

ARDCI Microfinance, Incorporated

Manual on Good Corporate Governance

INTRODUCTION

1. BACKGROUND ON GOOD CORPORATE GOVERNANCE

Good corporate governance is the system in which the members of the board direct and control the institution's day-to-day activities. Likewise, it is the way the board members are accountable to the institution's stakeholders. It plays an important role in building the integrity and efficiency of the institution and the community where it operates. Strengthening corporate governance is essential in the prevention of financial difficulties and other challenges that the institution might encounter.

In the case of ARDCI Microfinance, Incorporated (ARDCI), the Board of Trustees (Board) is responsible for the governance of ARDCI. It is the board's responsibility to set the institution's strategic targets, providing the leadership to put them into effect. The Board sets the values of ARDCI and is to be distinguished from the day-to-day operational management by full-time appointed executives. Furthermore, it can strengthen the transparency and accountability of the existing systems and policies in ARDCI.

Furthermore, it is a relationship pattern between management with its stakeholders and Members, management with the members of the board and with its employees. This relationship is based on ethics, corporate culture, and corporate value and is supported by the system, process, working procedures, and institution's steps in achieving full performance.

2. INSTITUTIONAL BACKGROUND

The ARDCI Microfinance, Incorporated (ARDCI), formerly known as ARDCI NGO Group, Inc., is a pioneer microfinance institution that has evolved since its establishment as basically a government-backed project through the Catanduanes Agricultural Support (CatAg) Programme under the auspices of the Department of Agriculture (DA). It was jointly funded by the Government of the Philippines and the European Union. It started as a five-year development program in 1995 with an overall objective to assist rural communities in Catanduanes to initiate and sustain increases in income from all economic activities, thereby reducing poverty. With that, it had to establish the basis for a fully autonomous and viable rural financial institution of confederated Savings and Loans Systems (SLS), governed, controlled, and managed by SLS members. Through time, CatAg's non-governmental arm, the Agricultural and Rural Development for Catanduanes, Inc. (ARDCI) was organized as an NGO on September 11, 1998, to give to the former a potential legal recipient of Project Assets at the close of the CatAg Programme. It has achieved its new organizational shift today as ARDCI Microfinance Incorporated by virtue of its filing of amended articles of incorporation under the company registration number 1199800277 as attested by the Securities and Exchange Commission (SEC) on August 23, 2010.

The Beginning

ARDCI is an offshoot of a medium-scale development project for Catanduanes known as the Catanduanes Agricultural Support Programme (CatAg), conceptualized by the province's Department of Agriculture and

was funded by the European Union and the Philippine Government. CatAg, a five-year development program of the Department of Agriculture (DA), the European Commission (EC), and the Government of the Philippines (GOP) started its operation in Catanduanes in 1995.

ARDCI is a non-government organization engaged in microfinance operations. It has taken over the credit component of the Catanduanes Agricultural Support Programme. With operations that started in January 2000, ARDCI's microfinance efforts are managed by a Head Office (HO) based in Virac, Catanduanes and was then supported by five branches comprising:

Branch 1 – Bato Branch covering municipalities of Bato and Virac

Branch 2 – Baras Branch covering municipalities of Baras, Gigmoto, and San Miguel

Branch 3 – Viga branch covering municipalities of Bagamanoc, Panganiban, and Viga

Branch 4 – Caramoran branch covering the municipalities of Caramoran and Pandan.

CatAg's design has evolved since the initial Financing Memorandum was signed on June 22, 1993. CatAg's original methodology was to adopt a micro-project (MP) approach to increasing its target participant's income. The MPs assisted community groups with infrastructure improvement and income-generating projects. However, an EC Support Mission in September and October 1995 shifted to a so-called micro-business (MB) approach, with MBs financed through Savings and Loan System (SLS). The trend showed off microfinance initiatives through innovations in the sector. Solidarity lending transpired as a distinctive methodology, made famous by Dr. Muhammad Yunus at Grameen banking experience in Bangladesh and India.

Its Emergence as an NGO

In 1995, never was it known that an institution solely owned, managed, and controlled by the rural poor of Catanduanes would come to fruition. As time went on, several fine-tunings and deliberations on the prospects of the Programme including its sustainability after the five-year program came in.

In 1998, representatives from eleven municipalities of the province convened in a consultative assembly to discuss options for the Programme after it closed its five-year development implementation. The institutional form that would serve as the "catch-base" of CatAg had to be decided on.

The idea of forming a Non-Stock Savings and Loans Associations (NSSLAs) was conceived jumpstarting from the CatAg framework to make it a more sustainably managed institution and draw out external fund support.

Through the guidance of the Central Bank of the Philippines (BSP) as a registering and monitoring of NSSLAs, it was settled that an NGO would best satisfy this requirement.

Thus, ARDCI was granted its charter as a non-government organization (NGO) in 1998. Necessarily, it had to formalize a body known as the ARDCI Board of Trustees to serve as the elected representatives of the SLSs.

The formalization of the ARDCI Board of Trustees as part and parcel of its NGO status paved the way for Programme Management could open a formal membership forum, thereby encouraging transparency of operations and aiding important policy issues.

Beyond 2000

In the year 2000, ARDCI managed to operate sans the European and Government of the Philippines' funding for the first two quarters. Its convincing operations gained the nod of three European Missions, the Global Review Mission II, the Credit Exit Strategy Mission, and the Sustainability Mission for a formal banking institution. This was so because the institution wanted to professionalize its services to the public.

On October 8, 2002, ARDCI marked a milestone operation when it administered approval of founding Vision Bank, Inc., a Rural Bank and originally one of ARDCI's branches covering the towns of Virac and Bato. Vision Bank Inc. is the first microfinance-oriented bank in the Philippines after the General Banking Act of 2000.

3. ARDCI BRANCHES AND OFFICES

ARDCI's (and CatAg's) success in Catanduanes can be gleaned from the groundbreaking opening of its Tabaco branch in Mainland Bicol in December 2002. It was groundbreaking in the sense that it completely reversed the usual trend where development initiatives would usually come into the province from the mainland. Many of such initiatives were not even able to gain a foothold on the island before they withered away, funding and strategies and all.

But ARDCI held on, steadfastly breaking new grounds, weathering storms inside and out, figuratively and literally. From its single Tabaco branch outside Catanduanes, it has eventually established one hundred twenty-seven (127) branches covering the mainland Bicol of Albay, Sorsogon, Camarines Sur, Camarines Norte, Masbate; provinces in Southern Luzon with its branches in Quezon, Batangas, Laguna, Mindoro, Marinduque; Central Luzon in Bataan, Pampanga, Zambales, Bulacan, Pangasinan, Tarlac, and Nueva Ecija; provinces in Leyte and Samar. Expansion extended to the provinces of Negros, Aklan, Iloilo, Palawan, and the recently opened branches in the province of Bohol. As of December 2022, the total loan portfolio is ₱1.5-B, and a total outreach of 154,098 members.

