the Association will be unable to meet its payment obligations when they fall due. The Association manages this risk through periodical monitoring of cash flows in consideration of future payment due dates and daily collection amounts. The Association also ensures that there are sufficient, available and approved working capital lines that it can draw from anytime.

The table below summarizes the maturity profile of the Association's financial obligations as of December 31, 2021 and 2020 based on contractual undiscounted payment:

| | 2 0 2 1 | | 2 0 2 0 | |
|--|----------------------------|---------------------------|----------------------------|---------------------------|
| | Due within one (1) year | Due after one (1) year | Due within one (1) year | Due after one (1) year |
| Liability on individual equity value | 37,205,783 | - | 30,418,477 | - |
| Basic contingent benefit reserve | 6,023,984 | - | 706,484 | - |
| Optional benefit reserves | 4,217,557 | - | 2,036,783 | - |
| Members contribution received in advance | 2,803,832 | - | 12,930,665 | - |
| Claims payable on basic contingent benefit | 2,339,455 | - | 2,548,971 | - |
| Other payables ** | 3,874,760 | - | 5,447,207 | - |
| Claims payable on optional benefit | 1,760,179 | - | 1,334,868 | - |
| Total | 58,225,550 | - | 55,423,455 | - |

** Other payables as at December 31, 2021 and 2020 exclude statutory obligations amounting to P51,628 and P23,005, respectively.

Note 7 - CASH

The account consists of the following:

| | 2 0 2 1 | 2 0 2 0 |
|-----------------|-------------------|-------------------|
| Cash in bank | 36,502,985 | 31,532,942 |
| Petty cash fund | 40,000 | 40,000 |
| Total | 36,542,985 | 31,572,942 |

Cash in bank consists of current and savings accounts on different banks, earning interest at prevailing bank deposit rates.

Total interest income earned for years ended 2021 and 2020 amounted to P22,082 and P47,404.21 which are included in the other income account (Note 27).

Petty cash fund is used to defray small expenditures of the Company on its day-to-day operations when issuance of check is inappropriate and not advisable. This is kept under imprest fund system of recording.

None of the foregoing assets was restricted and none was used to secure any liability of the Association.

Note 8 - TRADE AND OTHER RECEIVABLES

The account consists of the following:

| | <u>2021</u> | <u>2020</u> |
|------------------------------------|----------------------|-------------------------|
| Advances to officers and employees | 21,556 | 10,078 |
| Accounts receivable - others | <u>15,000</u> | <u>2,214,748</u> |
| Total | <u><u>36,556</u></u> | <u><u>2,224,826</u></u> |

Advances to officers and employees refer to duly approved cash advances for official business to officers and employees, subject to liquidation in accordance with the Association's policy.

Accounts receivable – others pertains to overpayment of claims amounting to P15,000 during the year 2021 and member's contributions and premiums deposited to NATCCO from the Association's cooperative amounting to P2,191,225.73 and understatement in withholding tax amounting to P23,522.51 on compensation for the year 2019 which is a receivable to the Company's employees.

No allowance was set-up during the year for the management believes that receivables are all collectible.

The above receivables were unsecured, non-interest bearing and expected to be collected within one (1) year from the end of the reporting date. Also, there was no indication which warrants the impairment of the foregoing assets. Hence, no impairment loss was recognized during the year. Furthermore, none of the foregoing receivables were used to secure any liability of the Association.

Note 9 - FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

The account represents investment in Unit Investment Trust Funds – BPI Bayanihan Fund (UITF-BBF) amounting to P5,713,854 and P5,653,946 as of the years ended December 31, 2021 and 2020, respectively, which was acquired on December 21, 2018 and was recognized at fair value at the end of the reporting date.

None of the above investments were used as collateral to secure any Company's liabilities. Also, there was no objective evidence that warrants the impairment of the above investment, thus no impairment loss was recognized.

Note 10 - OTHER FUNDS AND DEPOSITS

The account represents time deposit with other financial institution with terms of 30 to 90 days and earns interest of 0.625% per annum amounting to P678,518 and P677,851 for the years ended December 31, 2021 and 2020, respectively.

Total interest income earned on time deposits for year ended December 31, 2021 and 2020 amounting to P2,750 and P2,490 which are included in the other income account (Note 27).

