

**MINUTES OF THE MEETING  
OF THE BOARD OF DIRECTORS OF**

**PHILIPPINE LIFE FINANCIAL ASSURANCE CORPORATION**

18 March 2022

*Conducted via Remote Communication due to COVID-19 Pandemic*

**DIRECTORS PRESENT:**

MONICO V. JACOB  
JOSEPH AUGUSTIN L. TANCO  
EUSEBIO H. TANCO  
MARTIN K. TANCO  
PAOLO MARTIN O. BAUTISTA  
JESLI A. LAPUS  
JOSE ALFONSO A. POBLETE  
ARMANDO L. SURATOS

**ALSO PRESENT:**

YOLANDA M. BAUTISTA  
MICHELLE L. AMBAGAN  
ANNA CARMINA S. HERRERA

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**I. CALL TO ORDER**

The Chairman, Mr. Monico V. Jacob, called the meeting to order and presided over the same. The Assistant Corporate Secretary, Atty. Anna Carmina S. Herrera, recorded the minutes of the proceedings.

**II. CERTIFICATION OF NOTICE AND QUORUM**

The Assistant Corporate Secretary certified that the notices of the meeting were sent to all directors. Thereafter, the Corporate Secretary conducted a roll call of the directors present.

The meeting was conducted through remote communication pursuant to Section 52 of the Revised Corporation Code of the Philippines which authorizes directors who cannot physically attend or vote at board meetings to participate and vote through remote communication such as videoconferencing, teleconferencing, or other alternative modes of communication that allow them reasonable opportunities to participate.

All directors attended the meeting through remote communication via Zoom. The directors confirmed that they could completely and clearly hear each other. They likewise confirmed receipt of the agenda and all of the materials for the meeting.

After the roll call and foregoing confirmations, the Assistant Corporate Secretary, thereafter, certified as to the existence of quorum for the valid transaction of business.

**III. APPROVAL OF THE MINUTES OF THE MEETING**

Mr. Armando L. Suratos proposed that the Minutes of the Board Meeting held on 14 December 2021 be revised as follows:

- (a) The Related Party Transactions Committee recommended the approval by the Board of Directors of the sale of up to Php400 Million worth of receivables to Classic Finance at a discount rate of 7% based on the following considerations:
1. The results of the draft SGV Transfer Pricing Report stated that net discount rates below 8.13% are considered as arm's length rates;
  2. The rate offered by Classic Finance Inc. of 7% is lower than the indicative rate from Philippine Business Bank of 7.5%. Other banks only offered credit lines instead of purchase lines; and
  3. Union Bank has a maximum approved purchase line of only P500M. The Company's purchase line requirement is P900M in total for December 2021.
- (b) The purchase line of Php500 Million granted by Union Bank of the Philippines to the Corporation will be fully drawn in December 2021. An additional purchase line of Php400 Million is necessary to augment the requirements for the sale of receivables in December 2021 and only Classic Finance Inc. can provide the said line.
- (c) With respect to the comparison between Classic Finance and Philippine Business Bank, the following changes were made to the rate, amount and remarks for Philippine Business Bank:

	Rate	Amount	Remarks
Classic Finance	7%	Php400 Million	<ul style="list-style-type: none"> <li>▪ 3-year term</li> <li>▪ With surety</li> <li>▪ Reference: rate computation</li> </ul>
Phil. Business Bank	7.5% (plus 1% collection fee)	Php300 Million	<ul style="list-style-type: none"> <li>▪ -90% loan to value</li> <li>▪ 1.0% front-end fee based on loan amount</li> <li>▪ Surety; Master Deed of Assignment</li> <li>▪ Approval/Consent of DepEd for the sale &amp; the direct remittance to PBB</li> </ul>

Mr. Suratos also proposed the deletion of the portion regarding the approval of the 14 December 2021 Minutes of the Related Party Transactions Committee ("RPT Committee Minutes") from the Minutes of the 14 December 2021 Board Meeting since the directors had not had the opportunity to review the RPT Committee Minutes prior to the 14 December 2021 Board Meeting.

The Board agreed with the proposed revisions of Mr. Suratos.

Upon motion made and duly seconded and subject to the revisions of Mr. Suratos as set out above, the Minutes of the Board Meeting held on 14 December 2021 were unanimously approved.

#### IV. UPDATE ON LANDBANK INVESTMENT

The Chairman stated that management would like to update the Board regarding the investment of Landbank in the Corporation:

By way of background, the Chairman stated that Advent Capital and Finance Corp. ("Advent") owned [REDACTED] shares of the Corporation or 8.87% of the Corporation's issued and outstanding capital shares. He noted that Advent was currently undergoing liquidation proceedings. He added that Mr. Eusebio H. Tanco and Landbank are among Advent's creditors.

The Chairman explained that Mr. Tanco had submitted to Advent's liquidator an offer to purchase certain assets for the total purchase price of Php [REDACTED] Million (the "Advent Assets"). He noted that Landbank had objected to the offer of Mr. Tanco and stated that the purchase price for the Advent Assets should be Php [REDACTED] Million.

The Chairman stated that Mr. Tanco had proposed the following arrangement to Landbank:

- (a) the retention of the purchase price for the Advent Assets at Php [REDACTED] Million, whereby Landbank shall receive [REDACTED] of said purchase price or Php [REDACTED]; and
- (b) for Landbank to become a shareholder of the Corporation by taking the shares of Advent.

Mr. Tanco stated that Landbank's Board of Directors had approved the arrangement set out above. He noted that the next step would be to secure the approval of Advent's liquidator and the Court to said arrangement.

Mr. Tanco stated that a Landbank representative would be entitled to one seat on the Corporation's Board of Directors. He also noted that the directive of Landbank is to grow its investment in the Corporation.

Mr. Tanco explained that the entry of Landbank as a shareholder of the Corporation would enable the Corporation to expand its market share by reaching out to Landbank's uninsured clients. He noted that the priority would be to study the profiles of Landbank's depositors and develop affordable products suited to their needs.

Mr. Jesli A. Lapus recommended that the Corporation focus first on offering insurance products to Landbank's clients. Mr. Jose A. Poblete added that the Corporation could also form a task force or a committee to come up with these products. Mr. Poblete noted that there was also a need to study potential regulatory conflicts and related party transactions.

After considering the advantages of the Landbank investment set out above, the Board noted the transaction and welcomed the entry of Landbank as an investor and shareholder of the Corporation.

V. ADJOURNMENT

There being no further business to transact, upon motion duly made and seconded, the meeting was adjourned.

**ANNA CARMINA S. HERRERA**  
*Assistant Corporate Secretary*

ATTEST:

**MONICO V. JACOB**  
*Chairman*

~~**EUSEBIO N. TANCO**~~  
*Director*

**JOSEPH AUGUSTIN L. TANCO**  
*Director*

**MARTIN K. TANCO**  
*Director*

**PAOLO MARTIN O. BAUTISTA**  
*Director*

**JESLI A. LAPUS**

**JOSE ALFONSO A. POBLETE**  
*Independent Director*

**ARMANDO L. SURATOS**  
*Independent Director*