Today it has 1,230 (as of October 2023) employees in all its Branches and Head Office. Still, streamlined personnel complements taking into account its efficiency ratio vis-a-vis clientele served and magnitude of operations in areas covered.

4. ITS SUBSIDIARIES AND OTHER SERVICES

As of December 2022, the organization has six subsidiaries and one affiliate. The six subsidiaries are ARDCIBank, Inc. - A Rural Bank, ARDCI Hotel, Incorporated (AHI), ARDCI Abaca and Trading Corporation, ARDCI Credit Corporation (ACC), ARDCI Prime Security Services (APSS), ARDCI Business and Development

Corporation (ABDC), and ARDCI Mart Inc (AMI). By August 2021, the affiliate ARDCI Foundation Inc. was launched. The Foundation aimed to continue the corporate responsibility of ARDCI.

5. ARDCI VISION AND MISSION STATEMENT

Vision

The best-managed grassroots-led development organization of empowered poor communities in the Philippines.

Mission

To provide responsive products and services to poor communities for the upliftment of their socio-economic well-being.

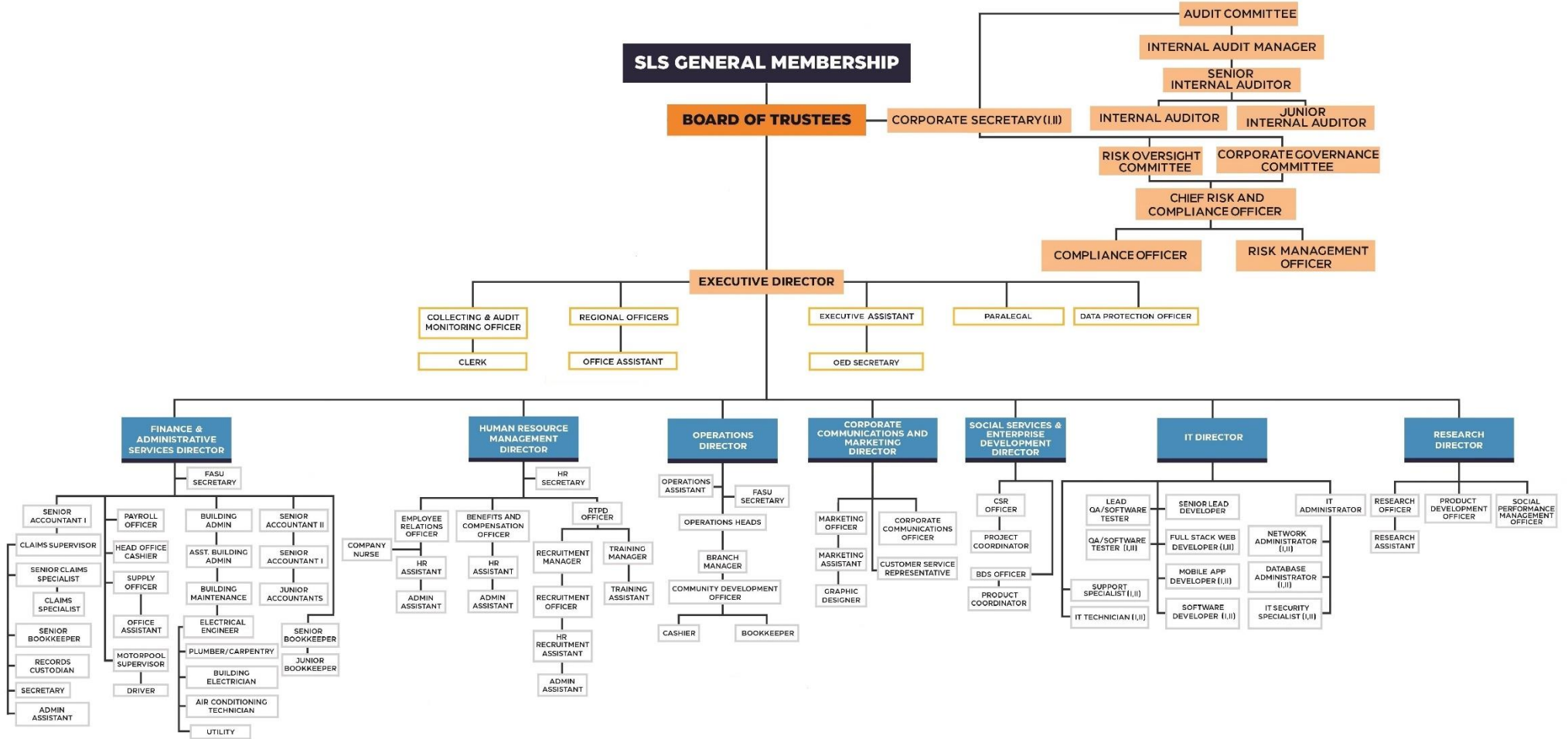
Objectives

- To efficiently serve 250,000 member-poor households by providing responsive products and services through our 150 branch offices;
- To foster an environment anchored on the culture of excellence and integrity, and institute holistic development towards a happy and dignified life for our personnel;
- To optimize the sustainable utilization of financial resources and engage in allied undertakings that will complement our social programs;
- To continuously integrate the tenets of Social Performance Management in our decision-making practices both in the strategic and operational level anchored on good governance and ethical leadership; and
- To sustain a trusting relationship with our partner institutions for the attainment of common goals and satisfactorily comply with the standards of the industry.

Core Values

- Excellence Driven
- Integrity
- Genuine concern for others
- Humility
- Teamwork

6. ORGANIZATIONAL STRUCTURE



7. OVERVIEW OF MICROFINANCE PRODUCTS

7.1. Savings

- Capital Build Up (CBU) is a weekly mandatory savings and serves as a holdout guarantee for outstanding loans. It is the savings component of ASRI and shall factor in the determination of the membership status of an SLS member.
- Voluntary Savings (VS) is referred to as any excess amount opted to be saved voluntarily by the member either during SLS meetings or deposited directly at the branch office.

