

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

**PHILIPPINE LIFE FINANCIAL ASSURANCE CORPORATION**

15 October 2022

*Conducted via Remote Communication*

**DIRECTORS PRESENT:**

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

**ALSO PRESENT:**

YOLANDA M. BAUTISTA  
MICHELLE L. AMBAGAN  
VICTOR C. TAN  
ARSENIO C. CABRERA, JR.  
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 Corporate Secretary, Atty. Arsenio C. Cabrera, Jr., recorded the minutes of the proceedings.

**II. CERTIFICATION OF NOTICE AND QUORUM**

The 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 Corporate Secretary, thereafter, certified as to the existence of quorum for the valid transaction of business.

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

Upon motion made and duly seconded, the Minutes of the Organizational Board Meeting held on 5 July 2022 were unanimously approved.

**IV. RESIGNATION OF DIRECTOR**

The Chairman informed the Board about the resignation of Mr. Martin K. Tanco as a director of the Corporation. The Board accepted the resignation of Mr. Tanco with regret.

**V. ELECTION OF DIRECTOR**

The Chairman stated that the Corporation had received a letter from Landbank of the Philippines ("LBP") dated 14 October 2022 stating that the LBP Board of Directors had approved the designation of: (a) LBP President and CEO, Ms. Cecilia C. Borromeo; and (b) LBP Insurance Brokerage ("LIBI") General Manager Reynauld R. Villafuerte to the Corporation's Board in line with the imminent transfer of shares of the Corporation to LBP. The LBP letter stated that the nomination of Mr. Villafuerte as a director of the Corporation is subject to the issuance by the LIBI Board of a No Objection Certificate to said nomination. A copy of the LBP letter is attached hereto as Annex "A".

Mr. Armando L. Suratos, the Chairman of the Corporate Governance Committee, informed the Board that the Corporate Governance Committee had approved the nomination of Ms. Borromeo and Mr. Villafuerte as directors of the Corporation.

Upon motion made by Mr. Jesli A. Lapus and duly seconded, the Board elected Ms. Borromeo as a director of the Corporation. The Board deferred the election of Mr. Villafuerte as a director, pending the receipt of a No Objection Certificate from LIBI.

**V. COLLABORATION WITH LBP AND LIBI**

Ms. Borromeo stated that the LBP Board is studying the rationale and profitability of the bancassurance business. She inquired as to whether the Corporation has template contracts for bancassurance products. She stated that LBP could start comparing these contracts with CocoLife and CocoGen bancassurance products currently being offered by LBP.

Ms. Borromeo stated that LBP is open to collaborating with insurance companies and offering the products of these insurance companies to the clients of LBP and LIBI.

Mr. Eusebio H. Tanco stated that the Corporation would also like to collaborate with LBP and LIBI and come up with products suited for the

needs of their clients. He noted that cooperatives are one of the biggest underserved sectors for the insurance business. He added that the Corporation could also offer products geared toward the needs of farmers and overseas workers.

Mr. Paolo Martin O. Bautista commented that LBP will provide a good platform for the Corporation to tap cooperatives and make their members part of the financial market. He noted that prepaid products could benefit the members of cooperatives.

Ms. Borromeo stated that products geared toward the members of cooperatives would help LBP support the financial inclusion agenda of the government.

Mr. Lapus commented that the profiling of cooperatives is critical to developing products for their members. He noted that the Corporation should focus on developing products for bankable or strong cooperatives.

Ms. Borromeo informed the Board that LBP had introduced a risk instrument system for cooperatives similar to their credit ratings for other customers. She noted that products could be targeted to specific types of members of cooperatives. She added that LBP could share its information on cooperatives and their members with the Corporation.

The Chairman proposed that the Corporation form a team to focus on the details of bancassurance products and other products or services that can be offered to LBP and LIBI clients.

Ms. Michelle L. Ambagan stated the Corporation had been working with LIBI for the past year and had been able to generate business from this relationship.

Mr. Joseph Augustin L. Tanco stated that the Corporation has existing products that can be used for the cooperatives market and tweaked to suit the needs of LIBI clients.

Mr. Eusebio H. Tanco commented that salary loans to teachers are a revenue center for the Corporation. He stated that management could explore ways to develop a synergy between LBP and the Corporation and use this synergy to build up the Corporation's portfolio of teachers' salary loans.

