

PRAXIS FIDES MUTUAL BENEFIT ASSOCIATION, INC.

ANNUAL REPORT

2020

2020 Financial Report

Market

Membership

For the first two months of 2020, monthly recruitment of new members reached a high 1,658 and 1,670 respectively. Decrease in recruitment of new members started at the middle of March where the government declared the Enhanced Community Quarantine (ECQ) caused by the NCovid-19 Pandemic. For the month of April, recruitment is totally @ zero. Starting in the month of May, there are restrictions and strict protocol to comply with the IATF Guidelines in observing social distancing & the seniors are not allowed to go out. Our workforce meticulously managed in solving these recruitment problems. During the third quarter, recruitment remarkably increased until year end. Considerably, for 2020 PFMBAL had a monthly average in recruitment of almost a thousand new members (with at least only the 2nd quarter badly affected by pandemic) per month.

Total Plans Sold and Performing Area Representatives

Year	2020	%	2019	%
PLANS SOLD	11,250		15,950	
MO. AVE.	938		1,329	
PERFORMING ARS	200	36%	196	35%
NON-PERFORMING ARS	242	44%	190	34%
SUB-ARS	113	20%	169	30%

Withdrawals

Members may withdraw their plans in any of the three possible occasions such as during Plan Maturity, Plan Pre-termination, and during Death Claims. For the year 2020, Praxis Fides MBI has released 726 Matured Plans compared to a total of 657 in 2019. During this pandemic year, Pre-terminated Plans increased by 14.4% (from total 1,417 in 2019 to 1,616 in 2020) due to the financial problems experienced by the members caused by the lack of work during the periods of lockdown.

Plans 2020

YEAR	MO. AVE.	2020	INC.	MO. AVE.	2019
MATURED	61	726	10.5%	55	657
PRE-TERM	135	1,616	14.4%	118	1,417
CLAIMS	22	267	10.5%	19	227
TOTAL		2609		2,301	

Compared with previous years, Death Claims for the year 2020 has the highest amount of insurance coverage released to the claimants for a total of over 10M for 267 insured members. Among those claims, 14% were contestable while 86% were incontestable. Even though we are in Pandemic period only 6% were declared to have Covid-related cases as their cause of death. Total equity of over 2M was also released representing equities of the deceased members. In 2020, PFMBAL had only 1 denied claim due to member's pre-existing condition.

TOTAL DEATH CLAIMS PER AREA

for the year 2020

	no. of claims	INS_COV	EQ_WD	Total Benefits
ANG	6	160,000.00	58,562.45	218,562.45
BLG	6	180,000.00	17,983.23	197,983.23
BLG2	2	60,000.00	21,268.31	81,268.31
BMA	9	350,000.00	153,607.99	503,607.99
BOC	8	320,000.00	90,279.42	410,279.42
BOC2	3	110,000.00	16,708.38	126,708.38
BUL2	1	30,000.00	1,897.50	31,897.50
BUS	31	1,420,000.00	424,774.73	1,844,774.73
BUS2	3	90,000.00	3,239.25	93,239.25
HAG	3	90,000.00	22,914.91	112,914.91
MAL	19	600,000.00	120,707.39	720,707.39
MAR	5	170,000.00	26,979.30	196,979.30
PAN	44	1,730,000.00	479,381.37	2,209,381.37
PAN2	6	210,000.00	36,813.76	246,813.76
PAN3	5	180,000.00	14,384.75	194,384.75
PAN4	1	30,000.00	677.5	30,677.50
PAOM	9	340,000.00	73,735.27	413,735.27
PB	17	650,000.00	165,504.51	815,504.51
PB2	9	360,000.00	25,410.29	385,410.29
PB3	2	40,000.00	26,509.36	66,509.36
PB4	4	100,000.00	25,902.13	125,902.13
PFO	7	310,000.00	60,957.50	370,957.50
PFO2	5	170,000.00	40,714.17	210,714.17
SJDM	6	200,000.00	103,725.37	303,725.37
SMA	13	530,000.00	147,394.37	677,394.37
SMA2	19	790,000.00	171,484.03	961,484.03
SMIG	16	780,000.00	76,130.26	856,130.26
SRA	4	120,000.00	22,606.89	142,606.89
VAL	4	170,000.00	14,039.12	184,039.12
Total	267	10,290,000.00	2,444,293.51	12,734,293.51

Financial Risk: Covid Case adds up to the regular number of deaths per year.