7.2. Loan Products

- Micro-Business Loan (MB) is a family-based production, processing, and/or marketing, trading activity aimed to generate profit, and is within the borrower's capacity to manage successfully.
- Multi-Purpose Loan (MPL) is basically a non-productive loan which the members can opt to avail of when needed. This serves as an incentive to those borrowers who maintain their quality status.
- Extension Loan is a short-term loan extended to the qualified spouse or common-law partner of an old and new member.
- WASH Loan is a loan window extended to the qualified members, which can be given on their 2nd cycle of loan to fund in establish or renovation of water facilities, sanitary toilets, and other health related projects.
- Individual Pure Loan (IPL) is a credit facility to help micro-entrepreneurs to expand their business who are too big to service by microfinance institution but are too small to be serviced by any formal institution.
- Employee Loan intends to make available credit to employees designed to help reduce stress caused by financial obligations.

7.3. Insurance

ARDCI aims to provide members with financial support in cases of death or disability. It covers principal members, spouses, and children below 18 years of age following the hierarchy rule.

- Natural Death Benefit – this is the benefit received when someone passes away due to natural causes such as old age or illness. The amount received depends on how many years the ARDCI member has been. (Declared dependents of our members are also included in this benefit).

- Special Accidental Death & Disability Benefit – if the member or the member's dependents die in an accident and no law has been violated. (double the benefit of what you get).
- Total and Permanent Disability Benefit (TPD) – this is a benefit provided when a member or a dependent is paralyzed or fully and permanently incapacitated as a result of an accident ONLY. And if they are unable to work or are incapacitated for a continuous period of 6 months. Insurance coverage is terminated upon receiving the TPD benefits.
- Medical Reimbursement Benefit – this benefit allows the member or dependent to be reimbursed if they are in an accident. They can reimburse the physician fee/doctor's fee, medical supplies, CT scan, laboratory, x-ray, anti-rabies vaccine, and all medicine related to the accident as long as the doctor recommends it. Maximum of ₱15,000 per principal member. For principal members reaching three years, their dependent one and declared child dependents are covered:
 - ₱5,000 for spouse/parent dependents
 - ₱1000 for child dependents
- Hospital Income Benefit – for members confined to the hospital due to illness or accidents.
- Terminal Illness Benefit – a member diagnosed with a severe illness received a terminal diagnosis (e.g., cancer, leukemia), and a physician advised them that the prognosis is death within 12 months; the member is eligible to receive the terminal illness benefit. 50% will be paid in advance, which is equivalent to the basic life benefit.
- Credit Group Life Insurance – this is loan insurance. In the event of the principal member's demise, the remaining loan payments will not present any difficulties for the surviving family member. Additionally, insurance will reimburse the declared claimant for the principal amount paid.
- Loan Protect Plus (LPP) – an additional benefit for ONE member when the member is confined and has an existing loan that can be used to cover the weekly repayment. The amount depends on the loan amount and loan term of a member.
- Medicine Allowance Benefit (MAB) – an additional benefit; the MAB is a rider of LPP, and the member receives it when they are confined with an existing loan.
 - ₱200.00 - 1 DAY
 - ₱300.00 - 2 DAYS
 - ₱500.00 - 3 DAYS ABOVE
- Exit-Age Cash Benefit – a bonus benefit for which the member will be eligible upon resigning from ARDCI at 75 (exit age). The specific amount is contingent upon the length of time the member has been an ARDCI member.
 - Less than 15 years – ₱16,000.00

- 15-20 years – ₱18,000.00
- 20 years above – ₱20,000.00
- Special Financial Assistance – an additional benefit of ARDCI for members whose house is damaged due to natural causes or natural calamities such as typhoons, floods, volcanic eruptions, earthquakes, and house fires.
 - ₱5,000.00 – for totally damaged/washed out houses and rendered unsafe for human habitation
 - ₱2,500.00 – for partially damaged houses
- Instant Abuloy Benefit – an additional benefit given when the principal member or his dependent 1 (spouse/parent).
 - PRINCIPAL MEMBER:
 - ₱5,000.00 – less than two years
 - ₱7,000.00 – 2 years but less than three years
 - ₱10,000.00 – 3 years and above
 - Note: ₱5,000.00 – 1 dependent (regardless of the years of membership)

8. COMMITMENT TO GOOD CORPORATE GOVERNANCE

ARDCI shall establish and implement the rules of good corporate governance in accordance with this Manual. This manual shall be made available for inspection by the Securities and Exchange Commission (SEC), Microfinance NGO Regulatory Council (MNRC), other regulatory bodies, or its Members during the hours of ARDCI's business days.

The Board of Trustees and Management of ARDCI, including its officers and employees, hereby commit themselves to the principles and best practices contained in this Manual and acknowledge that the same may guide the attainment of ARDCI's corporate goals. As ARDCI recognized that a sound corporate governance system is fundamental to the mandate given upon its members.

9. OBJECTIVE OF THE MANUAL

This Manual aims to institutionalize and embody the principles of good corporate governance in ARDCI. It will also serve as a guide in ensuring sustainability and setting serious commitment to its members in providing them the utmost services they deserve. This Manual shall reflect the transparency and accountability of the Board of Trustees and Management responsible for running the business affairs of ARDCI. This shall also provide the basis for measurement of the performance of the Board of Trustees and Management in the attainment of corporate goals.

The Board of Trustees, Management, and Employees are confident that good corporate governance is an essential component of sound strategic business management and undertake every effort necessary to

create awareness within ARDCI. Importantly, this Manual shall establish the guidelines for the proper compliance with the regulatory bodies that covered MF-NGOs.

10. DEFINITION OF TERMS

For the purposes of this Manual, the following terms shall have the following meanings:

- ARDCI Microfinance, Incorporated – it shall refer to as ARDCI or as Institution;
- Members – refers to the clients and owner of ARDCI;
- Securities and Exchange Commission (SEC) – it shall refer to as Commission;
- Microfinance NGO Regulatory Council (MNRC) – it shall refer to the regulatory body covering Microfinance NGOs (MF-NGOs) or as MNRC;
- Good Corporate Governance – it shall refer to the framework of rules, systems and processes in the Institution that governs the performance by the Board of Trustees and Management of their respective duties and responsibilities to the members;
- Board of Trustees (Board) – it shall refer to the governing body elected by the Members of ARDCI that exercises the corporate powers of ARDCI, conducts all its business and control its properties;
- Management – it shall refer to the body given the authority by the Board to implement the policies it has laid down in the conduct of the business of ARDCI;
- Independent Trustee – it shall mean a person who apart from his/her fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with the exercise of independent judgment in carrying out his/her responsibilities as a trustee;
- Executive Director – it shall refer to a director who is also the head of a department or unit of ARDCI or performs any work related to its operation;
- Stakeholders – it shall refer to group of company(ies), individual, including employees, who has an interest with the business activities of ARDCI;
- Annual General Membership Meeting (AGMM) – it shall refer to the annual gathering of the Members of ARDCI to tackle updates and elect members of the Board every after two years;
- Savings and Loans System (SLS) – it shall refer to a microfinance network composed of a minimum of three (3) to a maximum of eight (8) Guarantee Groups (GGs) with three (3) to five (5) members

per GG organized to mobilize savings, to have access to micro-credit, and to secure micro-insurance coverage;

- Group Guarantee Compulsory Training (GGCT) – it shall refer to a learning activity for all potential members of Guarantee Groups (GG) where the principles and processes of ARDCI Savings and Loan System (SLS) are explained.

