



ANNUAL REPORT 2020



**Cushioning
the Impact of
Tough Times
Through Solicitude
and Solidarity**



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About the Cover

The past twelve months have shifted the world into a landscape few could have predicted. What was once normal occurrences in our daily lives, from dining out to riding the train to holding packed conferences, now feels like relics of the past. Practices that the world was forced to abandon.

Yet amidst this environment of a “new normal”, there will always be constants that can never change. Constants like the kindness of the human heart and ingenuity of the human mind will become the foundations that will support the renaissance that will come afterward. Last year’s challenges may have crippled the world but we will rise again as one. After all, the drive to succeed and rise back up is not easily beaten.

Just as the saying goes “Many hands make light work”, the world will rise again with the help of our dear brothers and sisters. Now is the time to be more human than ever, to extend a hand and offer aid to those who had their lives forever changed by tragedy after tragedy. Some have lost their livelihood, some have lost their homes, and some have even lost loved ones. These are the people who need the help of a friend the most.

NATCCO MBAI will do its part in cushioning the impact of tough times through solicitude and solidarity to you, our members. We will not be lax, instead, we will hone all our skills and abilities in order to help each one of you in rising back up. Whatever problems may arise, whatever challenges we will face, we will do it together as one.

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.

Cushioning the Impact of Tough Times Through Solicitude and Solidarity

Programme

10th Annual Meeting
May 25, 2021 | 8AM

via ZOOM

Participant's Check - in and Technical Orientation	Jeniña Dela Cruz Program Host, Marketing Officer NATCCO MBAI
Welcome Message	Ms. Evelia Bardos-Tizon NATCCO MBAI, Board Vice Chairperson
Video Presentation	
Inspirational Message	Mr. Cong Cresente Paez NATCCO MBAI Incorporator
Introduction of Guest Speaker	
Keynote Speaker	Ms. Emeteria J. Quijano CEO, ASKI MBAI & President, MiMAP (RIMANSI)
NATCCO MBAI 2020 MICROJUAN RECOGNITION Awarding of Top Partner - Cooperatives <ul style="list-style-type: none"> • Top Performers BLIP Enrollment • Top Performers CLIP Enrollment • MicroJuan Award 	Jeniña Dela Cruz Program Host, Marketing Officer NATCCO MBAI
Closing Message	Ms. Minerva G. Tejada NATCCO MBAI, President

Join ZOOM Meeting:
<https://us02web.zoom.us/j/85329471496?pwd=Y2RBS DhZVHlrNVgvT09MeDdqNHNLUT09>

Meeting ID: 853 2947 1496
Passcode: 992836

Cushioning
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NOTICE OF 10th (2021) ANNUAL MEETING

May 3, 2021

To: The Board of Trustees, Officers, and Member Representatives

PASTORES, ELLEN R	NMBAI BOARD CHAIRPERSON; NEC MPC
TIZON, EVELIA B	NMBAI BOARD VICE CHAIRPERSON; ORIGINAL INCORPORATOR
SIERRA, MA VERONICA B	NMBAI TRUSTEE
BONILLA, JUPITER B	NMBAI TRUSTEE; BACARRA SAVINGS AND CREDIT COOP; FIVE STAR MPC; PANGASINAN SAVINGS AND CREDIT COOP
MAGDAONG, ROMEO M	NMBAI TRUSTEE; RED RIBBON MPC
PADILLA, RYAN ARTHUR DG	NMBAI INDEPENDENT TRUSTEE
IBAÑEZ, ADOLFO I	NMBAI INDEPENDENT TRUSTEE; REGIONAL AND CENTRAL COMELEC EMPLOYEES MPC
CAFIRMA, ZORAHAYDA A	NMBAI BOARD TREASURER
ABAO, ROBERTO A	NMBAI BOARD AUDITOR
CARRILLO, LUIS D.	ORIGINAL INCORPORATOR
GALANG, RUSTICO, JR.	ORIGINAL INCORPORATOR
TEJADA, MINERVA G	NMBAI PRESIDENT
AQUINO, MA ELIZABETH B	NMBA EMPLOYEE
ESTOCADA, JENNIFER M	NMBA EMPLOYEE
FRANCISCO, DHONNA R	NMBA EMPLOYEE
SOLSONA, MA CHERISH G	NMBA EMPLOYEE
YUGO, YANI M	NMBA EMPLOYEE
MONTANTE, JACQUILINE T	ALIPAO MULTI-PURPOSE COOPERATIVE
ALVAREZ, MA. FATIMA A	BAAO PARISH MULTI-PURPOSE COOPERATIVE - GOA BRANCH
FERNANDEZ, ANGELITA E	BACBACAN MULTI-PURPOSE COOPERATIVE
HIDALGO, RICHARD S	BACLAY MULTI-PURPOSE COOPERATIVE
GIANAN, GINA S	BATONG PALOWAY AGRARIAN REFORM COOPERATIVE
PADER, ROMENITO A	BAYANIHAN HUNDRED ISLANDS AGRARIAN REFORM COOPERATIVE
MINDARO, MIRIAM T	BONBONON FARMERS AGRARIAN REFORM MPC; SOUTHERN NEGROS CREDIT COOPERATIVE
CARNIZER, MIRASEL T	BUKLOD NG BUHAY ARC MULTI-PURPOSE COOPERATIVE
FUENZADILA, JORGE JR	CAMARINES SUR MPC - CALABANGA
OLIVERA, KATHERINE R	DALAWINON FARMERS MULTI-PURPOSE COOPERATIVE
BANGA, LEONARDO S	DEL ROSARIO MULTI-PURPOSE COOPERATIVE
BESANA, NORELYN	GLANSAR CREDIT COOPERATIVE- GLAN
DE VERA, FRANCISCO V	GP-125 GOLDEN PANCE MULTI-PURPOSE COOPERATIVE
PENUJELA, SAMUEL G	GUIMARAS BRETHREN MULTI-PURPOSE COOPERATIVE
BADILLA, RICO C	KABANGASAN-MAPUA-DAHILIG ARC COOPERATIVE-BALINGOAN
TEVES, JOCELYN O	KATILINGBANONG PROGRAMA SA MAAYONG PANGLAWAS- KINAUGALINGONG PANINGKAMOT MPC-KABALASAN
BERDIGUEL, JOEBERT B	KAUSWAGAN AGRARIAN REFORM BENEFICIARIES-MPC

AUSTERO, SATURNINO A	KISANDAL MULTI-PURPOSE COOPERATIVE
JAVINES, HEIZEL M	LICO AGRARIAN REFORM COOPERATIVE
SALERA, RICKY S	LIMBAHAN SMALL COCONUT FARMERS AND WOMEN MPC
LUCENA, NERISSA D	LOURDES MULTI PURPOSE COOPERATIVE
COLANGOY, JEREMIAS S	MANSALAY AGRICULTURE AND FISHERIES MULTI-PURPOSE COOPERATIVE
MONTERA, ROLANDO T	MILLENNIAL CREDIT COOPERATIVE - BAYUGAN
CRUZ, JOHN ENRIE H	MINDORO OCCIDENTAL SUSTAINABLE SKILLS MULTI-PURPOSE COOPERATIVE
VARGAS, JANICE C	NABUA DEV MULTI-PURPOSE COOPERATIVE
MERIDA, JUNITH V	NAGKAHIUSANG MAG-UUMA SA GUIHALINAN COOPERATIVE-BAROBO
MARTIRES, MYLENE F.	NORTHERN SAMAR SAVINGS AND CREDIT COOPERATIVE
GONZALES, JOEL A	PANAY AGRARIAN REFORM COOPERATIVE
PAGILAGAN, EDUARDO FELIX V	PAYOMPON DEVELOPMENT COOPERATIVE
SENOJA, ENRILY V	SAMAHAN SA IKAUUNLAD NG PAMAYANAN CREDIT COOP
QUEBERAL, JOEL S	SAN ISDIRO DEVELOPMENT COOPERATIVE
SACLET, MARITES B	SAN MIGUEL FARMERS AND FISHERS MPC
MANLICLIC, LEOPOLDO DC	SAN NICOLAS MULTI-PURPOSE COOPERATIVE
DE GUZMAN, MARY JOY C	ST. ANTHONY DEVELOPMENT COOPERATIVE
DELA TORRE, RODOLFO JR G	STA. CRUZ MULTI-PURPOSE COOPERATIVE
GARCIA, ANGEL JR. P	TALOY FARMERS MPC
AMAGA, RICHARD ABORDO	NATCCO (MICOOP)
AUXTERO, ARJELIE SUTACIO	NATCCO (MICOOP)
BAJO, MARKSON BRAZIL	NATCCO (MICOOP)
BAUTISTA, PEDRO JR CASIANO	NATCCO (MICOOP)
CABATUANDO, LEO L.	NATCCO (MICOOP)
DE ROBLES, ELSIE CARANGAN	NATCCO (MICOOP)
DELA TORRE, JINKY SINOGBUHAN	NATCCO (MICOOP)
EBOÑA, MARY ANN LEONA	NATCCO (MICOOP)
GARBO, RENATO JR ALDANA	NATCCO (MICOOP)
LALIC, ROGET DE ASIS	NATCCO (MICOOP)
MARCEÑO, RENANTE FABRO	NATCCO (MICOOP)
NICOLAS, SALVACION PITALLA	NATCCO (MICOOP)
QUIDILLA, MARIA JASMINE JUAN	NATCCO (MICOOP)
SANGGO, RONALDO PEREZ	NATCCO (MICOOP)
SATUR, SHEILA MARIE DAYUPAY	NATCCO (MICOOP)
SUATENGCO, OLGA DESACULA	NATCCO (MICOOP)
TEJADA, DONATILLA TORING	NATCCO (MICOOP)
TEJADA, JEROME SITJAR	NATCCO (MICOOP)
TORERO, RYAN JIM MABEZA	NATCCO (MICOOP)

Notice of 10TH Annual Meeting:

Notice is hereby given that the **10th Annual Meeting of the National Confederation of Cooperatives Mutual Benefits Association, Inc. (NATCCO MBAI)** will be held on **May 25, 2021, at 8:00 AM via Zoom**, the following agenda:

ANNUAL MEETING

- I. Call to Order
- II. Roll Call and Determination of Quorum: present to the assembly the validated membership count, as of Dec 31, 2020 & number of proxy votes per Representative
- III. Approval of Agenda
- IV. Considerations of the Minutes of the 2020 Annual Meeting dated July 21, 2020
- V. Business arising from the Minutes of the 2020 Annual Meeting dated July 21, 2020
- VI. Annual Reports
 1. Chairperson's Report
 2. President's Report
 3. Treasurer's Report
 - 2020 Audited Financial Statement
 4. Committee Reports
- VII. New Business
 1. Presentation of the 2021 Annual Plans and Budget
 2. Appointment of 2021 External Auditor
- VIII. Election of the Board of Trustees
- IX. Adjournment

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

NATCCO MBAI Nomination Committee Secretariat

Snail Mail : 3/F NATCCO Bldg., #227 JP Rizal St., Project 4, 1109 Quezon City

Email : natccombai@natcco.coop

FB messenger : <https://www.facebook.com/natccombaiofficial>

Cooperatively yours,



Mildred C. Cerezo
Board Secretary

Description of the Agenda

- I. **Call to Order.** The Presiding Officer will call the meeting to order.
- II. **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 (50% + 1) of the voting membership will constitute a quorum.
- III. **Approval of the Agenda.** The Presiding Officer will read the Agenda and will ask the Members for their approval.
- IV. **Considerations of the Minutes of the 2020 Annual Meeting dated July 21, 2020.** 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.
- V. **Business Arising from the Minutes of 2020 Annual Meeting dated July 21, 2020.** The Presiding Officer will present an updates on the resolutions passed during the 2020 Annual Meeting.

- VI. Annual Reports.** Ratification of the Board and Management actions, including the 2020 Audited Financial Statement.
- VII. New Business.**
1. The 2021 Annual Plan and Budget will be presented to the Members;
 2. The appointment of External Auditor for the year 2021 will be presented to the Members for approval.
- VIII. Election of the Board of Trustees.** The term of one (1) Regular Board of Trustees will expire on May 2021, while two (2) Independent Trustees are for election every year. To prepare the Members for the election, the Nomination Committee will:
1. Present the nomination and selection procedures, and the online election guidelines;
 2. Present the candidates;
 3. Proclaim the winners
- IX. Adjournment**

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

REGULAR BOARD OF TRUSTEES



BONILLA, JUPITER B.

Age	46
Coop Affiliation	NEC MPC
No. of years in coop	15
Related experience/skills	Development Educator of Asian Confederation of Credit Union (ACCU), financial and accounting, audit and agro enterprise
Educ. Attainment	Bachelor of Science in Accountancy, Master in Public Administration
Priority thrust for NMBAI	Help NATCCO MBAI achieve its vision, protect the interest of its members and promote the association's products and services
Other directorship	None

INDEPENDENT BOARD OF TRUSTEES



IBANEZ, ADOLFO A.

Age	72
Coop Affiliation	Regional and Central Comelec Employees MPC
No. of years in coop	50
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.

Age	45
Related experience/skills	Insurance, sales and marketing, information technology
Educ. Attainment	BS Business Administration, BA Political Science
Other directorship	None
Priority thrusts for NMBAI	adoption of digital platform for membership & claims processing; help NMBAI craft strategies in realizing its vision

Cushioning
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CHAIRPERSON'S REPORT

Board and Management Action

The Board of Trustees, in promoting its mission to provide family protection and member's security consistent with its strategic direction, passed the following resolutions in 2020:

RESOLUTION NUMBER	2020 BOARD RESOLUTION
Resolution 2 Series of 2020	Resolution, approving the Plans and Budget for the NATCCO MBAI.
Resolution 3 Series of 2020	Resolution, approving the amount of Php100,000 for the Lakbay Malasakit Program, providing financial assistance to members affected by eruption of Taal Volcano
Resolution 4 Series of 2020	Resolution, appointing Chairperson Ellen Pastores, Vice – Chairperson Evelia Tizon, Treasurer Zorahayda Cafirma, Trustee Romeo Magdaong and Independent Trustee Ryan Padilla as members of the Board Risk and Oversight Committee
Resolution 5 Series of 2020	Resolution, designating Chairperson Ellen Pastores as the official representative of the NATCCO MBAI for RIMANSI 2020 Annual GA
Resolution 7 Series of 2020	Resolution, adopting the 2020 Revised Policy on Productivity Bonus
Resolution 8 Series of 2020	Resolution, accepting the Investment Policy subject for enhancement
Resolution 10 Series of 2020	Resolution, approving the amount of P10,000 financial aid to purchase protective essentials for Staff and Officers of Coop members in NCR.
Resolution 12 Series of 2020	Resolution, approving the Work-From-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 Series of 2020	Resolution, approving the budget for the work-from-home arrangement during the pandemic.
Resolution 17 Series of 2020	Resolution, approving the allocation for the virtual meetings of the NMBAI.
Resolution 18 Series of 2020	Resolution, approving the 2019 Financial Statement of the NATCCO MBAI
Resolution 22 Series of 2020	Resolution approving the new organizational structure of the NATCCO MBAI
Resolution 23 Series of 2020	Resolution, approving the following policies for NMBAI: <ul style="list-style-type: none"> · Customer Welfare Policy and Activity · Safeguarding the Creditor's Rights · Anti-corruption Policy and Activities · Dividend Policy
Resolution 24 Series of 2020	Resolution, appointing Chairperson Ellen Pastores, Vice-Chairperson Evelia Tizon, Independent Trustee Atty. Adolfo Ibanez, Trustee Romeo Magdaong, and Treasurer Zorahayda Cafirma as members of the Policy Review Committee.
Resolution 27 Series of 2020	Resolution, approving the Adjusted 2020 Budget of the NATCCO MBAI.
Resolution 29 Series of 2020	Resolution, approving the evaluation tool for Board of Trustees and President.
Resolution 30 Series of 2020	Resolution, appointing Independent Trustee Ryan Arthur Padilla, Trustee Romeo Magdaong and Trustee Jupiter Bonilla as member of Product Review and Development Committee.

Resolution 31 Series of 2020	Resolution, approving the Policy on Flexible Work Arrangement Due to Community Quarantine
Resolution 33 Series of 2020	Resolution, approving the Committee Charter of Board Risk Oversight Committee.
Resolution 34 Series of 2020	Resolution, approving the P2M additional Guaranty Fund required by the Insurance Commission.
Resolution 36 Series of 2020	Resolution, directing the Management to deposit the required amount for the Guaranty Fund immediately after the certification of the Actuary.
Resolution 38 Series of 2020	Resolution, forming a Corporate Governance Committee with the following members <ul style="list-style-type: none"> o Chairperson Ellen Pastores o Vice-Chairperson Evelia Tizon – Chairperson of the Committee o Independent Trustee Atty. Adolfo Ibanez o Independent Trustee Ryan Arthur Padilla o Trustee Jupiter Bonilla Mr. Rustico Galang as Adviser for Remuneration matters
Resolution 46 Series of 2020	Resolution, approving the Investment Committee Charter.
Resolution 47 Series of 2020	Resolution, approving the Related Party Committee Charter.
Resolution 48 Series of 2020	Resolution ,approving the Policy Review Committee Charter.
Resolution 50 Series of 2020	Resolution, forming a Marketing Committee composing of the following members: Trustee Jupiter Bonilla, Independent Trustee Ryan Arthur Padilla, Ms. Zorahayda Cafirma and Ms. Mildred Cerezo
Resolution 52 Series of 2020	Resolution, approving the launching of the marketing video of NMBAI to social media
Resolution 53 Series of 2020	Resolution, approving the Policy on Financial Management Framework.
Resolution 54 Series of 2020	Resolution, confirming the approval of the P350,000 financial aid to 14 coop partners affected by typhoon Rolly and Ulysses.
Resolution 55 Series of 2020	Resolution, approving the Audit Committee Charter.
Resolution 56 Series of 2020	Resolution, approving the Corporate Governance Committee Charter
Resolution 57 Series of 2020	Resolution, approving the Product and Review Committee Charter
Resolution 58 Series of 2020	Resolution, approving the Marketing Committee Charter.
Resolution 61 Series of 2020	Resolution ,approving the 2021 Annual Plans and Budget of the NATCCO MBI.
Resolution 62 Series of 2020	Resolution, approving the guidelines on membership enrollment collection fee on the additional riders for partner cooperatives.
Resolution 63 Series of 2020	Resolution, confirming the approval of P70,000 financial assistance to six cooperatives affected by typhoons.

The Board of Trustees likewise passed other recommendations and directions regarding NMBAI's performance in Financial, Members inclusivity, Process enhancements, Strategic Alliances and Social Activities in relation to its goal of growing members to 300,000 by year 2025.

Lakbay Malasakit Program

Aims to promote the association's Social Responsibility Programs. In partnership with the primary cooperatives, NATCCO MBI will conduct medical and dental mission in the community while simultaneously facilitating learning sessions about insurance products, healthy lifestyle and financial literacy.



Members Inclusivity

NATCCO MBI advocates members' inclusivity. Collaborative partnership and open communication. A true partnership between NATCCO MBI and cooperatives. We aim to increase membership by insuring more cooperative members and giving them assurance of quality products and services, most especially fast claim settlement.



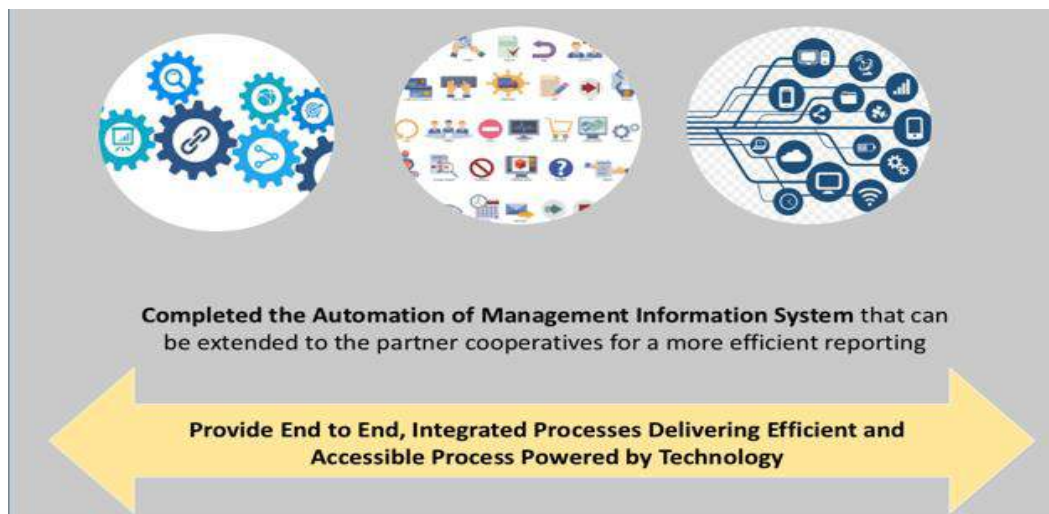
Continuous Process Enhancements

Times change and so are the needs of our members for insurance products. Micro-insurance, though minimal in coverage as compared to commercial insurance, must not compromise quality and still addresses the needs of our members. That is what we aim for. To give our members competitive products that would really address their needs. NATCCO MBAI will never stop looking for better ways to serve our members. New products, more efficient service and fulfilling the promise of fast claim settlement when untimely death comes.