The above time deposits were restricted for retirement purposes only.

Note 11 - OTHER CURRENT ASSETS

Prepaid reinsurance premium amounting to P760,587 and P311,315 as of December 31, 2021 and 2020 that is unamortized portion of reinsurance premium paid with Paramount Life, Climbs Life and General Insurance Cooperative, and Philam Life Insurance.

Note 12 - PROPERTY AND EQUIPMENT, NET

A reconciliation of the carrying amounts at the beginning and end of years 2020 and 2021, and the gross carrying amounts and accumulated depreciation of property and equipment are shown below:

| <u>Cost</u> | <u>2 0 1 9</u> | <u>Additions</u> | <u>2 0 2 0</u> | <u>Additions</u> | <u>2 0 2 1</u> |
|--|----------------|---------------------|----------------|---------------------|----------------|
| Office furniture and fixtures equipment | 803,065 | 71,800 | 874,865 | 10,500 | 885,365 |
| IT equipment | 627,401 | 1,109,779 | 1,737,180 | 481,900 | 2,219,080 |
| Total | 1,430,466 | 1,181,579 | 2,612,045 | 492,400 | 3,104,445 |
| <u>Accumulated depreciation</u> | <u>2 0 1 9</u> | <u>Depreciation</u> | <u>2 0 2 0</u> | <u>Depreciation</u> | <u>2 0 2 1</u> |
| Office furnitures and fixtures equipment | 595,007 | 108,328 | 703,335 | 106,355 | 809,690 |
| IT equipment | 344,920 | 124,685 | 469,605 | 119,488 | 589,093 |
| Total | 939,927 | 233,013 | 1,172,940 | 225,843 | 1,398,783 |
| Carrying value | 490,539 | | 1,439,104 | | 1,705,662 |

During the year 2021, the addition to IT equipment and office furniture and fixtures pertains to purchase of Epson L3110 printer and full payment for system revision and modification. It also includes installation of Basic Micro Insurance System & Cloud-based client license for 19 Cooperatives.

For the year 2020, the Association acquired MS office activation, Micro - insurance system and office furniture and fixtures equipment and (2) Acer laptop for marketing officer to be used for the Association's operation.

There was no objective evidence that warrant the impairment of the above properties and equipment, thus no impairment loss was recognized. Furthermore, none of these was used as collateral to secure any of the Association's liabilities.

Note 13 - MEMBERSHIP CERTIFICATE LOANS

This represents automatic contributions loan applied by the Association, as provided for in the membership certificate, to cover contribution(s) due on the certificate but still unpaid within the grace period.

Total membership certificate loans as of December 31, 2021 and 2020 amounted to P17,526,602 and P15,295,631, respectively.

Note 14 - FINANCIAL ASSETS AT AMORTIZED COSTS

| <u>Transaction date</u> | <u>Maturity date</u> | <u>Face value</u> | <u>Premium (Discount)</u> | <u>Carrying value</u> |
|-------------------------|----------------------|-------------------|---------------------------|-----------------------|
| 05/04/2017 | 05/04/2027 | 2,000,000 | 150,700 | 2,150,700 |
| 08/12/2020 | 08/12/2025 | 4,500,000 | (12,607) | 4,487,393 |
| 04/12/2018 | 04/12/2025 | 11,600,000 | 734,582 | 12,334,582 |
| | | <u>18,100,000</u> | <u>872,675</u> | <u>18,972,675</u> |

Financial assets at amortized costs – investment in bonds – government securities represents guaranty deposits assigned and transferred to Insurance Commission to serve as security for the benefit of the members and the creditors of the Association.

During the year 2021, the Association acquired additional investment in bonds amounting to P2,000,000. The face value of investment amounted to P18,100,000 and P16,100,000 as of December 31, 2021 and 2020, respectively.

Total value of investments at amortized cost amounted to P18,972,675 and P16,821,975 as of December 31, 2021 and 2020, respectively.

The investment has a term of one (1) year to five (5) years and earning interest at 3.75% to 4.30% annually. Total interest earned for years ended 2021 and 2020 amounted to P1,067,200 and P70,300, respectively, which is included in the other income account (Note 27).

