



**NATCCO
MBAI**



ANNUAL REPORT 2022

Stepping Up to Challenges of
Evolving Microinsurance Market



NATCCO MBAI 2022 ANNUAL REPORT

STEPPING UP TO CHALLENGES OF EVOLVING MICROINSURANCE MARKET

Table of Contents

| | |
|-----|---|
| I | About the Cover |
| II | Vision, Mission, Core Values |
| 1 | Notice of 12th (2023) Annual Meeting |
| 8 | Minutes of 11th Annual Meeting |
| 23 | Board and Management Report |
| 43 | Operations Highlight |
| 47 | Corporate Governance |
| 77 | Treasurer's Report |
| | <i>Committee Reports</i> |
| 80 | Corporate Governance Committee |
| 83 | Audit Committee |
| 87 | Product Review and Development Committee |
| 90 | Investment Committee |
| 93 | Marketing Committee |
| 96 | MIS Committee |
| 99 | Policy Review Committee |
| 102 | Organizational Chart |
| 105 | 2022 -2023 Board Of Trustees and Officers |
| 108 | 2022- 2023 Commitees |
| 113 | Management Team |
| 115 | 2022 Activities |
| 130 | Microinsurance Products |
| 133 | Partner Cooperatives |
| 137 | 2022 Audited Financial Statement |



About the Cover

Stepping Up to Challenges of Evolving Microinsurance Market

Everything changes. Nothing stays the same. Our lives are continuously growing, and ever-changing. We adapt. We follow the current but most of the time we carve our own path. We adjust to new things. Sometimes we resist. We improve our lives. We become flexible. We become resilient. We become stronger and ready to take on challenges.

All of us strive for a better life, not only for ourselves but more of to our families. We want to provide them with everything they need, especially when it comes to health, education and overall quality of life. We don't want them to suffer any difficulties. If we can only do everything for them because family is the most important in our lives.

And that is what NATCCO MBAI also feels. We want to provide our members with the best micro-insurance products and services. We want to enhance our association continuously. And we do it consciously guided by good governance. We know that our members deserve nothing less and this is what motivates us to be more competitive in terms of coming up with wider and better microinsurance products that would answer the life and non-life needs of the members.

In 2022, we partner with other insurance company so that we can also serve the other micro-insurance products required by our members. This 2023, we launched these products. The life insurance for our senior members ages 65 and above, micro-HMO product for cooperative employees and members, and some non-life insurance products. All these are at a very affordable premium without sacrificing the quality and competitiveness of the insurance product. We will also implement the 1-3-5 Claims Settlement process, wherein those members with valid claims who provided the required documents upon insurance application and notify the Claims Unit will just wait for 1 day and the claim will be released. If there will be documentary and/or eligibility issues, the claims will be released or decided within 5 working days.

This 2023 we will never let our guard down. We will continue to innovate and answer the needs of our members. We will aim better and do it consistently to make sure that our promise of providing financial assistance through microinsurance claims will always be fulfilled.

We will step up to the challenge, and you, our members, will be our inspiration to make all these things happen.



NATIONAL CONFEDERATION OF COOPERATIVES MUTUAL BENEFITS ASSOCIATION, INC.

VISION

300,000 - STRONG MBA BY 2025.

MISSION

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

CORE VALUES

INTEGRITY

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

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.





**NATCCO
MBAI**



NOTICE OF THE 12TH (2023) ANNUAL MEETING



April 28, 2023

To: BOARD OF TRUSTEES, OFFICERS and PARTNER-COOPERATIVES

Notice of 12TH Annual Meeting:

Notice is hereby given that the **12th Annual Meeting of the National Confederation of Cooperatives Mutual Benefits Association (NATCCO MBA), Inc.**, will be held on **May 30, 2023, 8:00 AM**, at **Sequoia Hotel, Quezon City**, with the following agenda:

ANNUAL MEETING

- I. Call to Order
- II. Declaration of quorum
- III. Considerations of the Minutes of the 2022 Annual Meeting dated May 31, 2022
- IV. Matters arising from the Minutes of the 2022 Annual Meeting dated May 31, 2022
- V. Unfinished Business
- VI. Annual Reports
- VII. New Business
- VIII. Election
- IX. Other Matters
- X. Adjournment

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

NATCCO MBI Nomination Committee Secretariat

Snail Mail : 3/F NATCCO Bldg., #227 JP Rizal St., Project 4, 1109 Quezon City
Email : nmbai.annualmeeting2023@gmail.com / natccombai@nmbainsurance.com
FB Messenger : <https://www.facebook.com/messages/t/100010624025995>

Cooperatively yours,



Mildred C. Cerezo
Board Secretary

Description of the Agenda

- I. **Call to Order.** The Presiding Officer will call the meeting to order.
- II. **Roll Call and Determination of Quorum.** The Board Secretary will determine the number of attendees, whether in person or by proxy, for the purpose of determining the presence of quorum to validly transact business. A simple majority (51%) of the voting membership will constitute a quorum.
- III. **Approval of the Agenda.** The Presiding Officer will read the agenda and will ask the Members for their approval.
- IV. **Considerations of the Minutes of the 2022 Annual Meeting dated May 31, 2022.** A copy of the minutes is available at the website of NATCCO MBI, (<https://www.natccombai.com>). Members will be asked to approve the minutes and acknowledge the completeness and accuracy thereof.

- V. Matters arising from the Minutes of the 2022 Annual Meeting dated May 31, 2022.** The Presiding Officer will present updates on the matters raised during the 2022 Annual Meeting.
- VI. Annual Reports.** Ratification of the Board and Management actions, including the 2022 Audited Financial Statement.
- VII. New Business.**
1. The 2023 Annual Plans and Budget will be presented to the Members;
 2. The appointment of External Auditor for the year 2023 will be presented to the Members for approval.
- VIII. Election of the Board of Trustees.** The term of two (2) Regular Board of Trustees will expire on May 2023. To prepare the Members for the election, the Corporate Governance Committee will:
1. Present the nomination and selection procedures, and the online election guidelines;
 2. Present the candidates;
 3. Proclaim the winners
- IX. Adjournment**

External Auditor: AQUINO MATA CALICA & ASSOCIATES

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

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

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

Core Values:

T – Transparency
R – Results oriented
I – Integrity
Q – Quality
C – Client-focused

Services:

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

Contact Details:

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

website: <http://www.amc-associates.com>

Telephone numbers: (02) 841-0462; (02) 893-0287; (02) 813-3534 : (02) 841-0462 Local 106

Email: Audit : jvc calica@amc-associates.com / Accounting: nssantiago@amc-associates.com / HR : hrd@amc-associates.com

PROFILE OF THE QUALIFIED CANDIDATES FOR THE POSITION OF REGULAR BOARD OF TRUSTEES

BANGA, LEONARDO S.



| | |
|----------------------------------|--|
| Age | 62 |
| Coop Affiliation | NATCCO/MICOOP Unit |
| No. of years in coop | 39 |
| Related experience/skills | Cooperative management |
| Educ. Attainment | BSBA Accounting, MBA/MPA |
| Priority thrust for NMBAI | Financial progress of NMBAI, growth of membership, audit & regulatory compliance |
| Other directorship | NA |

CUBAROL, MAUREEN O.



| | |
|----------------------------------|---|
| Age | 40 |
| Coop Affiliation | Alipao Multi-Purpose Cooperative |
| No. of years in coop | 11 |
| Related experience/skills | Cooperative management |
| Educ. Attainment | College graduate |
| Priority thrust for NMBAI | Coverage and protection for all cooperative members |
| Other directorship | NA |



PADER, ROMENITO A.

| | |
|----------------------------------|--|
| Age | 51 |
| Coop Affiliation | Bayanihan Hundred Islands Agrarian Reform Cooperative |
| No. of years in coop | 10 |
| Related experience/skills | Cooperative management |
| Educ. Attainment | College graduate |
| Priority thrust for NMBAI | Enhance members' protection |
| Other directorship | BOD, Bayanihan Hundred Islands Agrarian Reform Cooperative |



QUIDILLA, MARIA JASMINE J.

| | |
|----------------------------------|---|
| Age | 47 |
| Coop Affiliation | NATCCO/MICOOP Unit |
| No. of years in coop | 15 |
| Related experience/skills | Cooperative management |
| Educ. Attainment | Bachelor of Science in Accountancy |
| Priority thrust for NMBAI | Product development and updated and enhanced policies |
| Other directorship | NA |



**NATCCO
MBAI**



MINUTES OF THE 11TH ANNUAL MEETING



Minutes of the NATCCO MBAI 2022 11th ANNUAL MEETING via Zoom
May 31, 2022,
10:44 am – 2:34 pm

Theme: ENHANCING MEMBER’S PROTECTION THROUGH MICROINSURANCE ACCESSIBILITY

Attendees:

| Name | Representation |
|-----------------------------|---|
| 1. ABAO, ROBERT | PERSONAL MEMBERSHIP |
| 2. ALVAREZ, MA. FATIMA A. | BGOA - BAAO PARISH MULTI-PURPOSE COOPERATIVE - GOA BRANCH |
| 3. AMAGA, RICHARD A. | 1)PERSONAL MEMBERSHIP 2)BLEB - BACBACAN MULTI-PURPOSE COOPERATIVE |
| 4. ANTONIO, REYJI | TLOR - TALISAYON MULTI PURPOSE COOPERATIVE-SAN LORENZO RUIZ BRANCH |
| 5. AQUINO, MA. ELIZABETH B. | PERSONAL MEMBERSHIP |
| 6. ARABIS, GLENN C. | NBAR - NAGKAHIUSANG MAG-UUMA SA GUIHALINAN COOPERATIVE-BAROBO |
| 7. BALONGA, IRENE P. | DKAP - DAGOHYO MULTI-PURPOSE COOPERATIVE |
| 8. BESANA, NORELYN S. | GGLA - GLANSAR CREDIT COOPERATIVE- GLAN |
| 9. BLANCO, JANETTE U. | DMAG - DALAWINON FARMERS MULTI-PURPOSE COOPERATIVE |
| 9. BONILLA, JUPITER B. | 1)BSBA - BACARRA SAVINGS AND CREDIT COOPERATIVE 2)DBAN - DUR-AS SAVINGS AND CREDIT COOPERATIVE 3)FALA - FIVE STAR MULTI-PURPOSE COOPERATIVE - ALLACAPAN BRANCH 4)FCAU - FIVESTAR MULTI PURPOSE COOPERATIVE- CAUAYAN BRANCH 5)FGAM - FIVE STAR MULTI PURPOSE COOPERATIVE- GAMU MAIN 6)FGON - FIVE STAR MULTI-PURPOSE COOPERATIVE-GONZAGA BRANCH 7)FILA - FIVESTAR MULTI PURPOSE COOPERATIVE- ILAGAN BRANCH 8)FROX - FIVESTAR MULTI PURPOSE COOPERATIVE - ROXAS BRANCH 9)FSAN - FIVESTAR MULTI PURPOSE COOPERATIVE -SANTIAGO BRANCH 10)FTUG - FIVESTAR MULTI PURPOSE COOPERATIVE - TUGUEGARAO BRANCH 11)FTUM - FIVE STAR MULTI-PURPOSE COOPERATIVE - TUMAUINI BRANCH 12)NMBA - JUPITER B. BONILLA 13)PAGO - PANGASINAN SAVINGS AND CREDIT COOPERATIVE - AGOO BRANCH 14)PURD - PANGASINAN SAVINGS AND CREDIT COOPERATIVE - URDANETA |
| 10. CAFIRMA, ZORAHAYDA A. | PERSONAL MEMBERSHIP |

| | |
|-------------------------------|---|
| 11. CARNIZER, MIRASEL T. | BBUE - BUKLOD NG BUHAY ARC MULTI-PURPOSE COOPERATIVE |
| 12. CASTRO, YOLANDA ROSARIO | GPAN - GP-125 GOLDEN PANCE MULTI-PURPOSE COOPERATIVE |
| 13. CEREZO, MILDRED C. | PERSONAL MEMBERSHIP |
| 14. COLANGOY, JEREMIAS JR. S. | MROX - MANSALAY AGRICULTURE AND FISHERIES MULTI-PURPOSE COOPERATIVE |
| 15. DE GUZMAN, MARY JOY C. | STIW - ST. ANTHONY DEVELOPMENT COOPERATIVE |
| 16. DELA CRUZ, JENIÑA DJ. | PERSONAL MEMBERSHIP |
| 17. ESTOCADA, JENNIFER M. | PERSONAL MEMBERSHIP |
| 18. FRANCISCO, DHONNA R. | PERSONAL MEMBERSHIP |
| 19. GARCIA ANGEL | 1)TATO - TALOY FARMERS MULTI PURPOSE COOPERATIVE - ATOK BRANCH 2)TBAG - TALOY FARMERS MULTI PURPOSE COOPERATIVE - BAGUIO CITY 3)TBUG - TALOY FARMERS MULTI-PURPOSE COOPERATIVE-BUGUIAS BRANCH 4)TTAL - TALOY NORTE FARMERS MULTI-PURPOSE COOPERATIVE - TALOY SUR 5)TTTRI - TALOY FARMERS MULTI PURPOSE COOPERATIVE- LA TRINIDAD |
| 20. GERIA, LLOYD F. | SNAR - SRT OF PALAWAN MULTI-PURPOSE COOPERATIVE |
| 21. IBAÑEZ, ADOLFO A | RTAC - REGIONAL AND CENTRAL COMELEC EMPLOYEES MPC |
| 22. LE IGNACIO, MARY | DDUM - DUMANGAS AGRARIAN REFORM COOPERATIVE |
| 23. LIGASAN, SUGAR RAY L. | PPAS - PANAY AGRARIAN REFORM COOPERATIVE |
| 24. LUCENA, NERISSA D. | 1) LCAL - LOURDES MULTI-PURPOSE COOPERATIVE - CALINTAAN BRANCH 2) LMAG - LOURDES MULTI PURPOSE COOPERATIVE- MAGSAYSAY |
| 25. MACKEY, KATHRINE | MVIS - MINDORO OCCIDENTAL SUSTAINABLE SKILLS MULTI-PURPOSE COOPERATIVE |
| 26. MAGDAONG, ROMEO M. | 1) PERSONAL MEMBERSHIP 2) RBOS - RED RIBBON MULTI-PURPOSE COOPERATIVE - BOD, STAFF & OFFICERS 3) RLIB - RED RIBBON MULTI-PURPOSE COOPERATIVE - MEMBER |
| 27. MARTIRES, MYLENE F. | NALL - NORTHERN SAMAR SAVINGS AND CREDIT COOPERATIVE |
| 28. MASLOG, ARTHUR R. | 1) KISA - KISANDAL MULTI-PURPOSE COOPERATIVE- ANTIPAS BRANCH 2) KISM - KISANDAL MULTI-PURPOSE COOPERATIVE- M""LANG BRANCH 3) KKID - KISANDAL MULTI-PURPOSE COOPERATIVE- KIDAPAWAN (H.O) |
| 29. MATIENZO, EDILBERTO | BVIR - BATONG PALOWAY AGRARIAN REFORM COOPERATIVE |
| 30. MENESES, REJOICE I. | SLUI - SAN NICOLAS MULTI-PURPOSE COOPERATIVE |

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| 31. MINDARO, MIRIAM T. | 1) PERSONAL MEMBERSHIP 2) SKAB - SOUTHERN NEGROS CREDIT COOPERATIVE (SONECCO) - KABANKALAN |
| 32. PADER, ROMENITO A. | BALM - BAYANIHAN HUNDRED ISLANDS AGRARIAN REFORM COOPERATIVE |
| 33. PADILLA, RYAN ARTHUR DG. | PERSONAL MEMBERSHIP |
| 34. PASTORES, ELLEN R. | 1) PERSONAL MEMBERSHIP 2) NBAT - NEC MPC BATASAN BRANCH 3) NDAE - NEC MPC DAET BRANCH 4) NPED - NEC MPC SAN PEDRO BRANCH 5) NPRO - NEC MPC MAIN BRANCH 6) NTAG - NEC MPC TAGUIG BRANCH |
| 35. QUEBRAL, JOEL S. | 1) SABC - SAN ISIDRO (SN) DEVELOPMENT COOPERATIVE - AGRI BUSINESS CENTER 2) SCAL - SAN ISIDRO (SN) DEVELOPMENT COOPERATIVE - CALABANGA 3) SGOA - SAN ISIDRO (SN) DEVELOPMENT COOPERATIVE - GOA 4) SIRI - SAN ISIDRO (SN) DEVELOPMENT COOPERATIVE - IRIGA BRANCH 5) SLIG - SAN ISIDRO (SN) DEVELOPMENT COOPERATIVE-LIGAO 6) SNAG - SAN ISIDRO DEVELOPMENT COOPERATIVE 7) SPAM - SAN ISIDRO (SN) DEVELOPMENT COOPERATIVE - PAMPLONA 8) SPOL - SAN ISIDRO (SN) DEVELOPMENT COOPERATIVE - POLANGUI SATELLITE 9) SRAG - SAN ISIDRO (SN) DEVELOPMENT COOPERATIVE - RAGAY |
| 36. REYES, ROSELLE S. | 1) MLAU - MOTHER RITA MULTI-PURPOSE COOPERATIVE-MAIN OFFICE 2) MSAN - MOTHER RITA MULTI-PURPOSE COOPERATIVE - SAN MAECELINO BRANC |
| 37. SACLET, MARITES B. | 1) SELN - SAN MIGUEL FARMERS AND FISHERS MULTI-PURPOSE COOPERATIVE-EL NIDO BRANCH 2) SROX - SAN MIGUEL FARMERS AND FISHERS MULTI-PURPOSE COOPERATIVE (SMFFMPC) |
| 38. SIERRA, MA. VERONICA B. | 1) PERSONAL MEMBERSHIP 2) NATCCO NETWORK - MICOOP EMPLOYEES |
| 39. SOLSONA, MA. CHERISH G. | PERSONAL MEMBERSHIP |
| 40. TAMIDLES, MARIO R. | DMAB - DEVELOPMENT WORKERS SAVINGS AND CREDIT COOPERATIVE |
| 40. TEJADA, DONNATILLA T. | 1) PERSONAL MEMBERSHIP 2) LLUP - LIMBAHAN SMALL COCONUT FARMERS AND WOMEN MPC - LUPON |
| 41. TEJADA, MINERVA G. | PERSONAL MEMBERSHIP |
| 42. TIZON, EVELIA B. | REPRESENTED: 158 1) PERSONAL MEMBERSHIP 2) NMBA - EVELIA B. TIZON-INCORPORATOR UNREPRESENTED: 16,620 3) AGRI - AGRICULTURE FISHERY FORESTRY COOPERATIVES FEDERATION (AGRICOOOPH) 4) AODI - AGRA PROGRESO MULTI-PURPOSE COOPERATIVE |

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| | 5) BANT - BANTOLINAO FARMERS MPC- ANTEQUERRA 6) BATU - BACLAY MULTI-PURPOSE COOPERATIVE 7) BBAC - BACOLOD CITY SAVINGS AND CREDIT COOPERATIVE 8) BLAO - BAGGAK TI DAYA DEVELOPMENT COOPERATIVE 9) BMAN - BONBONON FARMERS AGRARIAN REFORM MPC- MANJUYOD BRANCH 10) BPAG - BACLAY MULTI-PURPOSE COOPERATIVE - PAGADIAN CITY 11) BSIA - BONBONON FARMERS MULTI-PURPOSE COOPERATIVE- SIATON 12) CCAD - CADIZ CITY CREDIT COOPERATIVE (C4) 13) CCAL - CAMARINES SUR MPC - CALABANGA 14) CCAR - CARMEN MULTI PURPOSE COOPERATIVE-BOHOL 15) CDAE - CAMARINES NORTE DEV'T COOP- DAET 16) DDIL - DEPARTMENT OF AGRARIAN REFORM MULTI-PURPOSE COOPERATIVE 17) DOMO - DAVAO DE ORO SAVINGS AND CREDIT COOPERATIVE 18) DPIL - DEL ROSARIO MULTI-PURPOSE COOPERATIVE 19) GCAB - GO QUIRINIANS SAVINGS AND CREDIT COOPERATIVE 20) HSAN - HACIENDA MARIA PRIMARY MULTI-PURPOSE COOPERATIVE 21) HTUB - BOL-ANON SAVINGS AND CREDIT COOPERATIVE (FORMERLY HATDANNAY-TUBIGON) 22) KSIO - KAUSWAGAN AGRARIAN REFORM BENEFICIARIES-MPC 23) LCAP - LABO PROGRESSIVE MULTI PURPOSE COOPERATIVE- CAPALONGA BRANCH 24) Llig - LACE MULTI-PURPOSE COOPERATIVE 25) LNAV - LICO AGRARIAN REFORM COOPERATIVE 26) LPAN - LABO PROGRESSIVE MULTI PURPOSE COOPERATIVE 27) LRIZ - LA LIBERTAD AGRARIAN REFORM BENEFICIARIES MPC- RIZAL 28) MBAY - MILLENNIAL CREDIT COOPERATIVE - BAYUGAN 29) MCAL - MSU-IIT NATIONAL MULTI-PURPOSE COOPERATIVE- CALUMPANG BRANCH 30) MNET - NATCCO NETWORK - MICOOP EMPLOYEES 31) MPAG - MSU-IIT NATIONAL MULTI-PURPOSE COOPERATIVE- PAGADIAN BRANCH 32) MPED - MSU-IIT NATIONAL MULTI-PURPOSE COOPERATIVE-SAN PEDRO, DAVAO CITY BRANCH 33) MPIN - MANGUYANG AGRARIAN REFORM BENEFICIARIES COOPERATIVE 34) NCAN - NORTHERN QUEZON SAVINGS AND CREDIT COOPERATIVE 35) NEDC - NEDC (NATCCO NETWORK SUBSIDIARY) 36) NEMP - NATCCO NETWORK EMPLOYEES 37) NKOR - NDMU MULTI-PURPOSE COOPERATIVE 38) NMBA - INCORPORATOR 39) NMBA - NMBA - NATCCO MBAI INCORPORATORS & BOT/OFFICERS AND STAFFS 40) NNAB - NABUA DEV MULTI-PURPOSE COOPERATIVE 41) NNET - NATCCO NETWORK BOARD OF DIRECTORS AND OFFICERS 42) PBAM - PINGKIAN COMMUNITY DEVELOPMENT COOPERATIVE 43) PMAM - PAYOMPON DEVELOPMENT COOPERATIVE 44) PSIP - PILI MARKET DEVELOPMENT COOPERATIVE - SIPOCOT |
|--|--|

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|-------------------------------|--|
| | <p>BRANCH</p> <p>45) PTAC - PERPETUAL HELP MULTI-PURPOSE COOPERATIVE or PHCCI-MPC Tacloban</p> <p>46) SARG - SANDIGAN SAVINGS AND CREDIT COOPERATIVE</p> <p>47) SCOT - STA. CRUZ MULTI-PURPOSE COOPERATIVE - SATELLITE</p> <p>48) SHIM - SOUTHERN NEGROS AGRARIAN REFORM COOPERATIVE</p> <p>49) SMAA - STA. CRUZ MULTI-PURPOSE COOPERATIVE-MAASIM</p> <p>50) SMAL - STA. CRUZ MULTI-PURPOSE COOPERATIVE - MALANDAG BRANCH</p> <p>51) SMAR - SPRINGSIDE IRRIGATOR""S AND FARMERS AGRARIAN REFORM BENEFICIARIES MULTU-PURPOSE COOPERATIVE</p> <p>52) SMAS - SAN RAMON MULTI-PURPOSE COOPERATIVE</p> <p>53) SPOB - STA. CRUZ SAVINGS & DEVELOPMENT COOPERATIVE</p> <p>54) SPUE - SRT PUERTO PRINCESA COOPERATIVE OF PALAWAN MULTI-PURPOSE COOPERATIVE</p> <p>55) SSAT - SPRINGSIDE "ARB"S" IRRIGATORS & FARMERS MPC - SATELLITE</p> <p>56) SSOR - SALVACION FARMERS DEVELOPMENT COOPERATIVE-SORSOGON</p> <p>57) STAN - SAMAHANG MAGSASAKA NG BARANGAY STA. MARIA AGRARIAN REFORM COOPERATIVE</p> <p>58) STUP - SARANGANI MULTI PURPOSE COOPERATIVE- TUPI</p> <p>59) TBOA - TANIKALA NG PAGKAKAISA MULTI-PURPOSE COOPERATIVE</p> <p>60) TGUM - TAYABAS COMMUNITY MULTI-PURPOSE COOPERATIVE</p> <p>61) TMAM - TUMALALUD FARMERS MULTI-PURPOSE COOPERATIVE</p> <p>62) ZIME - ZAMBOANGA SIBUGAY CREDIT COOPERATIVE</p> <p>63) ZSIN - ZANORTE COMMUNITY CREDIT COOPERATIVE</p> |
| 43. YAMIT, JAQUILINE M. | AMAI - ALIPAO MULTI-PURPOSE COOPERATIVE |
| 44. YUGO, YANI M. | PERSONAL MEMBERSHIP |
| 45. AUXTERO, ARJELIE S | PERSONAL MEMBERSHIP |
| 46. BAUTISTA, PEDRO JR C | PERSONAL MEMBERSHIP |
| 47. CABATUANDO, LEO L | PERSONAL MEMBERSHIP |
| 48. DE ROBLES, ELSIE C | PERSONAL MEMBERSHIP |
| 49. DELA TORRE, JINKY S | PERSONAL MEMBERSHIP |
| 50. EBOÑA, MARY ANN L | PERSONAL MEMBERSHIP |
| 51. LALIC, ROGET DA | PERSONAL MEMBERSHIP |
| 52. MARCEÑO, RENANTE F | PERSONAL MEMBERSHIP |
| 53. NICOLAS, SALVACION P | PERSONAL MEMBERSHIP |
| 54. QUIDILLA, MARIA JASMINE J | PERSONAL MEMBERSHIP |
| 55. SANGGO, RONALDO P | PERSONAL MEMBERSHIP |
| 56. SATUR, SHEILA MARIE D | PERSONAL MEMBERSHIP |
| 57. SUATENGCO, OLGA D | PERSONAL MEMBERSHIP |
| 58. TEJADA, JEROME S | PERSONAL MEMBERSHIP |
| 59. TORERO, RYAN JIM M | PERSONAL MEMBERSHIP |

The first part of the program of the 11th Annual Meeting was finished earlier than the scheduled time.

