

9TH ANNUAL MEETING



2019

ANNUAL REPORT

“Rising Above the Challenging Times”





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ABOUT THE COVER

2020 is the year most of us want to forget. This is so far the worst in our lifetime. Catastrophes. Calamities. Loss of lives. Destroyed natural resources.

Philippines is not spared. The year opened with the eruption of Taal Volcano that resulted into delayed and cancelled flights. Ash-buried houses and properties. Closed business. Deaths, not only of people, but of animals as well. Then the COVID-19 came to our country. It is a global nightmare. Endangered lives. Health emergencies. Breakdown in the medical system. Government struggled to help people cope up. Economic downhill. And even more deaths.

Amid the chaos, humanity is stronger. Even with these tragedies, the human spirit soars just like the eagle, the only bird that loves the storm. The eagle uses the wings of the storm to rise higher than ever. Eagle sees opportunities in the dark clouds. Once it finds the wing of the storm, it stops flapping and uses the pressure of the raging storm to soar the clouds and glide. It gathers greater strength to face even stronger winds. Filipinos are like the eagle. We are resilient, resourceful, innovative and unwavering. We do not give up easily. We find new ways. We transform and adapt to the challenges. We have great minds and even braver souls that can look at these challenges in the eye and hit it with our strong heart. We give part of ourselves to the needy and give them the support and dignity they deserve.

NATCCO MBAI in the middle of all these tragedies and hurdles will never stop fulfilling its promises to you, our members. We will sharpen our saw so that we are ready to cut all the difficulties and achieve triumph in the end. We will consistently strive to be better so that we can deliver the best products and services in the most effective and efficient ways. We will uphold our values and give you the rightful benefits. We will all rise to these challenging times and ascend to success.

NATCCO MBAI and Members. Partnership that would soar to greater heights.

MISSION

WE PROVIDE
FAMILY PROTECTION AND
MEMBER'S SECURITY THROUGH
INSURANCE SERVICES.



VISION

300,000 – strong
MBA by 2025.

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 partners' 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.

PROGRAMME

9TH ANNUAL MEETING
JULY 21, 2020 | 9:00 AM | VIA ZOOM



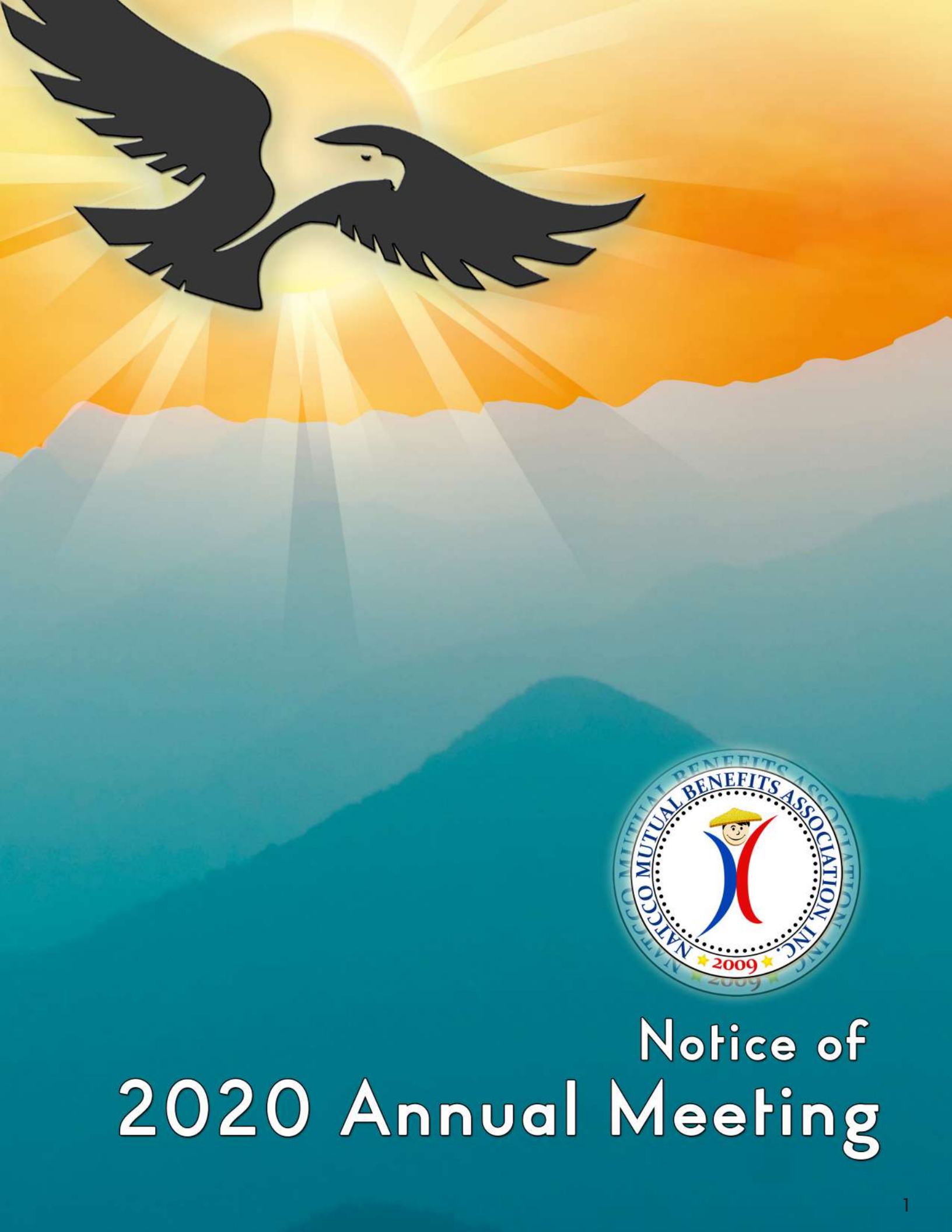
" RISING ABOVE THE CHALLENGING TIMES"

PART I

- INVOCATION
- WELCOME REMARKS: MS. EVELIA BARDOS-TIZON
Vice Chairperson, NATCCO MBAI
- INTRODUCTION OF KEYNOTE SPEAKER
- KEYNOTE SPEAKER: MR. JUNJAY E. PEREZ
Executive Director,
RIMANSI Organization for Asia and
the Pacific, Inc.
- AWARDING:Top 3 Partner-Cooperatives with Highest BLIP and CLIP
Enrollees for 2019
- CLOSING REMARKS: MS. MINERVA G. TEJADA
President, NATCCO MBAI

PART II

- ANNUAL MEETING



Notice of 2020 Annual Meeting

June 29, 2020

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

ELLEN R. PASTORES	- NMBAI CHAIRPERSON, BOARD OF TRUSTEE
EVELIA BARDOS-TIZON	- NMBAI VICE CHAIRPERSON, BOARD OF TRUSTEE
JUPITER B. BONILLA	- NMBAI REGULAR BOARD OF TRUSTEE
LEONARDO S. BANGA	- NMBAI REGULAR BOARD OF TRUSTEE
ROMEO M. MAGDAONG	- NMBAI REGULAR BOARD OF TRUSTEE
VERONICA B. SIERRA	- NMBAI REGULAR BOARD OF TRUSTEE
ADOLFO A. IBANEZ	- NMBAI INDEPENDENT BOARD OF TRUSTEE
RYAN ARTHUR DG. PADILLA	- NMBAI INDEPENDENT BOARD OF TRUSTEE
ZORAHAYDA A. CAFIRMA	- NMBAI BOARD TREASURER
ROBERT ABAO	- NMBAI INTERNAL AUDITOR
JACQUILINE T. MONTANTE	- ALIPAO MULTI-PURPOSE COOPERATIVE
MA. FATIMA A. ALVAREZ	- BAAO PARISH MULTI PURPOSE COOPERATIVE -GOA
DONATILLA T. TEJADA	- BACBACAN MPC- LEBAK
GINA S. GIANAN	- BATONG PALOWAY MULTI PURPOSE COOPERATIVE- VIRAC
ROMENITO A. PADER	- BAYANIHAN HUNDRED ISLANDS ARC
MIRIAM T. MINDARO	- BONBONON FARMERS MPC
MIRASEL CARNIZER	- BUKLOD NG BUHAY ARC MULTI-PURPOSE COOPERATIVE (BBARC MPC)- BUENAVISTA
JORGE N. FUENZALIDA, JR.	- CAMSUR MPC
KATHERINE R. OLIVERA	- DALAWINON FARMERS MULTI PURPOSE COOPERATIVE
WILVEN G. ARNADO	- DAVAO DE ORO CREDIT COOPERATIVE (DDOCC)
KIMBERLY MENDOZA	- DUMANGAS AGRARIAN REFORM COOP
NORELYN S. BESTANA	- GLANSAR CREDIT COOPERATIVE
WILLIAM G. MARTIN SR.	- GP-125 GOLDEN PANCE MULTI-PURPOSE COOPERATIVE
LEMON G. MAGOLIMAN	- GUIMARAS BRETHREN MULTI-PURPOSE COOPERATIVE
MARIA MINERVA LAPUZ	- HAD MARIA MULTI-PURPOSE COOPERATIVE
LEONCITO S. BACLION JR.	- KAUSWAGAN AGRARIAN REFORM BENEFICIARIES-MPC
RYAN U. BORON	- KPMP-KPMPC
HEIZEL MONGE JAVINES	- LICO AGRARIAN REFORM COOPERATIVE
RICKY S. SALERA	- LIMBAHAN SMALL COCONUT FARMERS AND WOMEN COOPERATIVE
ENRICO ESTORNINOS	- LOURDES MULTI-PURPOSE COOPERATIVE
LALAINA RICO	- MANGUYANG AGRARIAN REFORM BENEFICIARIES COOPERATIVE (MARBECO)

JEREMIAS COLANGOY, JR.	- MANSALAY AGRICULTURE AND FISHERIES DEVELOPMENT COOPERATIVE (MAFDECO)
ROLANDO T. MONTERA	- MILLENNIAL CREDIT COOPERATIVE - BAYUGAN
IRISH B. KADUSALE	- MINDORO OCCIDENTAL SUSTAINABLE SKILLS MULTI-PURPOSE COOPERATIVE
GLENN C. ARABIS	- NAGKAHIUSANG MAG-UUMA SA GUINHALINAN DEV'T. COOPERATIVE - NAGMASAGUICO
JENELYN M. DE CASTRO	- NORTHERN QUEZON SAVINGS AND CREDIT COOPERATIVE
OLIVIA M. YMATA	- NORTHERN SAMAR SAVINGS AND CREDIT COOPERATIVE
GIRLIE P. LERO	- PANAY AGRARIAN REFORM COOPERATIVE- PASSI
EDUARDO FELIX V. PAGILAGAN	- PAYOMPON DEVELOPMENT COOPERATIVE (PADECO)
CHESTER G. PILDE	- PINGKIAN COMMUNITY DEVELOPMENT COOPERATIVE
JESSICA SAMANTHA DOB	- SALVACION FARMERS DEVELOPMENT COOPERATIVE
ENRILY V. SENOJA	- SAMAHAN SA IKAUUNLAD NG PAMAYANAN (SIKAP) CREDIT COOPERATIVE
MARK HENRY E. ECOM	- SAN ISIDRO DEVELOPMENT COOPERATIVE
MARITES B. SACLET	- SAN MIGUEL FARMERS AND FISHERS MULTI-PURPOSE COOPERATIVE (SMFFMPC)
LEOPOLDO DC. MANLICLIC	- SAN NICOLAS MULTIPURPOSE COOPERATIVE
MICHAEL JAN P. NARBONETA	- SAN RAMON MULTI- PURPOSE COOPERATIVE
EMMANUEL A. NGUJO	- SPRINGSIDE ARBS IRRIGATORS AND FARMERS MPC
LLOYD F. GERIA	- SRT OF PALAWAN
REYJI E. ANTONIO	- TALISAYON MULTI PURPOSE COOPERATIVE SAN LORENZO RUIZ BRANCH
ANGEL P. GARCIA JR.	- TALOY NORTE FARMERS MULTI-PURPOSE COOPERATIVE
JUN R. LOGATOC	- TANIKALA NG PAGKAKAISA MULTI PURPOSE COOPERATIVE
DHONNA R. FRANCISCO	- NATCCO MBAI OPERATIONS TEAM
ELSIE C. DE ROBLES	- NATCCO MBAI OPERATIONS TEAM
JENNIFER M. ESTOCADA	- NATCCO MBAI OPERATIONS TEAM
MA. CHERISH G. SOLSONA	- NATCCO MBAI OPERATIONS TEAM
MA. ELIZABETH B. AQUINO	- NATCCO MBAI OPERATIONS TEAM
MINERVA G. TEJADA	- NATCCO MBAI OPERATIONS TEAM
YANI M. YUGO	- NATCCO MBAI OPERATIONS TEAM

Notice of Annual Meeting:

Notice is hereby given that the **2020 Annual Meeting of the National Confederation of Cooperatives Mutual Benefits Association, Inc. (NATCCO MBAI)** will be held on **July 21, 2020, at 9:00 AM via Zoom**, the following agenda:

Part 1: ANNUAL MEETING

- I. Call to Order
- II. Roll Call and Determination of Quorum
- III. Approval of Agenda
- IV. Considerations of the Minutes of the 2019 Annual Meeting dated May 28, 2019 and 2019 Special Annual Meeting dated November 11, 2019
- V. Business arising from the Minutes of the 2019 Annual Meeting dated May 28, 2019 and 2019 Special Annual Meeting dated November 11, 2019
- VI. Annual Reports
 1. Chairperson's Report
 2. President's Report
 3. Treasurer's Report
 - 2019 Audited Financial Statement
 4. Audit Committee Report
 5. Nomination Committee Report
- VII. New Business
 1. Approval of 2020 Annual Plan and Budget
 2. Appointment of 2020 External Auditor
- VIII. Election of the Board of Trustees
- IX. Adjournment

PART 2: ORGANIZATIONAL MEETING

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 : nmbaielection2020@gmail.com
FB messenger : <https://www.facebook.com/natccombaiofficial>

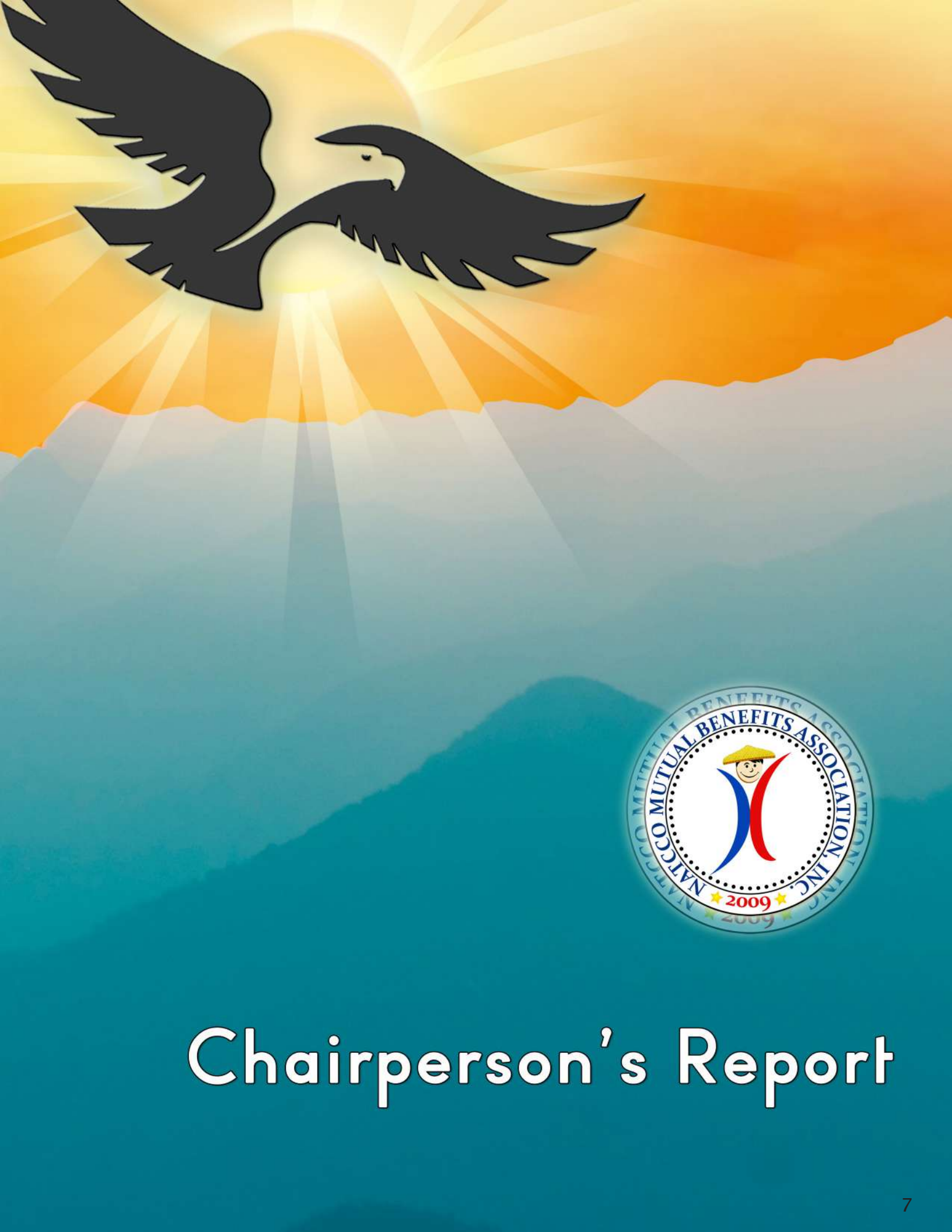
Cooperatively yours,



Mildred C. Cerezo
Board Secretary

Description of the Agenda

- I. **Call to Order.** The Chairperson of the Board of Trustees of NATCCO MBAI, Ms. Ellen R. Pastores, will call the meeting to order.
- II. **Roll Call and Determination of Quorum.** The Board Secretary, Ms. Mildred C. Cerezo, 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 Chairperson will read the Agenda and will ask the Members for their approval.
- IV. **Consideration of the Minutes of the 2019 Annual Meeting held on May 28, 2019, and Special Annual Meeting on November 11, 2019.** A copy of the minutes is with the Office of the Board Secretary and is available for anyone who is interested during regular business hours. A copy is also 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 2019 Annual Meeting and 2019 Special Annual Meeting.** The Chairperson will present an updates on the resolutions passed during the 2019 Annual Meeting and 2019 Special Annual Meeting.
- VI. **Annual Reports.** Ratification of the Board and Management actions, including the 2019 Audited Financial Statement.
- VII. **New Business.** The 2020 Annual Plan and Budget and appointment of External Auditor for the year 2020 will be presented to the Members for approval.
 - As recommended by the Audit Committee, Banaria Banaria & Company is reappointed as the External Auditor of NATCCO MBAI for the year 2020
- VIII. **Election of the Board of Trustees.** The term of two (2) Regular Board of Trustees will expire on July 2020, 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;



Chairperson's Report

CHAIRPERSON'S REPORT

NATCCO MBAI is consistent in aiming for higher endeavors, and empowering the Trustees, Officers, Management and staff to perform much harder and better. This resulted in several projects, internal process enhancements and related-activities with the end 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 MBAI will conduct medical and dental missions in the community while simultaneously facilitating learning sessions about insurance products, healthy lifestyle and financial literacy.



Members Inclusivity.

NATCCO MBAI advocates members' inclusivity. Collaborative partnership and open communication. A true partnership between NATCCO MBAI 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.



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 of 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.



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 a better MIS system, it will not only help the internal process but more importantly, it will ensure more reliable service for the members.



Reliable leadership.

NATCCO MBAI 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.

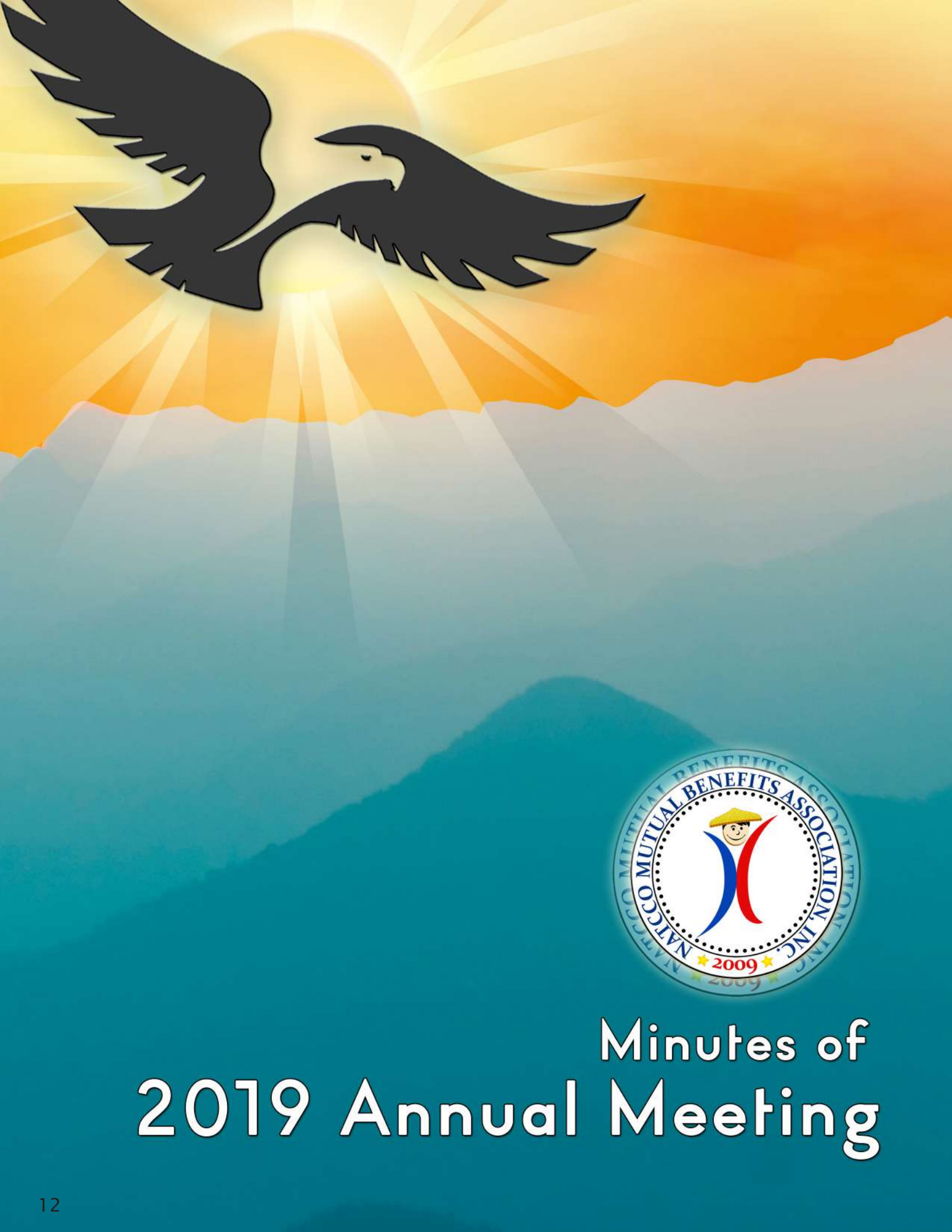


2019 was indeed a good year. And this 2020, even with the challenges we are facing, we will all soar and be successful in the end.

Thank you so much for being a part of NATCCO MBAI family.

A handwritten signature in black ink, appearing to read 'EP' or 'Pastores', written in a cursive style.

