

**NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES
Makati City**

Minutes No. 01

26 June 2024

MINUTES

**Minutes of the Annual Meeting of Stockholders of
National Reinsurance Corporation of the Philippines
Held on 26 June 2024, at 2:00 P.M.
at the Carlos P. Romulo Auditorium
RCBC Building, Makati City**

Present:

Total Number of Shares Present in Person and/or Represented by Proxies:	1,302,319,053 shares	61.326%
Absent Shares:	821,286,547 shares	38.674%
Total Number of Outstanding Shares:	2,123,605,600 shares	100 %

**Directors Present in Person and/or
Represented by Proxy or Voted In Absentia:**

**EVELINA G. ESCUDERO
YVONNE S. YUCHENGCO
ALLAN R. SANTOS
JOLI CO WU
LESTER ONG
MARIA CONSUELO A. LUKBAN
ROBERTO G. MANABAT
MEDEL T. NERA
ANTONIO M. RUBIN
JOCELYN DG CABREZA
ALAN R. LUGA**

Absent

**RAFAEL G. AYUSTE, JR.
REX MA. A. MENDOZA**

Also Present:

**JACQUELINE MICHELLE C. DY
NOEL A. LAMAN
MA. PILAR M. PILARES-GUTIERREZ
MELINA ROSE GUTIERREZ-NER**

1. CALL TO ORDER

Ms. Evelina G. Escudero, the Chairperson 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 Chairperson requested the Corporate Secretary to confirm whether 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 the QR code of the Company's Information Statement in two newspapers, The Business World and Philippine Star in both print and digital format on May 24 and May 28, 2024, in accordance with the requirements of the Securities and Exchange Commission.

The Chairperson 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 of stock outstanding and entitled to vote, 11,202 shares were represented at the meeting in person, and 1, 302, 307, 851 shares were represented by proxies or participating in absentia at this meeting, corresponding to a total of at least 61.326% of the Corporation's total outstanding shares. On this basis, the Corporate Secretary certified that a quorum existed for the transaction of corporate business.

3. APPROVAL OF MINUTES OF THE MEETING OF THE STOCKHOLDERS HELD ON JULY 05, 2023

Upon inquiry of the Chairperson, the Corporate Secretary certified that a copy of the Minutes of the Annual Stockholders' Meeting held on July 05, 2023, has been posted on the company's website since July 12, 2023. Furthermore, it was reported that 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 Chairperson then opened the floor for any motion for the approval of the Minutes of the Annual Stockholders' Meeting held on July 05, 2023. Upon motion made by a stockholder and duly seconded, the following resolution was approved:

Stockholders' Resolution ASM-2024-01

“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 July 05, 2023.”

4. REPORT OF THE PRESIDENT

The Chairperson then called on the President of the Corporation, Mr. Allan R. Santos, to deliver the Message to the Shareholders and the Management Report for the year ended December 31, 2023. 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 Chairperson opened the floor for any question regarding said report.

The following questions were asked, preceded by the President's response:

Question 1: When can we expect dividends to be declared?

President: While the Corporation consistently achieved positive net profits in the past several years and posted a very strong net income last year, we did not declare dividends this year as the Corporation has yet to meet the minimum threshold requirement of the Insurance Commission for declaring dividends. We are still about Php 320 Million short from the Adjusted Net Worth threshold required by the Insurance Commission as of the end of 2023. We expect to pay dividends when we exceed the IC's requirement.

Question 2: Why is Nat Re's stock price decreasing? What is your strategy to address this?

President: The Nat Re's stock price has been affected by the general market conditions and sentiment. The Philippine Stock Index was down last year and year-to-date, mainly due to the uncertainty on inflation and the high interest rate environment. Risk off on the Philippines amongst the emerging markets saw foreign outflows from the stock market. We at Nat Re are focused on increasing shareholder value by continuing to boost the operating performance of the Company which will engender confidence from the investing public.

There being no other questions raised, and upon motion made and duly seconded, the following resolution was approved:

Stockholders' Resolution ASM-2024-02

"RESOLVED, that the Stockholders of NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES (the "Corporation") hereby note, and order received and filed with the Corporate Secretary the Management Report for the year ended December 31, 2023, in the form as presented.

