

**MINUTES OF THE MEETING
AUDIT COMMITTEE
BETHEL GENERAL INSURANCE AND SURETY CORPORATION
VIA HYBRID MEETING AT 11:45 A.M. OCTOBER 28, 2024**

PRESENT:

Ms. Dominga G. Garcia	-	Chairperson
Ms. Vida T. Chiong	-	Member
Ms. Aileen A. Uy	-	Member

ALSO PRESENT:

Mr. Rudy E. Mahinay, Jr.	-	Compliance Officer
Atty. Dyandell G. Mendoza	-	Corporate Secretary
Ms. Lanie Santos	-	Corporate Treasurer
Ms. Maricor Parado	-	Resource Person
Mr. Isagani Sabado	-	External Auditor (thru Zoom)
Mr. Marlon Lim	-	Internal Auditor/Chief Audit Executive
Ms. Jemery Gajopo	-	Minute taker

CALL TO ORDER

The Meeting was called to order by the Chairperson of the Audit Committee at 11:45 in the morning on October 28, 2024 via hybrid meeting –Mr. Isagani Sabado attended thru Zoom video conferencing, while all the other attendees were at the Bethel Conference Room, located at the Bethel Gen Head Office. Ms. Gajopo took the minutes of the meeting.

SERVICE OF NOTICE AND DETERMINATION OF QUORUM

The Corporate Secretary, Atty. Mendoza reported that, in accordance with the provisions of the Corporation Code and the Amended By-Laws of the Company, a written notice of the meeting was served to all members of the Audit Committee on September 12, 2024. All members of the committee are present to validly transact business at the Audit Committee meeting.

Atty. Mendoza acknowledged the presence of the company's external auditor, Mr. Isagani Sabado, and internal auditor, Mr. Marlon Lim.

MATTERS ARISING FROM THE PREVIOUS MEETING

Ms. Chiong moved for the approval of the minutes of the previous meeting, stating that she has no objections to the minutes and that it was in fact already reported at the last board meeting held on June 26, 2024. Ms. Uy seconded. There being no other objections, Atty. Mendoza declared that the minutes of the Audit Committee last April 11, 2024, is thereby approved.

AUDIT MATTERS

DISCUSSION WITH DEAN SABADO

Atty. Mendoza introduced Mr. Isagani Sabado to the members of the Committee. Immediately, Ms. Garcia inquired to Mr. Sabado if the company is ready for the submission of IFRS-17. Mr. Sabado assured the board members that he will prepare it upon submission of the required data since the IFRS-17 will be effective in 2025 or 2 months away as of the

meeting date. He reminded the board that it will take a considerable amount of time for the reason that it will be a comparative with the financial statements of 2023 and 2024. Mr. Sabado mentioned that he proposed a coordination meeting with the SSMB company group and the actuary, he explained that the actuary is the main entity that will be producing and preparing the reports for the company; the role of the company is to provide information, while the external auditor is tasked with reviewing if the procedures are in accordance with the standards.

Ms. Parado clarified that the proposed meeting, initially scheduled for October was rescheduled to a later date, the attendees of which are the AMI and the SSMB company group. Ms. Parado also mentioned that the company's meeting with the AMI has already been held.

Ms. Chiong simplified the discussion, stating that for the 2024 FS, the company will be utilizing two procedures for the purpose of comparison: the existing accounting procedure and the IFRS procedure. Ms. Chiong, concerned with the approval of the board, asked how much will be the cost of the company's engagement with I.T. Sabado and Associates, Ms. Parado replied that the audit services will cost [REDACTED] exclusive of VAT and other expenses.

Lastly, Mr. Sabado requested a line for completing and finalizing financial statements prior to the audit, as well as an advance data schedule to allow him to gradually compile his reports; he also committed to a scheduled visit in the Company for him to assess internal procedures. The board agreed that the financial statement is scheduled to be completed by the end of March 2025, allowing the audit committee to review it before it is presented to the board, in addition the company is planned to close its books by February 28, 2025.

DISCUSSION OF STATEMENT OF INCOME AS OF JUNE 30, 2024

Ms. Parado reported the statement of income as of June 30, 2024, P460 million in premiums and P[REDACTED] in commission revenue add up to P[REDACTED] in underwriting revenue. The company's overall income is P[REDACTED], which includes P24 million in investments and other income.

A commission charge of P[REDACTED], net insurance benefits and claims of P[REDACTED] and additional underwriting costs of P[REDACTED] were among the expenses, the total of which came to P[REDACTED]. Furthermore, P[REDACTED] was spent on general and administrative costs, bringing the company's overall expenses to P[REDACTED].