CORPORATE GOVERNANCE STRUCTURE

11. BOARD GOVERNANCE

The Board is principally responsible for the governance of ARDCI. The corporate powers of ARDCI shall be exercised its business conducted, and its property controlled, including the corporate control of any and all subsidiaries and affiliates that it may be establish, by and through the Board. A member of the Board shall act in full trust and confidence in a manner characterized by transparency, accountability, fairness and for the best interest of the Members and its stakeholders.

The Board is primarily responsible for approving and overseeing the implementation of ARDCI's policies and procedures, action plans corporate governance and corporate values. They are also responsible in overseeing the performance of senior management towards attainment of ARDCI's short and long-term strategic objectives.

11.1. Composition of the Board

The Board of Trustees is composed of eleven (11) trustees, five (5) of whom shall be elected from the rank of SLS Chairpersons from the Province of Catanduanes and four (4) of whom shall be elected from the rank of SLS Chairpersons from branches in Albay, Sorsogon, and Camarines Sur, who are elected by the members. It shall have at least two (2) Independent Trustees or consist at least twenty percent (20%) of the members of the board, whichever is higher, as required by the rules of the SEC.

The membership of the Board must be a majority of non-executive trustees including the Independent Trustees. The non-executive trustees should possess such qualifications and stature that would enable them to effectively participate in the deliberations. The Board shall have the following committees: (a) Audit Committee, (b) Risk Oversight Committee, and (c) Corporate Governance Committee (with functions of Nomination and Election and Compensation and Remuneration), and other standing and special committees as the need arise.

The Board, in consultation with the Corporate Governance Committee (CG), shall be responsible to review the profile of its size and composition, considering the nature of its business and subsidiaries, and the desired expertise and background of the board members.

11.2. Qualifications of the Board

11.2.1. Board of Trustee

No member shall be eligible for election as a member of the Board of Trustees unless he or she has the following qualifications:

- Must be at least 23 years of age and an active SLS member for at least 5 years at the time of election;
- Must possess good moral character, integrity, and commitment to the organization;
- Must have completed at least secondary education and has considerable experience in SLS operations and other related activities;
- Must be an SLS Chairperson for at least one (1) year and has performed the expected duties and responsibilities satisfactorily;
- Must be a Quality member (QM) belonging to an SLS with QM status (SLS level) for at least one (1) year prior to the election;
- Must belong to an SLS with a minimum of thirty (30) members;
- Must have an existing loan or micro business financed by ARDCI Microfinance, Incorporated's microcredit program.

11.2.2. Independent Trustee

The following are the qualifications to be eligible for election as an Independent Trustee:

- Must be an Independent Trustee as defined by the Securities Regulation Code, its Implementing Rules and Regulations or any other law administered by the Commission;
- Must be at least 25 years of age at the time of appointment or election;
- Must be at least a college graduate;
- Must not or has not been an officer or employee of ARDCI Microfinance, Incorporated, its subsidiaries or affiliates or related interests during the past three (3) years counted from the date of his or her appointment or election;
- Must not retained as professional adviser, consultant, agent or counsel of ARDCI Microfinance, Incorporated or any of its subsidiaries, either in his personal capacity or through his firm;
- Must be independent of management and free from any business or other relationship, has not engaged and does not engage in any transaction with ARDCI Microfinance, Incorporated or any of its subsidiaries whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a trustee, other than transactions which are conducted at arm's length and could not materially interfere with or influence the exercise of his judgment;
- Must be fit and proper for the position and proven to possess integrity or probity, physical or mental fitness, competence, relevant education or financial literacy or training, diligence and knowledge or experience;
- Must have no conflict of interest which is defined as a situation in which the private interests or personal considerations or such person's immediate family, or any organization or group in which such a person holds a position as a member, employee,

officer, trustee, may be seen as competing with the interests or concerns of ARDCI Microfinance, Incorporated.

11.3. Disqualifications of the Board

The following are disqualified for election as a member of the Board of Trustees:

- Those related within the fourth civil degree of consanguinity or affinity to an ARDCI Microfinance, Incorporated staff holding top management position (from Branch Manager to higher post);
- Those who are permanent or regular employee in government or private businesses or institutions;
- Those who have been convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, for violating the Revised Corporation Code of the Philippines, and/or for violating Republic Act No. 8799, otherwise known as "The Securities Regulation Code" committed within five (5) years prior to the election or appointment;
- Those who have been convicted of an offense involving moral turpitude, or judicially declared insolvent, spendthrift, or incapacitated to contract within five (5) years prior to the election or appointment;
- Those who have been found administratively liable for any offense involving fraudulent acts punishable under Republic Act No. 11232, otherwise known as the Revised Corporate Code of the Philippines, Republic Act No. 8799, otherwise known as the Securities Regulation Code, and other laws, rules or regulations enforced or implemented by the Commission, within five (5) years prior to the election or appointment;
- Those convicted or found administratively liable by a foreign court or equivalent foreign regulatory authority for acts, violations or misconduct similar to numbers 3, 4, and 5, within five (5) years prior to the election or appointment;
- Those who have willfully failed or refuse to comply with any law, order, instruction or regulation, of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the Commission, or have conducted business in an unlawful, unsafe or unsound manner;
- Those who have lost their QM status;
- Those who are related within the second civil degree of consanguinity or affinity to any incumbent trustee.

11.4. Term Limit

The elected members of the Board shall hold office for three (3) consecutive years with two (2) re-elections. The Independent Trustee shall serve for two (2) years. An Independent Trustee whose term has expired may be re-elected to serve for another two (2) years regardless of the length of the interim period between the expiration of term and re-election.

11.5. Removal of Trustees

Any trustee may be removed from office by a vote of at least two-thirds (2/3) of the members entitled to vote: Provided, that such removal shall take place either at a regular meeting or at a special meeting called for the purpose, and in either case, after previous notice to members of the intention to propose such removal at the meeting. A special meeting of the members for the purpose of removal of trustees, or any of them, must be called by the Secretary on order of the Board Chairman or on the written demand of a majority of the members entitled to vote. Should the Secretary fail or refuse to call the special meeting upon such demand or fail or refuse to give the notice, the call for the meeting may be addressed directly to the members by any member signing the demand. Notice of the time and place of such meeting, as well as of the intention to propose such removal, must be given by publication or by written notice prescribed in the Corporation Code.