Matured accounts withdrawal for 2020 has a total amount of 32M a slight decreased compared to 2019 of 34.2M, the 726 matured plans has an average equity of P44,083 per plan.

Pre-termination has a total equity withdrawn @ 20M compared to 2019 of 12M. Total plans pre-terminated are 1,616 with an average equity per plan of P12,432.

Loans

Corona Virus Pandemic changed our world in many different ways and has created one of the most severe global economic crisis in human history. The Pandemic has had a profound impact on the insurance industry too. With the uncertainties brought by Corona virus pandemic, the Praxis Fides MBI thru Credit Committee proposed to offer **"Pandemic Loan Program"** – the primary offering during pandemic to its general membership is a reduced rate of interest in availing Policy Loans.

Through this Pandemic Loan Program PFMBAI aims:

- To extend emergency loan assistance at a low interest rate during quarantine period,
- To help uplift our members lives,
- To recover from their losses during pandemic, and
- To promote maximization of Policy Loans as well.

Policy Loan Releases

Count				Amount			
Month	2019	2020	Inc/ Dec	Month	2019	2020	Inc/ Dec
Jan	2,547	2,842	12%	Jan	24,140,243.14	25,089,924.75	3.93%
Feb	2,330	2,355	1%	Feb	20,422,216.92	19,579,119.98	-4.13%
Mar	2,817	1,246	-56%	Mar	23,701,342.25	9,968,656.00	-57.94%
Apr	2,532	-	-100%	Apr	23,094,796.68	0	-100.00%
May	2,743	163	-94%	May	24,143,040.00	1,581,200.00	-93.45%
Jun	2,433	4,508	85%	Jun	22,475,280.00	39,457,170.80	75.56%
July	2,699	2,833	5%	July	24,276,552.00	23,529,012.27	-3.08%
Aug	2,524	2,072	-18%	Aug	22,424,324.59	17,609,695.87	-21.47%
Sept	2,947	2,592	-12%	Sept	24,174,811.00	21,252,035.80	-12.09%
Oct	2,839	1,130	-60%	Oct	25,885,190.98	8,875,847.50	-65.71%
Nov	2,630	951	-64%	Nov	22,391,692.25	8,176,600.00	-63.48%
Dec	2,132	3,761	76%	Dec	19,345,814.98	32,517,103.30	68.08%
TOTAL: 31,173 24,453 -22%				276,475,304.79 207,636,366.27 -24.90%			

This table shows the comparative releases of 2019 and 2020. A -22% from no. of borrowers and -24.90% in terms of Amount, despite of pandemic and with months under the Enhanced Community Quarantine (ECQ) the Praxis Fides MBI still manage to invite new members, offer loans with minimal interest rates and give loan holidays during ECQ period.

FINANCE

Praxis Fides MBI's total assets at the end of 2020 is @ 1.125B with an increase of 5.97% compared to 2019. Although the increase is less than the standard 7.5% -8%, PFMBAI was able to increase its assets, despite the challenges experienced by the association in the midst of the pandemic. Through a more defined set of targets for all its workforce and realistic approach PFMBAI is very much confident that it can catch up with the increase of 8% in assets by the end of year.

