



KASAGANA-KA
Mutual Benefit Association, Inc.

KASAGANA-KA Mutual Benefit Association, Inc.
6th Regular Board Meeting
5 Don Francisco St., Don Enrique Heights
Brgy. Holy Spirit, Quezon City
September 29, 2016, 8:30 am

Present

Board of Trustees

- | | |
|-------------------------|-----------------------|
| 1. Isabel M. Iliw-iliw | – President |
| 2. Marissa A. Loyola | – Treasurer |
| 3. Jerlene B. Perez | – Secretary |
| 4. Ma. Teresa G. Bucad | – Member |
| 5. Elizabeth G. Fuentes | – Member |
| 6. Marivic R. Loterte | – Member |
| 7. Anita L. Manundo | – Member |
| 8. Ailene V. Ramos | – Member |
| 9. Perla F. Batingal | – Independent Trustee |


Board of Advisers

- | | |
|----------------------------|---------------------|
| 10. Leticia T. Rodriguez | – Padilla |
| 11. Wenifreda F. Rodriguez | – Bagong Silang |
| 12. Elizabeth N. Yayon | – Marilao |
| 13. Chona B. Capayas | – Masinag |
| 14. Martiniana G. Mancio | – Montalban |
| 15. Ma. Anna DR. Ignacio | – KDCI, Head Office |

Management & Staff

- | | |
|-------------------------|-----------------------|
| 1. Silvida R. Antiquera | – Gen. Manager |
| 2. Evangeline E. Pe | – Operations Manager |
| 3. Evelyn A. Lagmay | – Finance Manager |
| 4. Analyn A. Shih | – Executive Assistant |

Certified by:


Jerlene Perez
Secretary



KASAGANA-KA
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- I.** Call to Order
- II.** Prayer
- III.** Determination of Quorum
- IV.** Approval of the proposed Agenda
- V.** Approval of previous minutes of the meeting (August 26, 2016)
- VI.** Business Arising
- VII.** Financial Report & Investment: Financial Statement for August 2016
- VIII.** Matters for Discussions and Approval
 - a. Confirmation of Investment: RTB 10-5 & Ayala land fixed rate bonds
 - b. Increase in K-Coop Collection fee
 - c. Acquisition of Property
- IX.** For Updates
 - a. Bank Trustee – Mutual Guaranty fund
 - b. SICAT Plan for discussion
 - c. January to June Performance Indicators Report
 - d. Consultation with MIMAP members on Trust Indenture
- X.** Other matters
- XI.** FYI: Next board meeting
- XII.** Adjournment



KASAGANA-KA
Mutual Benefit Association, Inc.

I. Prayer

The meeting started with a prayer led by Board Treasurer Marissa Loyola.

II. Determination of quorum

Board Secretary Jerlene Perez confirmed the presence of the board members who attended the meeting. With all of the nine (9) trustees were present, the meeting continued.

III. Approval of the proposed agenda

Board President Isabel Iliw-iliw presented the meeting's proposed agenda items and asked the board member if they would want to add anything. As there were no suggestions from the other Board members and those present, the meeting proceeded.

- Board member Anita Manundo formally moved for the approval of the proposed agenda for the Board meeting. Board member Elizabeth Fuentes seconded the motion. The Board approved the proposed agenda.

IV. Approval of previous minutes of the meeting (August 26, 2016)

Board President Isabel then ask the other board member for any questions and clarifications.

Clarifications and discussion

Board Adviser Maria Anna De Rosas-Ignacio raised a clarification on what was written on page 11 of the minutes regarding the body's previous discussions on the emeritus status for Board of Adviser (BoA) members. According to her, she did not recommend to limit the number of BoA members with emeritus status to two (2). Based on the agreed criteria then for the granting of such a status, only two of the original incorporators of the association would qualify. Apart from this point, there were no further clarifications or questions regarding the circulated minutes of the previous Board meeting.

- Board Treasurer Marissa formally moved for the approval of the said minutes. Board member Ailene Ramos seconded the motion. The whole Board approved the minutes.

V. Business Arising

KMBA General Manager Silvida Antiquera then reported to the board on the status of pending issues from the previous Board meeting. These included the following:



KASAGANA-KA
Mutual Benefit Association, Inc.