11.6. Grounds for Removal of Trustees

Any trustee may be removed from office for any of the following reasons:

- Three (3) consecutive absences from regular and special meetings without valid reasons;
- Conviction for offenses punishable by imprisonment;
- Non-QM status for three (3) consecutive months;
- Violation of ARDCI Microfinance, Incorporated rules and regulations;
- Loss of SLS Chairmanship;
- Vote of none confidence of majority of members;
- Commission of acts inimical to the organization, fellow members of the Board, personnel and members, specifically those that cause grave physical, mental and moral injury;
- Failure to maintain the minimum required number of thirty (30) SLS members during his/her incumbency;
- Those who have been elected as Independent Trustee, who becomes an officer, employee or consultant of ARDCI Microfinance, Incorporated or any of its subsidiaries;
- Convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, for violating the Revised Corporation Code of the Philippines, and/or for violating Republic Act No. 8799, otherwise known as "The Securities Regulation Code";
- Those who have been found administratively liable for any offense involving fraudulent acts punishable under Republic Act No. 11232, otherwise known as the Revised Corporate Code of the Philippines, Republic Act No. 8799, otherwise known as the Securities Regulation Code, and other laws, rules or regulations enforced or implemented by the Commission;
- Those convicted or found administratively liable by a foreign court or equivalent foreign regulatory authority for acts, violations or misconduct similar to numbers 10 and 11.

11.7. Manner of Expulsion of Trustees

The procedure for expulsion of a member of the Board shall be in accordance with the Corporation Code.

11.8. Vacancy in the Board of Trustees

Any vacancy occurring in the Board of Trustees other than by removal by the members or by expiration of term, may be filled by the vote of at least a majority of the remaining trustees, if still constituting a quorum; otherwise, said vacancies must be filled by the members in a regular or special meeting called for that purpose: Provided, that the special meeting shall not be less than three (3) months prior to the regular meeting. A trustee so elected to fill a vacancy shall only serve the unexpired term of his predecessor in office.

11.9. Board Meetings and Quorum Requirement

To demonstrate unwavering dedication to the organization, Trustees shall attend and actively engaged in all Regular, Committee, Annual/Special General Membership, Organizational, and Special meetings in person or through teleconferencing conducted in accordance with the rules and regulations of the Commission and the organization's By-Laws. Each trustee must attend at least 50% of Board and Committee meetings held during the year. Independent Trustee shall have the right to be present in every meeting of the board of trustees.

11.10. Duties and Responsibilities of the Board of Trustees

To ensure a competitive standard of best practice of ARDCI, it is the Board's responsibility to foster its long-term success and to sustain its competitiveness and profitability in manner consistent with the Institution's objectives and the best interest of its Members and stakeholders.

The Board should formulate the Institution's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.

To ensure a high standard of best practice for the Institution, Members, and its stakeholders, the Board should conduct itself with honesty and integrity in the performance of, among others, the following duties and functions:

11.10.1. General Responsibility

The Board is responsible to foster the long-term success of the Company and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Company, the members and other stakeholders.

11.10.2. Duties and Functions

To ensure a high standard of practice for the Company, its members and stakeholders, the Board should conduct itself with honesty and integrity in the performance of, among others, the following duties, and functions, aside from such powers prescribed in the SEC Code of Corporate Governance, the Company's Manual on Corporate Governance, By-Laws and other applicable laws:

- a. Implement a process for the selection of trustees who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies; appoint competent, honest and highly motivated management officers and adopt an effective succession planning program for Management.
- b. Oversee the period review of and approve the change/s in the vision, mission, social and governance goals.
- c. Establish programs that can sustain its long-term viability and strength; periodically evaluate and monitor implementation of such policies and strategies, including business plans, operating budgets and Management's overall performance.
- d. Review and approve the work plan and budget.
- e. Review, evaluate and approve, on a regular basis, long-range plans for the Company.
- f. Evaluate and approve major resource allocations and capital investments.
- g. Overseeing the corporate governance framework.
- h. Formulate and implement policies and procedures that shall ensure the integrity and transparency of related party transactions.
- i. Constitute committees as prescribed in the SEC Code of Corporate Governance and the Company's Manual on Corporate Governance, and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities.
- j. Establish and maintain an alternative dispute resolution system that shall amicably settle conflicts or differences between the Company and its members, third parties, including regulatory authorities.
- k. Oversee that an appropriate internal control system is in place, including setting up a policy and mechanism for monitoring and managing potential conflicts of interest in situations and transactions of Management, Board of Trustees and members.

11.11. Duties and Responsibilities of a Trustee

A trustee shall act in the best interest of the Company in a manner characterized by transparency, accountability and fairness. He/she shall also exercise leadership, prudence and integrity in directing the Corporation towards sustained progress.

A trustee shall observe the following norms of conduct:

- a. Conduct fair business transactions with the Company and ensure that his personal interest does not conflict with the interests of the Company.

- b. Devote the time of attention necessary to perform his duties and responsibilities properly and effectively.
- c. Act judiciously.
- d. Exercise independent judgement.
- e. Have a working knowledge of the statutory and regulatory requirements that affect the Corporation, including its Articles of Incorporation and By-Laws, the rules, and regulations of SEC and, where applicable, the requirements of other relevant regulatory agencies.
- f. Observe confidentiality.

11.12. Board Committees

The Board shall constitute the proper committees to assist in carrying out its optimal performance of its roles and responsibilities and promote sound corporate governance.

11.12.1. Corporate Governance Committee

A. Composition and Qualification

The Corporate Governance Committee shall be appointed by the Board and shall be comprised of at least three (3) members of the Board of Trustees, at least two (2) of whom shall be Independent Trustees, including the Chairman.

The Compliance Officer will provide the Corporate Governance Committee with technical support.

B. Duties and Responsibilities

❖ Oversee the Corporate Governance Framework

- Oversees the implementation of the corporate governance framework and periodically reviews the said framework to ensure that it remains appropriate in light of material changes to the Organization's VMSFGG and strategy, as well as its regulatory environment.
- Adopts corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance.
- Develop and recommend amendments to the Articles of Incorporation and By-Laws.