ELLEN R. PASTORES
Board Chairperson



Minutes of 2019 Annual Meeting

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**Minutes of the
NATCCO MBAI 2019 Annual Meeting
Eurotel Hotel (Vivaldi), Edsa, Q.C.
May 28, 2019
1:33 p.m. – 5:08 p.m.**

Attendance:

	Name	Representation
1	ABAO, ROBERTO A	NMBAI Auditor
2	ANTIPUESTO, JEMILYN C	NMBAI STAFF
3	AQUINO, MA ELIZABETH B	NMBAI STAFF
4	BANGA, LEONARDO S	NMBAI BOT / COOP REP.: DPIL & NNAB
5	BONILLA, JUPITER B	NMBAI BOT /A.M / COOP REP.: BALM, BSBA, FILA, FCAU, FGAM & FTUG
6	CACERES, ROMULO	SIDECO
7	CAFIRMA, ZORAHAYDA A	NMBAI Treasurer
8	CASTILLO, RONALD	LOURDES MPC
9	CEREZO, MILDRED C	NMBAI BOT SECRETARY
10	EBOÑA, MARY ANN L	MICOOP A.M / COOP REP.: STAN, BBUE, CCAL, LCAP
11	ECON, MARK HENRY	SIDECO
12	ESTOCADA, JENNIFER M	NMBAI STAFF
13	FABRIGAS, MARY JANE	LOURDES MPC
14	FERNANDEZ, RONALD JOSEPH D	IND. TRUSTEE CANDIDATE
15	FRANCISCO, DHONNA R	NMBAI STAFF
16	GALANG, RUSTICO JR U	NMBAI ORIG INCORPORATOR
17	GARCIA, ANGEL JR P	NMBAI BOT / A.M /COOP REP.: TATO, TBAG, TBUG, TTRI, PAGO & PURD
18	GONZAGA, MILAGROS U	Member
19	GUILLAS, CONSTANCIA B	COOP: LOURDES MPC (LMAG & LCAL)
20	IBAÑEZ, ADOLFO A	NMBAI BOT / COOP REP.: PHCCI-MPC Tacloban & RECEMCO

21	LAURILLA, ARLYNE L	COOP: TUMALALUD FARMERS MPC
22	MAGDAONG, ROMEO M	NMBAI BOT / COOP REP.: RED RIBBON MPC
23	MAGSINO, CAROL	GUEST, PHILAM
24	MESIAS, LAUREANO JR B	COOP: SAINT VINCENT DE PAUL MPC
25	NICOLAS, SALVACION P	MICOOP A.M / COOP REP.: STIW, PMAM, MROX, SROX & TBOA
26	PADILLA, RYAN ARTHUR	IND. TRUSTEE CANDIDATE
27	PASTORES, ELLEN R	NMBAI CHAIRPERSON
28	QUIDILLA, MARIA JASMINE J	MICOOP A.M / COOP REP.: GPAN, SLUI, DBAN, SNAR & SPUE
29	RAMIREZ, KRISTINE C	NMBAI STAFF
30	REYES, MARIVIC E	Member
31	SANGGO, RONALDO P	MICOOP A.M / COOP REP.: FROZ, FSN, FTUM & PBAM
32	SENOSA, ENRUY	SIKAP MPC
33	SIERRA, MA VERONICA B	Member
34	SOLSONA, MA CHERISH G	NMBAI STAFF
35	TEJADA, DONATILLA T	MICOOP A.M / COOP REP.: DOMO, LLUP, NBAR, DKAP, DMAG, GGLA & KSIO
36	TEJADA, JEROME S	MICOOP A.M / COOP REP.: NALL, DDUM, SHIM, HSN, LNAV, BMAN, BSIA & GJOR
37	TEJADA, MINERVA G	GENERAL MANAGER
38	TIZON, EVELIA B	NMBAI BOT / O.I / MICOOP HEAD / COOP REP.: BLEB & KKID
39	YUGO, YANI M	MICOOP STAFF / COOP REP.: FALA & FGON

7

8 **Part I. Annual Meeting**

9 **I. Call to Order**

10 Chairperson Ellen Pastores called the meeting to order at 1:33 o'clock in the afternoon.

11 **II. Roll Call and Determination of the Quorum**

12 The Board Secretary, Mildred Cerezo did the roll call and certified that Notice of the Annual Meeting was
13 sent on April 26, 2019 to all members 32 days before the Annual Meeting. A quorum was then declared
14 with 65% of 95,165 of the total membership were duly represented.

15 **III. Approval of the Agenda**

16 Member Veronica Sierra moved for the approval of agenda which was seconded by Member Milagros
17 Gonzaga, there being no objections, Agenda was approved as follows:

- 18 i. Call to Order
- 19 ii. Declaration of Quorum
- 20 iii. Consideration of the Minutes of the NATCCO MBAI 2018 Annual Meeting
- 21 iv. Matters Arising from the Minutes of the Previous Meeting
- 22 v. Unfinished Business
- 23 vi. Annual Reports
 - 24 a. Chairperson’s Report
 - 25 b. President’s Report
 - 26 c. Treasurer’s Report
 - 27 a. 2018 Audited FS
 - 28 d. Audit Committee Report
 - 29 e. Nomination Committee Report
- 30 vii. New Business
 - 31 a. 2019-2025 NATCCO MBAI Strategy Map
 - 32 b. 2019 Plans and Operating Budget
 - 33 c. Appointment of the External Auditors
- 34 viii. Amendments of the By-Laws
- 35 ix. Election
- 36 x. Adjournment

37
38 **IV. Reading and Approval of the minutes of 7th Annual Meeting.**

39 Representative Donatilla Tejada moved to dispense with the reading of minutes of 2018 Annual Meeting
40 which duly seconded by Representative Laureano Mesias, there being no objections. Motion Approved.

41 Original Incorporator Rustico U.Galang Jr., made a correction on page 8 line 83, change the word
42 Billions to Million.

43 After discussing all matters in the previous meeting, Representative Salvacion Nicolas moved for the
44 adoption of the Minutes of the 2018Annual Meeting as corrected, the motion was duly seconded by
45 Representative Maria Jasmin Quidilla

46 **Resolution No. 1-S2019. Resolution, approving the Minutes of the 2018 Annual Meeting.**

47 **V. Business Arising from the Minutes of 2018 Annual Meeting**

48 **Updates on 2018 Resolutions was presented by the Chairperson as follows:**

Resolutions	UPDATES/ STATUS
Resolution No. 1-S2018. Resolution, approving the Minutes of the 6th Annual	Implemented

Meeting.	
Resolution No. 2-S2018. Resolution, accepting the President’s Report.	Implemented
Resolution No. 3-S2018. Resolution, confirming the Board Resolutions made during the 2017 Board of Trustees’ meetings.	Implemented
Resolution No. 4-S2018. Resolution, accepting the Treasurer’s Report as corrected.	Implemented
Resolution No. 5-S2018. Resolution, accepting the Audit Committee Report.	Implemented
Resolution No. 6-S2018. Resolution, accepting the Nomination Committee Report.	Implemented
Resolution No. 7-S2018. Resolution, approving the 2018 Plans and Budget of the NATCCO MBAI.	Implemented
Resolution No. 8-S2018. Resolution, appointing Banaria Banaria as the External Auditor of the NATCCO MBAI for 2018.	Done
Resolution No. 9-S2018. Resolution, approving the amendments of the NATCCO MBAI By-Laws	Deferred, revised and needs approval from the General Assembly

49

50 **VI. Annual Reports**

51 **A. Chairperson’s Report**

52 Chairperson Ellen Pastores turned over the facilitation of the meeting to Vice-Chairperson Tizon before
53 presenting her report.

54 Part of her report is the presentations of all the Resolutions passed by the Board Trustees in 2018. She
55 then sought the confirmation from the general assembly.

Resolution No. 01-S2018	Resolution, approving the Assigned Fund Balance for 2018.
Resolution No. 02-S2018	Resolution directing the Related Party Transactions Committee to convene and decide on RPT of MBAI amounting to more than P50,000.00.
Resolution No. 04-S2018	Resolution, directing the Management to do aggressive marketing to small non -NATCCO coop members.
Resolution No. 05-S2018	Resolution, approving the Revised 5-Year Development Plan for the NATCCO MBAI.
Resolution No. 06-S2018	Resolution, approving the 2018 Budget for the NATCCO MBAI.

Resolution No. 08-S2018	Resolution, approving the 2017 Audited Financial Statement of the NATCCO MBAI
Resolution No. 10-S2018	Resolution, approving the 3-day Training with the Institute of Corporate Directors.
Resolution No. 11-S2018	Resolution, NATCCO MBAI to have separate payroll preparation and separate computation of other benefits and its payment from NATCCO.
Resolution No. 10-S2018	Resolution, approving the 3-day Training with the Institute of Corporate Directors.
Resolution No. 11-S2018	Resolution, NATCCO MBAI to have separate payroll preparation and separate computation of other benefits and its payment from NATCCO.
Resolution No. 12-S2018	Resolution, appointing President Ellen R. Pastores as the official representative of the NMBAI to RIMANSI.
Resolution No. 13-S2018	Resolution, approving the ballot system presented by the Nomination Committee for the 2018 Annual Meeting
Resolution No. 14-S2018	Resolution, to seek the approval of the amendments of the NMBAI By-Laws from the general assembly.
Resolution No. 15-S2018	Resolution appointing Treasurer Cafirma, Trustee Magdaong, Trustee Atty. Ibanez and Manager Tejada and members of the Investment Fund Committee.
Resolution No. 20-S2018	Resolution, approving the 7-Year Development Plan of NMBAI.
Resolution No. 21-S2018	Resolution, approving the revised 2018 Action Plan.
Resolution No. 23-S2018	Resolution, appointing the members of the Audit Committee: Independent Trustee Magdaong, Independent Trustee Ibañez and Trustee Banga.
Resolution No. 25-S2018	Resolution, directing the Management to have a cost analysis for the ISO Certification for NMBAI.
Resolution No. 27-S2018	Resolution, approving Lyndon Fadri as product development partner of NMBAI.
Resolution No. 28-S2018	Resolution, directing the management to recommend a Trust Fund/Bank that will handle the NMBAI employees' retirement plan.
Resolution No. 29-S2018	Resolution, accepting the report of the 2017 Examination conducted by the Insurance Commission.
Resolution No. 30-S2018	Resolution, approving the NMBAI Executive Committee Charter.
Resolution No. 31-S2018	Resolution, approving the RPT Policy for the NATCCO MBAI.
Resolution No. 32-S2018	Resolution, approving the Election code of NATCCO MBAI.

Resolution No. 34-S2018	Resolution, adopting the Lakbay Malasakit Program of the NATCCO MBAI.
Resolution No. 35-S2018	Resolution, approving the Kaagapay Program as amended.
Resolution No. 36-S2018	Resolution, approving the Feedback Form for the NMBAI members.
Resolution No. 37-S2018	Resolution, to prioritize the 100% enrolment of MICOOP to NMBAI.

56

57 **Thereafter, Representative Laureano Mesias moved for the adoption of the Chairperson’s Report**
58 **as presented, which was seconded by Representative Marivic Reyes. There being no objections,**
59 **motion was approved.**

60 **Resolution No. 2-S2019. Resolution, adopting report of the Chairperson as presented.**

61 **B. President’s Report**

62 President Minerva Tejada presented her report.

63 Part of her report was the presentation of the 10 years performance of the NATCCO MBAI.

64 Representative Laureano Mesias inquired from the Management, if NATCCO MBAI was also giving ex-
65 gracias to those members who were denied in the 2016 report.

66 President Tejada replied that NATCCO MBAI gave them ex-gracias. As of now, the Association aims for
67 zero denial as much as possible.

68 Member Veronica Sierra observed that figures in the performance of the NATCCO MBAI from 2009 to
69 present were not increasing. She then asked what was the basis of the 2018 target when compared to
70 the previous performances it showed a significant decrease.

71 President Minerva Tejada explained that previous years were part of the learning process of the
72 Association. The Management complied to the regulations of the Insurance Commission which they need
73 to put necessary funds to Guaranty Fund and Equity Value that’s why there were some areas that were
74 also affected.

75 Chairperson Ellen Pastores added that this baseline was based after the careful evaluations on the
76 previous performance history of the Association and that this would be the feasible baseline eyeing in the
77 coming decade for NATCCO MBAI.

78 Member Milagros Gonzaga noticed an increase in the operational expenses for 2018 and she then
79 sought enlightenment from the Management.

80 Chairperson Ellen Pastores explained that these expenses were due in compliance to the regulations
81 which the Association needed actions immediately. Several meetings were held including the strategic
82 planning conducted by the Institute of Corporate Directors for the NMBAI which needs urgent actions so
83 as to follow through in the strategic direction for the Association.

84 After discussing all matters in the President’s Report, Representative Romulo Caceres moved to adopt
85 the report presented; the motion was seconded by Representative Arlyne Laurilla. There being no
86 objections, motion was approved.

87 **Resolution No. 3-S2019. Resolution, to adopt the report of the President.**

88 **C. Treasurer’s Report**

89 Treasurer Zorahayda Cafirma presented her report.

90 After the presentation and short discussion on the report presented, Original Incorporator Rustico Galang
91 Jr. moved for the acceptance of the Treasurer's Report which was seconded by Member Milagros
92 Gonzaga. There being no objections, the motion was approved.

93 **Resolution No. 4-S2019. Resolution, to accept the report of the Treasurer.**

94 **C1. Audited FS**

95 The Audited FS was also presented to the body. Deliberations followed.

96 Representative Mary Ann Ebona recommended to create a committee to do a thorough review the
97 Audited Financial Statements before printing in the Annual Report.

98 Member Milagros Gonzaga then moved for the approval of the NMBAI 2018 Audited Financial
99 Statements, duly seconded by Member Veronica Sierra.

100 **Resolution No. 5-S2019. Resolution to approve the NMBAI 2018 Audited Financial Statements.**

101

102 **Audit Committee Report**

103 The report was presented by Trustee Romeo Magdaong, he being the Chair of the Committee.

104 After the discussion, Member Milagros Gonzaga moved to adopt the report of the Committee as
105 presented, seconded by Representative Laureano Mesias. There being no objections, motion was duly
106 approved.

107 **Resolution No. 6-S2019. Resolution to adopt the Audit Committee Report.**

108 **D. Nomination Committee Report**

109 Vice-Chair Evelia Tizon, as the Chairperson of the Nomination Committee presented the report.

110 Representative Yani Yugo then moved for the acceptance of the report as presented, which was
111 seconded by Representative Marivic Reyes. There being no objections, motion was approved.

112 **Resolution No. 7-S2019. Resolution to accept the Nomination Committee Report.**

113 **VII. New Business**

114 **A. 2019-2025 NATCCO MBI Strategy Map**

115 Chairperson Ellen Pastores presented the 2019-2025 Strategy Map for the NATCCO MBI, this was the
116 result during the strategic planning conducted by the Institute of Corporate Directors.

117 After discussing all matters in the presentation, Member Milagros Gonzaga then moved to adopt the
118 2019-2025 Strategy Map of the NATCCO MBI which was duly seconded by Member Veronica Sierra.

119 **B. 2019 Plans and Budget**

120 President Tejada presented the 2019 plans of NMBAI and the 2019 Operating Budget. Representative
121 Nicolas commented that the basis of the 2019 operating expenses should be the actual expenses of
122 2018.

123 Member Veronica Sierra moved to approve the 2019 plans and operating budget of NMBAI, duly
124 seconded by Representative Laureano Mesias. There being no objections, motion was approved.

125 **Resolution No. 8-S2019. Resolution, approving the NMBAI 2019 Plans and Operating Budget.**
 126

127 **C. Appointment of the External Auditors**

128 Representative Salvacion Nicolas moved for the re-appointment of Banaria, Banaria and Company as the
 129 External Auditor for NATCCO MBAI for 2019, the motion was seconded by Representative Jupiter
 130 Bonilla. There being no objections, motion was approved.

131 **Resolution No. 9-S2019. Resolution, reappointing the Banaria, Banaria and Company as the**
 132 **External Auditor for 2019.**

133
 134 **X. Amendments of the By-Laws**

135 The Revised Amendments was presented by the Chairperson and was then deliberated page by page.

136 Representative Laureano Mesias Jr. made the motion to insert “**with at least 2/3 votes of those present**
 137 **in the Annual Meeting**” to Article 5, Section 2 and Section 4 of the By-Laws, the motion was duly
 138 seconded by Original Incorporator Rustico Galang Jr. There being no objections, motion was approved.

139 **Resolution No. 10-S2019. Resolution, to insert 2/3 votes of those present in the Annual Meeting to**
 140 **Article 5, Section 2 and Section 4 of the By-Laws.**

141 After due deliberations of the proposed Amendments of the By-Laws, Member Milagros Gonzaga moved
 142 for the adoption of the Amendments of the By-Laws as revised, the motion was seconded by Member
 143 Veronica Sierra. There being no objections, motion was approved.

144 **Resolution No. 11-S2019. Resolution, to approve the proposed amendments of the By-Laws of the**
 145 **NATCCO MBAI.**

146

CURRENT ENTRY	PROPOSED AMENDMENT
<p style="text-align: center;">AMENDED BY-LAWS OF NATIONAL CONFEDERATION OF COOPERATIVES MUTUAL BENEFITS ASSOCIATION (NATCCO MBA), INC.</p>	<p style="text-align: center;">NONE</p>
<p style="text-align: center;">ARTICLE I – NAME</p> <p>Section 1 - The name of the said association shall be NATIONAL CONFEDERATION OF COOPERATIVES MUTUAL BENEFITS ASSOCIATION (NATCCO MBA), INC.</p>	<p style="text-align: center;">ARTICLE I – NAME</p> <p style="text-align: center;">NONE</p>

CURRENT ENTRY	PROPOSED AMENDMENT
<p style="text-align: center;">ARTICLE II – OBJECTIVES</p> <p>Section 1 - That the purpose for which such association is formed is to advance the interests and promote the welfare of the poor in particular and the interest and welfare of the Philippines in general. Specifically the association shall seek:</p> <ul style="list-style-type: none"> a. To extend financial assistance to its members, spouse, and children in the form of death benefits, sickness benefits, provident savings and loan redemption assistance; b. To ensure continued access to benefits/ resources by actively involving the members in the management of association that will include implementation of policies and procedures geared towards sustainability and improved services. 	<p style="text-align: center;">ARTICLE II – OBJECTIVES</p> <p>c. To contribute to the conservation of the environment.</p>
<p style="text-align: center;">ARTICLE III – MEMBERSHIP</p> <p>Section 1. Qualifications for Membership:</p> <ul style="list-style-type: none"> a. Must be at least 18 years of age but not more than 65 years old as of enrolment date; b. Must be a member of any cooperative affiliated with the NATIONAL CONFEDERATION OF COOPERATIVES (NATCCO); c. Must meet all the requirements stated in the prescribed application form for membership. <p>Section 2. Rights of Members</p> <ul style="list-style-type: none"> a. To exercise the rights to vote on all matters relating to the affairs of the association; b. To be eligible to any elective or appointive office of the association subject to the rules hereinafter prescribed by the general membership of the Trustees; c. To participate in all deliberations/meetings of the Association; 	<p style="text-align: center;">ARTICLE III – MEMBERSHIP</p> <p>Section 1. Members- Individual persons, who are members of cooperatives duly registered with Cooperative Development Authority and a partner of NATCCO MBAI, at least 18 years of age but not more than 65 years old as of membership date with NATCCO MBAI.</p> <p>All existing members of NATCCO MBAI authorized by previous partnership agreement shall be respected.</p> <p>Section 2. Rights of Members</p> <ul style="list-style-type: none"> b. To be eligible to any elective or appointive office of the association. c. To participate in the Annual Meetings of the Association;

CURRENT ENTRY	PROPOSED AMENDMENT
<p>d. To avail of all the facilities of the Association;</p> <p>e. To examine all the records or books of the Association during business hours.</p> <p>Section 3. Duties and Responsibilities of the Members – A member shall have the following duties and responsibilities:</p> <p>a. To obey and comply with the by-laws, rules and regulations that may be promulgated by the Association from time to time;</p> <p>b. To attend all meetings that may be called by the Board of Trustees;</p> <p>c. To pay membership dues and other assessments of the Association;</p> <p>d. To participate in the governance and to protect the fund of the Association;</p> <p>e. Continuously give suggestions and comments on how to better run the Association.</p> <p>Section 4. A member may transfer from one primary cooperative to another subject to the guidelines issued by the Board of Trustees.</p> <p>Section 5. In order to remain in good standing, a member must not be in arrears in the payment of membership dues and other required fees.</p> <p>Section 6. NATCCO MBI shall issue membership certificates to members specifying the benefits to which such members are entitled.</p> <p>The Certificate of membership shall continue during the life of the member unless otherwise terminated by the death, total and permanent disability, resignation or expulsion.</p>	<p>d. To avail of all the products of the Association;</p> <p>e. To examine the records or books of the Association during business hours, subject to the limitations set by laws.</p> <p>c. To pay membership contributions and other assessments of the Association;</p> <p>Section 4. A member may transfer from one primary cooperative to another and continue his membership provided that the receiving cooperative is a partner of the Association.</p> <p>Section 5. In order to remain in good standing, a member must not be in arrears in the payment of membership contributions and other required fees.</p> <p>Section 6.</p> <p>The Certificate of membership shall continue during the life of the member unless otherwise terminated by the death, total and permanent disability, resignation, expulsion or attainment of exit age.</p>
ARTICLE IV – MEETINGS	ARTICLE IV – MEETINGS

CURRENT ENTRY	PROPOSED AMENDMENT
<p>Section 1. Annual Meeting – The annual meeting of the members shall be held every last TUESDAY of May of each year, on such time and place as may be decided by the Board of Trustees. Special meeting/s of the members may be called by the Board of Trustees or upon petition of one third (1/3) of the general membership. Specific subject matter must be stated in the petition. (As amended on May 31, 2017)</p> <p>Section 2. Place of Meeting – Meetings, regular or special, of the members shall be held in the principal office of NATCCO MBI or at any place designated by the Board of Trustees.</p> <p>Section 3. Notice of Meeting - Notices of regular meetings shall be sent by the Secretary by mail or other means to each member of his last known post office address at least two (2) weeks prior to the date of meeting. The notice shall state the place, date and time of the meeting and the purpose or purposes for which the meeting is called.</p> <p>Notices for special meetings shall be made by written notice at least five (5) days before the meeting. The written notice shall contain the particular matters to be discussed.</p> <p>Only matters specified in the notice of special meeting can be the subject of motions or deliberations at such meetings.</p> <p>Section 4. - Quorum – In all regular or special meetings of members, a majority of all members in good standing must be present or represented by proxy to constitute a quorum. A member may be represented by a proxy, through a written notice to the Secretary. The authorization shall continue in full force and effect until revoked by the person executing it prior to the vote pursuant thereto. If no quorum is constituted, the meeting shall be adjourned until the required number of members and proxies shall be present. (as amended on May 31, 2017)</p> <p>Section 5. - Conduct of Meeting – Meetings of the members shall be presided over by the Chairperson, or in his absence, the Vice President. The Secretary</p>	<p>Section 4. - Quorum – In all regular or special meetings of members, at least 25% of all members in good standing will constitute a quorum. A member may be represented by a proxy, by sending a written notice to the Secretary of NATCCO MBI through the partner cooperative. The authorization shall continue in full force and effect until revoked by the member executing it prior to the vote pursuant thereto. If no quorum is constituted, the meeting shall be adjourned until the required number of members and proxies shall be present.</p> <p>Section 5. - Conduct of Meeting – Meetings of the members shall be presided over by the Chairperson, or in his/her absence, the Vice-</p>

CURRENT ENTRY	PROPOSED AMENDMENT
<p>shall act as the recording secretary every meeting or in his/her absence, the presiding officer of the meeting shall appoint a Secretary of the meeting.</p> <p>Section 6. – Manner of Voting – A member shall be entitled to one vote, and they may vote whether in person or by proxy which shall be in writing and filed with the Secretary of the Association before scheduled meeting.</p>	<p>Chairperson. The Secretary shall act as the recording secretary every meeting or in his/her absence, the presiding officer of the meeting shall appoint a Secretary of the meeting.</p> <p>Section 6. Order of Annual Meeting.</p> <ul style="list-style-type: none"> I. Call to Order II. Declaration of Quorum III. Consideration of the Minutes of the Previous Annual Meeting IV. Matters Arising from the Minutes of the Previous Meeting V. Unfinished Business VI. Annual Reports VII. New Business VIII. Election IX. Other Matters X. Adjournment <p>Section 7. – Manner of Voting – A member shall be entitled to one vote, and they may vote whether in person or by proxy which shall be in writing and filed with the Secretary of the NATCCO MBI before scheduled meeting.</p>
	<p style="text-align: center;">ARTICLE V - POWER OF GENERAL MEMBERSHIP</p> <p>Section 1: To elect the regular member of the Board of Trustees</p> <p>Section 2: To remove any member of the regular Board of Trustees for cause during the Annual Meeting or special meeting called for the purpose, with at least 2/3 votes of those present in the Annual Meeting.</p> <p>Section 3: To approve development plans and annual budget</p> <p>Section 4: To determine and approve any amendments to the Articles of Incorporation and By-Laws, with at least 2/3 votes of those present in the Annual Meeting.</p>
ARTICLE V- BOARD OF TRUSTEES	ARTICLE VI- BOARD OF TRUSTEES

