

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES
Makati City

Minutes No. 01

23 JUNE 2021

MINUTES

**Minutes of the Annual Meeting of Stockholders of
National Reinsurance Corporation of the Philippines
Held on 23 JUNE 2021, at 3:30 P.M.
via Zoom Webinar**

Present:

Total Number of Shares Present in Person and/or Represented by Proxies:	1,558,022, 697 shares	74.50%
Absent Shares:	565,582,903 shares	
Total Number of Outstanding Shares:	2,123,605,600 shares	

Directors Present:

WILFREDO C. MALDIA
ALLAN R. SANTOS
RAFAEL G. AYUSTE, JR.
JOCELYN DG CABREZA
REGINALDO ANTHONY B. CARIASO
MARIA CONSUELO A. LUKBAN
NORA M. MALUBAY
REX MA. A. MENDOZA
MEDEL T. NERA
ANTONIO M. RUBIN
JOLI CO WU
YVONNE S. YUCHENGCO

Also Present:

NOEL A. LAMAN
MA. PILAR M. PILARES-GUTIERREZ
ROBERTO G. MANABAT

1. CALL TO ORDER

Mr. Wilfredo Maldia, the Chairman of the Board of Directors, called the meeting to order and presided over the same. The Corporate Secretary, Atty. Noel A. Laman, was Secretary of the meeting and he recorded the proceedings.

2. PROOF OF NOTICE AND CERTIFICATION OF QUORUM

The Chairman requested the Corporate Secretary to confirm if the notice of the meeting was sent to the stockholders of record of the Corporation. The Corporate Secretary responded in the affirmative. He certified that copies of the Notice of the Annual Stockholders' Meeting were distributed in digital format via the company's website and PSE Edge, and also published with QR code of the Company's Information Statement in two newspapers, The Philippine Daily Inquirer and Business World in both print and digital format on May 24 and May 25, 2021 respectively, in accordance with the requirements of the Securities and Exchange Commission.

The Chairman then inquired if a quorum was present for the transaction of corporate business. The Corporate Secretary declared that out of a total of 2,123,605,600 shares outstanding and entitled to vote, stockholders owning at least 1,582,022,697 shares are present in person or by proxies, which represent at least 74.50% of the total outstanding capital stock entitled to vote of the Corporation. Thus, the Secretary certified that a quorum existed for the transaction of corporate business.

3. APPROVAL OF MINUTES OF THE MEETING OF THE STOCKHOLDERS HELD ON AUGUST 7, 2020

Upon inquiry of the Chairman, the Corporate Secretary certified that a copy of the Minutes of the Annual Stockholders' Meeting held on August 7, 2020 has been posted on the company's website since August 12, 2020. In addition, a summary of the matters taken up during the previous annual meeting was provided in the Definitive Information Statement that was likewise posted on the company's website and on PSE Edge. The Chairman then opened the floor for any motion for the approval of the Minutes of the Annual Stockholders' Meeting held on August 7, 2020. A stockholder moved that since a copy of the Minutes of the Annual Meeting of the Stockholders held on August 7, 2020 has been made available through the company's website to all stockholders, the said minutes should be deemed read and approved by the stockholders owning at least a majority of the outstanding capital stock.

The Corporate Secretary certified that the stockholders who have voted in favor of the approval represent 74.50% and tabulated as follows:

FOR.....	1,582,022,697
AGAINST.....	0
ABSTAIN.....	0

There being no objection, and the motion having been duly seconded, the following resolution was approved:

Stockholders' Resolution ASM-2021-01

“RESOLVED, that the Stockholders of NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES (the “Corporation”) approve, as they hereby approve the Minutes of the Annual Stockholders' Meeting held on August 7, 2020.”

4. REPORT OF THE PRESIDENT

The President, Mr. Allan R. Santos, presented the President's Report.

The full text of the President's Report is appended hereto as Annex "A" and made a part of these minutes.

Upon conclusion of the report of the President, the Chairman opened the floor for any question regarding said report.

The questions raised by the stockholders and the answers provided by the company's management are summarized in Annex "B" hereof.