- ❖ Oversee the Nomination Process for Member of the Board of Trustees and for Positions Appointed by the Board of Trustees
 - Review and evaluate the qualifications of all individuals nominated to the Board of Trustees as well as those nominated to other positions requiring appointment by the Board.
 - Recommend to the Board of Trustees matters pertaining to the assignment to board committees, as well as succession plan for the members of the Board of Trustees and senior management.
 - Determines the nomination and election process for the Organization's trustees and has the special duty of defining the general profile of Board members that the Organization may need and ensuring appropriate knowledge, competencies and expertise that complement the existing skills of the Board.

- ❖ Oversee the Continuing Education Program for the Board of Trustees
 - Ensure allocation of sufficient time, budget, and other resources for the continuing education of Trustees.
 - Establish and ensure effective implementation of policy for on-boarding/orientation program for first time Trustees and annual continuing education for all Trustees.
 - Recommends continuing education/training programs for Trustees.
 - Proposes and plans relevant trainings for the members of the Board.

- ❖ Oversee the Performance Evaluation Process
 - Oversees the periodic performance evaluation of the Board, its committee, and management, and conducts an annual self-evaluation of its performance.
 - Ensures that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement.

- ❖ Oversee the Design and Operation of the Remuneration and Other Incentives Policy
 - Ensures that the remuneration and other incentives policy is aligned with operating risk culture as well as with the strategic and financial interest of ARDCI, promotes good performance and conveys acceptable risk-taking behavior defined under its Code of Conduct and Ethics and determine that the management has established a system to enforce this Code, and complies with legal and regulatory requirements.

- Establishes a formal and transparent procedure to develop a policy for determining the remuneration of management that is consistent with the Organization's culture and strategy as well as VMSFGG.
 - Review the existing Personnel Handbook to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts.
- ❖ Oversee the Compliance System
- Review and monitoring of the effectiveness of the Compliance Function.
 - Approval and monitoring of the Annual Compliance Program.
 - Approval of any revisions/updates to the Compliance Policies Procedures Manual.
 - Approves the Whistle Blower System prepared by management.

C. Charter

The Corporate Governance Committee shall develop a written charter that clearly outlines its purpose, membership and qualifications, structure and operations, duties and responsibilities, reporting process, and the procedures which guide the conduct of its functions. The Charter shall set the parameters that will evaluate the Committee's performance and shall be made accessible to the public and published on the Organization's website.

11.12.2. Audit Committee

A. Composition and Qualification

The Audit Committee shall be appointed by the Board and shall be comprised of at least three (3) members of the Board of Trustees, at least two (2) of whom shall be Independent Trustees, including the Chairman, who preferably have accounting and finance backgrounds. The Internal Audit Unit will provide the Audit Committee with technical support.

B. Duties and Responsibilities

- ❖ Financial Reporting, Accounting Policies, and Internal Control
- Review and approves the Annual Financial Statements before their submission to the Board, with particular focus on the following matters:
 - Any change/s in accounting policies and practices

- Areas where a significant amount of judgment have been exercised
- Significant adjustments resulting from the audit
- Going concern assumptions
- Compliance with accounting standards
- Compliance with tax, legal, and regulatory requirements.
- Review the disposition of the recommendations in the External Auditor's management letter.
- Through the Internal Audit, monitor and evaluate the adequacy and effectiveness of the Organization's internal control system, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances should be in place in order to (a) safeguard the Organization's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the Organization's financial data, (d) ensure compliance with applicable laws and regulations, and (e) ensure compliance with social, financial, and governance standards.
- Review and consider the internal control structure and procedures for financial reporting and disclosure.
- Make a recommendation to the Board as to the inclusion of the audited financial statements in ARDCI's Annual Report.

- ❖ Oversee of the External Auditor Coverage
 - Have a robust process for approving and recommending the appointment, reappointment, removal, and fees of the External Auditor duly accredited by the Securities and Exchange Commission ("SEC"), who undertakes an independent audit of the Corporation, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stakeholders. The appointment, reappointment, and removal of the External Auditor shall be recommended by the Committee and approved by Board and ratified by the shareholders.
 - Adopt and ensure compliance with a pre-approval policy with respect to services provided by the independent auditor.
 - Evaluate and determine the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to them and to the Organization's overall consultancy expenses. The Committee shall disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence.
 - Obtain and review, at least annually, a report by the external auditor describing: (a) all relationships between the external auditor and ARDCI; (b) any material issues raised

by the most recent internal quality control review or investigation within the five (5) preceding years, and any steps taken to resolve such issues; and (c) the external auditor's internal quality-control procedures.

- Assess the integrity and independence of the External Auditor and exercising effective oversight to review and monitor the External Auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements, as well as be responsible for reviewing and monitoring the External Auditor's suitability and effectiveness on an annual basis.
- Evaluate, with the assistance of the management, the qualifications, performance and independence of the external auditor, including the lead partner of the external auditor and, if so determined by the Audit Committee, terminate the engagement of the external auditor. Ensure that partner rotation practices are in compliance with all applicable SEC rules and other related laws and regulations.
- Establish clear hiring policies, compliant with governing laws or regulations for employees or former employees of the external auditing firm.

The Audit Committee should present its conclusions with respect to the above matters, as well as its review of the lead partner of the external auditor to the Board.

a. Audit Process of the External Auditor

- Prior to the commencement of the audit, discusses with the External Auditor the nature, scope, and expenses of the audit, and ensures proper coordination if more than one (1) audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts.
- Discuss and review with the external auditors any problems or difficulties and management's response; and hold timely discussions with the external auditors regarding the following: (1) All critical accounting policies and practices; (2) All alternative treatments of financial information within generally accepted accounting principles that have been discussed with the management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the external auditor; and (3) Other material written communications between the external auditor and management.
- Review the external auditor's reports on the adequacy of the internal controls, including computerized information system controls and security.

b. Approval of Services Provided by the External Auditors

In making its pre-approval determination, the Audit Committee shall consider whether providing the non-audit services is compatible with maintaining the auditor's independence. The following services *may not be* provided by the independent auditor contemporaneously with the audit:

- Bookkeeping or other services related to the accounting records or financial statements;
- Financial information systems design and implementation;
- Appraisal or actuarial services, fairness opinions, or contribution-in-kind reports;
- Internal audit outsourcing services;
- Management consultancy or human resources;
- Broker-dealer, investment service provider, or investment banking services;
- Legal services;
- Expert services unrelated to the audit; and
- Any other service that the SEC or other agencies determines is impermissible.