The Chairman stated that the collaboration of the Corporation with LBP and LIBI on products and services for their customers could go hand in hand with the preparation for the bancassurance business.

**VI. FINANCIAL REPORT**

Mr. Victor C. Tan presented the following snapshot of the results of operations as of August 2022:

*Amount in Php "millions"*

PERIOD	August 2022	August 2021	INC (DEC)	%
<b>Income from Insurance Business</b>				
Net Written Premium				
Underwriting Expenses				
<b>Net Margin/(Loss) from Insurance Business</b>				
Assumed interest income attributable to reserves				
<b>Net Margin/(Loss) from Insurance Business after Interest Income</b>				
<b>Income from Loan Business</b>				
Revenue on Loan Business				
Costs of Loan Business				
<b>Net Margin from Loan Business</b>				
<b>Gross Margin</b>				
Total Operating Expenses				
<b>Income (Loss) from Operations</b>				
Income from Other Investments				
<b>Income Before Tax</b>				
Provision for Income Tax				
<b>Net Income (Loss)</b>				
<b>EBITDA</b>				

The Board noted the foregoing Financial Report.

**VII. RELATED PARTY TRANSACTIONS**

**A. Property for Share Swap**

Ms. Ambagan informed the Board about the plan to do a property for share swap whereby Maestro Holdings, Inc. ("Maestro") will swap its condominium unit on the 11<sup>th</sup> floor of STI Holdings Center ("Subject Property") for shares in the Corporation (the "Property for Share Swap"). She explained that the purpose of the Property for Share Swap would be to infuse additional capital in the form of real property to meet the Insurance Commission's net worth requirement of Php1.3 Billion at the end of 2022.

Ms. Ambagan presented the following details of the Property for Share Swap:

- (1) Maestro is the absolute and registered owner of the Subject Property. The Subject Property has an area of 1,032 square

meters. The appraised value of the Subject Property is Php2[REDACTED] based on the appraisal report prepared by Royal Asia Appraisal Corporation as of September 2022.

- (2) Maestro will assign the Subject Property to the Corporation in exchange for [REDACTED] common shares (the "Shares") with a par value of Php0.01 per share or an aggregate par value of Php[REDACTED]. The Shares will be issued from the unissued portion of the Corporation's authorized capital stock.

The Property for Share Swap qualifies for the issuance of a tax-free ruling from the Bureau of Internal Revenue since Maestro will gain further control of the Corporation.

Ms. Ambagan informed the Board regarding the regulations of the Insurance Commission on infusion of real property to cover net worth deficiency. She noted that the Insurance Commission gives priority to cash infusions. Based on Circular Letter No. 2018-12, the President of the Corporation must submit a certification under oath that all efforts to infuse cash by the stockholders in accordance with the provisions of Section 200 of the Insurance Code have been exhausted and consequently failed and that a non-cash infusion was only resorted to as a result of such exhaustion and failure.

Ms. Ambagan added that real property infused by a life insurance company in exchange for equity must be utilized in accordance with Section 206(b)(1) of the Amended Insurance Code. This provides that the investment in real properties which serve as a life insurance company's main place of business shall not in the overall exceed twenty percent of its net worth as shown by its latest financial statements approved by the Insurance Commissioner.

Ms. Ambagan explained that management is recommending the issuance of the Shares based on the par value of Php0.01 per share to comply with the regulations of the BIR on tax-free exchanges. She noted that the issuance of the Shares based on their book value would result in APIC which is not allowed under BIR regulations. Ms. Ambagan added that SGV had also recommended the issuance of the Shares at par value to avoid the risk that the BIR will not approve the Property for Share Swap as a tax-free exchange.

Mr. Armando L. Suratos commented that SGV had cited the case of a newly organized corporation in recommending that the Shares be issued at par value.

In response to the comment of Mr. Suratos, Atty. Arsenio C. Cabrera, Jr. noted that the BIR had previously not allowed APIC in a tax-free exchange between existing companies.