Comparative	2020	2019	inc(d)
ASSETS			
Cash	332,639,290	326,900,379	1.76%
Loans Rec	339,180,548	380,409,262	-10.84%
FAAC	30,084,821	7,956,705	278.11%
FAFV	285,416,494	212,096,983	34.57%
Prepayments	1,166,998	1,818,280	-35.82%
Other Rec	1,998,345	4,400,524	-54.59%
FAFV-OCI	27,500,000	27,500,000	0%
Investment Prop	78,309,380	86,847,942	-9.83%
Prop&Eqpt	13,292,079	14,117,616	-5.85%
Other Fund-Ret	15,915,168	-	
TOT ASSETS	1,125,503,123	1,062,047,691	5.97%

LIABILITIES	2020	2019	inc(d)
IEV	710,178,628	712,223,930	-0.29%
IP Reserve	1,294,455	1,236,053	4.72%
AcctsPayable	8,743,821	9,240,892	-5.38%
IncomTaxPay	445,492	130,505	
Ins ClaimsPay	1,980,000	1,890,000	4.76%
Other Liabs	16,162	87,824	-81.6%
Ret Benefit	23,443,892	13,030,720	79.91%
TOT LIABILITIES	746,102,450	737,839,924	1.11%

With regards to liability, it increased by 1.11%. The level of our liability still remain in the level of P700M, from 2019 liability of P737,839,924 l to P746,102,450 in 2020. The biggest part of our liability is the Individual Equity Value (IEV) of P710,178,628 but this will not be the basis for tag earnings, instead the basis is the amount of P676,824,851.52 worth of equity in 2019. Insurance Premium (IP) Reserve for 2020 is P1,294,455.

Fund Balance

The Free and Unassigned Fund Balance for the year 2020 had an increase of 29.84% and we can say that it is going strong despite of the pandemic. Net income as expected will have a decrease as an effect of the pandemic, but not much decrease as projected. The Market Performance of 70.5% did not largely affect the net income.

FUND BALANCE	2020	2019	inc(d)
Free/UFB	271,744,722	209,282,498	29.84%
Net Income	58,655,951	67,576,988	-13.2%
AssignedFB	49,000,000	47,348,281	3.49%
TOT Fund Bal	379,400,673	324,207,767	17.02%
TOT LIAB & FB	1,125,503,123	1,062,047,691	5.97%

STATEMENT OF COMPREHENSIVE INCOME			
Comparative	2020	2019	INC(D)
\$1(MC)	36,514,602	31,320,734	16.5%
Gen Fund	18,336,654	10,042,367	82.5%
Mem Fees	562,500	797,500	-29.5%
	18,899,154	10,839,867	74.34%
Ins. Fund	29,335,448	28,995,867	1.17%
Less:Claims	-11,720,000	-8,515,000	37.63%
	17,615,448	20,480,867	-13.9%

Sources of Income

The table shows the comparative sources of income from Monthly Contribution (MC) as source no.1 (\$1) with the General Fund and Membership Fees as the main sources. The Net IP earnings is @ P17.6M in 2020, with a 13.9% decrease from 2019's P20.4M.

EXPENSES AND NET INCOME

For 2020, the MEN and MARKET expenses both increased by 31.2% & 28.5% respectively versus 2019. Increases were due to Medical Expenses and Marketing Expenses from outside the books fund transferred to inside the books.

IMPACT OF 2019 NOVEL CORONA VIRUS (COVID-19)

In March 2020, the World Health Organization declared the outbreak of COVID-19 to be a pandemic. The COVID-19 pandemic is having widespread, rapidly evolving, and unpredictable impacts on global society, economies, financial markets, and business practices. The Philippine government has implemented measures in an effort to contain virus, including social distancing, travel restrictions, border closures, limitations on public gathering, work from home, supply chain logistical changes, and closures of non-essential businesses. To protect the health and well-being of its personnel, suppliers, and customers, the Association has made substantial modifications to employee travel policies, implemented office closures as employees are advised to work from home and reduce working hours.