None of the above investments were used as collateral to secure any Company's liabilities. Also, there was no objective evidence that warrants the impairment of the above investment, thus no impairment loss was recognized.

Note 15 - OTHER NON-CURRENT ASSETS

The account represents web development cost that is amortized for over five (5) useful years.

Amortization of the asset amounted to P7,333 and P8,000 for the years ended December 31, 2021 and 2020, respectively (Note 22).

During the year 2021, the web development was fully amortized and the carrying value as of December 31, 2020 amounted to P7,333.

Note 16 - LIABILITY ON INDIVIDUAL EQUITY VALUE

In accordance with the provisions of the Insurance Code, every outstanding membership certificate must have, after three (3) full years of being continuously in force, an equity value to at least 50% of the total membership dues collected from the members. The equity is payable to the members upon termination of their membership in the Association. In accordance with the same code, the Association is required to put up a reserve liability not lower than the equity value of all in-force, active certificates as at the end of each calendar year. Liability on individual equity value of the Association as at December 31, 2021 and 2020 amounted to P37,205,783 and P30,418,477, respectively.

Increase in individual equity value amounted to P6,787,306 and P4,079,604 for the years ended December 31, 2021 and 2020, respectively.

Note 17 - MEMBERS CONTRIBUTION RECEIVED IN ADVANCE

The account represents members contribution received but not yet due/earned amounted to P2,803,832 and P12,930,665 as of December 31, 2021 and 2020, respectively.

The account is expected to be applied to within the next reporting date.

Note 18 - CLAIMS PAYABLE ON BASIC CONTINGENT BENEFIT

This account represents the sum of the individual claims on membership certificate amounting to P2,339,455 and P2,548,971 as of December 31, 2021 and 2020, respectively, that have already occurred but on which notice has not yet received by the Association. This estimate takes into account any policy reserve liability set up by the Association and any amount recoverable from the reinsurers. During the year, claims benefit payables have already been settled.

Note 19 - OPTIONAL BENEFIT RESERVES

Optional benefit reserve represents the total actuarial reserve amounting to P4,217,557 and P2,036,783 as of December 31, 2021 and 2020, respectively, set-up by the Association pertaining to the policies under optional benefit that is in force as at the end of the accounting period. It refers to the amount of liability which the Association establishes for an optional policy to meet the contractual obligation as it falls due.

Note 20 - CLAIM PAYABLE ON OPTIONAL BENEFIT

This account represents the sum of the individual claims on optional policies that have already occurred but on which notice has not yet been received by the Association amounting to P1,760,179 and P1,334,868 as of December 31, 2021 and 2020, respectively. This estimate takes into account any policy reserve liability set-up by the Association and any reinsurers.

Note 21 - BASIC CONTINGENT BENEFIT RESERVE

This represents the total actuarial reserve amounting to P6,023,984 and P706,484 as of December 31, 2021 and 2020, respectively, set-up by the Association pertaining to the basic life benefit that is in force at the end of the accounting period. It refers to the amount of liability which the Association establishes for a certificate to meet the contractual obligation as it fails due.

Note 22 - OTHER PAYABLES

The account consists of the following:

| | <u>2 0 2 1</u> | <u>2 0 2 0</u> |
|---|-------------------------|-------------------------|
| Accrued expenses | 668,548 | 992,519 |
| SSS, Pag-ibig, Philhealth contribution and loan payable | 245,079 | 48,356 |
| Withholding tax payable (Note 31) | 51,628 | 23,005 |
| Accounts payable - others | <u>2,961,133</u> | <u>4,406,332</u> |
| Total | <u><u>3,926,388</u></u> | <u><u>5,470,212</u></u> |

Accrued expenses represent unpaid other benefits of Association's employee during the year.

Other accounts payable pertains to unidentified deposits, advance payment, due from brother's management system, employee's dues, insurance and commission payable.

Note 23 - POST - EMPLOYMENT BENEFIT LIABILITY

The Board of Trustees duly approved the adoption of Republic Act (R.A.) No. 7641, the provision on providing retirement benefits to its employees. The Association's net defined benefit liability amounted to P431,574 and P766,215 as at December 31, 2021 and 2020, respectively.

The Association have a plan asset which is restricted from withdrawal to support its post-employment benefit liability (Note 10).