Ms. Ambagan explained that the Corporation planned to offer the Shares to all stockholders of record as of 15 October 2022 on the same terms as those offered to Maestro and for the subscription price of Php0.01 per share payable on or before 28 October 2022. She noted that this stock rights offering would be undertaken to maintain the equity ownership of the Corporation's minority stockholders,

Mr. Suratos commented that the basic principle of related party transactions is that they should be at arm's length. He noted that the stock rights offering would ensure that the Property for Share Swap is an arm's length transaction.

Mr. Eusebio H. Tanco stated that the shares of LBP in the Corporation would not be diluted by the Property for Share Swap.

Mr. Jesli A. Lapus stated that the Related Party Transactions Committee recommended that the Corporation proceed with the Property for Share Swap as discussed above to comply with the net worth requirement imposed by the Insurance Commission.

Upon motion made and duly seconded, the Board unanimously approved the following resolutions:

**RESOLUTION NO. 2022-BD-18**

*"WHEREAS, pursuant to Circular Letter No. 2015-02A, the Insurance Commission has required insurance companies to comply with a minimum net worth requirement amounting to Php1.3 Billion by 31 December 2022 (the "2022 Net Worth Requirement");*

*"WHEREAS, the Corporation has exhausted all efforts to make or cause a cash infusion for the purpose of complying with the 2022 Net Worth Requirement in accordance with the provisions of Section 200 of the Insurance Code and such efforts have consequently failed;*

*"WHEREAS, to comply with the 2022 Net Worth Requirement, a stockholder of the Corporation shall infuse additional capital in the form of real property through a property for share swap;*

*"WHEREAS, the aforementioned property for share swap with Maestro Holdings, Inc. ("Maestro") has only been resorted to by the Corporation as a result of the exhaustion and consequent failure of all efforts to make or cause a cash infusion to comply with the 2022 Net Worth Requirement;*

*"WHEREAS, Maestro is the absolute and registered owner of a condominium unit located at the Eleventh Floor, STI Holdings Center, 6764 Ayala Avenue, Makati City with an area of One*

Thousand Thirty Two (1,032) square meters and two executive comfort rooms covered by Condominium Certificate of Title No. 006-2022003613 and Tax Declaration No. F02773811 (the "Subject Property");

"WHEREAS, Maestro desires to assign the Subject Property in exchange for Twenty One Billion Five Hundred Sixty Eight Million Eight Hundred Thousand (21,568,800,000) common shares (the "Shares") that will be issued from the unissued portion of the Corporation's authorized capital stock;

"WHEREAS, the consideration and/or transfer value of the Subject Property pursuant to the Appraisal Report dated 26 September 2022 prepared by Royal Asia Appraisal Corporation, is as follows:

Condominium Certificate of Title No.	Total Area (sq. m.)	Total Amount of Assignee Common Shares	Total Amount of Consideration and/or Transfer Value
006-2022003613	1,032	21,568,800,000	Php215,688,000.00

"NOW THEREFORE BE IT HEREBY RESOLVED, That the Board of Directors hereby: (a) approves the property for share swap with Maestro whereby Maestro will assign the Subject Property to the Corporation in exchange for the Shares with an aggregate par value of Two Hundred Fifteen Million Six Hundred Eighty Eight Thousand (Php215,688,000.00); and (b) allows the infusion of the Subject Property for the purpose of complying with the 2022 Net Worth Requirement;

"RESOLVED FURTHER, That the Shares shall be issued from the unissued portion of the capital stock of the Corporation;

"RESOLVED FURTHER, That the assignment of the Subject Property is by virtue of a tax free transfer under Section 40(c)(2) of the National Internal Revenue Code, as amended;

"RESOLVED FURTHER, That, in order to maintain the equity ownership of the Corporation's minority stockholders, the Board of Directors likewise approved the opening for subscription of the Shares to all stockholders of record as of 15 October 2022 on a pro rata basis and on the same terms as those offered to Maestro and for a subscription price of One Centavo (Php0.01) per share which shall be payable on or before 28 October 2022;

"RESOLVED FURTHER, That the minority stockholders who fail to exercise their subscription rights by 28 October 2022 shall be deemed to have waived their pre-emptive rights;

"RESOLVED FURTHER, that the majority of the Board of Directors hereby approves the issuance of the Shares to Maestro

and any minority stockholders who exercise their preemptive rights over the issuance of the Shares;

*“RESOLVED FINALLY, That the officers of the Corporation are hereby authorized to perform all acts as may be necessary to implement the foregoing resolution.”*

