

**Minutes of 2018
ANNUAL MEETING OF MEMBERS
of
AHON SA HIRAP, INC.**

held on April 7, 2018

at the Cezanne Meeting Room, NOVOTEL
Araneta Center, Cubao, Quezon City

ATTENDANCE:

Present:

Enrolled Members present:

Terms

Mercedes R. Abad	- President	April 2016 - April 2018
Angelina P. Jose	- Chairperson	April 2017 - April 2019
Henry Joseph M. Herrera	- Auditor	April 2016 - April 2018
Gloria P. Jimenez	- Asst. Secretary	April 2017 - April 2019
Milagros S. Rivera	- Enrolled Member	

Regular Member-Representatives present:

Ms. Luzviminda J. Andal	- Calabarzon 1
Ms. Marivic M. Ramiro	- Calabarzon 2
Ms. Lhotis A. Monera	- Calabarzon 3
Ms. Evalinda G. Carnevale	- Calabarzon 4
Ms. Alona O. Arago	- Calabarzon 5
Ms. Melchora S. Garcia	- Western Visayas 1

Management/Staff present:

Estrella S. Andres	- Vice President
Melecia A. Bibal	- IAU Supervisor
Jimmy A. Ramos	- Operations Division Head
Olivia G. Madriaga	- Human Resource Division Head
Leah C. Ortega	- Administration Head
Joana Mary C. Revellame	- Recording Secretary

Enrolled Members absent:

Maricel Baltazar	- Secretary	April 2016 - April 2018
Ma. Wivina de Vera	- Treasurer	April 2017 - April 2019
Patricia Calilong	- Enrolled Member	
Atty. Jaime G. Hofilena	- Enrolled Member	
Atty. Ronaldo B. Ingente	- Enrolled Member	

Regular Member-Representatives absent:

Donnabel M. Iguiron - Western Visayas 2

1. The song "At the Cross" by Hillsong served as the Opening Prayer.

Call to Order

2. The meeting commenced at 9:20 am. The President, Ms. Mercedes Abad, presided over the meeting.

Proof of Notice of the Meeting and declaration of quorum

3. Notice of Meeting was sent via email last March 13, 2018. A roll call by the Chairman, Ms. Angelina Jose, confirmed the presence of a quorum for the meeting, there being present, 5 of 10 Enrolled Members, 6 of 7 Regular Member-Representatives.

Invited to the meeting were 6 ASHI Management/Staff.

Review and Approval of the previous Annual Meeting minutes dated April 22, 2017

4. The members went over the minutes of the previous Annual Meeting on April 22, 2017 (copies of which were among the meeting materials earlier distributed to the members). Upon motion of Mr. Herrera and seconded en masse, the minutes was approved.

Business Arising from the Previous Minutes

5. No business matters were raised from the previous minutes.

The President's Report

6. Prior to the President's presentation, the President requested for the approval of the Final 2017 Audited Financial Statements prepared by Villaruz Villaruz and Company, External Auditor for 2017 which was initially presented during the EXECOM meeting of March 27, 2018 from 4-6pm. Upon motion of Mr. Herrera, seconded en masse, the Final 2017 Audited Financial Statements was approved by the body. The board then signed the resolution authorizing Ms. Abad to approve and issue the 2017 Audited Financial Statement and be the authorized signatory thereon for

and in behalf of ASHI (A Non-stock, Non-profit Organization) for the year ended December 31, 2017. Resolved further, Ms. Abad was authorized to sign the 2017 Annual Income Tax Return (BIR Form no. 1702 MX) in behalf of ASHI (A Non-stock, Non-profit Organization).

7. The ASHI Performance Report for 2017 was then delivered by Ms. Abad. She rendered her report which included the following points, among others:

ASHI Outreach and Coverage:

- In 2017, ASHI opened 3 new areas, and 10 new branches in Calabarzon and Western Visayas.
- Membership count has reached 61,282 as of Dec 31, 2017, representing a 35% increase over 2016. This, however, is only 52% of intended 2017 target.
- In 2017, active membership increased significantly (81% to 91%), bringing down the proportion of inactive members (9%) to the acceptable standard, which is 10%.
- ASHI started improving center fill up rate in 2016 so that the Development Officer (DO) will focus on one center meeting per day only, thus reducing staff load and travel. Consequently, this will allow more time for the DO to connect with the members, and reduce transportation costs. Calabarzon 5 has achieved the highest average center fill-up rate of 35 per center, although this is still 15 away from the average of 50 members per center.
- Centers are performing better in 2017. Very good centers have risen from 806 to 993, good centers from 555 to 600. There are, however, 324 centers which need improvement.