Digitalization

Charting a dynamic decade for micro-insurance technology. That was our theme in 2019, and indeed, it paved the way to our transformation to a more technology-powered association. NATCCO MBAI strives for data accuracy and intelligent customer service. With the development of better MIS system, it will not only help the internal process but more importantly, it will ensure more reliable service for the members.



Strong alliance with primary cooperatives

Expanding our reach to serve more members so that they will experience the efficiency of our services. Providing financial assistance to members and their families in times death is our main objective and we remain true to that promise ever since. We hope to grow more and our members to grow with us.



Reliable leadership

NATCCO MBI believes in empowering its people. From the Board of Trustees to staff, everyone is given the opportunity to learn more, harness their skills and manage projects that help the association run its business smoothly and successfully. Promoting a culture of integrity. Compassion, excellence and teamwork is what we do.



ELLEN R. PASTORES
Board Chairperson

Cushioning
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MINUTES OF THE 9TH ANNUAL MEETING

Minutes of the NATCCO MBAI 2020 9th Annual Meeting via Zoom
Theme: Rising Above The Challenging Times
July 21, 2020
10:30am – 2:00pm

Attendees:

Name	Representation
1. ELLEN R. PASTORES	NMBAI CHAIRPERSON, BOARD OF TRUSTEE
2. EVELIA BARDOS-TIZON	NMBAI VICE CHAIRPERSON, BOARD OF TRUSTEE
3. JUPITER B. BONILLA	NMBAI REGULAR BOARD OF TRUSTEE
4. ROMEO M. MAGDAONG	NMBAI REGULAR BOARD OF TRUSTEE
5. VERONICA B. SIERRA	NMBAI REGULAR BOARD OF TRUSTEE
6. ADOLFO A. IBANEZ	NMBAI INDEPENDENT BOARD OF TRUSTEE
7. RYAN ARTHUR DG. PADILLA	NMBAI INDEPENDENT BOARD OF TRUSTEE
8. ZORAHAYDA A. CAFIRMA	NMBAI BOARD TREASURER
9. ROBERT ABAO	NMBAI AUDITOR
10. MILDRED C. CEREZO	NMBAI SECRETARY
11. JACQUILINE T. MONTANTE	ALIPAO MULTI-PURPOSE COOPERATIVE
12. MA. FATIMA A. ALVAREZ	BAAO PARISH MULTI PURPOSE COOPERATIVE -GOA
13. DONATILLA T. TEJADA	BACBACAN MPC- LEBAK
14. GINA S. GIANAN	BATONG PALOWAY MULTI PURPOSE COOPERATIVE- VIRAC
15. ROMENITO A. PADER	BAYANIHAN HUNDRED ISLANDS ARC
16. MIRIAM T. MINDARO	BONBONON FARMERS MPC
17. MIRASEL CARNIZER	BUKLOD NG BUHAY ARC MULTI-PURPOSE COOPERATIVE (BBARC MPC)- BUENAVISTA
18. JORGE N. FUENZALIDA, JR.	CAMSUR MPC
19. KATHERINE R. OLIVERA	DALAWINON FARMERS MULTI PURPOSE COOPERATIVE
20. WILVEN G. ARNADO	DAVAO DE ORO CREDIT COOPERATIVE (DDOCC)
21. KIMBERLY MENDOZA	DUMANGAS AGRARIAN REFORM COOP
22. NORELYN S. BESTANA	GLANSAR CREDIT COOPERATIVE
23. WILLIAM G. MARTIN SR.	GP-125 GOLDEN PANCE MULTI-PURPOSE COOPERATIVE
24. LEMON G. MAGOLIMAN	GUIMARAS BRETHREN MULTI-PURPOSE COOPERATIVE
25. MARIA MINERVA LAPUZ	HAD MARIA MULTI-PURPOSE COOPERATIVE
26. RYAN U. BORON	KPMP-KPMPC
27. HEIZEL MONGE JAVINES	LICO AGRARIAN REFORM COOPERATIVE
28. RICKY S. SALERA	LIMBAHAN SMALL COCONUT FARMERS AND WOMEN COOPERATIVE
29. ENRICO ESTORNINOS	LOURDES MULTI-PURPOSE COOPERATIVE
30. LALAINA RICO	MANGUYANG AGRARIAN REFORM BENEFICIARIES COOPERATIVE (MARBECO)
31. JEREMIAS COLANGOY, JR.	MANSALAY AGRICULTURE AND FISHERIES DEVELOPMENT COOPERATIVE (MAFDECO)
32. ROLANDO T. MONTERA	MILLENNIAL CREDIT COOPERATIVE - BAYUGAN
33. IRISH B. KADUSALE	MINDORO OCCIDENTAL SUSTAINABLE SKILLS MULTI- PURPOSE COOPERATIVE

34. GLENN C. ARABIS	NAGKAHIUSANG MAG-UUMA SA GUINHALINAN DEV'T. COOPERATIVE - NAGMASAGUICO
35. JENELYN M. DE CASTRO	NORTHERN QUEZON SAVINGS AND CREDIT COOPERATIVE
36. OLIVIA M. YMATA	NORTHERN SAMAR SAVINGS AND CREDIT COOPERATIVE
37. GIRLIE P. LERO	PANAY AGRARIAN REFORM COOPERATIVE- PASSI
38. EDUARDO FELIX V. PAGILAGAN	PAYOMPON DEVELOPMENT COOPERATIVE (PADECO)
39. CHESTER G. PILDE	PINGKIAN COMMUNITY DEVELOPMENT COOPERATIVE
40. JESSICA SAMANTHA DOB	SALVACION FARMERS DEVELOPMENT COOPERATIVE
41. ENRILY V. SENOJA	SAMAHAN SA IKAJUNLAD NG PAMAYANAN (SIKAP) CREDIT COOPERATIVE
42. MARK HENRY E. ECOM	SAN ISIDRO DEVELOPMENT COOPERATIVE
43. MARITES B. SACLET	SAN MIGUEL FARMERS AND FISHERS MULTI-PURPOSE COOPERATIVE (SMFFMPC)
44. MICHAEL JAN P. NARBONETA	SAN RAMON MULTI- PURPOSE COOPERATIVE
45. EMMANUELITO A. NGUJO	SPRINGSIDE ARBS IRRIGATORS AND FARMERS MPC
46. LLOYD F. GERIA	SRT OF PALAWAN
47. REYJI E. ANTONIO	TALISAYON MULTI PURPOSE COOPERATIVE SAN LORENZO RUIZ BRANCH
48. ANGEL P. GARCIA JR.	TALOY NORTE FARMERS MULTI-PURPOSE COOPERATIVE
49. JUN R. LOGATOC	TANIKALA NG PAGKAKAISA MULTI PURPOSE COOPERATIVE
50. LEONARDO S. BANGA	DEL ROSARIO MULTIPURPOSE COOPERATIVE
51. DHONNA R. FRANCISCO	NATCCO MBAI OPERATIONS TEAM
52. ELSIE C. DE ROBLES	NATCCO MBAI OPERATIONS TEAM
53. JENNIFER M. ESTOCADA	NATCCO MBAI OPERATIONS TEAM
54. MA. CHERISH G. SOLSONA	NATCCO MBAI OPERATIONS TEAM
55. MA. ELIZABETH B. AQUINO	NATCCO MBAI OPERATIONS TEAM
56. MINERVA G. TEJADA	NATCCO MBAI OPERATIONS TEAM
57. YANI M. YUGO	NATCCO MBAI OPERATIONS TEAM

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I. Call to Order

The Chairperson, Ellen Pastores called the 9th Annual Meeting to order at 10:30 o'clock in the morning.

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

The Secretary, Mildred Cerezo certified the following:

- Notice of the 9th Annual Meeting of the NATCCO MBAI was sent on June 29 2020 to all the members via email and Facebook.
- Number of active members as of Dec 31. 2019 was finalized on March 13, 2020.
- The release of letters to partner-cooperatives asking them to appoint official representative was on May 20th 2020.
- The deadline for the acceptance of the official representative was disseminated and set on June 25 2020.
- On June 26, 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 July 15 of this year.

26 The NATCCO MBI has total of 63, 815 members as of December 31, 2019, we have 57 representatives in
27 attendance carrying 60,081 proxy votes or 94%.

28 The Secretary then certified the existence of a quorum.

29 **III. Approval of the Agenda**

30
31 Chairperson Ellen Pastores presented the Agenda and asked the approval from the body.

32
33 Trustee Romeo Magdaong made the motion to include in the Agenda that NATCCO MBI shall comply to
34 the provision of the Revised Corporation Code of the Philippines under Section 24 which states that the
35 President must be member of the board and thus shall have the voting right. The motion was seconded
36 by Representative Leonardo Banga of Del Rosario Multipurpose Cooperative. There being no objection,
37 the motion is approved.

38
39 **Annual Meeting Resolution No. 01-2020**

40
41 ***Resolution to include in the Agenda that NATCCO MBI shall comply to the provision of the Revised***
42 ***Corporation Code of the Philippines under Section 24 which states that the President must be member***
43 ***of the board, thus has the voting rights.***

44
45 The votes casted and received on inclusion in the agenda the President as member of the board with
46 voting rights as follows:

47

Total Voting Members/Proxy	Total Votes Casted	Votes in Favor	Invalid Votes	Abstain
60,081	60,081	60,081	0	0

48
49
50 The Chairperson asked for the approval of the revised Agenda, Representative Leonardo Banga of Del
51 Rosario MPC moved for the approval which was duly seconded by Representative Romenito Pader of
52 Bayanihan Hundred Island ARC. There being no objection, the motion was approved.

53
54 **Annual Meeting Resolution No. 2-2020.**

55
56 ***Resolution that the Agenda be approved as revised as follows:***

- 57 ***i. Call to order***
58 ***ii. Proof of Due Notice, Roll Call and Determination of the Quorum***
59 ***iii. Approval of the Agenda***
60 ***iv. Consideration of the Minutes of the Previous Annual Meeting***
61 ***a. Minutes of May 28, 2019 Annual Meeting***
62 ***b. Minutes of November 11, 2019 Special Annual Meeting***
63 ***c. Updates/Business Arising from the Minutes***
64 ***v. BOT & Management Actions on 2019 Resolutions***
65 ***vi. Presentation of Reports***
66 ***a. Chairperson's Report***
67 ***b. President's Report***
68 ***c. Treasurer's Report***
69 ***d. Audit Committee Report***
70 ***e. Nomination Committee Report***

113 the motion was seconded by Representative Donatilla Tejada of Bacbacan MPC-Lebak. There being no
114 objection the motion was approved.

115
116 **Annual Meeting Resolution No. 4-2020.**

117
118 ***Resolution, accepting the report of the Nomination Committee.***

119 The votes casted and received on acceptance of the report of the Nomination Committee:
120
121

Total Voting Members present and by proxy	Total Votes Casted	Votes in Favor	Invalid Votes	Abstentions
60,081	60,081	60,081	0	0

122
123
124 **V. Consideration of the Minutes of Previous Annual Meetings**

125
126 **A. Minutes of May 28, 2019 Annual Meeting**

127
128 The Chairperson, Ellen R. Pastores presented the copies of Minutes that was sent in advance to the
129 members.

130
131 Representative Donatilla T. Tejada of Bacbacan MPC-Lebak moved to dispense with the reading of the
132 minutes of May 28, 2019 Annual Meeting, which was seconded by Atty. Ibanez. No objection, the motion
133 approved.

134
135 The Chairperson, Ellen R. Pastores asked if there's any questions or correction from the Minutes. Since
136 no question nor correction raised, the Chairperson asked for the approval of the Minutes presented.

137
138 Representative Katherine R. Olivera of Dalawinon Farmers Multipurpose Cooperative moved for the
139 approval of Minutes of May 28, 2019 Annual Meeting, which was seconded by Representative
140 Emmanuelito A. Ngujo of Springside ARBS Irrigators and Farmers MPC. There having no objection, the
141 motion is approved.

142
143 **Annual Meeting Resolution No. 5-2020.**

144 ***Resolution, approving the Minutes of May 28, 2019 8th Annual Meeting of the NATCCO MBAI.***

145
146 The votes casted and received on the approval of the Minutes of May 28, 2019 Annual Meeting:
147

Total Voting Members present and by proxy	Total Votes Casted	Votes in Favor	Invalid Votes	Abstentions
60,081	60,081	60,081	0	0

152 **B. Minutes of November 11, 2019 Special Annual Meeting**

153
154 Representative Ma. Fatima A. Alvarez of BAAO Parish MPC-GOA moved to dispense with the reading of the
155 Minutes which was seconded by Katherine R. Olivera of Dalawinon Farmers MPC. There being no
156 objection the motion was approved.

157
158 Chairperson Ellen R. Pastores asked if there's any correction and comment on the Minutes of the Special
159 Annual Meeting. Having no correction and question made, Representative Katherine R. Olivera of
160 Dalawinon Farmers MPC moved for the approval of the Minutes of November 11, 2019 Special Annual
161 Meeting of the NATCCO MBAI which was duly seconded by Donatilla T. Tejada of Bacbacan MPC-Lebak.
162 There being no objection, the motion was approved.

163
164 **Annual Meeting Resolution No. 6-2020**

165
166 ***Resolution, approving the Minutes of November 11, 2019 Special Annual Meeting.***

167
168 The votes casted and received on the approval of the Minutes of November 11, 2019 Special Annual
169 Meeting:

Total Voting Members present and by proxy	Total Votes Casted	Votes in Favor	Invalid Votes	Abstentions
60,081	60,081	60,081	0	0

171
172 **Business Arising from the Minutes:**

173
174 The Chairperson, Ellen R. Pastores asked if there's any matter arising from Minutes presented. There
175 were no comments heard from the members.

176
177 **VI. Presentation of Reports**

178 **A. Chairpersons Report on BOT and Management Actions on the 2019 Resolutions**

179
180 The Chairperson, Ellen R. Pastores turned over the Chairmanship to Vice-Chairperson Evelia Tizon and
181 then presented her report on the actions taken on the 2019 resolutions as follows:

May 28, 2019 Annual Meeting Board Resolutions	
Resolution No.	Board Resolution
1-S2019_AM	Approval of the Minutes of the 2018 Annual Meeting
2-S2019_AM	Acceptance of the Chairperson's report presented
3-S2019_AM	Acceptance of the President's report
4-S2019_AM	Acceptance of the Treasurer's report
5-S2019_AM	Approval of NMBAI 2018 Audited Financial Statements
6-S2019_AM	Acceptance of the Audit Committee Report
7-S2019_AM	Acceptance of the Nomination Committee Report
8-S2019_AM	Approval of NMBAI 2019 Plans and Operating Budget
9-S2019_AM	Appointment Banaria, Banaria and Company as the External Auditor for 2019
10-S2019_AM	Approval on the proposed amendment to insert 2/3 votes of those present in the Annual Meeting to Article 5, Section 2 and Section 4 of the By-Laws.
11-S2019_AM	Approval of the proposed amendments of the By-Laws of NATCCO MBAI.

November 11, 2019 Special Annual Meeting	
1 Series 2019_Special AM	Approval of proposed amendments on articles of incorporation of NMBAI
2 Series 2019_Special AM	Approval of proposed amendments on by-laws of NMBAI
Regular and Special Board Meeting Resolutions	
2	Approval of Referral Incentive Program of NMBAI
3	Approval of the 2019 Plans and Budget of the NATCCO MBAI
4	Approval of budget for NMBAI GA, NATCCO GA, MICOOP Forum and for corporate giveaways of NATCCO MBAI for 2019
5	Approval of the International Study and Sharing of Best Practices of NMBAI officers and staff
6	Approval of upgrading the membership of NMBAI to Microinsurance MBA Association of the Philippines from Associate Member to a Regular Member. NMBAI to subscribe service package 2 of RIMANSI as 50% of the requirement for the Regular Membership.
8	Approval of the 2018 Audited Financial Statement
9	Approval of policy on proxy voting to be implemented on the 2019 Annual Meeting
13	Approval of the revised election guidelines as recommended by the Nomination Committee
14	Appointment of Product Development Committee members
17	Resolution to hire a Marketing Officer and management to provide recruitment plan for 2019
19	Approval of the Policy on Equity Withdrawal
20	Approval of the proposed amendments of the Articles and bylaws of NMBAI for adoption of members during Annual Meeting
21	Approval of engagement with Brothers Management System (BMS) for the NMBAI MIS system enhancement as per allocated budget for the project
22	Approval of the new premium for Damayan and LGP for NMBAI partners
2	Approval of Referral Incentive Program of NMBAI
3	Approval of the 2019 Plans and Budget of the NATCCO MBAI
4	Approval of budget for NMBAI GA, NATCCO GA, MICOOP Forum and for corporate giveaways of NATCCO MBAI for 2019
5	Approval of the International Study and Sharing of Best Practices of NMBAI officers and staff
6	Approval of upgrading the membership of NMBAI to Microinsurance MBA Association of the Philippines from Associate Member to a Regular Member. NMBAI to subscribe service package 2 of RIMANSI as 50% of the requirement for the Regular Membership.
8	Approval of the 2018 Audited Financial Statement
9	Approval of policy on proxy voting to be implemented on the 2019 Annual Meeting
13	Approval of the revised election guidelines as recommended by the Nomination Committee

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The Vice-Chairperson, Evelia B. Tizon, being the presiding officer asked if there's any question, clarification or comment on the report presented by the Chairperson. There being no questions asked, Representative Romenito Pader of Bayanihan Hundred Islands ARC moved for the approval of the Board and Management Actions on the 2019 Resolutions which was seconded by Donatilla T. Tejada of Bacbacan MPC-Lebak. There being no objection, the motion was approved.

193 **Annual Meeting Resolution No. 7-2020**

194
195 **Resolution, approving the Board of Trustees and Management Actions on 2019 resolutions.**

196
197 The votes casted and received on the approval of the Board of Trustees and Management Actions
198 on 2019 resolutions:

199

Total Voting Members present and by proxy	Total Votes Casted	Votes in Favor	Invalid Votes	Abstentions
60,081	60,081	60,081	0	0

200

201 **B. President's Report**

202 The President, Minerva G. Tejada presented her report.

203 Representative Kimberly Mendoza of Dumangas Agarian Reform Coop asked if there will be changes on
204 the 65 exit age for the members, because there were requests from their coops whose age are above 65
205 and wanted a life insurance.

206 President Tejada replied that institution already applied from the Insurance Commission to increase the
207 exit age up to 70 and waiting for IC's approval.

208 Representative Kimberly Mendoza followed up if they can find other provider while waiting for the IC's
209 approval.

210 Chairperson Ellen Pastores replied that this shall be discussed in the Board of Trustees meeting and the
211 members will be informed the result of the IC.

212 After discussing the President's report, Representative Romenito A. Pader of Bayanihan Hundred Islands
213 ARC moved for the acceptance of the report presented, which was seconded by Representative Jun R.
214 Lugatoc of Tanikala ng Pagkakaisa Multipurpose Cooperative. There being no objection, the motion was
215 approved.

216
217 **Annual Meeting Resolution No. 8-2020**

218
219 **Resolution to accept the report of the President as presented.**

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

221

Total Voting Members present and by proxy	Total Votes Casted	Votes in Favor	Invalid Votes	Abstentions
60,081	60,081	60,081	0	0

222

223
224 **C. Treasurer's Report**

225 Treasurer Zorahayda A. Cafirma presented the Treasurer's Report on the financial performance highlight
226 of the operations based on the 2019 Audited Financial Statements. After her presentation,
227 Representative Angel P. Garcia Jr. moved to accept the Treasurer's Report and the 2019 Audited Financial

228 Statement as presented, which was seconded by Representative Rolando T. Montera of Millenial Credit
229 Cooperative-Bayugan. There having no objection, the motion was approved.