On March 4, 2020, Republic Act (RA) No. 11469 otherwise known as the "Bayanihan to Heal As One Act" was signed into law. The said RA No. 11469 mandated all other financial institutions to comply with Section 4 (aa) to implement a 30-day grace period to all loans with principal and/or interest falling due within the Enhanced Community Quarantine (ECQ) period, without incurring interest, penalties, fees and other charges. The 30-day grace period shall apply to each loan of individuals and entities with multiple loans.

Further, the "Bayanihan to Heal As One Act", also known as Bayanihan 2, and officially designated as R.A. No. 11494 was enacted in September 2020. Relative to this R.A. the Association is required to comply with Section 4(uu) of R.A. 11494 to implement mandatory one-time 60-day grace period shall apply to each loan. The parties may agree to a grace period longer than 60 days.

As a result of these effects, the Association reported revenues of P115,997,387 in 2020 compared to P122,115,081 in 2019 or a decline of P6,117,694 or 5%.

The COVID-19 pandemic has impacted and may continue to impact the Association's business operations, including personnel, suppliers and customers and there is substantial uncertainty in the nature and degree of its continued effect.

NON-FINANCIAL REPORT

PEOPLE - Performing Area Representatives and Area Coordinators

2020 Best Performing ARs

• AR BRONZE MEDALISTS (9):

1. Penaranda, M – Pan1
2. Urog, M – Mal
3. Salhay, M – Pan1
4. Samson, M – Bus
5. De Castro, C – Pan1
6. Ignacio, E – Pan1
7. Manulat, C – Bus2
8. Reyes, M – PB1
9. Santos, E – Sma1

2020 Best Performing ARs

• AR SILVER MEDALISTS (10):

1. Ramos, E – PB3
2. Halili, J – Sma
3. Cruz, S – PB2
4. Samaniego, M – Pfo2
5. Antonio, A – PB1
6. Delos Reyes, M – SjdM
7. Javier, A – Pan2
8. Laxamana, R – Smg
9. Guballa, R – PB4
10. Mendoza, D – Mal

2020 Best Performing ACs

• AC GOLD MEDALISTS (5):

- 1st Place – Salhay,M - Pan
- 2nd Place – Antonio,A - Pb
- 3rd Place – Galang,F - Smg
- 4th Place – San Juan,L - Bus
- 5th Place – Hernandez,D – Sma2

2020 Best Performing ARs

• AR GOLD MEDALISTS (13):

- 11th Place – Ycong,E – Pan1
- 12th Place – Lazaro,R – SMG
- 13th Place – Espino, R – Pan 1

2020 Best Performing ARs

• AR GOLD MEDALISTS (13):

- 6th Place – Santos,L - Pan
- 7th Place – Dayag,M - Sma
- 8th Place – Agting, E – Sma2
- 9th Place – Flores, F - Bus
- 10th Place – Bernardino,A – Sma2

2020 Best Performing ARs

• AR GOLD MEDALISTS (13):

- 1st Place – Reyes, MRL – Sma2
- 2nd Place – San Diego,F - Bus
- 3rd Place – San Diego,E - Bus
- 4th Place – Carla,E - Pan
- 5th Place – Hernandez,D – Sma2

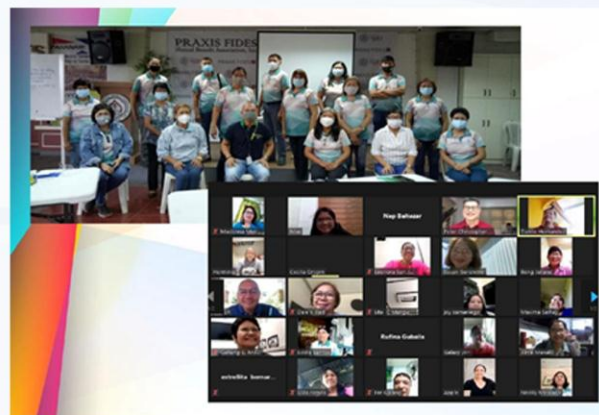
In 2020, the association conducted special meetings, trainings, re-trainings and projects

1. Virtual Meetings of BOT/MGT/AC/SAC/CLUSTER;



Virtual meetings of Board of Trustees and Officers are done via Zoom during the Enhanced Community Quarantine.