❖ Oversee of the Internal Auditor Coverage

- Recommend the approval of the Internal Audit Charter, which formally defines the role of Internal Audit and the audit plan, as well as oversee the implementation of the Internal Audit Charter.
- Ensure that the Audit Plan is aligned with the overall plan strategy and budget and is based on robust risk assessment.
- Review and advice on the appointment, replacement, reassignment or dismissal of the Internal Audit Manager, the adequacy and qualifications of the Internal Audit staff, and the responsibilities, organization structure and budget of the Internal Audit function.
- Establish and identify the reporting line of the Internal Audit Unit Manager to enable him to properly fulfill his duties and responsibilities. For this purpose, the Internal Audit Manager shall directly report to the Committee
- Reporting to the Board of Trustees on the status of accomplishments of the audit activities.
- Periodically, review with the external auditor, the budget, staffing, and responsibilities of the Internal Audit function.
- Annually, review and recommend changes (if any) to the Internal Audit charter.
- Reviewing the internal audit reports and the corresponding recommendations to address the weaknesses noted, discussing the same with the head of the Internal Audit and reporting significant matters to the Board of Trustees.

- Review and consider significant findings during the year and the management's responses thereof.
 - Periodically review with the Internal Audit Manager any significant difficulties, disagreements with management, or scope restrictions encountered in the course of the Internal Audit function's work.
 - Reporting to the Board of Trustees the annual performance appraisal of the Internal Audit Manager.
 - Overseeing senior management in establishing and maintaining an adequate, effective, and efficient internal control framework.
 - Ensuring that the internal audit service provider comply with sound internal auditing standards such as the Institute of Internal Auditors' International Standards for the Professional Practice of Internal.
- ❖ Compliance, Legal and Ethical Conduct Matters
- Review periodically with the management, external auditors, and legal advisors, as appropriate, legal matters that may have a material impact on the financial statements, the regulatory and compliance policies, and any material reports or inquiries received from regulators or governmental agencies.
 - Coordinates, monitors, and facilitates compliance with applicable laws and regulations.
 - Establish and maintain procedures for the receipt, retention, and treatment of complaints received regarding accounting, internal accounting controls, or auditing matters.
 - Establish and maintain procedures for the confidential, anonymous submission by employees of ARDCI of concerns regarding questionable accounting or auditing matters.

C. Charter

The Audit Committee shall develop a written charter that clearly outlines its purpose, membership and qualifications, structure and operations, duties and responsibilities, reporting process, and the procedures which guide the conduct of its functions. The Charter shall set the parameters that will evaluate the Committee's performance and shall be made accessible to the public and published on the Organization's website.

11.12.3. Risk Oversight Committee

A. Composition and Qualification

The Risk Oversight Committee shall be appointed by the Board and shall be comprised of at least three (3) members, one of whom shall be Independent Trustee, including the Chairman. The members of the risk oversight committee shall possess a range of expertise as well as adequate knowledge of the Organization's risk exposures to be able to develop appropriate strategies for preventing losses and minimizing the impact of losses when they occur.

The Risk Management Officer will provide the Risk Oversight Committee with technical support.

B. Duties and Responsibilities

❖ Oversight Of Financial Management

- Overseeing and reviewing with senior management ARDCI's capital planning process, its capital position, its capital adequacy and structure. Specific responsibilities of the Committee include:
 - Ongoing review of consolidated capital reporting, including projections and comparisons of ARDCI's position to internal targets, benchmarks and limits;
 - Ongoing review of ARDCI's significant capital expenditures;
 - Oversight and review of ARDCI's capital structure and financing requirements; and
 - Oversight and review of ARDCI's regulatory capital, leverage ratios and similar measures of capital adequacy as measured against the Organization's risk appetite.
- Reviews and recommends to the Board the annual budget and the business plan proposed by the Executive Director/President.
- Authorizes acceptable accounting and disbursement procedures for all funds under the jurisdiction of the Organization.
- Overseeing and reviewing with senior management certain policies related to the financial management of ARDCI and overseeing the Organization's implementation of such policies.
- Overseeing and reviewing with senior management ARDCI's funding and liquidity requirements.

❖ Risk Profile and Oversight

- Assist the Board in ensuring that there is an effective and integrated risk management program and process in place.

- Develop, implement, and evaluate a formal risk management program/plan that would ensure proper determination, assessment and management of any relevant risks to the Organization which contains the following elements: (a) common language or register of risks; (b) well-defined risk management goals, objectives and oversight; (c) uniform processes of assessing risks and developing strategies to manage prioritized risks; (d) designing and implementing risk management strategies and measures; and (e) continuing assessments to improve risk strategies, responses, processes, and measures.
 - Evaluate the risk management program/plan to ensure its continued relevance, comprehensiveness and effectiveness, revisit defined risk management strategies, look for emerging or changing material exposures, and stay abreast of significant developments that seriously impact the likelihood of harm or loss.
 - Receive and oversee the report of the Compliance Officer that is provided, at least quarterly, to the Board regarding the overall state of compliance.
 - Advise the Board on its risk appetite levels and risk tolerance limits.
 - Review at least annually the Organization's risk appetite levels and risk tolerance limits based on changes and developments in the microfinance industry, the regulatory framework, the external economic and business environment, and when major events occur that are considered to have major impacts on the Organization.
 - Assess the probability of each identified risk becoming a reality and estimate its possible significant financial impact and likelihood of occurrence. Priority areas of concern are those risks that have the highest probability to occur and will have very significant impact to the performance and stability of ARDCI.
 - Provide oversight over Management's activities in managing operational risk, credit risk, legal risk, and other risk exposures of the Organization. This includes regularly receiving information on risk exposures and risk management activities from Management.
 - Review and approves the Business Continuity Plan and related critical processes and applications prepared by the Management.
 - Report to the Board on a regular basis, or as deemed necessary, the Organization's material risk exposures, the actions taken to reduce the risks and recommend further action or plans, as necessary
- ❖ Strategic Matters and Investments
- Oversee senior management's establishment of ARDCI's overall strategic planning process and alignment of the risk profile with its strategic plan, goals and objectives, which shall be recommended to the Board for their review and approval. Senior management will monitor and provide periodic reports to the Committee and/or the Board, as appropriate, regarding management's implementation of the strategic plan. The Committee shall review and make recommendations with respect to any new

business initiatives or strategies that face significant and material risk or deviations from the strategic plan.

- Provide oversight over Management's activities in managing the strategic, operational, regulatory, political, market, competition, natural calamity, security, funding, legal and other relevant risk exposures of the Organization.
- Authorizes investment policy.
- Review all proposed material investments by or in the Organization.
- Review ARDCI's policies governing strategic transactions, principal investments and dispositions of assets.

C. Charter

The Risk Oversight Committee shall develop a written charter that clearly outlines its purpose, membership and qualifications, structure and operations, duties and responsibilities, reporting process, and the procedures which guide the conduct of its functions. The Charter shall set the parameters that will evaluate the Committee's performance and shall be made accessible to the public and published on the Organization's website.