230 **Annual Meeting Resolution No. 9-2020**

231

232 **Resolution to accept the Treasurer's Report and the 2019 Audited Financial Statement.**

233

234

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

235

Total Voting Members present and by proxy	Total Votes Casted	Votes in Favor	Invalid Votes	Abstentions
60,081	60,081	60,081	0	0

236

237

D. Audit Committee Report

238

Trustee Ma. Veronica E. Sierra presented the Audit Committee Report. Thereafter, Representative Jun R. Lugatoc of Tanikala ng Pagkakaisa Multipurpose Cooperative moved for the acceptance of the report which was duly seconded by Representative Emmanuelito A. Ngujo of Springside ARBS Irrigators and Farmers MPC. There being no objection, the motion was approved.

239

240

241

242 **Annual Meeting Resolution No. 10-2020**

243

244

Resolution, accepting the report of the Audit Committee.

245

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

246

Total Voting Members present and by proxy	Total Votes Casted	Votes in Favor	Invalid Votes	Abstentions
60,081	60,081	60,081	0	0

247

248 **VII. New Business**

249

250 **A. 2020 Annual Plan**

251

President Minerva G. Tejada presented the NATCCO MBI Annual Plan for 2020. After her presentation, Representative Romenito Pader of Bayanihan Hundred Island ARC asked if the plan has been aligned to the new normal. The Chairperson, Ellen Pastores answered in affirmative.

252

253

254

Representative Enrico Estorninos suggested to have an institutionalized listings of the challenges from other cooperatives also and asked other coops side as to what other challenges they have as they try to solve the issue on how to enroll more members or at least 50% of their total members to the NATCCO MBI.

255

256

257

258

The Chairperson, Ellen R. Pastores answered that this shall be noted and will be addressed by the Board how to engage other coops to help the NATCCO MBI.

259

260

After the short discussion, Representative Romenito Pader of Bayanihan Hundred Island ARC moved for approval of the 2020 Annual Plan presented, the motion was seconded by Representative Jun R. Lugatoc of Tanikala ng Pagkakaisa Multipurpose. There being no objection, the motion was approved.

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Annual Meeting Resolution No. 11-2020

Resolution, approving the 2020 Annual Plan of the NATCCO MBI.

The votes casted and received on the approval of the 2020 Annual Plan:

Total Voting Members present and by proxy	Total Votes Casted	Votes in Favor	Invalid Votes	Abstentions
60,081	60,081	60,081	0	0

B. Appointment of the External Auditor for 2020

The Chairperson, Ellen R. Pastores relayed that the Audit Committee recommended the reappointment of the Banaria Banaria as the external auditor for 2020 as approved by the Board of Trustees

Representative Angel P. Garcia Jr. Taloy Norte Farmers MPC then moved for the approval of the reappointment of Banaria Banaria as External Auditor of the NATCCO MBI, the motion was seconded by Lloyd F. Geria of SRT of Palawan. There being no objection, the motion was approved.

Annual Meeting Resolution No. 12-2020

Resolution, reappointing Banaria Banaria as the External Auditor of the NATCCO MBI for 2020.

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

Total Voting Members present and by proxy	Total Votes Casted	Votes in Favor	Invalid Votes	Abstentions
60,081	60,081	60,081	0	0

VIII. Other Matters

A. President as Member of the BOT

The Chairperson, Ellen R. Pastores informed the body that NATCCO MBI need to comply on the Section 4 of the Revised Corporation Code of the Philippines which states that the President must be a member of the Board with voting rights during the meeting.

IX. Result of the Election

The Nomination Committee declared the following winners based on the tabulation:

302
303

Following are the results of the Election:

TOTAL BALLOTS	
# valid 52	57
# invalid 5	
Total number of representatives who casted their votes thru google sheet	46
# of valid e-ballots	41
# of invalid e-ballots	5
Total number of reps who voted thru FB messenger	7
# of valid e-ballots	7
# of invalid e-ballots	0
Total number of reps who voted thru text:	4
# of valid e-ballots	4
# of invalid e-ballots	0

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305
306

Result of Election on Regular Trustee:

Total Voting Members Present and By Proxy	Name of Candidates	Votes In Favor
60,081	Angel P. Garcia Jr	22,724
60,081	Romenito A. Pader	718
60,081	Evelia B. Tizon	31,077
60,081	Ellen R. Pastores	41,598

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Result of Election on Independent Trustee:

Total Voting Members Present and By Proxy	Name of Candidates	Votes In Favor
60,081	Adolfo A. Ibanez	59,466
60,081	Ryan Arthur DG. Padilla	36,147

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313
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315

Name	Number of Votes	Term
Ellen R. Pastores – Regular Trustee	41,598	3 years
Evelia B. Tizon – Regular Trustee	31,077	3 years
Adolfo A. Ibanez – Independent Trustee	59,466	1 year
Ryan Arthur DG. Padilla – Independent Trustee	36,147	1 year

316

317 After the presentation and declaration of the winners, Representative Romenito A. Pader of Bayanihan
 318 Hundred Islands ARC moved for the acceptance for newly elected Board of Trustees of the NATCCO MBI,
 319 which was seconded by Representative Donatilla T. Tejada of Bacbacan MPC-Lebak. There being no
 320 objection, the motion was approved.

321

Annual Meeting Resolution No. 13-2020

322

323

324 ***Resolution, accepting the following newly elected in the Board of Trustees: Ellen R. Pastores-Regular***
 325 ***Trustee, Evelia B. Tizon Regular Trustee, Atty. Adolfo A. Ibanez-Independent Trustee and Ryan Arthur***
 326 ***DG. Padilla-Independent Trustee***

327

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

329

Total Voting Members present and by proxy	Total Votes Casted	Votes in Favor	Invalid Votes	Abstentions
60,081	60,081	60,081	0	0

330

331 **X. Adjournment**

332

333 The 2020 9th Annual Meeting adjourned at 2:00 o'clock in the afternoon.

334

335 Prepared by:

Attested by:

336

337

338 **Mildred C. Cerezo**
 339 Board Secretary

Ellen R. Pastores
 Chairperson

Cushioning
the Impact of
Tough Times
Through Solicitude
and Solidarity

2020
BOARD
RESOLUTIONS

DATE OF MINUTES OF MEETING	BOARD RESOLUTION NUMBER		2020 BOARD RESOLUTION
3/9/2020	Resolution #1	Series of 2020	Resolution, to stipulate in the Minutes salient points what were reported, discussed or agreed in the report of each Committee.
	Resolution #2	Series of 2020	Approval of Plans and Budget for the NATCCO MBAI.
	Resolution #3	Series of 2020	Resolution, approving the amount of Php100,000 for the Lakbay Malasakit Program, providing financial assistance to members affected by eruption of Taal Volcano
	Resolution #4	Series of 2020	Resolution, appointing Chairperson Ellen Pastores, Vice – Chairperson Evelia Tizon, Treasurer Zorahayda Cafirma, Trustee Romeo Magdaong and Independent Trustee Ryan Padilla as members of the Risk Committee
	Resolution #5	Series of 2020	Resolution, designation Chairperson Ellen Pastores as the official representative of the NATCCO MBAI for RIMANSI 2020 Annual GA
	Resolution #6	Series of 2020	Resolution, appointing Ms. Yani Yugo as the new Alternate Compliance Officer of the NATCCO MBAI.
	Resolution #7	Series of 2020	Resolution adopting the 2020 Revised Policy on Productivity Bonus
	Resolution #8	Series of 2020	Resolution, accepting the Investment Policy subject for enhancement
	Resolution #9	Series of 2020	Resolution, directing the Management to look for online applications for online meetings.
5/9/2020	Resolution #10	Series of 2020	Resolution, approving the amount of P10,000 financial aid to purchase protective essentials for Staff and Officers of Coop members in NCR.
	Resolution #11	Series of 2020	Resolution, directing the Management to present a budget from the Free and Unassigned and its effect to the FS.
	Resolution #12	Series of 2020	Resolution approving the Work-From-Home arrangement for NMBAI employees including the preparation of Checks necessary for claims and other related expenses for the operation outside the office.
	Resolution #13	Series of 2020	Resolution, approving the advanced release of April 10 payroll for NMBAI employees on March 25, 2020
6/6/2020	Resolution #14	Series of 2020	Resolution, to adopt the 2020 Election Guidelines in the July Annual Meeting of the NATCCO MBAI.
	Resolution #15	Series of 2020	Resolution, approval the budget for the work-from-home arrangement during this pandemic.
	Resolution #16	Series of 2020	Resolution, approving the release of Productivity Bonus based on the approved policy.
	Resolution #17	Series of 2020	Resolution, approving the allocation for the virtual meetings of the NMBAI.
6/20/2020	Resolution #18	Series of 2020	Resolution approving the 2019 Financial Statement of the NATCCO MBAI
	Resolution #19	Series of 2020	Resolution, adopting the theme , "NATCCO MBAI Rising

7/11/2020	Resolution #20	Series of 2020	Resolution direction the Management to draft a membership policy on equity value
	Resolution #21	Series of 2020	Resolution creating the technical working group for the marketing video animation for NATCCO MBI composing of the following: Trustee Jupiter Bonilla, Independent Trustee Ryan Padilla, Treasurer Zorahayda Cafirma and Secretary Mildred Cerezo
	Resolution #22	Series of 2020	Resolution approving the new organizational structure of the NATCCO MBI
	Resolution #23	Series of 2020	Resolution approving the following policies for NMBAI:
			· Customer Welfare Policy and Activity
· Safeguarding the Creditor's Rights			
Resolution #24	Series of 2020	Resolution appointing Chairperson Ellen Pastores, Vice-Chairperson Evelia Tizon, Independent Trustee Atty. Adolfo Ibanez, Trustee Romeo Magdaong, and Treasurer Zorahayda Cafirma as members of the Policy Review Committee.	
8/8/2020	Resolution #25	Series of 2020	Resolution to refer the Work From Home Policy to the Policy Review Committee for their review.
	Resolution #26	Series of 2020	Resolution to refer the Fund Balance Policy to Policy Review Committee for revision and enhancement.
	Resolution #27	Series of 2020	Resolution to approve the Adjusted 2020 Budget of the NATCCO MBI.
	Resolution #28	Series of 2020	Resolution, reappointing Mr. Roberto Abao as the Auditor of the NATCCO MBI for 2020.
	Resolution #29	Series of 2020	Resolution, approving the evaluation form for Board Trustees and President.
9/12/2020	Resolution #30	Series of 2020	Resolution, appointing Independent Trustee Ryan Arthur Padilla, Trustee Romeo Magdaong and Trustee Jupiter Bonilla as member of Product Review and Development Committee .
	Resolution #31	Series of 2020	<i>Resolution, approving the Policy on Flexible Work Arrangement Due to Community Quarantine</i>
	Resolution #32	Series of 2020	Resolution, to rename the Risk Management Committee to Board Risk Oversight Committee
	Resolution #33	Series of 2020	Resolution to approve the Committee Charter of Board Risk Oversight Committee.
	Resolution #34	Series of 2020	Resolution, approving the P2M additional Guaranty Fund required by the Insurance Commission.
	Resolution #35	Series of 2020	Resolution, approving the amount of P37,000 as payment to marketing animation video under PhilRad Digital Advertising.
	Resolution #36	Series of 2020	Resolution, directing the Management to deposit the required amount for the Guaranty Fund immediately after the certification of the Actuary.
	Resolution #37	Series of 2020	Resolution, authorizing the designated staff and officers to attend to SCA training.
		Series of 2020	Resolution to create a Corporate Governance Committee with the following members
		Series of 2020	o Chairperson Ellen Pastores

	Resolution #38	Series of 2020	o Vice-Chairperson Evelia Tizon – Chairperson of the Committee
		Series of 2020	o Independent Trustee Atty. Adolfo Ibanez
		Series of 2020	o Independent Trustee Ryan Arthur Padilla
		Series of 2020	o Trustee Jupiter Bonilla
		Series of 2020	Mr. Rustico Galang as Adviser for Remuneration matters
	Resolution #39	Series of 2020	Resolution, appointing Trustee Jupiter Bonilla to be part of the Audit Committee.
10/3/2020	Resolution #40	Series of 2020	Resolution designating the following officers as official signatories to Banco De Oro transactions: Group A: Treasurer Zorahayda Cafirma and Trustee Romeo Magdaong; Group B: Chairperson Ellen Pastores and President Minerva Tejada
	Resolution #41	Series of 2020	Resolution designating the following officers as official signatories to Bank of the Philippine Islands (BPI) transactions: Group A: Treasurer Zorahayda Cafirma and Trustee Romeo Magdaong; Group B: Chairperson Ellen Pastores and President Minerva Tejada
	Resolution #42	Series of 2020	Resolution designating the following officers as official signatories to Land Bank of the Philippines (Landbank) transactions: Group A: Treasurer Zorahayda Cafirma and Trustee Romeo Magdaong; Group B: Chairperson Ellen Pastores and President Minerva Tejada
	Resolution #43	Series of 2020	Resolution designating the following officers as official signatories to Metrobank transactions: Group A: Treasurer Zorahayda Cafirma and Trustee Romeo Magdaong; Group B: Chairperson Ellen Pastores and President Minerva Tejada
10/10/2020	Resolution #44	Series of 2020	Resolution to adopt the recommendations of the MIS Committee in the MIS system
	Resolution #45	Series of 2020	Series of 2020. Resolution mandating the Management to do and present update to the following a. Training on mental health b. Coop data for 2021 planning c. check possibility of giving christmas giveaways
	Resolution #46	Series of 2020	Series of 2020. Resolution approving the Investment Committee Charter.
	Resolution #47	Series of 2020	Series of 2020. Resolution approving the RPT Committee Charter.
	Resolution #48	Series of 2020	Series of 2020. Resolution approving the Policy Review Committee Charter.
	Resolution #49	Series of 2020	Series of 2020. Resolution approving the Annual Planning to be held on Nov 30, Dec 10, Dec 11
	Resolution #50	Series of 2020	Resolution to create a Marketing Committee composing of the following members: Trustee Jupiter Bonilla, Independent Trustee Ryan Arthur Padilla, Ms. Zorahayda Cafirma and Ms. Mildred Cerezo
	Resolution #51	Series of 2020	Resolution to adopt following recommendations of the ExeCom: · Corporate Governance Committee to conduct a yearly committee evaluation · Consider the re-alignment of 2020 budget and allocate fund for social development program

11/14/2020			* Extend help to coops affected by Ulysses in Isabella and Cagayan
	Resolution #52	Series of 2020	Resolution to approve and launch the marketing video of NMBAI to social media
	Resolution #53	Series of 2020	Resolution, approving the Policy on Financial Management Framework.
	Resolution #54	Series of 2020	Resolution to confirm the approval of the P350,000 financial aid to 14 coop partners affected by typhoon Rolly and Ulysses.
	Resolution #55	Series of 2020	Resolution to approve the Audit Committee Charter.
	Resolution #56	Series of 2020	Resolution to approve the Corporate Governance Committee Charter
	Resolution #57	Series of 2020	Resolution to approved the Product and Review Committee Charter
12/12/2020	Resolution #58	Series of 2020	Resolution, approving the Marketing Committee Charter.
	Resolution #59	Series of 2020	Resolution for the dissolution of the Remuneration Committee and incorporate it under the Corporate Governance Committee.
	Resolution #60	Series of 2020	Resolution, approving the 10% increase of President's salary effective January 6, 2021.
	Resolution #61	Series of 2020	Resolution No. 61. Series of 2020. Resolution, approving the 2021 Annual Plans and Budget of the NATCCO MBAI.
	Resolution #62	Series of 2020	Resolution to approve the package and commission for the additional riders as follows:
			· Maximum 7% mark up for premiums of riders
			· 13% commission rate for NATCCO and up to 12.5% commission rate to direct coops
· 3 new riders & premium for member's BLIP policy.			
Resolution #63	Series of 2020	Resolution to confirm the approval of P70,000 financial assistance to six cooperatives affected by typhoons.	
Resolution #64	Series of 2020	Resolution approving the release of P30,000 cash gift of Officers and Staff.	

Cushioning
the Impact of
Tough Times
Through Solicitude
and Solidarity

PRESIDENT'S REPORT

PRESIDENT'S REPORT

A very challenging year, that was the year 2020. Our country was not spared with the COVID-19 pandemic and on top of that, we also experienced so many calamities. The Taal Volcano eruption, very strong and devastative typhoons that resulted to massive flooding. Our partner-cooperatives and their Members' health, social and economic condition descended. But we Filipinos are resilient, resourceful and optimistic. We can surpass these trials, bounce back and move forward.

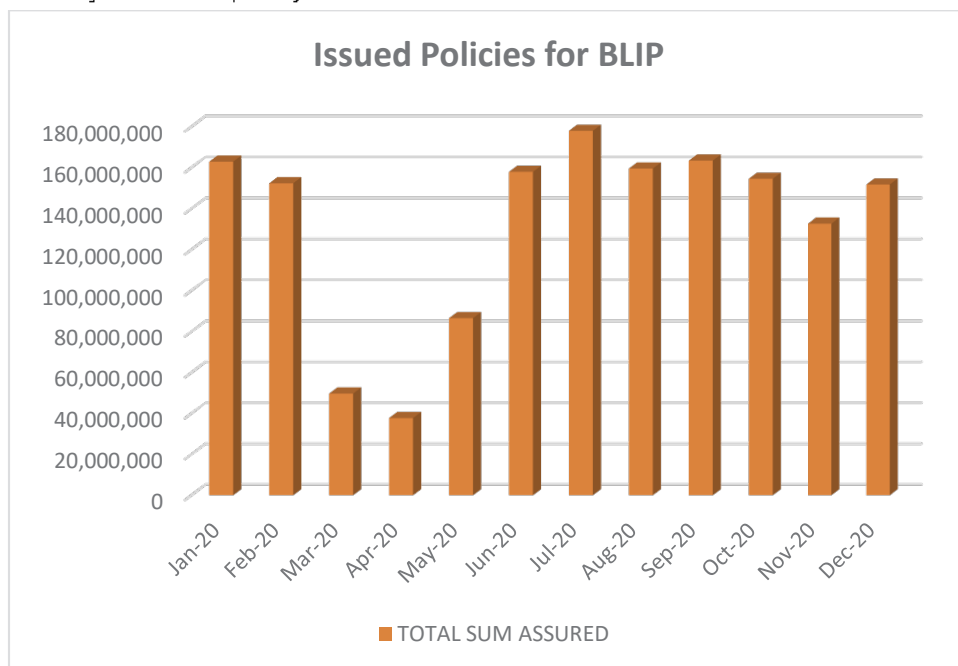
We at NATCCO MBI continue to support our Members. Not only through death claims, but more importantly in the times of these disasters. Compassion is not just a word in our set of core values but we humanize it and live it in the best way we can. Through our Lakbay-Malasakit Program, we believe in giving back to our Members and their community. This is the time to take care of each other. Solidarity will always be needed and we are ready to provide to our Members.

Our Accomplishments.

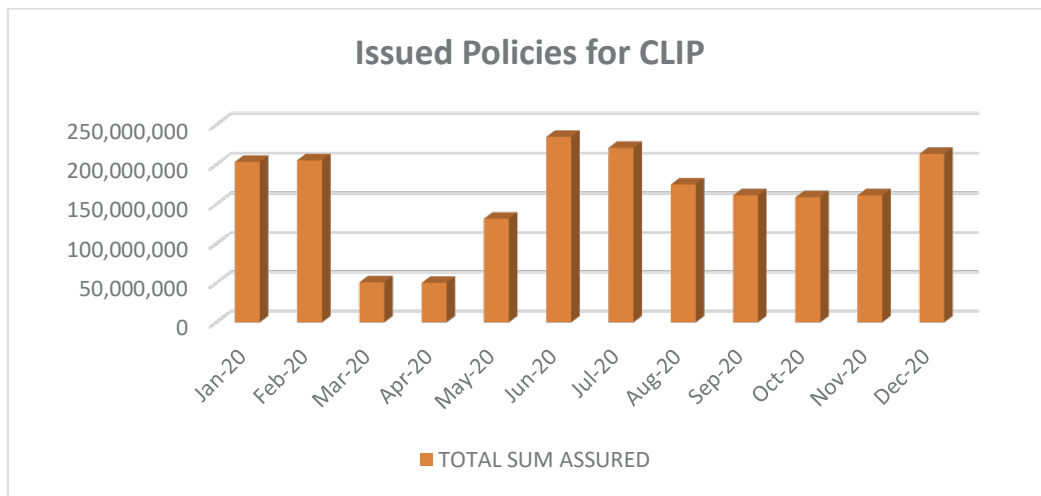
Issued Policies

In 2020, we were able to insure a total of **31,503** policies for Basic Life Insurance Product with total sum assured of **P1,587,750,000**.