Areas of concern	Status/actions taken
1. Recommended removal of names of stockholders of investment companies from the records of KMBA investments	Done
2. Clarification regarding nature of “Actuarial gain/loss” item contained in the financial status report from last BoT meeting	This is the result of actuarial assumptions from the previous year as compared to current year due to changes in the number of employees, increase in salaries, and the discount rate used to calculate present value of benefit payments and expected rate of return on assets
3. Proposed increase in KDCI’s management fees (from 2 to 5%) being charged to KMBA	Included in the agenda of the current Board of Trustees meeting (29 September 2016)
4. Amount of funds that can be invested	Php 5 million in RTB 10-5 (20 September 2016) Php 6 million in Ayala land (7 October 2016)
5. Schedule of proposed orientation/visit to Innovative Ventures Lending Company	First week of October 2016
6. Opening of savings account in the Bank of the Philippine Islands (BPI)	Done
7. Submission of project proposal to RIMANSI	Done
8. Invitation letter to Dr. Randy Tuaño to sit as independent trustee in KMBA’s Board	Done

VI. Financial status report (August 2016)

Evelyn Lagmay, KMBA Finance Manager, reported on the association’s financial status for August 2016. Total recorded assets for the period amounted to Php 155,663,819.90. This amount consisted of cash and cash equivalents, receivables, short-term financial assets, and non-current assets. The amount increased by Php 25 million, or by 20% compared to that of the same month during the previous year (August 2015). Liabilities amounted to Php 111,112,47.86. This represented an increase of Php 19 million or 21% compared to the figure for the same month of the previous year (2015).

FM Evelyn explained again to the Board members the meaning of account titles included in the association’s financial reports. These included the “current assets” which was composed of cash and cash equivalents like time deposits, receivables,



KASAGANA-KA
Mutual Benefit Association, Inc.

and other short-term assets. “Noncurrent assets” are composed of long-term investments (more than a year), and property and equipment (like computers and office vehicle). Meanwhile, “liability on individual equity value” represented half (Php 7.50) of the Php 15.00 that KMBA members are paying for their insurance premium. “Aggregate reserve for trust liability” included the Php 5.00 members’ savings plus any interest gained.

Fund balance for the period reached Php 44,551,672.04, or an 18% increase compared to the figure from the same month of the previous year. Total liabilities and fund balance was Php 155,663,819.90. Net surplus amounted to Php 711,931.73 for the month of August 2016. This was slightly lower compared to the figure from July 2016. Evelyn also noted that details of the association’s cash and receivables were outlined in pages 16 to 19 of the current financial report to the Board of Trustees.

The financial report for the period also pointed to a slightly higher level of claims on the Basic Life Insurance Plan (BLIP) for August 2016 as compared to the figure from July 2016. BLIP claims for August amounted to Php 623,000.00 or 20.42%. Meanwhile, claims for the Credit Life Insurance Plan (CLIP) amounted to Php 111,210.00 or 21.95%. This was also higher compared to the CLIP figure from July 2016. Operating expense reached Php 776,364.11 or 20.49% for August 2016. This was slightly higher compared to previous month of July 2016. Evelyn reiterated that while collection was high, claims were also high in August 2016.

Board Adviser Maria Anna suggested including in the financial statement explanations on the General Fund (GF), Mutual Benefit Fund (MBF), and Optional Fund (OF). The Board Adviser also recommended the conduct of a training for KMBA Board members on how to read the association’s financial statements, which could also provide some tips on what things to ask or look for when going through or reviewing such documents.

Investment (September 2016)

Evelyn also reported on the association’s investment status for the month of September 2016. The Finance Manager noted that the big amount of cash that recently went into the association’s Chinabank savings account is allotted for the planned investment in Ayala Land Inc. on 7 October 2016, which has a seven (7) year holding period and a 2.8% interest rate per year. Other details on KMBA’s investments are outlined below:



KASAGANA-KA
Mutual Benefit Association, Inc.