The Chairperson, Ms. Evelia Tizon asked the body if it is possible to start the proper Annual Meeting at 10:30 AM instead of the 1:00 PM as circulated in the previous notice.

With this, the Chairperson instructed the Management to create a poll for the members for those who will be in favor to suspend the rule to start the meeting.

The poll then resulted in 56,985 members who were in favor to continue to proceed with the annual meeting at 10:44 o'clock in the morning which was 85% of the 67, 112 total members.

I. Call to Order

The Chairperson, Evelia Tizon called the 11th Annual Meeting to order at 10:44 o'clock in the morning.

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

The Secretary, Mildred Cerezo certified the following:

- Notice of the 11th Annual Meeting of the NATCCO MBI was sent on May 7th, 2022 to all the members via email and was uploaded on the NATCCO MBI website.
- The number of active members as of December 31, 2021, was finalized on May 5th, 2022.
- The release of letters to partner cooperatives asking them to appoint official representatives was on March 1, 2022.
- The deadline for the acceptance of the official representative was disseminated and set on April 30, 2022.
- On May 5, the total number of proxy votes for each Representative was then finalized.
- And the Nomination Committee validated the completeness of membership count and proxy votes on May 5, 2022.

The NATCCO MBI has a total of 67, 112 members as of December 31, 2021, with 61 representatives in attendance carrying 63,565 proxy votes or 95%.

The Secretary then certified the existence of a quorum.

III. Approval of the Agenda

Chairperson Evelia Tizon presented the Agenda and asked the approval from the assembly.

Representative Angel Garcia Jr. of Taloy Farmers MPC moved for the approval of the agenda, severally seconded. There being no objection, the motion was approved.

Annual Meeting Resolution No. 01-2022

Resolution approving the agenda of 2022 Annual Meeting as follows:

- i. Call to order***
- ii. Proof of Due Notice, Roll Call, and Determination of the Quorum***
- iii. Approval of the Agenda***
- iv. Considerations of the Minutes of the 2021 Annual Meeting dated May 25, 2021***

- v. ***Business arising from the Minutes of the 2021 Annual Meeting dated May 25, 2021***
- vi. ***Annual Reports***
 - a. ***Chairperson's Report***
 - b. ***President's Report***
 - c. ***Treasurer's Report***
 - 2021 Audited Financial Statement***
- vii. ***New Business***
 - A. ***Presentation of the 2022 Annual Plans and Budget***
 - B. ***Appointment of 2022 External Auditor***
- viii. ***Election***
- ix. ***Other Matters***
- x. ***Adjournment***

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

| Total Voting Members/Proxy | Total Votes Casted | Votes in Favor | Invalid Votes | Abstain |
|----------------------------|--------------------|----------------|---------------|---------|
| 52,259 | 52,259 | 52,259 | 0 | 0 |

IV. Consideration of the Minutes of Previous Annual Meetings

A. Minutes of May 25, 2021, 10th Annual Meeting

The Chairperson, Evelia Tizon presented the copies of the Minutes that was sent in advance to the members.

Representative Romenito Pader of Bayanihan Hundred Islands Agrarian Reform Cooperative moved to dispense with the reading of the Minutes of May 25, 2021, 10th Annual Meeting which was seconded by Jeremias Colangoy Jr. There being no objections, the motion was approved.

After the reading and no correction needed, Representative Romenito Pader of Bayanihan Hundred Islands Agrarian Reform Cooperative moved for the approval of the May 25th, 2021 Annual Meeting, which was seconded by Representative Nerissa Lucena of Panay Agrarian Reform Cooperative. There being no objection, the motion was approved.

Annual Meeting Resolution No. 2-2022.

Resolution, approving the Minutes of May 25, 2021, 10th Annual Meeting of the NATCCO MBAI.

The votes casted and received on the approval of the Minutes of May 25, 2021 Annual Meeting:

| Total Voting Members present and by proxy | Total Votes Casted | Votes in Favor | Invalid Votes | Abstentions |
|--|---------------------------|-----------------------|----------------------|--------------------|
| 52,259 | 52,259 | 52,259 | 0 | 0 |

V. Business Arising from the Minutes:

No business arising discussed from the minutes.

VI. Presentation of Reports

A. Chairperson's Report on Board of Trustees' Resolutions and Actions Taken for the year 2021

The Chairperson, Evelia Tizon turned over the Chairmanship to Vice-Chairperson Ellen Pastores and reported the 2021 Board of Trustee resolutions as follows:

| Resolution No. | Board Resolution |
|-----------------------|--|
| 1 | Resolution, approving the Committee Charter of the Nomination Committee. |
| 4 | Resolution, approving the Election Code for 2021 as revised. |
| 5 | Resolution to approve the Code of Conduct of the NATCCO MBAI. |
| 10 | Resolution approving the Board Charter as part of the internal control system |
| 11 | Resolution approving the Board Diversity Policy |
| 12 | Resolution approving the Enterprise Risk Management Policy (ERM) |
| 13 | Resolution approving the Committee Evaluation Form |
| 14 | Resolution approving the policy on giving collection fees to partners |
| 16 | Resolution, approving the 2020 Audited Financial Statement of NATCCO MBAI. |
| 26 | Resolution approving the recommendation of the Audit Committee to reappoint Banaria Banaria as the External Auditor for 2021 |
| 38 | Resolution, approving the 2021 Balance Score Card and Mid-Year Catch Up plan of the NATCCO MBAI |

| | |
|----|---|
| 40 | Resolution, requiring Trustee Members to provide written disclosure of their board membership with cooperatives and other organization to the Management within 15 calendar days |
| 41 | Resolution, approving the Nomination Committee Revised Charter |
| 46 | Resolution, approving the Php336,000 budget allocated to system revision and modification of NMBAI. |
| 51 | Resolution approving the Microjuaan Program for the NMBAI members |
| 52 | Resolution approving the revised Election Code |
| 53 | Resolution approving the revised Related Party Transaction Policy (RPT), Vendor & Supplier Conflict of Interest Disclosure Form and Business & Personal Affiliation Disclosure Form |
| 54 | Resolution approving the New Policy for Reinsurance Partnership |
| 55 | Resolution approving the P150,000 budget for social media management with PhilipRad |
| 56 | Resolution approving the Data Privacy Policy |
| 57 | Resolution approving the MIS Committee Charter |
| 58 | Resolution approving the Anti-Fraud Policy of NMBAI |
| 59 | Resolution approving the NMBAI Officers Job Descriptions: 1. President 2. Secretary 3. Treasurer 4. Auditor |
| 62 | Resolution approving the 2022 Plans and Budget of NMBAI. |

The Vice-Chairperson, Ellen Pastores, being the presiding officer asked if there was any question, on the report presented by the Chairperson.

After the presentation, Representative Romenito Pader of Hundred Islands Agrarian Reform Cooperative moved for the acceptance and confirmation of all the Board Resolutions during the 11 Annual Meeting held on May 31, 2022. The motion was seconded by Representative Angel Garcia of Taloy Farmers MPC. There being no objection, the motion was approved.

Annual Meeting Resolution No. 3-2022

Resolution, accepting the 2021 Report of the Chairperson and confirming Board of Trustees Resolutions and the Actions Taken on the 2021 Resolutions.

The votes casted and received on the acceptance and confirmation of 2021 of the Board BOT Resolutions:

| Total Voting Members present and by proxy | Total Votes Casted | Votes in Favor | Invalid Votes | Abstentions |
|--|---------------------------|-----------------------|----------------------|--------------------|
| 52,259 | 52,259 | 52,259 | 0 | 0 |

B. President's Report

Chairperson Evelia Tizon presided over the meeting.

The President, Minerva G. Tejada presented her report.

Representative Angel Garcia of Taloy Farmers MPC moved for the acceptance of the report presented which was seconded severally. There being no objection, the motion was approved.

Annual Meeting Resolution No. 4-2022

Resolution to accept the report of the President as presented.

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

| Total Voting Members present and by proxy | Total Votes Casted | Votes in Favor | Invalid Votes | Abstentions |
|--|---------------------------|-----------------------|----------------------|--------------------|
| 52,259 | 52,259 | 52,259 | 0 | 0 |

A recess was declared at 12:05 o'clock in the afternoon.

The meeting then resumed at 1:00 o'clock in the afternoon.

C. Treasurer's Report

Ms. Zorahayda Cafirma presented the Treasurer's report and the Audited FS.

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

Annual Meeting Resolution No. 5-2022

Resolution to accept the Treasurer's Report and the 2021 Audited Financial Statement.

The votes casted and received on the acceptance of the Treasurer's Report and 2021 Audited FS:

| Total Voting Members present and by proxy | Total Votes Casted | Votes in Favor | Invalid Votes | Abstentions |
|--|---------------------------|-----------------------|----------------------|--------------------|
| 52,259 | 52,259 | 52,259 | 0 | 0 |

VII. New Business

A. 2022 Annual Plans & Budget

President Minerva G. Tejada presented the NATCCO MBI Annual Plans and Budget for 2022.

Representative Angel Garcia of Taloy Farmers MPC moved for the acceptance of the report presented, seconded severally. There being no objection, the motion was approved.

Also, Representative Romenito Pader of Hundred Islands Agrarian Reform moved for the approval of the 2022 Annual Plans and Budget of the NMBAI, which was seconded severally.

Annual Meeting Resolution No. 6-2022

Resolution, for the approval of the 2022 Annual Plans and Budget of the NATCCO MBI

The votes casted and received on the acceptance of the 2022 Annual Plans and Budget:

| Total Voting Members present and by proxy | Total Votes Casted | Votes in Favor | Invalid Votes | Abstentions |
|--|---------------------------|-----------------------|----------------------|--------------------|
| 52,259 | 52,259 | 52,259 | 0 | 0 |

B. Appointment of the External Auditor for 2022

The Chairperson, Evelia Tizon presented Aquino Mata Calica & Associates as the External Auditor which was recommended by the Audit Committee for NATCCO MBI in 2022.

After due deliberations, Representative Nicolas Salvacion of MICOOP Group moved for the approval of the recommendation appointing Aquino Mata Calica & Associates as the External Auditor for 2022 which was seconded by Richard Amaga of Bacbacan Multipurpose Cooperative. There being no objection, the motion was approved.

Annual Meeting Resolution No. 7-2022

Resolution, appointing Aquino Mata Calica & Associates as the External Auditor of the NATCCO MBI for 2022.

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

| Total Voting Members present and by proxy | Total Votes Casted | Votes in Favor | Invalid Votes | Abstentions |
|--|---------------------------|-----------------------|----------------------|--------------------|
| 52,259 | 52,259 | 52,259 | 0 | 0 |

VIII. Election

Trustee Jupiter Bonilla presented the Nomination Committee Report.

Representative Romenito Pader of the Bayanihan Hundred Islands Agrarian Reform Cooperative moved for the acceptance of the report presented, seconded by Richard Amaga of Bacbacan Multipurpose Cooperative. There being no objection, the motion was approved.

Annual Meeting Resolution No. 8-2022

Resolution to accept the report of Nomination Committee.

| Total Voting Members present and by proxy | Total Votes Casted | Votes in Favor | Invalid Votes | Abstentions |
|---|--------------------|----------------|---------------|-------------|
| 52,259 | 52,259 | 52,259 | 0 | 0 |

Election followed.

Results of the election were then presented as follows:

| NUMBER OF REPRESENTATIVES | | PROXY VOTES |
|---------------------------|----|-------------|
| NO. OF <u>PRESENT</u> : | 61 | 63,565 |
| NO. OF <u>ABSENT</u> : | 7 | 3,547 |
| Attendees Total: | 68 | 67,112 |

| TOTAL FOR: | BALLOTS | PROXY VOTES |
|-------------------------------|---------|-------------|
| NO. OF <u>VALID VOTES</u> : | 48 | 52,259 |
| NO. OF <u>INVALID VOTES</u> : | 12 | 9,258 |
| NO. OF <u>ABSENT</u> : | 7 | 5,593 |
| PRESENT BUT DID NOT VOTE: | 1 | 2 |
| E-BALLOT Total: | 60 | 67,112 |

| REPS. VOTED THRU GOOGLE FORM | |
|-------------------------------|----|
| NO. OF <u>VALID VOTES</u> : | 46 |
| NO. OF <u>INVALID VOTES</u> : | 12 |
| E-BALLOT Total: | 58 |

| REPS. VOTED THRU FACEBOOK MSGR | |
|--------------------------------|---|
| NO. OF <u>VALID VOTES</u> : | 1 |
| NO. OF <u>INVALID VOTES</u> : | 0 |
| E-BALLOT Total: | 1 |

| REPS. VOTED THRU TEXT | |
|-------------------------------|---|
| NO. OF <u>VALID VOTES</u> : | 1 |
| NO. OF <u>INVALID VOTES</u> : | 0 |
| E-BALLOT Total: | 1 |

| PRESENT BUT DID NOT VOTE | | |
|-----------------------------|----|--|
| NO. OF <u>VALID VOTES</u> : | 1 | |
| E-BALLOT Total: | 60 | |

Result of Election on Regular Trustee:

| Total Voting Members Present and By Proxy | Name of Candidates | Votes In Favor |
|---|--------------------|----------------|
| 52, 259 | Angel Garcia Jr. | 52, 259 |
| 52, 259 | Romeo Magdaong | 52, 259 |

Result of Election on Independent Trustee:

| Total Voting Members Present and By Proxy | Name of Candidates | Votes In Favor |
|---|-------------------------|----------------|
| 52, 259 | Adolfo A. Ibanez | 52, 259 |
| 52, 259 | Ryan Arthur DG. Padilla | 52, 259 |

| Name | Number of Votes | Term |
|--|-----------------|---------------------|
| Angel Garcia Jr – Regular Trustee | 52, 259 | 3 years (2022-2025) |
| Romeo Magdaong – Regular Trustee | 52, 259 | 3 years (2022-2025) |
| Adolfo A. Ibanez – Independent Trustee | 52, 259 | 1 year |

| | | |
|--|---------|--------|
| Ryan Arthur DG. Padilla – Independent Trustee | 52, 259 | 1 year |
|--|---------|--------|

IX. Adjournment

There having no more business at hand, Representative Romenito Pader of Bayanihan Hundred Islands Agrarian Reform moved for the adjournment of the 2021 10th Annual Meeting, seconded by Ryan Boron of Katilingbanong Programa sa Maayong Panglawas – Kinaugalingong Paningkamot MPC. There being no objection, the motion was approved.

Chairperson Evelia Tizon adjourned the 11th NATCCO MBI Annual Meeting at 2:34 o'clock in the afternoon.

Prepared by:



Mildred C. Cerezo
Board Secretary

Attested by:



Evelia Bardos - Tizon
Chairperson



**NATCCO
MBAI**



BOARD AND MANAGEMENT REPORT

**MS.EVELIA BARDOS-TIZON
CHAIRPERSON**

AND

**MS. MINERVA G. TEJADA
PRESIDENT**



BOARD AND MANAGEMENT REPORT

The year 2022 was all about enhancing the members' protection through microinsurance accessibility. And indeed, that was what the Association did. 2022 was the year where the whole NATCCO MBAI team, from the Board of Trustees, and all employees reviewed its past years' performance and came up with better plans, products and services to ensure that the microinsurance products are readily available and very easy to avail.

2022 was another opportunity to improve. It was the year that we started getting back to normal and no longer fear the COVID 19. It was the year we all stood up and continued the journey, picked up ourselves along with our families and friends, and took that path again. The path towards resiliency and positivity that will all lead to achievement of our goals.

This year, we took on a bigger challenge. The challenge to step up and be ready for the emerging and ever changing market of microinsurance. This time, we are more determined to serve our members with utmost sincerity and compassion, backed with better knowledge on anything related to the industry and corporate governance, and most importantly, the will and heart to see the Members' family protected with insurance policies from NATCCO MBAI.

R 2022 ACCOMPLISHMENTS.

CONFORMANCE ROLES

Accountability

The Board of Trustees is mandated to report to its members and stakeholders regularly annually, through the Annual Meeting. On top of this, all policies and actions of the Board and Management are uploaded in the NATCCO MBAI website for easy access of the members, anytime during the year.

The Board of Trustees also ensured compliance of the association legal and regulatory requirements. This includes operating within the industry standards such as SEGURO and ASEAN Corporate Governance Scorecard (ACGS).

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

PERFORMANCE ROLES

Strategy is at the core of the Board of Trustees' duties and responsibilities and this is guided by the 7 year (2019 – 2025) development plan of NATCCO MBAI. Anchored on our governance charter (vision, mission, values) and its strategy map, the Board maintained the end goal but tweaked the strategy execution, based on the dictates of the changing times.

Policy making

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

Board Charter

Succession Planning Policy

Money Laundering and Terrorism Financing Prevention Program

Investment Policy

5 Claims Settlement Policy

Employee Benefits Policy

Compensation Policy

Recruitment Policy

Policy Review Committee Charter

Data Privacy Policy

In 2022, the Board of Trustees passed the following Board Resolutions:

| BOARD RESO# | 2022 BOARD RESOLUTION |
|--------------------|--|
| Resolution #1 | Resolution, approving the revised Plans and Budget for 2022 |
| Resolution #2 | Resolution to merge the following Committees: CGC and NOMCOM as Corporate Governance Committee; and Audit, RPT & BROCC as Audit Committee |
| Resolution #3 | Resolution to include the capacity building in the Board of |
| Resolution #4 | Resolution, approving the New Salary Structure for 2022 |
| Resolution #5 | Resolution to authorize CGC to designate a regular trustee who is not a member of the committee or the President to join the performance of the nomination functions due to legal infirmities |
| Resolution #6 | Resolution to create a NATCCO Partnership Committee composing the following members. • Chairperson Evelia Tizon Chair of the Commi • Independent Trustee Ryan Arthur Padilla • Independent Trustee Atty. Adolfo Ibanez Chair of the Committee • President Minerva Tejada |
| Resolution #7 | Resolution approving the Golden Life Insurance Plan of |
| Resolution #8 | Resolution approving the corporate giveaways for 2022 Annual General Meeting |
| Resolution #9 | Resolution, approving the additional P1.5M investment to |
| Resolution #10 | Resolution to amend Investment Policy 5.1 to state as “Excess amount can be invested to the reputable cial banks” |
| Resolution #11 | Resolution to transfer P20M from Land Bank to BPI. |

| | |
|----------------|--|
| Resolution #12 | Resolution, authorizing Vice Chairperson Ellen Pastores as the official representative to Rimansi Annual Meeting |
| Resolution #13 | Resolution approving the 2021 Audited Financial Statement of the NATCCO MBI. |
| Resolution #14 | Resolution approving the Compensation Package of the CEO and COO. |
| Resolution #15 | Resolution to direct the Partnership Committee to conduct a preparatory meeting on June 25th, 2022, and to consider the <ul style="list-style-type: none"> • Honorary membership of NATCCO • Financial matters with NATCCO • And other matters needed |
| Resolution #16 | Resolution to direct the Management to engage in an actuary consultant regarding the Golden Life Insurance |
| Resolution #17 | Resolution to direct the President to invest a total of P15M time deposit to any of the following banks: RCBC, China Bank, and PNB. |
| | Resolution to allow President Minerva Tejada to open an account any of the following banks RCBC, China Bank, or PNB with the following sets of signatories: |
| Resolution #18 | <p>Treasurer Zorahayda Cafirma</p> <p>Chairperson Ellen Pastores</p> <p>President Minerva Tejada</p> <p>Trustee Rome Magdaong</p> |
| Resolution #19 | Resolution to approve the Policy on Succession Planning |
| Resolution #20 | Resolution to approve the output recommendations by the RIMANSI in the mid year planning |
| Resolution #21 | Resolution to conduct a 2 day action planning. |

| | |
|----------------|---|
| Resolution #22 | Resolution to coordinate with BMS the accounting system accordance with IFRS17 |
| Resolution #23 | Resolution, President to facilitate the Lakbay Aral with CARE |
| Resolution #24 | Resolution to apply for regular membership with RIMANSI. |
| Resolution #25 | Resolution to renew membership with ICMIF. |
| Resolution #26 | Resolution to authorize President Minerva Tejada to enter into a contract with Aquino Mata Calica & Associations as External Auditor for 2022. |
| Resolution #27 | Resolution to direct the President to prepare plans for the forum of the Area Managers of MICCOP |
| Resolution #28 | Resolution to defer the decision of the board to adopt the Golden Life Insurance Product and immediately recall the application for approval from the Insurance Commission. |
| Resolution #29 | Resolution to direct the Management to provide the monthly interest income on the NMBAI investments |
| Resolution #30 | Resolution to adopt the output of the 2022-2025 Annualized Development Plan of the NMBAI. |
| Resolution #31 | Resolution to direct PRD Committee to draft a policy on notification of Coops for Claims and to study how to address the awareness to claim benefits that are focused on the beneficiaries including the release of the Abuluyan in the |
| Resolution #32 | Resolution to direct the CGC to review the existing Anti Fraud Policy and to include an anti fraud policy on the signatures of claimants. |
| Resolution #33 | Resolution to direct the President to communicate with NATCCO regarding a follow up meeting with NATCCO NMBAI Partnership. |
| Resolution #34 | Resolution to establish the standard hours of meetings, thereafter Vice Chairperson Ellen Pastores moved to set the |

| | |
|----------------|--|
| | standard hours of meetings: 4 to 5 maximum hours for regular board meetings and 2 to 4 maximum hours for committee meetings. |
| Resolution #35 | Resolution to direct the President to recommend implementing rules to adopt the 1 – 5 policy of RIMANSI |
| Resolution #36 | Resolution to direct the MIS Committee to recommend an AML and terrorist financing monitoring system for the approval of the Board |
| Resolution #37 | Resolution to approve the Money Laundering and Terrorism Financing Prevention Program (MTPP) for NMBAI. |
| Resolution #38 | Resolution to approve the amended job descriptions of the President, Secretary, Treasurer, and Auditor. |
| Resolution #39 | Resolution to approve the proposed investment allocations by the Investment Committee. |
| Resolution #40 | <p>Resolution to adopt proposed product names of NMBAI effective January 1st, 2023.</p> <ol style="list-style-type: none"> 1. NMBAI Planado (BLIP only) 2. NMBAI Protektado (BLIP + TPD) 3. NMBAI Panatag (BLIP + HIB) 4. NMBAI Sigurado (BLIP + HIB + TPD) 5. NMBAI Yamang Protektado (CLIP) |
| Resolution #41 | Resolution to direct the ExeCom to discuss and evaluate the draft the following policies of the POLREV Committee and to decide what action to take by the Board next meeting: Recruitment Policy and Compensation Policy |
| Resolution #42 | Resolution to terminate the Adhoc Committee of NATCCO NMBAI Partnership. |
| Resolution #43 | Resolution to confirm the release of cash gift on November |
| Resolution #44 | Resolution to confirm the approval of Policy on 1 Settlement Policy and its Annexes. |

| | |
|----------------|--|
| Resolution #45 | Resolution to approve the Policy on Alternative Dispute Resolution Mechanism |
| Resolution #46 | Resolution to approve the Revised Policy on Recruitment |
| Resolution #47 | S2022EBT. Resolution to reduce the CLIP Claims Allocation |
| | Resolution to approve the NMBAI partnership with RIMANSI as a distributor to the following products: |
| | 1. Golden Insurance Plan |
| | Life Products |
| Resolution #48 | Fire Insurance |
| | Fidelity Guarantee |
| | Motor Car Insurance |
| | Money, Securities, Payroll Robbery |
| | 3. Health Care Management |
| Resolution #49 | Resolution to approve the Revised Employee Benefits Policy |
| Resolution #50 | Resolution to approve the Transitory Measures for the Revised Employee Benefits |
| Resolution #51 | Resolution to hold a face – face Annual Meeting in 2023. |
| Resolution #52 | Resolution to approve the Revised 2023 Plans and Budget |
| Resolution #53 | Resolution, RIMANSI as Board performance evaluator for |

11TH ANNUAL

2022 AM RESOLUTION

Resolution approving the agenda of 2022 Annual Meeting as follows:

- i. Call to order
- ii. **Proof of Due Notice, Roll Call, and Determination of the**
- iii. Approval of the Agenda
- iv. Considerations of the Minutes of the 2021 Annual Meeting dated May 25, 2021
- v. **Business arising from the Minutes of the 2021 Annual Meeting dated May 25, 2021**
- vi. Annual Reports
 - a. Chairperson's Report
 - b. President's Report
 - c. Treasurer's Report
 - 2021 Audited Financial Statement**
- vii. New Business
 - A. Presentation of the 2022 Annual Plans and Budget**
 - B. Appointment of 2022 External Auditor**
- viii. Election
- ix. Other Matters
- x. Adjournment

AM Resolution #1

AM Resolution #2

Resolution, approving the Minutes of May 25, 2021, 10th Annual Meeting of the NATCCO MBAI

AM Resolution #3

Resolution, accepting the 2021 Report of the Chairperson and confirming Board of Trustees Resolutions and the Actions Taken on the 2021 Resolutions,

AM Resolution #4

Resolution to accept the report of the President as

AM Resolution #5

Resolution to accept the Treasurer's Report and the 2021 Audited Financial Statement.