The Corporate Secretary certified that the stockholders who have voted in favor of the approval of the President's Report represent 74.50% of the outstanding capital stock and tabulated as follows:

FOR.....	1,582,022,697
AGAINST.....	0
ABSTAIN.....	0

After the questions were addressed, upon motion made and duly seconded, the following resolution was approved:

Stockholders' Resolution ASM-2021-02

"RESOLVED, that the Stockholders of NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES (the "Corporation") approve, as it hereby approves the Management Report which includes the 2020 Audited Financial Statements as presented by the President on June 23, 2020."

5. RATIFICATION OF THE ACTS OF THE BOARD OF DIRECTORS/OFFICERS

The meeting proceeded with the ratification of the acts of the Board of Directors and Officers of the Corporation performed or undertaken in the year 2020 and until the date of this meeting as they were recorded in the books and records of the Corporation. There being no objections and upon motion made and duly seconded, the following resolution was formally introduced, seconded and approved by the vote of at least two-thirds of the outstanding capital stock:

Stockholders' Resolution ASM-2021-03

"RESOLVED, that the stockholders of NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES (the "Corporation") approve, ratify and confirm, as they do hereby, all the acts, decisions and resolutions of the Board of Directors and Officers made or undertaken in the year 2020 and until the date of this meeting as these are recorded in the books and records of the Corporation."

The Corporate Secretary certified that the stockholders who have voted in favor of the approval represent 74.50% of the outstanding capital stock and tabulated as follows:

FOR..... 1,582,022,697
 AGAINST..... 0
 ABSTAIN..... 0

6. APPOINTMENT OF THE EXTERNAL AUDITORS

The Chairman informed the stockholders that upon proper recommendation of the Audit Committee, the Board of Directors, at a regular meeting held on April 29, 2021, approved and recommended for stockholders' ratification the appointment of *R.G. Manabat & Company (KPMG Philippines)* ("*R.G. Manabat &Co.*") as the external auditors of the Corporation for the year 2021. The appointment of *R.G. Manabat &Co.* as the independent auditors of the Corporation was then formally presented to the stockholders for approval. It was disclosed that Mr. Tireso Randy F. Lapidez of *R.G. Manabat &Co. (KPMG Philippines)* shall be the partner-in-charge of the Corporation's account for the current fiscal year. Upon motion made and duly seconded, *KPMG Philippines* was appointed as external auditors of the Corporation for the year 2021, and the following resolution was formally introduced, seconded and adopted:

Stockholders' Resolution ASM-2021-04

"RESOLVED, that the stockholders of **NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES** (the "**Corporation**") approve, ratify, and confirm, as they do hereby, the appointment of *R.G. Manabat &Co.* as the external auditors of the Corporation for the year 2021."

The Corporate Secretary certified that the stockholders who have voted in favor of the approval represent 74.50% of the outstanding capital stock and tabulated as follows:

FOR..... 1,582,022,697
 AGAINST..... 0
 ABSTAIN..... 0

7. INCREASE OF PER DIEM OF REGULAR AND INDEPENDENT DIRECTORS IN COMMITTEE MEETINGS

The meeting proceeded to the increase in the per diem of regular directors and independent directors for attending the committee meetings from six thousand pesos (Php 6,000) to eight thousand pesos (Php 8,000). The amounts are net of tax and the rationale for the increase was presented in the Definitive Information Statement. There being no objection, upon motion made and duly seconded, the following resolution was formally introduced, seconded and adopted:

Stockholders' Resolution ASM-2021-05

"RESOLVED, that the stockholders of **NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES** (the "**Corporation**") approve, ratify, and confirm, as they do hereby, the increase of the per diem of regular and independent directors in committee meetings from six thousand pesos (Php 6,000) to eight thousand pesos (Php 8,000);

RESOLVED, FURTHER, to authorize the management and proper officers of the Corporation to do such acts and execute all documents which may be required in relation to the foregoing.”

The Corporate Secretary certified that the stockholders who have voted in favor of the approval represent 74.50% of the outstanding capital stock and tabulated as follows:

FOR..... 1,582,022,697
 AGAINST..... 0
 ABSTAIN..... 0

8. ELECTION OF DIRECTORS

The meeting proceeded to the election of members of the Board of Directors of the Corporation for the year 2021-2022. Upon directive of the Chairman, the Corporate Secretary informed the stockholders of the provisions of the Articles of Incorporation relating to the nomination and election of the members of the Board of Directors. He said that Article Sixth of the Amended Articles of Incorporation of *National Reinsurance Corporation of the Philippines* provides for thirteen (13) seats in the Board of Directors, at least three (3) of whom should be independent directors.