KASAGANA - KA MUTUAL BENEFIT ASSOCIATION INC List of Investment as of September 27, 2016							
Type of Investment	Bank/ Issuer	Account Type	Maturity Date	Coupon/ Gross Rate	Net Int. Rate	Face Amount	
CASH IN BANK	Metro Bank	Current Account - General Fund #007-032-50403-1		0.00%	0.00%	835,654.09	
		Current Account- CLIP #032-7032-50460-5		0.00%	0.00%	422,174.26	
		Current Account- BLP #007-032-50451-1		0.00%	0.00%	726,467.74	
		Savings Account - BLP Acct.#3032178775		0.00%	0.00%	690,609.59	
		Savings Account - CLIP Acct.#032-3-032-22213		0.00%	0.00%	503,995.34	
	BDO	Savings Account Acct.#7250027686					253,193.68
		Current Account Acct#7258003871					607,355.54
	BPI	Savings Account Acct. #0423-385129					20,100.00
		Savings Account Acct.#138-313121-3					6,007,010.32
	Total cash in Bank						10,068,560.56
TIME DEPOSIT	Metro Bank	Regular Time Deposit Acct#032-103202782-0	Oct. 20, 2016 (63 Days)	0.875%	0.70%	4,085,643.38	
		Regular Time Deposit Acct#032-103202982-3	Oct. 24, 2016 (61 Days)	0.875%	0.70%	2,000,000.00	
		Regular Time Deposit Acct#032-1032028517	Oct. 31, 2016 (32 Days)	0.500%	0.40%	808,262.49	
		Regular Time Deposit Acct#032-1-03202951-3	Oct. 04, 2016 (35 Days)	0.750%	0.60%	2,007,200.00	
		Regular Time Deposit Acct# 032-103202976-9	Oct. 14, 2016 (32 Days)	0.750%	0.60%	6,014,062.32	
	BDO	Regular Time Deposit Acct#372507309020	Oct. 26, 2016 (30 Days)	0.50%	0.40%	303,809.92	
		Total Time Deposit					
UITF			Placement Date	NAVPU Placement	NAVPU 9/27/16		
	Metro Bank	Unit Investment Trust Fund - Money Market Fund-15681	11-Jan-16	1.5429	1.5582	10,000,000.00	
		BDO	Unit Investment Trust Fund - Money Market Fund -144978	10-Jan-16	1493.11	1507.92	10,000,000.00
Total UITF						20,000,000.00	
IMA	BDO	Investment Management Account	Oct. 06, 2016 (35 Days)		1.10%	3,000,000.00	



KASAGANA-KA
Mutual Benefit Association, Inc.

PORTFOLIO MIX							
Types of Investment	Investment Limit (IC Code)	Current Placement	% of Placement over Admitted Assets	Potential for placement			
				%	Amount		
Cash in Bank		Php 10,068,560.56	7.30%				
Time Deposit		Php 15,218,978.11	11.03%				
Government Securities		Php 66,162,000.00	47.96%				
Corporate Bonds	25%	Php 14,500,000.00	10.51%	14.49%	19,986,065.50		
Mutual Fund	10%	Php 7,000,000.00	5.07%	4.93%	6,794,426.20		
Stocks	10%	Php 8,000,000.00	5.80%	4.20%	5,794,426.20		
UITF	10%	Php 20,000,000.00	14.50%				
IMA	10%	Php 3,000,000.00	2.17%	7.83%	10,794,426.20		
Loan to Partner	10%	Php 8,000,000.00	5.80%	4.20%	5,794,426.20		
TOTAL Funds		Php 151,949,538.67					
Admitted Assets as of December 2015		137,944,262.00					
GOVERNMENT SECURITIES	BDO	RTB (Retail Treasury Bonds)10-04 ; Brokers Confirmation No:	Aug. 15, 2023 (10years-Tradable)	3.25%	2.60%	10,000,000.00	
	Metro Bank	FXTN (Fixed Rate Treasury Notes)25-08 ; Broker's	Dec. 16, 2035 (25years-Tradable)	8.13%	6.32%	15,035,000.00	
	FMIC	FXTN (Fixed Rate Treasury Notes)25-08 ; COS# 0100159	Dec. 16, 2035 (25years-Tradable)	8.13%	6.48%	5,000,000.00	
		RTB10-5 - PID1026057	Sept. 20, 2026 (10years-Tradable)	3.50%	2.80%	5,000,000.00	
	CHINA BANK	FXTN (Fixed Rate Treasury Notes)25-08 ; COS# 01001752	Dec. 16, 2035 (25years-Tradable)	8.13%	6.43%	4,000,000.00	
		FXTN (Fixed Rate Treasury Notes)25-08 Broker's Conf'n Ref #	Dec. 16, 2035 (25years-Tradable)	8.13%	6.49%	7,127,000.00	
		RTB (Retail Treasury Bonds)10-04 Ref# 38414 & SN No: 8000258	Aug. 15, 2023 (10years-Tradable)	3.25%	2.60%	10,000,000.00	
		RTB (Retail Treasury Bonds)10-59 ISIN#PBD1024H595	Aug. 20, 2024 (10years-Tradable)	4.13%	3.30%	10,000,000.00	
	Total Government Securities						66,162,000.00
	Corporate Bonds	MERALCO	MERALCO- Fixed Rate Bond	Dec. 12, 2020 (7 years)	4.38%	3.50%	7,000,000.00
SMIC (SM Investment Corp)		SMIC- Fixed Rate Bond	July 16, 2019 (7 years)	6.00%	4.80%	7,500,000.00	
Total Corporate Bond						14,500,000.00	
MUTUAL FUND			Placement Date	NAVPS Placement	NAVPS 9/27/16		
	SUNLIFE	Government Securities Fund (GS Fund)	18-Apr-13	1.6262	1.5951	2,000,000.00	
	FAMI (First Metro Asset Management Inc)	FAMI-Save & Learn Fixed Income Fund (SALFIF)	15-Apr-13	2.1180	2.2391	5,000,000.00	
Total Mutual Fund						7,000,000.00	
STOCKS	PETRON CORP	Petron Preferred Shares Series A	01-Oct-14		6.30%	8,000,000.00	
LOAN	KDCI	Loan to Partner MFI	30-May-16		5.00%	4,000,000.00	
		Loan to Partner MFI	16-Jun-16		5.00%	4,000,000.00	
Total KDCI Loan						8,000,000.00	
GRAND TOTAL						151,949,538.67	