AM Resolution #6

Resolution, for the approval of the 2022 Annual Plans and Budget of the NATCCO MBAI

AM Resolution #7

Resolution, appointing Aquino Mata Calica & Associates as the External Auditor of the NATCCO MBI for 2022.

AM Resolution #8

Resolution to accept the report of Nomination Committee.

ISSUED POLICIES

, we issued policies for the Basic Life Insurance Plan (BLIP) with a total sum assured of **P1,965,300,000.00**. This is 4% higher than 2021's 35,510 issued policies.

| | | ASSURED |
|--|--|----------------------|
| | | 156,940,000 |
| | | 135,490,000 |
| | | 138,930,000 |
| | | 107,350,000 |
| | | 166,850,000 |
| | | 170,560,000 |
| | | 199,590,000 |
| | | 168,130,000 |
| | | 185,360,000 |
| | | 174,160,000 |
| | | 177,110,000 |
| | | 184,830,000 |
| | | 1,965,300,000 |

For Credit Life Insurance Plan (CLIP), we issued policies with a total loan amount of **P2,559,510,509.00**. This is 11% higher than last year's P2,308,996,364.00

| | | ASSURED |
|--|--|----------------------|
| | | 158,707,915 |
| | | 167,477,101 |
| | | 174,174,264 |
| | | 156,363,289 |
| | | 296,047,308 |
| | | 216,461,372 |
| | | 255,547,636 |
| | | 183,720,744 |
| | | 214,179,275 |
| | | 212,586,657 |
| | | 270,482,867 |
| | | 253,762,081 |
| | | 2,559,510,509 |

RELEASED CLAIM BENEFITS

The NATCCO MBI's promise is to make sure that the financial benefits for our members are released as soon as possible, and this is not just a mere promise, but we make sure that we deliver. With the increased number of Members insured, there was increase in the number of death claims. For 2022, a total of death claims were processed and we released total benefits of **P20,506,315.00**

| D MONTH | | TOTAL AMOUNT OF BENEFITS RELEASED |
|----------------|--|--|
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

* Combination of all other causes of death

For the last five (5) years, NATCCO MBAI posted the following death claims.

| | 13,380,829 | 16,537,960 | 17,197,006 | 20,597,691 | 20,506,315 |
|--|------------|------------|------------|------------|------------|

NEW RIDERS FOR BASIC LIFE INSURANCE PLAN

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

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

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

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

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

In 2021, we launched these two (2) product riders to our partner cooperatives, and at the end of 2022, nine (9) partner cooperatives are already availing the new BLIP packages with TPD and HIB riders. A total of 8,392 members availed of these new BLIP packages, with higher sum assured or claim benefits.

LAKBAY MALASAKIT PROGRAM

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

In 2022, LMP has brought webinar series to our members and partner cooperatives. We were able to hold six (6) sessions with topics such as financial literacy, mental health, life insurance 101, and the power of social media in marketing. Also, we celebrated Christmas with the partner cooperatives' employees virtually last December 15, 2022.

CERTIFICATE OF TAX EXEMPTION (CTE)

2022 was a triumphant year for NATCCO MBAI. The Association's application for CTE was approved. This privilege is not automatically granted to MBAs like us, but we managed to satisfy the strict requirements of the Bureau of Internal Revenue (BIR). Last July 6, 2022, the BIR has released our Certificate of Tax exemptions, with CTE No. 00024. NATCCO MBAI is exempt from Income Tax only on the following revenue or receipts:

Member's Contributions;
Premiums; and
Interest Income

This exemption is valid for three (3) years.

ANNEX "B"

Certificate of Tax Exemption No.
RR74000-2022-CTE00024

CERTIFICATE OF TAX EXEMPTION
issued to

NATIONAL CONFEDERATION OF COOPERATIVES MUTUAL BENEFITS
ASSOCIATION (NATCCO MBAI, INC.)
Address: No. 227 J. P. Rinal Street, Brgy. Bayanhan, Project 4, Quezon City.
TIN No. 007-283-700-000
SEC Company Reg. No. CN210915699

This certifies that the above-named corporation is a non-stock, non-profit corporation and has proven by actual operation that its primary purpose falls under Section 30 (C) of the National Internal Revenue Code (NIRC) of 1997, as amended. It is exempt from INCOME TAX only on the following revenues or receipts:

1. Member's Contributions;
2. Premiums; and
3. Interest Income

—————nothing follows—————


subject to the provisions of applicable BIR rules and regulations and the tax exemptions, liabilities and responsibilities stated in the Terms and Conditions hereto attached and made an integral part hereof. It is liable, however, to all other taxes not enumerated above.

This certification shall be valid for three (3) years from the date of issuance unless earlier revoked by this Office for violation of any provisions of applicable rules and regulations of BIR, or the terms and conditions herein set forth.


This Certificate may be renewed upon filing of a subsequent application for revalidation provided under Revenue Memorandum Order (RMO) No. 38-2019. Failure to renew this Certificate shall be deemed a revocation thereof upon the expiration of the three (3)-year period.

This Certificate of Tax Exemption is being issued on the basis of the facts and documents as represented and submitted. However, if upon investigation, the BIR ascertains that the facts are different, then this Certificate shall be considered null and void.

Issued this 6th day of July, 2022.



13772004



ALBINO M. GALANZA
Regional Director
Revenue Region No. 7A

CTE: Valid from JULY 6, 2022 – JULY 6, 2025

MONEY LAUNDERING CERTIFICATE OF REGISTRATION

NATCCO MBAI, just like all other insurance providers, is also under the regulations of Money Laundering Council (AMLC). Every two (2) years, we are required to renew our registration with AMLC as part of the Insurance Commission (IC) requirements. Last February 17, 2022, the AMLC has issued NATCCO MBAI its Anti Money Laundering Certificate of Registration.

Moreover, our Association is required to report any suspicious transactions that may or may not be directly an AMLA case. As of December 31, 2022, there was no reported AMLA transaction yet.



With the continuous change in the microinsurance industry and member's insurance requirements, our Association has amended its Articles of Incorporation and Bylaws to ensure that we address these changes and efficiently give members the right products and


**FEDERATION OF THE PHILIPPINE
SECURITIES AND EXCHANGE COMMISSION**
 Second Floor, Second Floor Building, BSE
 100, 101 & 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 9



ANNUAL CORPORATE GOVERNANCE REPORT (ACGR)

Our main regulatory body, the Insurance Commission (IC) has issued the Circular Letter 2020/71 dated June 13, 2020, regarding the “Revised Code of Corporate Governance for Insurance Commission Regulated Companies”, and our association is mandated to comply with this annual report.

“The Code of Corporate Governance is intended to raise the corporate governance standards of Insurance Commission Regulated Companies (ICRCs) a level at par with its regional and global counterparts. The latest G20 Organization for Economic Co-operation and Development Principles of Corporate Governance, the Association of Southeast Asian Nations Corporate Governance Scorecard, and the Code of Corporate Governance for Publicly Listed Companies issued by the Securities and Exchange Commission (SEC) were used as key reference materials in the drafting of this Code.”

Since 2022, NATCCO MBI has been submitting its report and all related documents re-uploaded in the NATCCO MBI website.

ASEAN CORPORATE GOVERNANCE SCORECARD (ACGS)

The ASEAN Corporate Governance was developed based on international benchmarks such as the Organization for Economic Co-operation and Development (OECD), Principles of Corporate Governance, the International Corporate Governance Network Corporation (ICGN) Governance Principles, as well as industry practices from ASEAN and the world¹. The ACGS is a tool used to evaluate corporate governance practices. Endorsed by the ASEAN finance ministers in 2009, it was designed to help develop an integrated capital market for the region's financial integration by 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 ACCS covers five areas of the G20/OECD Principles of Corporate Governance:

Rights of the Shareholders

Equitable Treatment of Shareholders

Role of Shareholders in Corporate Governance

Disclosure and Transparency

Responsibilities of the Board

NATCCO MBI's SCORE

| | | | | | | | |
|-------------------------------------|--|--|--|--|--|--|--|
| Covered Year | | | | | | | |
| Rights of Shareholders | | | | | | | |
| Equitable Treatment of Shareholders | | | | | | | |
| Roles of Stakeholders | | | | | | | |
| Disclosure and Transparency | | | | | | | |
| Responsibilities of the | | | | | | | |
| and Penalty | | | | | | | |
| TOTAL SCORE | | | | | | | |

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

B.A.S.I.C MIS

Our Association is continuously looking for ways to improve our processes. We know the importance of having an accurate and efficient MIS system that would help the Head Office and partner cooperatives easily access the members' enrollment records as file claims immediately. That is the goal why we set up the "Business Application Solutions Inter Connection Management Information System" or BASIC , we were able to install the system on twenty eight (28) partners.

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



Evelia Bardos
Board Chairperson



Minerva G. Tejada
President



**NATCCO
MBAI**



OPERATIONS HIGHLIGHT



NATCCO MBAI

OPERATIONS HIGHLIGHT

Total Number of Active Members
with Inforce Policies

66,409

Total Number of Active BLIP Policies

103,868

Total Sum Assured of
Active BLIP Policies

3,423,670,000.00

Total Number of Active CLIP Policies

47,157

Total Sum Assured of
Active BLIP Policies

2,042,017,196.42

NATCCO MBAI

OPERATIONS HIGHLIGHT

Total Amount of Contributions
and Premiums Received

56,360,076

Total Amount of
Claims Benefits Released

20,506,315.23

Total Assets

97,103,213

Percentage of
Claims Released Within 3 days

98%

Percentage of
Claims Released Within 10 days

100%

NATCCO MBAI

OPERATIONS HIGHLIGHT

Basic Life Insurance Plan



No. of Claims:

336

Benefit Amount Released:

11,702,906.51

Hospital Income Benefit



No. of Claims:

9

Benefit Amount Released:

12,100.00

Credit Life Insurance Plan



No. of Claims:

208

Benefit Amount Released:

8,791,308.72





**NATCCO
MBAI**



CORPORATE GOVERNANCE



CORPORATE GOVERNANCE

CONFIRMATION STATEMENT

NATCCO MBAI Board of Trustees, Officers, and Management Team confirm its full compliance with 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

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

_____ provides the assurance that all members have their rights protected and treated equitably. Promoting long term shareholder value is important. Trustees shall devote the time and attention necessary to properly discharge their duties and responsibilities, in return for the trust given them by members. The Board of Trustee has a duty to direct and manage fairly to all and act with prudence and justice. Fairness is intimately related to _____. The BOT has the ultimate responsibility for creating a culture that promotes ethical practice responsively 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 a profit or to acquire benefit or advantage for himself and/or related

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, measuring results, and using policies, plans, risk management systems, and other internal controls and accounting/reporting systems. It serves to maximize value while meeting financial and other legal and contractual obligations. In brief, the BOT must answer for the consequences of action or inaction.

Transparency requires that the Board of Trustees ensure timely and accurate disclosure of all material matters, such as the financial situation, and performance, including disclosure of any material foreseeable risks. It requires a system of checks and balances and a system of monitoring and reporting based on accepted standards

of adequate disclosure for both financial and non financial information. There should be clear dividing lines among members, trustees, and managers. Whenever they cross lines such as when trustees wear different hats (e.g. Trustee / Committee Member) this should be disclosed accordingly.

BOARD OF TRUSTEES

The Board of Trustees, composed of non executive trustees and headed by a 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 are free from any business or other relationship, which could, or could reasonably be perceived to materially interfere with their exercise of independent judgment in carrying out their responsibilities as a trustee.

BOARD MEETI

The Board of Trustees regularly meet quarterly and also hold a special board meeting if there are matters that need to be discussed immediately.

For 2022, the NATCCO MBAI Board of Trustees had a total of seven (7) meetings, four (4) Regular Board Meetings, and three (3) Special Bard Meetings.

Meeting dates: March 12; April 6; May 14; June 19; August 20; September 10; December 6

| BOARD MEETING | | NUMBER MEETINGS | NUMBER MEETINGS ATTENDED | PERCENTAGE |
|---------------------------|-------------|----------------------------|---|-------------------|
| 1. EVELIA B. TIZON | CHAIRPERSON | | | |
| 2. ELLEN R. PASTORES | CHAIRPERSON | | | |
| 3. JUPITER B. | REGULAR | | | |
| 4. ROMEO M. MAGDAONG | REGULAR | | | |
| *5. MA. VERONICA B. | REGULAR | | | |
| **6. ANGEL P. GARCIA, JR. | REGULAR | | | |
| 7. ADOLFO A. | INDEPENDENT | | | |
| 8. RYAN ARTHUR DG. | INDEPENDENT | | | |

* January 1 – May 30, 2022

December 31, 2022

BOARD COMMITTEES

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

CORPORATE GOVERNANCE COMMITTEE

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

Effective 2022, the NATCCO MBAI put the Nomination Committee (NOMCOM) and Remuneration Committee (ReCom) under the CGC.

Committee Meetings:

Meeting dates:

January 27, February 24, March 24, May 5, June 16, September 2

| CORPORATE GOVERNANCE COMMITTEE (with NOMINATION & REMUNERATION) | | NUMBER OF MEETINGS | NUMBER OF MEETINGS ATTENDED | PERCENTAGE |
|--|-------------|---------------------------|------------------------------------|-------------------|
| 1. ADOLFO A. | CHAIRPERSON | | | |
| 2. RYAN ARTHUR DG. PADILLA | CHAIRPERSON | | | |
| 3. JUPITER B. | | | | |
| 4. EVELIA B. | RESOURCE | | | |
| 5. ROMEO M. MAGDAONG | RESOURCE | | | |
| 6. MINERVA G. | RESOURCE | | | |

AUDIT COMMITTEE

Composed of three members, headed by an independent trustee, with all members having the ability to read financial reports. Resource Persons are also invited to the meeting to help the committee discuss and decide on important matters.

Also, effective 2022, because of its size, NATCCO MBAI decided to put the Board Risk Oversight Committee (BROC) and Related Party Transaction Committee (RPT) under Audit Committee.

This Committee is an effective system of internal control that will ensure the integrity of the financial reports and the protection of the assets of the association for the benefit of all members.

Committee Meetings:

Meeting dates: Feb 11, April 5, May 4, May 6, October 8

| AUDIT COMMITTEE (with BROG & | | NUMBER OF MEETINGS | NUMBER OF MEETINGS ATTENDED | PERCENTAGE |
|------------------------------|-------------|--------------------|-----------------------------|------------|
| 1. RYAN ARTHUR DG. PADILLA | CHAIRPERSON | | | |
| 2. ADOLFO A. | CHAIRPERSON | | | |
| 3. ELLEN R. PASTORES | | | | |
| VERONICA B. | RESOURCE | | | |
| **5. ANGEL P. | RESOURCE | | | |
| 6. ZORAHAYDA A. CAFIRMA | RESOURCE | | | |
| 7. MINERVA G. | RESOURCE | | | |

* January 1 – May 30, 2022
December 31, 2022

EXECUTIVE COMMITTEE

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

Committee Meetings:**Meeting dates: January 15, February 19, April 2, October 8, November 12**

| EXECUTIVE COMMITTEE | | NUMBER MEETINGS | NUMBER OF MEETINGS ATTENDED | PERCENTAGE |
|----------------------------|-------------|--------------------|-----------------------------------|------------|
| 1. EVELIA B. | CHAIRPERSON | | | |
| PASTORES | CHAIRPERSON | | | |
| 3. ZORAHAYDA A. CAFIRMA | | | | |
| 4. MINERVA G. | | | | |

INVESTMENT COMMITTEE

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

Committee meetings:**Meeting dates: February 22, August 23**

| INVESTMENT COMMITTEE | | NUMBER OF MEETINGS | NUMBER MEETINGS ATTENDED | PERCENTAGE |
|-------------------------|-------------|-----------------------|--------------------------------|------------|
| 1. ZORAHAYDA A. | CHAIRPERSON | | | |
| 2. ELLEN R. PASTORES | CHAIRPERSON | | | |
| 3. ROMEO M. MAGDAONG | | | | |
| 4. MINERVA G. | RESOURCE | | | |

POLICY REVIEW COMMITTEE

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

Committee meetings:

Meeting dates: February 28, March 16, August 23, October 19

| POLICY REVIEW COMMITTEE | | NUMBER OF MEETINGS | NUMBER MEETINGS ATTENDED | PERCENTAGE |
|-------------------------|-------------|--------------------|--------------------------|------------|
| 1. EVELIA B. | CHAIRPERSON | | | |
| 2. ELLEN R. PASTORES | CHAIRPERSON | | | |
| 3. ADOLFO A. | | | | |
| VERONICA B. | RESOURCE | | | |
| GARCIA, JR. | RESOURCE | | | |
| 6. ZORAHAYDA A. CAFIRMA | RESOURCE | | | |
| 7. MINERVA G. | RESOURCE | | | |

* January 1 – May 30, 2022
December 31, 2022

PRODUCT REVIEW AND DEVELOPMENT COMMITTEE

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

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

Committee meetings:**Meeting dates: January 22, July 9, November 5**

| PRODUCT REVIEW AND DEVELOPMENT COMMITTEE | | NUMBER MEETINGS | NUMBER OF MEETINGS ATTENDED | PERCENTAGE |
|---|-------------|------------------------|------------------------------------|-------------------|
| 1. ROMEO M. MAGDAONG | CHAIRPERSON | | | |
| 2. RYAN ARTHUR DG. PADILLA | CHAIRPERSON | | | |
| 3. JUPITER B. | | | | |
| 4. MINERVA G. | RESOURCE | | | |

MARKETING COMMITTEE

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

Committee meetings:**Meeting dates: January 26, July 23**

| MARKETING COMMITTEE | | NUMBER MEETINGS | NUMBER MEETINGS ATTENDED | PERCENTAGE |
|----------------------------|-------------|------------------------|---------------------------------|-------------------|
| 1. JUPITER B. | CHAIRPERSON | | | |
| 2. MILDRED C. | CHAIRPERSON | | | |
| 3. RYAN ARTHUR DG. PADILLA | | | | |
| 4. MINERVA G. | RESOURCE | | | |

MANAGEMENT INFORMATION SYSTEM (MIS) COMMITTEE

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

Committee meetings:

Meeting dates: February 17, September 30, October 20

| MANAGEMENT INFORMATION SYSTEM COMMITTEE | | NUMBER MEETINGS | NUMBER MEETINGS ATTENDED | PERCENTAGE |
|---|-------------|-----------------|--------------------------|------------|
| 1. RYAN ARTHUR DG. PADILLA | CHAIRPERSON | | | |
| 2. ROMEO M. MAGDAONG | CHAIRPERSON | | | |
| *3. MA. VERONICA | | | | |
| GARCIA, JR. | | | | |
| 5. MINERVA G. | RESOURCE | | | |

* January 1 – May 30, 2022
December 31, 2022

INDEPENDENT CHECKS AND BALANCES

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

Internal Auditor

The Board of Trustees yearly appoints the Internal Auditor to ensure effective internal control measures. Mr. Robert Abao was initially appointed on May 29, 2018, to be the Internal Auditor. He was re-appointed for the same position on May 28, 2019, July 21, 2020, May 25, 2021, and May 31, 2022.

External Auditor

Recommended by the Audit Committee and approved by the Board of Trustees, Aquino, Mata, Calica, and Associates (AMC & Associates) served as the External Auditor of NATCCO MBAI. With the audit fee of P75,000.00 (+12% VAT) and all other expenses incurred by the auditors during the audit period, they audited the 2022 Financial Statement of the association, which was affirmed by the Board of Trustees on March

Company Compliance

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

OF CONDUCT AND BUSINESS ETHICS

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

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

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

RELATED PARTY TRANSACTION

The Board of Trustees has the overall responsibility of ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions, particularly those that pass certain threshold of materiality. There is an appropriate review and approval of material or significant

RPTs, which guarantees 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 the 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:

- www.natccombai.com) This contains the manuals and policies of the association, as well as the AFS, Annual Reports, minutes of the meetings, and portant information for the members.
- **Facebook Page** <https://www.facebook.com/natccombaiofficial>) for faster and easier connection to the members, the association utilizes also FB in communicati members.
- [8362 3408](tel:83623408); [0938 594 6712](tel:09385946712)) 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, 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 business dealings with members and partner cooperatives. Our Association is committed to our customer's quality standards in a mutually fair and satisfactory manner without compromising the business ethics set by the Association.

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

corruption Policy

Corruption is a form of dishonesty – criminal offense undertaken by a person or organization entrusted with a position of authority, to acquire illicit benefits 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 on behalf of the Association. Employees maintain the highest standards of honesty and professional conduct. Seeking undue financial and material advantage from transactions with the Association is a breach of trust between the employee and the 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, the health, and the safety of its employees, members, customers, and the community.

We shall continue to:

- Adopt systems that promote environmental protection, occupational health and safety, and compliance with relevant statutory and regulatory requirements;
- Seek ways to efficiently use materials and energy,
- Review and improve our safety, health, and environmental performance;
- Communicate our environmental activities to our employees, the public, and relevant authorities,
- Encourage employee initiatives that contribute to 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's main creditors are its suppliers. In dealing with said suppliers of goods and services, the Association maintains the highest possible standards of integrity in business relationships with said suppliers.

Dividend Policy (Free and Unassigned Surplus)

As stated in IC Circular 2015-46, Rules in the Application of Section 408, Paragraph 3 of the Amended Insurance Code on Free and Unassigned Surplus.

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

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

Definition of Terms.

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

With these, NATCCO MBAI's free and unassigned surplus in excess of 20% will be distributed to members by enhancing equity value or providing benefits in kind and other relevant services. Moreover, as approved by the Commissioner, NATCCO MBAI may allocate a portion for 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 on June 19, 2019, 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 providing a safe internal communication channel for all employees to express their concerns through the enactment of the Policy, which allows for anonymous disclosures and the protection of informants from sanctions under specific conditions. The policy covers all 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)

is one of the health programs of the association for its qualified employees. This encourages all employees to undergo laboratory tests to check their current health condition and prevent whatever disease they may acquire. Due to the pandemic, not all employees were able to have the APE. Of the eight (8) employees, four (4) had their APE, while the rest were unable to secure an appointment due to the quarantine status in their area of residence.