CURRENT ENTRY	PROPOSED AMENDMENT
<p>Section 1. – Unless otherwise provided by the law, the corporate powers of NATCCO MBI shall be exercised by the Board of Trustees subject to the approval of the majority of its members. Without prejudice to such powers as may be granted by law, the Board of Trustees shall have the following powers:</p> <ul style="list-style-type: none"> a. 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. b. To purchase, receive, take or otherwise acquire for and in the name of NATCCO MBI, any and all properties, rights, or privileges, including securities and bonds of other corporations, for such consideration and upon such terms and conditions as the Board may deem proper or prudent. c. To invest the funds of NATCCO MBI in other corporations or for such purposes other than those for which the Association was organized, subject to such approval of the members as may be required by law. d. To incur indebtedness as the Board may deem necessary, to issue evidence of indebtedness including notes, deeds of trust, bonds, debentures, or any securities subject to such approval of the members as may be required by law, and/or pledge, mortgage, or otherwise encumber part of the properties of NATCCO MBI. e. To establish pension, retirement bonus, or other types of incentives or compensation plans for the members, employees, including officers and Trustees of NATCCO MBI. f. To prosecute, maintain, defend, compromise, submit to arbitration or abandon any lawsuit in which NATCCO MBI, or its officers are either plaintiffs or defendants in connection with the affairs of NATCCO MBI. g. To implement these by-laws and to act on any other matter not covered by these by-laws, provided such matter does not require 	

CURRENT ENTRY	PROPOSED AMENDMENT
<p>the approval or consent of the members of NATCCO MBAI under the Corporation Code.</p> <p>h. To appoint and dismiss <i>any officer of NATCCO MBAI and may create positions necessary to NATCCO MBAI operation.</i></p> <p>i. To delegate any of its powers or function to an executive committee or any officer or any standing or special committee <i>of NATCCO MBAI.</i></p> <p>j. To approve all contracts for construction and major repairs or maintenance work, and other contracts involving amounts over fifteen percent of the Association's net worth.</p> <p>k. To approve all contracts involving the sale of non-current assets;</p> <p>l. To create other committees it may deem necessary</p> <p>Section 2. The Board of Trustees of the NATCCO MBAI shall consist of seven (7) members, namely the following: five (5) trustees shall be elected by and from among the active members, two (2) Independent Trustees to be elected yearly by the active members from among the nominee/s screened by Nomination Committee. (as amended on May 31, 2017)</p> <p>Section 3. The Board of Trustees shall be elected every year by majority of its members during its annual meeting.</p> <p>Upon the nomination of the BOT Nomination Committee, the Independent Trustee shall be elected annually by the members for a term of one (1) year.</p> <p>Notwithstanding the foregoing, for the duration in which the Association is under the conservatorship by the Insurance Commission, the independent trustee shall be appointed by, and shall serve at the pleasure of the Insurance Commission. (as amended on May 31, 2017)</p>	<p>Section 2. The Board of Trustees of the NATCCO MBAI shall consist of at least seven (7) members, with at least two (2) Independent Trustees to be appointed yearly by the Board of Trustees from among the nominee/s screened by the Nomination Committee. Any increase in the number of seats in the board of trustees due to expansion shall be subject to the guidelines set by the Board of Trustees duly approved by the general membership.</p> <p>Upon the nomination of the Nomination Committee, the Independent Trustee shall be appointed annually by the Board of Trustees for a term of one (1) year.</p>

CURRENT ENTRY	PROPOSED AMENDMENT
<p>Section 4. – The Trustees to be elected must be of legal age, recognized active member of any cooperative affiliated with NATCCO, has consistently performed very satisfactorily for at least the last three (3) years in his/ her membership with a NATCCO Primary Cooperative and is willing to perform the functions of a trustee without any remuneration. (as amended on May 31, 2017)</p> <p>Section 5. – No member convicted by final judgment of an offense punishable by the imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code of the Philippines committed within five (5) years prior to the date of <i>his</i>/her election or appointment, shall qualify as a trustee or officer. In addition, a member whose membership has been terminated due to various reasons, and/or has resigned from membership with NATCCO MBAI or any of its affiliates, shall also be disqualified from being a Trustee or Officer.</p> <p>Section 6. - The elected members of the Board of Trustees shall serve beginning immediately following their election for a term of three (3) years until their successors shall have been elected. Provided, that no member shall serve as member of the Board of Trustees for more than (2) consecutive terms; and provided further that of the first five trustees so elected, the first two (2) with highest votes shall serve for three (3) years, the second two (2) shall serve for two (2) years, and the fifth trustee for one (1) year and their successors shall serve the full three-year term thereafter. (as amended on May 31, 2017)</p> <p>Section 7. – The members of the Board shall not receive any salary but shall be entitled to gratuity, per diem and reimbursement of all necessary expenses incurred on account of attendance in committee and board meetings provided that all entitlement, benefit, emoluments received shall be subject to the approval by majority vote of the general membership.</p> <p>Section 8. - No member of the Board of Trustees shall be employed with NATCCO MBAI during his/her</p>	<p>Section 4. – The Trustees to be elected must be of legal age, recognized active member of any NATCCO MBAI partner cooperative and is willing to perform the functions of a trustee without any remuneration.</p> <p>Section 5. – No member convicted by final judgment of an offense punishable by the imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code of the Philippines committed within five (5) years prior to the date of his/her election or appointment, shall qualify as a trustee or officer and if he/she has pending administrative and criminal case involving moral turpitude. In addition, a member whose membership has been terminated due to various reasons, and/or has resigned from membership with NATCCO MBAI or any cooperative partner, shall also be disqualified from being a Trustee or Officer.</p>

CURRENT ENTRY	PROPOSED AMENDMENT
term of office.	
<p style="text-align: center;">ARTICLE VI – NOMINATION COMMITTEE</p> <p>Section 1 – Shall be composed of at least three (3) members of the board of trustees, one of whom must be independent.</p> <p>Section 2 - Shall review and evaluate the qualifications of all persons nominated to the Board as well as those nominated to other positions requiring appointment by the Board of Trustees. It should prepare a description of the roles and capabilities required of a particular appointment.</p> <p>Section 3 – The Nomination Committee is hereby vested sole authority to conduct and supervise the election for the members of the Board of Trustees and other officers and proclaim the winners. The Nomination Committee shall likewise be the judge of all electoral contests, including questions on the qualification of candidates and its decision shall be final. For disputes and complaints, Nomination Committee will handle. Appeal to Board of Trustees will no longer be accommodated. (as amended on May 31, 2017)</p> <p>Section 4 - The elected members of the nomination committee shall serve immediately after their election until after the next election.</p> <p>Section 5 - The nomination committee may deputize such personnel of the head office of the NATCCO MBAI which it may deem necessary to enable it to perform its function.</p> <p>Section 6 - The members of the nomination committee shall not be entitled to any salary but shall be entitled to per diem and reimbursement of actual expenses for attendance of official meetings equal to those received by members of the Board of Trustees.</p> <p>Section 7 – No member elected as a member of the Nomination committee shall be eligible for election for any position during his term of office even if he resigns or is removed from office for any reason.</p>	<p style="text-align: center;">ARTICLE VII – NOMINATION COMMITTEE</p> <p>Section 1 – Shall be composed of at least three (3) members of the board of trustees.</p> <p>Section 4 - The appointed members of the nomination committee shall serve immediately until their replacement have been appointed, or after the expiration of their appointment.</p> <p>Section 6 - The members of the nomination committee shall not be entitled to any salary but shall be entitled to per diem and reimbursement of actual expenses for attendance of official meetings.</p>

CURRENT ENTRY	PROPOSED AMENDMENT
	<p>Section 8. The Nomination Committee shall meet at least twice a year.</p> <p>Section 9 - A member of the Nomination Committee shall be appointed yearly.</p>
<p>ARTICLE VII –AUDIT COMMITTEE (as amended on May 31, 2017)</p> <p>Section 1 – Shall be comprised of three (3) members of the Board of Trustees, one of whom is an independent board member with known probity and in good standing preferably with accounting and finance experiences.</p> <p>Section 2 – Shall provide oversight of the <i>Association’s</i> internal and external auditors.</p> <p>Section 3 – Shall be responsible for the setting-up of internal audit department and recommend to the Board of Trustees the hiring of the services of an independent external auditors.</p> <p>Section 4 – Shall monitor and evaluate the adequacy and effectiveness of the internal control system of the company.</p> <p>Section 5 – The committee shall meet at least quarterly at the head office of NATCCO MBI.</p> <p>Section 6 – The members of the <i>Audit</i> Committee shall not be entitled to any salary but shall be entitled to per diem and reimbursement of actual expenses for the attendance of official meetings equal to those received by members of the Board of Trustees.</p> <p>Section 7 - A member of the <i>Audit</i> Committee shall serve for three years, or co-terminus with his term in the Board of Trustees.</p>	<p>ARTICLE VIII –AUDIT COMMITTEE</p> <p>Section 1 – Shall be comprised of three (3) members of the Board of Trustees, majority must be Independent Board of Trustees with known probity and in good standing preferably with accounting and finance experiences</p> <p>Section 6 – The members of the Audit Committee shall not be entitled to any salary but shall be entitled to per diem and reimbursement of actual expenses for the attendance of official meetings.</p> <p>Section 7 - A member of the Audit Committee shall be appointed yearly.</p>
<p>ARTICLE VIII – REMUNERATION COMMITTEE</p> <p>Section 1 - Membership shall be composed of three (3) members, who are independent of management and free from any business or other relationship</p>	<p>ARTICLE IX – REMUNERATION COMMITTEE</p> <p>NONE</p>

CURRENT ENTRY	PROPOSED AMENDMENT
<p>which could interfere with the exercise of their independent judgment.</p> <p>Section 2 – It shall judge or make plans where to position the company relative to other companies. But such comparisons shall be used with caution in view of the risk of an upward ratchet of the level of remuneration with no corresponding improvement in performance.</p> <p>Section 3 – It shall delegate responsibilities for setting up remunerations for all executive directors and chairman, including pension rights or any compensation payments.</p> <p>Section 4 – It shall also recommend and monitor the level and structure of salaries including remunerations for senior management. The definition of senior management for this purpose shall be determined by the Board but would normally include first level management below Board level.</p> <p>Section 5 - Meetings. The committee shall meet at least two (2) times a year or as otherwise required by the Board. Only members of the Committee have the right to attend. However, other individuals such as the Executive(s) and external advisers may be invited to attend for all part of any meeting as and when appropriate. No person shall be present when his or her remuneration or contractual arrangements are discussed. (as amended on May 31, 2017)</p>	
<p>ARTICLE IX – EXECUTIVE COMMITTEE (as amended on May 31, 2017)</p> <p>Section 1 – There shall be an Executive Committee of the Board of Trustees which shall consist of not less than (3) and not more than five (5) to be chosen by the Board of Trustees from among themselves to monitor the operational finances of NATCCO MBI and to ensure that decisions of the Board are executed by management; and, where urgent circumstances require, to act for and in behalf of the Board on such matters, subject to the guidelines and limitations duly approved by the Board. The concurrence of at least a majority of the members of the Executive Committee shall be necessary to make</p>	<p>ARTICLE X – EXECUTIVE COMMITTEE</p> <p>NONE</p>

CURRENT ENTRY	PROPOSED AMENDMENT
<p>an Executive Committee decision valid. All business transactions by the Executive</p> <p>Committee shall be subject to confirmation by the Board of Trustees at its next scheduled meeting.</p> <p>Section 2 –The Chairperson, Vice-Chairperson, President and Treasurer, shall compose the Executive Committee. The other members of the Executive Committee shall be chosen among its active trustees.</p> <p>Section 3 – The Board may create a Finance Committee, Personnel Committee and other committees it may deem necessary, with not less than three (3) nor more than five (5) members each with such specific duties as it may deem proper. Ad hoc committees may be created by the Board as the need arises.</p> <p>Section 4 – The Executive Committee shall meet as frequently as necessary, but not more than twice a month. The other committees shall meet immediately before a regular and/or special meeting of the Board of Trustees, except as may be otherwise authorized by the Board of Trustees.</p>	
<p align="center">ARTICLES X- BOARD MEETINGS</p> <p>Section 1 – The initial or organizational meeting of a newly elected Board of Trustees shall be held immediately after the conclusion of the General Assembly at which they are elected while the last meeting shall be held before the General Assembly at which the new Board of Trustees is scheduled to be elected.</p> <p>Section 2 – The Board of Trustees shall meet <i>quarterly</i> at the main office of the NATCCO MBI unless otherwise previously agreed upon by the members of the Board of Trustees. A special or emergency meeting of the Board of Trustees may be called by the Chairperson or the Secretary upon request of a majority of the incumbent members of the board with at least five (5) day notice to all members of the board. (As amended on April 28, 2012)_</p>	<p align="center">ARTICLES XI- BOARD MEETINGS</p> <p>Section 1 – The initial or organizational meeting of a newly elected Board of Trustees shall be held immediately after the conclusion of the Annual Meeting at which they are elected while the last meeting shall be held before the Annual Meeting at which the new Board of Trustees is scheduled to be elected.</p> <p>Section 2 – The Board of Trustees shall meet quarterly at the main office of the NATCCO MBI unless otherwise previously agreed upon by the members of the Board of Trustees. A special meeting of the Board of Trustees may be called by the Chairperson or the Secretary upon request of a majority of the incumbent members of the board with at least five (5) day notice to all members of the board._</p>

CURRENT ENTRY	PROPOSED AMENDMENT
<p>Section 3 – An official journal shall be kept to record the minutes of the meetings and all resolutions passed by the Board of Trustees which shall be consecutively numbered.</p> <p>Section 4 – The members of the Board shall not receive any salary but shall be entitled to gratuity, per diem and reimbursement of all necessary expenses incurred on account of attendance in committee and the board of meetings provided that all entitlement benefit, emoluments received shall be subject to the approval by majority vote of the general membership.</p> <p>Section 5 – A majority of the members of the Board actually present shall constitute a quorum at meetings of the Board and no action of the Board shall be valid unless approved by the majority of the incumbent members of the Board en banc at duly constituted meeting.</p> <p>Section 6 – The order of the business at regular/special meeting of the Board of Trustees shall be a) Call to order, b) Roll Call, c)Approval of Agenda d) <i>Approval of the Minutes</i>, e) Unfinished Business, f) Board Committee Reports, g) Management Reports on Finances and Operations, h) New Business, i) Other Matters and j) Adjournment</p>	<p>Section 6 – The order of the business at regular/special meeting of the Board of Trustees shall be:</p> <ul style="list-style-type: none"> I. Call to Order II. Determination of Quorum III. Approval of the Agenda IV. Consideration of the Minutes of Previous Meeting/s V. Matters Arising from the Minutes VI. Unfinished Business VII. Reports VIII. New Business IX. Other Matters X. Adjournment
<p style="text-align: center;">ARTICLE XI – OFFICERS</p> <p>Section 1. Officers – The officers of NATCCO MBI shall be composed of a President, Vice-President, Secretary, Treasurer and Auditor. The President and Vice-President shall be elected by and from among the Trustees, <i>while the Secretary, Treasurer and Auditor shall be appointed by the Board of Trustees. (as amended on May 31, 2017)</i></p> <p>Section 2. Term of Office of Officers- The term of</p>	<p style="text-align: center;">ARTICLE XII – OFFICERS</p> <p>Section 1. Officers – The officers of NATCCO MBI shall be composed of a Chairperson, Vice-Chairperson, President, Secretary, Treasurer and Auditor. The Chairperson, Vice-Chairperson shall be elected by and from among the Trustees, while the Secretary, Treasurer and Auditor shall be appointed by the Board of Trustees.</p>

CURRENT ENTRY	PROPOSED AMENDMENT
<p>office of Secretary, Treasurer and Auditor shall be one year unless sooner removed from office by the majority vote of all the members of the Board of Trustees. In case an office becomes vacant due to death, resignation, retirement, disqualification, incapacity or any other causes the incumbent Board of Trustees by a majority vote, may appoint a successor, who shall hold such office for the unexpired term; provided, further, that in case of a temporary absence of any officer for any reason, the Board may delegate the powers and duties of such office to any qualified person. . <i>(as amended on May 31, 2017)</i></p> <p>Section 3. - The Officer of NATCCO MBI may be removed from office for cause, including nonfeasance or misfeasance of duties, violation of this By-laws conduct detrimental to the interest of the Association, incompetence and/or lack of confidence.</p> <p>Section 4. - The President, Secretary, Treasurer, and Auditor shall receive no salary but may receive allowances, in addition to per diem and other emoluments authorized for the member of the Board of Trustees.</p>	<p>Section 4. – All officers, except for the President, shall receive no salary but may receive allowances, in addition to per diem and other emoluments authorized for the member of the Board of Trustees.</p>
<p align="center">ARTICLE XII- FUNCTION AND POWERS OF OFFICER</p> <p>Section 1. – President – The President shall be elected from among the members of the Board of Trustees. He shall preside over all meetings of the Board of Trustees and of the Association and represent the Association in forums and functions which have implication to the existence of the Association. <i>(as amended on May 31, 2017)</i></p> <p>Section 2. - Vice- President – The Vice- President shall assume office and functions of the Chairperson in case of incapacity, illness, absence or demise and in the latter case until a successor is elected. He/she shall also perform such duties such as the Chairperson and/or the Board of Trustees may prescribe. <i>(As amended on April 28, 2012) (as amended on May 31, 2017)</i></p>	<p align="center">ARTICLE XIII- FUNCTION AND POWERS OF OFFICER</p> <p>Section 1. – Chairperson – The Chairperson shall be elected from among the members of the Board of Trustees. He shall preside over all meetings of the Board of Trustees and of the Association and represent the Association in forums and functions which have implication to the existence of the Association.</p> <p>Section 2. - Vice-Chairperson – The Vice-Chairperson shall assume office and functions of the Chairperson in case of incapacity, illness, absence or demise and in the latter case until a successor is elected. He/she shall also perform such duties as the Chairperson and/or the Board of Trustees may prescribe.</p> <p>Section 3: President - The President shall</p>

CURRENT ENTRY	PROPOSED AMENDMENT
<p>Section 3. - Secretary – The Secretary shall have the following specific powers and duties:</p> <ul style="list-style-type: none"> a. To give all notices required by these by-laws; 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. <p>Section 4. - Treasurer –The Treasurer shall have the following duties:</p>	<p>exercise the following functions:</p> <ul style="list-style-type: none"> a. To execute all resolutions of the Board of Trustees; b. To be charged with directing and overseeing the activities of the association; c. To appoint, remove, suspend or discipline employees, to prescribe their duties and determine their salaries subject to confirmation by the Board of Trustees; d. To execute in behalf of the Association all contracts, agreements and other instruments affecting the interest of the association which may require approval of the Board of Trustees unless otherwise directed by the Board; e. To perform such other duties as are incident to his office or are entrusted to him/her by the Board of Trustees. <p>Section 4. - Secretary – The Secretary shall have the following specific powers and duties:</p> <ul style="list-style-type: none"> a. To give all notices of meetings;

CURRENT ENTRY	PROPOSED AMENDMENT
<p>a. To keep full and accurate accounts/records of the receipts and disbursements of NATCCO MBI;</p> <p>b. To take and have custody of, and be responsible for, all the funds, securities, bonds, and certificate of titles of NATCCO MBI;</p> <p>c. To deposit in the name of NATCCO MBI, in such banks as may be designated from time to time by the Board of Trustees, all the money, funds, securities, bonds and similar valuables belonging to NATCCO MBI which may come under his/her control;</p> <p>d. To prepare an annual financial statements of NATCCO MBI and such other financial reports as the Board of Trustees may from time to time require in cooperation with the Chief Accountant;</p> <p>e. To assist management in retrieval of all receivables of MBI from whomever they may be due;</p> <p>f. To ensure that all expenditures are duly authorized and are for the best interest of NATCCO MBI;</p> <p>g. To post a bond in such amount as may be required by the Board of Trustees;</p> <p>h. To suspend or withhold payments of accounts incurred not in accordance with the policies of the Board of Trustees or which are otherwise irregular or improperly authorized; and</p> <p>i. To perform such other duties as may be assigned by the Board of Trustees.</p> <p>Section 5. - Auditor – The Auditor shall have the following duties and responsibilities:</p> <p>a. To assist the Audit Committee which shall audit the books and records of NATCCO MBI; (as amended on May 31, 2017)</p> <p>b. To audit and/or commission an audit of the financial transaction and operating practices of NATCCO MBI and certify to the correctness of the annual financial reports of the Treasurer and/or Chief of Accountant;</p> <p>c. To adopt a system of pre-audit and post audit of payments to review and pass upon the propriety of payments to be made by NATCCO MBI and withhold or suspend payment thereof when appropriate;</p> <p>d. To check and review the utilization or disposition of consumable assets and equipment of NATCCO MBI with the view of</p>	

CURRENT ENTRY	PROPOSED AMENDMENT
<p>maximizing their utilization and avoiding wastage and pilferage;</p> <p>e. To recommend measures or changes in the financial policies, system or procedures of NATCCO MBI to maximize its income, reduce its expenditures and improve its services to its members;</p> <p>f. To call the attention of the Board of Trustees to payment of accounts incurred not in accordance with its expressed policies and to recommend appropriate rules and regulations to improve accounting and operating practices of NATCCO MBI; and</p> <p>g. To perform other duties as may be assigned by the Board of Trustees.</p>	
<p align="center">ARTICLE XIII- SUSPENSION, EXPULSION AND TERMINATION OF MEMBERSHIP</p> <p>Suspension, expulsion and termination of membership, shall be in accordance with the rules and regulations of the Association.</p> <p>Any member of the Association may file charges against a member by filing a written complaint with the Secretary of the Association. The Board of Trustees shall call a special meeting to consider the charges. The affirmative vote of majority of all the Trustees shall be necessary to suspend or expel a member; Provided that where the penalty is expulsion, the member can appeal to the General Assembly.</p>	<p align="center">ARTICLE XIV- SUSPENSION, EXPULSION AND TERMINATION OF MEMBERSHIP</p> <p align="center">NONE</p>
<p align="center">ARTICLE XIII – FUND</p> <p>Section 1. - Funds – The funds of the association shall be derived from members' contributions, special assessments of members and gifts or donations.</p> <p>a. MBA shall spend not more than 20% of the monthly contributions of its members as administrative expenses. The remaining 80% of the monthly contributions of the members shall be used for paying mutual benefits in accordance with the attached NATCCO MBA Rules and Regulations.</p> <p>b. The contributions may be adjusted by the Board of Trustees as may be necessary to</p>	<p align="center">ARTICLE XV – FUND</p>

CURRENT ENTRY	PROPOSED AMENDMENT
<p>maintain the funds of the MBA at a level adequate to meet its benefit obligations or commitments under the plan.</p> <p>c. Every outstanding membership certificate must have, after three full years of being continuously in force, an equity value equivalent to at least fifty per centum of the total membership dues collected thereon. After three (3) full years of continuous membership in the MBA, a member shall be entitled to an equity value equivalent to at least fifty per centum (50%) of the total membership dues collected from her less claims paid and is payable upon termination of her membership from MBA.</p> <p>d. The Board of Trustees shall set up each year sufficient reserves for the payment of claims and other obligations in accordance with actuarial procedures approved by the Insurance Commission. If the reserves become impaired, the Board of Trustees shall require all members to pay MBA the amount of the member's equitable proportion of such inadequacy as ascertained by the Board of Trustees. If the payment is not made, it shall stand as an indebtedness against the members and draw interest not to exceed five per centum (5%) per annum compounded annually.</p> <p>e. Inactive members by reason of failure to pay more than 2 months of his monthly contributions can be reinstated into active status only after payment of at least 12 monthly contributions continuously or upon payment of his contributions in arrears, and penalties and surcharges thereon.</p> <p>Section 2. - Disbursements – Withdrawals from the funds of the Association, whether by check or any other instrument shall be signed by at least two persons designated by unanimous vote of the Board of Trustees.</p> <p>Section 3. - Fiscal Year – The Fiscal year of the association shall be from January 1st to December 31st of each year.</p>	<p>C. REMOVE c.</p>
<p>ARTICLE IX - CORPORATE SEAL</p>	<p>ARTICLE XVI - CORPORATE SEAL</p>

CURRENT ENTRY	PROPOSED AMENDMENT
Section 1. Form – The corporate seal of the Association shall be in such form and design as may be determined by the Board.	NONE
<p>ARTICLE XV - AMENDMENTS OF THE BY-LAWS</p> <p>Section 1. Amendments – These by-laws or any provision thereof, may be amended, repealed or new by-laws adopted by a majority vote of the Trustees and by a majority vote of the members at any regular or special meeting duly held for the purpose.</p> <p>Adopted this 2nd day of April, 2009 in Quezon City, M.M., Philippines by the affirmative vote of the undersigned members representing a majority of the members of the association in a special meeting duly held for the purpose.</p>	<p>ARTICLE XVII - AMENDMENTS OF THE BY-LAWS</p> <p>Section 1. Amendments – These By-Laws or any provision thereof, may be amended, shall be proposed by Board of Trustees and adopted by 2/3 of member constituting a quorum.</p>
<p>CRESENTE C. PAEZ</p> <p>REYNALDO GANDIONCO</p> <p>WILFREDO S. DIMAMAY</p> <p>LUIS D. CARRILLO</p> <p>RAUL M. CALAYAN, JR.</p> <p>RUSTICO U. GALANG, JR</p> <p>EVELIA B. TIZON</p>	

147

148 **XI. Election**

149

150 The Chairperson turned over the time to the Nomination Committee for the Election, headed by their
151 Chairperson Evelia Tizon.