Face to face meeting meeting of Area Coordinators are conducted with minimum health protocols.



2. New AR & NP-AR ReTraining;



New Area Representatives Training and Non-Performing Area Representatives Re-Training was also conducted during the General Community Quarantine.

3. AC Recollection with Fr. Chi & Bishop Dennis;



A special thanksgiving mass was celebrated by His excellency Most Rev. Dennis Villarajo D.D. Bishop of Malolos, followed by the Area Coordinator's yearly Advent Recollection held at the 3rd Floor of Praxis Fides Bldg.

The newly Board of Trustees together with the newly elected Trustees, General Manager, Chief Audit Executive, Compliance Officer, Chief Risk Officer and Corporate Secretary attended the Corporate Governance Orientation Program conducted by ICD on August 4-5, 2020

4. Trustees' & Officers' Corporate Governance from ICD;



5. Succession Planning – with Bot in DRT/ACs&SAC /Staff;



Succession Planning Workshop was conducted in two parts; the first part was given to the Board of Trustees and selected Officers it was done in Dona Remedios Trinidad. The second part was given to Area Coordinators by GM Gener C. Luciano and Ms. Lillete Cruz.

6. Spiritual Gifts Seminar – PF Employees with Boss Jake



In relation to succession planning, Praxis Fides conducted a Spiritual Gifts Seminar for PF Employees for them to know and discover their spiritual gift and how to use it in their everyday lives specially at work. The seminar was headed by the former Praxis Fides GM Jake Joaquin.

7. CSR Seminar Workshop/Institutionalization



Corporate Social Responsibility Workshop headed by Trustee Pelagia Bautista was done last October 20, 2021.

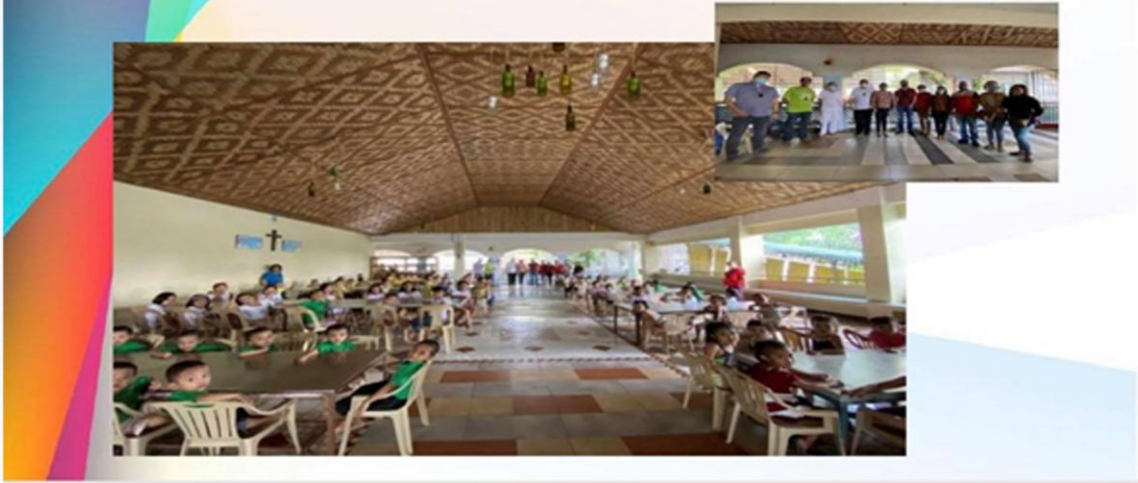
8. Investment – Stocks Virtual Meeting/ DRT Occular for timely project.



