

**MINUTES OF THE MEETING OF THE BOARD AUDIT COMMITTEE
OF BETHEL GENERAL INSURANCE AND SURETY CORPORATION
VIA HYBRID MEETING AT 3:45 P.M. ON SEPTEMBER 18, 2023**

PRESENT:

Ms. Vida T. Chiong	- Chairperson
Ms. Dominga G. Garcia	- Member
Atty. Rozaire G. Ombao-Bagares	
Sharmaine Madonna O. Millares	- Paralegal / Minute-taker
Ms. Maricor Parado	- Resource Person

CALL TO ORDER

The meeting was called to order by the Chairperson of the Nomination Committee at 3:45 P.M. on September 18, 2023, via hybrid meeting – Ms. Vida T. Chiong and Ms. Dominga Garcia attended through Zoom videoconferencing, while Atty. Ombao was at the Bethel Conference Room, located at the Bethel General Insurance - Head Office.

SERVICE OF NOTICE AND DETERMINATION OF QUORUM

Atty. Ombao reported that, in accordance with the provisions of the Corporation Code and the Amended By-Laws of the Company, written notice of the meeting was served to all members of the Committee. The majority of the members of the committee are present to validly transact business.

DISCUSSION ON THE INTERIM FS AS OF JUNE 30, 2023

Ms. Parado reported that as of June 30, 2023, based on the Statement of Financial Position, Total Assets amounted to [REDACTED], while Total Liabilities were at [REDACTED] million. Total Shareholders' Equity is at [REDACTED]. There are 2 accounts that have significant changes, under the "loans and receivables" amounting to [REDACTED] which compared to last year amounted only to [REDACTED]. The significant change came from the reclassification of properties. Investment Property decreased from [REDACTED]

Ms. Garcia inquired about the [REDACTED]. Ms. Parado replied that last 2022, it had not yet not been booked under loans and receivables, and was still under the investment property because the contract is binding for this 2nd quarter only. Ms. Garcia further clarified how they analyzed the statement in investment property. Ms. Parado replied that [REDACTED] Ms. Chiong sought to be clarified on the expected payment under the contract. Ms. Parado

answered that in May 2023, Bethel Gen received the downpayment amounting to [REDACTED] million, and the [REDACTED] amortization started last June 2023. The property is worth around [REDACTED] and the monthly amortization is [REDACTED]. Ms. Parado then clarified that those are the only 2 material changes in the Interim FS.

Ms. Garcia asked for the breakdown of the Time Deposit and where these are placed. Ms. Parado replied that most of the time deposits are placed in BPI, RCBC, BDO, Rural Bank of Apalit, and Malayan Bank. The treasury bills are recorded under HTM and totaled Ph [REDACTED] million.

Ms. Garcia further asked if Bethel Gen is directly doing the investment management or if there is a group that handles it. Ms. Parado replied that there is a designated person negotiating but not necessarily with the same bank, and it is at the discretion of the management where to place the time deposit.

Ms. Chiong asked if Bethel Gen has an investment consultant, which was confirmed by Ms. Parado. She also asked if the company invests in corporate bonds. Ms. Parado replied in the negative, investment was purely on government securities. Ms. Chiong further asked if they maximize the interest rate and earnings. Ms. Parado replied that the rates usually do not drop at 4%, and the recent placement is around 4% or 5% up to 7%. Ms. Chiong further clarified on the average, how much Bethel Gen receives from the interest income. Ms. Parado replied that on average, as of June 2023, they were receiving [REDACTED] interest rate.

At this point, Ms. Garcia asked about the subscription receivable, if almost everything is fully paid, or if there are still outstanding. Ms. Parado answered that as of June 2023, there are [REDACTED] million in receivables, the first [REDACTED] is due by the end of 2023, and the [REDACTED] is due in 2024. The subscriptions paid in 2023 came from Quickway Holdings, followed by Mr. Mercado, and Ms. Delos Reyes.

Ms. Garcia asked about Bethel Gen's clearance with the BIR. Ms. Parado replied that Bethel Gen has already paid the [REDACTED] liabilities, and the [REDACTED]. Ms. Garcia further asked about the computation of Premium liabilities, to which Ms. Parado replied that it is the 24th method being used.

Next, Ms. Garcia asked about the Pension Obligation. Atty. Ombao replied that after the board meeting last July 2023, they are now coordinating with Zalamea Actuarial Solutions regarding the setting up of the retirement plan. Zalamea has requested information regarding the employees, and according to them they will make a presentation to the management team. Ms. Chiong asked about the [REDACTED] liabilities. Ms. Parado replied that it is the amount initially set up by the external auditor.

Ms. Garcia mentioned that during the last board meeting, they recommended a salary increase for employees. Atty. Ombao replied that the increase in salary was for [REDACTED]

Ms. Chiong asked what are the other liabilities of Bethel Gen. Ms. Parado replied that most of the liabilities are [REDACTED] Ms. Chiong asked about the latest approved synopsis from the IC. Ms. Parado answered that the latest approved synopsis states that the net worth of the company is Php1.4 billion but is still subject to reconsideration.

Ms. Parado also reported that the Premiums Earned are [REDACTED], Commission Income at [REDACTED], and Interest Income at [REDACTED], with a gross income of [REDACTED]. For expenses, loss is [REDACTED], Commission Expense of [REDACTED], Underwriting Expenses of [REDACTED], and General Administrative Expenses of [REDACTED], with a total expense of [REDACTED]. The Income before Taxes is [REDACTED] less the Income tax expense of [REDACTED]. As of June 30, 2023, Bethel Gen has a total Net Income of [REDACTED].

Ms. Chiong suggested that for the next audit meeting, there should be a year-to-date comparison.

Ms. Chiong noted the suggestion of Atty. Ombao to include Mr. Jonathan Cruz as a member of the Audit Committee.

ADJOURNMENT

There being no other matters to be taken up, the meeting was adjourned at 4:45 p.m.

Prepared by:

(Sgd.) SHARMAINE MADONNA O. MILLARES
Paralegal / Minute-taker

Noted by:

(Sgd.) ATTY. ROZAIRE G. OMBAO-BAGARES
Corporate Secretary