152 Chair Evelia Tizon announced the official election started at 3:37 o'clock in the afternoon

153 - 56 ballots casted

154 - 9 ballots are nullified

155 - 47 ballots are qualified

156 Following are the results of the election:

	Candidates for Board of Trustees			Candidates of Independent Trustees		
	Leonardo Banga	Romeo Magdaong	Ma. Veronica Sierra	Adolfo Ibanez	Ryan Arthur Padilla	Ronald Joseph Fernandez
	1	-	-	-	-	1
	1	1	-	1	1	-
	-	1	1	1	1	-
	-	2	2	2	2	-
	-	1	1	1	1	1
	1	1	-	1	1	-
	-	3,231	3,231	3,231	3,231	-
	-	1	1	1	1	-
	1	1	-	1	-	1
	1,080	1,080	-	1,080	1,080	-
	1	1	-	1	-	1
	-	5,000	5,000	5,000	-	5,000
	2,098	-	2,098	-	2,098	2,098
	-	4,365	4,365	4,365	-	4,365
	1	1	-	1	1	-
	5,000	5,000	-	5,000	5,000	-

	157	157	-	157	157	-
	4,346	4,346	-	4,346	4,346	-
	1	1	-	1	1	-
	1	1	-	1	1	-
	5,000	5,000	-	5,000	5,000	-
	-	5,000	5,000	5,000	5,000	-
	5,000	5,000	-	5,000	-	5,000
	-	5,000	5,000	5,000	5,000	-
	3,347	3,347	-	3,347	3,347	-
	-	1	1	1	-	1
	-	1	1	1	1	-
	-	1	1	1	1	-
	-	1	1	1	-	1
	5,000	5,000	-	5,000	5,000	-
	5,000	5,000	-	5,000	-	5,000
	3,792	3,792	-	3,792	-	3,792
	-	1	1	-	1	1

	-	5,000	5,000	-	5,000	5,000
	-	4,437	4,437	-	4,437	4,437
	3,433	-	3,433	3,433	3,433	-
	11	11	-	11	-	11
	1	1	-	1	-	1
	-	1	1	1	1	-
	-	821	821	821	821	-
	-	157	157	-	157	157
	-	5,000	5,000	5,000	-	5,000
	-	1	1	1	-	1
	-	4,590	4,590	4,590	-	4,590
	-	1	1	1	-	1
	2,756	-	2,756	2,756	2,756	-
Total	46,029	80,355	50,901	76,949	55,877	44,460

157 Nomination Committee Chairperson Evelia Tizon officially declared the following as the winners:

Name	Position to serve	Term
Romeo Magdaong	Board of Trustees	3 years
Ma. Veronica Sierra	Board of Trustees	3 Years
Adolfo Ibanez	Independent Trustees	1 year
Ryan Arthur Padilla	Independent Trustees	1 year

158

159 **XII. Adjournment**

160 The 2019 Annual Meeting adjourned at 5:08 o'clock in the afternoon.

161

162 **Part II. Organizational Meeting**

163 The Nomination Committee also conducted the reorganization of the new set of officers, results are as
164 follows:

165 Chairperson - Ms. Ellen Pastores.

166 Vice-President - Ms. Evelia Bardos-Tizon

167 Trustee Romeo Magdaong moved to reappoint Ms. Mildred Cerezo as the Board of Trustee's Secretary,
168 seconded by Trustee Jupiter Bonilla. Motion Approved.

169 Vice-Chair Tizon moved reappointing Ms. Zorahayda Cafirma as the Treasurer which was seconded by
170 Trustee Magdaong. Motion Approved.

171 Trustee Padilla moved to reappoint Mr. Roberto Abao as the Auditor, duly seconded by Vice-Chair Tizon.
172 Motion Approved.

173 Trustee Sierra moved to appoint the Remuneration Committee to be composed of the following:

174 - Rustico Galang Jr.

175 - Ryan Arthur Padilla

176 - Atty. Adolfo Ibanez

177 The motion was seconded by Vice-Chair Tizon. Motion Approved.

178 Trustee Bonilla moved appointing the following member of trustees as the Audit Committee:

179 - Ryan Arthur Padilla

180 - Adolfo Ibanez

181 - Ma. Veronica Sierra

182 The motion was seconded by Vice-Chair Tizon. Motion Approved.

183 Following are the composition of the Nomination Committee:

184 - Jupiter Bonilla

185 - Veronica Sierra

186 - Romeo Magdaong

187 Motion was made by Trustee Padilla and was seconded by Vice-Chair Tizon. Motion Approved.

188 Vice-Chair Tizon moved appointing the following trustees as members of the Investment Committee:

189 - Zorahayda Cafirma

190 - Romeo Magdaong

191 - Ellen Pastores

192 The motion was seconded by Trustee Bonilla. Motion Approved.

193

194 Schedule of the Regular Meeting is set every 2nd Monday of the end month of every quarter.

195 There being no other matters discussed, Vice-Chair Tizon moved for the adjournment of the meeting at
196 5:37 o'clock in the afternoon.

197

198 Recorded by:

Attested by:

199

200

201

202 Mildred Cerezo



Ellen Pastores.

203 Board Secretary

BOT Chairperson



Minutes of 2019 Special Annual Meeting

1
2
3
4
5

Minutes of the NATCCO MBI Special Assembly
Paco Soriano Hall, NATCCO, Project 4, Q.C.
November 11, 2019
10:20 a.m. – 11:30 a.m.

Attendance:

Name	Organization/Cooperative	Number of Members Represented
1. Antipuesto, Jemilyn	NMBAI	1
2. Aquino, Ma. Elizabeth	NMBAI	1
3. Bonilla, Jupiter	DUR-AS Savings and Credit Cooperative	44
4. Cafirma, Zorahayda	NMBAI Treasurer	1
5. Cantillero, Christian	Bayanihan Hundred Islands ARC	885
6. Cerezo, Mildred	NMBAI Secretary	1
7. Dungca, Enrique	San Nicolas Multipurpose Cooperative	455
8. Estocada, Jennifer	NMBAI	1
9. Francisco Dhonna	NMBAI	1
10. Garcia Angel	Taloy Norte Farmers MPC	10,000
11. Gonzaga, Milagros	Member	1
12. Ibanez, Adolfo	Regional and Central Comelec Employees MPC	1
13. Lucena, Nerissa	Lourdes MPC	3,433
14. Magdaong, Romeo	Red Ribbon MPC	1
15. Padilla, Ryan Arthur	Board of Trustees - Independent	1
16. Pastores, Ellen	Board of Trustees – Chairperson/Presiding Officer	80,177
17. Reyes, Marivic	Member	1
18. Sierra, Veronica	Board of Trustees - Member	1
19. Solsona, Ma. Cherish	NMBAI	1
20. Tejada, Minerva	NMBAI	1
21. Tizon, Evelia	Board of Trustees – Vice Chairperson/Original Incorporator	157
22. Yugo, Yani	Member	1

6
7
8

I. Call To Order

9 Chairperson Ellen Pastores called the meeting to order at 10:20 o'clock in the morning.

10
11 **II. Roll Call and Determination of the Quorum**

12
13 The Board Secretary showed proof of due notice of the Special General Assembly 30
14 days before the meeting and certified the existence of the quorum having a 99% of the total
15 of 95, 165 membership is duly represented.

16
17 **III. Approval of the Agenda**

18 Chairperson Pastores presented the agenda, thereafter, Representative Angel Garcia of
19 Taloy Farmers Cooperative TAFARMCO moved for the approval of the proposed agenda
20 which was seconded by Representative Christian Cantillero of Bayanihan Hundred Islands
21 ARC. The agenda was then approved as follows:

- 22 i. Call to Order
23 ii. Roll Call and Determination of the Quorum
24 iii. Approval of the Agenda
25 iv. Amendments of the Articles of Incorporation
26 v. Amendments of the By-Laws
27 vi. Adjournment
28

29 **IV. Amendments of the Articles of Incorporation**

30 The Chairperson informed the body that the proposed amendment was due to compliance
31 to the requirements of BIR under National Internal Revenue Code Section 30 for the
32 application of tax exemption certificate.

33 Proposed amendment on the Second provision adding the following:

34 *...“formed is that it is a beneficiary society, order or association, operating for the exclusive*
35 *benefit of the members such as a fraternal organization operating under the lodge system,*
36 *or mutual aid association or a non-stock corporation organized by employees providing for*
37 *the payment of life, sickness, accident, or other benefits exclusively to the members of such*
38 *society, order, or association, or non-stock corporation or their dependents;”*

39 After due deliberations, Member Milagros Gonzaga moved for the approval of the proposed
40 amendment as presented. The motion was seconded by Member Marivic Reyes. There
41 being no objection, the motion was approved.

42 **Resolution No. 1. Series of 2019. Series of resolutions:**

43 *Amending the Second provision of Articles of Incorporation of the NATCCO MBAI therefore second*
44 *provision shall be stated as follows:*

45 *SECOND: That the purpose for which such association is formed is that it is a beneficiary*
46 *society, order or association, operating for the exclusive benefit of the members such as a*
47 *fraternal organization operating under the lodge system, or mutual aid association or a non-*
48 *stock corporation organized by employees providing for the payment of life, sickness,*
49 *accident, or other benefits exclusively to the members of such society, order, or association,*
50 *or non-stock corporation or their dependents; and to advance the interests and promote the*
51 *welfare of the poor in particular and the interest and welfare of the Philippines in general.*
52 *Specifically the association shall seek:*
53

54 Also, it was discussed that the TWELVTH provision shall be added as follows:

55

56 *“TWELVTH: No part of the corporation or association’s net income shall inure to the benefit*
57 *of any private individual. Therefore, it is hereby understood that the past, present, and*
58 *future members of the Board of Trustees, officers, and private individuals, shall not receive*
59 *any remuneration for their services rendered to the Association.”*

60

61 *Adding the section TWELVTH in the Articles of Incorporations of the NATCCO MBAI as stated:*

62 *TWELVTH: No part of the corporation or association’s net income shall inure to the benefit*
63 *of any private individual. Therefore, it is hereby understood that the past, present, and future*
64 *members of the Board of Trustees, officers, and private individuals, shall not receive any*
65 *remuneration for their services rendered to the Association.*

66

67 Chairperson relayed to the body the following proposed amendment adding the
68 *“THIRTEENTH: The trustees of the non-profit corporation or association do not receive any*
69 *compensation or remuneration. Any profit or property obtained by the Association, as a*
70 *result of its operations, whenever necessary or proper shall be used for the furtherance of*
71 *the purposes aforementioned.”*

72

73 *Adding in the Thirteenth provision in the Articles of Incorporation as stated:*

74 *THIRTEENTH: The trustees of the non-profit corporation or association do not receive any*
75 *compensation or remuneration. Any profit or property obtained by the Association, as a*
76 *result of its operations, whenever necessary or proper shall be used for the furtherance of*
77 *the purposes aforementioned.*

78

79 Also deliberated and discussed was the proposed amendment adding the Fourteenth
80 provision, -

81

82 *“FOURTEENTH: In the event of dissolution, the assets of the corporation shall be*
83 *transferred to similar institution or to the government”*

84

85 *Adding the Fourteenth provision in the Articles of Incorporation of the NATCCO MBAI as stated:*

86 *FOURTEENTH: In the event of dissolution, the assets of the corporation shall be transferred*
87 *to similar institution or to the government*

88

89 Representative Angel Garcia of Taloy Farmers Cooperative TAFARMCO moved for the
90 approval of the proposed provision be added, the motion was duly seconded by Member
91 Marivic Reyes. There being no objection, the motion was approved.

92

93 **V. Amendments of the By-Laws of the NATCCO MBAI**

94

95 Chairperson Pastores also tabled the following amendments to the By-Laws in compliance
96 to the BIR requirements for the application of the tax exemptions certificate of NMBAI.

97

98 The Assembly then discussed details of the proposed amendments. After deliberation,
99 following are the approved amendments and movants of resolutions respectively:

100

101

102

103 **Resolution No. 2. Series of 2019.Series of resolutions, approving the following:**

104

105 REVISE SECTION 1: ARTICLE II – OBJECTIVES

106 Section1 - That the purpose for which such association is formed is that it is a beneficiary society, order
107 or association, operating for the exclusive benefit of the members such as a fraternal organization
108 operating under the lodge system, or mutual aid association or a non-stock corporation organized by
109 employees providing for the payment of life, sickness, accident, or other benefits exclusively to the
110 members of such society, order, or association, or non-stock corporation or their dependents; and to
111 advance the interests and promote the welfare of the poor in particular and the interest and welfare of
112 the Philippines in general. Specifically the association shall seek:

113

114 INSERT BULLET C IN SECTION 1

115 c. To contribute to the conservation of the environment.

116 ARTICLE III – MEMBERSHIP

117 REVISE SECTION 1: ARTICLE II – OBJECTIVES

118 Members- Individual persons, who are members of cooperatives duly registered with Cooperative
119 Development Authority and a partner of NATCCO MBAI, at least 18 years of age but not more than 65
120 years old as of membership date with NATCCO MBAI.

121 REVISE SECTION 2

122 Section 2. Rights of Members

123 REVISE SECTION 2, B

124 b. To be eligible to any elective or appointive office of the association.

125 REVISE SECTION 2, C

126 c. To participate in the Annual Meetings of the Association;

127 REVISE SECTION 2, D

128 d. To avail of all the products of the Association;

129 REVISE SECTION 2, E

130 e. To examine the records or books of the Association during business hours, subject to the limitations
131 set by laws.

132 REVISE SECTION 3, C

133 c. To pay membership contributions and other assessments of the Association;

134 REVISE SECTION 4

135 Section 4. A member may transfer from one primary cooperative to another and continue his
136 membership provided that the receiving cooperative is a partner of the Association.

137 REVISE SECTION 5

138 Section 5. In order to remain in good standing, a member must not be in arrears in the payment of
139 membership contributions and other required fees.

140 REVISE SECTION 6, 2ND PARAGRAPH

141 The Certificate of membership shall continue during the life of the member unless otherwise terminated
142 by the death, total and permanent disability, resignation, expulsion or attainment of exit age

143 ARTICLE IV – MEETINGS

144 REVISE SECTION 4

145 Section 4. - Quorum – In all regular or special meetings of members, at least 25% of all members in
146 good standing will constitute a quorum. A member may be represented by a proxy, by sending a written
147 notice to the Secretary of NATCCO MBAI through the partner cooperative. The authorization shall
148 continue in full force and effect until revoked by the member executing it prior to the vote pursuant
149 thereto. If no quorum is constituted, the meeting shall be adjourned until the required number of
150 members and proxies shall be present.

151 REVISE SECTION 5

152 Section 5. - Conduct of Meeting – Meetings of the members shall be presided over by the Chairperson,
153 or in his/her absence, the Vice-Chairperson. The Secretary shall act as the recording secretary every

154 meeting or in his/her absence, the presiding officer of the meeting shall appoint a Secretary of the
155 meeting.
156 REVISE SECTION 6
157 Section 6. Order of Annual Meeting.
158 I. Call to Order
159 II. Declaration of Quorum
160 III. Consideration of the Minutes of the Previous Annual Meeting
161 IV. Matters Arising from the Minutes of the Previous Meeting
162 V. Unfinished Business
163 VI. Annual Reports
164 VII. New Business
165 VIII. Election
166 IX. Other Matters
167 X. Adjournment
168
169
170 INSERT SECTION 7
171 Section 7. – Manner of Voting – A member shall be entitled to one vote, and they may vote whether
172 in person or by proxy which shall be in writing and filed with the Secretary of the NATCCO MBI
173 before scheduled meeting.
174 INSERT ARTICLE ON "POWER OF GENERAL MEMBERSHIP" AS ARTICLE VI
175 ARTICLE V - POWER OF GENERAL MEMBERSHIP
176 Section 1: To elect the regular member of the Board of Trustees
177 Section 2: To remove any member of the regular Board of Trustees for cause during the Annual
178 Meeting or special meeting called for the purpose.
179 Section 3: To approve development plans and annual budget
180 Section 4: To determine and approve any amendments to the Articles of Incorporation and By-
181 Laws.
182 RE-NUMBER OF BOARD OF TRUSTEES FROM ARTICLE V TO VI
183 REVISE SECTION 2
184 Section 2. The Board of Trustees of the NATCCO MBI shall consist of at least seven (7) members,
185 with at least two (2) Independent Trustees to be appointed yearly by the Board of Trustees from
186 among the nominee/s screened by Nomination Committee. Any increase in the number of seats in
187 the board of trustees due to expansion shall be subject to the guidelines set by the Board of
188 Trustees duly approved by the general membership.
189 REVISE SECTION 3, 2ND PARAGRAPH
190 Upon the nomination of the Nomination Committee, the Independent Trustee shall be appointed
191 annually by the Board of Trustees for a term of one (1) year.
192 REVISE SECTION 4
193 Section 4. – The Trustees to be elected must be of legal age, recognized active member of any
194 NATCCO MBI partner cooperative and is willing to perform the functions of a trustee without any
195 remuneration.
196 REVISE SECTION 5
197 Section 5. – No member convicted by final judgment of an offense punishable by the imprisonment
198 for a period exceeding six (6) years, or a violation of the Corporation Code of the Philippines
199 committed within five (5) years prior to the date of his/her election or appointment, shall qualify as
200 a trustee or officer and if he/she has pending administrative and criminal case involving moral
201 turpitude. In addition, a member whose membership has been terminated due to various reasons,
202 and/or has resigned from membership with NATCCO MBI or any cooperative partner, shall also
203 be disqualified from being a Trustee or Officer.
204 DELETE SECTION 7

205 Section 7. – The members of the Board shall not receive any salary but shall be entitled to gratuity,
206 per diem and reimbursement of all necessary expenses incurred on account of attendance in
207 committee and board meetings provided that all entitlement, benefit, emoluments received shall be
208 subject to the approval by majority vote of the general membership.
209 RE-NUMBER SECTION 8 TO SECTION 7
210 Section 8. - No member of the Board of Trustees shall be employed with NATCCO MBI during
211 his/her term of office.
212 RE-NUMBER NOMINATION COMMITTEE FROM ARTICLE VI TO VII
213 REVISE SECTION 4
214 Section 4 - The appointed members of the nomination committee shall serve immediately until their
215 replacement have been appointed, or after the expiration of their appointment.
216 DELETE SECTION 6
217 Section 6 - The members of the nomination committee shall not be entitled to any salary but shall
218 be entitled to per diem and reimbursement of actual expenses for attendance of official meetings
219 equal to those received by members of the Board of Trustees
220 RE-NUMBER SECTION 7 TO SECTION 6
221 Section 7 – No member elected as a member of the Nomination committee shall be eligible for
222 election for any position during his term of office even if he resigns or is removed from office for any
223 reason.
224 INSERT NEW SECTION 7
225 Section 7. The Nomination Committee shall meet at least twice a year.
226 INSERT SECTION 8
227 Section 8 - A member of the Nomination Committee shall be appointed yearly.
228 RE-NUMBER AUDIT COMMITTEE FROM ARTICLE VII TO VIII
229 REVISE SECTION 1
230 Section 1 – Shall be comprised of three (3) members of the Board of Trustees, majority must be
231 Independent Board of Trustees with known probity and in good standing preferably with accounting
232 and finance experiences.
233 DELETE SECTION 6
234 Section 6 – The members of the Audit Committee shall not be entitled to any salary but shall be
235 entitled to per diem and reimbursement of actual expenses for the attendance of official meetings
236 equal to those received by members of the Board of Trustees.
237 REVISE SECTION 7 AND RE-NUMBER AS SECTION 6
238 Section 7 - A member of the Audit Committee shall be appointed yearly.
239 RE-NUMBER REMUNERATION COMMITTEE FROM ARTICLE VIII TO IX
240 RE-NUMBER REMUNERATION COMMITTEE FROM ARTICLE IX TO X
241 RE-NUMBER BOARD MEETINGS FROM ARTICLE X TO XI
242 REVISE SECTION 1
243 Section 1 – The initial or organizational meeting of a newly elected Board of Trustees shall be held
244 immediately after the conclusion of the Annual Meeting at which they are elected while the last
245 meeting shall be held before the Annual Meeting at which the new Board of Trustees is scheduled
246 to be elected.
247 REVISE SECTION 2
248 Section 2 – The Board of Trustees shall meet quarterly at the main office of the NATCCO MBI
249 unless otherwise previously agreed upon by the members of the Board of Trustees. A special
250 meeting of the Board of Trustees may be called by the Chairperson or the Secretary upon request
251 of a majority of the incumbent members of the board with at least five (5) day notice to all members
252 of the board.
253 DELETE SECTION 4
254 SECTION 4 – The members of the Board shall not receive any salary but shall be entitled to gratuity,
255 per diem and reimbursement of all necessary expenses incurred on account of attendance in

256 committee and the board of meetings provided that all entitlement benefit, emoluments received
257 shall be subject to the approval by majority vote of the general membership.
258 REVISE SECTION 6
259 Section 6 – The order of the business at regular/special meeting of the Board of Trustees shall be:
260 I. Call to Order
261 II. Determination of Quorum
262 III. Approval of the Agenda
263 IV. Consideration of the Minutes of Previous Meeting/s
264 V. Matters Arising from the Minutes
265 VI. Unfinished Business
266 VII. Reports
267 VIII. New Business
268 IX. Other Matters
269 X. Adjournment
270 RE-NUMBER OFFICERS FROM ARTICLE XI TO XII
271 REVISE SECTION 1
272 Section 1. Officers – The officers of NATCCO MBI shall be composed of a Chairperson, Vice-
273 Chairperson, President, Secretary, Treasurer and Auditor. The Chairperson, Vice-Chairperson
274 shall be elected by and from among the Trustees, while the Secretary, Treasurer and Auditor shall
275 be appointed by the Board of Trustees.
276 REVISE SECTION 4
277 Section 4. – All officers, except for the President, shall receive no salary.
278 RE-NUMBER FUNCTIONS AND POWER OF OFFICERS FROM XII TO XIII
279 REVISE SECTION 1
280 Section 1. – Chairperson – The Chairperson shall be elected from among the members of the Board
281 of Trustees. He shall preside over all meetings of the Board of Trustees and of the Association and
282 represent the Association in forums and functions which have implication to the existence of the
283 Association.
284 REVISE SECTION 2
285 Section 2. - Vice-Chairperson – The Vice- Chairperson shall assume office and functions of the
286 Chairperson in case of incapacity, illness, absence or demise and in the latter case until a successor
287 is elected. He/she shall also perform such duties as the Chairperson and/or the Board of Trustees
288 may prescribe.
289 INSERT SECTION 3 - PRESIDENT
290 Section 3: President - The President shall exercise the following functions:
291 a. To execute all resolutions of the Board of Trustees;
292 b. To be charged with directing and overseeing the activities of the association;
293 c. To appoint, remove, suspend or discipline employees, to prescribe their duties and determine
294 their salaries subject to confirmation by the Board of Trustees;
295 d. To execute in behalf of the Association all contracts, agreements and other instruments
296 affecting the interest of the association which may require approval of the Board of Trustees
297 unless otherwise directed by the Board;
298 e. To perform such other duties as are incident to his office or are entrusted to him by the Board
299 of Trustees.
300 RE-NUMBER SECTION SECRETARY FROM 3 TO 4
301 Section 4. - Secretary – The Secretary shall have the following specific powers and duties:
302 REVISE BULLET A
303 To give all notices of meetings;
304 RE-NUMBER "SUSPENSION, EXPULSION AND TERMINATION OF MEMBERSHIP" FROM XIII
305 TO XIV
306 REMOVE SECTION 1, C

307 a. Every outstanding membership certificate must have, after three full years of being
308 continuously in force, an equity value equivalent to at least fifty per centum of the total
309 membership dues collected thereon. After three (3) full years of continuous membership in the
310 MBA, a member shall be entitled to an equity value equivalent to at least fifty per centum (50%)
311 of the total membership dues collected from her less claims paid and is payable upon
312 termination of her membership from MBA.