KASAGANA-KA
Mutual Benefit Association, Inc.

After the discussion on KMBA's financial report for the month, Board President Isabel Iliw-iliw ask for motion for approval of Financial Report and Investment.

- Board Treasurer Marissa Loyola formally moved for the board approval of the financial report and investment. Board member Ma. Teresa Bucad seconded the motion. The Board then approved KMBA's financial report for the month of September 2016 integrating the comments and suggestions outlined above.

VII. Matters for discussion and approval

a. Confirmation of investments: RTB 10-5 and Ayala Land fixed rate bonds

Evelyn Lagmay, KMBA Finance Manager, reported to the body that KMBA invested Php 5 million in government securities last 20 September 2016, with a 10-year term and a 2.8% interest rate. Meanwhile, Php 6 million was invested in Ayala Land fixed rate bonds, with a 7-year term and a 2.8% interest rate. Board member Ailene Ramos moved for the Board's confirmation of the management's recent investment decisions (as outlined). Board Treasurer Marissa then seconded the motion. The whole Board approved said motions with no objections.

b. Increase in KDCI's collection/management fee

General Manager Silvida outlined the proposed increase in KDCI's collection fee from 2 to 5 percent. Board Adviser Maria Anna De Rosas-Ignacio explained to the new Board members the rationale for the proposed increase. According to her, the collection or management fee is the amount currently being paid by KMBA to KDCI for the service rendered by KDCI's staff in collecting insurance premium for KMBA, as the latter has no collection staff of its own on the ground. The Board Adviser also added that the proposed increase could be used for additional benefits and projects for members like those under the K-Kalusugan or K-Kabataan programs. The same rate (5%) is applied in the case of associate members like Cebu Caritas.

Board Adviser Maria Anna then inquired about the possible impact of the proposal on KMBA's operational expenses, and raised the need to conduct a careful study as this might result in such operational expenses going beyond the limit set by the Insurance Commission for organizations like KMBA. She suggested that the MBA staff prepare initial projections on the effect of a 3-5% increase in the management fee to the association's operational expenses, and



KASAGANA-KA
Mutual Benefit Association, Inc.

for the Board to postpone further discussions and decision on the matter until the next Board meeting.

c. Acquisition of Property

General Manager Silvida then reported on the search for possible houses/buildings and lots that KMBA may acquire for its new office. These included the following:

Property number	Address	Lot area	Price	Remarks
1	No. 12 Mabait St. Teachers Village, Quezon City	410 sqm	Php 15 m	Extrajudicial settlement being processed; capital gains tax c/o buyer
2	No. 55 Masikap St. Brgy. Piñahan, Quezon City	412 sqm	Php 16 m (negotiable)	Extrajudicial settlement being processed; willing to execute EJS with deed of sale; capital gains tax c/o owner
3	No. 43 Masikap St. Brgy. Piñahan, Quezon City	400 sqm	Php 17 m (negotiable)	Clean title; capital gains tax c/o owner
4	Commercial property along Congressional Avenue (near Cherry Foodarama)	312 sqm	Php 22 m (negotiable)	Clean title; capital gains tax c/o owner

Board Adviser Maria Anna suggested converting the prices to per square meter to facilitate comparison across the four properties. KMBA may also want to inquire about areas available in each property for further construction (e.g. additional building). There may also be a need to consult some technical people to further assess other details or identify other important considerations in deciding in case the association pushes through with planned acquisition of the new property.