Training and Development

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

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

Training Attended

MINERVA G. TEJADA

PRESIDENT & COMPLIANCE OFFICER

| Data Privacy | | |
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| AMLA Targeted Financial Sanctions | | July 12, 2022 |
| AMLC Registration and Reporting Guidelines | | July 20, 2022 |
| AML/CTF Fundamentals | | July 26, 2022 |
| Lakbay Aral: MBA Operations of CARD MBA | CARE MBA | August 18, |
| IFRS 17: Expectations and Realities | | August 24, |
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| Strengthening Audit Committee | | August 26, |
| What it means to be a Top Withholding Agent? | | August 26, |
| Leadership Training | | |
| Development Plan Review | | |
| Development Plan Review | | |

YANI M. YUGO**ACCOUNTING SUPERVISOR & ALTERNATE COMPLIANCE**

| Data Privacy | | |
|---|-------------------------------|------------|
| MBA Operations of CARD MBA | CARE MBA | August 18, |
| IFRS 17. Expectations and Realities | | August 24, |
| New Financial Reporting Framework for MBAs | | August 24, |
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| What it means to be a Top Withholding | | August 26, |
| Microinsurance Forum | | |
| Leadership Training | | |
| Development Plan Review | | |

JENNIFER M. ESTOCADA**CLAIMS SUPERVISOR**

| Data Privacy | | |
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| Lakbay Aral MBA Operations of CARD MBA | CARE MBA | August 18, |
| IFRS 17. Expectations and Realities | | August 24, |

| | | |
|---|-------------------------------|------------|
| New Financial Reporting Framework for MBAs | | August 24, |
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| Strengthening Audit Committee | | August 26, |
| What it means to be a Top Withholding | | August 26, |
| Microinsurance Forum | | |
| Leadership Training | | |
| Development Plan Review | | |

MA. CHERISH G. SOLSONA
MIS SUPERVISOR

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| Data Privacy | | |
| Lakbay Aral MBA Operations of CARD MBA | CARE MBA | August 18, |
| IFRS 17: Expectations and Realities | | August 24, |
| New Financial Reporting Framework for MBAs | | August 24, |
| Revisiting the Compliance and Reportorial Requirements for Nonstock, Nonprofit Corporations | | August 24, |
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| Strengthening Audit Committee | | August 26, |
| What it means to be a Top Withholding | | August 26, |
| Microinsurance Forum | | |
| Leadership Training | | |
| Development Plan Review | | |

MA. ELIZABETH B. AQUINO

MIS STAFF

| Data Privacy | | |
|---|-------------------------------|------------|
| Lakbay Aral – MBA Operations of CARD MBA | CARE MBA | August 18, |
| IFRS 17: Expectations and Realities | | August 24, |
| New Financial Reporting Framework for MBAs | | August 24, |
| Revisiting the Compliance and Reportorial Requirements for Nonstock, Nonprofit Corporations | | August 24, |
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| Reinforcing Mi MBA Resilience through Disaster Risk Reduction and Man | | August 26, |
| Strengthening Audit Committee | | August 26, |

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| What it means to be a Top Withholding | | August 26, |
| Microinsurance Forum | | |
| Development Plan Review | | |

DHONNA R. FRANCISCO
ADMINISTRATIVE STAFF

| Lakbay Aral – MBA Operations of CARD MBA | CARE MBA | August 18, |
|---|-------------------------------|------------|
| IFRS 17: Expectations and Realities | | August 24, |
| New Financial Reporting Framework for MBAs | | August 24, |
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| Reinforcing Mi Compliance through Disaster Risk Reduction and Management | | August 26, |
| Strengthening Audit Committee | | August 26, |
| What it means to be a Top Withholding | | August 26, |

ARMEL JAIRUS D. PATAWARAN
ACCOUNTING

| Lakbay Aral – MBA Operations of CARD MBA | CARE MBA | August 18, |
|--|----------|------------|
| IFRS 17: Expectations and Realities | | August 24, |
| New Financial Reporting Framework for MBAs | | August 24, |

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| Reinforcing Mi MBA Resilience through Disaster Risk Reduction and Management | | |
| Strengthening Audit Committee | | August 26, |
| What it means to be a Top Withholding | | August 26, |
| Data Privacy | | |
| Microinsurance Forum | | |
| Development Plan Review | | |

SUNSHINE O. MARIANO
ACCOUNTING STAFF

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| Data Privacy | | |
| Lakbay Aral – MBA Operations of CARD MBA | CARE MBA | August 18, |
| IFRS 17: Expectations and Realities | | August 24, |
| Financial Reporting Framework for MBAs | | August 24, |
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| MBA Resilience through Disaster Risk Reduction and Management | | August 26, |
| Strengthening Audit Committee | | August 26, |
| What it means to be a Top Withholding | | August 26, |
| Microinsurance Forum | | |
| Development Plan Review | | |

JENIÑA DJ. DELA CRUZ
MARKETING OFFICER

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| Data Privacy | | |
| Lakbay Aral – MBA Operations of CARD MBA | CARE MBA | August 18, |
| Expectations and Realities | | August 24, |
| New Financial Reporting Framework for MBAs | | August 24, |
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| Strengthening Audit Committee | | August 26, |
| What it means to be a Top Withholding | | August 26, |
| Microinsurance Forum | | |
| Development Plan Review | | |

BOT and OFFICERS's Trainings

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

EVELIA BARDOS

CHAIRPERSON, BOARD OF TRUSTEES

| Data Privacy | | |
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| Lakbay Aral: MBA Operations of CARD MBA | CARE MBA | August 18, |
| IFRS 17: Expectations and Realities | | August 24, |
| New Financial Reporting Framework | | August 24, |
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| Reinforcing Mi lience through Disaster Risk Reduction and Management | | August 26, |
| Strengthening Audit Committee | | August 26, |
| What it means to be a Top Withholding Agent? | | August 26, |
| Development Plan Review | | |

ELLEN R. PASTORES**VICE CHAIRPERSON, REGULAR MEMBER OF BOARD OF TRUSTEES**

| Data Privacy | | |
|---|-------------------------------|------------|
| Lakbay Aral – MBA Operations of CARD MBA | CARE MBA | August 18, |
| IFRS 17: Expectations and Realities | | August 24, |
| New Financial Reporting Framework for MBAs | | August 24, |
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| Strengthening Audit Committee | | August 26, |
| What it means to be a Top Withholding Agent? | | |
| Development Plan Review | | |

JUPITER B. BONILLA**MEMBER, BOARD OF TRUSTEES**

| Data Privacy | | |
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| Lakbay Aral – MBA Operations of CARD MBA | CARE MBA | August 18, |
| Expectations and Realities | | August 24, |

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| New Financial Reporting Framework for MBAs | | August 24, |
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| Strengthening Audit Committee | | August 26, |
| What it means to be a Top Withholding | | August 26, |
| Development Plan Review | | |
| Data Privacy | | |

ROMEO M. MAGDAONG
MEMBER, BOARD OF TRUSTEES

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| Lakbay Aral – MBA Operations of CARD MBA | CARE MBA | |
| IFRS 17: Expectations and Realities | | August 24, |
| New Financial Reporting Framework for MBAs | | August 24, |
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| Strengthening Audit Committee | | August 26, |
| What it means to be a Top Withholding Agent? | | August 26, |
| Development Plan Review | | |

MA. VERONICA B. SIERRA
MEMBER, BOARD OF TRUSTEES

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ANGEL P. GARCIA, JR.
MEMBER, BOARD OF TRUSTEES

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| Lakbay Aral – MBA Operations of CARD MBA | CARE MBA | August 18, |
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| Strengthening Audit Committee | | August 26, |

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| What it means to be a Top Withholding Agent? | | August 26, |
| Development Plan Review | | |

ATTY. ADOLFO A. IBÁÑEZ
INDEPENDENT TRUSTEE

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| Data Privacy | | |
| Lakbay Aral – MBA Operations of CARD MBA | CARE MBA | August 18, |
| IFRS 17: Expectations and Realities | | August 24, |
| New Financial Reporting Framework for MBAs | | August 24, |
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| Reinforcing Mi lience through Disaster Risk Reduction and Management | | August 26, |
| Strengthening Audit Committee | | August 26, |
| What it means to be a Top Withholding Agent? | | August 26, |
| Development Plan Review | | |

RYAN ARTHUR DG. PADILLA
INDEPENDENT TRUSTEE

| Data Privacy | | |
|---|-------------------------------|------------|
| Lakbay Aral – MBA Operations of CARD MBA | CARE MBA | August 18, |
| IFRS 17: Expectations and Realities | | August 24, |
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| Strengthening Audit Committee | | August 26, |
| What it means to be a Top Withholding Agent? | | August 26, |
| Development Plan Review | | |

MILDRED C. CEREZO
BOARD SECRETARY

| Data Privacy | | |
|--|----------|------------|
| Lakbay Aral – MBA Operations of CARD MBA | CARE MBA | August 18, |
| IFRS 17: Expectations and Realities | | August 24, |
| New Financial Reporting Framework for MBAs | | August 24, |

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|---|------------------------|------------|
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| Strengthening Audit Committee | | August 26, |
| What it means to be a Top Withholding Agent? | | August 26, |
| Development Plan | | |

ROBERTO A. ABAO
BOARD AUDITOR

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| Lakbay Aral – MBA Operations of CARD MBA | CARE MBA | August 18, |
| IFRS 17: Expectations and Realities | | August 24, |
| New Financial Reporting Framework for MBAs | | August 24, |
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| Reinforcing Mi | lience through | August 26, |
| Disaster Risk Reduction and Management | | |
| Strengthening Audit Committee | | August 26, |
| What it means to be a Top Withholding Agent? | | August 26, |
| Development Plan Review | | |

ZORAHAYDA A. CAFIRMA
BOARD TREASURER

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| Lakbay Aral – MBA Operations of CARD MBA | CARE MBA | August 18, |
| IFRS 17: Expectations and Realities | | August 24, |
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| MBA Resilience through | | August 26, |
| Disaster Risk Reduction and Management | | |
| Strengthening Audit Committee | | August 26, |
| What it means to be a Top Withholding Agent? | | August 26, |
| Development Plan Review | | |
| Microinsurance Forum | | |



**NATCCO
MBAI**



TREASURER'S REPORT

**MS. ZORAHAYDA A. CAFIRMA
TREASURER**



TREASURER'S REPORT

Operations at NMBAI are now more controllable and have reverted to its pre 19 level thanks to the Board of Trustees' continuous support, dedication, and cooperation with the management. Due to this, the Association is expanding seeing success despite the impact of rising inflation.

The financial highlights of NATCCO MBAI (NMBAI) revealed a comprehensive income of 83.01% from 2021. This is due to a rise in revenue from P52.58 million in 2021 to P56.36 million in 2022. Because some spending went beyond budget, the total expenses climbed by only P.541 million, or 1%, from 2021. Despite this, it nevertheless had a favorable overall impact on NATCCO MBAI's operations, producing a bigger comprehensive income of P8.11 million in 2022 than P4.43 million in 2021.

The fact that total assets climbed by P15.16 million, or 18.51%, from P97.01 million in 2022 to P81.94 million in 2021 is very significant and shows how committed our members are to NMBAI. The increase in assets was due to the P11.39 million in loans and other receivables.

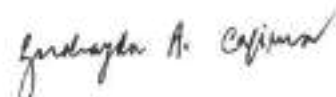
As of December 31, 2022, NMBAI had P16.79 million in cash and cash equivalents, which was made up of the following: Cash in Banks of P12.099 million and investments of P4.014 million.

The net cash flow for 2022 is P20.430 million. The investments to the UITF time deposits are what caused the funds to decline.

The current investment portfolio of NMBAI are Unit Investment Trust Fund Bayanihan Fund (UITF) MBA Pooled Investment created by Rimansi is now at P35.67 million, government securities as our Guaranty Fund of P24.10 million and time deposits of P12.00 million.

The financial statements of NATCCO MBAI as of December 31, 2021, were audited by AMC & Associates, our external auditor.

The NMBAI will continue to be in overall surplus in the coming year, even if conditions are still difficult and hard as we continue to implement the new strategy for 2019 to



ZORAHAYDA A. CAFIRMA



**NATCCO
MBAI**



COMMITTEE REPORTS





**NATCCO
MBAI**



CORPORATE GOVERNANCE COMMITTEE

ATTY. ADOLFO A. IBÁÑEZ
COMMITTEE CHAIRPERSON



CORPORATE GOVERNANCE COMMITTEE

COMMITTEE MANDATE:

The Corporate Governance Committee (CGC) is tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee. The CGC is tasked with ensuring compliance with and proper observance of corporate governance principles and practices.

RESPONSIBILITIES (as stated in its charter):

- Oversees the implementation of the corporate governance framework and periodically reviews the said framework to ensure that it remains appropriate in light of material changes to the corporation's size, complexity and business strategy, as well as its business and regulatory environments;
- Oversees the periodic performance evaluation of the Board and its committees as well as executive management, and conducts an annual self evaluation of its performance;
- Ensures that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement;
- Recommends continuing education/training programs for directors, assignment of tasks/projects to board committees, succession plan for the board members and senior officers, and remuneration packages for corporate and individual performance;
- Adopts corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance;
- Proposes and plans relevant trainings for the members of the Board, and
- Establishes a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers that is consistent with the corporation's culture and strategy as well as the business environment in which it operates.

MEMBERS

| | |
|----------------------------|-----------------|
| 1. Adolfo A. Ibañez | Chairperson |
| 2. Ryan Arthur DG. Padilla | Chairperson |
| 3. Jupiter B. Bonilla | |
| 4. Evelia Bardos | Resource Person |
| 5. Romeo M. Magdaong | Resource Person |
| 6. Minerva G. Tejada | Resource Person |

ACCOMPLISHMENTS:

Formulated these new policies:

2.1 Sustainability Report/Environmental Program

2.2 Alternative Dispute Resolution Mechanism

2.3 Succession Planning Policy (for BOT, Officers and management)

2.4 Evaluation Form for Officers (Secretary, Treasurer

Revised Election Code

Nominated candidates for 2022 BOT Election

Officiated the 2022 election for Regular and Independent Board of

Declared the following BOT:

Atty. Adolfo A. Ibañez Independent Trustee, June 2022

Ryan Arthur DG. Padilla Independent Trustee, June 2022

Romeo M. Magdaong Regular Trustee, June 2022

Angel P. Garcia, Jr. Regular Trustee, June 2022

Greetings of goodwill and prosperity from your officers and staff. Another year of productive and dynamic operation has passed. Your officers and management have been relentlessly seeking ways to deliver the optimum service that you deserve. We reviewed and updated our policies to comply with government rules and to make sure our association serves you better. Good and relevant policies don't come from thin air. These are the result of a continuing study of their relevance to your needs and of the environment. Hence, your objective feedback and evaluation of our policies are critical to making these policies useful. May we encourage you to be active and candid in monitoring the effectiveness and relevance of our policies? After all, you are the very reason for the existence of NATCCO MBAI.

MABUHAY ang NATCCO MBAI!



Adolfo A. Ibañez



**NATCCO
MBAI**



AUDIT COMMITTEE

MR. RYAN ARTHUR DG. PADILLA
COMMITTEE CHAIRPERSON



AUDIT COMMITTEE

COMMITTEE MANDATE:

The Audit Committee is established to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations. The committee should be composed of at least three appropriately qualified non executive directors, the majority of whom, including the Chairman, should be independent. All of the members of the committee must have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. The Chairman of the Audit Committee should not be the chairman of the Board or of any other committees.

RESPONSIBILITIES (as stated in its charter):

- Recommends the approval of the Internal Audit Charter (IA Charter), which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter;
- Through the Internal Auditor (IA), monitors and evaluates the adequacy and effectiveness of the corporation's internal control system, integrity of financial reporting, and security of physical and information assets. Well internal control procedures and processes that will provide a system of checks and balances should be in place in order to:
 - (a) safeguard the company's resources and ensure their effective utilization
 - (b) prevent occurrence of fraud and other irregularities,
 - protect the accuracy and reliability of the company's financial data, and
 - (d) ensure compliance with applicable laws and regulations.
- Recommends the appointment and removal of the company's external auditor.
- Assessing the integrity and independence of external auditors;
- Exercising effective oversight to review and monitor the external audit independence and objectivity; and
- Exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.
- Prior to the commencement of the audit, discusses with the External Auditor the nature, scope and expenses of the audit, and ensures the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- Evaluates and determines the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the corporation's overall consultancy expenses.

The committee should disallow any non audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence. The non audit work, if allowed, should be disclosed in the corporation's Annual Report and Annual Corporate Governance Report;

- Reviews and approves the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:
 - Any change/s in accounting policies and practices;
 - Areas where a significant amount of judgment has been exercised;
 - Significant adjustments resulting from the audit;
 - Going concern assumptions;
 - Compliance with accounting standards; and,
 - Compliance with tax, legal and regulatory requirements.
- Reviews the disposition of the recommendations in the External Auditor's management letter;
- Performs oversight functions over the corporation's Internal and External Auditors. It ensures the independence of Internal and External Auditors, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- Coordinates, monitors and facilitates compliance with laws, rules and regulations, recommends to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of the corporation, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the members

MEMBERS:

| | |
|-----------------------------|-----------------|
| 1. Ryan Arthur DG. Padilla | Chairperson |
| 2. Adolfo A. Ibañez | Chairperson |
| 3. Ellen R. Pastores | |
| 4. Ma. Veronica B. Sierra * | Resource Person |
| 5. Angel P. Garcia, Jr. | Resource Person |
| 6. Zorahayda A. Cafirma | Resource Person |
| 7. Minerva G. Tejada | Resource Person |

May 2022 / ** June

ACCOMPLISHMENTS:

Validated the 2021 AFS and recommended its approval to the Board of

Recommended Aquino Mata Calica & Associates (AMC & Associates) as the External Auditor for 2022

appointed Mr. Roberto A. Abao as the Internal Auditor of NATCCO MBI

Your Audit Committee remains steadfast and committed to upholding its mandate as provided for in its committee charter. As such, due validation of our 2021 AFS has been completed and the BOT has subsequently approved such. It is noteworthy that during the recently concluded exit meeting with our external auditor, AMC & Associates, they have mentioned that our Association is being run well current Management and BOT.

With regards to internal control, our internal auditor, Mr. Robert Abao, has conducted certain interviews of our Management and staff as well as a review of our Risk Register. His assessment led him to conclude that the NATCCO MBI is not exposed to any significant risks that can be deemed as critical or of high impact to our Association.

Bottom line, both external and internal assessments made it evident that our Association is in good hands.



RYAN ARTHUR DG. PADILLA
COMMITTEE CHAIRPERSON



**NATCCO
MBAI**



PRODUCT REVIEW AND DEVELOPMENT COMMITTEE

MR. ROMEO M. MAGDAONG
COMMITTEE CHAIRPERSON



PRODUCT REVIEW AND DEVELOPMENT COMMITTEE

COMMITTEE MANDATE:

In response to the constantly changing needs of members, the Product Review and Development (PRD) Committee is created. It will conduct periodic reviews of current products and conduct research in order to develop new responsive products and

SPONSIBILITIES (as stated in its charter):

- Review of current products and services
 - Assess product performance of all existing products and services at least once a year.
 - Provide recommendations in terms of maintenance, enhancement or and services.
- products and services
 - Conduct market research and studies in order to come up with in and applicable products and services for the members at least once a year.
- Evaluation of Insurance Partnership
- Fulfill other duties or responsibilities related to product review and development as delegated by the Board of Trustees from time to time.

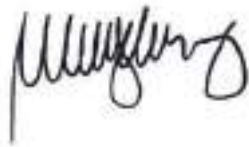
MEMBERS:

- | | |
|----------------------------|-----------------|
| 1. Romeo M. Magdaong | Chairperson |
| 2. Ryan Arthur DG. Padilla | Chairperson |
| 3. Jupiter B. Bonilla | |
| 4. Minerva G. Tejada | Resource Person |

ACCOMPLISHMENTS:

1. Recommended the NMBAI Aruga. A basic life insurance product for members
2. Recommended partnership with non life insurance company to promote life insurance products to existing NATCCO MBAI partner cooperatives
3. Studied ways to decrease the actual operating expense of the association.

In compliance with its mandate to conduct market research and studies in order to come up with in-demand and applicable products and services for the members, the committee recommended the NMBAI Aruga Plan. It is a basic life insurance product for members 75 renewable up to 80 years old. To increase product offerings, the Committee recommended a partnership with a non life insurance company to promote and offer non life insurance products to existing NATCCO MBI partner cooperatives. As delegated by the BOT, the PRD Committee studied ways to decrease the actual administrative expense of the association. We continually respond to the constantly changing needs of NMBAI partners and members.



ROMEO M. MAGDAONG
Committee Chairperson



**NATCCO
MBAI**



INVESTMENT COMMITTEE

MS. ZORAHAYDA A. CAFIRMA
COMMITTEE CHAIRPERSON



INVESTMENT COMMITTEE

COMMITTEE MANDATE:

One of the responsibilities of the NATCCO MBAI Board of Trustees as indicated in the NATCCO MBAI Amended Bylaws, Section VI – Board of Trustees, item c, *“to invest the funds of NATCCO MBAI 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*

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

To aid the Board of Trustees, Board Resolution # 15-2018 dated June 18, 2018 was passed, creating the Investment Committee.

RESPONSIBILITIES (as stated in its charter):

- The committee shall have access to any of the association's relevant documents and records that are necessary for it to carry out its duties.
- The committee may require an officer or employee to attend investment committee meetings for the purpose of obtaining information relevant to the committee's duties, except as the board may prohibit.
- Establish the association's investment policies and guidelines and review them regularly.
- Monitor the investment funds' performance, including the impact on the association's policies and guidelines.
- Monitor, retain or replace investment managers and the portfolio's investment funds.
- Review the committee members' backgrounds to ensure no conflicts of interest exist.
- Interpret investment policies and resolve associated questions about the
- Review fees incurred by the portfolio to ensure they are reasonable.
- Select, monitor and replace third party advisors and consultants of the portfolio for effectiveness and appropriateness of responsibilities.
- Stay current with changes in laws and regulations and prepare amendments to the portfolio as required.

MEMBERS:

orahayda A. Cafirma

Chairperson

Ilen R. Pastores

Chairperson

Romeo M. Magdaong

inerva G. Tejada

Resource Person

ACCOMPLISHMENTS:

1. Crafted the NATCCO MBI Investment Policy
2. Recommended additional amount to be invested in BPI Bayanihan Fund and top bank's investment products

The Investment Committee was established by the Board of Trustees to assist the body in formulating recommendations about investment policy, criteria, and performance.

The Investment Committee went over its Investment policy, standards, and Charter. Additionally, the following is suggested:

Maintaining the required funds for the 3 months expenses and capital expenditures;

Time deposits at reputable banks, government securities, and UITF investments.

We on the Investment Committee believe that the NMBA's investments are being effectively managed and are in a fundamentally sound position, as stated in the audited financial statements.



ZORAHAYDA A. CAFIRMA

Committee Chairperson



**NATCCO
MBI**



MARKETING COMMITTEE

MR. JUPITER B. BONILLA
COMMITTEE CHAIRPERSON



MARKETING COMMITTEE

COMMITTEE MANDATE:

To help achieve the institutional vision of 300,000 members by 2025 and to set the strategic marketing direction of NATCCO MBAI.

RESPONSIBILITIES (as stated in its charter):

- Assist and guide the association in the development of the marketing plans and activities in its identified direction.
- Evaluate, review and recommend the marketing plans of NATCCO MBAI.
- Ensure adequate resources and proper usage of the marketing fund the strategic
- Fulfill other duties and responsibilities related to the Marketing Committee as may be directed by the Board of Trustees

MEMBERS:

| | |
|----------------------------|-----------------|
| 1. Jupiter B. Bonilla | Chairperson |
| 2. Mildred C. Cerezo | Chairperson |
| 3. Ryan Arthur DG. Padilla | |
| 4. Minerva G. Tejada | Resource Person |
| 5. Jeniña DJ. Dela Cruz | Resource Person |

ACCOMPLISHMENTS:

1. Approved corporate giveaways for partner cooperatives. Released in May for the celebration of NATCCO MBAI Annual Meeting and December for the Christmas and New Year celebration.
2. Reviewed the Kaagapay Program of NATCCO MBAI.
3. Crafted new marketing names and logos for **NATCCO MBAI products**
 - NMBAI PLANADO** Basic Life Insurance Plan (BLIP) for the Principal Members and their dependents
 - NMBAI PROTEKTADO** BLIP for the Principal Members and their dependents with Total and Permanent Disability (TPD) coverage for Principal Members
 - NMBAI PANATAG** BLIP for Principal Members and their dependents and a Hospital Income Benefit (HIB) coverage for Principal Members
 - NMBAI SIGURADO** BLIP for Principal Members and their dependents, TPD and HIB for Principal Members
 - NMBAI ARUGA** BLIP for Principal Members ages 65

NMBAI YAMANG PROTEKTADO Credit Life Insurance Plan (CLIP) that insures the Member's principal loan amount and will be payable to the cooperative or member's beneficiary in case of Member Borrower's untimely death

This year, the marketing committee focuses its efforts on rebranding the association's products and creating specific logos to represent each product package. Rebranding can be a powerful marketing strategy to improve the value proposition of the association. By evolving the brand identity to align with the association's mission and goals, our rebranding effort can help to communicate better the value that NMBAI provides to its members and stakeholders.

Additionally, a rebrand can also help differentiate the NMBAI from competitors in the marketplace, increase member engagement and retention rates, and attract new members who may have previously overlooked the association.



JUPITER B. BONILLA
COMMITTEE CHAIRPERSON



**NATCCO
MBAI**



MANAGEMENT INFORMATION SYSTEM COMMITTEE

MR. RYAN ARTHUR DG. PADILLA
COMMITTEE CHAIRPERSON



MANAGEMENT INFORMATION SYSTEM COMMITTEE

COMMITTEE MANDATE:

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

RESPONSIBILITIES (as stated in its charter):

- Review of current micro insurance system;
- Provide recommendations in terms of maintenance, enhancement or out of the system;
- Conduct market research and studies in order to come up with most applicable system to be used for the entire life insurance processes;
- Review and recommend all IT-related requirements of the Association; and
- Evaluate and recommend partnership with 3

MEMBERS:

| | |
|----------------------------|------------------|
| 1. Ryan Arthur DG. Padilla | Chairperson |
| 2. Romeo M. Magdaong | Vice Chairperson |
| 3. Ma. Veronica B. Sierra* | |
| 4. Angel P. Garcia, Jr.** | |
| 5. Minerva G. Tejada | Resource Person |

ACCOMPLISHMENTS:

1. Periodic review of the NATCCO MBAL Insurance System and its installation to partner cooperatives
2. Studied the possible effects and changes of the NMBAI system because of the IFRS17, the new accounting reporting system, that will be implanted to MBAs
3. Revised the NATCCO MBAL's Data Privacy Policy.

With the use of our current Microinsurance System developed for us by Brothers Management System, our association has experienced unparalleled efficiency in various member data especially in the areas of member enrollment and claims processing. Such efficiency however demanded a revisiting

and a revision of our Data Privacy Policy which the committee had already completed.

Your MIS Committee remains committed to ensuring that the Microinsurance System is able to address our association's demands in an automated manner as we make ourselves IFRS17

In line with this, the Management has been instructed to continue the rollout of the said system to our partner cooperatives which have not benefited yet from such.



RYAN ARTHUR DG. PADILLA
COMMITTEE CHAIRPERSON



**NATCCO
MBAI**



POLICY REVIEW COMMITTEE

MS. EVELIA BARDOS-TIZON
COMMITTEE CHAIRPERSON



POLICY REVIEW COMMITTEE

COMMITTEE MANDATE:

One of the powers of the NATCCO MBAI Board of Trustees is

"From time to time, promulgate rules and regulations consistent with these and to review, revise or amend the same when it deems necessary for the management of the Association's business and affairs" (NATCCO MBAI Bylaws Art 6, Sec 1,

To aid the Board of Trustees, Board Resolution # 24 2020 dated July 11, 2020 passed, creating the Policy Review Committee (POLREVCOM).

As stated in the POLREVCOM Charter, the responsibilities of the committee are as follows:

- Review of policies and recommend revisions, if any, to the BOT
 - Periodic review of all existing operation
 - policy which needs urgent attention, as directed by the BOT
 - Conformity with changes in the NMBAI bylaws and regulatory

Develop other policies related to the functions of the POLREVCOM.