313 RE-NUMBER "CORPORATE SEAL" FROM XV TO XVI

314 RE-NUMBER "AMENDMENTS OF THE BY-LAWS" FROM XVI TO XVII

315 REVISE SECTION 1

316 Section 1. Amendments – These By-Laws or any provision thereof, may be amended, shall be
317 proposed by Board of Trustees and adopted by 2/3 of member constituting a quorum
318

319 Thereafter, Member Milagros Gonzaga of MICOOP, moved for the approval of the
320 proposed amendment adding the Section 4 in the Article 12 as stated. The motion was
321 duly seconded by Representative Christian Cantillero of the Bayanihan Hundred Islands
322 ARC. There being no objection, motion was approved.

323
324 **VI. Adjournment**
325

326 After discussing all the proposed amendments to the Articles of Incorporation and the By-
327 Laws, there being no other matters discussed Trustee Romeo Magdaong moved for the
328 adjournment of the meeting at 11:30 o'clock in the morning.

329

330

331 Prepared by:

Attested by:

332

333

334

335 Mildred C. Cerezo

336 Secretary



Ellen R. Pastores

Chairperson



NATCCO MBAI 2019 Board Resolutions

2019 ANNUAL MEETING BOARD RESOLUTIONS (MAY 28, 2019)

Resolution No.	Board Resolution
1-S2019_AM	Approval of the 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.

2019 SPECIAL ANNUAL MEETING BOARD RESOLUTIONS (NOV 11, 2019)

Resolution No.	Board Resolution
1 S2019_Special AM	Approval of proposed amendments on articles of incorporation of NMBAI
2 S2019_Special AM	Approval of proposed amendments on by-laws of NMBAI

REGULAR AND SPECIAL BOARD MEETING RESOLUTIONS

Resolution No.	Board Resolution
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



President's Report

PRESIDENT'S REPORT

The year 2019 was a very special and important year for NATCCO MBAI. It commemorates our 10th year anniversary since its establishment on 2009. It was the year where 1 of our 7-year strategy map and journey to 300,000 members. Also, when we fully embrace the technology era and adopt to the changing times.

A year ...of new steps for better insurance products for our members; when we requested the Insurance Commission to approve additional optional products that would address our members' needs for disability and hospitalization benefits.

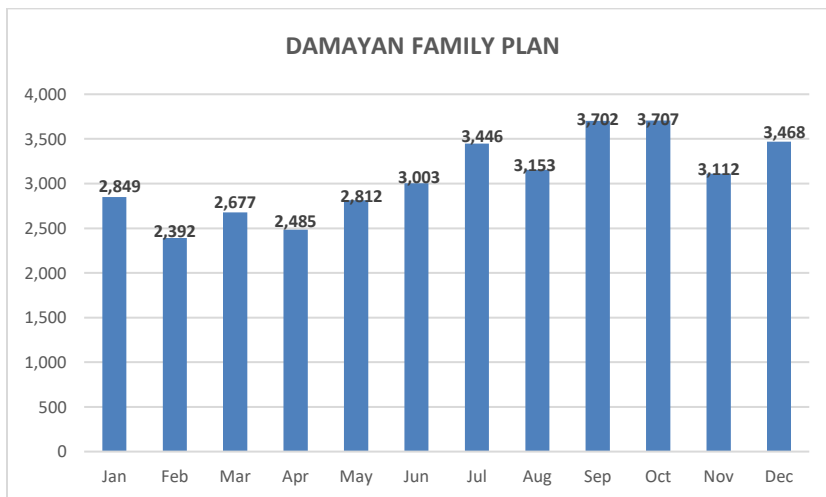
A year... of much improved relationship with our members as we reached them through different channels; of members' much deeper understanding of our products when we talked to them during the MICOOP Forum on April 2019, and thoroughly explain how these products can address the financial needs of members should a claim arises.

Indeed a great year for NATCCO MBAI.

Our Accomplishments.

Issued Policies

In 2019, we were able to insure a total of **36,806** policies for Basic Life Insurance Product, an 18% increase from 2018's 31,176 policies.



**36,806 =
Total issued
policies for
2019**

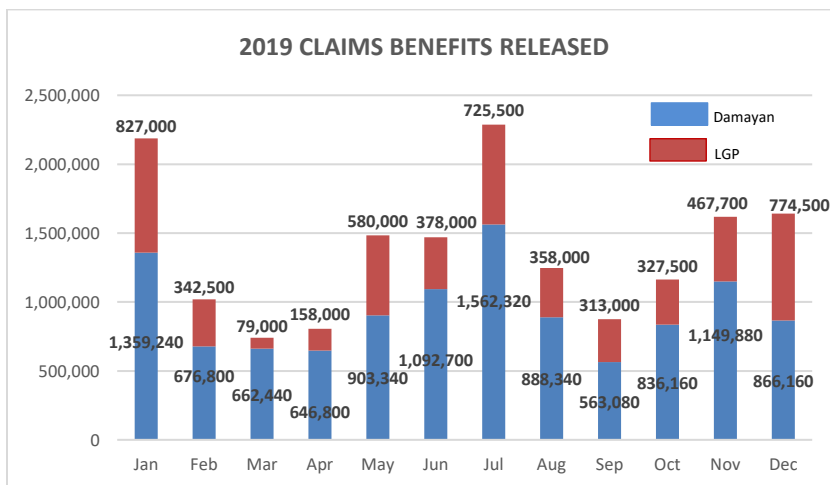
For Credit Life Insurance Product, we insured a total loan amount of **P2,400,559,689**, an increase of 13% from 2018's P2,124,044,554.



P2,400,599,689
= Total Loan
Amount insured
for 2019

Released Claims Benefits

NATCCO MBAI's promise is to make sure that the financial benefits for our members are released as soon as possible. With the increase of members insured, there was also an increase in the number of death claims submitted to the Head Office. For 2019, a total of 486 death claims was processed and NATCCO MBAI released total benefits of **P16,537,960**. The Insurance Commission required the insurers that for micro-insurance products the claims benefits should be released within 10 working days, but for our association, we were able to release 95% of the 486 policies within 3-working days. 43% of that was released within 1 day.



ASEAN Corporate Governance Scorecard (ACGS)

The ASEAN Corporate Governance was developed based on international benchmarks such as the Organization for Economic Co-operation and Development (OECD), Principles of Corporate Governance, the International Corporate Governance Network Corporation (ICGN) Governance Principles, as well as industry-leading practices from ASEAN and the world¹. The ACGS is a tool used to evaluate corporate governance practices. Endorsed by the ASEAN finance ministers in 2009, it was designed to help develop an integrated capital market for the region's financial integration by 2015.

It is the policy of the Insurance Commission to raise the bar of corporate governance in the insurance industry by adopting the corporate governance best practices in the ASEAN region. In its Circular Letter 14-20132, the Insurance Commission mandated the adoption of ACGS to all insurance companies and mutual benefits association (MBA) enjoining the covered companies to develop their company websites and their responses to the ACGS questionnaire with supporting documents.

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

- A. Rights of the Shareholders
- B. Equitable Treatment of Shareholders
- C. Role of Shareholders in Corporate Governance
- D. Disclosure and Transparency
- E. Responsibilities of the Board

Industry result

Total of 118 insurance companies were subjected to ACGS scoring, and NATCCO MBAI belongs to the 33 MBA's that participated on this.

Breakdown of companies according to class

	Class 1	Class 2	Class 3	Class 4	Class 5
Life	10	6	13	1	0
Non-Life	8	10	36	1	0
MBA	0	0	0	0	33
Total	18	16	49	2	33

The average score of the companies assessed in 2019 is 42.5 points. For the MBA sector, the average score is 41.0 points. NATCCO MBI scored higher than the industry, and higher than the MBA sector.

Covered Year	Rights of Shareholders	Equitable Treatment of Shareholders	Roles of Stakeholders	Disclosure and Transparency	Responsibilities of the Board	Bonus and Penalty	TOTAL SCORE
2016	2.1	6.4	0	3.1	8.5	-2	18.2
2017	8.2	10.4	2.4	7.8	11.2	0	40.0
2018	7.3	9.6	1.4	6.1	8.5	0	32.9
2019	7.3	10.7	1.9	12.9	16	0	48.8

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

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 2019, out of the 100 maximum score, our association scored 82 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	3
OUTREACH	5	5
TOTAL	100	82

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 **82 points**, and we are in “**satisfactory level**”. Based on the Insurance Commission, satisfactory means “The financial condition and operating performance of the insurer are satisfactory and can withstand business conditions. Resources are sufficient to sustain operations and pay obligations now and in the near term. The insurer currently meets the needs of the insured and most of its clients understand the product. Board and management exhibits satisfactory performance and risk management practices are acceptable relative to the insurer’s size, complexity of products and risk profile. Moderate weaknesses in operations are noted and can be addressed by management in the ordinary course of business.”

This is a good indicator that we are doing better than ever, but still, we will never stop reaching for higher goals and much better performance. This is our passion so that we can give our members more efficient and faster service, more competitive products, and excellence in everything that we do.

2019 was indeed a great year, and we are looking forward to do much more and perform even better for our members and stakeholders.



MINERVA G. TEJADA
President



Operations Highlight

NATCCO MBAI OPERATIONS HIGHLIGHT



Total Number of Active Members

62,715



Total Number of Active Policies

136,831



Total Amount of Contributions and
Premiums Received

P49,012,765



Total Amount of Claims Benefits Released

P16,537,960



Total Assets

P63,779,296

NATCCO MBAI OPERATIONS HIGHLIGHT



Percentage of Claims Released
Within 3 days

95%



Basic Life Insurance Product
(Damayan Family Plan)

No. of Claims	322
Benefit Amount Released	P11,207,260



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

No. of Claims: 36,806



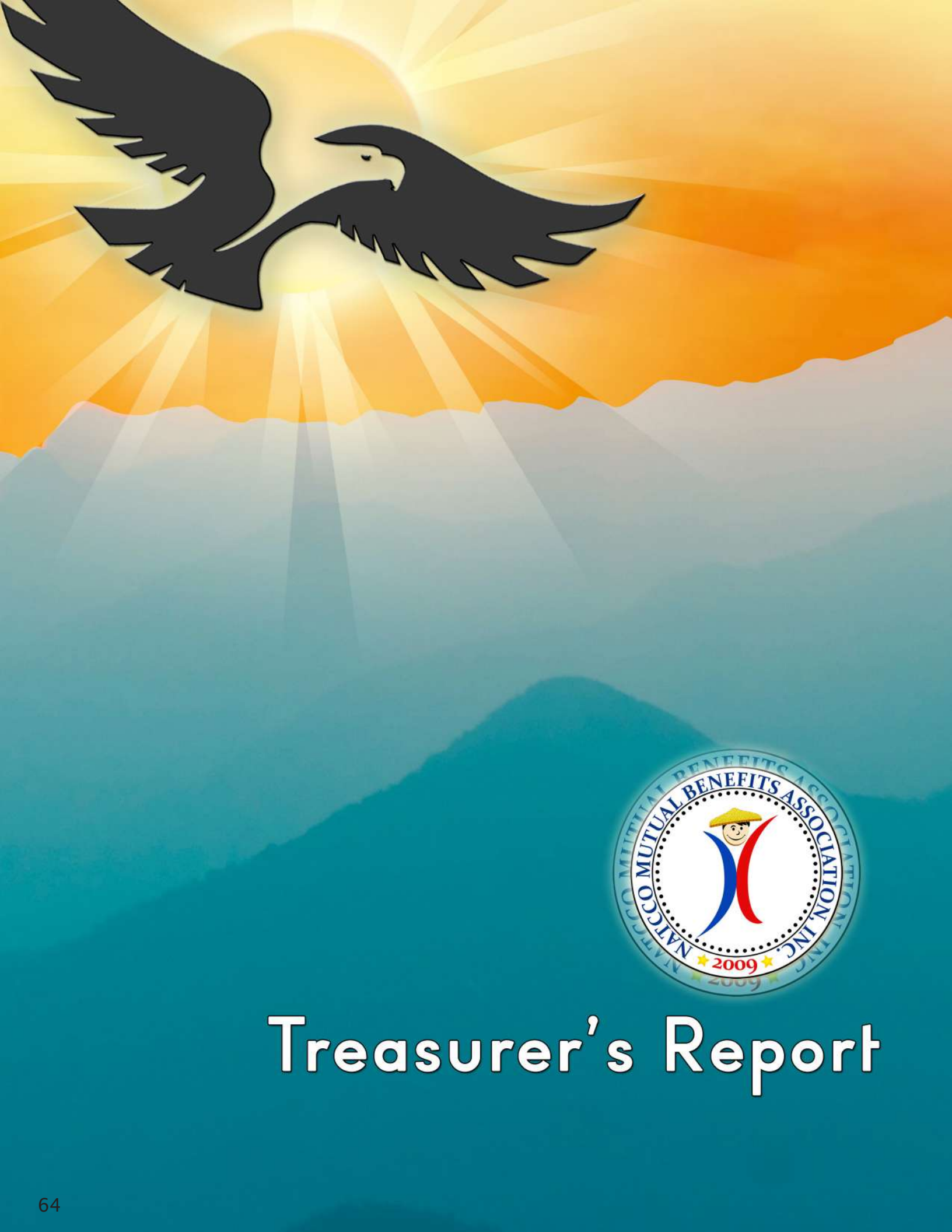
Credit Life Insurance Product
(Coop Loan Guarantee Plan)

No. of Claims	163
Benefit Amount Released	P5,330,700



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

Amount of Claims: P2,400,559,689



Treasurer's Report

TREASURER'S REPORT

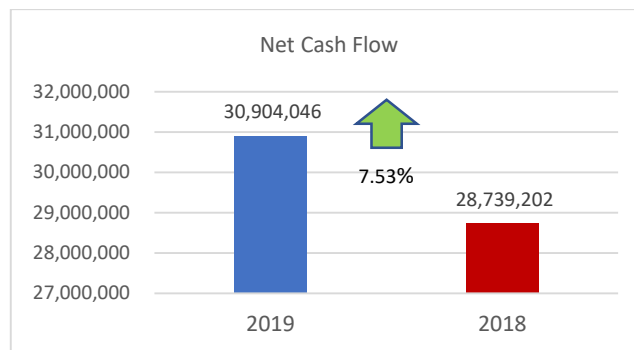
NMBAI is fortunate to have such talented and dedicated Board of Trustees, Officers and Management staff who worked hard to make the Association stronger. Their confidence and invaluable guidance, their ongoing support helped make good progress in strengthening the overall business and achieve good results.

NMBAI Financial Statements as of December 31, 2019 were audited by our external auditor, Banaria, Banaria & Company.

NATCCO MBAI's financial highlights shown a net surplus of P6.7 million or 28.83% from 2018 amounting to P5.2 million.

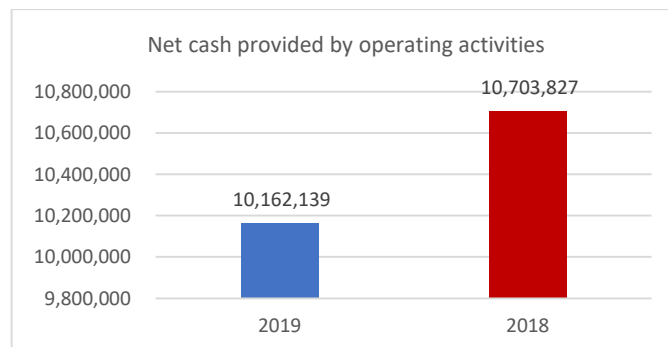
Also, worth reporting is an increase of P 11.16 million or 21.21% on the Total Assets of P63.8 million in 2019 from P52.6 million in 2018. An indication that our members remain committed to NMBAI.

For 2019, the net cash flow is P2.16 million, a 7.53% increase from 2018. NMBAI has consistently generated positive cash flows from its daily business operations. This demonstrates that there is demand and our members continue to view NMBAI as a better source of protection.



Cash Flow from Operating Activities

Cash flow from operating activities emphasizes the core activities of the organization – members' contributions and claims that generate cash inflows and outflows.

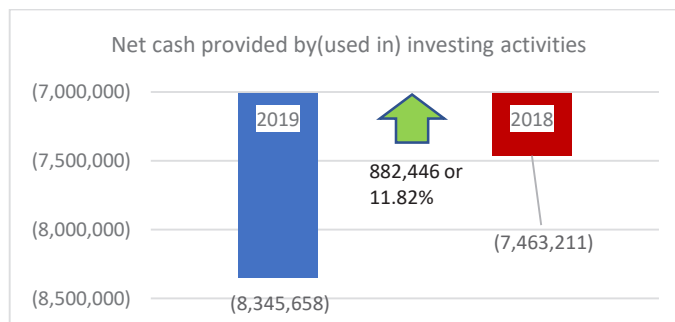


The operations for 2019 as stated brought an increase in the net surplus, but due to the actuarial valuation adjustment made on the members contribution received in advance and allocation of assigned funds

which contributed to a decrease of P541,688 or a (5.06%) in the net cash provided by the operating activities.

Cash Flow from Investing Activities

Cash flow from investing activities records changes in cash from the purchase or sale of property, equipment, or generally long-term investments.



The increase in the cash outflow was due to raise in the membership certificate loans, additional investment of P2.5 million to the Insurance Commission as our guaranty fund and acquisition of equipment.

Cash Flow from Financing Activities


Cash flow from Financing activities consist of activities that will alter the fund balance or borrowings of an organization.

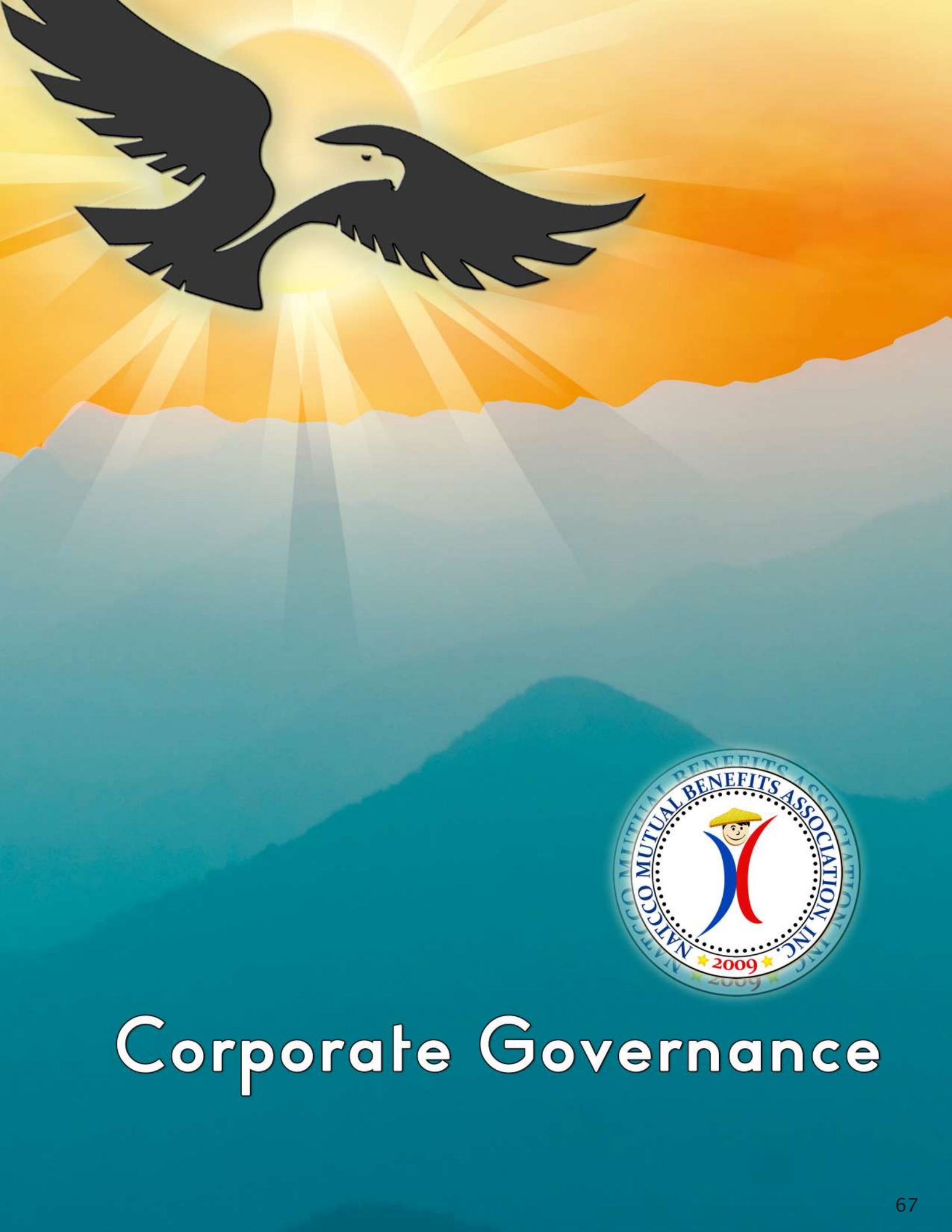
The increase of cash outflow is due to the allocation from the free and unassigned funds and utilization amounting to P348,363.

The schedule of the Assigned Funds is as follows:

	Guaranty Fund	Members' Benefits	Office/Services Upgrading	Product Development	Total
Balance Beginning	13,722,562	247,271	463,954	367,714	14,801,501
Transfer from free and unassigned funds	2,407,909				2,407,909
Allocation		1,269,315	-	845,555	2,114,870
Prior period adjustments			(160,637)		(160,637)
Utilization		(285,000)	(204,574)	(1,116,297)	(1,605,870)
Net	-	984,315	(365,211)	(270,741)	348,363
Balance, Ending	16,130,471	1,231,586	98,743	96,973	17,557,772

Thank you to the Board of Trustees, Officers, Management and staff who remain committed to serving our members by providing the best services possible.


 ZORAHAYDA A. CAFIRMA
 Treasurer



Corporate Governance

CORPORATE GOVERNANCE

CONFIRMATION STATEMENT

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

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

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.

NAME	TOTAL NO. OF MEETINGS	TOTAL NO. OF MEETINGS ATTENDED	PERCENTAGE RATING
Ellen R. Pastores (Chairperson)	11	11	100%
Evelia Bardos-Tizon (Vice Chairperson)	11	9	82%
Jupiter Bonilla	11	11	100%
Romeo Magdaong	11	11	100%
*Angel Garcia, Jr.	6	6	100%
*Leonardo Banga	6	6	100%
Atty. Adolfo Ibañez	11	11	100%

*Term ended June 2019

NEWLY ELECTED BOARD OF TRUSTEES (MAY 28, 2019)

NAME	TOTAL NO. OF MEETINGS	TOTAL NO. OF MEETINGS ATTENDED	PERCENTAGE RATING
Ma. Veronica Sierra	6	6	100%
Ryan Arthur Padilla	6	6	100%

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.

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 April 8, 2019 and June 10, 2019.

NAME	TOTAL NO. OF MEETINGS	TOTAL NO. OF MEETINGS ATTENDED	PERCENTAGE RATING
Ellen R. Pastores	2	2	100%
Evelia Bardos-Tizon	2	2	100%
Zorahayda Cafirma	2	2	100%
Minerva Tejada	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:

Audit Committee had meetings on March 27, 2019, June 10, 2019, and September 9, 2019.

NAME	TOTAL NO. OF MEETINGS	TOTAL NO. OF MEETINGS ATTENDED	PERCENTAGE RATING
January – May			
Leonardo Banga	1	1	100%
Romeo Magdaong	1	1	100%
Atty. Adolfo Ibañez	1	1	100%
June – Dec			
Ma. Veronica Sierra	2	2	100%
Ryan Arthur Padilla	2	2	100%
Atty. Adolfo Ibañez	2	2	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 March 27, 2019, May 7, 2019, June 10, 2019, and September 9, 2019.