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 2023 and until the date of this meeting as they were recorded in the books and records of the Corporation. It was noted that a summary of the resolutions passed

by the Board of Directors was provided in the Definitive Information Statement. 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-2024-03

*“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 2023 and until the date of this meeting as these are reflected in the books and records of the Corporation.”*

6. APPOINTMENT OF THE EXTERNAL AUDITORS

The Chairperson informed the stockholders that upon proper recommendation of the Audit Committee, the Board of Directors, at a regular meeting held on April 25, 2024, 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 years 2024 & 2025. The appointment of *R.G. Manabat & Co.* as the independent external auditors of the Corporation was then formally presented to the stockholders for approval. It was disclosed that Ms. Florizza Simangan of *R.G. Manabat & Co. (KPMG Philippines)* shall be the partner-in-charge of the Corporation's account for the years 2024 & 2025. It was further reported the appointment shall be until 2025 since external auditor has to perform certain audit procedures for the year 2025 in 2024. Upon motion made and duly seconded, *KPMG Philippines* was appointed as external auditors of the Corporation for the years 2024 & 2025, and the following resolution was formally introduced, seconded and adopted:

Stockholders' Resolution ASM-2024-04

*“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. (KPMG Philippines)* as the external auditors of the Corporation for the years 2024 & 2025.”*

7. INCREASE IN DIRECTORS' PER DIEM FOR ATTENDANCE IN BOARD AND COMMITTEE MEETINGS

The Chairperson proceeded with the next item on the agenda, and presented the proposal for the approval of an increase in the directors' per diem for attendance in board and committee meetings. The proposed increase was reported as follows:

- a. For Board Meetings: Php5,000 increase from Php25,000 to Php30,000 per board meeting for Independent & Regular Directors (excluding the Chairperson, Vice-Chairperson, and Treasurer);
- b. For Committee Meetings: Php10,000 increase from Php15,000 to Php 25,000 per committee meeting for the Chairperson of the Committee; and
- c. For Committee Meetings: Php5,000 increase from Php15,000 to Php20,000 per committee meeting for the Committee Members.

The Chairperson informed the stockholders that the rationale for such an increase in per diems is to align them with current market levels as well as recognize the time and effort exerted by directors during meetings as discussions and deliberations are extensive and comprehensive. Upon motion made and duly seconded, the following resolution was formally adopted:

Stockholders' Resolution ASM-2024-05

“RESOLVED, that the stockholders of **NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES** (the “Corporation”) approve, as they do hereby approve, the increase in the per diem for attending Board and Committee meetings as follows:

- a. For Board Meetings: Php5,000 increase from Php25,000 to Php30,000 per board meeting for Independent & Regular Directors (excluding the Chairperson, Vice-Chairperson, and Treasurer);
- b. For Committee Meetings: Php10,000 increase from Php15,000 to Php25,000 per committee meeting for the Chairperson of the Committee; and
- c. For Committee Meetings: Php5,000 increase from Php15,000 to Php20,000 per committee meeting for the Committee Members.”

8. ELECTION OF DIRECTORS

The meeting proceeded to the election of members of the Board of Directors of the Corporation for the year 2024-2025. Upon the directive of the Chairperson, 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. The Secretary stated 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 Committee* received ten (10) nominees for Regular Directors and three (3) nominees for Independent Directors, and 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 stated that in accordance with Section 23 of the *Revised Corporation Code of the Philippines*, every stockholder is entitled to vote in person (or in absentia) 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 13, 2024, and in the manner set forth in said Section 23 of the *Revised Corporation Code*.

At this point, the Chairperson announced that the Board of Directors and *Nomination Committee* received the names of thirteen (13) candidates to the Board of Directors of the Corporation for the year 2024-2025, to wit:

For Regular Directors:

**EVELINA G. ESCUDERO
YVONNE S. YUCHENGCO
ALLAN R. SANTOS
JOLI CO WU
ANTONIO M. RUBIN
MARIA CONSUELO A. LUKBAN**

**LESTER ONG
JOCELYN DG. CABREZA
ALAN R. LUGA
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 Chairperson said that if there would be no objection, the actual balloting and voting would be dispensed with, and the election would be done through a motion. There being no objections, the Chairperson entertained a motion for the foregoing. A motion was made following the statement of the Chairperson, and the same duly seconded. The following resolution was then approved:

Stockholders' Resolution ASM-2024-06

“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 2024-2025, and until their successors are duly elected and qualified:

Regular Directors

**EVELINA G. ESCUDERO
YVONNE S. YUCHENGCO
ALLAN R. SANTOS
JOLI CO WU
ANTONIO M. RUBIN
MARIA CONSUELO A. LUKBAN
LESTER ONG
JOCELYN DG. CABREZA
ALAN R. LUGA
RAFAEL G. AYUSTE, JR**

Independent directors:

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

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

The Chairperson then proceeded to the next item on the agenda, regarding the re-election of Mr. Medel T. Nera as independent director. The Chairperson informed the stockholders that Mr. Nera has been an Independent Director of the Corporation since 2011. As such, he has gained a comprehensive understanding of the specialized business of a professional reinsurance company and has been providing

meaningful insights and perspectives which are very helpful during the board and committee meetings. It was reported that Mr. Nera actively chairs the Audit Committee and actively participates in committee meetings where he is a member, and these include the Risk Oversight Committee, the Governance and Related Party Transaction, and the Investment and Budget Committees. The Audit Committee which he chairs consistently obtained an excellent performance rating mainly because the Committee provides valuable insights and direction to Management and exercises effective oversight over the Company's financial reporting, internal, and external audit. There being no objection, upon motion made and duly seconded, the following resolution was formally introduced, seconded, and adopted:

Stockholders' Resolution ASM-2024-07

*“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 an independent director for the year 2024-2025.*

10. OTHER MATTERS

The Chairperson 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 proceed to the Hexagon Lounge for the organizational meeting of the Board of Directors.

ATTEST:

EVELINA G. ESCUDERO
Chairperson of the Stockholders' Meeting

NOEL A. LAMAN
Secretary of the Stockholders' Meeting

ANNEX A

President's Report Chairman and CEO's Message

Dear Shareholders,

Despite one of the steepest hardening of the reinsurance market in recent years, 2023 proved to be a year of strong underwriting results and continued growth for the Philippine insurance industry. But this did not come without challenges. In 2023, inflation rose to a new high forcing the country's central bank to increase interest rates to its highest level in years. Reinsurance and retrocession capacity were difficult to secure due to the adverse impact of high interest rates on reinsurers' balance sheets and the continued uncertainty around the impact of climate change, inflation, and geopolitical risks on claims costs.

As the country's national and only domestic professional reinsurer, Nat Re recognizes our significant role in the overall development of the insurance industry and in building a resilient nation, capable of adapting and responding to natural disasters and other risks. And in 2023, Nat Re fulfilled our duties locally and even went beyond.

We helped our cedants manage their risks and obtain reinsurance cover in this tumultuous time by leveraging our partnerships, knowledge, and experience in navigating the reinsurance market and provided them with advice and relevant solutions which assured continued reinsurance protection.

Achieving record financial results in 2023

Despite the challenging market conditions, Nat Re generated a record 862% increase in net profit of PhP536.1 million in 2023 from PhP55.7 million in 2022, which was driven by the Corporation's net underwriting income of PhP572.5 million in 2023, 142% higher than the P236.2 million recorded in 2022.

The Company's investment and other income also more than doubled from PhP215.4 million in 2022 to PhP476.4 million in 2023, due to higher interest income and lower impairment losses. This was a result of the Company's active asset-liability management efforts and portfolio de-risking.

Reinsurance premium revenues grew by 44% to PhP4.28 billion while Stockholders' Equity increased by 12% to PhP6.25 billion, maintaining a healthy risk-based capital (RBC) ratio of 221% at the end of 2023. Total assets reached the PhP20-billion mark at PhP20.4 billion, tallying a 12% year-on-year increase from 2022.

This year, AM Best again reaffirmed our strong financial position and solid risk management with a financial strength rating of B++ (Good) with a "Stable" outlook. We were also able to maintain our PRS A (strong financial security) with a Stable Outlook from the Philippine Rating Services Corporation (PhilRatings).

Advancing our cause locally and internationally

In 2023, we reached beyond our geographical borders and forged international partnerships that would push our cause further.