MEMBERS:

| | |
|-------------------------|-----------------|
| velia Bardos | Chairperson |
| Ilen R. Pastores | Chairperson |
| dolfo A. Ibañez | |
| a. Veronica B. Sierra * | Resource Person |
| ngel P. Garcia, Jr. ** | Resource Person |
| orahayda A. Cafirma | Resource Person |
| inerva G. Tejada | Resource Person |

ACCOMPLISHMENTS:

Reviewed and updated the following policies:

1. Employee Benefits Policy
2. Compensation Policy
3. Recruitment Policy
4. Compensation Policy with Salary Structure
5. Policy Review Committee Charter

The Board of Trustees is the tone at the top. And the best way it can set the direction of NATCCO MBAI, while keeping abreast with regulatory mandates and proactively address foreseen challenges and opportunities, is to formulate and/or review policies. The 2022 POLREVCOM takes pride in being instrumental in policy making, which is one of the major functions of the



EVELIA BARDOS
Committee Head



**NATCCO
MBAI**



ORGANIZATIONAL CHART





BOARD OF TRUSTEES

May 2022 –May 2023

Chairperson
Regular Trustee

Vice Chairperson
Regular Trustee

Regular Trustee

Regular Trustee

Regular Trustee

Independent Trustee

Independent Trustee

2022-2023 BOARD OFFICERS

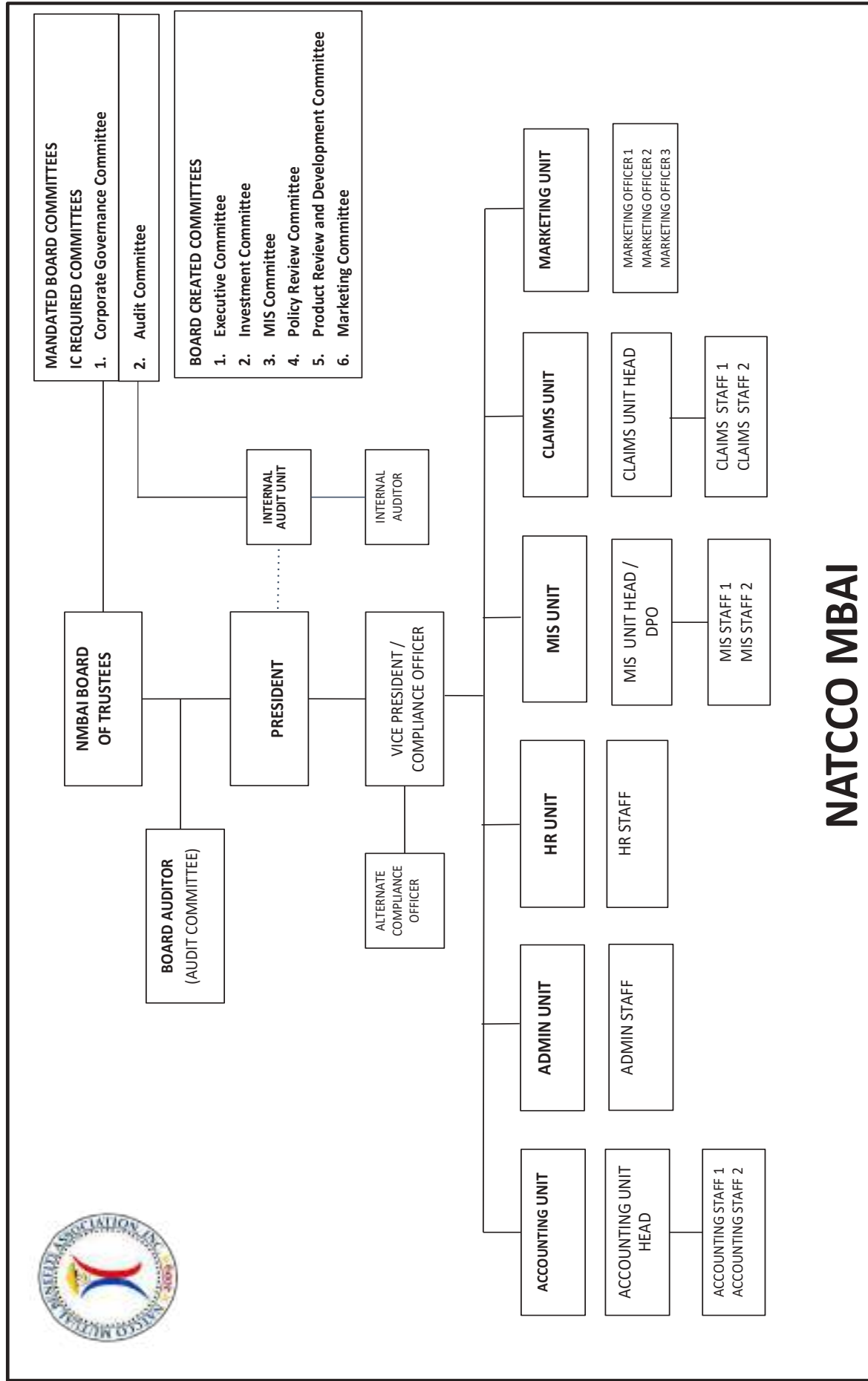
President

Secretary

Treasurer

Auditor

NATCCO MBAI



NATCCO MBAL



**NATCCO
MBAI**



2022-2023 BOARD OF TRUSTEES & OFFICERS



NATCCO MBAI

2022-2023 BOARD OF TRUSTEES



EVELIA BARDOS-TIZON
CHAIRPERSON



ELLEN R. PASTORES
VICE-CHAIRPERSON



JUPITER B. BONILLA
TRUSTEE



ROMEO M. MAGDAONG
TRUSTEE



ANGEL P. GARCIA, JR.
TRUSTEE



NATCCO MBAI

2022-2023 BOARD OF TRUSTEES



ATTY. ADOLFO IBAÑEZ
INDEPENDENT TRUSTEE



RYAN ARTHUR PADILLA
INDEPENDENT TRUSTEE

2022-2023 BOARD OFFICERS



MILDRED C. CEREZO
SECRETARY



ZORAHAYDA CAFIRMA
TREASURER



ROBERT A. ABAO
AUDITOR



MINERVA G. TEJADA
PRESIDENT



**NATCCO
MBAI**



2022-2023 COMMITTEES



NATCCO MBAI COMMITTEES

EXECUTIVE COMMITTEE



EVELIA BARDOS-TIZON
CHAIRPERSON



ELLEN R. PASTORES
VICE CHAIRPERSON



MINERVA G. TEJADA
MEMBER



ZORAHAYDA A. CAFIRMA
MEMBER

AUDIT COMMITTEE

WITH BOARD RISK OVERSIGHT AND RELATED PARTY TRANSACTION COMMITTEE



RYAN ARTHUR DG. PADILLA
CHAIRPERSON



ATTY. ADOLFO A. IBÁÑEZ
VICE CHAIRPERSON



ELLEN R. PASTORES
MEMBER



MA. VERONICA B. SIERRA
RESOURCE PERSON



ANGEL P. GARCIA, JR.
RESOURCE PERSON



MINERVA G. TEJADA
RESOURCE PERSON



ZORAHAYDA A. CAFIRMA
RESOURCE PERSON

NATCCO MBAI COMMITTEES

CORPORATE GOVERNANCE COMMITTEE WITH NOMINATION AND REMUNERATION COMMITTEE



ATTY. ADOLFO A. IBAÑEZ
CHAIRPERSON



RYAN ARTHUR DG. PADILLA
VICE CHAIRPERSON



JUPITER B. BONILLA
MEMBER



EVELIA BARDOS-TIZON
RESOURCE PERSON



ROMEO M. MAGDAONG
RESOURCE PERSON



MINERVA G. TEJADA
RESOURCE PERSON

MANAGEMENT INFORMATION SYSTEM (MIS) COMMITTEE



RYAN ARTHUR DG. PADILLA
CHAIRPERSON



ROMEO M. MAGDAONG
VICE CHAIRPERSON



ANGEL P. GARCIA, JR.
MEMBER



MINERVA G. TEJADA
RESOURCE PERSON



NATCCO MBAI COMMITTEES

INVESTMENT COMMITTEE



ZORAHAYDA A. CAFIRMA
CHAIRPERSON



ELLEN R. PASTORES
VICE CHAIRPERSON



ROMEO M. MAGDAONG
MEMBER



MINERVA G. TEJADA
RESOURCE PERSON

MARKETING COMMITTEE



JUPITER B. BONILLA
CHAIRPERSON



MILDRED C. CEREZO
VICE CHAIRPERSON



RYAN ARTHUR DG. PADILLA
MEMBER



MINERVA G. TEJADA
RESOURCE PERSON



NATCCO MBAI COMMITTEES

POLICY REVIEW COMMITTEE



EVELIA BARDOS-TIZON
CHAIRPERSON



ELLEN R. PASTORES
VICE CHAIRPERSON



ATTY. ADOLFO A. IBAÑEZ
MEMBER



ANGEL P. GARCIA, JR.
RESOURCE PERSON



ZORAHAYDA A. CAFIRMA
RESOURCE PERSON



MINERVA G. TEJADA
RESOURCE PERSON





**NATCCO
MBAI**



MANAGEMENT TEAM



Management Team

From left to right:

Ma. Elizabeth Aquino (MIS Associate), Jennifer Estocada (Claims Unit Head), Sunshine Mariano (Accounting Staff), Yani Yugo (Accounting Unit Head), Minerva Tejada (President), Jeniña Dela Cruz (Marketing Officer), Armel Jairus Patawaran (Accounting Staff), Ma. Cherish Solsona (MIS Unit Head); and Dhonna Francisco (Administrative Assistant).





**NATCCO
MBAI**



2022 ACTIVITIES



NATCCO MBAI

11th Annual Meeting

May 31, 2022 | Via Zoom



NATCCO MBAI

Management Monthly Meeting 2022

● January



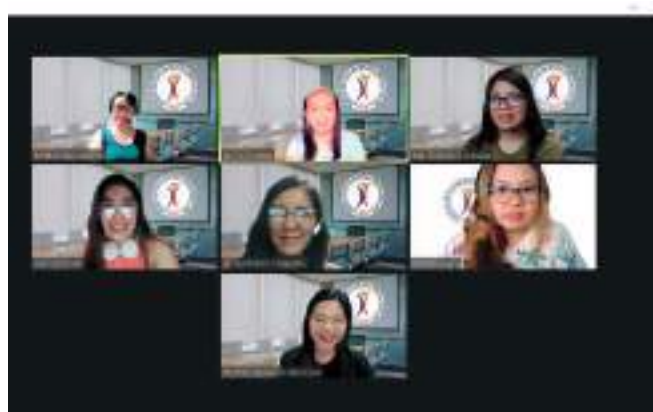
● February



● March



● April



● May



● June





NATCCO MBAI

Management Monthly Meeting 2022

● July



● August



● September



● October



● November



● December



NATCCO MBAI

Webinar 2022

● Learning Session: All about Microinsurance Product & Services



with NATCCO MBAI management team last February 18, 2022

● Ako Naman Muna: Healing & Selfcare



with Mr. Michael Lu and Ms. Niña Maricheliz Ubalde of Mindwell.PH last August 4, 2022

● Financial Smart Goals



with Ms. Caroline Dalofin, CIA, AWP-AEPP, Unit Manager of Phoenix Prulife UK last October 7, 2022

● Christmas Party with Partner Cooperatives



Masquerade Christmas Party with Partner Cooperatives last December 15, 2022

NATCCO MBAI

Exploring Partnership with New Cooperatives through Microinsurance Product



St. James the Apostle Multi-Purpose Cooperative last August 24, 2022 at Guagua Pampanga



Texins Multipurpose Cooperative last September 15, 2022 at Loakan, Baguio City



Federation of Benguet Farmers Cooperative last September 16, 2022 at La Trinidad Benguet



La Trinidad Vegetable Trading Post Multipurpose Cooperative last November 8, 2022 at La Trinidad Benguet



NATCCO MBAI

Exploring Partnership with New Cooperatives through Microinsurance Product



Cordillera Overseas Contract Workers & Families MPC last November 9, 2022 at Loakan Road Baguio City



Stobosa and Community Consumers Cooperative last November 9, 2022 at La Trinidad Benguet



Baguio Entrepreneurs Credit Coop last November 10, 2022 at Kisad R. Baguio City



NATCCO MBAI

Process Orientation with Partner Cooperatives

Taloy Farmers Multipurpose Cooperative



NEC Multi-Purpose Cooperative



NATCCO MBAI



Sending out First Aid Kit to Partner Cooperatives I
May 2022



NATCCO MBAI

Midterm Development Plan & Review & Team Building

June 16-19, 2022 | Lola Corazon Leisure Farm, Pampanga



NATCCO MBAI

Oath Taking of New Board of Directors & Officers
June 16-19, 2022 | Lola Corazon Leisure Farm, Pampanga



NATCCO MBAI

Lakbay Aral with CARE MBA

August 18, 2022 | St. Jude Cooperative Hotel & Event Center, Quezon Province



NATCCO MBAI

Action Planning

August 19, 2022 | St. Jude Cooperative Hotel & Event Center, Quezon Province



NATCCO MBAI

Lakbay Aral with Nan Shan Life Insurance Co., Ltd.
December 9, 2022 | Taipei, Taiwan



NATCCO MBAI

Sending of Giveaways to Partner Cooperatives
December 2022



San Ramon Multi-Purpose Cooperative
December 26, 2022

Thank you so much Natcco Mbail 🙏
Merry Christmas and a Happy New Year! 🎉



received po.. I thank you
NMBAI 🙏 merry
Christmas, from TLOR 🙏

Zel Cabahug is with Mylene Flores M
December 29, 2022

Thank you so much Natcco Mbail 🙏🎉





**NATCCO
MBI**



MICROINSURANCE PRODUCTS



NATCCO MBAI MICROINSURANCE PRODUCTS



NMBAI SIGURADO

The ultimate coverage, BLIP for Principal Members and their dependents, with TPD and HIB for Principal Members.

NMBAI PLANADO

Basic Life Insurance Plan (BLIP) for the Principal Members and their dependents.



NMBAI PROTEKTADO

BLIP for Principal Members and their dependents with Total and Permanent Disability (TPD) coverage in case of disability due to accident or illness of the Principal Member.



NATCCO MBAI MICROINSURANCE PRODUCTS



NMBAI PANATAG

BLIP for Principal Members and their dependents and a Hospital Income Benefit (HIB) coverage that will provide financial assistance in case of Principal Member's hospital confinement.

NMBAI ARUGA

BLIP for Principal members with ages 65-75



NMBAI YAMANG PROTEKTADO

Credit Life Insurance Plan (CLIP) that insures the Member's principal loan amount and will be payable to the cooperative in case of Member-Borrower's untimely death





**NATCCO
MBAI**



PARTNER COOPERATIVES



NATCCO MBAI COOPERATIVE PARTNERS

NCR

- Department Of Agrarian Reform Multi-Purpose Cooperative
- Mindoro Occidental Sustainable Skills Multi-Purpose Cooperative
- NEC Multipurpose Cooperative
- Red Ribbon Multi-Purpose Cooperative

LUZON

- Bacarra Multi-Purpose Cooperative
- Batong Paloway Agrarian Reform Cooperative
- Bayanihan Hundred Islands Arc
- Buklod Ng Buhay Arc Multi-Purpose Cooperative
- Camsur Multi-Purpose Cooperative
- Del Rosario Multi-Purpose Cooperative
- Dur-As Savings and Credit Cooperative
- Five Star Multi-Purpose Cooperative
- Gp-125 Golden Pance Multi-Purpose Cooperative
- Labo Progressive Multi-Purpose Cooperative
- Lourdes Multi-Purpose Cooperative
- Manguyang Agrarian Reform Beneficiaries Cooperative
- Mansalay Agriculture and Fisheries Development Cooperative
- Nabua Development Multi-Purpose Cooperative
- Northern Quezon Saving and Credit Cooperative
- Pangasinan Savings and Credit Cooperative
- Payompon Development Cooperative
- Pili Market Development Cooperative
- Pingkian Multi-Purpose Cooperative



NATCCO MBAI COOPERATIVE PARTNERS

LUZON

- Samahan Sa Ikauunlad ng Pamayanan Multipurpose Cooperative
- Samahang Magsasaka ng Brgy. Sta Maria Agrarian Reform Cooperative
- San Isidro Development Cooperative
- San Miguel Farmers and Fishers Multi-Purpose Cooperative
- San Nicolas Multipurpose Cooperative
- San Ramon Multi-Purpose Cooperative
- Self Reliant Team of Palawan Multi-Purpose Cooperative
- Srt Puerto Princesa Cooperative of Palawan Multi Purpose Cooperative
- St. Anthony Development Cooperative
- Talisayon Multi-Purpose Cooperative-San Lorenzo Ruiz Branch
- Taloy Farmers Multipurpose Cooperative

VISAYAS

- Cadiz City Credit Cooperative
- Dumangas Agrarian Reform Cooperative
- Guimaras Brethren Multi Purpose Cooperative
- Hda Maria Multi-Purpose Cooperative
- Northern Samar Savings And Credit Cooperative
- Panay Agrarian Reform Cooperative
- Southern Negros Agrarian Reform Cooperative
- Development Workers For Savings And Credit Cooperative
- Holy Child Multi-Purpose Cooperative



NATCCO MBAI COOPERATIVE PARTNERS

MINDANAO

- Alipao Multi-Purpose Cooperative
- Bacbacan Multi-Purpose Cooperative
- Baclay Multi-Purpose Cooperative
- Dagohoy Multi-Purpose Cooperative
- Dalawinon Farmers Multipurpose Cooperative
- Davao De Oro Credit Cooperative
- Glansar Credit Cooperative
- Kabangasan Mapua Dahilig Arc Coop
- Katilingbanong Programa Sa Maayong Panglawas-Kinaugalingong Paningkamot Multipurpose Cooperative
- Kauswagan Agrarian Reform Beneficiaries Multipurpose Cooperative
- Kisandal Multi Purpose Cooperative
- La Libertad Agrarian Reform Beneficiaries Cooperative
- Limbahan Small Coconut Farmers and Women Multipurpose Cooperative
- Millennial Credit Cooperative
- Nagkahiusang Mag-Uuma Sa Guinhalinan Dev't. Cooperative
- Springside Arb Irrigators and Farmers Multipurpose Cooperative
- Sta. Cruz Multi-Purpose Cooperative
- Zamboanga Sibugay Credit Cooperative
- Zanorte Community Credit Cooperative





**NATCCO
MBAI**



2022 AUDITED FINANCIAL STATEMENT



COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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Principal Office (No./Street/Barangay/City/Town/Province)

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Form Type

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Department requiring the report

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| C | R | M | D |
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Secondary License Type, if Applicable

| | | | |
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|--|--|--|--|

COMPANY INFORMATION

Company's Email Address

nmbalaccounting@nmbainsurance.com

Company's Telephone Numbers

(02) 8962 34 08

Mobile Number

0996-594-6712

No. of Stockholders

N/A

Annual Meeting (Month/Day)

Every last Tuesday of May

Fiscal Year (Month/Day)

December 31

CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person

MINERVA G. TEJADA

Email Address

mgtelada@nmbainsurance.com

Telephone Numbers

82946869

Mobile Number

09228570345

CONTACT PERSON'S ADDRESS

123 Doce 36 Street, Bagong Barrio, Caloocan City

NOTE 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must properly and completely filled up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **National Confederation of Cooperatives Mutual Benefits Association (NATCCO MBA), Inc.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, 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.

The Board of Trustees is responsible for overseeing the Association's financial reporting process.

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

AMC & Associates and Banaria, Banaria and Company, CPAs, the independent auditors, appointed by the Board of Trustees for the years ended December 31, 2022 and 2021, respectively, have audited the financial statements of the Association in accordance with Philippine Standards on Auditing and in their report to the members have expressed their opinion on the fairness of presentation upon completion of such audit.


EVELIA BARDOS-TIZON
BOT Chairperson
MINERVA G. TEJADA
President
ZORAHAYDA A. CAFIRMA
Board Treasurer

Signed this 3rd day of April 2023





Financial Statements

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

December 31, 2022
(With Comparative Figures for 2021)



REPORT OF INDEPENDENT AUDITORS

The Board of Trustees and Members
National Confederation of Cooperatives
Mutual Benefits Association (NATCCO MBA), Inc.
(A Non-Stock, Non-Profit Association)

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **National Confederation of Cooperatives Mutual Benefits Association (NATCCO MBA), Inc.** (the Association), which comprise the statements of financial position as at December 31, 2022, and the statement of comprehensive income, statement of changes in fund balance and statement of cash flows for the year 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, 2022, and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRS) applicable to Mutual Benefits Associations (MBAs).

Basis for Opinion

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

Other Matter

The financial statements of **National Confederation of Cooperatives Mutual Benefits Association (NATCCO MBA), Inc.** for the year ended December 31, 2021 which were presented for comparative purposes, were audited by other auditor who expressed an unmodified opinion on those financial statements on report dated April 6, 2022.



***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 PFRS applicable to MBAs, 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 PSA 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 PSA, 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 disclosures 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.

**Report on Other Legal and Regulatory Requirements**

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2022 required by the Bureau of Internal Revenue as disclosed in Note 32 of the financial statements is presented for purposes of additional analysis and is not a required part of financial statements prepared in accordance with PFRS applicable to MBAs. Such supplementary information is the responsibility of the management. The supplementary information has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

AMC & ASSOCIATES

By **Joseph Cedric V. Calica**

Partner

CPA Cert. No. 94541

TIN 163-257-226-000

PTR No. 9566559, Jan. 3, 2023, Makati City

BIR Accreditation No. 08-002582-1-2020

(Oct. 8, 2020 to Oct. 7, 2023)

SEC Accreditation No. 94541-SEC (Group A)

(valid until 2022 audit period)

IC Accreditation No. 94541-IC (Group A)

(valid until Dec. 31, 2024)

BSP Accreditation No. 94541-BSP (Group B)

(valid until Dec. 31, 2025)

April 3, 2023



NATIONAL CONFEDERATION OF COOPERATIVES
MUTUAL BENEFITS ASSOCIATION (NATCCO MBA), INC.
(A Non-Stock, Non-Profit Association)
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022
(With Comparative Figures for 2021)
(Amounts in Philippine Peso)

| | 2022 | 2021 |
|---|---------------------|---------------------|
| <u>ASSETS</u> | | |
| CURRENT ASSETS | | |
| Cash and cash equivalent (Note 4) | P 16,113,095 | P 36,542,985 |
| Loan and other receivables (Note 5) | 28,951,923 | 17,563,158 |
| Financial asset at fair value through profit or loss (Note 6) | 8,701,514 | 5,713,854 |
| Short-term financial assets (Note 7) | 4,000,000 | - |
| Prepayments (Note 8) | 799,755 | 760,587 |
| Total Current Assets | 58,566,287 | 60,580,584 |
| NON-CURRENT ASSETS | | |
| Financial assets at amortized cost (Note 9) | 35,673,053 | 18,972,675 |
| Other funds and deposits (Note 10) | 679,186 | 678,518 |
| Property and equipment (Note 11) | 2,184,687 | 1,705,662 |
| Total Non-current Assets | 38,536,926 | 21,356,855 |
| TOTAL ASSETS | P 97,103,213 | P 81,937,439 |
| <u>LIABILITIES AND FUND BALANCE</u> | | |
| CURRENT LIABILITIES | | |
| Liability on individual equity value (Note 12) | P 42,366,175 | P 37,205,783 |
| Members contribution received in advance (Note 13) | 3,415,209 | 2,803,832 |
| Claims payable on basic contingent benefit (Note 14) | 2,702,773 | 2,339,455 |
| Optional benefit reserves (Note 15) | 4,618,650 | 4,217,557 |
| Claims payable on optional benefit (Note 16) | 2,033,536 | 1,760,179 |
| Basic contingent benefit reserve (Note 17) | 6,409,312 | 6,023,984 |
| Other payables (Note 18) | 3,804,898 | 3,926,388 |
| Total Current Liabilities | 65,350,553 | 58,277,178 |
| NON-CURRENT LIABILITY | | |
| Post-employment benefits liability (Note 19) | 409,029 | 431,574 |
| Total Liabilities | 65,759,582 | 58,708,752 |
| FUND BALANCE | | |
| Assigned fund balance (Note 24) | 24,835,972 | 21,981,382 |
| Revaluation surplus (Note 24) | 449,543 | 158,807 |
| Free and unassigned fund balance (Note 24) | 6,058,116 | 1,088,498 |
| Total Fund Balance | 31,343,631 | 23,228,687 |
| TOTAL LIABILITIES AND FUND BALANCE | P 97,103,213 | P 81,937,439 |





NATIONAL CONFEDERATION OF COOPERATIVES
MUTUAL BENEFITS ASSOCIATION (NATCCO MBA), INC.
(A Non-Stock, Non-Profit Association)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022
(With Comparative Figures for 2021)
(Amounts in Philippine Peso)

| | <u>2022</u> | <u>2021</u> |
|---|--------------------|--------------------|
| REVENUES | | |
| Premiums and contributions <i>(Note 20)</i> | P 55,901,050 | P 51,418,866 |
| Others <i>(Note 21)</i> | <u>459,026</u> | <u>1,156,939</u> |
| | <u>56,360,076</u> | <u>52,575,805</u> |
| EXPENSES <i>(Note 22)</i> | | |
| Benefit expense | 19,514,083 | 19,442,845 |
| Other benefit expense | 18,414,448 | 19,992,819 |
| Operating expenses | <u>10,607,337</u> | <u>8,558,809</u> |
| | <u>48,535,868</u> | <u>47,994,473</u> |
| NET PROFIT | 7,824,208 | 4,581,332 |
| OTHER COMPREHENSIVE INCOME (LOSS) | | |
| Items that will not be reclassified subsequently to profit or loss | | |
| Remeasurement of post-employment benefit cost <i>(Note 19)</i> | <u>290,736</u> | (<u>147,071</u>) |
| TOTAL COMPREHENSIVE INCOME | <u>P 8,114,944</u> | <u>P 4,434,261</u> |

See Notes to Financial Statements.