The income before tax is P[REDACTED], and the income tax expense is P[REDACTED], giving a net income of P[REDACTED]. This represents a remarkable [REDACTED]% increase in premiums earned, or P[REDACTED], above premiums earned in June 2023. In addition, we have a [REDACTED]% increase in investment and other income of P[REDACTED].

In terms of expenses, claims reached [REDACTED]%, or [REDACTED], primarily due to fire claims; commissions increased by [REDACTED]%; and general and administrative expenses increased by [REDACTED]%, primarily due to wages and seminars.

Further, Ms. Parado presented the ratios of 2024 as:

Loss Ratio	[REDACTED]%
Commission Expenses	[REDACTED]%
General Admin. Expense Ratio	[REDACTED]%
Net Income Ratio	[REDACTED]%

DISCUSSION OF STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2024

In her next discussion, Ms. Parado presented the unaudited Statement of Financial Position as of June 30, 2024. As of said date, total assets reached P[REDACTED], a [REDACTED]% increase from P[REDACTED] last year. The overall liabilities amounted to P[REDACTED], increasing [REDACTED]% from P[REDACTED] last year, she also reported that total shareholder equity came at P[REDACTED], increasing [REDACTED]% from P[REDACTED] last year.

Ms. Parado discussed the significant changes to the financial position as follows:

Assets	Percentage	Increase/(Decrease)	Reason
Cash on Hand			
Time Deposits			Increase in premiums receivables
Premiums Receivable			Increase of gross premiums written
Due from ceiling companies			Increase in reinsurance premium assumed
Amount recoverable from reinsurers			Recovered from fire claims
Held-to-Maturity Investments			decrease in amortization
Loans and receivables			Arises from collections and contract to sell
Available-for-Sale (AFS) Financial Assets			due to write off of Banco Filipino shares
Subscription receivable			Collections
Deferred acquisition costs			Increase in commission expense
Other assets			Liquidation of other receivables

Liabilities	Percentage	Increase/ (Decrease)	Reason
Claims Liabilities			Fire claims
Premiums Liabilities			Increase in productions
Due to Reinsurers			
Funds Held for Reinsurers			
Taxes Payable			Inclusive of income tax and other charges

Pension Obligation		Set up from actuarial
Other liabilities		

Shareholder's Equity	Percentage	Increase/(Decrease)	Reason
Reserve Account			Appraisal increase in property and equipment

As inquired by Ms. Chiong, Ms. Parado stated that the reason for the decrease in loans and receivables is that the Tanay Property which was issued a Contract to Sell has already been collected.

Moving on, Ms. Chiong expressed her concern about write-off, Ms. Parado explained that the shares were ordered to be written off by IC since they were no longer valuable; the projected total amount written off is P

For the next meeting, the members requested the resource speaker to present the target or goals against the actual figures, the sources of production and loss ratio.

APPOINTMENT OF THE INTERNAL AUDITOR, MR. MARLON LIM

The appointment of Mr. Marlon Lim as the Internal Auditor of the Company was served last April 29, 2024, the Chairman endorsed its confirmation to the Audit Committee. Ms. Chiong moved for the approval of the appointment, Ms. Uy seconded, there being no objection despite given opportunity to do so, the following Resolution was thus adopted:

"RESOLVED, that Mr. Marlon Lim, is hereby appointed as the internal auditor of the Company."

Ms. Chiong reminded Mr. Lim to be present at every audit committee meeting and to present a report on his audit findings. She also mentioned that he will be the Chief Audit Executive.

According to Mr. Mahinay, Mr. Lim may expect improved reports from the branches with the implementation of the new excel template that has recently been furnished to the branches. The template is an automatic run-off program that would generate the collection report.

Lastly, Ms. Chiong reminded Mr. Lim that as the internal auditor, he should collaborate with the Chief Risk Officer, Mr. Nestor Liwanag, and Compliance Officer, Mr. Rudy Mahinay, to look into the Enterprise Risk Management Framework, Disaster Recovery Plan, Business Continuity Plan, Cyber Security Plan, and Natural Calamity Plan.

ADJOURNMENT

The Chairperson moved to adjourn the meeting which was seconded by Ms. Chiong. The meeting was adjourned at 12:54 in the afternoon.

Certified Correct:

ATTY. DYANDELL G. MENDOZA
Corporate Secretary