Last year, we expanded our involvement in agriculture reinsurance globally, which marks a significant stride towards bolstering food security and providing farmers with a financial safety net against unforeseen adversities such as extreme weather conditions which are becoming increasingly prevalent due to climate change. Such arrangements ensure that farmers can recover from events affecting their harvest, sustain their livelihoods and continue to produce food.

The expansion also continued locally. To further address current market needs, Nat Re started to reinsure Health Maintenance Organizations (HMOs) through the Insurance Commission's Regulatory Sandbox Framework for Innovations. This allows HMOs to offer higher benefit limits and more adequate coverages to their members.

In 2023, Nat Re also provided capacity to the local insurance industry through the introduction of new facilities, particularly the Casualty Facility, aimed at assisting cedants in developing new lines of business such as products liability and public liability.

Fostering new partnerships and strengthening collaborations

We believe that forging partnerships plays a vital role in creating a resilient community. Hence, we put special emphasis on ensuring close collaboration and coordination with our local and international partners, regulators, and other stakeholders.

Nat Re proudly sits at the forefront of policy making to contribute to the country's overall disaster and climate risk reduction efforts. Last year, Nat Re actively participated in several dialogues on relevant industry issues, including the modification of the Philippine Catastrophe Insurance Facility together with the Philippine Insurers and Reinsurers Association (PIRA) to overcome market resistance to tariff increases.

We continued our close collaboration with the Insurance Commission (IC), and other organizations such as the East Asian Insurance Congress (EAIC), and the Insurance Institute for Asia and the Pacific (IIAP) to continue fostering insurance education. We intensified our efforts to share our knowledge to our clients and other partners, by way of technical training, seminars, and other capacity-building activities. One of the major initiatives is our Annual Technical Forum, which gathered key industry leaders, experts, brokers, as well as international partners to share their best practices and discuss crucial industry issues such as the implementation of the new insurance accounting standard, IFRS17.

Nat Re has also taken an active role in ensuring the continued advancement of the actuarial profession, with your President and Chief Executive Officer, serving as Vice President and Board member of the Actuarial Society of the Philippines. He led the ASP's 64th Annual Convention, during which he was inducted as the Society's President for Year 2024-2025.

Affirming our sustainability commitments

At Nat Re, we believe that pushing for sustainable practices is an essential strategy for achieving overall resilience in communities, and economies. In line with this, we maintained our investment in the government's Sustainable Bonds amounting to PhP160 million, to help finance government infrastructure projects and social services.

We have also placed a PhP41.7-million investment in Energy Development Corporation, a global renewable energy company, to help push its shift towards greener energy. Nat Re also pledged its reinsurance capacity in the establishment of the ASEAN Renewable Energy Pool along with other ASEAN reinsurers. As part of our firm commitment toward environmental sustainability, Nat Re again partnered with non-government organization Fostering Education & Environment for Development (FEED) for the fourth consecutive year to plant more than 600 native seedlings at the UP Laguna-Quezon Land Grant, and an additional 250 seedlings later in the year. We also collaborated with the Earth Security Group, the IC and PIRA in promoting nature-based solutions to climate change.

Internally, the Company pushed for paperless transactions and started to measure our own carbon emissions.

Attaining continued recognition

Our efforts on delivering innovative and meaningful products and services, strengthening resilience and stimulating the insurance industry's integration in economic and social development continue to be recognized as we received the following accolades in 2023:

- Asian Reinsurer of the Year - Bronze (Insurance Asia Awards 2023)
- Strategic Partnership of the Year Award (Insurance Asia Awards 2023)
- Outstanding CEO of the Year Award (InsuranceAsia News 2023)
- 2 Golden Arrows for Good Corporate Governance (Institute of Corporate Directors)

Thrusting forward

As the country's national reinsurer, we take to heart our duty in promoting an insurance industry that is responsive to the ever-changing needs of the market, and in helping build a nation that is resilient, adaptable, and capable of responding to all types of risks. In 2023, we have proven again that collaborating with stakeholders and leveraging our collective strengths lay the foundation of our thrust towards resilience and prosperity. And as we move forward, we endeavor to sustain and further our efforts to fulfill Nat Re's purpose here and beyond.

EVELINA G. ESCUDERO
Chairperson

ALLAN R. SANTOS
President and CEO