We performed 14% lower from last year. Affected months were March, April and May because of the AITF's declaration of nationwide community quarantine. Most of the cooperatives' offices had to close or operate in a very limited capacity.



For Credit Life Insurance Product, we issued **62,603** policies with total loan amount of **P1,967,419,645**.



Also, limited economic activities due to the community quarantine affected the release of loans, thus, less insured loan amount.

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. With the increased number of Members insured, there was also an increased in the number of death claims. For 2020, a total of **464** death claims were processed and we released total benefits of **P17,197,006**.

COVERED MONTH	NO. OF CLAIMS	AMOUNT OF BENEFITS RELEASED
Jan	54	1,831,060
Feb	32	1,383,440
Mar	31	1,643,810
Apr	5	221,540
May	20	629,080
Jun	40	1,544,520
Jul	47	1,392,820
Aug	54	1,883,420
Sep	51	2,011,425
Oct	43	1,506,946
Nov	57	2,151,785
Dec	30	997,160
Total	464	17,197,006

The Insurance Commission required the MBAs to release the benefits within 10 working days, but for our Association, we were able to release 88% or 407 claims within 3-working days. 42% or 193 of that were released within 1 day. All claims benefits in 2020 were released in less than 10 days.

Consistently, cardiovascular disease is the number one common cause of death, followed by respiratory disease, cancer, stroke and accident. There were two (2) cases of death due to COVID-19.

	CAUSE OF DEATH	Total	% from Total Claims
1	CARDIOVASCULAR DISEASE	133	29%
2	RESPIRATORY DISEASE	63	14%
3	CANCER	59	13%
4	STROKE	51	11%
5	ACCIDENT	31	7%
6	SEPTIC SHOCK	26	6%
7	GUNSHOT WOUND	13	3%
8	MULTI ORGAN FAILURE	13	3%
9	KIDNEY DISEASE	11	2%
10	DIABETES	8	2%

New Riders for Basic Life Insurance Product

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.

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

1. **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.
2. **Hospital Income Benefit**, also with 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 the claims immediately. We are hoping that the partner-cooperatives will start offering these products to their Members.

Lakbay Malasakit Program

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

In 2020, with the calamities we experienced, we were able to help some Members affected by Taal Volcano eruption, typhoons rolly and ulysses and the massive flood in Cagayan area. We were able to conduct medical & dental mission in North Luzon and provided Members with free consultation and medicines. We also gave out face masks to cooperative employees.

SEGURO

SEGURO is a set of Key Performance Indicators (KPI's) by which the micro-insurance providers shall be evaluated and monitored to ensure the stability, viability and the 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 2020, out of the 100 maximum score, our association scored 79 points.

KPI	Max Possible Score	NATCCO MBI Score
SOLVENCY & STABILITY	30	29
EFFICIENCY	20	18
GOVERNANCE	30	17
UNDERSTANDING OF THE PRODUCT BY THE INSURED	10	10
RATE OF GROWTH	5	0
OUTREACH	5	5
TOTAL	100	79

The score translates to these ratings:

Numerical Rating	Score	Definition
4	91 - 100	Excellent
3	81 - 90	Satisfactory
2	71 - 80	Good
1	61 - 70	Marginal / Poor

We scored **79 points**, and we are in “**good level**”. This is an indicator that we are doing good, but we need to do better to increase our performance and make our Association more stable.

Overall, 2020 was a very challenging year. It was the year that we turned the “business continuity plan” from mere document to reality. Just like the rest of the world, we were surprised by the COVID-19 pandemic and add to that the calamities our country had. We were expected to rise up to the challenge and take charge of the situation, and that is what NATCCO MBI did. From the Officers to the employees, everybody put in extra work, became more resourceful and innovative to accomplish the tasks and reach the goals. Everybody in the team served the Members. Work quality was never sacrificed even in dark situations. And that is what we will continue to do. Work for the cooperative partners. Fulfill the promises we made for Members. Grow the Association and make it more stable, empowered and compassionate. Our goals are within reach – with you as our partner, we will definitely seize the day of success.



MINES TEJADA
President

Cushioning
the Impact of
Tough Times
Through Solicitude
and Solidarity

OPERATIONS HIGHLIGHT

NATCCO MBAI OPERATIONS HIGHLIGHT

Total Number of Active Members with Inforce Policies

64,294

Total Number of Active Members of Active Policies

147,968

Total Amount of Contributions and Premiums Received

P38,343,317

Total Amount of Claims Benefits Released

P17,197,006

Total Assets

P74,004,923

NATCCO MBAI OPERATIONS HIGHLIGHT

Percentage of Claims Released Within 3 days

88%

Basic Life Insurance Product (Damayan Family Plan)

No. of Claims

323

Benefit Amount Released

P11,331,450

Credit Life Insurance Product (Coop Loan Guarantee Plan)

No. of Claims

141

Benefit Amount Released

P5,865,556

Total Number of Issued Policies for Basic Life Insurance
Product (Damayan Family Plan)

31,503

Total Loan Amount Insured under Credit Life Insurance
Product (Coop Loan Guarantee Plan)

P1,967,419,645

Cushioning
the Impact of
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CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

I. CONFIRMATION STATEMENT

NATCCO MBI 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 MBI binds itself “to promote fairness, transparency and accountability” in all its corporate action and endeavors.

Fairness provides the assurance that all members have their rights protected and are treated equitably. Promoting long-term shareholder value is important. Trustees shall devote 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 duty to direct and manage in a manner fair to all, and act with prudence and justice. Fairness is intimately related to ethical practice. The BOT has the ultimate responsibility for creating a culture that promotes ethical practice responsively throughout the 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 profit or to acquire benefit or advantage 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.

Transparency requires that that Board of Trustees ensure timely and accurate disclosure on all material matters, such as the financial situation, 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. Chairperson/CEO) this should be disclosed accordingly.

II. BOARD OF TRUSTEES

The Board of Trustees, composed of non-executive trustees and headed by a non-executive 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 is relevant 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 is 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 meet quarterly, and also hold special board meeting if there are matters that need to be discussed immediately.

BOARD OF TRUSTEE	TOTAL NO. OF MEETINGS	TOTAL NO. OF MEETINGS ATTENDED	PERCENTAGE RATING
Ms. Ellen Pastores (Chairperson)	11	11	100%
Ms. Evelia Bardos-Tizon (Vice Chairperson)	11	11	100%
Mr. Jupiter Bonilla (Trustee)	11	11	100%
Mr. Romeo Magdaong (Trustee)	11	9	82%
Ms. Ma. Veronica Sierra (Trustee)	11	10	91%
Atty. Adolfo Ibanez (Independent Trustee)	11	11	100%
Mr. Ryan Arthur Padilla (Independent Trustee)	11	11	100%

III. 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 effective and independent functioning of the Committee in order to fulfil its duties.

CORPORATE GOVERNANCE COMMITTEE

The Insurance Commission with its Circular Letter 2020-71, "Revised Corporate Governance for 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 which, must be cross-functional. The members will serve for at least one (1) year from date of appointment.

Committee Meetings:

The committee had meetings on October 24 and November 28, 2020.

CORPORATE GOVERNANCE COMMITTEE	TOTAL NO. OF MEETINGS	TOTAL NO. OF MEETINGS ATTENDED	PERCENTAGE RATING
Evelia B. Tizon	2	2	100%
Ellen R. Pastores	2	2	100%
Atty. Adolfo A. Ibañez	2	2	100%
Ryan Arthur DG. Padilla	2	2	100%
Jupiter B. Bonilla	2	2	100%

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 protection of the assets of the association for the benefit of all members.

Committee Meetings:

The committee had meetings on June 6, June 15, June 20, August 8, August 15 and November 20, 2020.

AUDIT COMMITTEE	TOTAL NO. OF MEETINGS	TOTAL NO. OF MEETINGS ATTENDED	PERCENTAGE RATING
Atty. Adolfo A. Ibañez	6	6	100%
Ryan Arthur DG. Padilla	6	6	100%
Ma. Veronica B. Sierra	6	6	100%
Jupiter B. Bonilla (became member on Nov 2020)	1	1	100%

RELATED PARTY TRANSACTIONS (RPT) COMMITTEE

The RPT Committee is composed of the two (2) Independent Trustees and the Chairperson of the Board of Trustees. They are tasked with reviewing all material related party transactions of the association.

Committee Meetings:

The committee had meetings on September 12 and September 19, 2020.

RELATED PARTY TRANSACTIONS COMMITTEE	TOTAL NO. OF MEETINGS	TOTAL NO. OF MEETINGS ATTENDED	PERCENTAGE RATING
Ellen R. Pastores	2	2	100%
Atty. Adolfo A. Ibañez	2	2	100%
Ryan Arthur DG. Padilla	2	2	100%

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 of Board Risk 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:

The committee had meetings on July 4, July 11 and November 11, 2020.

BOARD OVERSIGHT RISK COMMITTEE	TOTAL NO. OF MEETINGS	TOTAL NO. OF MEETINGS ATTENDED	PERCENTAGE RATING
Ryan Arthur DG. Padilla	3	3	100%
Ellen R. Pastores	3	3	100%
Evelia B. Tizon	3	3	100%
Romeo M. Magdaong	3	3	100%
Zorahayda A. Cafirma	3	3	100%

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 elections 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:

Nomination Committee had meetings on May 13, May 20, May 27, June 18, June 26 and August 8, 2020

NOMINATION COMMITTEE	TOTAL NO. OF MEETINGS	TOTAL NO. OF MEETINGS ATTENDED	PERCENTAGE RATING
Ma. Veronica B. Sierra	6	6	100%
Romeo M. Magdaong	6	6	100%
Jupiter B. Bonilla	6	6	100%
Evelia B. Tizon (became member on Aug 2020)	1	1	100%

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 Trustee's meetings.

Committee Meetings:

Executive Committee had meetings on June 27, July 19, September 5, October 10 and November 7, 2020.

EXECUTIVE COMMITTEE	TOTAL NO. OF MEETINGS	TOTAL NO. OF MEETINGS ATTENDED	PERCENTAGE RATING
Ellen R. Pastores	5	5	100%
Evelia B. Tizon	5	5	100%
Zorahayda A. Cafirma	5	5	100%
Minerva G. Tejada	5	5	100%

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:

Investment Committee had meetings on July 13 and August 22, 2020.

INVESTMENT COMMITTEE	TOTAL NO. OF MEETINGS	TOTAL NO. OF MEETINGS ATTENDED	PERCENTAGE RATING
Zorahay A. Cafirma	2	2	100%
Ellen R. Pastores	2	2	100%
Romeo M. Magdaong	2	2	100%

POLICY 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, para 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:

Investment Committee had meetings on August 29, September 26, October 17 and November 7, 2020.

POLICY REVIEW COMMITTEE	TOTAL NO. OF MEETINGS	TOTAL NO. OF MEETINGS ATTENDED	PERCENTAGE RATING
Evelia B. Tizon	4	3	75%
Ellen R. Pastores	4	4	100%
Atty. Adolfo A. Ibañez	4	4	100%
Romeo M. Magdaong	4	3	75%
Zorahay A. Cafirma	4	4	100%

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 conduct research in order to develop new responsive products and services.

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

Committee meetings:

Investment Committee had meetings on October 15 and October 26, 2020.

PRODUCT REVIEW AND DEVELOPMENT COMMITTEE	TOTAL NO. OF MEETINGS	TOTAL NO. OF MEETINGS ATTENDED	PERCENTAGE RATING
Ryan Arthur DG. Padilla	2	2	100%
Romeo M. Magdaong	2	2	100%
Jupiter B. Bonilla	2	2	100%

MARKETING COMMITTEE

To achieve the institutional vision of 300,000 - strong NMBAI by 2025, the Board of Trustees passed Board Resolution # **50-2020** dated November 14, 2020 creating the Marketing Committee (MC) to set the strategic marketing direction of NMBAI.

Committee meetings:

Investment Committee had meetings on August 15, August 31, October 12, October 27, November 6 and November 18, 2020.

MARKETING COMMITTEE	TOTAL NO. OF MEETINGS	TOTAL NO. OF MEETINGS ATTENDED	PERCENTAGE RATING
Jupiter B. Bonilla	6	6	100%
Ryan Arthur DG. Padilla	6	6	100%
Zorahay A. Cafirma	6	6	100%
Mildred C. Cerezo	6	6	100%

MANAGEMENT INFORMATION SYSTEM (MIS) COMMITTEE

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

Committee meetings:

MIS Committee had meetings on June 12, 2020, July 16, 2020 and September 12, 2020.

MIS COMMITTEE	TOTAL NO. OF MEETINGS	TOTAL NO. OF MEETINGS ATTENDED	PERCENTAGE RATING
Ryan Arthur DG. Padilla	3	3	100%
Romeo M. Magdaong	6	6	100%
Ma. Veronica B. Sierra	6	6	100%

IV. INDEPENDENT CHECKS AND BALANCES

Guided by the association's core values 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 appointed on May 29, 2018 to be the Internal Auditor, He was re-appointed on May 28, 2019 and on July 21, 2020 to the same position.

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 MBI. With the audit fee of P42,000.00 (+12% VAT) and all other expenses incurred by the auditors during the audit period, they audited the 2020 Financial Statement of the association, and this was affirmed by the Board of Trustees on April 12, 2021.

Company Compliance

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

V. CODE OF CONDUCT AND BUSINESS ETHICS

The NMBAI Code of Conduct is the foundation on 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 in behalf of NMBAI.

The conduct of Insurance business is imbued with high public trust. All NATCCO MBI 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 MBI that all Officers and employees must, at all times, comply with all applicable laws and regulations. NATCCO MBI will not condone the activities of officers and employees who achieve results through violation of law and/or unethical business dealings.

VI. RELATED PARTY TRANSACTION

The Board of Trustees has the overall responsibility in 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, structure, 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 members.

VII. 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:

- **Website** (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 the FB in communicating to members.
- **Hotline** (02-8962 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.

VIII. 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 meet 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.

Anti-corruption Policy

Corruption is a form of [dishonesty](#) or [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 dealings with or for and in 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 Association.

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 reputation.

Environment-Friendly Value Chain Policy

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

We shall continue to:

- a. Adopt systems that promote the environmental protection, occupational health and safety, and compliance with relevant statutory and regulatory requirements;
- b. Seek ways to efficiently use materials and energy;
- c. Review and improve our safety, health, and environmental performance;
- d. Communicate our environmental activities to our employees, the public, and relevant authorities,
- e. Encourage employee initiatives that contribute to a safe and improved environmental work at home and the community.

Safeguarding Creditor's Rights

NATCCO MBI'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 MBI 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 Circular 2015-46, 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 that:

“A mutual benefit association shall only maintain 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.

d. Dividends. – This term shall be construed to mean as 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 corporation as defined under the Corporation Code of the Philippines and as dividends payable, if any, under a participating plan.

With these, NATCCO MBI’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 MBI 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.

Whistleblowing Policy

Created in 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 provide 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 reports 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 in writing.

IX. 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. All seven (7) employees of the NATCCO MBI has undergone the APE on February 2020.

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 trainings related to their specific function, and apply new learnings to their everyday performance.

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

Trainings Attended

MINERVA G. TEJADA, PRESIDENT & COMPLIANCE OFFICER

Course	Provider	Date
Governance & AMLA Workshop	Rimansi	Oct 21 - 23
Risk Management in the age of COVID 19	ICD	05/08/20
Online portal and the encryption procedure	IC	05/26/20
Online Filing of AFS	BIR	06/08/20
Meaningful use and accomplishment of ACGS	Rimansi & ICD	06/18/20
Finance and business restructuring during and after crisis	ICD	06/23/20
E-Learning Platform 103	Rimansi	06/29/20
Digital Marketing: Webinar on Changing Business Paradigm	Bayan Academy	07/03/20
Parliamentary Proceedings	ICD	07/04/20
Lecture Series: Briefing on ARISE Philippines Act	Rimansi	07/06/20
Milestone: Social Media Marketing 103	Rimansi	07/27/20
Progreso Bonds (RTB 24) Webinar	Rimansi	07/30/20
The New Norm In Life Underwriting	Natre	08/06/20
Briefing on TRAIN Package 4: PIFITA	Rimansi	08/07/20
Briefing on Revised Code of Corporate Governance for IC Regulated Companies and Annual Corporate Governance Report	Rimansi	08/10/20

Crisis Ready Board: How to Lead in Times of Turbelence	ICD	08/21/20
Improving Mi-MBA Competencies: Personal	Rimansi	08/26/20
Retirement Fund - Asset Liability Management	Acturial Exponents	09/03/20
Copywriting 102	Bayan Academy	09/04/20
Learning Series: Enhancing Mi-MBAs' Performance Management System	Rimansi	09/14/20
Improving Mi-MBA Competencies: MS Excel	Rimansi	09/30/20
Enterprise Risk Management	ICD	10/03/20
MBAI Standard Chart of Accounts	Rimansi	10/08/20
SCAn Networks Hub E-Forum: Financial challenges of Women in Business	CIC	0707/2020
Advanced Corporate Governance Training	ICD	28-May-18
Anti-Money Laundering (AMLA)	ICD	30-May-18

YANI M. YUGO, ACCOUNTING SUPPERVISOR & ALTERNATE COMPLIANCE OFFICER

Course	Provider	Date
Governance & AMLA Workshop	Rimansi	Oct 21 - 23
Online portal and the encryption procedure	IC	05/26/20
Online Filing of AFS	BIR	06/08/20
Meaningful use and accomplishment of ACGS	Rimansi & ICD	06/18/20
2020 AS Online Submission	IC	06/22/20
Parliamentary Proceedings	ICD	07/04/20
Lecture Series: Briefer on ARISE Philippines Act	Rimansi	07/06/20
Progreso Bonds (RTB 24) Webinar	Rimansi	07/30/20
Briefer on TRAIN Package 4: PIFITA	Rimansi	08/07/20
Improving Mi-MBA Competencies: Technological	Rimansi	08/17/20
Improving Mi-MBA Competencies: Personal	Rimansi	08/26/20
Retirement Fund - Asset Liability Management	Acturial Exponents	09/03/20
Improving Mi-MBA Competencies: MS Excel	Rimansi	09/30/20
Enterprise Risk Management	ICD	10/03/20
IC Report on Negative List of Officers and employees	IC	10/05/20
Training of the Trainers: Technical Skill (MS Excel)	Rimansi	10/07/20
MBAI Standard Chart of Accounts	Rimansi	10/08/20
Problem Solving and Decision Making Tools	Rimansi	Nov 5, 9 & 16

DHONNA R. FANCISCO, ACCOUNTING ASSOCIATE

Course	Provider	Date
Governance & AMLA Workshop	Rimansi	Oct 21 - 23
Income Tax Compliance From Home for Non-Accountants	Event Bright	05/26/20
Online Filing of AFS	BIR	06/08/20
2021 AS Online Submission	IC	06/22/20
Digital Marketing: Wbinar on Changing Business Paradigm	Bayan Academy	07/03/20
Parliamentary Proceedings	ICD	07/04/20
Lecture Series: Briefer on ARISE Philippines Act	Rimansi	07/06/20
Milestone: Social Media Marketing 101	Rimansi	07/27/20
Progreso Bonds (RTB 24) Webinar	Rimansi	07/30/20
Briefer on TRAIN Package 4: PIFITA	Rimansi	08/07/20
Improving Mi-MBA Competencies: Personal	Rimansi	08/26/20
Copywriting 101	Bayan Academy	09/04/20
Learning Series: Enhancing Mi-MBAs' Performance Management System	Rimansi	09/07/20
Personal Competency (Promoting Personal Well-being)	Rimansi	09/23/20
Improving Mi-MBA Competencies: MS Excel day	Rimansi	09/30/20
Enterprise Risk Management	ICD	10/03/20
Advanced Corporate Governance Training	ICD	28-May-18
Anti-Money Laundering (AMLA)	ICD	30-May-18