MEMBERSHIP STRUCTURE**12. MEMBERSHIP****12.1. Qualifications for Membership.**

Membership in ARDCI Microfinance, Incorporated shall be open to residents in areas of operation subject to the following minimum qualifications and conditions:

- Only one from each family or household may join as Savings and Loans System (SLS) member and the household's monthly income should fall below the poverty threshold as determined by current statistics from the National Statistics Office.
- Those aged 18 to 65 years old.
- Physically fit citizens.
- Those that have satisfactorily completed the Group Guarantee Compulsory Training (GGCT).
- Permanent resident of a barangay in areas of operations for at least one (1) year.
- An enterprising poor engaged or is willing to engage in productive activity.

Those who are willing to abide by ARDCI Microfinance, Incorporated regulations.

12.2. Disqualification for Membership

The following are disqualified from ARDCI Microfinance, Incorporated membership:

- Those who occupy elective or appointive positions higher than barangay captain.
- Those who have been convicted by final judgment of an offence punishable by imprisonment or a period exceeding six years.
- Those who have been convicted of offence involving moral turpitude or persons judicially declared to be insolvent, spendthrift or incapacitated to contract.

12.3. Rights of Members

A member shall have the right to:

- Vote on all matters relating to the affairs of ARDCI Microfinance, Incorporated, particularly amendments to the Article of Incorporation and Constitution and By-laws.
- Be eligible for election to the Board of Trustees subject to the requirements of qualifications and/or disqualifications.
- Participate in all deliberations or meetings of ARDCI Microfinance, Incorporated within the SLS or in meeting called for by the Board Chairman.

- Avail of all the facilities and service of ARDCI Microfinance, Incorporated and examine all the records or books of ARDCI Microfinance, Incorporated during business hours.

12.4. Duties and Responsibilities of Members

Members shall have the following duties and responsibilities:

- Pay membership dues and other assessments.
- Attend both Guarantee Group (GG) and SLS meetings regularly and punctually.
- Maintain SLS Quality Membership (QM) status by exercising peer support/peer pressure in savings and repayments

12.5. Termination

Membership shall be terminated upon death, resignation, or expulsion.

13. ORIENTATION AND TRAININGS OF THE BOARD OF TRUSTEES AND/OR THE MANAGEMENT

To ensure the competitiveness and ability of the members of the Board to manage ARDCI, they shall attend relevant trainings, seminars and the like to strengthen their knowledge and capability to lead the institution. Upon his or her election, the Company shall provide a comprehensive orientation or training program for first-time trustees. The program shall cover the company's strategy, general financial and legal affairs, financial reporting by the company, its compliance programs, the Code of Business Conduct and Ethics, any specific aspects unique to the company and its business activities, and the responsibilities as a board member.

In order to facilitate the Trustees' fulfillment of their responsibilities, the management must provide the following:

- a. Annual review to identify areas where the board members require further training or education.
- b. Access to, or notice of, training programs that are designed to keep Trustees abreast of the latest developments in corporate governance matters and critical issues relating to the operation of microfinance.

Likewise, all members of the current Board and ARDCI's key officers shall attend, at least once a year, a refresher program on relevant corporate governance topics to discuss all matters related to corporate governance.

They shall also require to attend trainings, seminars and the like on social and financial goals related to microfinance operations. Members of the management team and other employees shall likewise be encouraged to undertake applicable training on corporate good governance. Additionally, the Management shall conduct orientation seminars in all concerned areas and branches to discuss the contents of this Manual. Funds shall be allocated by the Board or the Management for workshops and seminars to fully operationalize this Manual.

14. CODE OF CONDUCT AND ETHICS FOR BOARD, MANAGEMENT, AND EMPLOYEES

The members of the Board shall adopt the Code of Conduct and Ethics for Trustees and Management. It describes the behavioral standards expected from a trustee or unit director so that he/she can better understand and meet the expectations and requirements of the organization and regulators. Included in the Code are the standards of conduct for ensuring the proper discharge of the duties and responsibilities, basic principle that a trustee or a unit director should not use his/her position to make profit or to acquire benefit or advantage for himself/herself and/or his/her related interests, avoiding situations that would compromise his/her impartiality; maintaining professional integrity; enhancement of skills, knowledge and understanding the association activities, etc.

Likewise, the members of the Board shall also adopt the Code of Conduct and Ethics for ARDCI's employees. It sets the behavioral standards expected from an employee which adheres to the culture and rightful environment of ARDCI. It sets out policy on how to properly impose penalties to those employees who do not follow the rules under the code of conduct.

15. FEEDBACK AND GRIEVANCE POLICY

ARDCI protects and respects the rights of its stakeholders and members including its employees. They are free to communicate their concerns and feedbacks about illegal and/or unethical practices to the board and management. Their rights are well respected and shall not be compromised after delivering such concern. All stakeholders, Members, and employees are encouraged to participate in improving the effectiveness and success of ARDCI, particularly in strengthening its integrity. Likewise, ARDCI shall ensure the protection of an employee or other stakeholder that reveals illegal or unethical behavior from any act of reprisal.

16. DISCLOSURE AND TRANSPARENCY

The essence of good corporate governance is transparency. The more transparent the internal mechanisms of ARDCI are, the more difficult it will be for Management and dominant Members to mismanage and misappropriate its assets. It is therefore essential that all material information about the institution which could adversely affect its viability or the interests of the Members should be publicly and timely disclosed. Such information should include among others, earning results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board and Management, audited financial statements. All such information should be disclosed through the appropriate exchange mechanisms and submissions to the Commission and other regulatory bodies. The Board together with the Management and employees commits to promote and ensure full disclosure, transparency and shall remain accountable to this Manual. This is a commitment and a policy of the Board.

17. GOVERNANCE SELF-RATING SYSTEM

The Board may create an internal self-rating that can measure the performance of the Board and Management on annual basis in accordance with the criteria provided in this Manual. The creation and implementation of such self-rating system, including its salient features, may be disclosed in the Institution's annual report.

18. REVIEW OF THE MANUAL ON GOOD GOVERNANCE

This Manual shall be reviewed by the Board annually or as frequently as necessary to ensure its relevance in assisting them to carry-out their duties with the changes in corporate laws and regulations that may arise from time to time and to remain consistent with the Board's objectives and responsibilities.

19. EFFECTIVITY OF THE MANUAL

The provision of this manual shall be effective upon the approval of the Board of Trustees of ARDCI Microfinance, Incorporated through a Board Resolution.