Member's Quality of Life:

- PPI rate in 2016 clearly show the ascent of members as they stay longer in ASHI. In 2017 we adopted a new PPI form as suggested by the PPI masters. The trajectory of the 2017 PPI is less pronounced than that of 2016. We need to consult the PPI masters on this and do more research.
- Of 48,169 members surveyed, loans were utilized for trading and retail (73%), service (4%), manufacturing (5%), enterprise (2%) and agriculture (16%). The poorest were households engaged in agriculture 90% of whom are likely to be earning below \$5/day prompting ASHI to intensify and develop programs that will boost the living condition of members in the agricultural sector.

- Houses of members improve with time. As they stay longer in ASHI, houses shift from light to strong materials.
- In the early years of membership, a high percentage of households are without toilet facility or using traditional open/close pit, prompting ASHI to partner with Water.org to help in the construction of affordable scientifically-built toilet facility for members.
- As members avail of bigger loan windows, the poverty probability index goes down indicating reduction in poverty.

Financial Report and Performance:

- Loan Outstanding (LOS) grew by 19% in 2017 (829.3 million to 986.6 million).
- Western Visayas 1 continues to be the biggest contributor to loan outstanding (21%).
- General loans comprise 55% of loans, incentive loans 22%, special loans 15%, AGAP 5%. The new 3K loan consisting of Pure-It, Gazlite and Solar Light comprise 2%; special loan from center fund, group fund, flexible loan, resiliency loan and SSS 1%, while APROOT Loan is minimal.
- Collection rate has a 101% performance, while loan release at 92% is short of target.
- Portfolio at Risk (PAR) is on an increasing trajectory the past 2 years. From 1.7% in 2015 to 2.2% in 2016, it is now at 2.9%. Western Visayas 1, the biggest contributor to loan portfolio, registers the biggest PAR (6.8%). Calabarzon 7 with a PAR rate of 7.4% is not as threatening because its LOS is still relatively small, being an expansion area.
- Other indicators of membership health reflect sustained performance: repayment rate is at 98%, attendance rate at 89% and retention rate at 95%.
- Operational and Financial Self Sufficiency is a mixed performance. Return on assets increased by 1.1% while net surplus rate dipped by 3%.

Staffing:

- A total of 167 was added to the staff count, now numbering 584, most of whom are field workers (446) distributed as follows: Development officers (373), other field workers (73).
- Most of the staff are female (69%) and single (73%). Staff retention went up from 92% to 97% as selection and training improve.

- The average member handled per DO is 190, average no. of centers is 5.9, average loan account is 291, and average LOS is 3.054 million. It may not be appropriate to compare with past years as there has been a thrust towards lightening DO load to concentrate on connectivity with members, also a lot of expansion which has watered down number of accounts and LOS.
- Various trainings were provided for the continuous education and development of the staff.
- The awarding of Best in Branch Office Maintenance, already on its third year motivates branches to show and preserve their best. There were 17 branches that topped with 5 special awards for creativity and innovation in the clean and green program.
- The ASHI Employees Credit Cooperative (ASHIECC) was formally organized and registered with the Cooperative Development Authority on May 2017.

Social Development Programs / Outreach:

- Members Outreach Program includes Medical Mission, Health Care Programs and Insurance Benefits.
- Various member trainings and Livelihood Programs were conducted and participated by members.
- Social Responsibility programs conducted: Involvement with LGU Programs, distribution of school supplies and slippers in Mararison Island, Kasalang Bayan, Business Summits in Calabarzon, ASHI Grameen Agricultural Program, ASHI Partners in 3K Program and compliance of 1 tree planted for every General Loan.

Milestones and Achievements

- ASHI was granted Truelift Emerging Practitioner status, as assessed using the Truelift methodology, recognized for its progress towards the achievement of Pro-Poor Principles and Strategies.
- ASHI is now a certified member of the People Management Association of the Philippines (PMAP) and has received its Certificate of Membership
- Unilever gave ASHI two awards at the MCPI convention: 1) the **Founder's Award**, in appreciation for being the first MFI partner of Pure-it, and 2) the **Lives Protected Club Member award**, in appreciation for ASHI's unwavering dedication in uplifting and protecting lives by providing safe drinking water.
- MFI practitioners and enthusiasts from Nepal when visiting the Philippines usually request ASHI to give them a lecture on operational processes. In 2017 ASHI entertained two Nepalese

delegations: 1) Centre for Self-help Development (CSD) and 2) Dhaulagiri Community Resource Development Center (DCRDC).

- The Executive Development Academy (EDA) unanimously selected ASHI for its outstanding interest and concern in the training and development of its human resources, thus contributing to the economic and social welfare progress of the country.

Acceptance of the Report

8. Since there were no objections, the report was accepted and approved by the body.

Ratification of the Acts of the Board of Trustees for the Period covering April 2017 to April 2018

9. A motion to ratify all acts of the Board of Trustees covering April 2017 to April 2018 (including those relating to changes and requirements by the bank especially when there are new signatories), was made by Ms. Abad and unanimously seconded. Motion was carried.