JENNIFER M. ESTOCADA, CLAIMS SPECIALIST

Course	Provider	Date
Governance & AMLA Workshop	Rimansi	Oct 21 - 23
E-Learning Platform 101	Rimansi	06/29/20
Parliamentary Proceedings	ICD	07/04/20
Lecture Series: Briefer on ARISE Philippines Act	Rimansi	07/06/20
The New Norm In Life Underwriting	Natre	08/06/20
Improving Mi-MBA Competencies: Technological	Rimansi	08/17/20
Improving Mi-MBA Competencies: Personal	Rimansi	08/26/20
Personal Competency (Promoting Personal Well-being)	Rimansi	09/16/20
Improving Mi-MBA Competencies: MS Excel	Rimansi	09/30/20
Enterprise Risk Management	ICD	10/03/20
Advanced Corporate Governance Training	ICD	28-May-18
Anti-Money Laundering (AMLA)	ICD	30-May-18

MA CHERISH G. SOLSONA, DATABASE SPECIALIST

Course	Provider	Date
Governance & AMLA Workshop	Rimansi	Oct 21 - 23
2019 AS PREPARATION	Rimansi & IC	05/20/20
Online portal and the encryption procedure	IC	05/26/20
Privacy Awareness Seminar	Natl Privacy Commission	05/29/20
2019 AS Online Submission	IC	06/22/20
Parliamentary Proceedings	ICD	07/04/20
Lecture Series: Briefer on ARISE Philippines Act	Rimansi	07/06/20
Improving Mi-MBA Competencies: Technological	Rimansi	08/17/20
Improving Mi-MBA Competencies: Personal	Rimansi	08/26/20
Retirement Fund - Asset Liability Management	Acturial Exponents	09/03/20
Improving Mi-MBA Competencies: MS Excel day 2	Rimansi	09/30/20
Enterprise Risk Management	ICD	10/03/20
IC Report on Negative List of Officers and employees	IC	10/05/20
Training of the Trainers: Technical Skill (MS Excel)	Rimansi	10/07/20
SCAn Networks Hub E-Forum: Financial challenges of Women in Business	CIC	0707/2020
Problem Solving and Decision Making Tools	Rimansi	Nov 5, 9 & 16
Advanced Corporate Governance Training	ICD	28-May-18
Anti-Money Laundering (AML)	ICD	30-May-18

MA. ELIZABETH B. AQUINO, DATABASE ASSOCIATE

Course	Provider	Date
Governance & AMLA Workshop	Rimansi	Oct 21 - 23
E-Learning Platform 102	Rimansi	06/29/20
Parliamentary Proceedings	ICD	07/04/20
Lecture Series: Briefer on ARISE Philippines Act	Rimansi	07/06/20
Improving Mi-MBA Competencies: Technological	Rimansi	08/17/20
Improving Mi-MBA Competencies: Personal	Rimansi	08/26/20
Improving Mi-MBA Competencies: MS Excel day 3	Rimansi	09/30/20
Enterprise Risk Management	ICD	10/03/20
Improving Mi-MBA Competencies: MS Excel day 3	Rimansi	10/05/20
Training of the Trainers: Technical Skill (MS Excel)	Rimansi	10/07/20
SCAn Networks Hub E-Forum: Financial challenges of Women in Business	CIC	0707/2020
Advanced Corporate Governance Training	ICD	28-May-18
Anti-Money Laundering (AML)	ICD	30-May-18

ELSIE C. DE ROBLES, MARKETING OFFICER

Course	Provider	Date
Governance & AMLA Workshop	Rimansi	Oct 21 - 23
Digital Marketing: Wbinar on Changing Business Paradigm	Bayan Academy	07/03/20
Parliamentary Proceedings	ICD	07/04/20
Lecture Series: Briefer on ARISE Philippines Act	Rimansi	07/06/20
Milestone: Social Media Marketing 102	Rimansi	07/27/20
Briefer on Revised Code of Corporate Governance for IC Regulated Companies and Annual Corporate Governance Report	Rimansi	08/10/20
Improving Mi-MBA Competencies: Personal	Rimansi	08/26/20
Copywriting 103	Bayan Academy	09/04/20
Learning Series: Enhancing Mi-MBAs' Performance Management System	Rimansi	09/14/20
Improving Mi-MBA Competencies: MS Excel day 7	Rimansi	09/30/20
Enterprise Risk Management	ICD	10/03/20
Improving Mi-MBA Competencies: MS Excel day 6	Rimansi	10/05/20
Helping insurance agents sell and conserve in the new normal	AIRDC	0707/2020

X. BOT Trainings

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

ELLEN R. PASTORES, BOARD CHAIRPERSON, REGULAR TRUSTEE

Course	Provider	Date
Finance and Business Restructuring During and After Crisis	ICD	23-Jun-20
Parliamentary Proceedings	ICD	4-Jul-20
Crisis Ready Board: How to Lead in Times of Turbulence	ICD	21-Aug-20
Enterprise Risk Management	ICD	3-Oct-20
Advanced Corporate Governance Training	ICD	28-May-18
Anti-Money Laundering (AML)	ICD	30-May-18

EVELIA B. TIZON, VICE CHAIRPERSON, REGULAR TRUSTEE

Course	Provider	Date
Parliamentary Proceedings	ICD	4-Jul-20
Crisis Ready Board: How to Lead in Times of Turbulence	ICD	21-Aug-20
Enterprise Risk Management	ICD	3-Oct-20
Advanced Corporate Governance Training	ICD	28-May-18
Anti-Money Laundering (AML)	ICD	30-May-18

JUPITER B. BONILLA, BOARD MEMBER, REGULAR TRUSTEE

Course	Provider	Date
Parliamentary Proceedings	ICD	4-Jul-20
Crisis Ready Board: How to Lead in Times of Turbulence	ICD	21-Aug-20
Enterprise Risk Management	ICD	3-Oct-20
Advanced Corporate Governance Training	ICD	28-May-18
Anti-Money Laundering (AML)	ICD	30-May-18

MA. VERONICA B. SIERRA, BOARD MEMBER, REGULAR TRUSTEE

Course	Provider	Date
Finance and Business Restructuring During and After Crisis	ICD	23-Jun-20
Parliamentary Proceedings	ICD	4-Jul-20
Crisis Ready Board: How to Lead in Times of Turbulence	ICD	21-Aug-20
Enterprise Risk Management	ICD	3-Oct-20
Advanced Corporate Governance Training	ICD	28-May-18
Anti-Money Laundering (AML)	ICD	30-May-18

ROMEO M. MAGDAONG, BOARD MEMBER, REGULAR TRUSTEE

Course	Provider	Date
Parliamentary Proceedings	ICD	4-Jul-20
Crisis Ready Board: How to Lead in Times of Turbulence	ICD	21-Aug-20
Enterprise Risk Management	ICD	3-Oct-20
Advanced Corporate Governance Training	ICD	28-May-18
Anti-Money Laundering (AML)	ICD	30-May-18

ADOLFO A. IBAÑEZ, BOARD MEMBER, INDEPENDENT TRUSTEE

Course	Provider	Date
Parliamentary Proceedings	ICD	4-Jul-20
Enterprise Risk Management	ICD	3-Oct-20
Advanced Corporate Governance Training	ICD	28-May-18
Anti-Money Laundering (AML)	ICD	30-May-18

RYAN ARTHUR DG. PADILLA, BOARD MEMBER, INDEPENDENT TRUSTEE

Course	Provider	Date
Parliamentary Proceedings	ICD	4-Jul-20
Crisis Ready Board: How to Lead in Times of Turbulence	ICD	21-Aug-20
Enterprise Risk Management	ICD	3-Oct-20

MILDRED C. CEREZO, BOARD SECRETARY

Course	Provider	Date
Parliamentary Proceedings	ICD	4-Jul-20
Enterprise Risk Management	ICD	3-Oct-20
Advanced Corporate Governance Training	ICD	28-May-18
Anti-Money Laundering (AML)	ICD	30-May-18

ZORAHAYDA A. CAFIRMA, BOARD TREASURER

Course	Provider	Date
Parliamentary Proceedings	ICD	4-Jul-20
Crisis Ready Board: How to Lead in Times of Turbulence	ICD	21-Aug-20
Enterprise Risk Management	ICD	3-Oct-20
Advanced Corporate Governance Training	ICD	28-May-18
Anti-Money Laundering (AML)	ICD	30-May-18

ROBERT ABAO, AUDITOR

Course	Provider	Date
Advanced Corporate Governance Training	ICD	28-May-18
Anti-Money Laundering (AML)	ICD	30-May-18

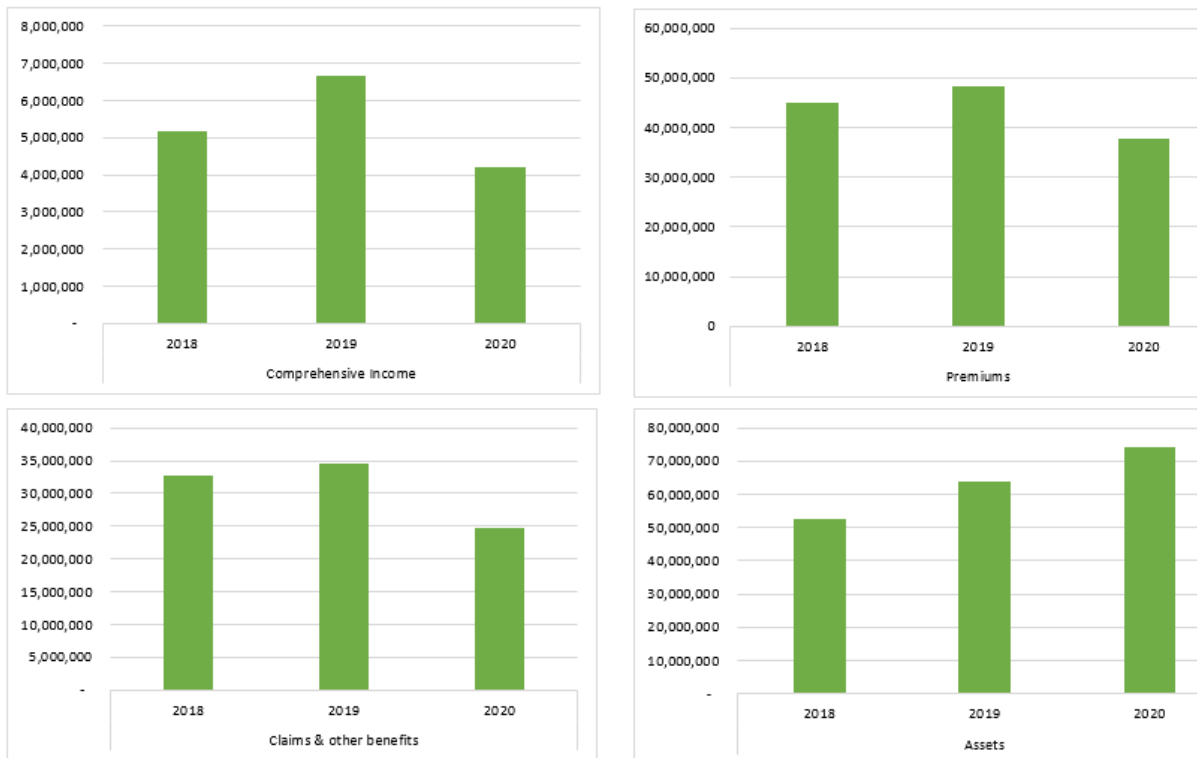
Cushioning
the Impact of
Tough Times
Through Solicitude
and Solidarity

TREASURER'S REPORT

2020 TREASURER’S REPORT

The COVID-19 pandemic has posed a sudden and unexpected shock to the global economy. The insurance companies were affected depending on different factors such as liquidity, reliance on reinsurance, level of assets and protection that reinsurers have in place. There are indications of reducing profits, stable assets and increasing claims. Indeed, the year 2020 is a difficult year, yet the Natcco Mutual Benefit Association, Inc. remains to be strong despite experiencing operational challenges.

The financial impact shows that comprehensive income is reduced by 37.22% as compared from the previous year. The total premiums have dropped by 21.96%, claims and other benefits have decreased by 28.04% and assets have increased by 16.03%.



Due to the limited economic activity, premiums have reduced. Profits have significantly decreased because more claims are being paid out than premiums collected over the period. Expenses have also increased due to additional spending on social responsibility to help our members fight the pandemic and to assist those that are devastated by the consecutive typhoons that hit our country and actuarial valuations on the retirement benefit of the employees. The cost of governance also contributed to the increase in expenses as the Board of Trustees and committees held meetings necessary to create charters, draft and review policies of the NMBAI.

Total Assets amounting to P74.0 million have increased by P10.22 million from the prior year of P63.80 million. This is mainly due to the additional investment in the Unit Investment Trust Funds (UITF) – BPI Bayanihan Fund, membership certificate loans and computerization cost, an enhanced system to simplify claim process, accounting and reporting. Cash balances is steady at P31.57 million in 2020 and P30.90 million in 2019.

The Financial Statements as of December 31, 2020 were audited by Banaria, Banaria & Company and approved by the Board of Trustees last April 12, 2021.

Let us bounce forward, protect the health and safety of our employees and partners as our top most concern. I am afraid that we will continue to work and perform our operations virtually but on the other hand, having a remote workforce increased collaboration between the Board of Trustees, management and staff, members and partners through technology and digital transformation.



ZORAHAYDA A. CAFIRMA
Treasurer

Cushioning
the Impact of
Tough Times
Through Solicitude
and Solidarity

AUDIT COMMITTEE REPORT

AUDIT COMMITTEE REPORT

(Adolfo A. Ibañez, Ryan Arthur DG. Padilla, Ma. Veronica B. Sierra, Jupiter B. Bonilla)

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

Governance

For the period June 2020 to May 2021, the Board of Trustees and the Committees conducted a total of 52 meetings and passed 64 resolutions.

	# of Meetings
• Board of Trustees	11
• Oversight and Audit Committee	6
• Nomination Committee	6
• Corporate Governance Committee	2
• Related Party Transaction	2
• Board Oversight Risk Committee	3
• Executive Committee	5
• Investment Committee	2
• Policy Review Committee	4
• Product Review and Development Committee	2
• Marketing Committee	6
• MIS Committee	3

The officers were busy in crafting various policies in response to the requirements of the new Code of Corporate Governance. The following polices were created and approved by the Board of Trustees:

- Anti-corruption Policy and Activities
- Customer Welfare
- Environmental Friendly Value Chain
- Safeguarding Creditors' Rights
- Policy on Flexible Work Arrangement due to COVID-19 Community Quarantine
- Equity Enhancement Policy
- Capacity Building Program for Board of Trustees
- Amendment on Code of Election
- Code of Conduct
- Board Diversity Policy
- Committee Charters:
 - a. Audit Committee
 - b. Corporate Governance Committee
 - c. RPT Committee

- d. Board Risk Oversight Committee
- e. Nomination Committee
- f. Investment Committee
- g. Product Review and Development Committee
- h. Executive Committee
- i. Policy Review Committee
- j. Marketing Committee

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 2020 is 79 out of 100 points or “Good” **Performance**. The Association due to the pandemic, didn’t achieve growth in its business in 2020, thus, the 0 points in R (rate of growth in business). However, big improvement on governance side was achieved particularly on the requirements of Corporate Governance.

NMBAI’s Internal Auditor conducted audit on November 9 – 11, 2020. From his 17 findings and recommendations, 14 were closed.

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 presents fairly, in all material respects, the financial position of NATCCO MBI as of December 31, 2019 and 2020, and of its financial performance and its cash flows for the years then ended, in accordance with the Philippine Financial Reporting Standards.

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

Further, this committee recommends to retain the services of Banaria and Banaria as external auditor of MBI for 2021.



ATTY. ADOLFO A. IBAÑEZ
Audit Committee Chairperson

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the Impact of
Tough Times
Through Solicitude
and Solidarity

NOMINATION COMMITTEE REPORT

NOMINATION COMMITTEE REPORT

(Evelia Bardos-Tizon, Ma. Veronica Sierra, Romeo Magdaong)

1. SCHEDULE OF ELECTION

The NMBAI 2021 Election is scheduled on May 25, 2021 during its Annual Meeting through videoconferencing. This mode was applied during the 2020 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 June 20, 2020 will be implemented this year. (Annex A)

2. MEMBERSHIP COUNT AS OF DECEMBER 31, 2020 (see Annex B)

2.1. Total of 65,393 Proxy votes from Partner-Cooperatives.

2.1.1. Represented – 51,149 proxy votes

2.1.2. Unrepresented and assigned to the NMBAI Chairperson – 14,244 proxy votes

2.2. Total of 1,171 Direct votes from

2.2.1. 24 NMBAI Officers and Staff

2.2.2. 30 MICOOP Group (NATCCO)

2.2.3. 1,099 NMBAI Incorporators (7 at 157 votes each)

2.3. Based on the Board Resolutions received, as of April 30, forty-two (42) partner-cooperatives will be represented during the Annual Meeting to cast their proxy votes.

3. VACANT SEATS

3.1. One (1) Regular Board of Trustees to serve for three (3) years

3.2. Two (2) Independent Trustees to serve for one (1) year

4. OFFICIAL CANDIDATES

4.1. For Regular Board of Trustee – JUPITER BONILLA

4.2. For Independent Board of Trustee

4.2.1. ATTY ADOLFO IBANEZ

4.2.2. RYAN ARTHUR DG PADILLA

5. 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:

1. Insurance
2. Legal
3. Finance and Audit
4. Information Technology
5. Taxation
6. Risk Management
7. Cooperative Management
8. Human Resource
9. Sales and Marketing
10. Corporate Governance
11. Total Quality Management
12. Research and Development

6. NOMCOM RECOMMENDATIONS

- 6.1. Inclusion of a provision in the Election Code regarding the action to be taken when there is no candidate or when there is just an exact number of candidates during election.
- 6.2. Study where the 157 votes assigned to incorporators originated.
- 6.3. Study and document privileges for Incorporators.
- 6.4. Study the following concerns on age
 - 6.4.1. For regular Trustees, qualified age is up to 65 only. They cease to be a member of NATCCO MBA at 65. But for Independent Trustee, there is no age requirement.
 - 6.4.2. Insurance coverage for Independent Trustee with age beyond 65
 - 6.4.3. Insurance coverage for committee members appointed by the Board of Trustees, outside NMBAI



EVELIA BARDOS-TIZON
NOMCOM Chairperson

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:

1. PREPARATION FOR VIRTUAL ELECTION

All members and representatives of partner-cooperatives must submit official gmail e-mail address, messenger account and cellphone number to NOMCOM, at least fifteen (15) days before the election day. NMBAI assures protection of the personal information as per Data Privacy Act.

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

2. The guidelines for the Filing of Candidacy during election in person will apply to virtual set up.

3. Campaign

3.1. Two (2) weeks before election, the NOMCOM will email the official List of Candidates, which will include their qualifications and achievements, to the official gmail 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 at the NMBAI website and Facebook page.

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

3.3. 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.

4. Release of Election Link

To ensure proper and orderly conduct of virtual election, the election link and the e-ballot number will be emailed, a day before the Annual Meeting, to the official gmail 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.



5. Conduct of Virtual Election

- 5.1. The election will start and end upon announcement of the NOMCOM Chair.
- 5.2. Voters will log-in to their registered gmail account where the election link was sent. The voter clicks the link and casts his/her vote.
- 5.3. In case of power failure or poor internet connection, the voter must inform NOMCOM thru NMBAI's official cellphone number or Messenger account. After validation, the NOMCOM will then advise the voter on the alternative method of casting votes.
 - 5.3.1. Authorized staff, with the presence of the NOMCOM, will encode in the e-ballot tally sheet, the votes received thru messenger and SMS upon validation.
 - 5.3.2. Proper documentation on votes received thru messenger and SMS will be undertaken.

6. Appreciation of E-ballots and Proclamation of Winners

- 6.1. The Nomination Committee will validate the votes based on the following unique identifications:
 - 6.1.1. assigned ballot number
 - 6.1.2. registered gmail account
- 6.2. The assigned ballot number and the registered gmail address must match. If not, it will be declared void.
- 6.3. Only votes of those confirmed in attendance will be counted. Votes casted by those not in attendance will be considered void.
- 6.4. 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.
- 6.5. NOMCOM presents the result of the virtual election in the shared screen of the designated digital channel and declares the winners accordingly.