KASAGANA-KA
Mutual Benefit Association, Inc.

VIII. Updates

a. Bank Trustee – Mutual Guaranty Fund

The General Manager reported that the Microinsurance MBA Association of the Philippines (MiMAP) has recently chosen Union Bank as the bank to lodge or deposit initial contributions for the Mutual Guaranty Fund. KMBA has an initial contribution of Php 81,000 which will be considered as part of admitted assets.

b. SICAT Plan

General Manager Silvida shared with the KMBA Board members results from the recent meeting of the RIMANSI Board on the Social Initiative Against Catastrophe (SICAT). The RIMANSI Board has decided to close the said program and transfer it to MiMAP. KMBA's initial Php 350,000 contribution will be returned after process of closing program with the Securities and Exchange Commission (SEC) is completed by next year. All claims and other matters related to SICAT shall then be managed by the concerned individual mutual benefit associations (MBAs).

c. Consultation with MiMAP

General Manager Silvida shared with the Board that RIMANSI will be undertaking a study on higher yielding investments. There is a need to inquire with the Insurance Commission (IC) on whether these could later be accepted as admitted assets in case KMBA decides to invest in options that will be identified by the study.

IX. Key performance indicators

The General Manager then requested Finance Manager Evelyn Lagmay to report on the results of the assessment done by RIMANSI on all network members, including KMBA, for the period January to June 2016. As the table below indicates, KMBA got a perfect score of 100% or rank 1 for claims settlement. It got rank 4 or 42% for operating ratio of BLIP, and rank 9 or 63% for CLIP. The General Manager stressed that KMBA still fell within RIMANSI's standards. Meanwhile, KMBA ranked 3rd when it came to return on equity, and was ranked 1 (or 100%) for participation rate. The association however did not make it to the top five on indicators like solvency, operational expenses (OPEX), claims ratio, and growth rate. Evelyn explained that KMBA got 123% on solvency, while standard was 120%. KMBA's OPEX was also beyond the standard 20%. For claims ratio, KMBA was within the standard but ranked only 7th. Board Adviser Leticia Rodriguez inquired how this happened. Evelyn explained that other MBAs included in the top 5 might be new ones and still had smaller claims.



KASAGANA-KA
Mutual Benefit Association, Inc.

SUMMARY OF KEY PERFORMANCE INDICATORS
AS OF June 30, 2016

	MBA NAME	SOLVENCY	OPEX	CLAIMS SETTLEMENT RATIO	OPERATING RATIO		CLAIMS RATIO		RETURN ON EQUITY	GROWTH RATE	PARTICIPATION RATE
			OVER ALL	90% Processed within 1-3-5 days	BLUP	CLIP	BLUP	CLIP			
STANDARD:		>120%	<=20%	90%	<=45%	<=95%	<=25%	<=45%	>0	>=0	>90%
1	4K MBA			3			3	3			
2	ARDCI MBA		2			3				4	
3	ASKI MBA		4		5	5			4		
4	CARD MBA		3	2	3			4	1	3	
5	CARE MBA	3		4			5	2		5	
6	KCCDFI MBA								4		2
7	KGI MBA		5		1		1			2	
8	KMBA			1	4				3		1
9	NATCCO MBA	1				2		5		2	
10	PAGLAUM MBA										
11	PBC MBA	4		1	1		4		3		
12	QPI MBA					1		1	3		
13	SEDP MBA	5	1		2				5		
14	SERVIAMUS MBA				2		2			1	
15	SRCDC MBA										
16	TSPI MBA	2				4					
K	RANK	9	xxx	1	4	9	6	7	3	7	1
M	RATE	123%	23%	100%	42%	63%	22%	24%	5%	5%	100%

For Check-up

- 1. ASKI
- 2. CARD
- 3. KMBA
- 4. CARE
- 5. KGI
- 6. PBC
- 7. SEDP
- 8. TSPI

Ward

- 1. NATCCO
- 2. PAGLAUM MBA


ICU

- 1. 4K
- 2. SRCDC
- 3. KCCDFI
- 4. ARDCI

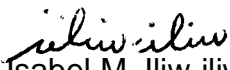
X. Adjournment

There being no other matter to discuss, a motion to adjourn the meeting was raised. The Board of Trustees meeting formally ended at exactly 11:30 am.

Certified by:


Jerlene B. Perez
Secretary

Attested by:


Isabel M. Iliw-iliw
President



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