Election of Incoming Trustees

10. Two Trustees have one more year to serve (those occupied by Ms. Angelina P. Jose and Ms. Gloria P. Jimenez). Ms. Ma. Wivina L. De Vera requested to remain as an enrolled member due to her extended US stay.
11. Qualified members are as follows:
 - Mercedes R. Abad – Completed 3 terms (2012-2018)
 - Jaime G. Hofilena – Completed 2 terms (2011-2016)
 - Henry Joseph M. Herrera – Completed 2 terms (2014-2018)
 - Maricel L. Baltazar – Completed 1 term (2016-2018)
 - Chiara dela Paz - Completed 1 term (2015-2017)
 - Patricia Calilong – Enrolled Member
 - Atty. Ronaldo B. Ingente – Enrolled Member
 - Milagros S. Rivera – Enrolled Member
12. Ms. Abad needs a waiver from the body on the maximum 3 consecutive terms per Article VI, Section 7 of the By Laws.
13. Mr. Herrera suggested that the position of President be excluded for the election because she is required to be in the board and it is not easy to change the President every three terms.
14. Ms. Andres noted that it can be waived during the meeting. Mr.

Herrera suggested that ASHI seeks legal opinion regarding the matter. Ms. Jose stated that for now, it will just be waived which was approved by the body.

15. From ten enrolled members, six will be chosen as trustees. There being two seat filled by 2 remaining trustees, four need to be voted. Ms. De Vera has begged off while Mr. Hofilena only agreed to be a signatory due to his load with his current job. Atty. Baltazar is not active and her two years term as the Corporate Secretary has already ended.
16. Atty. Ingente was out of town so could not attend the meeting, but indicated that he is willing to be elected. Ms. Rivera had attended last year's annual meeting and lacks one year enrolment as enrolled member. The body agreed to waive the requirement for her to be elected into the Board.
17. For the four vacant positions for Trustees, Ms. Jimenez nominated Ms. Rivera, Mr. Herrera, Ms. Abad and Atty. Ingente. It was duly seconded by Ms. Jose, and carried out by the body.

Other Matters

- a. Designation of external auditor
 - It was deemed appropriate to look for another auditor because Villaruz, Villaruz & Co., CPAs has been external auditor for 3 years. Two proposals from KPMG and Reyes, Tacandong Co. were presented by Ms. Andres with the following quotations: 1.5 million from KPMG and four hundred fifty thousand (P450,000) from Reyes, Tacandong Co.
 - Mr. Herrera informed the body that Reyes, Tacandong Co. is a separated SGV Co. (SyCip Gorres Velayo & Co.) wherein more than half of SGV clients went with them. He added that he has experienced working with them for ten years and is satisfied with their service. Mr. Herrera indicated that for the same price, he will still choose Reyes Tacandong & Co. He assured the Board that ASHI is in good hands with them.
 - Ms. Andres informed the body that ASHI has asked Reyes, Tacandong Co. to prepare a response letter to BIR and Atty. Paul has been very helpful. KPMG on the other hand, keeps on changing people so we have to provide them basic information every audit.
 - Mr. Herrera moved to designate Reyes, Tacandong Co., duly seconded by Ms. Jimenez as the 2018 external auditor of ASHI. The motion was approved by the body.
- b. Permission to start pre-construction preparations of HO in Pililla, Rizal

- Ms. Abad informed the body that the property in Pililla, Rizal where the new Head Office will be transferred has been paid in full. She asked permission from the body to start pre-construction activities for the new Head Office.
- Ms. Jose asked if the contractor was already chosen.
- Ms. Abad mentioned that the property is so big, we need to plan its land use first for optimum benefit. Dean Manahan was initially identified to design the building but has passed away early this year.
- Mr. Herrera asked how the bidding by architects will be conducted.
- Ms. Abad disclosed that through their presentations, the best one will be selected. Then the building will be bided out to contractors. It is roughly estimated that at today's prices, around thirty (30) million pesos may be needed for the construction of the new head office which will include living quarters for the staff when they visit HO.
- Ms. Jimenez asked what will happen to the office in Cubao.
- Ms. Abad explained that upon completion of the new building in Pililla, the current office will be sold to the best offer. Ms. Abad informed the body that there are interested buyers.
- Ms. Abad assured the body that Funders are not bothered that we are moving to a provincial area as technology has broken borders. In fact banks are ceasing from brick and mortar construction as the future calls for digitizing. Union Bank has put up a new branch in Ayala, near BPI Paseo, to show off the digitized bank of tomorrow where there are no more bank tellers.

Adjournment

18. The Annual Meeting of Members adjourned at 11:10 AM.

Prepared by:

JOANA MARY C. REVELLAME
Recording Secretary

CERTIFIED CORRECT BY:

GLORIA P. JIMENEZ
Assistant Secretary

ATTESTED BY:

MERCEDES R. ABAD
President