Thereafter, the Corporate Secretary informed the stockholders that the *Nomination and Compensation Committee* received ten (10) nominees for Regular Directors and three (3) nominees for Independent Directors. Said Committee has prepared a Final List of Candidates for Independent Directors in accordance with *SRC Rule 38 (Nomination and election of Independent Directors)*. The Corporate Secretary also said that in accordance with Section 23 of the *Revised Corporation Code of the Philippines*, every stockholder is entitled to vote in person or by proxy the number of stock standing in his own name on the stock books of the Corporation as of the “*Record Date*” which “*Record Date*” had been fixed by the Board on May 10, 2021 and in the manner set forth in said Section 23 of the *Revised Corporation Code*.

At this point, the Chairman announced that the Board of Directors and *Nomination and Compensation Committee* received the names of thirteen (13) candidates to the Board of Directors of the Corporation for the year 2021-2022, to wit:

For Regular Directors:

WILFREDO C. MALDIA
 YVONNE S. YUCHENGCO
 ALLAN R. SANTOS
 JOLI CO WU
 ANTONIO M. RUBIN
 MARIA CONSUELO A. LUKBAN
 REGINALDO ANTHONY B. CARIASO
 JOCELYN DG CABREZA
 NORA M. MALUBAY
 RAFAEL G. AYUSTE, JR.

For Independent directors:

**MEDEL T. NERA
 REX MARIA A. MENDOZA
 ROBERTO G. MANABAT**

Considering that there were no other valid nominations, the Chairman said that if there would be no objection, the actual balloting and voting would be dispensed with, and election would be done through a motion. The Chairman then entertained a motion to the foregoing. Following the statement of the Chairman, it was moved and duly seconded, the following resolution was approved:

Stockholders' Resolution ASM-2021-06

“RESOLVED, that the Stockholders of NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES (the “Corporation”) elect, as they hereby elect the following, as directors of the Corporation for year 2021-2022, and until their successors are duly elected and qualified:

Regular Directors

**WILFREDO C. MALDIA
 YVONNE S. YUCHENGCO
 ALLAN R. SANTOS
 JOLI CO WU
 ANTONIO M. RUBIN
 MARIA CONSUELO A. LUKBAN
 REGINALDO ANTHONY B. CARIASO
 JOCELYN DG CABREZA
 NORA M. MALUBAY
 RAFAEL G. AYUSTE, JR.**

Independent directors:

**MEDEL T. NERA
 REX MARIA A. MENDOZA
 ROBERTO G. MANABAT**

The Corporate Secretary certified that the tabulation of results for the election of directors for the term 2021-2022 shows that the nominees received the number of votes indicated opposite their respective names as shown on the screen.

NUMBER OF VOTES..... 1,582,019,897
 1. WILFREDO C. MALDIA
 2. MA. CONSUELO A. LUKBAN
 3. REGINALDO ANTHONY B. CARIASO
 4. JOCELYN DE GUZMAN CABREZA
 5. REX MARIA A. MENDOZA
 6. MEDEL T. NERA

NUMBER OF VOTES.....	1,582,022,697
7. ANTONIO M. RUBIN	
8. ALLAN R. SANTOS	
9. YVONNE S. YUCHENGCO	
10. NORA M. MALUBAY	
11. RAFAEL G. AYUSTE, JR	
12. JOLI CO WU	
13. ROBERTO G. MANABAT	

9. RE-ELECTION OF MR. MEDEL T. NERA AS INDEPENDENT DIRECTOR

The meeting proceeded to the re-election of Mr. Medel T. Nera as independent director. The Chairman informed the stockholders that Mr. Nera has been an Independent Director of the Corporation since 2011. Management strongly believes that retaining Mr. Nera in the company's board will be very beneficial to the continuing growth and strategic direction of the company. His business experience, knowledge, and wisdom will be most valuable in the successful governance of this company. The justification for the re-election of Mr. Nera is more extensively discussed in the Definitive Information Statement in accordance with SEC Memorandum Circular No. 4, series of 2017. There being no objection, upon motion made and duly seconded, the following resolution was formally introduced, seconded and adopted:

Stockholders' Resolution ASM-2021-07

"RESOLVED, that the stockholders of NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES (the "Corporation") approve, ratify, and confirm, the re-election of Mr. Medel T. Nera as independent director for year 2021-2022, and until his successor is duly elected and qualified.