NAME	TOTAL NO. OF MEETINGS	TOTAL NO. OF MEETINGS ATTENDED	PERCENTAGE RATING
January – May			
Evelia Bardos-Tizon	2	2	100%
Jupiter Bonilla	2	2	100%
Angel Garcia, Jr.	2	2	100%
June – Dec			
Ma. Veronica Sierra	2	2	100%
Jupiter Bonilla	2	2	100%
Romeo Magdaong	2	2	100%

REMUNERATION COMMITTEE

Composed of three (3) members, who are independent of management and free from any business or other relationship which could interfere with the exercise of their independent judgment. They develop a compensation policy to attract, retain and motivate those people of the highest caliber, who have the skills needed to achieve the Association's objectives year on year and which balances the interests of the members, the association, and its employees.

Committee meetings:

Remuneration Committee had meetings on March 27, 2019, and June 10, 2019.

NAME	TOTAL NO. OF MEETINGS	TOTAL NO. OF MEETINGS ATTENDED	PERCENTAGE RATING
Jan – May			
Atty. Adolfo Ibañez	1	1	100%
Romeo Magdaong	1	1	100%
Rustico Galang, Jr.	1	1	100%
June – Dec			
Atty. Adolfo Ibañez	1	1	100%
Ryan Arthur Padilla	1	1	100%
Rustico Galang, Jr.	1	1	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 March 27, 2019, and June 10, 2019.

NAME	TOTAL NO. OF MEETINGS	TOTAL NO. OF MEETINGS ATTENDED	PERCENTAGE RATING
Ellen R. Pastores	2	2	100%
Romeo Magdaong	2	2	100%
Zorahayda Cafirma	2	2	100%
Minerva Tejada	2	2	100%

RELATED PARTY TRANSACTION (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:

RPT Committee had meetings on March 27, 2019, and June 10, 2019.

NAME	TOTAL NO. OF MEETINGS	TOTAL NO. OF MEETINGS ATTENDED	PERCENTAGE RATING
Jan – May			
Ellen R. Pastores	1	1	100%
Romeo Magdaong	1	1	100%
Atty. Adolfo Ibañez	1	1	100%
June – Dec			
Ellen R. Pastores	1	1	100%
Atty. Adolfo Ibañez	1	1	100%
Ryan Arthur Padilla	1	1	100%

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, and he was re-appointed on May 28, 2019 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 MBAI. With the audit fee of P35,000.00 (+12% VAT) and all other expenses incurred by the auditors during the audit period, they audited the 2018 Financial Statement of the association, and this was affirmed by the Board of Trustees on March 27, 2019.

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.

CODE OF CONDUCT AND BUSINESS ETHICS

NATCCO MBAI and its employees must at all times, comply with all applicable laws and regulations. The association will not condone the activities of employees who achieve results through violation of law or unethical business dealings. This includes any payments for illegal acts, indirect contributions, rebates, and bribery. The association does not permit any activity that fails to stand the closest possible public scrutiny. All business conduct should be well above the minimum standards required by law. Accordingly, employees must ensure that their actions cannot be interpreted as being, in any way, in contravention of the laws and regulations governing NATCCO MBAI's operations. Employees uncertain about the application or interpretation of any legal requirements should refer the matter to their supervisor, who if necessary, should seek appropriate legal advice.

The NATCCO MBAI creates a culture of integrity, compassion, excellence, and teamwork.

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.

Transparency and Disclosure

Ensuring the members and stakeholders are updated on the processes and whereabouts of the association, NATCCO MBAI 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 MBAI is publishing these contact numbers to inform the public that they can reach the association anytime.

STAKEHOLDERS' INTERESTS

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

Customer Welfare Policy

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

NATCCO MBAI 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 MBAI's free and unassigned surplus in excess of 20% will be distributed to members by enhancing equity value or providing benefits in kind and other relevant services. Moreover, as approved by the Commissioner, NATCCO MBAI may allocate a portion for the capacity building 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 MBAI 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.

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 MBAI has undergone the APE on February 2019.

Training and Development

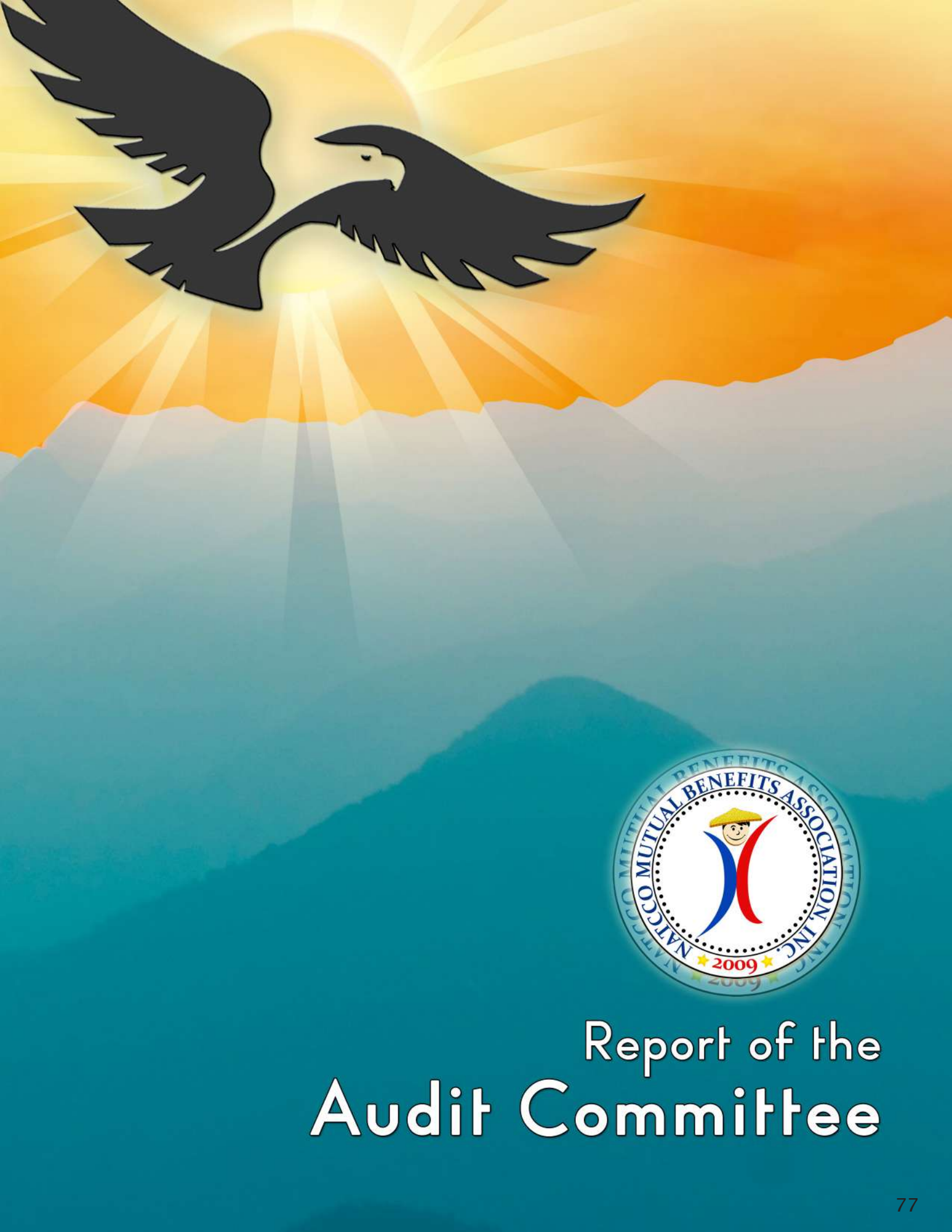
Job performance assessment, staff training and development are key performance indicators and developments for employees to ensure their continued learnings and skills enhancements. As a member of MiMAP (Rimansi), employees are encouraged to attend trainings related to their specific function, and apply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

NATCCO MBAI 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.

BOT Trainings

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

	National Micro insurance Forum	Investment Training	Advancing Women and Youth as Pillars of Sustainable Development	Growth of Cooperative	Digital Transformation
	Manila	Manila	Bacolod	KL, Malaysia	Singapore
	Jan 22, 2019	March ,13 2019	April 9 – 11, 2019	May 07, 2019	May 09, 2019
Ellen R. Pastores (Chairperson)	✓	✓	✓	✓	✓
Evelia Bardos-Tizon (Vice Chairperson)	X	X	✓	✓	✓
Jupiter Bonilla	X	X	✓	✓	✓
Romeo Magdaong	X	✓	X	✓	✓
Angel Garcia, Jr.	X	X	✓	✓	✓
Leonardo Banga	X	X	✓	✓	✓
Ma. Veronica Sierra	X	X	✓	X	X
Ryan Arthur Padilla	X	X	X	X	X



Report of the Audit Committee

AUDIT COMMITTEE REPORT

(Adolfo A. Ibanez, Ma. Veronica B. Sierra, Ryan Arthur DG. Padilla)

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 of January to December 2019, the Board of Trustees has conducted five (5) regular and six (6) special meetings and passed thirty five (35) resolutions. Executive Committee had two (2) meetings. The Audit Committee had three (3) meetings while the Nominations Committee had four (4). The Remuneration Committee had two (2) meetings. The Investment Committee had two (2) meetings, and the Related Party Transactions Committee had two (2) meetings as well.

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 Institute of Corporate Directors conducted evaluation of the Association's Corporate Governance Scorecard. NATCCO MBI in 2019 yielded a score of 48.8 points in 2019 assessment. ICD also recommended items for improvement to achieve higher score, and out of 20 recommendations, NATCCO MBI has implemented 14 of the recommendations.

The Association's SEGURO rating for 2019 is **82** out of 100 points or **Satisfactory Performance**. The Association still has to improve its performance on Governance (requirements on Corporate Governance) as indicated in the ICD's ACGS written report.

Financial Reporting

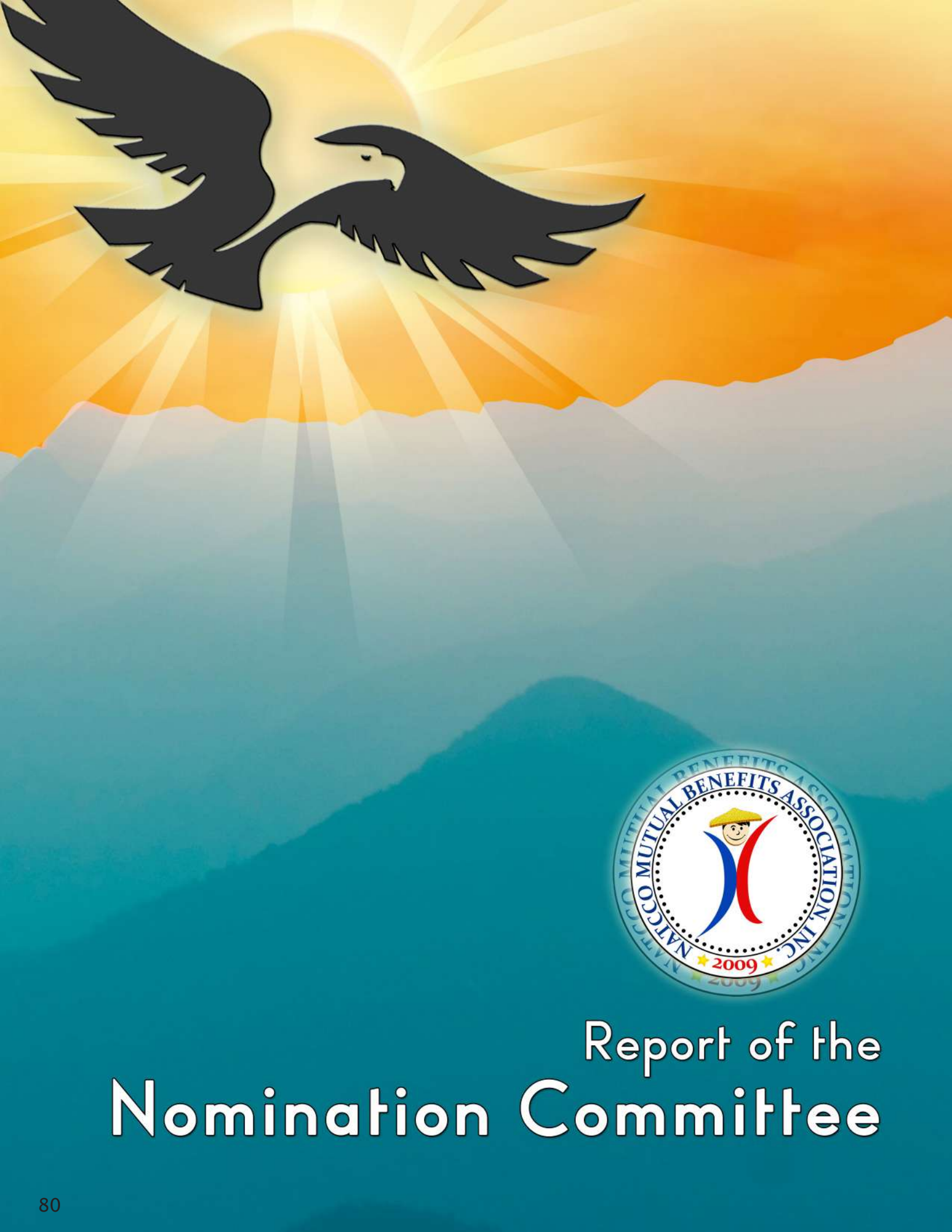
The external audit of the Association was conducted by Banaria Banaria and Company. No material findings was rendered by the Auditor. The auditor certified that the Association's Financial Statements present fairly, in all material respects, the financial position of NATCCO MBI as of December 31, 2018 and 2019, 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 Banaria and Company as external auditor of MBI for 2020.

A handwritten signature in black ink, appearing to be 'AI', with a long horizontal stroke extending to the right.

ADOLFO A. IBAÑEZ
Chairperson, Audit Committee



Report of the Nomination Committee

NOMINATION COMMITTEE REPORT

(Ma. Veronica B. Sierra, Jupiter Bonilla, Romeo M. Magdaong)

I. 2020 Annual Meeting Schedule

In response to the IATF rules and as directed by the Securities and Exchange Commission (SEC), thru its Memorandum Circular No. 6, series of 2020, issued on March 12, 2020, the Board of Trustees of NMBAI decided to hold it's Annual General Meeting on July 21, 2020 virtually. This is instead of what is indicated in the NMBAI Bylaws, which is every last Tuesday of May every year.

II. Active Membership count as of December 31, 2019

There are 64,814 votes based on the number of active members

- Total of 62,715 active members from Partner-Cooperatives and 1,099 votes from seven (7) original incorporators
- Of these votes, 44,289 or 69% are represented
- While 19,525 or 31% are unrepresented and assigned to the NMBAI Chairperson, as provided in the NATCCO MBAI Bylaws, Article IV, Section 7.
- 44 delegates will be representing members from the 50 partner-cooperatives.

III. Vacant Seats

For this year, two (2) regular and two (2) independent BOT positions will be vacant. Both Trustee Pastores and Trustee Tizon ended their 3-year term as regular BOT and are both qualified to seek for another term. While Trustee Padilla and Trustee Ibañez ended their 1-year term as independent BOT and they are also qualified to run for re-election.

IV. Official Candidates

On June 25, 2020 the Committee evaluated the received certificates of candidacy and declared the following as official candidates for election:

1. For Regular Board of Trustee
 - Angel P. Garcia Jr.
 - Romenito A. Pader
 - Ellen R. Pastores
 - Evelia Bardos-Tizon

2. For Independent Board of Trustee
 - Atty. Adolfo A. Ibañez
 - Ryan Arthur DG Padilla

V. Virtual Election Guidelines

With only the usual Election Guidelines on hand, the Committee drafted guidelines for the conduct of virtual election. The Committee ensured the integrity of the conduct and result of the virtual election. After several discussions and revisions, the Guidelines for the Conduct of Virtual Election was approved by the Board of Trustees on June 20, 2020. The guidelines will be implemented in this year's election.

The approved guidelines were sent to the members on June 29, 2020 together with the final notice to the representatives, official list of nominees and their respective assigned e-ballot number and proxy votes.

Conduct of Virtual Election Proper

1. Election shall be conducted on the scheduled virtual annual meeting.
2. The election will start and end upon announcement of the Nomination Committee Chair.
3. Representatives log-in to their registered gmail account where the link for the virtual election was sent. The representative clicks the link and casts his/her vote.
4. In case of power failure or poor internet connection, the representative shall inform Nomination Committee thru official cellphone number. After validation, the Nomination Committee shall then inform the representative on how he/she will cast his vote.
5. Authorized staff with the presence of the Nomination Committee shall encode in the e-ballot tally sheet the votes received thru messenger and text upon validation. Proper documentation on votes received thru messenger and text shall be made.

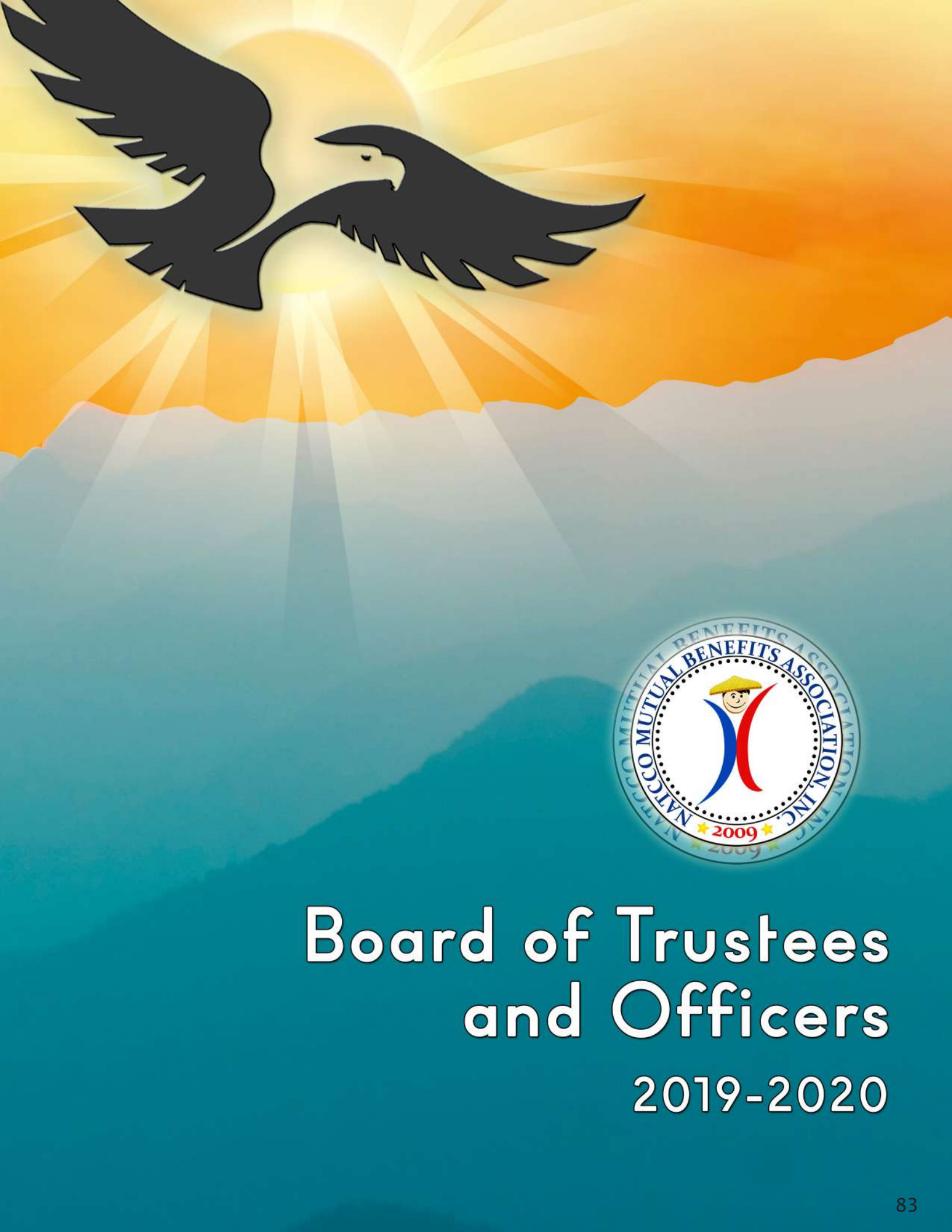
Counting of Votes and Declaration of Winners

1. The Nomination Committee shall validate the votes based on the following unique identification:
 - First : registered gmail account
 - Second : e-ballot numberThe assigned ballot number and the registered gmail address must match.
2. The result of the virtual election as generated shall be flashed in the shared screen for all to see.
3. The Nomination Committee shall declare winners accordingly.



MA. VERONICA B. SIERRA

Chairperson, Nomination Committee



Board of Trustees and Officers 2019-2020

NATCCO MBAI

2019-2020 BOARD OF TRUSTEES



CHAIRPERSON **ELLEN R. PASTORES**

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 42 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.



VICE CHAIRPERSON **EVELIA BARDOS-TIZON**

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 64 years old and a graduate of Bachelor of Science in Public Administration.



MEMBER **JUPITER B. BONILLA**

A member of the Board of Trustees since May 2018. He is also MICOOP Operation Supervisor and a Unit Head for almost 13 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 45 years old and a graduate of Bachelor of Science in Accountancy, Master in Public Administration and Agro Enterprise Facilitator.

NATCCO MBAI

2019-2020 BOARD OF TRUSTEES



MEMBER
ROMEO M. MAGDAONG

Mr. Magdaong is one of the original officers of NATCCO MBAI, 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 53 years old and a graduate of Bachelor of Science in Business Administrations and earned 36 units in Master's Degree in Business Administration.



MEMBER
ANGEL P. GARCIA, JR.

Member of NATCCO MBAI Board of Trustees from May 2016 to May 2019. He is also serves as the MICOOP Area Manager in Northern Luzon. A member NEC MPC and TANOFARMCO, and with cooperative for 15 years. He is 48 years old and a graduate of Bachelor of Science in Accountancy.



MEMBER
LEONARDO S. BANGA

A member of the NATCCO MBAI Board of Trustees from May 2016 to May 2019. He serves as the MICOOP Area Manager in Southern Luzon. A member of VICTO since 1984 and SIDECO since 2015. He is with the cooperative sector for 20 years now. He is 59 years old and a graduate of Bachelor of Science in Business Administration and has a Master's degree in Public Administration.

NATCCO MBAI

2019-2020 BOARD OF TRUSTEES



MEMBER

MARIA VERONICA B. SIERRA

A member of the Board of Trustees since May 2012. She is also the MICOOP Special Project Officer/Acting Finance MIS Officer. She is 49 years old and a graduate of Bachelor of Science in Accountancy, AB Economics, and Master's Degree in Business Administration.



INDEPENDENT TRUSTEE

ADOLFO A. IBAÑEZ

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



INDEPENDENT TRUSTEE

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 44 years old who took up AB Political Science and a graduate of BSBA major in Management.