9. DRT 2020- Gift Giving



10. Bethlehem House of Bread- Feeding



Processes

PROCESSES

- **REGULATORS – IC/SEC/AMLA/ICD/NPC**
On-Line Submission of Reports
On-Line Video Conferencing/also for AGM
Revised Standard Chart of Accounts (SCA) for MBAs
- **INTERNAL CONTROL SYSTEM**
Loans – Policy on Loans, Expense Load, Earned & Unearned Interests
MC & Loans – Monthly Collectibles per AR
- **NEW ACGR Format** for submission on May 31, 2021
- **Salary Standardization** – with MGM
- **IFRS 17 - Insurance Premium Reserve**
- **Corp. Governance** - PFMBAI Code of Ethics

EXISTING RATE	PIP RATE	TERM	IP	LOANABLE AMT
3%	3%	6- Monthly	2%	90%
10%	6%	12- Monthly	3%	80%
7%	5%	6- Lump sum	2%	90%
14%	10%	12- Lump sum	3%	80%

CORPORATE GOVERNANCE

Board Performance

The year 2020 is very changeling times for all of us, Praxis Fides Board of Trustees never stop in doing their duties and responsibilities. In fact, they think of ways how to cope up and improved the association and quality service to members.

Records of attendance of Board of Trustees during the regular and special meeting for the year 2020.

Board Position	Trustee	Attended the Annual General Meeting	Number of Regular/Special Meeting Held in 2020	Number of Regular/Special Meeting Attended in 2020	Percentage
CHAIRMAN	FR. NAF BALTAZAR	Yes	12	12	100%
VICE CHAIRMAN	FR. ANGELITO SANTIAGO	Yes	12	12	100%
TREASURER	FR. ROMUALDO GO	Yes	12	12	100%
SECRETARY	DR. FELAGIA BAUTISTA	Yes	12	12	100%
AUDITOR	MS. EUPROCIÑA CABUAT	Yes	12	12	100%
MEMBER	ATTY. PETER CHRISTOPHER GONZALES	Yes	12	12	100%
MEMBER	MR. SANTIAGO ANTONIO	Yes	12	12	100%

Board meetings and committee meetings are also done via zoom during the declaration of enhanced quarantine period.

A formal and rigorous annual evaluation of the Board's own performance and that of its committees and individual trustees was done. The Chairman of the Board hold meeting without meeting without the executives presence to evaluate the executives' presence to evaluate the executives' performance. The Board led by the independent trustee, meets annually without the chairman's presence to appraise the chairman's performance.

Schedule of meetings for the year 2021 was discuss during the regular meeting of the board last December 11, 2020.

REGULAR MEETINGS	SPECIAL MEETINGS
January 29, 2021	February 26, 2021
March 26, 2021	April 30, 2021
May 29, 2021	June 25, 2021
July 30, 2021	August 27, 2021
September 24, 2021	October 29, 2021
November 26, 2021	December 10, 2021

Board Remuneration

Praxis Fides MBAI Board of Trustee does not receive any income, what is only given is per diem for every special and regular meeting to cover the gasoline and transportation expenses they have incurred in attending the meetings. Monthly honorarium is also given depending on the position and responsibilities they held in the Association. The total remuneration of the Board of Trustees is part of the total administrative expense of the association.

The total remuneration received by the Trustees for the year 2020 is P809,500.00 inclusive of monthly honorarium and performance based incentive. The total remuneration for the year 2020 of the Chief Executive Officer is P1,488,000.00.

Board Position	Trustee	Amount
CHAIRMAN	FR. NAP BALTAZAR	119,500.00
VICE CHAIRMAN	FR. ANGELITO SANTIAGO	115,000.00
TREASURER	FR. ROMUALDO GO	115,000.00
SECRETARY	DR. PELAGIA BAUTISTA	115,000.00
AUDITOR	MS. EUFROCINA CABUHAT	115,000.00
MEMBER	ATTY. PETER CHRISTOPHER GONZALES	115,000.00
MEMBER	MR. SANTIAGO ANTONIO	115,000.00

Board Continuing Education

Members of the Board of Trustees and Key Officers undergo a yearly orientation seminar and corporate governance seminar to enhance their governance competencies and thus help them perform their duties and responsibilities. For the year 2020, the Trustees and Key Officers attended the Corporate Governance Orientation Program given by the Institute of Corporate Directors via Zoom on August 4-5, 2020.