The Corporate Secretary certified that the stockholders who have voted in favor of the approval represent 74.50% of the outstanding capital stock and tabulated as follows:

FOR.....	1,582,019,897
AGAINST.....	0
ABSTAIN.....	2,800

10. OTHER MATTERS

The Chairman inquired if there were other matters to be taken up. The Corporate Secretary stated that there were no other items listed on the Agenda.

11. ADJOURNMENT

There being no other matters to be taken up during the meeting, upon motion made and duly seconded, the stockholders' meeting was adjourned. The newly elected directors were informed to log in to the other zoom meeting link for the organizational meeting of the Board of Directors.

ATTEST:


WILFREDO C. MALDIA
Chairperson of the Stockholders' Meeting


NOEL A. LAMAN
Secretary of the Stockholders' Meeting

ANNEX A

President's Report

Dear shareholders,

The year 2020 was a tumultuous one, with the pandemic and multiple natural disasters upending lives and the many things we have considered part of everyday living. And with the new surge in COVID-19 infections, 2021 is fast shaping up to be another challenging year. As we reflect on these events, we are heartened to see that Nat Re has continued to play a unique role in supporting the nation, the insurance industry, and fellow Filipinos during these trying times.

The Philippine economy contracted by a record low in the past year, registering a negative 9.6% full-year GDP, the first contraction since the Asian Financial Crisis in 1998, and the worst recorded since 1947. On a quarterly basis, the economy performed its worst in the second quarter, declining by 16%, when the country was put under "enhanced community quarantine," the strictest form of lockdown aimed at curbing the spread of the virus.

Looking at the global insurance industry, in 2020, direct written premiums registered a CAGR of 1.3% and negative 4.5% for Life and Non-Life, respectively. Global insurers paid USD 89 billion in claims from natural catastrophes (USD 81 billion) and manmade events (USD 8 billion).

In the Philippines, insurance industry premiums as of September 2020 declined by 3.7% over the same period last year. As of the same month, Life insurance total premiums grew by 1.0% from the year-ago number while Non-life insurance total net premiums written declined by 19.5%.

Indeed, these results reflect the unprecedented nature of 2020, with 189 natural calamities and 85 man-made disasters, making it the fifth costliest year since 1970 for the global insurance industry.

Apart from the COVID-19 pandemic, we, in the Philippines had to grapple with the eruption of Taal Volcano in January 2020 and three powerful typhoons—Quinta (Molave), Rolly (Goni), and Ulysses (Vamco)—in the last quarter of the year. Elsewhere, the industry had to deal with claims arising from the severe North Atlantic hurricane season, wildfires in the US and Australia, the Beirut explosion, and property damage related to social unrest in the US.

In spite of this volatile environment, Nat Re's diligent efforts and operating discipline resulted in its positive financial performance. In 2020, we were able to generate a net profit of 120 million pesos while growing gross written premiums (GWP) by 3% to 4.47 billion pesos. Underwriting income increased by 151% to 342 million pesos while investment and other income contributed 132 million pesos. Nat Re's combined ratio improved to 98%, the first time in five years for this metric to fall below 100%. Nat Re's outlook was also upgraded by AM Best to "stable" from "negative."

Our domestic Life GWP grew by 16.4% to 1.9 billion pesos and produced an underwriting income of 344 million pesos from 309 million pesos in 2019. Meanwhile, our domestic Non-life GWP grew by 1.1% to 1.03 billion pesos due to the creation of reinsurance facilities, increase in GSIS business, and optimization of shares in existing treaties. Underwriting income, however, was tempered by claims arising from the powerful typhoons. Finally, our foreign business GWP decreased, as intended, by 4.6% to 1.54 billion pesos and produced a slight underwriting income of 3 million pesos. This is a turn-around from the 2019 underwriting loss of 268 million pesos.