NATCCO MBAI 2019-2020 BOARD OFFICERS



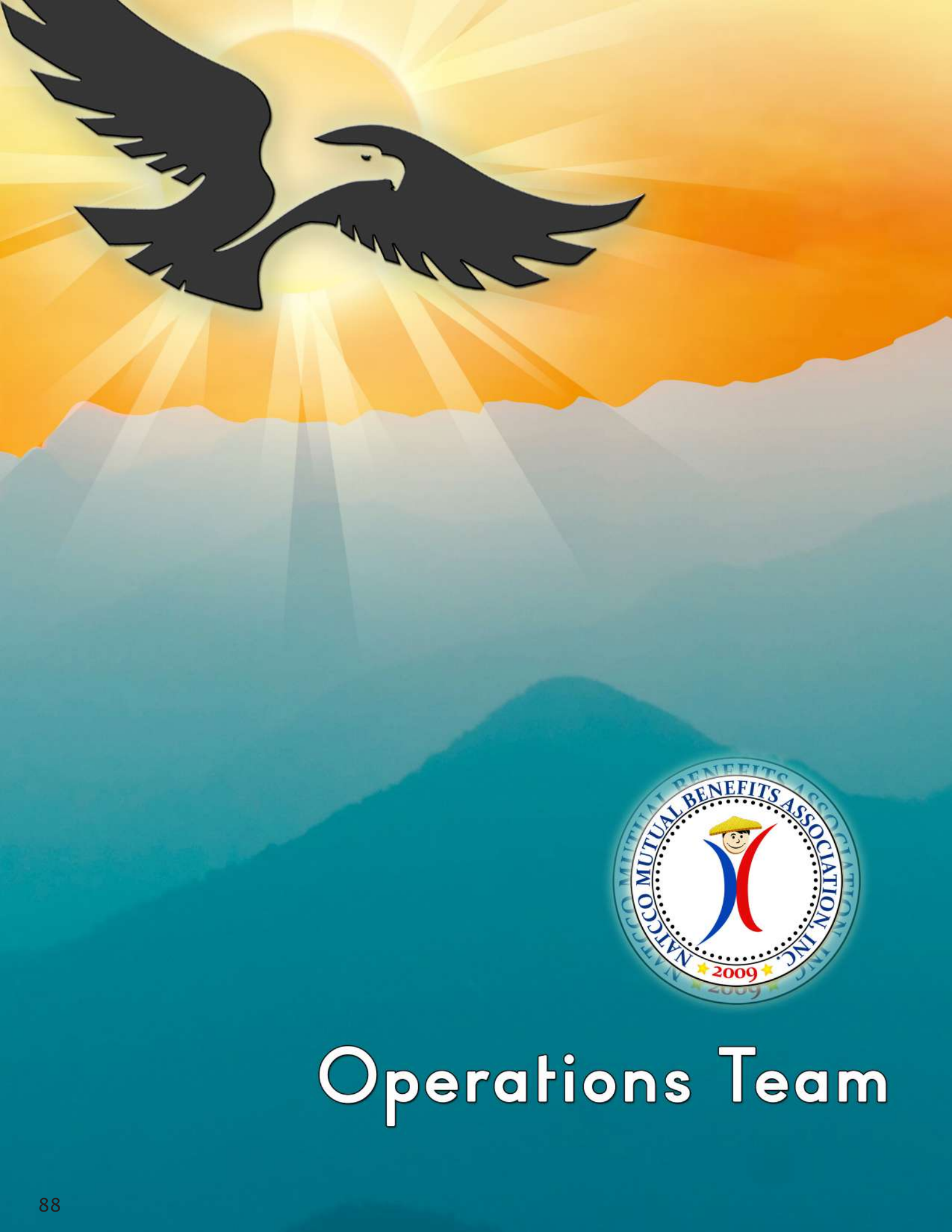
MILDRED C. CEREZO
BOARD SECRETARY



ZORAHAYDA A. CAFIRMA
BOARD TREASURER



ROBERT ABAO
BOARD AUDITOR



Operations Team

NATCCO MBAI OPERATIONS TEAM



MINERVA G. TEJADA
PRESIDENT



YANI M. YUGO
ACCOUNTING SUPERVISOR



JENNIFER M. ESTOCADA
CLAIMS SPECIALIST



ELSIE C. DE ROBLES
MARKETING OFFICER



MA. CHERISH G. SOLSONA
DATABASE SPECIALIST



MA. ELIZABETH B. AQUINO
DATABASE ASSOCIATE



DHONNA R. FRANCISCO
ADMIN | MKTG ASSISTANT



2019 Activities and Advertisements

RIMANSI: 2019 Microinsurance Forum, January 22, 2019



MICOOP FORUM held on April 9-11, 2019 on Bacolod City.



NATCCO MBAI ANGKASA AND NTUC Study Tour, May 6-10, 2019



NATCCO MBAI 2019 ACTIVITIES

NATCCO MBAI 8th Annual Meeting held on May 28, 2019



NATCCO MBAI LAKBAY MALASAKIT PROGRAM



NATCCO MBAI gave a donations to those who were affected by the Typhoon Tisoy that caused flood in BRGY. TUPANNA, PAMPLONA last December 17, 2019.



NATCCO MBAI with Micoop Team prepared a relief goods to the Staff and Management of SAMAHANG MAGSASAKA NG BRGY. STA MARIA ARC in Tanauan, Batangas who were affected by the Taal Volcano eruption last January 22, 2020.



NATCCO MBAI together with Five Star Multi Purpose Cooperative had a Medical Mission to their coop members Last January 28, 2020.



Partner Cooperatives

NATCCO MBAI PARTNER COOPERATIVES

LUZON

- Agra Progreso MPC
- Baa0 Parish MPC
- Bacarra Savings and Credit Cooperative
- Baggak Ti Daya Development Cooperative
- Batong Paloway Agrarian Reform Cooperative
- Bayanihan Hundred Islands Agrarian Reform Cooperative
- Buklod ng Buhay ARC MPC
- CamSur MPC
- Casandro MPC
- Del Rosario MPC
- Dur-As Savings and Credit Cooperative
- Five Star MPC
- Go Quirinians Savings & Credit Cooperative
- 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
- Salvacion Farmers Development Cooperative
- 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

NATCCO MBAI PARTNER COOPERATIVES

NCR

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

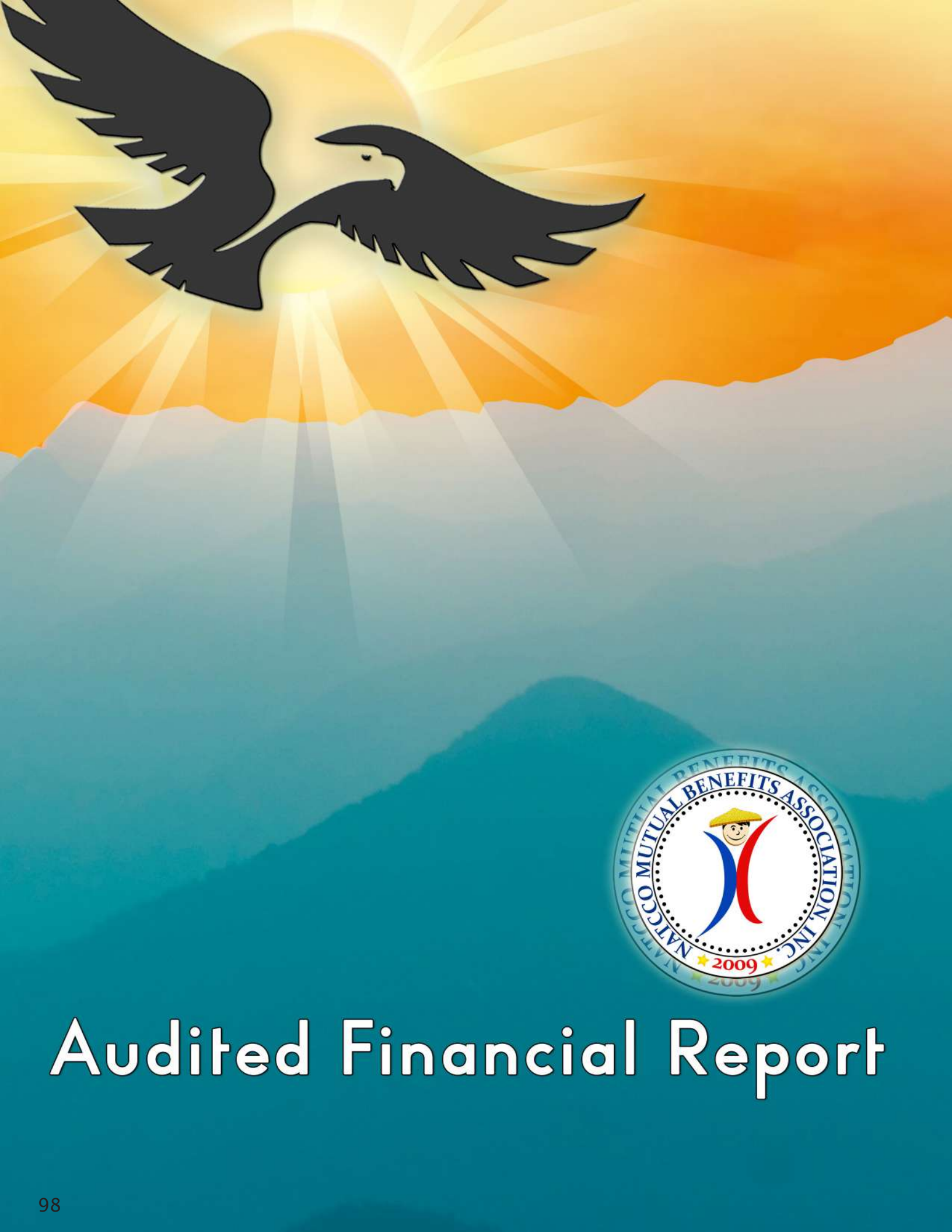
VISAYAS

- Bacolod City Credit Cooperative (BACCCoop)
- Bantolinao Farmers MPC
- Bonbonon Farmers Agrarian Reform MPC
- Cadiz City Credit Cooperative
- Development Workers for Savings & Credit Cooperative
- Dumangas Agrarian Reform Cooperative
- Guimaras Brethren MPC
- HAD 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)
- Tumalalud Farmers MPC

NATCCO MBAI PARTNER COOPERATIVES

MINDANAO

- Alipao 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
- Millennial 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



Audited Financial Report

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

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

FINANCIAL REPORTS
December 31, 2019 and 2018

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, 2019, 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



Zorahayla A. Cafirma
Treasurer



Signed this 6th day of June, 2020.

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, 2019 and 2018, 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, 2019 and 2018, 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 27 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
 CPA Certificate No. 27621
 Tax Identification No. 131-938-548
 PTR No. 9542301-C, January 24, 2020, Quezon City
 CTC No. 03740509, January 24, 2020, Quezon City
 BOA Accreditation No. 0030, valid until June 26, 2021 (Firm)
 BIR Accreditation No. 07-001323-002-2017, valid until June 27, 2020 (Firm)
 BIR Accreditation No. 07-001324-002-2017, valid until June 27, 2020 (Partner)
 IC Accreditation No. SP-2017-005-O, valid until May 7, 2020 (Partner)
 IC Accreditation No. F-2019-003-R, valid until July 17, 2022 (Firm)

June 6, 2020

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TELLER'S INITIAL:	

**NATIONAL CONFEDERATION OF COOPERATIVES
MUTUAL BENEFIT ASSOCIATION (NATCCO MBA), INC.
STATEMENTS OF FINANCIAL POSITION
As of December 31, 2019 and 2018
(Centavo Omitted)**

	<u>Note</u>		<u>2019</u>		<i>As restated</i> <u>2018</u>
<u>A S S E T S</u>					
CURRENT ASSETS					
Cash	7	P	30,904,047	P	28,739,202
Trade and other receivables	8		550,773		105,512
Financial asset at fair value through profit or loss	9		5,403,745		5,000,000
Other funds and deposits	10		675,362		671,938
Other current assets	11		512,530		508,083
Financial assets at amortized costs - short term	14		<u>2,429,700</u>		<u>11,454,112</u>
Total			<u>40,476,156</u>		<u>35,024,735</u>
NON-CURRENT ASSETS					
Property and equipment, net	12		490,539		514,303
Membership certificate loans	13		10,462,686		5,604,464
Financial assets at amortized costs - long term	14		12,334,582		-
Other non-current asset	15		<u>15,333</u>		<u>23,333</u>
Total			<u>23,303,140</u>		<u>6,142,100</u>
TOTAL ASSETS		P	<u><u>63,779,296</u></u>	P	<u><u>41,166,835</u></u>
<u>LIABILITIES AND FUND BALANCE</u>					
CURRENT LIABILITIES					
Liability on individual equity value	16	P	26,338,873	P	15,797,617
Members contribution received in advance	17		13,863,516		9,092,037
Other payables	18		<u>7,201,193</u>		<u>5,703,676</u>
Total			<u>47,403,582</u>		<u>30,593,330</u>
NON-CURRENT LIABILITY					
Post-employment benefits liability	19		<u>862,651</u>		<u>628,278</u>
TOTAL LIABILITIES			48,266,233		31,221,608
TOTAL FUND BALANCE (Exhibit C)			<u>15,513,063</u>		<u>21,399,339</u>
TOTAL LIABILITIES AND FUND BALANCE		P	<u><u>63,779,296</u></u>	P	<u><u>52,620,947</u></u>



EXHIBIT A

**NATIONAL CONFEDERATION OF COOPERATIVES
MUTUAL BENEFIT ASSOCIATION (NATCCO MBA), INC.
STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2019 and 2018
(Centavo Omitted)**

	Note	2019	<i>As Restated</i> 2018
RECEIPTS	20	P 48,208,176	P 45,069,061
OTHER INCOME	23	<u>804,589</u>	<u>516,582</u>
TOTAL INCOME		<u>49,012,765</u>	<u>45,585,643</u>
EXPENSES	21		
Benefit expenses		16,438,256	13,139,927
Other benefit expenses		<u>18,075,425</u>	<u>19,232,258</u>
Total		<u>(34,513,681)</u>	<u>(32,372,185)</u>
NET INCOME BEFORE OPERATING EXPENSES		14,499,084	13,213,458
OPERATING EXPENSES	22	<u>(7,863,023)</u>	<u>(8,272,997)</u>
NET INCOME AFTER OPERATING EXPENSES		<u>6,636,061</u>	<u>4,940,461</u>
OTHER COMPREHENSIVE INCOME			
Beginning balance	19	243,711	14,475
Remeasurement of post-employment benefit costs		<u>(201,152)</u>	<u>229,236</u>
Ending balance		<u>42,559</u>	<u>243,711</u>
TOTAL COMPREHENSIVE INCOME		<u>P 6,678,620</u>	<u>P 5,184,172</u>

EXHIBIT B



**NATIONAL CONFEDERATION OF COOPERATIVES
MUTUAL BENEFIT ASSOCIATION (NATCCO MBA), INC.
STATEMENTS OF CHANGES IN FUND BALANCE
For the Years Ended December 31, 2019 and 2018
(Centavo Omitted)**

	Note	<u>2019</u>	<u>2018</u>
ASSIGNED FUNDS	24		
<i>Guaranty Fund</i>			
Balance - beginning	P	13,722,562	P 11,732,076
Transfer from free and unassigned funds		<u>2,407,909</u>	<u>1,990,486</u>
Balance - end		<u>16,130,471</u>	<u>13,722,562</u>
<i>Member's Benefits</i>			
Balance - beginning		247,271	371,402
Add: Allocation from free and unassigned funds		1,269,315	130,559
Less: Utilization	(<u>285,000</u>	(<u>254,690</u>)
Balance - end		<u>1,231,586</u>	<u>247,271</u>
<i>Office/Services Upgrading</i>			
Balance - beginning		463,954	411,730
Prior period adjustment	(<u>160,637</u>	-
Adjusted beginning balance		303,317	411,730
Allocation from free and unassigned funds		-	52,224
Less: Utilization	(<u>204,573</u>	-
Balance - end		<u>98,744</u>	<u>463,954</u>
<i>Product Development</i>			
Balance - beginning		367,714	289,378
Allocation from free and unassigned funds		845,555	78,336
Less: Utilization	(<u>1,116,297</u>	-
Balance - end		<u>96,972</u>	<u>367,714</u>
FREE AND UNASSIGNED FUNDS			
Balance - beginning		6,484,326	3,053,261
Prior period adjustments	25	(<u>10,845,512</u>)	<u>742,208</u>
Adjusted beginning balance		(4,361,186)	3,795,469
Transfer to assigned funds	24	(4,362,144)	(2,251,604)
Excess of receipts over expenses (Exhibit B)		<u>6,636,061</u>	<u>4,940,461</u>
Balance - end		(<u>2,087,269</u>)	<u>6,484,326</u>
OTHER COMPREHENSIVE INCOME			
Beginning balance		113,512	(115,724)
Remeasurement of post-employment benefit costs	19	(<u>70,953</u>)	<u>229,236</u>
Total		<u>42,559</u>	<u>113,512</u>
TOTAL FUND BALANCE (To Exhibit A)		<u>P 15,513,063</u>	<u>P 21,399,339</u>

EXHIBIT C



**NATIONAL CONFEDERATION OF COOPERATIVES
MUTUAL BENEFIT ASSOCIATION (NATCCO MBA), INC.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2019 and 2018
(Centavo Omitted)**

	<u>Note</u>	<u>2019</u>	<u>As Restated 2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before adjustments to reserve (Exhibit B)		P 6,636,061	P 4,940,461
Adjustments for non-cash transactions:			
Depreciation	12	201,029	187,300
Adjustment in property and equipment	12	-	(80)
Amortization	15	8,000	8,000
Prior period adjustments	25	(10,845,512)	742,208
Allocation of assigned fund	24	(1,954,234)	-
Remeasurement of post employment liability	19	(70,953)	-
Operating income before working capital changes		(6,025,609)	5,877,889
Decrease (increase) in:			
Trade and other receivables	8	(445,261)	609,034
Additional financial assets through profit or loss	9	(403,745)	(5,000,000)
Other funds and deposits	10	(3,424)	(671,938)
Other current assets	11	(4,447)	640,687
Increase (decrease) in:			
Liability on individual equity	16	10,541,256	10,565,753
Members contribution received in advance	17	4,771,479	(5,265,872)
Additional post-employment benefits liability	19	234,373	185,576
Other payables	18	1,497,517	2,418,822
Net cash provided by operating activities		<u>10,162,139</u>	<u>9,359,951</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Additional membership certificate loans	13	(4,858,222)	(5,238,604)
Additional financial assets at amortized cost - short term	14	9,024,412	(2,094,647)
Additional financial assets at amortized cost - long term	14	(12,334,582)	-
Acquisition of property and equipment	12	(177,265)	(129,960)
Net cash provided by (used in) investing activities		<u>(8,345,657)</u>	<u>(7,463,211)</u>
CASH FLOWS FROM FINANCING ACTIVITY			
Utilization of assigned funds	24	348,363	(254,689)
Net cash used in financing activity		<u>348,363</u>	<u>(254,689)</u>
NET INCREASE IN CASH		2,164,845	1,642,051
CASH, BEGINNING		<u>28,739,202</u>	<u>27,097,151</u>
CASH, END		<u>P 30,904,047</u>	<u>P 28,739,202</u>



EXHIBIT D

**NATIONAL CONFEDERATION OF COOPERATIVES
MUTUAL BENEFITS ASSOCIATION (NATCCO MBA), INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019 and 2018
(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 62,715 and 94,175 active members as of December 31, 2019 and 2018, 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, 2019 (including the comparative for the year ended December 31, 2018) were approved and authorized for issue by the Board of Trustees on June 6, 2020.

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.

Effective 2018

a) Effective in 2018 that are Relevant to the Company

- (i) PFRS 1 (Amendments), *First-time Adoption of International Financial Reporting Standard - Deletion of short-term exemptions for first-time adopters (Part of Annual Improvements to PFRSs 2014- 2016 Cycle)*. The amendment is about the removal of short-term exemptions dealing with PFRS 7 Financial Instruments: Disclosures, PAS 19 Employee Benefits and PFRS 10 Consolidated Financial Statements. The reliefs provided are no longer applicable and had been available to entities for reporting periods that have now passed.
- (ii) PFRS 4 (Amendments), *Insurance Contracts - Applying PFRS 9, Financial Instruments with PFRS 4, Insurance Contracts*. The amendments provide two options for entities that issue insurance contracts within the scope of PFRS 4: (a) an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach; (b) an optional temporary exemption from applying PFRS 9 for entities whose predominant activity is issuing contracts within the scope of PFRS 4; this is the so-called deferral approach.

The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

The amendments are not applicable to the Group since none of the entities within the Association have activities that are predominantly connected with insurance or issue insurance contracts.

b) Effective in 2018 but are not Relevant to the Company

- (i) PAS 28 (Amendments), *Investments in Associates and Joint Ventures - Measuring an associate or joint venture at fair value (Part of Annual Improvements to PFRSs 2014-2016 Cycle)*. Clarifies that a qualifying entity is able to choose between applying the equity method or measuring an investment in an associate or joint venture at fair value through profit or loss, separately for each associate or joint venture at initial recognition of the associate or joint venture. Similar clarifications have been made for a reporting entity that is not an investment entity and that has an associate or a joint venture that is an investment entity. PAS 28 permits such a reporting entity the choice to retain the fair value measurements used by that investment entity associate or joint venture when applying the equity method. The amendments clarify that this choice is also made separately for each investment in an associate or joint venture that is an investment entity, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

The amendments should be applied retrospectively, with earlier application permitted.

- (ii) PAS 40 (Amendments), *Investment Property - Transfers of Investment Property*. The amendments state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. Examples of evidence of a change in use: (a) commencement of owner-occupation, or of for a transfer from investment property to owner-occupied property; (b) commencement of development with a view to sale, for a transfer from investment property to inventories; (c) end of owner-occupation, for a transfer from owner-occupied property to investment property; or and (d) commencement inception of an operating lease to another party, for a transfer from inventories to investment property.

The amendments should be applied prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. Retrospective application is only permitted if this is possible without the use of hindsight.

- (iii) PFRS 2 (Amendment), *Share-based payment - Classification and Measurement of Share-based Payment Transactions*. The amendments provide requirements on the accounting for: (a) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; (b) share-based payment transactions with a net settlement feature for withholding tax obligations; and (c) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

Companies are required to apply the amendments for annual periods beginning on or after January 1, 2018. Earlier application is permitted.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and if other criteria are met. Early application of the amendments is permitted.

- (iv) PFRS 9, *Financial Instruments (2014 or final version)*. In July 2014, the final version of PFRS 9, Financial Instruments, was issued. PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory.

Early application of previous versions of PFRS 9 is permitted if the date of initial application is before February 1, 2015.

The adoption of PFRS 9 will have an effect on the classification and measurement of the Association's financial assets and impairment methodology for financial assets, but will have no impact on the classification and measurement of the Association's financial liabilities. The Association will quantify this effect to present a comprehensive picture of the impact of adoption on the financial position or performance of the Association.

The Association did not adjust the balances on the financial statements beginning January 1, 2018 and 2017. The retrospective effect of the application of the adopted standard will be adjusted on the restated balance of retained earnings at December 31, 2019, if any.

- (v) PFRS 15, *Revenue from Contracts with Customers*. PFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under PFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in PFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under PFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2017 with early adoption permitted. The Association is currently assessing the impact of PFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.
- (vi) PFRS 15, *Revenue from Contracts with Customers*. The amendments issued merely aim at changing the mandatory effective date of PFRS 15 from annual periods beginning on or after January 1, 2017 to annual periods beginning on or after 1 January 2018. Earlier application of PFRS 15 continues to be permitted. Entities also continue to be permitted to choose between applying the standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application.

- (vii) PFRS 15 (Amendments), *Revenue from Contracts with Customers - Clarifications to PFRS 15*. The amendments to the Revenue Standard, which was issued in 2014, do not change the underlying principles of the Standard but clarify how those principles should be applied. The amendments clarify how to: (a) identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract; (b) determine whether an Association is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided); and (c) determine whether the revenue from granting a license should be recognized at a point in time or over time. In addition to the clarifications, the amendments include two additional reliefs to reduce cost and complexity for an Association when it first applies the new Standard.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under PFRSs. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018.

- (viii) Philippine Interpretation IFRIC 22, *Foreign Currency Transaction and Advance Consideration*. The interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. Entities may apply the amendments on a fully retrospective basis. Alternatively, an entity may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognized on or after the beginning of the reporting period in which the entity first applies the interpretation or the beginning of a prior reporting period presented as comparative information in the financial statements of 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.

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, 2019 and 2018, 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, 2019 and 2018, 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 P5,403,745 and P5,000,000 as of December 31, 2019 and 2018, 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 P14,764,282 and P11,454,112 as of December 31, 2019 and 2018, 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 P862,651 and P628,278 as at December 31, 2019 and 2018, 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 market 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.

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 conditions 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 P490,539 and P514,303 as of December 31, 2019 and 2018, 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 2019 and 2018.

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 P862,651 and P628,278 as of December 31, 2019 and 2018, 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, 2019 and 2018.

2019	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	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
Retirement fund	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
<hr/>						
2018						
<i>Assets and liabilities for which fair values are disclosed</i>						
<u>Financial Assets</u>						
Cash*	7	28,701,388	28,701,388	-	-	28,701,388
Trade and other receivables	8	105,512	-	-	105,512	105,512
Financial asset at fair value through profit or loss	9	5,000,000	5,000,000	-	-	5,000,000
Retirement fund	10	671,938	671,938	-	-	671,938
Membership certificate loans	13	5,604,464	-	-	5,604,464	5,604,464
Financial assets at amortized cost – short term	14	11,454,112	-	11,454,112	-	11,454,112
<u>Financial Liabilities</u>						
Liability on individual equity	16	15,797,617	-	-	15,797,617	15,797,617
Members contribution received in advance	17	9,092,037	-	-	9,092,037	9,092,037
Other payables**	18	5,679,964	-	-	5,679,964	5,679,964

* The amount excludes petty cash fund amounting to P40,000 and P37,814 as of December 31, 2019 and 2018, respectively.