Audit Committee

For the year 2020, Audit Committee is headed by Trustee Eufrocina Cabuhat. During the Annual General Meeting last April 10, 2020 she presented the Financial Position & Statement of Comprehensive Income for the year 2020. She then discussed and affirmed the correctness, true and fair presentation of Annual Financial Statements and Reports. The committee held 9 meetings in 2020. The following are the highlights of the meeting.

1. Review and approval of the Annual Financial Statements 2020 which was release on April 27, 2020.
2. Review and approval of the external auditor. The AMC & Associates the external auditor of the Association was seeking re-appointment for the year 2020. Audit annual fee is One hundred twenty one thousand pesos (P121,000.00) exclusive of value added tax and out of pocket expenses.

3. Review and approval of non-audit services of the external auditor. The AMC & Associates offers the following non-audit services.

- 1.Preparation of Annual Statement for the Association;
- 2.Review schedules related documents for the Annual Statement;
- 3.Liaise for the Association in relation to the Annual Statement; and
- 4.Review documents required by the Insurance Commission for the Annual Registration of the Association.

4. Review of Insurance Commission 2019 examination.

AML COMPLIANCE

AML- BASIC PRINCIPLES AND POLICIES TO COMBAT MONEY LAUNDERING

The SEC and the IC seek to combat money laundering and financing of terrorism. Praxis Fides MBI places programs and systems which include the following:

1. "Know your Client" principle – Praxis Fides MBI shall institute effective procedures for obtaining true identification of members. Praxis Fides MBI shall not keep anonymous accounts or accounts in obviously fictitious names and shall properly identify and record the true identity of its members when establishing business.

2. Compliance with laws. The Praxis Fides MBI management shall ensure that business is conducted in conformity with high ethical standards, laws and regulations are being adhered to and that the service is not provided where there is good reason to suspect that transactions are associated with money laundering activities.

3. Cooperation with AMLC and law enforcement agencies. Within the legal constraints relating to member confidentiality, Praxis Fides MBI shall cooperate fully with the Anti-Money Laundering Council, its Secretariat and law enforcement agencies and where there are reasonable grounds for suspecting money laundering, take appropriate measures which are consistent with the law.

Disclosure of information by Praxis Fides MBI for the purposes of the Act regarding covered transaction reports and suspicious transaction reports shall be made to the General Manager, Anti-Money Laundering Council and Bangko Sentral Ng Pilipinas.

4. Dissemination of Policies and procedures. The policies and procedures to prevent and detect possible money laundering activities are properly disseminated to the Board of Trustees and management staff of Praxis Fides MBI which include its Compliance Officer registered with the SEC and/or IC.

The extent and specific form of these measures may be determined following a risk analysis based upon relevant factors including the member, the business relationship and the transaction(s). Decisions taken on establishing relationships with higher risk members and/or beneficial owners shall be taken by the General Manager.

Risk Management Objective and Risk

Praxis Fides MBI is exposed to a variety of financial risks in relation to financial instruments. The main type of risk are market risk, credit risk and liquidity risk. The Association's risk management is coordinated with the Board of Trustee and focuses on actively securing the Association's short- to medium-term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Association does not engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Association is exposed to are described below.

Market Risk

The Association is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks which result from both of its operating and investing activities.

a. Foreign Currency Sensitivity

The Association has no significant exposure to foreign currency risks as most transactions are denominated in Philippine peso, its functional currency.

b. Interest Rate Sensitivity

The Association's policy is to minimize interest rate cash flow risk exposures on long-term financing. The Association is exposed only to changes in market interest rates through its cash and cash equivalents, short-term investments and Financial Assets at amortized cost as there are no existing bank borrowings. All other financial assets (such as loans and other receivables) and financial liabilities (such as accounts payable and other liabilities) have fixed interest rates.