7. Virtual Election Forms



[OFFICIAL E-BALLOT] NATCCO MBAI 2021 ANNUAL MEETING ELECTION

PLEASE, FILL OUT ALL THE ELECTION SEATS FOR BOARD OF TRUSTEES, OTHERWISE, IT
WILL NOT BE COUNTED.

* Required

Email address *

Your email

WHAT IS YOUR E-BALLOT NUMBER: *

Your answer

REGULAR BOARD OF TRUSTEES 1: *

REGULAR BOARD OF TRUSTEES 2: *

(This must be different from number 1)

Untitled Section

INDEPENDENT TRUSTEES 1: *

Choose ▼

A copy of your responses will be emailed to the address you provided.

Back Submit

Never submit passwords through Google Forms.

NATCCO MBAI

PROXY VOTES as of DECEMBER 31, 2020

COOP NAME	COOP CODE	TOTAL PROXY VOTES
ALIPAO MULTI-PURPOSE COOPERATIVE	AMAI	945
AGRA PROGRESO MULTI-PURPOSE COOPERATIVE	AODI	987
BAYANIHAN HUNDRED ISLANDS AGRARIAN REFORM COOPERATIVE	BALM	1,011
BANTOLINAO FARMERS MPC- ANTEQUERRA	BANT	108
BACLAY MULTI-PURPOSE COOPERATIVE	BATU	2,574
BACOLOD CITY SAVINGS AND CREDIT COOPERATIVE	BBAC	6
BUKLOD NG BUHAY ARC MULTI-PURPOSE COOPERATIVE	BBUE	300
BAAO PARISH MULTI-PURPOSE COOPERATIVE - GOA BRANCH	BGOA	1,398
BAGGAK TI DAYA DEVELOPMENT COOPERATIVE	BLAO	75
BACBACAN MULTI-PURPOSE COOPERATIVE	BLEB	1,415
BONBONON FARMERS AGRARIAN REFORM MPC-MANJUYOD BRANCH	BMAN	359
BACARRA SAVINGS AND CREDIT COOPERATIVE	BSBA	197
BONBONON FARMERS MULTI-PURPOSE COOPERATIVE- SIATON	BSIA	732
BATONG PALOWAY AGRARIAN REFORM COOPERATIVE	BVIR	804
CADIZ CITY CREDIT COOPERATIVE (C4)	CCAD	37
CAMARINES SUR MPC - CALABANGA	CCAL	494
CARMEN MULTI PURPOSE COOPERATIVE-BOHOL	CCAR	5
CAMARINES NORTE DEV'T COOP- DAET	CDAE	52
DUR-AS SAVINGS AND CREDIT COOPERATIVE	DBAN	63
DEPARTMENT OF AGRARIAN REFORM MULTI-PURPOSE COOPERATIVE	DDIL	138
DUMANGAS AGRARIAN REFORM COOPERATIVE	DDUM	238
DAGOHOY MULTI-PURPOSE COOPERATIVE	DKAP	1,473
DEVELOPMENT WORKERS FOR SAVINGS AND CREDIT COOPERATIVE (DEWSECO)	DMAB	36
DALAWINON FARMERS MULTI-PURPOSE COOPERATIVE	DMAG	1,225
DAVAO DE ORO SAVINGS AND CREDIT COOPERATIVE	DOMO	736
DEL ROSARIO MULTI-PURPOSE COOPERATIVE	DPIL	329
FIVE STAR MULTI-PURPOSE COOPERATIVE - ALLACAPAN BRANCH	FALA	518

FIVESTAR MULTI PURPOSE COOPERATIVE- CAUAYAN BRANCH	FCAU	394
FIVE STAR MULTI PURPOSE COOPERATIVE- GAMU MAIN	FGAM	775
FIVE STAR MULTI-PURPOSE COOPERATIVE-GONZAGA BRANCH	FGON	578
FIVESTAR MULTI PURPOSE COOPERATIVE- ILAGAN BRANCH	FILA	1,612
FIVESTAR MULTI PURPOSE COOPERATIVE - ROXAS BRANCH	FROX	640
FIVESTAR MULTI PURPOSE COOPERATIVE -SANTIAGO BRANCH	FSAN	563
FIVESTAR MULTI PURPOSE COOPERATIVE - TUGUEGARAO BRANCH	FTUG	859
FIVE STAR MULTI-PURPOSE COOPERATIVE - TUMAUNINI BRANCH	FTUM	992
GO QUIRINIANS SAVINGS AND CREDIT COOPERATIVE	GCAB	419
GLANSAR CREDIT COOPERATIVE- GLAN	GGLA	645
GUIMARAS BRETHREN MULTI-PURPOSE COOPERATIVE	GJOR	568
GP-125 GOLDEN PANCE MULTI-PURPOSE COOPERATIVE	GPAN	109
HACIENDA MARIA PRIMARY MULTI-PURPOSE COOPERATIVE	HSAN	145
BOL-ANON SAVINGS AND CREDIT COOPERATIVE (FORMERLY HATDANNAY-TUBIGON)	HTUB	2
KABANGASAN-MAPUA-DAHILIG ARC COOPERATIVE-BALINGOAN	KBAL	1,120
KISANDAL MULTI-PURPOSE COOPERATIVE- ANTIPAS BRANCH	KISA	342
KISANDAL MULTI-PURPOSE COOPERATIVE- M"LANG BRANCH	KISM	408
KATILINGBANONG PROGRAMA SA MAAYONG PANGLAWAS-KINAUGALINGONG PANINGKAMOT MPC-KABALASAN	KKAB	571
KISANDAL MULTI-PURPOSE COOPERATIVE- KIDAPAWAN (H.O)	KKID	1,615
KAUSWAGAN AGRARIAN REFORM BENEFICIARIES-MPC	KSIO	823
LOURDES MULTI-PURPOSE COOPERATIVE - CALINTAAN BRANCH	LCAL	1,345
LABO PROGRESSIVE MULTI PURPOSE COOPERATIVE- CAPALONGA BRANCH	LCAP	257
LIMBAHAN SMALL COCONUT FARMERS AND WOMEN MPC - LUPON	LLUP	600
LOURDES MULTI PURPOSE COOPERATIVE- MAGSAYSAY	LMAG	834
LICO AGRARIAN REFORM COOPERATIVE	LNAV	376
LABO PROGRESSIVE MULTI PURPOSE COOPERATIVE	LPAN	15
LA LIBERTAD AGRARIAN REFORM BENEFICIARIES MPC- RIZAL	LRIZ	625
MSU-IIT NATIONAL MULTI-PURPOSE COOPERATIVE-J.C AQUINO BRANCH	MAQU	1
MILLENNIAL CREDIT COOPERATIVE - BAYUGAN	MBAY	166
MSU-IIT NATIONAL MULTI-PURPOSE COOPERATIVE-CALUMPANG BRANCH	MCAL	1
MSU-IIT NATIONAL MULTI-PURPOSE COOPERATIVE-LANGIHAN BRANCH	MLAN	1
MOTHER RITA MULTI-PURPOSE COOPERATIVE-MAIN OFFICE	MLAU	97
MICOOP TEAM	MNET	48
MSU-IIT NATIONAL MULTI-PURPOSE COOPERATIVE-PAGADIAN BRANCH	MPAG	5
MAPILI AGRARIAN BENEFICIARIES MPC- PASSI	MPAS	20
MANGUYANG AGRARIAN REFORM BENEFICIARIES COOPERATIVE	MPIN	223
MANSALAY AGRICULTURE AND FISHERIES MULTI-PURPOSE COOPERATIVE	MROX	1,297
MOTHER RITA MULTI-PURPOSE COOPERATIVE - SAN MAECELINO BRANCH	MSAN	20
MINDORO OCCIDENTAL SUSTAINABLE SKILLS MULTI-PURPOSE COOPERATIVE	MVIS	60

NORTHERN SAMAR SAVINGS AND CREDIT COOPERATIVE	NALL	259
NAGKAHIUSANG MAG-UUMA SA GUIHALINAN COOPERATIVE-BAROBO	NBAR	530
NEC MPC BATASAN BRANCH	NBAT	140
NORTHERN QUEZON SAVINGS AND CREDIT COOPERATIVE	NCAN	26
NEC MPC DAET BRANCH	NDAE	2,611
NEDC (NATCCO NETWORK SUBSIDIARY)	NEDC	2
NATCCO NETWORK EMPLOYEES	NEMP	227
NDMU MULTI-PURPOSE COOPERATIVE	NKOR	3
NMBAI	NMBA	23
NMBA - NATCCO MBAI INCORPORATORS & BOT/OFFICERS AND STAFFS	NMBA	1
NABUA DEV MULTI-PURPOSE COOPERATIVE	NNAB	153
NATCCO NETWORK BOARD OF DIRECTORS AND OFFICERS	NNET	22
NEC MPC SAN PEDRO BRANCH	NPED	2,141
NEC MPC MAIN BRANCH	NPRO	2,012
NEC MPC TAGUIG BRANCH	NTAG	849
PANGASINAN SAVINGS AND CREDIT COOPERATIVE -AGOO BRANCH	PAGO	483
PINGKIAN COMMUNITY DEVELOPMENT COOPERATIVE	PBAM	674
PAYOMPON DEVELOPMENT COOPERATIVE	PMAM	140
PANAY AGRARIAN REFORM COOPERATIVE	PPAS	167
PILI MARKET DEVELOPMENT COOPERATIVE - SIPOCOT BRANCH	PSIP	112
PERPETUAL HELP MULTI-PURPOSE COOPERATIVE or PHCCI-MPC Tacloban	PTAC	92
PANGASINAN SAVINGS AND CREDIT COOPERATIVE - URDANETA	PURD	355
RED RIBBON MULTI-PURPOSE COOPERATIVE - BOD, STAFFS & OFFICERS	RBSO	14
RED RIBBON MULTI-PURPOSE COOPERATIVE - MEMBER	RLIB	205
REGIONAL AND CENTRAL COMELEC EMPLOYEES MPC	RTAC	380
SAN ISIDRO (SN) DEVELOPMENT COOPERATIVE - AGRI BUSINESS CENTER	SABC	42
SANDIGAN SAVINGS AND CREDIT COOPERATIVE	SARG	3
SAMAHAN SA IKAUUNLAD NG PAMAYANAN CREDIT COOP (SIKAPCO)	SBAL	1,218
SAINT VINCENT DE PAUL MULTI PURPOSE COOPERATIVE	SBAS	6
SAN ISIDRO (SN) DEVELOPMENT COOPERATIVE - CALABANGA	SCAL	54
SAN MIGUEL FARMERS AND FISHERS MULTI-PURPOSE COOPERATIVE-EL NIDO BRANCH	SELN	329
SAN ISIDRO (SN) DEVELOPMENT COOPERATIVE - GOA	SGOA	52
SOUTHERN NEGROS AGRARIAN REFORM COOPERATIVE	SHIM	274
SOUTHERN NEGROS CREDIT COOPERATIVE (SONECCO) - KABANKALAN	SKAB	480
SAN ISIDRO (SN) DEVELOPMENT COOPERATIVE-LIGAO	SLIG	330
SAN NICOLAS MULTI-PURPOSE COOPERATIVE	SLUI	219
STA. CRUZ MULTI-PURPOSE COOPERATIVE-MAASIM	SMAA	542
STA. CRUZ MULTI-PURPOSE COOPERATIVE - MALANDAG BRANCH	SMAL	157
SPRINGSIDE IRRIGATOR'S AND FARMERS AGRARIAN REFORM BENEFICIARIES MULTU-PURPOSE COOPERATIVE	SMAR	434
SAN RAMON MULTI-PURPOSE COOPERATIVE	SMAS	371
SAN ISDIRO DEVELOPMENT COOPERATIVE	SNAG	765

SRT OF PALAWAN MULTI-PURPOSE COOPERATIVE	SNAR	395
SAN ISIDRO (SN) DEVELOPMENT COOPERATIVE - PAMPLONA	SPAM	45
STA. CRUZ SAVINGS & DEVELOPMENT COOPERATIVE	SPOB	197
SAN ISIDRO (SN) DEVELOPMENT COOPERATIVE - POLANGUI SATELLITE	SPOL	181
SRT PUERTO PRINCESA COOPERATIVE OF PALAWAN MULTI-PURPOSE COOPERATIVE	SPUE	846
SAN ISIDRO (SN) DEVELOPMENT COOPERATIVE - RAGAY	SRAG	293
SAN MIGUEL FARMERS AND FISHERS MULTI-PURPOSE COOPERATIVE (SMFFMPC)	SROX	743
SPRINGSIDE "ARB"'S" IRRIGATORS & FARMERS MPC -SATELLITE	SSAT	49
SALVACION FARMERS DEVELOPMENT COOPERATIVE- SORSOGON	SSOR	1,043
SAMAHANG MAGSASAKA NG BARANGAY STA. MARIA AGRARIAN REFORM COOPERATIVE	STAN	77
ST. ANTHONY DEVELOPMENT COOPERATIVE	STIW	46
SARANGANI MULTI PURPOSE COOPERATIVE- TUPI	STUP	20
TALOY FARMERS MULTI PURPOSE COOPERATIVE - ATOK BRANCH	TATO	618
TALOY FARMERS MULTI PURPOSE COOPERATIVE - BAGUIO CITY	TBAG	1,986
TANIKALA NG PAGKAKAIŠA MULTI-PURPOSE COOPERATIVE	TBOA	319
TALOY FARMERS MULTI-PURPOSE COOPERATIVE-BUGUIAS BRANCH	TBUG	1,195
TAYABAS COMMUNITY MULTI-PURPOSE COOPERATIVE	TGUM	124
TALISAYON MULTI PURPOSE COOPERATIVE-SAN LORENZO RUIZ BRANCH	TLOR	403
TUMALALUD FARMERS MULTI-PURPOSE COOPERATIVE	TMAM	1,276
TALOY FARMERS MULTI PURPOSE COOPERATIVE- LA TRINIDAD	TTRI	1,948
ZAMBOANGA SIBUGAY CREDIT COOPERATIVE	ZIME	6
ZANORTE COMMUNITY CREDIT COOPERATIVE	ZSIN	161
SUB-TOTAL		64,294
ORIGINAL INCORPORATORS	INCORPORATOR	157
ORIGINAL INCORPORATORS	INCORPORATOR	157
ORIGINAL INCORPORATORS	INCORPORATOR	157
ORIGINAL INCORPORATORS	INCORPORATOR	157
ORIGINAL INCORPORATORS	INCORPORATOR	157
ORIGINAL INCORPORATORS	INCORPORATOR	157
ORIGINAL INCORPORATORS	INCORPORATOR	157
SUB-TOTAL		1,099
TOTAL PROXY VOTES		65,393

Cushioning
the Impact of
Tough Times
Through Solicitude
and Solidarity

2020-2021
BOARD OF
TRUSTEES

NATCCO MBAI

2020 - 2021

BOARD OF TRUSTEES



ELLEN R. PASTORES
CHAIRPERSON - REGULAR BOARD OF TRUSTEE

A member of the Board of Trustees since May 2017, and elected as the Chairperson since then. Prior to joining the BOT, she served as the Internal Auditor of the association. She is 43 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
VICE CHAIRPERSON - REGULAR BOARD OF TRUSTEE

One of the Original Incorporators of NATCCO MBAI and a member of the Board since 2009. She is also the NATCCO MICOOP Group Head, an expert in cooperative administration and very passionate in learning and development. She is 65 years old and a graduate of Bachelor of Science in Public Administration.

NATCCO MBAI

2020 – 2021

BOARD OF TRUSTEES



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



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 54 years old and a graduate of Bachelor of Science in Business Administration and earned 36 units in Master's Degree in Business Administration.

NATCCO MBAI

2020 – 2021

BOARD OF TRUSTEES



MARIA VERONICA B. SIERRA
REGULAR BOARD OF TRUSTEE

A member of the Board of Trustees since May 2012. She is also the MICOOP Special Project Officer/Acting Finance MIS Officer. She is 50 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.



ADOLFO A. IBAÑEZ
INDEPENDENT TRUSTEE

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

NATCCO MBAI 2020 – 2021 BOARD OF TRUSTEES



RYAN ARTHUR DG. PADILLA INDEPENDENT TRUSTEE

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. He is 45 years old, took up AB Political Science and a graduate of BS Business Administration Major in Management.

	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	MARIA 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**

NATCCO MBAI

2020 - 2021

BOARD OFFICERS



MINERVA G. TEJADA
PRESIDENT



MILDRED C. CEREZO
BOARD SECRETARY



ZORAHAYDA A. CAFIRMA
BOARD TREASURER



ROBERT ABAO
BOARD AUDITOR

NATCCO MBAI

2020 – 2021

BOARD COMMITTEES

CORPORATE GOVERNANCE COMMITTEE



EVELIA BARDOS-TIZON
COMMITTEE CHAIRPERSON

Very passionate in corporate governance, ensuring the association's compliance in governance. A leader with vast experience in cooperative sector. She also believes in continuous education and one of the prime movers when it comes to development. She is 65 years old and a graduate of Bachelor of Science in Public Administration.



ELLEN R. PASTORES



JUPITER B. BONILLA



ADOLFO A. IBAÑEZ



**RYAN ARTHUR DG.
PADILLA**

NATCCO MBAI 2020 – 2021 BOARD COMMITTEES

AUDIT COMMITTEE



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 72 1 years old, Juris Doctor and a Master in National Security Administration (MNSA).



MARIA VERONICA B. SIERRA

Graduate of Bachelor of Science in Accountancy, AB Economics, and Master's Degree in Business Administration, with expertise in accounting and financial analysis.



JUPITER B. BONILLA

A current Development Educator of Asian Confederation of Credit Union (ACCU), with an expertise in Financial and accounting, audit and agro enterprise. Graduate of Bachelor of Science in Accountancy, Master in Public Administration and Agro Enterprise Facilitator.



RYAN ARTHUR DG. PADILLA

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. He is 45 years old, took up AB Political Science and a graduate of BS Business Administration Major in Management.