NATIONAL CONFEDERATION OF COOPERATIVES
MUTUAL BENEFITS ASSOCIATION (NATCCO MBA), INC.
(A Non-Stock, Non-Profit Association)
STATEMENT OF CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2022
(With Comparative Figures for 2021)
(Amounts in Philippine Peso)

| | Assigned Fund Balance (Note 24) | Revaluation Surplus (Note 24) | Free and Unassigned Fund Balance (Note 24) | Total |
|--|---------------------------------------|-------------------------------------|--|---------------------|
| Balance at January 1, 2022 | P 21,991,382 | P 158,807 | P 1,088,498 | P 23,228,687 |
| Transfer to assigned fund balance | 2,854,590 | - | (2,854,590) | - |
| Total comprehensive income for the year | - | 290,736 | 7,824,208 | 8,114,944 |
| Balance at December 31, 2022 | <u>P 24,835,972</u> | <u>P 449,543</u> | <u>P 6,058,116</u> | <u>P 31,343,631</u> |
| Balance at January 1, 2021 | P 19,332,149 | P 305,878 | (P 843,601) | 18,794,426 |
| Transfer to assigned fund balance | 2,649,233 | - | (2,649,233) | - |
| Total comprehensive income (loss) for the year | - | (147,071) | 4,581,332 | 4,434,261 |
| Balance at December 31, 2021 | <u>P 21,981,382</u> | <u>P 158,807</u> | <u>P 1,088,498</u> | <u>P 23,228,687</u> |

See Notes to Financial Statements.

NATIONAL CONFEDERATION OF COOPERATIVES
MUTUAL BENEFITS ASSOCIATION (NATCCO MBA), INC.
(A Non-Stock, Non-Profit Association)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
(With Comparative Figures for 2021)
(Amounts in Philippine Peso)

| | 2022 | | 2021 |
|---|----------------|---|-------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net profit | P 7,824,208 | P | 4,581,332 |
| Adjustments for: | | | |
| Retirement expense (Note 19) | 290,736 | (| 147,071) |
| Depreciation (Note 11) | 142,320 | | 225,843 |
| Interest income (Note 21) | (441,026) | (| 1,092,032) |
| Operating profit before working capital changes | 7,816,238 | | 3,568,072 |
| Increase in loans other receivables (Note 5) | (11,388,765) | (| 42,701) |
| Increase in prepayments (Note 8) | (39,168) | (| 441,939) |
| Increase in liability on individual equity (Note 12) | 5,160,392 | | 6,787,306 |
| Increase (decrease) in members contribution received in advance (Note 13) | 611,377 | (| 10,105,396) |
| Decrease in post-employment benefits liability (Note 19) | (22,545) | (| 334,641) |
| Increase (decrease) in claims payable on basic contingent benefit (Note 14) | 363,318 | (| 209,516) |
| Increase in optional benefit reserves (Note 15) | 401,093 | | 2,859,292 |
| Increase in claims payable on optional benefit (Note 16) | 273,357 | | 739,912 |
| Increase in basic contingent benefit reserve (Note 17) | 385,328 | | 5,317,500 |
| Decrease in other payables (Note 18) | (121,490) | (| 1,556,203) |
| Cash generated from operations | 3,439,135 | | 6,581,686 |
| Interest received (Note 4) | 15,692 | | 22,082 |
| Net Cash From Operating Activities | 3,454,827 | | 6,603,768 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest received | 425,334 | | 1,069,950 |
| Additions to financial assets at amortized cost (Note 9) | (16,700,378) | (| 2,150,700) |
| Additions to short-term financial assets (Note 7) | (4,000,000) | | - |
| Additions to financial assets through profit or loss (Note 6) | (2,987,660) | (| 59,908) |
| Acquisitions of property and equipment (Note 11) | (621,345) | (| 492,400) |
| Additions to other funds and deposit (Note 10) | (668) | (| 667) |
| Net Cash Used in Investing Activities | (23,884,717) | (| 1,633,725) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (20,429,890) | | 4,970,043 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 36,542,985 | | 31,572,942 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4) | P 16,113,095 | P | 36,542,985 |

See Notes to Financial Statements.

NATIONAL CONFEDERATION OF COOPERATIVES
MUTUAL BENEFITS ASSOCIATION (NATCCO MBA), INC.
(A Non-Stock, Non-Profit Association)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(With Comparative Figures for 2021)
(Amounts in Philippine Peso)

1. GENERAL INFORMATION

Organization and Objectives

National Confederation of Cooperatives Mutual Benefits Association (NATCCO MBA), Inc. ("the Association") was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on April 24, 2009 with registration number CN2000905690. 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 is primarily engaged 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.

The registered office of the Association is located at 227 J.P. Rizal St., Bayanhan, Project 4, Quezon City.

Tax Exemption

On July 6, 2022, the Association obtained tax exemption from the BIR under Certificate Tax Exemption No. RR7A040-2022-CTE00024 which is valid until July 5, 2025. As a non-stock, non-profit association, the Association is exempt from the payment of income tax under Section 30c of the National Internal Revenue Code. However, the income of whatever kind and character of the Association from any of its properties, real or personal, or from any of its activities conducted for profit, regardless of the disposition made of such income, shall be subjected to tax. Moreover, interest income derived from the deposit with banks are subject to the final tax.

Approval of Financial Statements

The financial statements of the Association as at and for the year ended December 31, 2022 (including the comparative financial statements as at and for the year ended December 31, 2021) were authorized for issue by the Association's Board of Trustees (BOT) on April 3, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Preparation of Financial Statements

a. Statement of Compliance with Philippine Financial Reporting Standards for Mutual Benefits Associations (MBAs)

The financial statements of the Association have been prepared in accordance with Philippine Financial Reporting Standards in the Philippines applicable to MBAs.

Pursuant to Section 189 of The Amended Insurance Code, the Insurance Commission issued Circular Letter No. 2014-41 dated September 25, 2014 requiring all new and existing mutual benefits associations doing business in the Philippines to use and maintain the revised Standard Chart of Accounts (SCA) for MBAs. The SCA is the prescribed framework for the Association in the preparation of financial statements.

The SCA for MBAs list a uniform system of account numbers categorized based on MBAs' revenue, expenses, assets, liabilities and fund value for similar transactions and events, in compliance with the latest Philippine Accounting Standards (PAS) and Philippine Financial Reporting Standards (PFRS).

The financial statements have been prepared using the measurement bases specified by PFRS applicable to MBAs for each type of assets, liabilities, income and expense. The measurement bases are more fully described in the accounting policies that follow.

b. Presentation of Financial Statements

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

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

c. Functional and Presentation Currency

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

Items included in the financial statements of the Association are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Association operates.

Adoption of New and Amended to PFRS

a. Effective in 2022 that are Relevant to the Association

The Association adopted for the first time the following amendments and annual improvements to PFRS, which are mandatory effective for annual periods beginning on or after January 1, 2022:

| | |
|---|--|
| PAS 16 (Amendments) | : Property, Plant and Equipment - Proceeds Before Intended Use |
| PAS 37 (Amendments) | : Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract |
| Annual Improvements to PFRS (2018-2020 Cycle) | |
| PFRS 9 (Amendments) | : Financial Instruments - Fees in the '10 percent Test for Derecognition of Liabilities |
| PFRS 16 (Amendments) | : Leases - Lease Incentives |

Discussed below are the relevant information about these pronouncements:

- i. **PAS 16 (Amendments), Property, Plant and Equipment - Proceeds Before Intended Use.** The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The application of these amendments had no significant impact on the Association's financial statements as there were no sales of such items produced by property, plant and equipment made before being available for use on or after the beginning of the earliest period presented.
- ii. **PAS 37 (Amendments), Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract.** The amendments specify that the 'cost of fulfilling a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). Management assessed that there is no significant impact on the Association's financial statements since none of the existing contracts as of January 1, 2022 are identified as onerous.

- iii. Annual Improvements to PFRS 2018-2020 Cycle. Among the improvements, the following amendments which do not have a significant impact and which are effective from January 1, 2022, are relevant to the Association's financial statements.

- PFRS 9 (Amendments), *Financial Instruments - Fees in the '10 percent' Test for Derecognition of Liabilities*. The improvements clarify the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.
- Illustrative Examples Accompanying PFRS 16, *Leases - Lease Incentives*. The amendments remove the potential for confusion regarding lease incentives by deleting Illustrative Example 15 the reimbursement relating to leasehold improvements as it had not been explained clearly enough as to whether the reimbursement would meet the definition of a lease in accordance with PFRS 16.

b. *Effective in 2022 that are not Relevant to the Association*

Among the amendments to PFRS which are mandatory and effective for annual periods beginning on or after January 1, 2022, the following are not relevant to the Association's financial statements:

- i. PFRS 3 (Amendments), *Business Combinations - Reference to the Conceptual Framework* (effective from January 1, 2022).
- ii. Annual Improvements to PFRS 2018-2022 Cycle. Among the improvements, the following amendments, which are effective from January 1, 2022, are not relevant to the Association:
 - PFRS 1, *First Time Adoption of Philippine Financial Reporting Standards - Subsidiary as a First-time Adopter*
 - PAS 41, *Agriculture - Taxation in Fair Value Measurements*

c. *Effective Subsequent to 2022 but not Adopted Early*

There are amendments to existing standards effective for annual periods subsequent to 2022, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have a significant impact on the Association's financial statements:

- i. PAS 1 (Amendments), *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current* (effective January 1, 2023).
- ii. PAS 1 and PFRS Practice Statement 2 (Amendments), *Presentation of Financial Statements - Disclosure of Accounting Policies* (effective January 1, 2023).
- iii. PAS 8 (Amendments), *Accounting Estimates - Definition of Accounting Estimates* (effective from January 1, 2023).

- iv. *PAS 12 (Amendments), Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction* (effective from January 1, 2023).
- v. *PFRS 17, Insurance Contracts* (effective from January 1, 2023). The Insurance Commission (IC), through its Circular Letter 2020-62, has deferred the implementation of PFRS 17 for the life insurance and non-life insurance industry on January 1, 2025.
- vi. *PFRS 17, (Amendments), Insurance Contracts – Initial Application of PFRS 17 and PFRS 9 – Comparative Information* (effective January 1, 2023). The Insurance Commission (IC), through its Circular Letter 2020-62, has deferred the implementation of PFRS 17 for the life insurance and non-life insurance industry on January 1, 2025.
- vii. *PFRS 10 (Amendments), Consolidated Financial Statements, and PAS 28 (Amendments), Investments in Associates and Joint Ventures – Sale or Contribution of Assets Between an Investor and its Associates or Joint Venture* (effective date deferred indefinitely).

Current versus Non-Current Classification

The Association presents assets and liabilities in the statement of financial position based on current and non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or,
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting period; or,
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

Deferred income tax assets and liabilities are classified as non-current assets and liabilities.

Financial Instruments

a. Financial Assets

Financial assets are recognized when the Association becomes a party to the contractual terms of the financial instruments. Except for those receivables that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable). For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, *Financial Instruments: Presentation*. All other non-derivative financial instruments are treated as debt instruments.

The foregoing categories of financial instruments of the Association are more fully described below:

i. Financial Assets at Amortized Cost

Financial assets are measured at amortized cost if both of the following conditions are met (and are not designated as FVTPL):

- the asset is held within the business model whose objective is to hold financial assets in order to collect contractual cash flows ("hold to collect"); and,
- the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

Except for trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, all financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less any impairment in value.

The Association's financial assets measured at amortized cost comprise of Cash and cash equivalents, Loans and other receivables, Short-term financial asset, Other funds and deposits and Financial Assets at amortized cost in the statements of financial position.

For purposes of cash flows reporting and presentation, cash and cash equivalents comprise accounts with original maturities of three months or less, including cash. These generally include cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial assets measured at amortized cost are included in the current assets, except for those with maturities greater than 12 months after the end of reporting period, which is classified as non-current assets.

ii. *Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)*

The Association accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective is to hold to collect the associated cash flows and sell ("hold to collect and sell"); and,
- the contractual terms of the financial assets give rise to cash flows that are SPPI on the principal amount outstanding.

At initial recognition, the Association can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Association for trading or as mandatorily required to be classified as FVTPL.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for any disposal costs. Gains and losses arising from changes in fair value, including the foreign exchange component, are recognized in other comprehensive income, net of any effects arising from income taxes, and are reported as part of the Revaluation Reserves accounts in equity. When the asset is disposed of, the cumulative gain or loss previously recognized in the Surplus reserve account is not reclassified to profit or loss but is reclassified directly to the Surplus free account, except for those debt securities classified as FVOCI wherein cumulative fair value gains or losses are recycled to profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial assets (after the deduction of the loss allowance). The interest earned is recognized in profit or loss in the statement of comprehensive income as part of Interest income.

Any dividends earned on holding equity instruments are recognized in profit or loss when the Association's right to receive dividends is established, it is probable that the economic benefits associated with the dividend will flow to the Association, and, the amount of the dividend can be measured reliably unless the dividends represent the recovery of a part of the cost of the investment.

As at December 31, 2022 and 2021, the Association does not have financial assets designated at FVOCI.

iii. *Financial Assets at Fair Value Through Profit or Loss (FVTPL)*

Financial assets that are held within a different business model other than “hold to collect” or “hold to collect and sell” are categorized at FVTPL. Further, irrespective of the business model, financial assets whose contractual cash flows are not SPPI are accounted for at FVTPL. Also, equity securities are classified as financial assets at FVTPL, unless the Association designates an equity investment that is not held for trading as at FVOCI at initial recognition.

Financial assets at FVTPL are measured at fair value with gains or losses recognized in the profit or loss as part of Interest income in the statements of comprehensive income. The fair values of these financial assets are determined by reference to active market transactions or using a valuation technique where no active market exists.

Interest earned on these investments is included in the net fair value gains (losses) on these assets presented as part of Interest income in the statements of comprehensive income.

As at December 31, 2022 and 2021, the Association has financial assets designated at FVTPL amounted to P8,701,514 and P3,713,854, respectively.

The Association can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Association is required to reclassify financial assets: (i) from amortized cost to FVTPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) from FVTPL to amortized cost if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

A change in the objective of the Association's business model will take effect only at the beginning of the next reporting period following the change in the business model.

b. *Impairment of Financial Assets*

At the end of the reporting period, the Association assesses its ECL on a forward-looking basis associated with its financial assets carried at amortized cost and debt instruments measured at FVOCI. Recognition of credit losses is no longer dependent on the Association's identification of a credit loss event. Instead, the Association considers a broader range of information in assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the collectability of the future cash flows of the financial assets.

The Association applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all trade and other receivables and contract assets. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. To calculate ECL, the Association uses its historical experience, external indicators and forward-looking information to calculate the ECL using a provision matrix. The Association also assesses the impairment of trade receivables on a collective basis as they possess shared credit risk characteristics and have been grouped based on the days past due.

For debt instruments measured at FVOCI and amortized cost, the allowance for credit losses is based on the ECL associated with the probability of default of a financial instrument in the next 12 months, unless there has been a significant increase in credit risk since the origination of the financial asset, in such case, a lifetime ECL, for a purchased or originated credit-impaired, the allowance for credit losses is based on the change in the ECL over the life of the asset. The Association recognized a loss allowance for such losses at each reporting date.

The key elements used in the calculation of ECL are as follows:

- *Probability of default* - It is an estimate of the likelihood of default over a given time horizon.
- *Loss given default* - It is an estimate of loss arising in the case where default occurs at a given time. It is based on the difference between the contractual cash flows of a financial instrument due to counterparty and those that the Association would expect to receive, including the realization of any collateral.
- *Exposure at default* - It represents the gross carrying amount of the financial instruments subject to the impairment calculation.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The Association considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Association may also consider a financial asset to be in default when internal or external information indicates that the Association is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Association. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

c. Items of Income and Expense Related to Financial Assets

All income and expenses, including impairment losses, relating to financial assets that are recognized in profit or loss are presented as part of Interest income or Interest expense, Impairment losses, Gain on disposal of financial assets, Dividend income and Recoveries from accounts written-off (presented as part of Other income) in the Statement of comprehensive income.

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 are measured.

d. Derecognition of Financial Assets

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Association neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Association recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Association retains substantially all the risks and rewards of ownership of a transferred financial asset, the Association continues to recognize the financial asset and also recognizes collateralized borrowing for the proceeds received.

e. Financial Liabilities

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Association designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortized cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

Financial liabilities include liability on individual equity value, members' contribution received in advance, claims payable on basic contingent benefit, optional benefit reserves, claims payable on optional benefit, basic contingent benefit reserve and other payables accounts, (excluding tax payables and post-employment benefit obligation), lease liabilities, legal policy reserves and member's equity and contributions are recognized when the Association becomes a party to the contractual terms of the instrument. All interest-related charges are recognized as Interest expenses in the statement of comprehensive income.

Liability on individual equity value is recognized initially at fair value, which is the issue proceeds (fair value of the consideration received).

Other payables and members' contributions received in advance, are recognized initially at their fair value and subsequently measured at amortized cost for maturities beyond one year, less settlement payments.

Claims payable on basic contingent benefit, optional benefit reserves, claims payable on optional benefit, and basic contingent benefit reserves are recognized at fair value which is the amount recommended by an independent actuary.

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

f. Offsetting Financial Instruments

Financial assets and liabilities are set-offs and the resulting net amount is reported in the statement 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. This is not generally the case with master netting agreements, and the related assets and liabilities are presented as gross in the statement of financial position. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on a future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and must be legally enforceable for both entity and all counterparties to the financial instruments.

Property and Equipment

Property and equipment are carried at acquisition or construction cost less accumulated depreciation and any 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; 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 impairment losses are removed from the accounts, and any resulting gain or loss is reflected in income for the period.

Depreciation is computed on a straight-line basis over the estimated useful life of the assets as follows:

| | |
|-------------------------------|--------------|
| 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 life of property and equipment are reviewed and adjusted if appropriate, at each reporting date.

An item of property and equipment, including the related accumulated depreciation and impairment losses, 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 the 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 year the item is derecognized.

Prepayments

Prepayments 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 future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably.

Prepayments include prepaid expenses which will be amortized over the term of the asset. Prepayments are recognized and measured at transfer cost and other assets are recognized and measured at transfer cost or the amount of cash paid. Subsequently, these, are charged to expense as they are consumed in operations or expire after the passage of time.

Impairment of Non-financial Assets

The Association's property and equipment are subject to impairment testing. All other individual assets 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, assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Association's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset or cash-generating unit's recoverable amount exceeds its carrying amount.

Provisions and Contingencies

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 obligation 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 end of the reporting period, including the risks and uncertainties associated with the present obligation. 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. When the time value of money is material, long-term provisions are discounted to their present values using a pre-tax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as an interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources 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. Similarly, possible inflows of economic benefits to the Association that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, they are not recognized in the financial statements. On the other hand, any reimbursement that the Association can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

Revenue and Expense Recognition

For other income arises in the performance of the Association's services, the Association follows a 5-step process to determine whether to recognize revenue:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as a performance obligation(s) are satisfied.

For Step 1 to be achieved, the following five gating criteria must be present:

- i. the parties to the contract have approved the contract either in writing, orally or in accordance with other customary business practices;
- ii. each party's rights regarding the goods or services to be transferred or performed can be identified;
- iii. the payment terms for the goods or services to be transferred or performed can be identified;
- iv. the contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract); and,
- v. collection of the consideration in exchange for the goods and services is probable.

Revenue is recognized either at a point in time or overtime, when (or as) the Association satisfies performance obligations by transferring the promised goods or services to its customers.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

- i. the customer simultaneously receives and consumes the benefits provided by the Association's performance as the Association performs;
- ii. the Association's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
- iii. the Association's performance does not create an asset with an alternative use to the Association and the entity has an enforceable right to payment for performance completed to date.

The Association recognizes contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Association satisfies a performance obligation before it receives the consideration, the Association recognizes either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Income that was recognized under the above criteria is discussed as follows:

- a. *Premium and contributions* - revenue is recognized monthly as they become due from members and is reliably measured.
- b. *Interest income*. Interest income arising from cash and cash equivalents, short-term financial assets and investment securities at amortized cost, and loans and receivables are recognized on an accrual basis using the effective interest method. The effective interest rate (EIR) is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset. The EIR is established on initial recognition of the financial asset and is not revised subsequently. When the related financial asset becomes impaired, the recognition of interest income is suspended and/or limited up to the extent of cash collections received.
- c. *Other income* - revenue is recognized as they incurred.

Cost and operating expenses are recognized in profit or loss upon utilization of services or at the date they are incurred. All finance costs are reported in profit or loss on an accrual.

Employee Benefits

The Association provides short-term benefits and post-employment benefits to employees through a defined benefit plan, as well as various defined contribution plans.

- a. ***Defined Benefit Plan***

A defined benefit plan is a post-employment plan that defines the amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Association, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. The Association's defined benefit post-employment plan covers all regular full-time employees.

The liability recognized in the statement of financial position for the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using a derived discount rate based on the interest rates of zero-coupon government bonds as published by the Philippine Dealing and Exchange Corporation that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related post-employment liability.

Actuarial gains and losses are charged or credited to profit or loss in the year in which they arise.

Past-service costs are recognized immediately in profit or loss.

b. Defined Contribution Plan

A defined-contribution plan is a post-employment plan under which the Association pays fixed contributions to an independent entity. The Association has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

c. Termination Benefits

Termination benefits are payable when employment is terminated by the Association before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Association recognizes termination benefits when it is demonstrably committed to either: (i) terminating the employment of current employees according to a detailed formal plan without the possibility of withdrawal, or (ii) providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Leases

For any new contracts entered into on or after January 1, 2019, the Association considers whether a contract is, or contains a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition, the Association assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Association;
- the Association has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,
- the Association has the right to direct the use of the identified asset throughout the period of use. The Association assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At the lease commencement date, the Association recognizes a right-of-use asset and a lease liability in the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Association, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). Subsequently, the Association depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Association also assesses the right-of-use asset for impairment when such indicators exist.

On the other hand, the Association measures the lease liability at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily available or the Association's incremental borrowing rate. Lease payments include fixed payments (including in-substance fixed) less lease incentives receivable if any, variable lease payments based on an index or rate¹, amounts expected to be payable under a residual value guarantee², and payments arising from options (either renewal or termination) reasonably certain to be exercised. Subsequent to the initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero. The Association has elected to account for short-term leases and leases of low-value assets using practical expedients. Instead of recognizing a right-of-use asset, and a lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term. On the statement of financial position, right-of-use assets and lease liabilities have been presented separately from property and equipment and other liabilities, respectively.

Income Taxes

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Fund Balance

Assigned fund balance comprises of the appropriation transferred from undistributed earnings.

Revaluation reserves pertains to defined benefit plan reserve on actuarial gain or loss due to remeasurement of retirement benefit obligation.

Free and unassigned fund balances include all current and prior period results as disclosed in the statements of comprehensive income, net of transferred to assigned fund balanced and dividends if any.

Related Party Transactions and Relationship

Related party transactions are transfers of resources, services or obligations between the Association and its related parties, regardless of whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Association; (b) associates; and, (c) individuals owning, directly or indirectly, an interest in the voting power of the Association that gives them significant influence over the Association and close members of the family of any such individual.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely to the legal form.

Events after the End of the Reporting Period

Any post-year-end event that provides additional information about the Association's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when they material to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The Association's financial statements prepared in accordance with PFRS require management to make judgments and estimates that affect the 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 the circumstances. Actual results may ultimately differ from these estimates.

Critical Judgments in Applying Accounting Policies

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

a. Determination of Lease Term of Contracts with Removal and Termination Options

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease term is reasonably certain to be extended or not terminated.

For leases of offices, the factors that are normally the most relevant are (a) if their significant penalties should the Association pre-terminate the contract, and (b) if any leasehold improvements are expected to have a significant meaning value, the Association is reasonably certain to extend and not to terminate the lease contract. Otherwise, the Association considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The Association includes the renewal period as part of the lease term for leases of offices due to the significance of these assets to its operations. These leases have short, non-cancellable lease periods (i.e., four to ten years) and there will be a significant negative effect on production if a replacement is not readily available.

The lease term is reassessed if an option is exercised or not exercised or the Association becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Association.

b. Application of ECL on Financial Assets at Amortized Cost

The Association uses a provision matrix to calculate ECL for all debt instruments carried at amortized cost. The allowance for impairment is based on ECLs associated with the probability of default of a financial instrument in the next 12 months unless there has been a significant increase in credit risk since the origination of the financial instrument, in such case, a lifetime ECL for the instrument is recognized.

The Association has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of a default occurring over the remaining life of the financial instrument.

c. Evaluation of Business Model Applied in Managing Financial Instruments

The Association manages its financial assets based on business models that maintain an adequate level of financial assets to match its expected cash outflows, largely its core deposit funding arising from members' withdrawals and continuing loan disbursements to members, while maintaining a strategic portfolio of financial assets.

Upon the adoption of PFRS 9, the Association developed business models that reflect how it manages its portfolio of financial instruments. The Association's business models need not be assessed at the entity level or as a whole but shall be applied at the level of a portfolio of financial instruments (i.e., a group of financial instruments that are managed together by the Association) and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of the individual financial instrument).