While Nat Re's financial performance in 2020 was affected by the market's volatility and the movement restrictions caused by COVID-19, the company ensured operational resilience to continue providing reinsurance-related services and serve its customers efficiently. More than ever, we took the opportunity to deliver on the mission and purpose of the company.

Economic: Supporting economic recovery

We have provided the country's insurers with reinsurance capacity to mitigate the volatility of their underwriting results, allowing them to pay claims promptly, especially in the face of large losses brought by the pandemic and the natural disasters throughout the year. In 2020, our paid claims stood at 1.6 billion pesos.

Furthermore, together with the Insurance Commission and the Philippine Insurers and Reinsurers Association, we have embarked on an initiative to create the Philippine Catastrophe Insurance Facility, which is designed to help the industry promote and manage catastrophe risk insurance more efficiently. In turn, the facility would afford the public more inclusive access to catastrophe protection and allow faster economic recovery from disasters.

Our investment strategy further demonstrates our commitment to the country's social and economic progress. We supported the development of infrastructure and the delivery of social services by investing about 60% of our 8.6-billion-peso investment portfolio in government bonds. The remaining 40% was

invested in corporate bonds, including equities and short-term deposits, supporting the growth and the multiplier effect of the private sector.

Social: Remaining committed to clients and stakeholders amidst the pandemic

Indeed, 2020 was a litmus test not only in sustaining our business but also in mitigating the impact of COVID-19 on our clients and stakeholders. Recognizing the disruptions and financial difficulties brought about by the community quarantines, we provided clients with longer grace periods for the remittance of their reinsurance premiums. We supported the industry's clamor for simplified underwriting to overcome the challenges of obtaining the traditional medical evidence of insurability. We also developed new products providing financial help in case of death or hospitalization related to COVID-19. We organized webinars that delivered information and tools that insurers need in the current environment. These webinars tackled remote selling and underwriting, home-based medical examination, and pricing approaches for COVID-19-related products.

The company also made cash and in-kind donations to the University of the Philippines Medical Foundation, Inc. and the Lung Center of the Philippines to support both organizations' efforts against COVID-19. In the aftermath of Super Typhoon Rolly, we donated cash to support the victims of the calamity in Southern Luzon. Prior to the lockdown, with the active participation of employees, we also donated cash to Batangas residents displaced by the eruption of Taal Volcano. Both donations were made through the non-profit Citizens Disaster Response Center.

We moved expediently to protect our most important asset, our employees. To ensure that they remained safe and healthy, we implemented work-from-home arrangements for all 67 employees, providing them with the technology and other resources they need to adequately carry out their responsibilities remotely.

Taxes, licenses, and other related contributions to the government increased by 43% to 116 million pesos from 81 million pesos in the previous year. Our assistance to the community likewise increased, by 42% to P .43 million pesos from P .30 million pesos.

Environment: Partnerships for a more disaster-resilient Philippines

Our position as the country's national reinsurer gives us the unique opportunity to play a crucial role in developing awareness and acceptance of insurance-backed solutions for catastrophe and epidemics exposure. Through initiatives with our private and public sector partners, Nat Re championed environmental

sustainability by promoting the understanding of climate risks and capacity-building for more disaster-resilient communities.

One of these initiatives is The Oasis Platform for Climate and Catastrophe Risk Assessment in Asia Project, or the Oasis Project, of which we are the Philippines project manager. Culminating in December 2020, the two-year project brought together the public and private sectors, academe, and the nonprofit, development, and insurance sectors to develop the first open-access catastrophe model for flood in the Philippines. Nat Re will soon be distributing software licenses of the flood model to stakeholders and run ad-hoc model analyses for them.

We are also part of the Climate Risk Insurance National Task Force of Regulatory Framework Promotion of Pro-poor Insurance Markets in Asia III, a project chaired by the Department of Finance and funded by the German development aid agency GIZ. Through our membership in the task force's technical working group, we are given an additional venue to engage the government to support the insurance industry in increasing climate risk awareness and developing sustainable climate-risk insurance solutions for low-income groups, and micro, small, and medium enterprises.