Actuarial valuations were performed to determine the retirement expenses and liability to be recognized in the financial statement of NATCCO MBAI for the period ending December 31, 2021 in accordance with the Philippine Accounting Standards No. 19 (PAS 19R) and to determine appropriate amounts for funding.

The Projected Unit Credit (PUC) method of valuation was used.

The discount rate used during the year was 5.05% p.a. which was based on approximated zero-coupon yield of government bonds with remaining period to maturity approximating the estimated average duration of benefit payment. The average duration is estimated to be 18 years.

To approximate the zero-coupon yield for a given period to maturity, the BVAL reference rate as published by the PDS Group with the same period to maturity, was simply adopted. This approximation method is based on the principle that zero-coupon bond yields could be higher or lower than the coupon-paying bond yields depending on interest rate outlook and Investors' liquidity requirements as shown by a study of actual market transactions and thus, such rates should be close on the average. All other popular methods produce result consistently lower or high than the coupon-paying yield given a normal yield curve. The salary increase rate was assumed at 5.00% per annum taking into consideration the prevailing inflation rate and Association policy.

The movement in the net liability recognized in the financial position, are presented as follows:

| | <u>2 0 2 1</u> | <u>2 0 2 0</u> |
|--|-----------------------|-----------------------|
| Net defined benefit liability, beginning | 766,215 | 862,651 |
| Add: Post-employment benefit cost | 196,806 | 324,201 |
| Less: Contribution paid | - | (157,318) |
| Remeasurement of net defined benefit liability (asset) | 147,071 | (263,319) |
| Retirement fund | <u>(678,518)</u> | <u>-</u> |
| Net defined benefit liability, end | <u><u>431,574</u></u> | <u><u>766,215</u></u> |

The changes in present value of defined benefit obligation are presented as follows:

| | <u>2 0 2 1</u> | <u>2 0 2 0</u> |
|--|-----------------------|-----------------------|
| Present value of defined benefit liability, beginning | 766,215 | 862,651 |
| Contribution paid | - | (157,318) |
| Remeasurement of net defined benefit liability (asset) | 147,071 | (263,319) |
| Current service cost | 168,916 | 187,636 |
| Past service cost | - | 93,001 |
| Net interest in the net defined benefit liability | 27,890 | 43,564 |
| Retirement fund | <u>(678,518)</u> | <u>-</u> |
| Present value of defined benefit liability, end | <u><u>431,574</u></u> | <u><u>766,215</u></u> |

Note 24 - PREMIUMS AND CONTRIBUTIONS

The account consists of the following:

| | <u>2 0 2 1</u> | <u>2 0 2 0</u> |
|------------------------------------|--------------------------|--------------------------|
| Members contribution | 36,705,796 | 26,607,610 |
| Premiums | 16,278,869 | 12,794,235 |
| Premiums ceded to reinsurers-micro | <u>(1,565,799)</u> | <u>(1,779,802)</u> |
| Total | <u><u>51,418,866</u></u> | <u><u>37,622,043</u></u> |

Members' contributions represent considerations given by the member in exchange for the promises of the Association to pay stipulated sum in the event of a loss covered under the basic benefits indicated in the Internal Rules and Regulations (IRR) of the Association and/or membership certificates.

Premiums represent considerations given by the insured in exchange for the promises of the Association to pay; stipulated sum in the event of a loss covered under the optional insurance contract of the Association.

Note 25 - EXPENSES

A. Benefit Expense is computed as follows:

| | <u>2 0 2 1</u> | <u>2 0 2 0</u> |
|--|--------------------------|--------------------------|
| Net Benefits/Claims Expenses – Basic Benefits | 12,239,384 | 11,829,074 |
| Net Benefits/Claims Expenses – Optional - Micro | 6,827,461 | 4,698,359 |
| Benefits/Claims expenses – basic benefits (burial) | <u>376,000</u> | <u>324,000</u> |
| Total | <u><u>19,442,845</u></u> | <u><u>16,851,433</u></u> |

B. Other Benefit Expense is computed as follows:

| | <u>2 0 2 1</u> | <u>2 0 2 0</u> |
|---|--------------------------|-------------------------|
| Membership enrollment and marketing expense | 8,054,321 | 5,217,106 |
| Increase/(Decrease) in Reserve for Basic Contingent Benefit | 5,317,500 | (487,675) |
| Increase/(Decrease) on Liability on Individual Equity Value | 4,419,172 | 4,103,814 |
| Increase/(Decrease) in Reserve for Optional Benefit | 2,180,774 | (850,028) |
| Other expenses for members - training | <u>21,052</u> | <u>-</u> |
| Total | <u><u>19,992,819</u></u> | <u><u>7,983,217</u></u> |

Benefits/claims expense represents the aggregate losses and claims, including refund of equity value, if any, against the Association arising from the certificates and insurance contracts issued to members. This can be further classified into basic and optional premium.