In determining the classification of a financial instrument under PFRS 9, the Association evaluates in which business model a financial instrument or a portfolio of financial instruments belongs taking into consideration the objectives of each business model established by the Association (e.g., held-for-trading, generating accrual income, direct matching to a specific liability) as those relating to the Association's investment strategies.

d. *Testing the Cash Flows Characteristics of Financial Assets and Continuing Evaluation of the Business Model*

In determining the classification of financial assets under PFRS 9, the Association assesses whether the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the principal outstanding, with interest representing the time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents the time value of money and credit risk) does not meet the amortized cost criteria. In cases where the relationship between the passage of time and the interest rate of the financial instrument may be imperfect, known as the modified time value of money, the Association assesses the modified time value of money feature to determine whether the financial instrument still meets the SPPI criterion.

The objective of the assessment is to determine how different the undiscounted contractual cash flows could be from the undiscounted cash flows that would arise if the time value of the money element was not modified (the benchmark cash flows). If the resulting difference is significant, the SPPI criterion is not met. In view of this, the Association considers the effect of the modified time value of the money element in each reporting period and cumulatively over the life of the financial instrument.

In addition, PFRS 9 emphasizes that if more than an infrequent sale is made out of a portfolio of financial assets carried at amortized cost, an entity should assess whether and how much sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Association considers certain circumstances documented in its business model manual to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessarily inconsistent with a held-to-collect business model if the Association can explain the reasons for those sales and why those sales do not reflect a change in the Association's objective for the business model.

e. *Determination of Timing of Satisfaction of Performance Obligations*

The Association determines that its revenue from services shall be recognized over time. In making its judgment, the Association considers the timing of receipt and consumption of benefits provided by the Association to the borrowers or customers.

In determining the best method of measuring the progress of the Association's rendering of services, management considers the input method under PFRS 15 because of the direct relationship between the Association's effort, in terms of incurred labor hours, and the transfer of service to the customer or borrower.

f. *Recognition of Provisions and Contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provisions and disclosure of contingencies are discussed in Note 3 and relevant disclosures are presented in Note 26.

Key Sources of Estimation Uncertainty

Presented below and in the succeeding pages are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of resources and liabilities within the next financial year:

a. Estimation of Allowance for ECL

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about future economic conditions and credit behavior (e.g., the likelihood of customers defaulting and the resulting losses).

The carrying value of loans and other receivables and the analysis of the related allowance for impairment on such financial assets are shown in Note 5.

b. Fair Value Measurement for Financial Instruments

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

The fair values of the Association's financial instruments are disclosed in Note 28.

c. Estimation of Useful Lives 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.

The carrying amounts of property and equipment property are analyzed in Note 11. Based on management assessment as at December 31, 2022 and 2021, there is no change in the estimated useful lives of those assets during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

d. Impairment of Non-financial Assets

PFRS requires that an impairment review be performed when certain impairment indications are present. The Association's policy on estimating the impairment of non-financial assets is discussed in detail in Note 2. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

e. *Valuation of Post-employment Defined Benefit Obligation*

The determination of the Association's retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 19 and include, among others, discount rates, expected return on plan assets and salary increase rate. In accordance with PFRS, actual results that differ from the assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods.

f. *Valuation of Optional Benefit Reserves and Basic Contingent Benefit Reserve*

Valuation of Optional Benefit Reserves and Basic Contingent Benefit Reserve represent estimates of the present value of future benefit payments to members. These estimates are based on the valuation method subject to the provisions of the Insurance Code and guidelines set by the Insurance Commission.

At each reporting date, these estimates are reassessed for adequacy and changes will be reflected in adjustments to the liability.

4. **CASH AND CASH EQUIVALENTS**

This account comprises of the following:

| | <u>2022</u> | <u>2021</u> |
|-----------------------|----------------------------|----------------------------|
| Cash in banks | P 12,099,079 | P 36,502,985 |
| Short-term placements | 4,014,016 | - |
| Petty cash fund | <u>-</u> | <u>40,000</u> |
| | <u>P 16,113,095</u> | <u>P 36,542,985</u> |

Cash in banks generally earns interest at rates based on daily banks deposit rates. Short-term placements are made for varying periods ranging from 30 to 90 days and earn effective interest ranging from 1.25% to 1.5% per annum in 2022. The interest earned in cash in banks amounted to P15,692 in 2022 and P22,082 in 2021 and is presented as part of the interest on deposits with banks in the statements of comprehensive income (see Note 21).

5. **LOAN AND OTHER RECEIVABLES**

The details of this account are shown below:

| | <u>2022</u> | <u>2021</u> |
|------------------------------------|----------------------------|----------------------------|
| Contribution loan | P 28,212,190 | P 17,526,602 |
| Accrued interest receivable | 573,931 | - |
| Advances to officers and employees | 25,850 | 21,556 |
| Accounts receivable - others | <u>139,952</u> | <u>15,000</u> |
| | <u>P 28,951,923</u> | <u>P 17,563,158</u> |

Contribution loan represents automatic contributions 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. This loan together with interest is payable on or before his next contribution due date, but if it is not paid, both loan and interest automatically become a new loan on such contribution due date on which interest will be charged at the rate provided by the actuary in effect from that date. The total interest income on this loan amounted to P1,582,041 and P519,691 and was presented as part of the premium and contribution in the statement of comprehensive income.

Accrued interest receivable pertains to interest income earned on bonds but not yet collected by the Association.

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

Accounts receivable - others include benefits paid in advance to employees and small claims of the Association in Basic Life Insurance Plan (BLIP).

The above receivables are expected to be collected within one (1) year from the end of the reporting date. No provision for impairment loss was recognized during the year since the management believes that these receivables are all collectible.

6. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

This account pertains to investment in Unit Investment Trust Funds - BPI Bayanihan Fund (UITF-BBF) amounted to P8,701,514 in 2022 and P5,713,854 in 2021 and was recognized at fair value at the end of the reporting date. The movement of this account is as follows:

| | <u>2022</u> | <u>2021</u> |
|--|---------------------------|---------------------------|
| Balance at beginning of year | P 5,713,854 | P 5,653,947 |
| Addition during the year | 2,987,660 | - |
| Unrealized fair value gain (see Note 21) | <u>-</u> | <u>59,907</u> |
| | <u><u>P 8,701,514</u></u> | <u><u>P 5,713,854</u></u> |

7. SHORT-TERM FINANCIAL ASSETS

The account represents a time deposit with terms of 30 to 90 days and earns interest of 0.625% per annum amounting to P4,000,000 as at December 31, 2022.

Total interest income earned on time deposits as at December 31, 2022 and 2021 amounting to P14,016 and P2,750 which is included in the other income account (see Note 21).

8. PREPAYMENTS

This account pertains to the unamortized portion of prepaid reinsurance premium amounting to P799,755 and P760,587 as at December 31, 2022 and 2021, respectively. This will be amortized over 12 months after the end of each reporting periods.

9. FINANCIAL ASSET AT AMORTIZED COST

This account pertains to the following:

| | <u>2022</u> | <u>2021</u> |
|--------------------------------|---------------------|---------------------|
| Treasury bills (T-bills) | P 36,100,000 | P 18,100,000 |
| Unamortized premium (discount) | (<u>426,947</u>) | (<u>872,675</u>) |
| | <u>P 35,673,053</u> | <u>P 18,972,675</u> |

The T-Bills pertain to investment in bonds - government securities with terms ranging from 3 to 10 years and bears an annual effective interest ranging from 2.63% to 6.88% in 2022 and 2021. The interest earned on this financial asset at amortized cost amounted to P410,650 in 2022 and P1,067,200 in 2021 and are presented as part of Other income in the statements of comprehensive income (see Note 21).

The above investments were set aside in compliance with the Association's registration as a mutual benefit Association.

10. OTHER FUNDS AND DEPOSITS

The account represents time deposit with terms ranging from 30 to 90 days and earns interest of 0.625% per annum. As at December 31, 2022 and 2021, the balance of other funds and deposits amounts to P679,186 and P678,518, respectively.

Total interest income earned on time deposits for year ended December 31, 2022 and 2021 amounting to P668, are included in the other income account (see Note 21).

The above time deposits were restricted for retirement purposes only.

11. PROPERTY AND EQUIPMENT

The gross carrying amounts and the accumulated depreciation at the beginning and end of 2022 and 2021 are shown below:

| | <u>Office Equipment</u> | <u>IT Equipment</u> | <u>Total</u> |
|--------------------------|-----------------------------|-------------------------|----------------------|
| December 31, 2022 | | | |
| Cost | P 1,137,710 | P 2,588,080 | P 3,725,790 |
| Accumulated depreciation | (<u>932,913</u>) | (<u>608,190</u>) | (<u>1,541,103</u>) |
| Net carrying amount | <u>P 204,797</u> | <u>P 1,979,890</u> | <u>P 2,184,687</u> |
| December 31, 2021 | | | |
| Cost | P 885,365 | P 2,219,080 | P 3,104,445 |
| Accumulated depreciation | (<u>809,690</u>) | (<u>589,093</u>) | (<u>1,398,783</u>) |
| Net carrying amount | <u>P 75,675</u> | <u>P 1,629,987</u> | <u>P 1,705,662</u> |

The reconciliation of the carrying amounts at the beginning and end of 2022 and 2021 of property and equipment is shown below:

| | <u>Office Equipment</u> | <u>IT Equipment</u> | <u>Total</u> |
|--|-----------------------------|-------------------------|--------------------|
| Balance at January 1, 2022, net of accumulated depreciation | P 75,675 | P 1,629,987 | P 1,705,662 |
| Additions | 252,345 | 369,000 | 621,345 |
| Depreciation for the year (see Note 22) | (123,223) | (19,097) | (142,320) |
| Balance at December 31, 2022 net accumulated depreciation | <u>P 204,797</u> | <u>P 1,979,890</u> | <u>P 2,184,687</u> |
| Balance at January 1, 2021, net of accumulated depreciation | P 171,530 | P 1,267,575 | P 1,439,105 |
| Additions | 10,500 | 481,900 | 492,400 |
| Depreciation for the year (see Note 22) | (106,355) | (119,488) | (225,843) |
| Balance at December 31, 2021 net accumulated depreciation | <u>P 75,675</u> | <u>P 1,629,987</u> | <u>P 1,705,662</u> |

As at December 31, 2022 and 2021, there was no investment property pledged as collateral for liabilities. There were no expenses recognized related to impairment in both years.

12. LIABILITY ON INDIVIDUAL EQUITY VALUE

This pertains is pertains to fifty percent (50%) of the basic contribution. 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 of at least 50% of the total membership dues collected from the members. The equity is payable to the members upon the 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 the individual equity value of the Association as at December 31, 2022 and 2021 amounted to P42,366,175 and P37,205,783, respectively.

The individual equity value shall earn interest as declared by the Association but in no case lower than the average deposit interest rate that the top three (3) banks in the country offer for their savings deposit. The equity value shall also share in the divisible surplus, if any, of the Association. The Association declares an annual interest of 2% in 2022 and 2021. Total interest expense amounted to P2,371,212 and P1,938,728 as of December 31, 2022 and 2021, respectively, presented as part of other benefit expenses in the statements of comprehensive income (see Note 22).

13. MEMBERS' CONTRIBUTIONS RECEIVED IN ADVANCE

This account represents members contribution received which is not yet due/earned amounted to P3,415,209 and P2,803,832 as of December 31, 2022 and 2021, respectively. The account is expected to be applied within the next reporting date.

14. CLAIMS PAYABLE ON BASIC CONTINGENT BENEFIT

This account represents the sum of the individual claims on the membership certificate amounting to P2,702,773 and P2,339,455 as of December 31, 2022 and 2021, respectively, 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 the reinsurers. During the year, claims benefit payables have already been settled.

15. OPTIONAL BENEFIT RESERVES

Optional benefit reserve represents the total actuarial reserve amounting to P4,618,650 and P4,217,557 as of December 31, 2022 and 2021, respectively, set up by the Association pertaining to the policies under optional benefit that is in force as at the end of the accounting period. It refers to the amount of liability that the Association establishes for an optional policy to meet the contractual obligation as it falls due. Actuarial valuations were performed to determine if the reserve is enough to cover this obligation, its actuarial report was dated March 14, 2023 and March 27, 2022, respectively.

16. CLAIM PAYABLE ON OPTIONAL BENEFIT

This account represents the sum of the individual claims on optional policies that have already occurred but on which notice has not yet been received by the Association amounting to P2,033,536 and P1,760,179 as of December 31, 2022 and 2021, respectively. This estimate takes into account any policy reserve liability set up by the Association and any reinsurers.

17. BASIC CONTINGENT BENEFIT RESERVE

This represents the total actuarial reserve amounting to P6,409,312 and P6,023,984 as of December 31, 2022 and 2021, respectively, set up by the Association pertaining to the basic life benefit that is in force at the end of the accounting period. It refers to the amount of liability that the Association establishes for a certificate to meet the contractual obligation as it falls due. Actuarial valuations were performed to determine the reserve, its actuarial report was dated March 14, 2023 and March 27, 2022, respectively.

18. OTHER PAYABLES

This account consists of the following:

| | <u>2022</u> | <u>2021</u> |
|---|--------------------|--------------------|
| Accrued expenses | P 1,002,208 | P 668,548 |
| SSS, Pag-ibig and Philhealth contribution payable | 58,382 | 245,079 |
| Withholding tax payable | 12,706 | 51,628 |
| Accounts payable - others | <u>2,731,602</u> | <u>2,961,133</u> |
| | <u>P 3,804,898</u> | <u>P 3,926,388</u> |

Accrued expenses pertain to accruals of professional fees and other unpaid benefits of the Association's employees which are normally settled within one to three months after the end of the reporting period.

SSS, Pag-ibig, and Philhealth contributions payable and withholding tax payable pertain to statutory payables to BIR and other government agencies which are remitted at an average term of 10-25 days after the end of the financial reporting period.

Accounts payable – others pertain to unidentified deposits, advance payments, due from brother's management system, employee's dues, insurance and commission payable.

19. EMPLOYEE BENEFITS

Expenses recognized for salaries and employee benefits are presented below:

| | <u>2022</u> | <u>2021</u> |
|--------------------------------|--------------------|--------------------|
| Salaries and employee benefits | P 3,925,569 | P 3,564,887 |
| Employee welfare and benefits | 849,875 | 704,060 |
| Social security costs | 270,007 | 229,506 |
| Post-employment benefit costs | <u>268,191</u> | <u>196,806</u> |
| | <u>P 5,313,642</u> | <u>P 4,695,259</u> |

Post-Employment Benefits

The Board of Trustees duly approved the adoption of the Republic Act (R.A.) No. 7641, the provision on providing retirement benefits to its employees. The Association's net defined benefit liability amounted to P409,029 and P431,574 as at December 31, 2022 and 2021, respectively.

The Association has a plan asset that is restricted from withdrawal to support its post-employment benefits liability (see Note 7).

Actuarial valuations were performed to determine the retirement expenses and liability to be recognized in the financial statement of NATCCO MBI on February 3, 2023 and January 22, 2022 for the years ended December 31, 2022 and 2021, respectively, in accordance with the Philippine Accounting Standards No. 19 (PAS 19) 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 the 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 results 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 is presented as follows:

| | <u>2022</u> | <u>2021</u> |
|-------------------------------|------------------|-------------------|
| Net defined benefit liability | | |
| at beginning of year | P 431,574 | P 766,215 |
| Post-employment benefit cost | 268,191 | 196,806 |
| Remeasurement of net defined | | |
| benefit liability (asset) | (290,736) | 147,071 |
| Retirement fund | <u>-</u> | <u>(678,518)</u> |
| Balance at end of year | <u>P 409,029</u> | <u>P 431,574</u> |

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

| | <u>2022</u> | <u>2021</u> |
|---|------------------|-------------------|
| Present value of defined benefit liability | | |
| at beginning of year | P 431,574 | P 766,215 |
| Remeasurement of net defined | | |
| benefit liability (asset) | (290,736) | 147,071 |
| Current service cost | 212,353 | 168,916 |
| Net interest in the net defined benefit liability | 55,838 | 27,890 |
| Retirement fund | <u>-</u> | <u>(678,518)</u> |
| Present value of defined benefit liability | | |
| at end of year | <u>P 409,029</u> | <u>P 431,574</u> |

20. PREMIUMS AND CONTRIBUTIONS

The account consists of the following:

| | <u>2022</u> | <u>2021</u> |
|------------------------------------|---------------------|---------------------|
| Members contributions | P 40,281,076 | P 36,705,796 |
| Premiums | 17,551,666 | 16,278,869 |
| Premiums ceded to reinsurers-micro | <u>(1,931,692)</u> | <u>(1,565,799)</u> |
| | <u>P 55,901,050</u> | <u>P 51,418,866</u> |

Members' contributions represent considerations given by the member in exchange for the promises of the Association to pay a 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 a stipulated sum in the event of a loss covered under the optional insurance contract of the Association.

21. OTHER INCOME

The account consists of the following:

| | <u>2022</u> | <u>2021</u> |
|--------------------------------------|------------------|--------------------|
| Interest income - investments | P 410,650 | P 1,067,200 |
| Interest income - bank deposits | 15,692 | 22,082 |
| Donations and contributions received | 18,000 | 5,000 |
| Interest income - time deposit | 14,684 | 2,750 |
| Fair value gain | <u>-</u> | <u>59,907</u> |
| | <u>P 459,026</u> | <u>P 1,156,939</u> |

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

Fair value gain pertains to the change of market value in Unit Investment Trust Funds - BPI Bayanihan Fund (UITF-BBF).

22. EXPENSES

Benefit Expense

The composition of this account is as follows:

| | <u>2022</u> | <u>2021</u> |
|---|---------------------|---------------------|
| Net benefits/claims- basic benefits | P 11,655,418 | P 12,239,384 |
| Net benefits/claims - optional - micro | 7,320,665 | 6,827,461 |
| Benefits/claims - basic benefits (burial) | <u>338,000</u> | <u>376,000</u> |
| | <u>P 19,514,083</u> | <u>P 19,442,845</u> |

Benefits/claims expense represents the aggregate losses and claims, including a 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 premiums.

Other Benefit Expenses

Below are the details of other benefit expenses:

| | <u>2022</u> | <u>2021</u> |
|---|---------------------|---------------------|
| Membership enrollment and marketing expense | P 8,992,630 | P 8,054,321 |
| Increase in reserve for basic contingent benefit | 385,328 | 5,317,500 |
| Increase in liability on individual equity value | 8,613,997 | 4,419,172 |
| Increase in reserve for optional benefit | 401,093 | 2,180,774 |
| Other expenses for members | <u>21,400</u> | <u>21,052</u> |
| | <u>P 18,414,448</u> | <u>P 19,992,819</u> |

Operating Expenses

The details of these accounts are shown below:

| | <u>2022</u> | <u>2021</u> |
|--|---------------------|--------------------|
| Salaries, wages and other employee benefits (see Note 19) | P 5,313,642 | P 4,695,259 |
| Meetings and conferences | 1,399,298 | 1,541,916 |
| Professional and technical development | 1,225,610 | 422,414 |
| Travel expenses | 661,674 | 348,322 |
| Technical and professional fees | 465,354 | 296,729 |
| Utility expense | 344,061 | 308,288 |
| Representation | 310,188 | 68,838 |
| Annual general assembly | 183,051 | 117,827 |
| Depreciation expense (see Note 11) | 142,320 | 225,843 |
| Taxes, licenses and fees (see Note 32) | 107,518 | 12,725 |
| Office supplies | 71,979 | 62,570 |
| Rental (see Note 26) | 63,158 | 89,250 |
| Bank and other charges | 55,704 | 29,860 |
| Dues and subscription | 45,450 | 57,454 |
| Investment management fees | 39,000 | 48,000 |
| Repairs and maintenance | 6,898 | 26,260 |
| Insurance expense | 5,986 | 40,528 |
| Social and community service | - | 115,100 |
| Miscellaneous | <u>166,446</u> | <u>51,626</u> |
| | <u>P 10,607,337</u> | <u>P 8,558,809</u> |

23. TAX EXPENSE

As mentioned in Note 1, the Association is exempt from the payment of income tax under Section 30c of the National Internal Revenue Code.

24. FUND BALANCE

Assigned Fund Balance

This account consists of the following:

| | <u>2022</u> | <u>2021</u> |
|------------------|--------------------|--------------------|
| Guaranty fund | P 2,782,964 | P 2,649,233 |
| Members' benefit | <u>1,231,586</u> | <u>1,231,586</u> |
| | <u>P 4,014,550</u> | <u>P 3,880,819</u> |

The reconciliation of the assigned fund balance is presented below:

| | <u>2022</u> | <u>2021</u> |
|-------------------------------------|---------------------|---------------------|
| Balance at beginning of year | P 21,981,382 | P 19,332,149 |
| Additional reserves during the year | <u>2,854,590</u> | <u>2,649,233</u> |
| Balance at end of year | <u>P 24,835,972</u> | <u>P 21,981,382</u> |

Fund Assigned for Guaranty Fund

In compliance with Sec. 405 of the Insurance Code of the Philippines (as amended by R.A. No. 10607, dated August 15, 2013), the Association has constituted and established a guaranty fund which is deposited with the Insurance Commission as a primary requirement for a license to operate of every mutual benefits association. Any accrual to such fund, be it interest earned or dividend additions on money 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 contributions from members, set up by the Association amounted to P2,782,964 and P2,649,233 for the years ended December 31, 2022 and 2021, respectively.

Fund Assigned for Member's Benefit

It is a fund set aside for the benefit of the member of the Association.

Revaluation Reserve

The Association's revaluation reserves pertain to remeasurements of the post-employment defined benefit plan amounting to P449,543 and P158,807 as at December 31, 2022 and 2021.

25. RELATED PARTY TRANSACTIONS AND RELATIONSHIP

The Association's related parties include the Association's key management personnel.

The Association's transactions and outstanding balance with its related parties follows:

| | 2022 | | 2021 | |
|--------------------------------|---------------------------|------------------------|---------------------------|------------------------|
| | Amount of Transactions | Outstanding Balance | Amount of Transactions | Outstanding Balance |
| Key Management Compensation | P - | P 733,656 | P - | P 852,000 |

Key management refer to the President of the Association.

The compensation of key management personnel pertains mainly to short-term benefits amounting to P733,656 in 2022 and P852,000 in 2021.

26. COMMITMENTS AND CONTINGENCIES

Lease Commitment

The Association entered into a lease agreement for its office space. The lease has a term of one year renewable at the expiration of the contract as mutually agreed by the lessor. The Association has elected not to recognize a lease liability on short-term leases. Payments made under such leases are expensed on a straight-line basis. Total rentals from this operating lease amounted to P63,158 and P89,250 in 2022 and 2021, respectively (see Note 22).

Others

In the normal course of business, the Association makes various commitments and incurs certain contingent liabilities that are not given recognition in the Association's financial statements. As at December 31, 2022 and 2021, management believes that losses, if any, that may arise from these commitments and contingencies will not have a material effect on the Association's financial statements.

27. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Association is exposed to a variety of financial risks in relation to financial instruments. The Association's financial assets and liabilities by category are summarized in Note 28. The main types of risks are market risk, credit risk and liquidity risk.

The management takes charge of the Association's overall risk management strategies which are focused on actively monitoring and securing the Association's short to medium-term cash flows by minimizing exposure to financial markets.

The Association does not engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Association is exposed are described below.

Market Risk

The Association is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks which result from both its operating and investing activities.

a. Foreign Currency Sensitivity

The Association has no significant exposure to foreign currency risks as most transactions are denominated in the Philippine peso, its functional currency.

b. Interest Rate Sensitivity

The Association's policy is to minimize interest rate cash flow risk exposures on long-term financing. The Association is exposed only to changes in market interest rates through its cash and cash equivalents, a financial asset at amortized cost and other funds and deposits as there are no existing bank borrowings. All other financial assets (such as loans and receivables) and financial liabilities (such as accounts payable and members' deposits) have fixed interest rates.

The table below illustrates the sensitivity of the Association's impact on profit or loss before tax and equity to a reasonably possible change in interest rates of +/- 1.82% and +/-1.90% in 2022 and 2021, respectively. These changes are considered to be reasonably possible based on the observation of current market conditions. The calculations are based on a change in the average market interest rate for each period and the financial instruments held at the end of each reporting period that is sensitive to changes in interest rates. All other variables are held constant.

| | | 2022 | | 2021 | |
|--------------------------|---|-----------|---------------|-------------|---------------|
| | | +1.82 | -1.82 | +1.90 | -1.90 |
| Impact on profit or loss | P | 2,391,614 | (P 2,391,614) | P 1,898,269 | (P 1,898,269) |
| Impact on equity | | 2,391,614 | (2,391,614) | 1,898,269 | (1,898,269) |

c. Other Price Risk Sensitivity

Price risk is the risk that the Association incurs losses due to changes in market values of financial instruments arising from movements in market prices.

As at December 31, 2022 and 2021, the Association has minimal exposure to price risk since the financial instruments held by the Association mostly pertains to cash in bank, short-term investment, loans and other receivables, long-term investments and other financial liabilities which are not affected by movements in market prices.

Credit Risk

Credit risk is the risk that the counterparty fails to discharge an obligation to the Association. The Association is exposed to this risk for various financial instruments, for example by granting loans and receivables to borrowers and placing deposits and investments in bonds.