Credit Risk

Credit risk is the risk that the counterparty fails to discharge and obligation to the Association. The Association is exposed to this risk for various financial instruments, for example by granting loans and receivables to borrowers, placing deposits and investments in bonds.

Liquidity Risk

Liquidity risk is generally defined as the current and prospective risk to earnings or capital arising from the Association's inability to meet its obligations when they fall due without incurring unacceptable losses or costs.

The Association's Management Committee is responsible for the overall management and oversight of the Association's liquidity profile, while the day to day management of liquidity is assumed by the Finance Department. A cash flow mismatch analysis is used to measure the Association's liquidity. A maturity ladder is constructed to determine the cumulative net excess or deficit of funds at appropriate time bands. Net cumulative outflow limits have been put in place to ensure that the Association's funding requirements are not strained.

2020 Sustainability Report

The year 2020 is one of the most challenging periods in history as the world struggled against the pandemic caused by the Covid-19 virus. The economy was adversely affected and many businesses felt the impact of the unexpected event. For Praxis Fides MBI, the year saw the stock market falling and interest rates dropping to all-time lows. The quarantine restrictions likewise resulted to limited workdays and shortened periods that reduced the volume of transactions in the organization. Praxis Fides MBI remains strong and resilient despite all these undesirable elements. Thanks to more than 30 years of hardwork and diligence displayed by the Area Representatives who ensured that there is a steady flow of cash coming from the monthly contributions of the members of the Association. The funds are then invested in various placements and other financial instruments that will provide better rate of return for the investment.

The company has a sizeable portfolio of Long-Term Time Deposits with guaranteed locked-in interest rate ranging from 3%-6% per annum. However, traditional Short-Term Time Deposits were diverted to Corporate Bonds which offer higher coupon rates averaging between 3%-4% per annum over a period of 3-5 years. The company also invested in Preferred Shares of publicly-listed companies that declare quarterly dividends to its stockholders. Praxis Fides MBI likewise made some acquisitions in the IPO of MerryMart shares which provided substantial gains in the 2nd quarter of the year.

Type of Investment	2019	2020
Short-Term TD	118,012,991	72,652,203
Long-Term TD	97,150,902	140,241,655

The company has a sizeable portfolio of Long-Term Time Deposits with guaranteed locked-in interest rate ranging from 3%-6% per annum. However, traditional Short-Term Time Deposits were diverted to Corporate Bonds which offer higher coupon rates averaging between 3%-4% per annum over a period of 3-5 years. The company also invested in Preferred Shares of publicly-listed companies that declare quarterly dividends to its stockholders. Praxis Fides MBI likewise made some acquisitions in the IPO of MerryMart shares which provided substantial gains in the 2nd quarter of the year.

Type of Investment	Amount Invested in 2020
Corporate Bonds	42,000,000
Government Securities	24,859,179
Preferred Shares	16,021,266
Short-Term Commercial Paper	11,737,529
Mutual Funds	10,000,000
UITF	5,000,000

Government securities were also considered as the company tried to help the country recover from the pandemic. Retail Treasury Bonds and Treasury Bills are zero-risk investments and offer better rates than term deposits of most commercial banks. The company also availed of Short-Term Commercial Paper which gave advance interests through discounted placements. Mutual Funds and UITF have no fixed rate of return but investments made in previous years which have reached the 5-year horizon period have accumulated earnings and were realized in 2020.

Aside from money placements, the company also realized profits from sale of real estate properties and enjoys rental income from leasehold commercial spaces.

The Board of Trustees and Management of Praxis Fides MBI are confident that there are unlimited opportunities to explore to ensure growth and sustainability for the company. With an effective investment strategy and efficient policies in place, the company hopes for better days ahead.