NATCCO MBAI **2020 - 2021** **BOARD COMMITTEES**

RELATED PARTY TRANSACTIONS COMMITTEE



ELLEN R. PASTORES
COMMITTEE CHAIRPERSON



ADOLFO A. IBAÑEZ



**RYAN ARTHUR DG.
PADILLA**

NATCCO MBAI

2020 – 2021

BOARD COMMITTEES

BOARD RISK OVERSIGHT COMMITTEE



RYAN ARTHUR DG. PADILLA
COMMITTEE CHAIRPERSON



ELLEN R. PASTORES



EVELIA BARDOS-TIZON



ROMEO M. MAGDAONG



ZORAHAYDA A.
CAFIRMA

NATCCO MBAI **2020 - 2021** **BOARD COMMITTEES**

NOMINATION COMMITTEE



EVELIA BARDOS-TIZON
COMMITTEE CHAIRPERSON



ROMEO M. MAGDAONG



MARIA VERONICA B.
SIERRA

NATCCO MBAI 2020 - 2021 BOARD COMMITTEES

EXECUTIVE COMMITTEE



ELLEN R. PASTORES
COMMITTEE CHAIRPERSON



EVELIA BARDOS-TIZON
COMM. VICE CHAIRPERSON



ZORAHAYDA A. CAFIRMA
BOARD TREASURER



MINERVA G. TEJADA
PRESIDENT

NATCCO MBAI COMPLIANCE OFFICER

INVESTMENT COMMITTEE



ZORAHAYDA A. CAFIRMA
COMMITTEE CHAIRPERSON



ROMEO M. MAGDAONG



ELLEN R. PASTORES

NATCCO MBAI **2020 – 2021** **BOARD COMMITTEES**

POLICY REVIEW COMMITTEE



EVELIA BARDOS-TIZON
COMMITTEE CHAIRPERSON



ELLEN R. PASTORES



ADOLFO A. IBAÑEZ



ROMEO M. MAGDAONG



**ZORAHAYDA A.
CAFIRMA**

NATCCO MBAI

2020 - 2021

BOARD COMMITTEES

PRODUCT REVIEW AND DEVELOPMENT COMMITTEE



ROMEO M. MAGDAONG
COMMITTEE CHAIRPERSON



RYAN ARTHUR DG.
PADILLA



JUPITER B. BONILLA

NATCCO MBAI **2020 - 2021** **BOARD COMMITTEES**

MARKETING COMMITTEE



JUPITER B. BONILLA
COMMITTEE CHAIRPERSON



RYAN ARTHUR DG.
PADILLA



MILDRED C. CEREZO



ZORAHAYDA A.
CAFIRMA

NATCCO MBAI

2020 - 2021

BOARD COMMITTEES

MANAGEMENT INFORMATION SYSTEM COMMITTEE



RYAN ARTHUR DG. PADILLA
COMMITTEE CHAIRPERSON



ROMEO M. MAGDAONG



MARIA VERONICA B.
SIERRA

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 MBAI COMPLIANCE OFFICER



MINERVA G. TEJADA

Ms. Tejada joined NATCCO MBAI 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

Cushioning
the Impact of
Tough Times
Through Solicitude
and Solidarity

**OPERATIONS
TEAM**

NATCCO MBAI OPERATIONS TEAM



MINERVA G. TEJADA
PRESIDENT



YANI M. YUGO
ACCOUNTING SUPERVISOR



JENNIFER M. ESTOCADA
CLAIMS SUPERVISOR



JENIÑA D.J. DELA CRUZ
MARKETING OFFICER



MA. CHERISH G. SALSONA
MIS SUPERVISOR



MA. ELIZABETH B. AQUINO
MIS STAFF



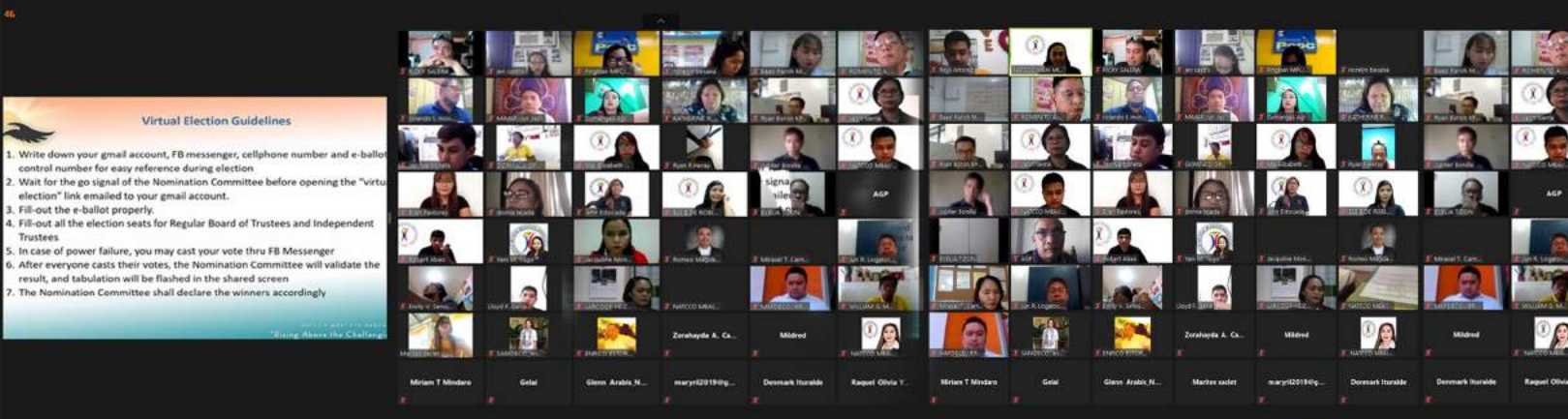
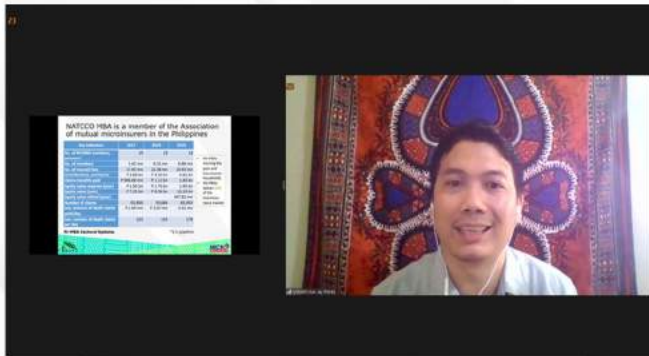
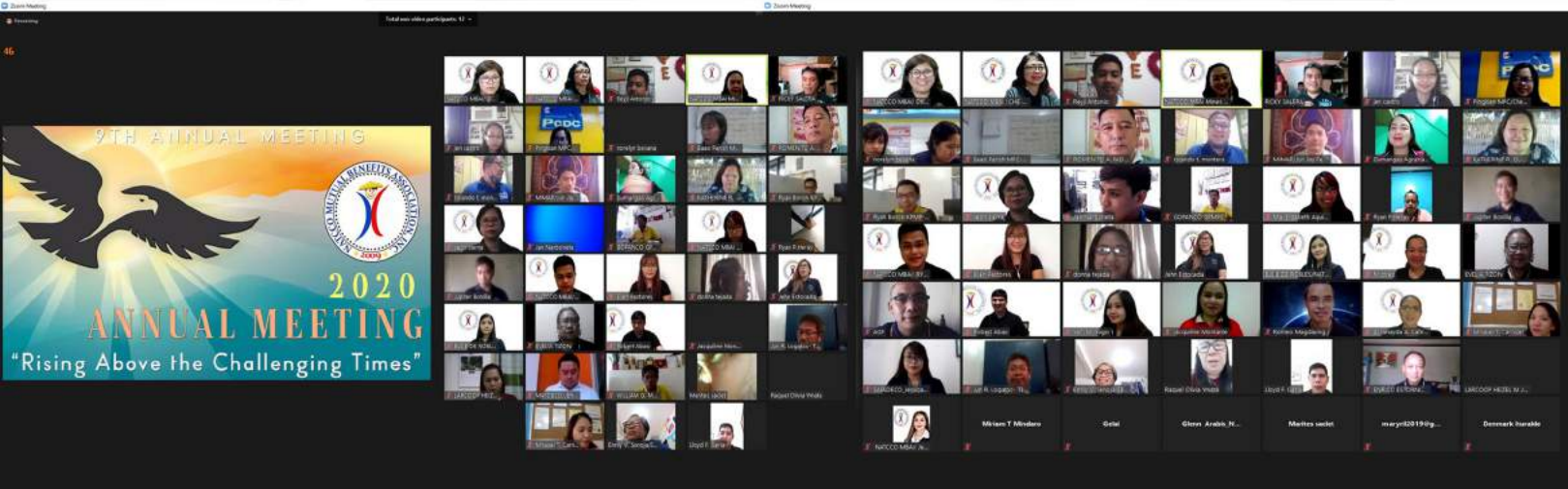
DHONNA R. FRANCISCO
ACCOUNTING STAFF

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NATCCO MBAI ACTIVITIES

NATCCO MBAI 2020 Activities

NATCCO MBAI 9th Annual Meeting held on May 25, 2021



NATCCO MBAI FACEMASK DISTRIBUTION



Northern Quezon Savings and
Credit Cooperative



La Libertad Agrarian Reform
Beneficiaries Cooperative



Pangasinan Savings and Credit Cooperative

NATCCO MBAI FACEMASK DISTRIBUTION



Agra Progreso Multipurpose Cooperative



Fivestar Multipurpose Cooperative

NATCCO MBAI

LAKBAY MALASAKIT PROGRAM

NATCCO MBAI donated relief good for cooperatives affected by Thypoons.



Buklod ng Buhay Arc Multipurpose Cooperative



Five Star Multipurpose Cooperative



Nabua Development Multipurpose Cooperative

NATCCO MBAI

LAKBAY MALASAKIT PROGRAM

NATCCO MBAI donated relief good for cooperatives affected by Thypoons.



San Isidro Development Cooperative



St. Anthony Development Cooperative



Talisaynon Multipurpose Cooperative

Cushioning
the Impact of
Tough Times
Through Solicitude
and Solidarity

**NATCCO MBAI
PARTNER
COOPERATIVES**

NATCCO MBAI PARTNER COOPERATIVES

LUZON

- Agra Progreso MPC
- Baa0 Parish MPC
- Bacarra Savings and Credit Cooperative
- Batong Paloway Agrarian Reform Cooperative
- Bayanihan Hundred Islands Agrarian Reform Cooperative
- Buklod ng Buhay ARC MPC
- CamSur MPC
- Del Rosario MPC
- Dur-As Savings and Credit Cooperative
- Five Star MPC
- GP-125 Golden Pance MPC
- Labo Progressive MPC
- Lourdes MPC
- Manguyang Agrarian Reform Beneficiaries Cooperative
- Mansalay Agriculture and Fisheries Development Cooperative
- Nabua Development MPC
- Northern Quezon Savings & Credit Cooperative
- Pangasinan Savings and Credit Cooperative
- Payompon Development Cooperative
- Pili Market Development Cooperative
- Pingkian MPC
- Samahang Magsasaka ng Brgy. Sta. Maria Agrarian Reform Cooperative
- Samahan sa Ikakaunlad ng Pamayanan MPC
- San Miguel Farmers & Fishers MPC
- San Nicolas MPC
- San Ramon MPC
- Self Reliant Team of Palawan MPC
- SRT Puerto Prinsesa Cooperative of Palawan MPC
- St. Anthony Development Cooperative
- Sta. Cruz Savings & Development Cooperative
- Taloy Farmers MPC
- Talisaynon MPC
- Tanikala ng Pagkakaisa MPC
- San Isidro Development Cooperative

NATCCO MBAI PARTNER COOPERATIVES

NCR

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

VISAYAS

- Bonbonon Farmers Agrarian Reform MPC
- Cadiz City Credit Cooperative
- Development Workers for Savings & Credit Cooperative
- Dumangas Agrarian Reform Cooperative
- Guimaras Brethren MPC
- HDA Maria MPC
- Holy Child MPC
- Lico Agrarian Reform Cooperative (LARCOOP)
- Northern Samar Savings and Credit Cooperative
- Panay Agrarian Reform Cooperative
- Perpetual Help MPC
- Regional & Central Comelec Employees MPC
- Saint Vincent De Paul MPC
- Southern Negros Agrarian Reform Cooperative
- Southern Negros Credit Cooperative (SONECCO)
- Tumulalud Farmers MPC

NATCCO MBAI PARTNER COOPERATIVES

MINDANAO

- Aliapo MPC
- Bacbacan MPC
- Baclay MPC
- Dagohoy MPC
- Dalawinon Farmers MPC
- Davao De Oro Credit Cooperative
- Glansar Credit Cooperative
- Kabangasan Mapua Dahilig ARC Cooperative
- Kisandal MPC
- Katilingbanong Programa sa Maayong Panglawas-Kinaugalingong Paningkamot MPC
- Kauswagan Agrarian Reform Beneficiaries MPC
- La Libertad Agrarian Reform Beneficiaries Cooperative
- Limbahan Small Coconut Farmers & Women MPC
- Millenial Credit Cooperative
- Nagkahiusang Mag-uuma sa Guinhalinan Development Cooperative
- Sta. Cruz MPC
- Springside ARB Irrigators and Farmers
- Zamboanga Sibugay Credit Cooperative
- Zanorte Community Credit Cooperative

Cushioning
the Impact of
Tough Times
Through Solicitude
and Solidarity

**NATCCO MBAI
2020 AUDITED
FINANCIAL
STATEMENT**

**NATIONAL CONFEDERATION OF COOPERATIVES MUTUAL BENEFIT
ASSOCIATION (NATCCO MBA), INC.**

227 J. P. Rizal Street, Bayanihan
Project 4, Quezon City

FINANCIAL REPORTS
December 31, 2020 and 2019

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **NATCCO MUTUAL BENEFITS ASSOCIATION INC. (NATCCO MBAI)** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2020, 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 10th day of April, 2021.



INDEPENDENT AUDITORS' REPORT

The Members and the Board of Trustees
NATIONAL CONFEDERATION OF COOPERATIVES
MUTUAL BENEFIT 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 BENEFIT ASSOCIATION (NATCCO MBA), INC.** ("the Association"), which comprise the statements of financial position as at December 31, 2020 and 2019, 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, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

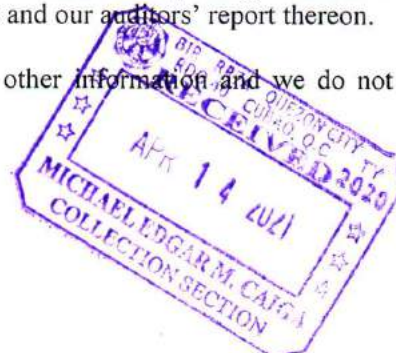
Basis for Opinion

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. The information in the sworn statement is presented per SEC Rule 68 as amended in 2011, part I (4A). The aforementioned information is not required part of the basic financial statements and such 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
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Tax Identification No. 131-938-548
PTR No. 0850461-D, January 26, 2021, Quezon City
CTC No. 25435247, January 26, 2021, Quezon City
BOA Accreditation No. 0030, valid until June 26, 2021 (Firm)
BIR Accreditation No. 07-000408-003-2020, valid until July 10, 2023 (Firm)
BIR Accreditation No. 07-00412-003-2020, valid until June 16, 2020 (Partner)
IC Accreditation No. 27621-IC, valid until October 27, 2025 (Partner)
IC Accreditation No. F-2019-003-R, valid until July 17, 2022 (Firm)

April 12, 2021



NATIONAL CONFEDERATION OF COOPERATIVES
MUTUAL BENEFIT ASSOCIATION (NATCCO MBA), INC.
STATEMENTS OF FINANCIAL POSITION
As of December 31, 2020 and 2019
(Centavo Omitted)

	Note	2020	2019
<u>A S S E T S</u>			
CURRENT ASSETS			
Cash	7	P 31,572,942	P 30,904,047
Trade and other receivables	8	2,224,826	550,773
Financial asset at fair value through profit or loss	9	5,653,946	5,403,745
Other funds and deposits	10	677,851	675,362
Other current assets	11	311,315	512,530
Financial assets at amortized costs - short term	14	-	2,429,700
Total		<u>40,440,880</u>	<u>40,476,156</u>
NON-CURRENT ASSETS			
Property and equipment, net	12	1,439,104	490,539
Membership certificate loans	13	15,295,631	10,462,686
Financial assets at amortized costs - long term	14	16,821,975	12,334,582
Other non-current asset	15	7,333	15,333
Total		<u>33,564,043</u>	<u>23,303,140</u>
TOTAL ASSETS		<u>P 74,004,923</u>	<u>P 63,779,296</u>
<u>LIABILITIES AND FUND BALANCE</u>			
CURRENT LIABILITIES			
Liability on individual equity value	16	P 30,418,477	P 26,338,873
Members contribution received in advance	17	12,930,665	13,863,516
Claims payable on basic contingent benefit	18	2,548,971	1,699,898
Optional benefit reserves	19	2,036,783	2,886,810
Claims payable on optional benefit	20	1,334,868	895,416
Basic contingent benefit reserve	21	706,484	1,194,159
Other payables	22	5,470,212	524,910
Total		<u>55,446,459</u>	<u>47,403,582</u>
NON-CURRENT LIABILITY		766,215	862,651
Post-employment benefits liability		<u>766,215</u>	<u>862,651</u>
TOTAL LIABILITIES		56,212,674	48,266,233
TOTAL FUND BALANCE (Exhibit C)		<u>17,792,249</u>	<u>15,513,063</u>
TOTAL LIABILITIES AND FUND BALANCE		<u>P 74,004,923</u>	<u>P 63,779,296</u>



EXHIBIT A

**NATIONAL CONFEDERATION OF COOPERATIVES
MUTUAL BENEFIT ASSOCIATION (NATCCO MBA), INC.
STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2020 and 2019
(Centavo Omitted)**

	Note	2020	2019
PREMIUMS AND CONTRIBUTIONS	24	P 39,401,845	P 48,158,176
Premiums ceded to reinsurers-micro		(1,779,802)	-
Total		37,622,043	48,158,176
OTHER INCOME	27	415,396	804,589
TOTAL INCOME		38,037,439	48,962,765
EXPENSES	25		
Benefit expenses		16,851,433	16,752,256
Other benefit expenses		7,983,217	17,761,425
Total		(24,834,650)	(34,513,681)
NET INCOME BEFORE OPERATING EXPENSES		13,202,789	14,449,084
OPERATING EXPENSES	26	(9,316,048)	(7,863,023)
NET INCOME AFTER OPERATING EXPENSES		3,886,741	6,636,061
OTHER COMPREHENSIVE INCOME			
Beginning balance	23	42,559	243,711
Remeasurement of post-employment benefit costs		263,319	(201,152)
Ending balance		305,878	42,559
TOTAL COMPREHENSIVE INCOME		4,192,619	P 6,678,620



EXHIBIT B

NATIONAL CONFEDERATION OF COOPERATIVES
MUTUAL BENEFIT ASSOCIATION (NATCCO MBA), INC.
STATEMENTS OF CHANGES IN FUND BALANCE
For the Years Ended December 31, 2020 and 2019
(Centavo Omitted)

	Note	2020	2019
ASSIGNED FUNDS	28		
<i>Guaranty Fund</i>			
Balance - beginning	P	16,130,471	P 13,722,562
Transfer from free and unassigned funds		1,970,092	2,407,909
Balance - end		18,100,563	16,130,471
<i>Member's Benefits</i>			
Balance - beginning		1,231,586	247,271
Add: Allocation from free and unassigned funds		-	1,269,315
Less: Utilization		-	(285,000)
Balance - end		1,231,586	1,231,586
<i>Office/Services Upgrading</i>			
Balance - beginning		98,744	463,954
Prior period adjustment		-	(160,637)
Adjusted beginning balance		98,744	303,317
Allocation from free and unassigned funds	(98,744)	-
Less: Utilization		-	(204,573)
Balance - end		-	98,744
<i>Product Development</i>			
Balance - beginning		96,972	367,714
Allocation from free and unassigned funds	(96,972)	845,555
Less: Utilization		-	(1,116,297)
Balance - end		-	96,972
FREE AND UNASSIGNED FUNDS			
Balance - beginning		(2,087,269)	6,484,326
Prior period adjustments	29	(1,675,158)	(10,845,512)
Adjusted beginning balance		(3,762,427)	(4,361,186)
Transfer to assigned funds		(1,970,092)	(4,362,144)
Excess of receipts over expenses (Exhibit B)		3,886,741	6,636,061
Balance - end		(1,845,778)	(2,087,269)
OTHER COMPREHENSIVE INCOME			
Beginning balance		42,559	113,512
Remeasurement of post-employment benefit costs	23	263,319	(70,953)
Total		305,878	42,559
TOTAL FUND BALANCE (To Exhibit A)	P	17,792,249	P 15,513,063



**NATIONAL CONFEDERATION OF COOPERATIVES
MUTUAL BENEFIT ASSOCIATION (NATCCO MBA), INC.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2020 and 2019
(Centavo Omitted)**

	Note	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before adjustments to reserve (Exhibit B)		P 3,886,741	P 6,636,061
Adjustments for non-cash transactions:			
Depreciation	12	233,013	201,029
Amortization	15	8,000	8,000
Prior period adjustments	29	(1,675,158)	(10,845,512)
Allocation of assigned fund	28	(1,970,092)	(1,954,234)
Remeasurement of post employment liability	23	263,319	(70,953)
Assigned fund balance	28	(195,716)	-
Operating income before working capital changes		550,107	(6,025,609)
Decrease (increase) in:			
Trade and other receivables	8	(1,674,053)	(445,261)
Additional financial assets through profit or loss	9	(250,201)	(403,745)
Other funds and deposits	10	(2,490)	(3,424)
Other current assets	11	201,215	(4,447)
Increase (decrease) in:			
Liability on individual equity	16	4,079,604	10,541,256
Members contribution received in advance	17	(932,851)	4,771,479
Additional post-employment benefits liability	23	(96,436)	234,373
Claims payable on basic contingent benefit	18	849,073	-
Optional benefit reserves	19	(850,027)	-
Claims payable on optional benefit	20	439,452	-
Basic contingent benefit reserve	21	(487,675)	-
Other payables	22	4,945,302	1,497,517
Net cash provided by operating activities		<u>6,771,020</u>	<u>10,162,139</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Additional membership certificate loans	13	(4,832,945)	(4,858,222)
Decrease in financial assets at amortized cost - short term	14	2,429,700	9,024,412
Additional financial assets at amortized cost - long term	14	(4,487,393)	(12,334,582)
Acquisition of property and equipment	12	(1,181,579)	(177,265)
Net cash provided by (used in) investing activities		<u>(8,072,217)</u>	<u>(8,345,657)</u>
CASH FLOWS FROM FINANCING ACTIVITY			
Utilization of assigned funds		<u>1,970,092</u>	<u>348,363</u>
Net cash used in financing activity		<u>1,970,092</u>	<u>348,363</u>
NET INCREASE IN CASH		668,895	2,164,845
CASH, BEGINNING		<u>30,904,047</u>	<u>28,739,202</u>
CASH, END		<u>P 31,572,942</u>	<u>P 30,904,047</u>



**NATIONAL CONFEDERATION OF COOPERATIVES
MUTUAL BENEFITS ASSOCIATION (NATCCO MBA), INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020 and 2019
(All Amounts in Philippine Peso)**

Note 1 - CORPORATE INFORMATION

1.1 In General

National Confederation of Cooperatives Mutual Benefit 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 Benefit Association to Non-Stock, Non-Profit Mutual Benefit Association.