Note 26 - OPERATING EXPENSES

The account consists of the following:

| | <u>2021</u> | <u>2020</u> |
|--|------------------|------------------|
| Salaries, wages and benefits | 3,564,887 | 3,247,549 |
| Meetings and conferences | 1,541,916 | 1,747,163 |
| Employee welfare and benefits | 704,060 | 656,188 |
| Professional and technical development | 422,414 | 319,454 |
| Travel expenses | 348,322 | 528,842 |
| Utilities expense | 308,288 | 381,056 |
| Technical and professional fees | 296,729 | 396,455 |
| SSS/EC/Pag-ibig/Philhealth contributions | 229,506 | 188,292 |
| Depreciation expense (Note 12) | 225,843 | 233,013 |
| Post-employment benefit costs (Note 23) | 196,806 | 481,519 |
| Annual general assembly | 117,827 | 50,740 |
| Social and community service | 115,100 | 618,995 |
| Rent/lease expense | 89,250 | - |
| Representation | 68,838 | 158,265 |
| Office supplies | 62,570 | 71,103 |
| Dues and subscription | 57,454 | 61,160 |
| Investment management fees | 48,000 | 8,075 |
| Insurance expense | 40,528 | 18,394 |
| Bank and other charges | 29,860 | 7,749 |
| Repairs and maintenance | 26,260 | 1,506 |
| Taxes, licenses and fees (Note 31) | 12,725 | 70,556 |
| Amortization (Note 15) | 7,333 | 8,000 |
| Miscellaneous expense | 44,293 | 61,974 |
| Total | <u>8,558,809</u> | <u>9,316,048</u> |

Salaries, wages and benefits refer to payment to the Association's employee in exchange for the services rendered.

Meetings and conferences refer to expenses incurred during meeting with the board (regular meeting, special meeting, and committee meeting).

Social and community services pertains to the financial assistance for cooperative members affected by calamities.

Employee welfare and benefits refers to allowance of management and staff which are communication and other allowances given during official business.

Insurance expense represents premium paid on insurance coverage of office building, furniture, fixtures and equipment, IT equipment, vehicles and others. It also includes premium charges on the surety/fidelity bond of the accountable officers and staff.

Miscellaneous represents various expenses incurred by the Association incidental to their function and which are not classified on the above listed expenses such as cost incurred in notary, supervision fee, and expenses incurred in submission of annual statements to Insurance Commission.

Note 27 - OTHER INCOME

The account consists of the following:

| | <u>2 0 2 1</u> | <u>2 0 2 0</u> |
|--|-----------------------------|---------------------------|
| Interest income - investments (Note 14) | 1,067,200 | 70,300 |
| Interest income - bank deposits (Note 7) | 22,082 | 47,404 |
| Interest income - time deposit (Note 10) | 2,750 | 2,490 |
| Donations and contributions received | 5,000 | 45,000 |
| Others | <u>59,907</u> | <u>250,202</u> |
| Total | <u><u>1,156,939</u></u> | <u><u>415,396</u></u> |

Donations and contributions received represents amount received from Climbs Life and General Insurance Coop.

Others refer to increase in market value in Unit Investment Trust Funds – BPI Bayanihan Fund (UITF-BBF).

Note 28 - ASSIGNED FUNDS

Guaranty Funds

The Association, in compliance with the Sec. 405 of the Insurance Code of the Philippines (as amended by R.A. No. 10607, dated August 15, 2013), has constituted and established a guaranty fund which is deposited with the Insurance Commission as a primary requirement for license to operate of every mutual benefits association. Any accrual to such fund, be it interest earned or dividend additions on moneys or securities so deposited, may, be withdrawn by the Association if there is no pending benefit claim against it, including interest thereon or dividend additions.