B. Bridge Financing of PhilCare

Ms. Ambagan presented the following details for the bridge financing of PhilCare:

Transaction	Bridge Financing amounting to Php100 Million of PhilCare to PhilLife
Interest Rate	5.% per annum
Purpose	To finance the salary loan business of PhilLife. Salary loans have a 9.66% contractual interest rate, with effective rates of 13.06% to 14.9% for 3 year to 5 year terms, respectively.
Value Date	4 October 2022
Term of Payment	To fully pay the loan within 60 days, by 4 December 2022
Comparative rates	Bank of Makati’s indicative rate for a credit line: 7.75% p.a. UBP: 7.125% Chinabank: 6.5% to 7.5% PBB Legaspi: 7%  An alternative course of action is for PhilLife to sell a portion of its tradeable government securities. However, with the current market rates, PhilLife will incur a net realized loss of Php2.25 Million.

Mr. Suratos stated that the Related Party Transactions Committee recommended the confirmation of the bridge financing of PhilCare to the Corporation, subject to the terms set out above. He noted that this bridge financing is an arm’s length transaction with better terms than those offered by non-related companies.

The Board confirmed the bridge financing of PhilCare to the Corporation based on the terms set out above.

VIII. OTHER MATTERS

A. Zambales Satellite Office

Upon motion made and duly seconded, the Board unanimously approved the following resolutions in connection with the application for a business permit for the Corporation’s Satellite Office in Zambales:



**RESOLUTION NO. 2022-BD-19**

*"RESOLVED, That the Corporation be, as it is hereby authorized, to apply for a business permit for its Satellite Office located at Ground Floor Unit 3, ACM Building III, National Road, Palanginan, Iba, Zambales;*

*"RESOLVED FINALLY, That the Corporation's Marketing Director, Mr. Cirilo Sobrino, be, as he is hereby authorized to: (a) sign, execute and deliver, on behalf of the Corporation, any documents or instruments as may be necessary to apply for the business permit for its Iba, Zambales Satellite Office; and (b) perform such other acts as may be necessary to implement the foregoing resolution."*

**B. Amendment of Articles of Incorporation**

The Chairman informed the Board about the need to amend the Sixth Article of the Articles of Incorporation to increase the number of directors from nine to eleven directors.

Upon motion made and duly seconded, the Board unanimously approved the following resolutions in connection with the amendment of the Sixth Article of the Articles of Incorporation to reflect the increase in the number of directors to eleven directors:

**RESOLUTION NO. 2022-BD-20**

*"RESOLVED, That the Sixth Article of the Articles of Incorporation of the Corporation be hereby amended to increase the number of members of the Board of Directors from nine (9) to eleven (11) directors:*

*"RESOLVED FINALLY, That the officers of the Corporation are hereby authorized to perform all acts as may be necessary to implement the foregoing resolution."*

**C. Transfer of Head Office**

Ms. Ambagan informed the Board about the plan to transfer the head office of the Corporation to the 11<sup>th</sup> Floor of STI Holdings Center based on the cost analysis below:

	No rental income on 11F for 2023-2024
Cost to Stay on 4 <sup>th</sup> Floor	Php [REDACTED]
Cost to Transfer to 11 <sup>th</sup> Floor	[REDACTED]
Savings (Transfer)	Php [REDACTED]

Ms. Ambagan noted that the timeline for the renovation of the 11<sup>th</sup> Floor would be from January to February 2023. She stated that the transfer date of the head office to the 11<sup>th</sup> Floor would be on 1 March 2023.

The Board requested management to present the CAPEX for the transfer of the head office to the 11<sup>th</sup> Floor of STI Holdings Center during the next Board meeting.