The Association has a total of 64,294 and 62,715 active members as of December 31, 2020 and 2019, 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.

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.

1.3 Approval of the Financial Statements

The financial statements of the Association for the year ended December 31, 2020 (including the comparative for the year ended December 31, 2019) were approved and authorized for issue by the Board of Trustees on April 13, 2021.

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, 2018, 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 2019

- a) Effective in 2019 that are Relevant to the Company
 - (i) PAS 19 (Amendments), *Employee Benefits - Plan Amendment, Curtailment or Settlement*. The amendments require an entity: (a) to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and to recognize in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling.

b) Effective in 2019 but are not Relevant to the Company

- (ii) PAS 28 (Amendments), *Investment in Associates and Joint ventures - Long-term Interests in Associates and Joint Ventures*. Amendments clarify that an entity applies PFRS 9 including its impairment requirements, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. An entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted.
- (iii) PFRS 9 (Amendments), *Financial Instruments - Prepayment Features with Negative Compensation*. Amendments to the existing requirements in PFRS 9 regarding termination rights in order to allow measurement at amortized cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The sign of the prepayment amount is not relevant, i.e. depending on the interest rate prevailing at the time of termination, the early repayment. The calculation of this compensation payment must be the same for both the case of an early repayment penalty and the case of an early repayment gain. The amendment also include clarification regarding the accounting for a modification or exchange of a financial liability measured at amortized cost that does not result in the derecognition of the financial liability. An entity recognizes any adjustment to the amortized cost of the financial liability arising from a modification or exchange in profit or loss at the date of the modification or exchange. A retrospective change of the accounting treatment may therefore become necessary if in the past the effective interest rate was adjusted and not the amortized cost amount.

The amendments are to be applied retrospectively for fiscal years beginning on or after January 1, 2019, i.e. one year after the first application of PFRS 9 in its current version. Early application is permitted so entities can apply the amendments together with PFRS 9 if they wish so. Additional transitional requirements and corresponding disclosure requirements must be observed when applying the amendments for the first time.

- (iv) PFRS 16, *Leases*. On January 13, 2016, the PASB issued its new standard, PFRS 16, which replaces PAS 17, the current leases standard, and the related Interpretations. Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with PAS 17. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their balance sheets, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of twelve (12) months or less or for which the underlying asset is of low value are exempted from these requirements. The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under PAS 17.

Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value. PFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but only if PFRS 15 is applied at or before the date of initial application of PFRS 16. The Association is currently assessing the impact of PFRS 16 and plans to adopt the new standard on the required effective date once adopted locally.

- (v) Annual Improvements to PFRS Standards 2015–2017 Cycle (Amendments). The pronouncement contains amendments to four International Financial Reporting Standards (PFRSs) as result of the PASB's annual improvements project.

Annual Improvements to PFRS Standards 2015–2017 Cycle makes amendments to the following standards:

- PFRS 3, *Business Combination* - The amendments clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business.
- PFRS 11, *Joint Arrangements* - The amendments clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
- PAS 12, *Income Taxes* - The amendments clarify that all income tax consequences of dividends (i.e. distribution of profits) should be recognized in profit or loss, regardless of how the tax arises.
- PAS 23, *Borrowing Costs* - The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.

- (vi) Philippine Interpretation IFRIC 23, *Uncertainty over Income Tax Treatments Philippine Interpretation*. IFRIC 23 addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12 and does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

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, 2020 and 2019, 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, 2020 and 2019, 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 P5,653,946 and P5,403,745 as of December 31, 2020 and 2019, 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 benefit associations.

The Association's investment amounted to P16,100,000 and P14,100,000 as of December 31, 2020 and 2019, 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 P766,215 and P862,651 as at December 31, 2020 and 2019, respectively (Note 19).

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 P1,439,104 and P490,539 as of December 31, 2020 and 2019, 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 2020 and 2019.

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 P766,215 and P862,651 as of December 31, 2020 and 2019, respectively (Note 19).

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, 2020 and 2019.

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*	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 reserves	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
2019						
<i>Assets and liabilities for which fair values are disclosed</i>						
<u>Financial Assets</u>						
Cash*	7	30,864,047	30,864,047	-	-	30,864,047
Trade and other receivables	8	550,773	-	-	550,773	550,773
Financial asset at fair value through profit or loss	9	5,403,745	5,403,745	-	-	5,403,745
Other fund and deposits	10	675,362	675,362	-	-	675,362
Membership certificate loans	13	10,462,686	-	-	10,462,686	10,462,686
Financial assets at amortized cost – short term	14	2,429,700	-	2,429,700	-	2,429,700
Financial assets at amortized cost – long term	14	12,334,582	-	12,334,582	-	12,334,582
<u>Financial Liabilities</u>						
Liability on individual equity	16	26,338,873	-	-	26,338,873	26,338,873
Members contribution received in advance	17	13,863,516	-	-	13,863,516	13,863,516
Other payables**	18	7,177,137	-	-	7,177,137	7,177,137

* The amount excludes petty cash fund amounting to P40,000 as of December 31, 2020 and 2019, respectively.

**The amount excludes statutory and other payables amounting to P23,005 and P24,056, 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 benefit 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, 2020).

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

	<u>2020</u>	<u>2019</u>
Total liabilities	56,212,674	48,266,233
Total members' equity	<u>17,792,249</u>	<u>15,513,063</u>
Debt-to-equity ratio	<u>P3.16 : P1.00</u>	<u>P3.11 : 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, 2020 and 2019 statements of financial position. The maximum exposure is shown gross, without taking into account collateral and other credit enhancement.

	<u>2 0 2 0</u>	<u>2 0 1 9</u>
Cash in bank	31,532,942	30,864,047
Financial assets at amortized cost	16,821,975	12,334,582
Membership certificate loans	15,295,631	10,462,686
Financial asset at fair value through profit and loss	5,653,946	5,403,745
Trade and other receivables	2,224,826	550,773
Retirement fund	<u>677,851</u>	<u>675,362</u>
 Total	 <u><u>72,207,171</u></u>	 <u><u>60,291,195</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, 2020 and 2019, 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, 2020 and 2019.

2020	Note	Neither past due nor impaired	Past due	Impaired
<i>Financial assets</i>				
Cash*	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	-	-
Retirement fund	10	677,851	-	-
Membership certificate loans	13	15,295,631	-	-
Financial assets at amortized costs – short term	14	-	-	-
Financial assets at amortized costs – long term	14	16,821,975	-	-
<i>Financial liability</i>				
Liability on individual equity value	16	30,418,477	-	-
Members' contribution in advance	17	12,930,665	-	-
Claims payable on basic contingent benefit		2,548,971	-	-
Optional benefit reserves		2,036,783	-	-
Claims payable on optional benefit		1,334,868	-	-
Basic contingent benefit reserve		706,484	-	-
Other payables**	18	5,447,207	-	-
2019	Note	Neither past due nor impaired	Past due	Impaired
<i>Financial assets</i>				
Cash*	7	30,864,047	-	-
Trade and other receivables	8	550,773	-	-
Financial asset at fair value through profit or loss	9	5,403,745	-	-
Retirement fund	10	675,362	-	-
Membership certificate loans	13	10,462,686	-	-
Financial assets at amortized costs – short term	14	2,429,700	-	-
Financial assets at amortized costs – long term	14	12,334,582	-	-
<i>Financial liability</i>				
Liability on individual equity value	16	26,338,873	-	-
Members' contribution in advance	17	13,863,516	-	-
Other payables**	18	7,177,137	-	-

*The amount excludes revolving fund amounting to P40,000 as of December 31, 2020 and 2019, respectively.

**The amount excludes statutory and other payables amounting to P23,005 and P24,056, 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, 2020 and 2019 based on contractual undiscounted payment:

	2020		2019	
	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	30,418,477	-	26,338,873	-
Members contribution received in advance	12,930,665	-	13,863,516	-
Claims payable on basic contingent benefit	2,548,971	-	1,699,898	-
Optional benefit reserves	2,036,783	-	2,886,810	-
Claims payable on optional benefit	1,334,868	-	895,416	-
Basic contingent benefit reserve	706,484	-	1,194,159	-
Other payables **	5,447,207	-	500,854	-
Total	55,423,455	-	47,379,526	-

** Other payables as at December 31, 2020 and 2019 exclude statutory obligations amounting to P23,005 and P24,056, respectively.

Note 7 - CASH

The account consists of the following:

	2020	2019
Cash in bank	31,532,942	30,864,047
Petty cash fund	40,000	40,000
Total	31,572,942	30,904,047

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 2020 and 2019 amounted to P47,404.21 and P53,925 which are included in the other income account (Note 23).

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>2020</u>	<u>2019</u>
Advances to officers and employees	10,078	-
Unremitted members' contributions, dues and fees	-	279,730
Net premiums due and uncollected	-	268,730
Accounts receivable - others	<u>2,214,748</u>	<u>2,313</u>
Total	<u><u>2,224,826</u></u>	<u><u>550,773</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.

Unremitted members' contributions, dues and fees represent members' contributions, fees and dues collected by partner individuals/institutions on membership certificates (basic policies) but which have not been remitted as of the end of the accounting period.

Net premiums due and uncollected represents net premiums due and uncollected at the end of the accounting period on all optional policies which are classified as in force on the Association's valuation records. These are net premiums that are due and uncollected within the grace period.

Accounts receivable – others pertains to 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 forgoing 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 P5,653,946 and P5,403,745 as of the years ended December 31, 2020 and 2019, 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 P677,851 and P675,362 for the years ended December 31, 2020 and 2019, respectively.

Total interest income earned on time deposits for year ended December 31, 2020 and 2019 amounting to P2,490 and P3,424 which are included in the other income account (Note 23).

The above time deposits were restricted for retirement purposes only.

Note 11 - OTHER CURRENT ASSETS

Prepaid reinsurance premium amounting to P311,315 and P512,530 as of December 31, 2020 and 2019 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 2019 and 2020, and the gross carrying amounts and accumulated depreciation of property and equipment are shown below:

Cost	2018	Additions	2019	Additions	2020
Office furniture and fixtures equipment	697,645	105,420	803,065	71,800	874,865
IT equipment	555,556	71,845	627,401	1,109,779	1,737,180
Total	1,253,201	177,265	1,430,466	1,181,579	2,612,045
Accumulated depreciation	2018	Depreciation	2019	Depreciation	2020
Office furnitures and fixtures equipment	507,483	87,524	595,007	108,328	703,335
IT equipment	231,415	113,505	344,920	124,685	469,605
Total	738,898	201,029	939,927	233,013	1,172,940
Carrying value	514,303		490,539		1,439,104

During the year, 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.

For the year 2019, addition to office furniture and fixtures equipment pertains to purchase of one (1) unit of desktop and two (2) units of central processing unit (CPU) while the addition to IT equipment pertains to computer peripherals, Microsoft office, anti-virus, windows 10 software, flash drive, and keyboard.

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 the outstanding balances of loans granted to members at prescribed interest rates, fully secured by the members' equity value of the certificate. 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, 2020 and 2019 amounted to P15,295,631 and P10,462,686, 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>
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>16,100,000</u>	<u>721,975</u>	<u>16,821,975</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.

The face value of investment amounted to P16,100,000 and P14,100,000 as of December 31, 2020 and 2019, respectively.

Total value of investments at amortized cost amounted to P16,821,975 and P12,334,582 as of December 31, 2020 and 2019, 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 2020 and 2019 amounted to P70,300 and P343,495, respectively, which is included in the other income account (Note 23).

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 P8,000 for the years ended December 31, 2020 and 2019 (Note 22).

Carrying value as of December 31, 2020 and 2019 amounted to P7,333 and P15,333, respectively.

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, 2020 and 2019 amounted to P30,418,477 and P26,338,873, respectively.

Increase in individual equity value amounted to P 4,079,604 and P 10,541,256 for the years ended December 31, 2020 and 2019, respectively.

Note 17 - MEMBERS CONTRIBUTION RECEIVED IN ADVANCE

The account represents members contribution received but not yet due/earned amounted to P12,930,665 and P13,863,516 as of December 31, 2020 and 2019, 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 P2,548,971 and P1,699,898 as of December 31, 2020 and 2019 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 P2,036,783 and P2,886,810 as of December 31, 2020 and 2019 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 P1,334,868 and P895,416 as of December 31, 2020 and 2019. 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 P706,484 and P1,194,159 as of December 31, 2020 and 2019 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>2020</u>	<u>2019</u>
Accrued expenses	992,519	400,750
SSS, Pag-ibig, Philhealth contribution and loan payable	48,356	34,789
Withholding tax payable (Note 27)	23,005	24,056
Accounts payable - others	<u>4,406,332</u>	<u>65,315</u>
Total	<u><u>5,470,212</u></u>	<u><u>524,910</u></u>

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

Other accounts payable represents the unidentified deposits in bank account of which nature and payers have not yet identified as of the reporting period.

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 P766,215 and P862,651 as at December 31, 2020 and 2019, 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, 2020 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 0</u>	<u>2 0 1 9</u>
Net defined benefit liability, beginning	862,651	628,278
Add: Post-employment benefit cost (Note 22)	324,201	163,420
Less: Contribution paid	(157,318)	-
Remeasurement of net defined benefit liability (asset)	<u>(263,319)</u>	<u>70,953</u>
Net defined benefit liability, end	<u><u>766,215</u></u>	<u><u>862,651</u></u>

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

	<u>2 0 2 0</u>	<u>2 0 1 9</u>
Present value of defined benefit liability, beginning	862,651	628,278
Contribution paid	(157,318)	-
Remeasurement of net defined benefit liability (asset)	(263,319)	(229,236)
Current service cost	187,636	116,802
Past service cost	93,001	-
Net interest in the net defined benefit liability	<u>43,564</u>	<u>46,618</u>
Present value of defined benefit liability, end	<u><u>766,215</u></u>	<u><u>862,651</u></u>

Note 24 - PREMIUMS AND CONTRIBUTIONS

The account consists of the following:

	<u>2 0 2 0</u>	<u>2 0 1 9</u>
Members contribution	26,607,610	34,881,644
Premiums	12,794,235	13,276,532
Premiums ceded to reinsurers-micro	<u>(1,779,802)</u>	<u>-</u>
Total	<u><u>37,622,043</u></u>	<u><u>48,158,176</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 0</u>	<u>2 0 1 9</u>
Net Benefits/Claims Expenses – Basic Benefits	11,829,074	11,137,962
Net Benefits/Claims Expenses – Optional - Micro	4,698,359	5,300,294
Benefits/Claims expenses – basic benefits (burial)	<u>324,000</u>	<u>314,000</u>
Total	<u><u>16,851,433</u></u>	<u><u>16,752,256</u></u>

B. Other Benefit Expense is computed as follows:

	<u>2 0 2 0</u>	<u>2 0 1 9</u>
Membership enrollment and marketing expense	5,217,106	4,858,194
Increase/(Decrease) on Liability on Individual Equity Value	4,103,814	10,541,255
Reinsurance premium expense	-	1,454,840
Increase/(Decrease) in Reserve for Basic Contingent Benefit	(487,675)	991,737
Increase/(Decrease) in Reserve for Optional Contingent Benefit	<u>(850,028)</u>	<u>(84,601)</u>
Total	<u><u>7,983,217</u></u>	<u><u>17,761,425</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>2 0 2 0</u>	<u>2 0 1 9</u>
Salaries, wages and benefits	3,247,549	2,357,898
Meetings and conferences	1,747,163	1,322,452
Employee welfare and benefits	656,188	1,270,751
Social and community service	618,995	-
Travel expenses	528,842	-
Post-employment benefit costs (Note 23)	481,519	163,420
Technical and professional fees	396,455	254,100
Utilities expense	381,056	431,267
Professional and technical development	319,454	249,347
Depreciation expense (Note 12)	233,013	201,029
SSS/EC/Pag-ibig/Philhealth contributions	188,292	185,495
Representation	158,265	668,837
Office supplies	71,103	70,847
Taxes, licenses and fees (Note 27)	70,556	108,844
Dues and subscription	61,160	54,160
Annual general assembly	50,740	353,531
Insurance expense	18,394	18,394
Investment management fees	8,075	15,000
Amortization (Note 15)	8,000	8,000
Bank and other charges	7,749	16,682
Repairs and maintenance	1,506	26,392
Miscellaneous expense	61,974	86,577
	<u>9,316,048</u>	<u>7,863,023</u>
Total	<u>9,316,048</u>	<u>7,863,023</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>2020</u>	<u>2019</u>
Interest income - investments (Note 14)	70,300	343,495
Interest income - bank deposits (Note 7)	47,404	53,925
Interest income - time deposit (Note 10)	2,490	3,424
Donations and contributions received	45,000	50,000
Others	<u>250,202</u>	<u>403,745</u>
 Total	 <u>415,396</u>	 <u>804,589</u>

Donations and contributions received represents amount received from Paramount Life & General Insurance Corp. and 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 benefit 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 P1,970,092 and P2,407,909 for the years ended December 31, 2020 and 2019, respectively.

Allocation of Free and Unassigned Funds

During the year 2020, 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, 2020) to the following accounts:

	2020		2019	
	<u>Beginning</u>	<u>Utilization</u>	<u>Beginning</u>	<u>Utilization</u>
Members' benefit	1,231,586	-	1,516,586	(285,000)
Office/services upgrading	-	-	303,317	(204,573)
Product development	-	-	1,213,269	(1,116,297)

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>2020</u>	<u>2019</u>
IT equipment	204,573.88	
Retirement actuarial valuation	143,318.42	
Allocation fund assigned for office/services upgrading	98,744.00	-
Allocation fund assigned for product development	96,972.00	-
Withholding taxes payable	-	(73,741)
SSS/ECC/Pag-ibig/Philhealth Contributions Payable	-	(20,780)
Technical and professional fee	-	(19,892)
Prior years expenses	-	47,341
Adjustment of other actuarial items	-	(2,144,176)
Membership contributions received in advance	(2,070,388.63)	(8,634,264)
Unremitted member's contribution, dues and fees	(130,299.08)	
Membership certificate loans	(18,078.34)	-
Total	<u>(1,675,157.75)</u>	<u>(10,845,512)</u>

Prior period adjustments are adjustments of changes in the 2019 beginning balances of member's contribution received in advance, 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 amendment made by the Cooperative in 1604CF for the year 2017.

Technical and professional fee represents amount paid in audit fee for 2018.

Prior years' expenses include previous year's bonus and marketing expenses.

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 2020 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	17,944
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National

License	<u>52,612</u>
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Total	<u><u>70,556</u></u>
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Withholding Taxes

The total withholding taxes for the year ended December 31, 2020 are shown below.

	<u>Paid</u>	<u>Accrued</u>
Compensation	124,636.77	16,689.11
Expanded	<u>31,702.01</u>	<u>6,315.89</u>
Total	<u><u>156,338.78</u></u>	<u><u>23,005.00</u></u>

Deficiency Tax Assessments and Tax Cases

As of December 31, 2020, 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 2020 statements of comprehensive income, which is based on PFRS.

Taxable Revenue

The Association no had taxable revenue for the year ended December 31, 2020.

Deductible Cost of Services

The Association has no deductible costs of services under regular tax regime for December 31, 2020.

Taxable Other Income

The Association has no taxable other income in 2020 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, 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, 2020 and 2019, 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 P798,000 and P816,000 for the years ended December 31, 2020 and 2019, 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 April 13, 2021 which is the date of the financial statements were available to be issued.



NATIONAL CONFEDERATION OF COOPERATIVES MUTUAL BENEFITS ASSOCIATION, INC.

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