Any increase in the guaranty fund must be in accordance with Sec. 410 of the Insurance Code of the Philippines (as amended by R.A. No. 10607, dated August 15, 2013) wherein ‘every mutual benefit association must accumulate and maintain, out of periodic dues collected from its members, sufficient reserves for the payment of claims or obligations’. Also, a reserve liability shall be established in accordance with actuarial procedures and shall be approved by the Commissioner.

Net contribution from members, set up by the Association amounted to P2,649,233 and P1,970,092 for the years ended December 31, 2021 and 2020, respectively.

Allocation of Free and Unassigned Funds

During the year 2021, the Association, in compliance with the Sec. 408 of the Insurance Code of the Philippines (as amended by R.A. No. 10607) has allocated unassigned surplus (in excess of 20% of total liabilities per audited financial statement ending December 31, 2021) to the following accounts:

| | 2021 | | 2020 | |
|------------------|------------------|--------------------|------------------|--------------------|
| | <u>Beginning</u> | <u>Utilization</u> | <u>Beginning</u> | <u>Utilization</u> |
| Members' benefit | 1,231,586 | - | 1,231,586 | - |

Note 29 - PRIOR PERIOD ADJUSTMENTS

Prior period adjustments are omissions from, and misstatements in, the Association's financial statements for one or more periods arising from a failure to use, or misuse of, reliable information. These adjustments pertain to the following adjustments:

| | <u>2021</u> | <u>2020</u> |
|--|------------------|--------------------|
| Adjustment of actuarial item | 678,518 | - |
| Net premiums due and uncollected (CLIP) | 314,601 | - |
| Membership contributions received in advance | 21,437 | (2,070,389) |
| IT equipment | - | 204,574 |
| Retirement actuarial valuation | - | 143,318 |
| Allocation fund assigned for office/services upgrading | - | 98,744 |
| Allocation fund assigned for product development | - | 96,972 |
| Withholding taxes payable | (12,379) | - |
| Unremitted member's contribution, dues and fees | - | (130,299) |
| Membership certificate loans | - | (18,078) |
| Total | <u>1,002,177</u> | <u>(1,675,158)</u> |

Prior period adjustments are adjustments of changes in the 2020 and 2019 beginning balances of member's contribution received in advance, net premiums due and uncollected (CLIP), unremitted member's contribution and member's certificate loan, actuarial valuation of retirement and adjustment for IT equipment.

Membership contributions received in advance and adjustment of other actuarial items represents adjustment made for certified actuarial reports.

Withholding taxes payable represents adjustment to correct the beginning balance.

Membership enrollment and marketing expenses represent additional expense for previous year.

Note 30 - INCOME TAX

The Association is not subject to income tax under Section 30 (c) of the National Internal Revenue Code with respect to income received from its not-for-profit activities such as donations, gifts or charitable contributions. However, income from any of its properties, real and personal, or from any of its activities conducted for profit shall be subject to income tax.

Interest earnings on deposits of members with Association, as well as the shares of its members from the net income of the Association shall be exempt from income tax under Republic Act (R.A.) No. 8367 or the Revised Non-stock Savings and Loan Association Act of 1997.

The application for tax exemption of the Association was received by the Bureau of Internal Revenue (BIR) dated May 27, 2014, while other documents required were received on August 17, 2015 and was still awaiting for BIR's approval and issuance of the certificate of tax exemption.

Note 31 - SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE (BIR)

Presented below is the supplementary information, which is required by the BIR under its existing revenue regulations to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

31.1 Requirements under Revenue Regulations No. 15-2010

In compliance with BIR Revenue Regulations No. 15-2010 (amending certain provision of Sec. 2 of RR No. 21-2002), which requires addition to the disclosures mandated under the Philippine Financial Reporting Standards, and such other standards and convention, the notes to the financial statements shall include information on taxes, duties and license fees paid or accrued during the taxable year particularly on the following which is applicable to the Association:

Value-added Tax

The Association is not a VAT-registered entity.

Taxes on Importation

The Association has no importation transaction during the year.

Excise Tax

The Association has no transaction in 2021 which is subject to excise tax.