** The amount excludes statutory and other payables amounting to P24,056 and P23,712, 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, 2019).

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

	<u>2019</u>	<u>2018</u>
Total liabilities	48,266,233	31,221,608
Total members' equity	<u>15,513,063</u>	<u>21,399,339</u>
Debt-to-equity ratio	<u>P3.11 : P1.00</u>	<u>P1.46 : 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, 2019 and 2018 statements of financial position. The maximum exposure is shown gross, without taking into account collateral and other credit enhancement.

	<u>2019</u>	<u>2018</u>
Cash in bank	30,864,047	28,701,388
Retirement fund	675,362	671,938
Trade and other receivables	550,773	105,512
Financial asset at fair value through fair value	5,403,745	5,000,000
Membership certificate loans	10,462,686	5,604,464
Financial assets at amortized cost	<u>14,764,282</u>	<u>11,454,112</u>
Total	<u><u>62,720,895</u></u>	<u><u>51,537,414</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, 2019 and 2018, 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, 2019 and 2018.

<u>2019</u>	<u>Note</u>	<u>Neither past due nor impaired</u>	<u>Past due</u>	<u>Impaired</u>
<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	-	-

2018	Note	Neither past due nor impaired	Past due	Impaired
<i>Financial assets</i>				
Cash*	7	28,701,388	-	-
Trade and other receivables	8	105,512	-	-
Financial asset at fair value through profit or loss	9	5,000,000	-	-
Retirement fund	10	671,938	-	-
Membership certificate loans	13	5,604,464	-	-
Financial assets at amortized costs – long term	14	11,454,112	-	-
<i>Financial liability</i>				
Liability on individual equity value	16	15,797,617	-	-
Members' contribution in advance	17	9,092,037	-	-
Other payables**	18	5,679,964	-	-

*The amount excludes revolving fund amounting to P40,000 and P37,814 as of December 31, 2019 and 2018, respectively.

**The amount excludes statutory and other payables amounting to P24,056 and P23,712, 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, 2019 and 2018 based on contractual undiscounted payment:

	2019		2018	
	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	26,338,873	-	15,797,617	-
Members contribution received in advance	13,863,516	-	9,092,037	-
Other payables **	7,177,137	-	5,679,964	-
Total	47,379,526	-	30,569,618	-

** Other payables as at December 31, 2019 and 2018 exclude statutory obligations amounting to P24,056 and P23,712, respectively.

Note 7 - CASH

The account consists of the following:

	<u>2019</u>	<u>2018</u>
Cash in bank	30,864,047	28,701,388
Petty cash fund	<u>40,000</u>	<u>37,814</u>
Total	<u>30,904,047</u>	<u>28,739,202</u>

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

Total interest income earned on cash for years ended 2019 and 2018 amounted to P53,925 and P125,957 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>2019</u>	<u>2018</u>
Unremitted members' contributions, dues and fees	279,730	30,932
Net premiums due and uncollected	268,730	12,089
Accounts receivable - others	2,313	-
Accrued interest income	-	62,114
Advances to officers and employees	<u>-</u>	<u>377</u>
Total	<u>550,773</u>	<u>105,512</u>

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 represents understatement in withholding tax on compensation for the year 2019 which is a receivable to the Company's employees.

Accrued interest income pertains to interest income earned from investments but not yet received as of the end of the accounting period.

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.

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 P5,403,745 and P5,000,000 as of the years ended December 31, 2019 and 2018, 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 P675,362 and P671,938 for the years ended December 31, 2019 and 2018, respectively.

Total interest income earned on time deposits for year ended December 31, 2019 amounting to 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

The account consists of the following:

	<u>2019</u>	<u>2018</u>
Prepaid reinsurance premium	512,530	463,889
Prepaid expenses	-	44,194
Total	<u>512,530</u>	<u>508,083</u>

Prepaid reinsurance premium pertains to unamortized portion of reinsurance premium paid with Paramount Life, Climbs Life and General Insurance Cooperative, and Philam Life Insurance.

Prepaid expenses represent down payment for audit and compilation of 2018 financial records and additional module databases for NMBAL's requirements.

Note 12 - PROPERTY AND EQUIPMENT, NET

A reconciliation of the carrying amounts at the beginning and end of years 2018 and 2019, and the gross carrying amounts and accumulated depreciation of property and equipment are shown below:

<u>Cost</u>	<u>2 0 1 7</u>	<u>Additions</u>	<u>Adjustment</u>	<u>2 0 1 8</u>	<u>Additions</u>	<u>2 0 1 9</u>
Office furniture and fixtures equipment	567,685	129,960	-	697,645	105,420	803,065
IT equipment	695,556	-	(140,000)	555,556	71,845	627,401
Total	1,263,241	129,960	(140,000)	1,253,201	177,265	1,430,466
<u>Accumulated depreciation</u>	<u>2 0 1 7</u>	<u>Depreciation</u>	<u>Adjustment</u>	<u>2 0 1 8</u>	<u>Depreciation</u>	<u>2 0 1 9</u>
Office furnitures and fixtures equipment	431,303	76,180	-	507,483	87,524	595,007
IT equipment	260,375	111,120	(140,080)	231,415	113,505	344,920
Total	691,678	187,300	(140,080)	738,898	201,029	939,927
Carrying value	571,563			514,303		490,539

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.

Addition to office furniture and fixtures equipment for the year 2018 pertains to purchase of water dispenser, computer desktop, laptop and projector to be used for the Association's administration use and operation.

Adjustment amounting to P140,000 represents IT equipment not in use while adjustment amounting to P80 pertains to overstatement of recording depreciation expense for the year 2017. Fully depreciated office furniture and fixtures and office equipment amounting to P6,440 and P248,081, respectively are still being used in the Association's operations.

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. These may be in the form of a cash loan applied for by the members or 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, 2019 and 2018 amounted to P10,462,686 and P5,604,464, respectively.

Total interest income earned on membership certificate loans for year ended December 31, 2018 amounted to P42,994 which pertains to accrual of interest income for 2018 members' contributions as per actuarial valuation (Note 23).

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>
08/08/2019	08/05/2020	2,500,000	(70,300)	2,429,700
11/28/2019	04/12/2025	11,600,000	734,582	12,334,582
		<u>14,100,000</u>	<u>664,283</u>	<u>14,764,282</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 P14,100,000 and P11,445,000 as of December 31, 2019 and 2018, respectively.

Total value of investments at amortized cost amounted to P14,764,282 and P11,454,112 as of December 31, 2019 and 2018, 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 2019 and 2018 amounted to P343,495 and P347,631, 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, 2019 and 2018 (Note 22).

Carrying value as of December 31, 2019 and 2018 amounted to P15,333 and P23,333, 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, 2019 and 2018 amounted to P26,338,873 and P15,797,617, respectively.

Increase in individual equity value amounted to P 10,541,256 and P10,565,753 for the years ended December 31, 2019 and 2018, respectively.

Note 17 - MEMBERS CONTRIBUTION RECEIVED IN ADVANCE

The account represents members contribution received but not yet due/earned amounted to P13,863,516 and P9,092,037 as of December 31, 2019 and 2018, respectively.

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

Note 18 - OTHER PAYABLES

The account consists of the following:

	<u>2019</u>	<u>2018</u>
Optional benefit reserves	2,886,810	2,971,411
Claims payable on basic contingent benefit - IBNR	1,699,898	1,426,936
Basic contingent benefit reserve	1,194,159	202,422
Claim payable on optional benefit - IBNR	895,416	191,821
Accrued expenses	400,750	409,328
Unidentified deposits	65,315	-
SSS, Pag-ibig, Philhealth contribution and loan payable	34,789	-
Withholding tax payable (Note 27)	24,056	23,712
Accrued interest expense	-	394,546
Accounts payable – overdraft	-	83,500
Total	<u>7,201,193</u>	<u>5,703,676</u>

Optional benefit reserve represents the total actuarial reserve 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.

Claims payable on basic contingent benefit incurred but not yet reported represents the sum of the individual claims on membership certificates 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 reinsurers. During the year, claims benefit payables have already been settled.

Claim payable on option benefit incurred but not yet reported 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. This estimate takes into account any policy reserve liability set up by the Association and any amount recoverable from reinsurers.

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

Unidentified deposits represent deposit in bank account of which nature and payor have not yet identified as of the reporting period.

Note 19 - 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 accrued retirement expense amounted to P862,651 and P628,278 as at December 31, 2019 and 2018, 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 MBI for the period ending December 31, 2019 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>2019</u>	<u>2018</u>
Net defined benefit liability, beginning	628,278	671,938
Add: Post-employment benefit cost (Note 22)	163,420	185,576
Less: Remeasurement of net defined benefit liability (asset)	<u>70,953</u>	<u>(229,236)</u>
Net defined benefit liability, end	<u>862,651</u>	<u>628,278</u>

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

	<u>2019</u>	<u>2018</u>
Present value of defined benefit liability, beginning	628,278	671,938
Current service cost	116,802	147,343
Net interest in the net defined benefit liability	46,618	38,233
Past service cost	-	-
Remeasurement of net defined benefit liability (asset)	<u>70,953</u>	<u>(229,236)</u>
Present value of defined benefit liability, end	<u>862,651</u>	<u>628,278</u>

Note 20 - RECEIPTS

The account consists of the following:

	<u>2019</u>	<u>2018</u>
Members contribution	34,881,644	32,698,411
Premiums	13,276,532	12,333,650
Donations and contributions received	<u>50,000</u>	<u>37,000</u>
Total	<u>48,208,176</u>	<u>45,069,061</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.

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

Note 21 - EXPENSES

A. Benefit Expense is computed as follows:

	<u>2019</u>	<u>2018</u>
Net Benefits/Claims Expenses – Basic Benefits	11,137,962	8,537,953
Net Benefits/Claims Expenses – Optional - Micro	<u>5,300,294</u>	<u>4,601,974</u>
Total	<u>16,438,256</u>	<u>13,139,927</u>

B. Other Benefit Expense is computed as follows:

	<u>2019</u>	<u>2018</u>
Increase/(Decrease) on Liability on Individual Equity Value	10,541,255	10,565,753
Membership enrollment and marketing expense	4,858,194	5,663,282
Reinsurance premium expense	1,454,840	2,564,791
Increase/(Decrease) in Reserve for Basic Contingent Benefit	991,737	-
Benefits/Claims expenses – basic benefits (burial)	314,000	256,000
Increase/(Decrease) in Reserve for Optional Contingent Benefit	(84,601)	-
Increase in reserve for optional benefit - micro	-	2,070,511
Interest expense – liability on individual equity value	-	394,546
Benefits/Claims expenses – recovery – optional - micro	-	(2,206,850)
Decrease in reserve for basic contingent benefit	<u>-</u>	<u>(75,775)</u>
Total	<u>18,075,425</u>	<u>19,232,258</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.

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.

Note 22 - OPERATING EXPENSES

The account consists of the following:

	<u>2019</u>	<u>2018</u>
Salaries, wages and benefits	2,357,898	2,314,493
Meetings and conferences	1,322,452	821,207
Employee welfare and benefits	1,270,751	1,882,912
Representation and travel expenses	668,837	459,387
Utilities expense	431,267	437,583
Annual general assembly	353,531	147,797
Technical and professional fees	254,100	363,802
Professional and technical development	249,347	820,017
Depreciation expense (Note 12)	201,029	187,300
SSS/EC/Pag-ibig/Philhealth contributions	185,495	126,880
Post-employment benefit costs (Note 19)	163,420	185,576
Taxes, licenses and fees (Note 27)	108,844	16,227
Office supplies	70,847	226,079
Dues and subscription	54,160	33,960
Repairs and maintenance	26,392	-
Insurance expense	18,394	18,393
Bank and other charges	16,682	15,566
Investment management fees	15,000	13,000
Amortization (Note 15)	8,000	8,000
Miscellaneous expense	86,577	194,818
Total	<u>7,863,023</u>	<u>8,272,997</u>

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

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

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

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 23 - OTHER INCOME

The account consists of the following:

	<u>2019</u>	<u>2018</u>
Interest income - investments (Note 14)	343,495	347,631
Interest income - bank deposits (Note 7)	53,925	125,957
Interest income - time deposit (Note 10)	3,424	-
Interest income - membership certificate loans (Note 13)	-	42,994
Others (Note 9)	<u>403,745</u>	<u>-</u>
Total	<u>804,589</u>	<u>516,582</u>

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

Note 24 - 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 P2,407,909 and P1,990,486 for the years ended December 31, 2019 and 2018, respectively.

Allocation of Free and Unassigned Funds

During the year 2019, 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, 2019) to the following accounts:

	<u>2019</u>		<u>2018</u>	
	<u>Allocation</u>	<u>Utilization</u>	<u>Allocation</u>	<u>Utilization</u>
Members' benefit	1,516,586	(285,000)	501,961	(254,690)
Office/services upgrading	303,317	(204,573)	463,954	-
Product development	1,213,269	(1,116,297)	367,714	-

Note 25 - 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>2019</u>	<u>2018</u>
Membership contributions received in advance	(8,634,264)	-
Adjustment of other actuarial items	(2,144,176)	-
Withholding taxes payable	(73,741)	5,915
SSS/ECC/Pag-ibig/Philhealth Contributions Payable	(20,780)	-
Technical and professional fee	(19,892)	-
Prior years expenses	47,341	448,186
Membership enrollment and marketing expenses	-	307,467
Equity valuation reserves	-	(19,440)
Adjustment on accumulated depreciation (Note 12)	-	80
Total	<u>(10,845,512)</u>	<u>742,208</u>

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.

Equity valuation reserves pertain to adjustment due to actuarial valuation.

Note 26 - 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 27 - **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.

27.1 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 2019 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	90,900
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Total	108,844
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Withholding Taxes

The total withholding taxes for the year ended December 31, 2019 are shown below.

	Paid	Accrued
Compensation and employee benefits	157,155	15,186
Expanded	17,845	8,870
Total	175,000	24,056

Deficiency Tax Assessments and Tax Cases

As of December 31, 2019, 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.

27.2 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 2019 statements of comprehensive income, which is based on PFRS.

Taxable Revenue

The Association no had taxable revenue for the year ended December 31, 2019.

Deductible Cost of Services

The Association has no deductible costs of services under regular tax regime for December 31, 2019.

Taxable Other Income

The Association has no taxable other income in 2019 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, 2019.

Note 28 - 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, 2019 and 2018, 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 P816,000 and P852,000 for the years ended December 31, 2019 and 2018, respectively.

Note 29 - 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.

Impact of COVID-19

Coronavirus Disease 2019 (COVID-19) was declared as pandemic by the World Health Organization on March 2020. With the increasing number of cases in various places, this became an issue of global concern. This affects the worldwide economy as businesses, except those categorized as providers of essentials services, were forced to cease operations temporarily in compliance to social distancing and safety protocol of respective government bodies.

The government implemented the Enhanced Community Quarantine (ECQ) in National Capital Region (NCR) and other provinces last March 16, 2020 as precautionary measures in fighting the spread of COVID-19. With this, most business ceased to operate except those providing basic necessities. The Association was still operating during the ECQ; therefore impact of the pandemic is expected to be minimal. The Association all process was still done through work-from-home setup. However, revenue-generation activities and receivable collections of the Association were still affected. This is due to the Association's partner to cooperatives operations is directly affected by the ECQ. For the collection, Insurance Commission (IC) has directives to add days on the grace period of which was complied. The Association also opens other payment channels for its partners to use. The management's plan is to help and support its partner cooperatives because its business (members) is from them. Also, Mutual Benefit Association (MBA) has Guarantee Fund and Equity Value that can be used if the need arises.


The Association has evaluated subsequent events through June 6, 2020, which is the date of the financial statements were available to be issued.

**INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION
FILED SEPARATELY FROM THE BASIC FINANCIAL STATEMENTS**

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

We have audited the financial statements of **NATIONAL CONFEDERATION OF COOPERATIVES MUTUAL BENEFIT ASSOCIATION (NATCCO MBA), INC.**, as at and for the year ended December 31, 2019, on which we have rendered the attached report, dated June 6, 2020. The supplementary information of the Schedule of Financial Reporting Framework as at December 31, 2019, as required by Part I, Section 4 (J) of Rule 68 of the Securities Regulation Code, is presented for purposes of filing with the Securities and Exchange Commission and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in the audits of the basic financial statements. In our opinion, the supplementary information has been prepared in accordance with Part I, Section 4 (J) of Rule 68 of the Securities Regulation Code.

BANARIA, BANARIA AND COMPANY, CPAs

By: 
GRACIA SEVERA A. BANARIA-ESPIRITU
Partner
CPA Certificate No. 27621
Tax Identification No. 131-938-548
PTR No. 9542301-C, January 24, 2020, Quezon City
CTC No. 03740509, January 24, 2020, Quezon City
BOA Accreditation No. 0030, valid until June 26, 2021 (Firm)
BIR Accreditation No. 07-001323-002-2017, valid until June 27, 2020 (Firm)
BIR Accreditation No. 07-001324-002-2017, valid until June 27, 2020 (Partner)
IC Accreditation No. SP-2017-005-O, valid until May 7, 2020 (Partner)
IC Accreditation No. F-2019-003-R, valid until July 17, 2022 (Firm)

June 6, 2020



NATIONAL CONFEDERATION OF COOPERATIVES MUTUAL BENEFIT ASSOCIATION, INC.
SCHEDULE OF PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS
 Adopted by the Securities and Exchange Commission and Financial Reporting Standards Council
 As of December 31, 2019

Philippine Financial Reporting Standards and Interpretations Effective as of December 31, 2019		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements				
Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary		✓		
<u>Philippine Accounting Standards (PAS)</u>				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendment to PAS 1: Disclosure Initiative	✓		
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		
	Amendment to PAS 7 - Disclosure Initiative			✓
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
	Amendment to PAS 12 - Recognition of Deferred Tax Assets for Unrealized Losses	✓		
	Amendment to PAS 12 - Income tax consequences of payments on financial instruments classified as equity (part of Annual Improvements to PFRS Standards 2015-2017)**			Not early adopted
PAS 16	Property, Plant and Equipment	✓		
	Amendment to PAS 16: Classification of servicing equipment	✓		
	Amendment to PAS 16: Revaluation Method - Proportionate Restatement of Accumulated Depreciation	✓		
	Amendment to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			Not early adopted
	Amendments to PAS 16: Bearer Plants			✓
PAS 17	Leases			✓
PAS 18	Revenue	✓		

Philippine Financial Reporting Standards and Interpretations Effective as of December 31, 2019		Adopted	Not Adopted	Not Applicable
PAS 19	Employee Benefits	✓		
	Amendments to PAS 19: Defined Benefit Plans - Employee Contributions	✓		
	Amendments to PAS 19: Plan Amendment, Curtailment or Settlement**		Not early adopted	
PAS 19 (Revised)	Employee Benefits	✓		
	Amendments to PAS 19: Defined Benefit Plans - Employee Contributions	✓		
	Amendments to PAS 19: Regional Market Issue regarding Discount Rate*			✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates			✓
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs			✓
	Amendment to PAS 23 - Borrowing costs eligible for capitalization (part of Annual Improvements to IFRS Standards 2015-2017)**			✓
PAS 24 (Revised)	Related Party Disclosures	✓		
	Amendments to PAS 24: Entities providing key management personnel services	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plan	✓		
PAS 27 (Amended)	Separate Financial Statements			✓
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities			✓
	Amendment to PAS 27: Equity Method in Separate Financial Statements			✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✓
	Amendment to PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture			✓
	Amendments to PAS 28: Investment Entities: Applying the Consolidation Exception			✓
	Amendment to PAS 28: Measuring an Associate or Joint Venture at Fair Value			✓
	Amendment to PAS 28: Long-term Interests in Associates and Joint Ventures*			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 32: Tax effect of equity distributions			✓

Philippine Financial Reporting Standards and Interpretations Effective as of December 31, 2019		Adopted	Not Adopted	Not Applicable
PAS 33	Earnings per Share			✓
PAS 34	Interim Financial Reporting			✓
	Amendments to PAS 34: Interim financial reporting and segment information for total assets and liabilities			✓
	Amendments to PAS 34: Disclosure of Information 'elsewhere in the interim financial report'			✓
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
	Amendments to PAS 38: Revaluation Method - Proportionate Restatement of Accumulated Amortization			✓
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			✓
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option	✓		
	Amendments to PAS 39: Financial Guarantee Contracts			✓
	Amendments to PAS 39: Reclassification of Financial Assets	✓		
	Amendments to PAS 39: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendments to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
PAS 40	Investment Property			✓
	Amendment to PAS 40: Interrelationship between PFRS 3 and PAS 40			✓
	Amendment to PAS 40: Transfers of Investment Property			✓
PAS 41	Agriculture			✓
	Amendment to PAS 41: Bearer Plants			✓

Philippine Financial Reporting Standards and Interpretations
Effective as of December 31, 2019

		Adopted	Not Adopted	Not Applicable
<u>Philippine Financial Reporting Standards</u>				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1 and PAS 27, Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
	Amendments to PFRS 1: Borrowing costs			✓
	Amendments to PFRS 1: Meaning of 'Effective PFRSs'	✓		
	Amendments to PFRS 1: Deletion of short-term exemptions for first-time adopters			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Amendments to PFRS 2: Definition of Vesting Condition			✓
	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations			✓
	Amendments to PFRS 3: Accounting for Contingent Consideration in a Business Combination			✓
	Amended to PFRS 3: Previously held interest in a joint operation (part of Annual Improvements to IFRS Standards 2015-2017)**			✓
PFRS 4	Insurance Contracts	✓		
	Amendments to PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PFRS 4: Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts'	✓		
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
	Amendments to PFRS 5: Changes in Methods of Disposal			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		

Philippine Financial Reporting Standards and Interpretations Effective as of December 31, 2019		Adopted	Not Adopted	Not Applicable
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures		Not early adopted	
	Amendments to PFRS 7: Amendments to PFRS 7: Servicing Contracts			✓
	Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements			✓
PFRS 8	Operating Segments			✓
	Amendments to PFRS 8: Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets			✓
PFRS 9	Financial Instruments (2010 version)	✓		
	Financial Instruments - Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39 (2013 version)*			✓
	Financial Instruments (2014 or final version)	✓		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures	✓		
	Applying PFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' to address concerns about the different effective dates of IFRS 9 and the new insurance contracts standard	✓		
	Amendments to PFRS 9: Prepayment Features with Negative Compensation*			✓
PFRS 10	Consolidated Financial Statements			✓
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities			✓
	Amendment to PFRS 10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture			✓
	Amendment to PFRS 10 and PAS 28: Investment Entities - Applying the Consolidation Exemption			✓
PFRS 11	Joint Arrangements			✓
	Amendment to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓
	Amended to PFRS 3: Previously held interest in a joint operation (part of Annual Improvements to IFRS Standards 2015-2017)**			✓
PFRS 12	Disclosure of Interests in Other Entities			✓
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities			✓
	Amendments to PFRS 12: Clarification of the Scope of the Standard (Part of Annual Improvements to PFRSs 2014-2016 Cycle)			✓
PFRS 13	Fair Value Measurement	✓		
	Amendments to PFRS 13: Short-term receivable and payables	✓		

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		Adopted	Not Adopted	Not Applicable
	Amendments to PFRS 13: Portfolio Exception	✓		
PFRS 14	Regulatory Deferral Accounts			✓
IFRS 15	Revenue from Contracts with Customers		Not early adopted	
IFRS 16	Leases			✓
PFRS 17	Insurance Contracts	✓		
<i>Philippine Interpretations - International Financial Reporting Interpretation Committee (IFRIC)</i>				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining whether an Arrangement contains a Lease	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC-9: Embedded Derivatives			✓
	Improvements to IFRSs (scope of IFRIC 9 and revised IFRS 3)			✓
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendment to Philippine Interpretation IFRIC-14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 15	Agreements for the Construction of Real Estate***			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies			✓
IFRIC 22	Foreign Currency Transactions and Advance Consideration			✓
IFRIC 23	Uncertainty over Income Tax Treatments*			✓

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		Adopted	Not Adopted	Not Applicable
<i>Philippine Interpretations - Standing Interpretation Committee (SIC)</i>				
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases - Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs	✓		

* Subject to approval by the Board of Accountancy

** New standard issued by the IASB has not yet been adopted by the FRSC.

*** The effective date of Philippine Interpretation IFRIC-15 was deferred, until the final Revenue standard is issued by the International Accounting Standards Board, and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed.



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