D. Annual Stockholders' Meeting of Riviera Golf Club, Inc.

Upon motion made and duly seconded, the Board unanimously approved the following resolutions in connection with the Annual Stockholders' Meeting of Riviera Golf Club, Inc.:

**RESOLUTION NO. 2022-BD-21**

*"RESOLVED, That the Board of Directors hereby constitutes and appoints Mr. Orlando N. Mateo as the attorney-in-fact and proxy of the Corporation with full power and authority to attend and represent the Corporation and to vote all shares registered in its name at the Annual Meeting of the Stockholders of Riviera Golf Club, Inc. on Saturday, 3 December 2022 at 9:00 a.m. at the Riviera Tee Pavilion and any adjournment thereof;*

*"RESOLVED FINALLY, That the Corporation's Director, Mr. Eusebio H. Tanco, be as he is hereby authorized to sign, execute and deliver the Proxy form on behalf of the Corporation."*

E. Affiliation with PayMaya

Upon motion made and duly seconded, the Board unanimously approved the following resolutions in connection with the Corporation's affiliation with PayMaya:

**RESOLUTION NO. 2022-BD-22**

*"RESOLVED, that the Corporation be authorized to negotiate and/or enter into an agreement with PayMaya Philippines, Inc. ("PAYMAYA") for merchant affiliation or other agreements that may be entered into between the Corporation and PAYMAYA (the "Agreement");*

*"RESOLVED, that the Corporation hereby appoints and designates any two (2) of the following officers named below:*

<i>Name</i>	<i>Position</i>	<i>Signature</i>
Michelle L. Ambagan	Senior Vice President & COO	_____
Victor C. Tan	Vice President and CFO	_____

to sign, execute, and deliver any and all applications, contracts, documents, forms and other writings as may be necessary or proper to implement the Agreement;

*“RESOLVED, that the Corporation hereby ratifies and confirms any and all acts and things which the abovenamed representative/s may lawfully do or cause to be done pursuant to the authority herein granted;*

*“RESOLVED FINALLY, that the foregoing resolutions shall remain valid and effective unless otherwise notified in writing to PAYMAYA.”*

F. PLDT Application for Zamboanga Satellite Office

Upon motion made and duly seconded, the Board approved the following resolutions in connection with the PLDT application of the Zamboanga Satellite Office for wireline telephone number and internet:

**RESOLUTION NO. 2022-BD-23**

*“RESOLVED, That the Corporation be, as it is hereby authorized, to submit an application to PLDT, Inc. (for Wireline Telephone Number and Internet) (the “PLDT Application”) for its Satellite Office located at Purok San Francisco Pangil, Ipil, Zamboanga Sibugay (the “Zamboanga Satellite Office”);*

*“RESOLVED FINALLY, That the Corporation’s Satellite Office Manager, Ms. Henriette S. Camanse be, as she is hereby authorized to: (a) sign, execute and deliver, on behalf of the Corporation, any documents or instruments as may be necessary or required for the PLDT Application of the Zamboanga Satellite Office; and (b) perform such other acts as may be necessary to implement the foregoing resolution.”*

G. Authorized Signatories for the Pag-Ibig Fund

Upon motion made and duly seconded, the Board unanimously approved the following resolutions in connection with the designation of the Corporation’s authorized signatories for the Pag-Ibig Fund:

**RESOLUTION NO. 2022-BD-24**

*“RESOLVED, that the Corporation hereby appoints and designates the following officers as its authorized signatories:*

<i>Name</i>	<i>Position</i>	<i>Signature</i>
<i>Michelle L. Ambagan</i>	<i>Senior Vice President &amp; COO</i>	_____
<i>Fatima R. Robles</i>	<i>Senior Manager-HR</i>	_____
<i>Djoanna C. Rondolo</i>	<i>Senior Manager- Accounting</i>	_____

*to sign, execute, and deliver any and all documents, forms and other instruments as may be required by the Pag-Ibig Fund;*

*“RESOLVED FINALLY, that the Corporation hereby ratifies and confirms any and all acts and things which the abovenamed signatories may lawfully do or cause to be done pursuant to the authority herein granted;*

**IX. ADJOURNMENT**

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

**ARSENIO C. CABRERA, JR.**  
*Corporate Secretary*

ATTEST:

~~MONICO V. JACOB~~  
Chairman

~~EUSEBIO H. TANCO~~  
Director

~~JOSEPH AUGUSTIN L. TANCO~~  
Director

~~PAOLO MARTIN O. BAUTISTA~~  
Director

~~CECILIA C. BORROMELO~~  
Director

~~JESLIA/LAPUS~~  
Independent Director

~~JOSE ALFONSO A. POBLETE~~  
Independent Director

~~ARMANDO L. SURATOS~~  
Independent Director