An analysis of the maximum exposure to credit risk, net of allowance for credit and impairment losses, to credit risk exposures before taking into account any collateral held or other credit enhancements for the components of the statements of financial position is shown below:

| | <u>2022</u> | <u>2021</u> |
|---|---------------------|---------------------|
| Cash and cash equivalent | P 16,113,095 | P 36,502,985 |
| Loans and other receivables | 28,951,923 | 17,563,158 |
| Financial asset at fair value through profit or loss | 8,701,514 | 5,713,854 |
| Short-term financial assets | 4,000,000 | - |
| Other funds and deposits | 679,186 | 678,518 |
| Financial assets at amortized cost | <u>35,673,053</u> | <u>18,972,675</u> |
| | <u>P 94,118,771</u> | <u>P 79,431,190</u> |

The credit risk for cash, short-term placement is considered negligible since the counterparties are reputable banks with high-quality external credit ratings. Financial assets at an amortized cost measured at amortized cost and FVPTL are considered to have low credit risk. Management considers low credit risk for listed bonds to be an investment-grade credit rating with at least one major rating agency. Deposits with banks are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P500,000 for every depositor per banking institution. Financial asset at amortized cost consists of T-bills issued by the Philippine government, hence low credit risk. The Association is considered to have low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

In respect of loans and receivables, the Association is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Based on historical information about members' default rates, management considers the credit quality of loan receivables that are not past due or impaired to be good.

The Association applies the PFRS 9 simplified approach in measuring ECL which uses a lifetime expected loss allowance for all loans and receivables. To measure the expected credit losses accounts receivable have been grouped based on shared risk characteristics and days past due. As at December 31, 2022, and 2021, no past due on loans and other receivables. None of the receivables is impaired.

Liquidity Risk

Liquidity risk is generally defined as the current and prospective risk to earnings or capital arising from the Association's inability to meet its obligations when they fall due without incurring unacceptable losses or costs.

The Association's Management Committee is responsible for the overall management and oversight of the Association's liquidity profile, while the day-to-day management of liquidity is assumed by the Finance Department. A cash flow mismatch analysis is used to measure the Association's liquidity. A maturity ladder is constructed to determine the cumulative net excess or deficit of funds at appropriate time bands. Net cumulative outflow limits have been put in place to ensure that the Association's funding requirements are not strained.

The tables below summarize the maturity profile of the Association's financial instruments:

| | 2022 | | | | |
|--|-----------------------|--------------------|------------------|---------------------|---------------------|
| | On Demand | Less than 3 Months | 3 to 12 Months | Over 1 Year | Total |
| Financial assets: | | | | | |
| Cash and cash equivalent | P 12,099,079 | P 4,014,016 | P - | P - | P 16,113,095 |
| Loans and other receivables | 28,951,923 | - | - | - | 28,951,923 |
| Financial asset at fair value through profit or loss | 8,701,514 | - | - | - | 8,701,514 |
| Short-term financial assets | - | 4,000,000 | - | - | 4,000,000 |
| Other funds and deposits | - | - | 679,186 | - | 679,186 |
| Financial asset at amortized cost | - | - | - | 35,673,053 | 36,573,053 |
| | <u>P 49,752,516</u> | <u>P 8,014,016</u> | <u>P 679,186</u> | <u>P 35,673,053</u> | <u>P 94,118,771</u> |
| Financial liabilities: | | | | | |
| Liability on individual equity | P 42,366,175 | P - | P - | P - | P 42,366,175 |
| Members contribution received in advance | 3,415,209 | - | - | - | 3,415,209 |
| Claims payable on basic contingent benefit | 2,702,773 | - | - | - | 2,702,773 |
| Optional benefit reserve | 4,618,650 | - | - | - | 4,618,650 |
| Claims payable on optional benefit | 2,033,536 | - | - | - | 2,033,536 |
| Basic contingent on benefit reserve | 6,409,312 | - | - | - | 6,409,312 |
| Other payables | - | 3,733,810 | - | - | 3,733,810 |
| | <u>P 61,545,455</u> | <u>3,733,810</u> | <u>-</u> | <u>-</u> | <u>65,279,265</u> |
| Cumulative gap | <u>(P 11,793,139)</u> | <u>P 4,280,206</u> | <u>P 679,186</u> | <u>P 35,673,053</u> | <u>P 28,839,306</u> |

| | 2021 | | | | |
|---|---------------------|-----------------------|-------------------|---------------------|---------------------|
| | On Demand | Less than 3 Months | 3 to 12 Months | Over 1 Year | Total |
| Financial assets: | | | | | |
| Cash and cash equivalent | P 36,502,985 | P - | P - | P - | P 36,502,985 |
| Loans and other receivables | 17,563,158 | - | - | - | 17,563,158 |
| Financial asset at fair value through profit or loss | 5,713,854 | - | - | - | 5,713,854 |
| Other funds and deposits | - | - | 678,518 | - | 678,518 |
| Financial assets at amortized cost | - | - | - | 18,972,675 | 18,972,675 |
| | <u>P 59,779,997</u> | <u>P -</u> | <u>P 678,518</u> | <u>P 18,972,675</u> | <u>P 79,431,190</u> |
| Financial liabilities: | | | | | |
| Liability on individual equity | P 37,205,783 | P - | P - | P - | P 37,205,783 |
| Members contribution received in advance | 2,808,832 | - | - | - | 2,808,832 |
| Claims payable on basic contingent benefit | 2,339,455 | - | - | - | 2,339,455 |
| Optional benefit reserve | 4,217,557 | - | - | - | 4,217,557 |
| Claims payable on optional benefit | 1,760,179 | - | - | - | 1,760,179 |
| Basic contingent on benefit reserve | 6,023,984 | - | - | - | 6,023,984 |
| Other payables | - | 3,874,760 | - | - | 3,874,760 |
| | <u>P 54,350,790</u> | <u>3,874,760</u> | <u>-</u> | <u>-</u> | <u>58,225,550</u> |
| Cumulative gap | <u>P 5,429,207</u> | <u>(P 3,874,760)</u> | <u>P 678,518</u> | <u>P 18,972,675</u> | <u>P 21,201,640</u> |

To ensure that the Association maintains a prudent management level of the cumulative negative gap, the Association maintains a pool of highly liquid assets in the form of short-term investments.

28. FAIR VALUE MEASUREMENT AND DISCLOSURES

Carrying Amounts and Fair Values by Category of Financial Assets

The following tables set forth the carrying values and estimated fair values of financial assets and liabilities, by category and by class, recognized as at December 31, 2022, and 2021:

| | 2022 | | 2021 | |
|--|---------------------|---------------------|---------------------|---------------------|
| | Carrying Value | Fair Value | Carrying Value | Fair Value |
| Financial Assets | | | | |
| Cash and cash equivalent | P 16,113,095 | P 16,113,096 | P 36,502,985 | P 36,502,985 |
| Loan and other receivables | 28,951,923 | 28,951,923 | 17,563,158 | 17,563,158 |
| Financial assets at fair value through profit or loss | 8,701,514 | 8,701,514 | 5,713,854 | 5,713,854 |
| Short-term financial assets | 4,000,000 | 4,000,000 | - | - |
| Other funds and deposits | 679,186 | 679,186 | 678,518 | 678,518 |
| Financial assets at amortized cost | <u>35,673,053</u> | <u>35,673,053</u> | <u>18,972,675</u> | <u>18,972,675</u> |
| | <u>P 94,118,771</u> | <u>P 94,118,771</u> | <u>P 79,431,190</u> | <u>P 79,431,190</u> |

| | 2022 | | 2021 | |
|--|----------------|--------------|----------------|--------------|
| | Carrying Value | Fair Value | Carrying Value | Fair Value |
| Financial Liabilities | | | | |
| Liability on individual equity | P 42,366,175 | P 42,366,175 | P 37,205,783 | P 37,205,783 |
| Members contribution received in advance | 3,415,209 | 3,415,209 | 2,803,832 | 2,803,832 |
| Claims payable on basic | | | | |
| Contingent benefit | 2,702,773 | 2,702,773 | 2,339,495 | 2,339,495 |
| Optional benefit reserve | 4,618,680 | 4,618,680 | 4,217,557 | 4,217,557 |
| Claims payable on optional benefit | 2,033,536 | 2,033,536 | 1,760,179 | 1,760,179 |
| Basic contingent benefit reserve | 6,409,312 | 6,409,312 | 6,023,984 | 6,023,984 |
| Other payables | 3,733,810 | 3,733,810 | 3,874,760 | 3,874,760 |
| | P 69,279,465 | P 69,279,465 | P 58,225,550 | P 58,225,550 |

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

i. *Cash in banks*

The carrying amounts approximate fair values given the short-term nature of the instruments.

ii. *Loans and other receivables, Short-term Investments and Financial Asset at Amortized Cost*

Loans and other receivables, short-term investments and financial assets at amortized cost are net of impairment losses. The estimated fair value of loans and receivables, short-term investment and financial asset at amortized cost represents the discounted amount of estimated future cash flows expected to be received. Long-term interest-bearing loans are periodically repriced at interest rates equivalent to the current market rates, to determine fair value.

iii. *Financial Asset at FVTPL*

Financial Asset at FVTPL is recognized initially at cost and subsequently measured at their fair value.

iv. *Liability on Individual Equity Value, Claims Payable on Optional benefit and Other Payable*

These liabilities are recognized initially at their fair value and subsequently measured at amortized cost. Fair value of these liabilities approximates their carrying values.

v. *Optional Benefit reserves and Basic Contingent Benefit Reserve*

These liabilities are recognized initially at their fair value and subsequently measured based on actuarial valuation.

Fair Value Hierarchy

In accordance with PFRS 13, the fair value of financial assets and financial 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 disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

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

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement. There have been no significant transfers among Levels 1, 2 and 3 in the reporting periods.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For financial assets and liabilities which do not have quoted market price, the fair value is determined by using generally accepted pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Association uses a valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity-specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

There have been no significant transfers among Levels 1, 2 and 3 in the reporting periods. Cash and cash equivalents and financial assets at amortized cost are categorized as Level 1. Financial asset at FVTPL is categorized at Level 2. Loans and receivables and financial assets at amortized cost and all financial liabilities are categorized as Level 3.

Fair Value Measurement for Non-financial Assets

There were non-financial assets measured at fair value as at December 31, 2022 and 2021.

29. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Association's capital management objectives are to ensure the Association's ability to continue as a going concern and to provide an adequate return to members by pricing products and services commensurately with the level of risk.

The Association sets the amount of capital in proportion to its overall financing structure, i.e., equity and financial liabilities. The Association manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Association may adjust the amount of dividends paid to members or sell assets to reduce debt.

The Association monitors capital on the basis of the carrying amount of equity as presented on the face of the statements of financial position. Capital for the reporting periods under review is summarized as follows:

| | <u>2022</u> | <u>2021</u> |
|----------------------|--------------------|--------------------|
| Total liabilities | P 65,759,582 | P 58,708,752 |
| Total equity | <u>31,343,631</u> | <u>23,228,687</u> |
| Debt-to-equity ratio | <u>P 2.10:1.00</u> | <u>P 2.53:1.00</u> |

Risk-Based Capital (RBC) Requirements

On December 8, 2006, the IC issued Insurance Memorandum Circular (IMC) No. 11-2006, *Adoption of Risk-Based Capital Framework For The Philippine Mutual Benefit Associations*, prescribes that all Mutual Benefit Association (MBA) must satisfy the minimum statutory RBC ratio of 100% and not fail the trend test as stated under II.A.2 of the IC Memorandum.

Every MBA is annually required to maintain a minimum RBC ratio of 100% and not fail the trend test. The trend test has failed, in the event that:

- a. The RBC ratio is less than 125% but is not below 100%
- b. The RBC ratio has decreased over the past year
- c. The difference between the RBC ratio and the decrease in the RBC ratio over the past year is less than 100%

Failure to meet the RBC ratio shall subject the insurance company to the corresponding regulatory intervention which has been defined at various levels.

30. NON-ADMITTED ASSETS AND LIABILITIES

Pursuant to Section 197 of the Insurance Code, certain assets are classified and presented as non-admitted assets which consist of the following:

| | <u>2022</u> | <u>2021</u> |
|-----------------------------|------------------|-----------------|
| Property and equipment | P 204,797 | P 75,675 |
| Accrued interest receivable | <u>573,931</u> | <u>-</u> |
| | <u>P 778,728</u> | <u>P 75,675</u> |

31. RECLASSIFICATION OF COMPARATIVE AMOUNT

Certain amounts in the 2021 comparative financial statements and note disclosures have been reclassified to conform to the current year's presentation. The reclassification is presented below:

| | | <u>As previously Reported</u> | <u>Adjustment</u> | | <u>As Reclassified</u> |
|---------------------------|---|-----------------------------------|-------------------|---|------------------------|
| Loans and receivables | P | 36,556 | 17,526,602 | P | 17,563,158 |
| Members' certificate loan | | 17,526,602 (| 17,526,602) | | - |

Management believes that the above reclassification resulted in a better presentation of accounts and did not have any impact on the prior year's profit or loss.

32. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Presented below and in succeeding pages, are the supplementary information that is required by the Bureau of Internal Revenue (BIR) under its existing revenue regulation to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS for MBAs.

Requirements under Revenue Regulations (RR) 15-2010

The information on taxes, duties and license fees paid or accrued during the taxable year required under RR 15-2010 are as follows:

a. Output Value-added Tax (VAT)

The Association does not have output VAT for the year since there were no transactions subject to VAT.

b. Input VAT

Input VAT arising from various purchases was directly charged by the Association as cost and expense.

c. Tax on Importation

The Association has no tax on importation since it does not have any transactions which are subject to importation tax.

d. Excise Tax

The Association does not have excise tax in any of the years presented since it does not have any transactions which are subject to the excise tax.

e. Documentary Stamp Tax

The Association did not pay for documentary stamp tax for the year 2022.

f. Taxes and Licenses

The details of taxes and licenses account are broken down as follows:

| | | |
|----------------------|---|----------------|
| License renewal - IC | P | 90,900 |
| Business permits | | 11,437 |
| Annual registration | | 500 |
| Others | | <u>4,681</u> |
| | P | <u>107,518</u> |

g. Withholding Taxes

The details of total withholding taxes for the year ended December 31, 2022 are shown below:

| | | |
|--------------|---|----------------|
| Compensation | P | 186,006 |
| Expanded | | <u>53,017</u> |
| | P | <u>239,023</u> |

h. Deficiency Tax Assessment and Tax Case

As at December 31, 2022, the Association neither has any deficiency tax assessment with the BIR nor tax case outstanding nor pending in courts or bodies outside the BIR in any of the open years.

Requirements under Revenue Regulations (RR) 34-2020

On December 18, 2020, the BIR issued RR 34-2020 which prescribes the guidelines and procedures for the submission of BIR Form No. 1709, Transfer Pricing Documentation (TPD) and other supporting documents. As at December 31, 2022, the Association is not covered by the requirements and procedures for related party transactions provided under this RR.



**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY SEC SCHEDULES FILED SEPARATELY
FROM THE BASIC FINANCIAL STATEMENTS**

**The Board of Trustees and Members
National Confederation of Cooperatives
Mutual Benefits Association (NATCCO MBA), Inc.
(A Non-Stock, Non-Profit Association)
227 J.P. Rizal St., Bayanihan
Project 4, Quezon City**

We have audited in accordance with Philippine Standards on Auditing, the financial statements of **National Confederation of Cooperatives Mutual Benefits Association (NATCCO MBA), Inc. (A Non-Stock, Non-Profit Association)** for the year ended December 31, 2022, on which we have rendered our report dated April 3, 2023. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The following schedules as of and for the year ended December 31, 2022 are presented for purposes of additional analysis in compliance with the requirements of Securities Regulation Code Rule 68, and are not required parts of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards (PFRS) applicable to Mutual Benefit Associations (MBAs):

1. NSPO Form 1 - Sworn Statement Documents/Schedules to the Audited Financial Statements as of December 31, 2022;
2. NSPO Form 2 - Affidavit of Willingness to be Audited by the Commission;
3. NSPO Form 3 - Schedule of Receipts or Income or Sources of Funds Other Than Contributions and Donations; and,
4. NSPO Form 4 - Schedule of Contributions and Donations

FIRM ACCREDITATION**Aquino, Mata, Calica & Associates**

BOA Accreditation No. 4275 - valid until June 28, 2023

BIR Accreditation No. 08-002582-001-2020 - valid until October 7, 2023

SEC Accreditation No. 4275-SEC (Group A) - valid until 2022 audit

IC Accreditation No. 4275-IC (Group A) - valid until December 31, 2024

BSP Accreditation No. 4275-BSP (Group B) - valid until December 31, 2025

CDA CEA No. 075-AE - June 2, 2021 to June 1, 2024

Suite 1801 - 1807 Cityland Condominium 19 Tower 2, H.V. Dela Costa St., Makati City, Philippines

Tel. No.: (02) 8841.0462 • Fax No.: (02) 8893.0287



Such supplementary information is the responsibility of management. The supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

AMC & ASSOCIATES

A handwritten signature in black ink, appearing to read "Joseph Cedric V. Calica".

By **Joseph Cedric V. Calica**
Partner

CPA Cert. No. 94541

TIN 163-257-226-000

PTR No. 9566559, Jan. 3, 2023, Makati City

BIR Accreditation No. 08-002582-1-2020

(Oct. 8, 2020 to Oct. 7, 2023)

SEC Accreditation No. 94541-SEC (Group A)

(valid until 2022 audit period)

IC Accreditation No. 94541-IC (Group A)

(valid until Dec. 31, 2024)

BSP Accreditation No. 94541-BSP (Group B)

(valid until Dec. 31, 2025)

April 3, 2023

FIRM ACCREDITATION

Aquino, Mata, Calica & Associates

BOA Accreditation No. 4275 - valid until June 28, 2023

BIR Accreditation No. 08-002582-001-2020 - valid until October 7, 2023

SEC Accreditation No. 4275-SEC (Group A) - valid until 2022 audit

IC Accreditation No. 4275-IC (Group A) - valid until December 31, 2024

BSP Accreditation No. 4275-BSP (Group B) - valid until December 31, 2025

CDA/CEA No. 075-AF - June 2, 2021 to June 1, 2024

SWORN STATEMENT

We, **Minerva G. Tejada** and **Zorahayda A. Cafirma**, President and Treasurer, respectively, of **National Confederation of Cooperatives Mutual Benefits Association (NATCCO MBA), Inc.** with address at 227 JP. Rizal Street Bayanihan, Project 4, Quezon City hereby depose and state that:

In compliance with the Revised SRC Rule 68, we are stating the following information that related to the preceding fiscal year December 31, 2022 to wit:

| Documents/Schedules to the Audited Financial Statements as of December 31, 2022 | NSPO Forms | Check if Applicable |
|---|-------------|---------------------|
| 1. Affidavit of Willingness to be Audited by the Commission | NSPO Form-2 | ✓ |
| 2. Schedule of Receipts or Income or Sources of Funds Other Than Contributions and Donations | NSPO Form-3 | ✓ |
| 3. Schedule of Contributions and Donations | NSPO Form-4 | ✓ |
| 4. Schedule of Application of Funds | NSPO Form-5 | N/A |
| 5. Certificate of Existence of Program/Activity (COEP) | | N/A |
| 6. COEP issued by Heads/Officers of private institution or actual beneficiaries/recipients of the program/activity shall be allowed in lieu of COEP issued by the government offices/entities | | N/A |

We hereby certify that this Sworn Statement with duly attached documents/schedules is executed to attest to the truth of the foregoing and for whatever legal purpose it may serve.

In witness whereof, we have hereunto affixed our signature this 01 day of April, 2023 at CITY OF MANILA, Philippines.

Minerva G. Tejada

President

Zorahayda A. Cafirma

Treasurer

Subscribed and sworn to before me, a Notary Public for and in CITY OF MANILA City, on 01 day of April, 2023, at CITY OF MANILA, Philippines, exhibiting their respective competent evidence of Identification Card _____ issued at _____ issued on _____.

NOTARY PUBLIC

Doc No. _____
Page No. _____
Book No. _____
Series of 2023 _____

ATTY. ROLANDO LAS PIÑAS

Notary Public City of Manila

Notarial Commission No. 2023/016

Until Dec. 31 2024

240-C.A.H. Lacson St., Samp. Mia.

Roll of Attorney No. 84035

PTR No. 0822024/JAN 13, 2023/MLA

IFP Membership No. 243349 / 06/20/2022

MCLE Exempted G.D.O. 1s. 2018

NSPO Form - 2

REPUBLIC OF THE PHILIPPINES

AFFIDAVIT OF WILLINGNESS TO BE AUDITED BY THE COMMISSION

I, **MINERVA G. TEJADA**, of legal age, Filipino and resident of 123 Doce 36 St., Brgy. 156, Caloocan City 1400, after having been sworn to in accordance with law hereby depose and state:

I am the President of **National Confederation of Cooperatives Mutual Benefits Association (NATCCO MBA), Inc.**, a non-stock, non-profit organization registered with the Securities and Exchange Commission.

That I, as authorized by the Board of Trustees of the Association, hereby manifest its willingness to be audited by the Commission upon its Order and Authority for the purpose of determining compliance of the Association with existing laws and regulations.

That this affidavit is executed to attest to the truth of the foregoing and for whatever legal purpose and intent it may serve.

In witness whereof, I hereby sign this affidavit this APR 04 2023 day of 2023, at

CITY OF MANILA
MINERVA G. TEJADA

Affiant

(Signature over Printed Name)

SUBSCRIBED AND SWORN to before me this APR 04 2023, affiant exhibiting to me his _____ issued on _____ at _____ as competent evidence of identity.

Doc No. 1472
Page No. 1
Book No. 1
Series of 2023

ATTY. ROLANDO LAS PIÑAS

Notary Public - City of Manila

Notarial Commission No. 2023/016

Until Dec. 31 2024

240 C.A.H. Lacson St., Semp. Mia.

Roll of Attorney No. 84035

PTR No. 0822024/JAN 3, 2023/MLA

IBP Membership No. 241549 / 06/20/2022

MCLE Exempted G.D.O. - Is. 2018

**SCHEDULE OF RECEIPTS OR INCOME OR SOURCES OF FUNDS
OTHER THAN CONTRIBUTIONS AND DONATIONS**

Name of
Foundation/Organization:

**National Confederation of Cooperatives Mutual
Benefits Association (MBA), Inc.**

SEC Registration
No.

CN2000905690

For the Year Ended

December 31, 2022

Receipts or Income or Sources of Funds

| (a) No. | (b) Description of Income | (c) Source | (d) Amount (indicate by footnote if other than Philippine currency, then translate in this column) | (e) Date received/ Period Covered |
|------------|---|-----------------------------------|---|---|
| 1 | Interest on deposits with banks | Interest on deposits with bank | P441,026 | January 1 to December 31, 2022 |
| 2 | Premiums and Contributions | Members | P55,901,050 | January 1 to December 31, 2022 |
| 3 | | | | |
| 4 | | | | |
| 5 | | | | |
| 6 | | | | |
| 7 | | | | |
| 8 | | | | |
| 9 | | | | |
| 10 | Others (aggregate of all sources of income which are individually below P100,000.00) | | | |

SCHEDULE OF CONTRIBUTIONS AND DONATIONS (PART I)

Name of
Foundation/Organization:
**National Confederation of Cooperatives Mutual Benefits
Association (MBA), Inc.**

SEC Registration
No.
CN2000905690

For the Year Ended

December 31, 2022

Part I. Contributors/Donors²

| (a) No. | (b) Name and Address | (c) Nationality ³ | (d) Total Contributions | (e) Type of Contribution ⁴ |
|--|--|---------------------------------|----------------------------|---|
| 1 | | | | <input type="checkbox"/> cash <input type="checkbox"/> non/cash (Complete part II if there is a noncash contribution) |
| 2 | | | | <input type="checkbox"/> cash <input type="checkbox"/> non/cash (Complete part II if there is a noncash contribution) |
| 3 | | | | <input type="checkbox"/> cash <input type="checkbox"/> non/cash (Complete part II if there is a noncash contribution) |
| 4 | | | | <input type="checkbox"/> cash <input type="checkbox"/> non/cash (Complete part II if there is a noncash contribution) |
| 5 | | | | <input type="checkbox"/> cash <input type="checkbox"/> non/cash (Complete part II if there is a noncash contribution) |
| 6 | | | | <input type="checkbox"/> cash <input type="checkbox"/> non/cash (Complete part II if there is a noncash contribution) |
| 7 | | | | <input type="checkbox"/> cash <input type="checkbox"/> non/cash (Complete part II if there is a noncash contribution) |
| 8 | | | | <input type="checkbox"/> cash <input type="checkbox"/> non/cash (Complete part II if there is a noncash contribution) |
| 9 | | | | <input type="checkbox"/> cash <input type="checkbox"/> non/cash (Complete part II if there is a noncash contribution) |
| 10 | Other (aggregate of all contributions which are individually below P100,000.00) - by nationality | | P55,919,050 | <input type="checkbox"/> cash <input type="checkbox"/> non/cash (Complete part II if there is a noncash contribution) |
| (Use separate sheet if necessary) | | | | |
| TOTAL CONTRIBUTIONS/DONATIONS | | | | = |

²A contributor or donor includes individuals, partnerships, corporations, associations, trusts and organizations.

³If supranational organization, indicate place of principal office or domicile.

⁴Contributions or donations reportable on the Schedule are contributions, donations, grants, bequests, devises, and gifts of money or property, amounting to P100,000.00 or more from each contributor or donor.

SCHEDULE OF CONTRIBUTONS AND DONATIONS (PART II)

Name of
Foundation/Organization:

**National Confederation of Cooperatives Mutual
Benefits Association (MBA), Inc.**

SEC Registration
No.

CN2000905690

For the Year Ended

December 31, 2022

Part-II / Non-Cash Property

| (a) No. from Part I. | (b) Description of Noncash Property Given | (c) Fair Market Value (or estimate) | (d) Date received |
|----------------------------|---|---|----------------------|
| 1 | No noncash property contributions and /or donations received in 2022 | | |
| 2 | | | |
| 3 | | | |
| 4 | | | |
| 5 | | | |
| 6 | | | |
| 7 | | | |
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