Our efforts in this regard did not go unnoticed, as Nat Re was recognized regionally as the 2020 Reinsurer of the Year at the 24th Asia Insurance Industry Awards organized by the *Asia Insurance Review*. We are very grateful for the recognition of our efforts to promote climate-risk insurance, pursue reinsurance pooling opportunities, and advance risk-informed decision-making.

Platform for recovery and growth

It is in times like this that we at Nat Re reaffirm our mission of being a stable anchor and champion for the insurance industry and help create mechanisms that strengthen the country's resilience to financial shocks, especially those associated with natural catastrophes and epidemic diseases.

As we face 2021, we assure you, our shareholders, that we will continue to pursue excellence, dependability, sustainability, and profitability. For this, you can count on your Board of Directors, management, and all the men and women who make up your company. Thank you for your invaluable support in the past year, and in the years to come, as we further embed the insurance industry in the country's economic and social development.

ANNEX B*Questions and Answers***How is the COVID-19 pandemic affecting Nat Re? How is the Company coping with it?**

From an operational perspective, the COVID-19 pandemic did not have a significant impact on our ability to transact business as we had our business continuity preparations even before the pandemic. We set in place measures to ensure our workforce can transact electronically and operate at near-full capacity under a Work from Home environment, although the Nat Re office is partially open with skeletal staff able to receive and deliver hard copies of documents.

From a financial perspective, our underwriting results thus far have not been significantly impacted as COVID-19 related losses are limited. However, the market volatility brought about by the pandemic has adversely affected our equity investments but favorably impacted our fixed income assets. Together with our investment fund managers, we continue to closely monitor and manage our investment portfolio to balance risks and optimize returns.

We also took an active role in supporting the response efforts against COVID-19 as we have provided financial and non-financial donations to the University of the Philippines Medical Foundation and the Lung Center of the Philippines. We seized the opportunity to demonstrate strong support to our clients during these trying times such as by extending longer credit terms to clients on reinsurance premiums.

I understand that Nat Re signed a Memorandum of Understanding with the Insurance Commission and the Philippine Insurers and Reinsurers Association (PIRA) to establish a Philippine Catastrophe Insurance Facility or Pool? Can you explain what this is all about and how it will benefit Nat Re?

The Memorandum of Understanding between the Insurance Commission, PIRA and Nat Re seeks to develop and launch a Philippine Catastrophe Insurance Facility or PCIF, which will enable insurers to more efficiently manage their catastrophe exposures and boost their capacity to take in more catastrophe risks. In doing so, the PCIF will provide the public with more inclusive access to catastrophe insurance protection which ultimately will increase our country's resilience to catastrophes and allow faster recovery of communities from a natural disaster.

The basic framework of the PCIF is for non-life insurers in the Philippines to cede their catastrophe risks to the PCIF at sustainable premium rates. The pooled catastrophe risks will then be shared with participating non-life insurers.

For Nat Re, we expect to play a key role in the PCIF either as the facility administrator and/or as the reinsurer receiving all the catastrophe risks and sharing them with the participating insurers. It will further cement our role as the country's national reinsurer and as a key contributor to the development of the insurance industry and the promotion of disaster resilience.

What is the 2021 outlook for Nat Re?

With intermittent surges in COVID-19 infections and delays in the arrival of the vaccines, the country's economic recovery could be slower than initially expected. It is still too early to give any definitive statement but we could expect a slowdown in the new business generation of our clients. At any rate, we continue to identify pockets of growth such as opportunities resulting from the need for capital relief reinsurance solutions and higher health insurance covers, partnerships with foreign reinsurers, and the development of reinsurance facilities.

As we face 2021, we assure you that we will continue to pursue profitable growth as well as entrench Nat Re in its role of being a stable anchor and champion for the insurance industry.

Did the company declare dividends this year? If not, when can we expect dividends to be declared?

To be able to pay dividends, the Company has to satisfy both the requirements of the SEC and the Insurance Commission. While we have met the retained earnings threshold of the SEC, we have yet to satisfy the adjusted net worth threshold of the Insurance Commission before the Company can pay dividends. Rest assured that we are working hard to generate additional earnings and grow our net assets to exceed the threshold and restart paying dividends.