Documentary Stamp Tax

The Association did not pay documentary stamp tax during the year.

Taxes and Licenses

The details of taxes and licenses account are as follows:

Local

| | |
|---|-------|
| Business permit, clearance and registration | 2,600 |
|---|-------|

National

| | |
|---------|---------------|
| License | <u>10,125</u> |
|---------|---------------|

| | |
|-------|----------------------|
| Total | <u><u>12,725</u></u> |
|-------|----------------------|

Withholding Taxes

The total withholding taxes for the year ended December 31, 2021 are shown below.

| | <u>Paid</u> | <u>Accrued</u> |
|--------------|-----------------------|----------------------|
| Compensation | 200,276 | 16,517 |
| Expanded | <u>42,546</u> | <u>35,111</u> |
| Total | <u><u>242,822</u></u> | <u><u>51,628</u></u> |

Deficiency Tax Assessments and Tax Cases

As of December 31, 2021, the Association does not have any final deficiency tax assessment from the BIR nor does it have tax cases outstanding or pending in courts or bodies outside of the BIR in any of the open taxable years.

31.2 Requirements under Revenue Regulations No. 19-2011

Revenue Regulations No. 19-2011 requires schedules of taxable revenues and other non-operating income, costs of sales and/or services, itemized deductions and other significant tax information, to be disclosed in the notes to the financial statements.

The amounts of taxable revenues and income, and deductible costs and expenses presented below are based on relevant tax regulations issued by the BIR, hence, may not be the same as the amounts of revenues reflected in the 2021 statements of comprehensive income, which is based on PFRS.

Taxable Revenue

The Association no had taxable revenue for the year ended December 31, 2021.

Deductible Cost of Services

The Association has no deductible costs of services under regular tax regime for December 31, 2021.

Taxable Other Income

The Association has no taxable other income in 2021 which are subject to regular tax rate.

Itemized Deductions

The Association has no itemized deductions under the regular tax regime for the year ended December 31, 2021.

31.3 Requirements under Revenue Regulations No. 34-2020

The association is not covered by the requirements and procedure for related party transactions provided under RR No. 34-2020.

Note 32 - RELATED PARTY TRANSACTIONS

Under Insurance Commission's Circular Letter No. 2017-29 (1.6), "Related Party Transactions are transactions or dealings with related parties of the Covered Institutions (IC), including its trust department, regardless of whether or not a price is charged. These shall include, but not limited to the following:

- 1.6.1 On and off-balance sheet credit exposures and claims and write-offs;
- 1.6.2 Investments and/or subscriptions for debt/equity issuances;
- 1.6.3 Consulting, professional, agency and other service arrangements/contracts;
- 1.6.4 Purchases and sales of assets, including transfer of technology and intangible items (e.g. research and development, trademarks and license agreements);
- 1.6.5 Construction arrangements/contracts;
- 1.6.6 Lease arrangements/contracts;
- 1.6.7 Trading and derivative transactions;
- 1.6.8 Borrowings, commitments, fund transfers and guarantees;
- 1.6.9 Sale, purchase or supply of any goods or materials; and
- 1.6.10 Establishment of joint venture entities

RPTs shall be interpreted broadly to include not only transactions that are entered into with related parties but also outstanding transactions that were entered into with an unrelated party that subsequently becomes a related party."

As of the years ended December 31, 2021 and 2020, the Association has no transaction that was mentioned above.

Key Management Personnel

The gross remuneration of the key management personnel of the Association which pertains to short-term benefits amounted to P852,000 and P798,000 or the years ended December 31, 2021 and 2020, respectively.

Note 33 - EVENTS AFTER THE REPORTING PERIOD

An entity shall adjust the amounts recognized in its financial statements to reflect adjusting events after the reporting period.

An entity shall not adjust the amounts recognized in its financial statements to reflect non-adjusting events after the reporting period. If non-adjusting events after the reporting period are material, non-disclosure could influence the economic decisions of users taken on the basis of financial statements. Accordingly, an entity shall disclose the following for each material category of non-adjusting event after the reporting period:

- a) the nature of the event; and
- b) an estimate of its financial effect or a statement that such an estimate cannot be made.

The Association has evaluated subsequent events through _____ which is the date of the financial statements were available to be issued.