

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES
Makati City

Minutes No. 01

07 July 2014

M I N U T E S

Minutes of the Annual Meeting of Stockholders of
National Reinsurance Corporation of the Philippines
Held on 07 July 2014, at 3:00 P.M.
At the Carlos P. Romulo Auditorium, Tower II, RCBC Plaza
6819 Ayala Avenue, Makati City

Present:

Stockholders present in person:	85,000 shares	
Stockholders represented by proxies:	1,566,895,700 shares	
Total Number of Shares Present in Person and/or Represented by Proxies:	1,566,980,700 shares	73.77 %
Absent Shares:	556,624,900 shares	
Total Number of Outstanding Shares:	2,123,605,600 shares	

Directors Present:

HELEN Y. DEE
ROBERT G. VERGARA
AUGUSTO P. HIDALGO
RAFAEL G. AYUSTE, JR.
ROMEO L. BERNARDO
ERMILANDO D. NAPA
MEDEL T. NERA
ROMAN FELIPE S. REYES
ALFONSO L. SALCEDO, JR.
GREGORIO T. YU
YVONNE S. YUCHENGCO

1. CALL TO ORDER

Mrs. Helen Y. Dee, 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 recorded the minutes of 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 transmitted either by personal delivery or registered mail to all stockholders of record of the Corporation at their respective addresses indicated in the corporate records, at least fifteen (15) business days prior to the date of the meeting.

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 85,000 shares were present in person and 1,566,895,700 shares were represented by proxies or a total of 1,566,980,700 shares, all said shares representing at least 73.77% 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 JUNE 25, 2013

Upon inquiry of the Chairman, the Corporate Secretary certified that each stockholder was given a copy of the Minutes of the Annual Stockholders' Meeting held on June 25, 2013. The Chairman opened the floor for any motion for the approval of the Minutes of the Annual Stockholders' Meeting held on June 25, 2013. A stockholder moved that since copies of the Minutes of the Annual Meeting of the Stockholders held on June 25, 2013 have been previously distributed to all the stockholders present or represented at the meeting, the said minutes should be deemed read and approved by the stockholders owning at least a majority of the outstanding capital stock.

There being no objection, and the motion having been duly seconded, the Chairman declared that the Minutes of the Annual Meeting of the Stockholders held on June 25, 2013 were deemed approved.

4. REPORT OF THE PRESIDENT

The President, Mr. Augusto P. Hidalgo presented the President's Report, delivering information on Underwriting Operations, Investments and Income, Projects and Activities, Corporate Governance, Financial Strength Rating/Outlook and Outlook for 2014 and Beyond. The full text of the President's Report is appended hereto as Annex "A" and likewise 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.

Mr. Philip Turner inquired the general administrative expenses are increasing despite the decision of NRCP to reduce general administrative expenses last year. The President explained that there was a painful rationalization of the staff thus realizing some saving in general administrative expenses. However, the Company also recorded a one time expense because of a conflict with one of its retrocedents Odyssey Re. The President noted that the Company may be going into arbitration. In It was the Company's decision to record an expense for this matter. The President explained that it is in line with prudent reinsurance management to do so.

Thereafter, Mr. Turner inquired if the Company has put in place some protection in how it selects its partners as there still seems to be some legal cases that the Company is litigating. The President replied that the Company is improving its underwriting policies and has learned from its experiences in the past. Mr. Turner also inquired on how the Company is trying to improve its current situation. The President explained that the Company and the industry is currently in transition. The President assured the stockholders that the Company is working on improving its situation daily and that once investments in capability building have been realized, the Company will be back on track.

Another stockholder, Mr. Stephen Soliven, inquired if the Company has engaged the services of an actuary and how much is being paid for his services. He further inquired if there is an annual budget for future plans of the Company. The President replied in the affirmative and informed the stockholders that the Company has an actuary and an actuary-in training. He also noted that the salaries paid to them are in line with industry standards. The President assured the stockholders that the Company will continue to invest in technical expertise and that the Company has a budget for its long-term plans.

Another stockholder, Mr. Wellington Chua inquired on how the Company plans to use its vast cash resources. He noted that the Cash Results of the Company are very big. The President explained that the Company will use it to write reinsurance and investments.

Thereafter, Mr. Guillermo, Jr. inquired on the factors affecting the Total Comprehensive Loss of the Company. Mr. Huang explained that the loss relates to the decline in value of the Company's investments which tend to be volatile. Mr. Huang noted that a lot has already been recovered for 2014.

There being no further comments on the Management Report, upon motion made and duly seconded, said report was duly noted and approved by the stockholders.

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 2013 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 2/3 of the outstanding capital stock:

"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 2013 and until the date of this meeting as these are recorded in the books and records of the Corporation."

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 March 20, 2014, approved and recommended for stockholders' ratification the appointment of *Punongbayan & Araullo ("P&A")* as the external auditors of the Corporation for the year 2014. The appointment of *P&A* as the independent auditors of the Corporation was then formally presented to the stockholders for approval. It was disclosed that Mr. Romualdo V. Murcia III of *P&A* shall be the partner-in-charge of the Corporation's account for the current fiscal year. There being no objection, upon motion made and duly seconded, *P&A* was appointed as external auditors of the Corporation for the year 2014, and the following resolution was formally introduced, seconded and adopted:

"RESOLVED, that the stockholders of National Reinsurance Corporation of the Philippines (the "Corporation") approve, ratify, and confirm, as they do hereby, the appointment of Punongbayan & Araullo as the external auditors of the Corporation for the year 2014."

7. AMENDMENT OF THE ARTICLES OF INCORPORATION TO INDICATE THE SPECIFIC PRINCIPAL OFFICE ADDRESS TO COMPLY WITH SEC MEMORANDUM CIRCULAR NO. 6, SERIES OF 2014

The Chairman informed the stockholders that the Board of Directors, at a regular meeting held on March 20, 2014, approved and recommended for stockholders' ratification, the amendment of the Articles of Incorporation to indicate the specific principal office address of the Corporation to comply with SEC Memorandum Circular No. 6, series of 2014. There being no objection, upon motion made and duly seconded, the following resolutions were formally introduced, seconded, and adopted:

"RESOLVED, as it is hereby resolved, that the stockholders of National Reinsurance Corporation of the Philippines (the "Corporation") approve the amendment of the Amended Articles of Incorporation of the Corporation to indicate the specific principal office address of the Corporation;

RESOLVED, FURTHER, that to effect the above, Article Third of the Articles of Incorporation be, as it is hereby, amended to read as follows:

"THIRD: That the place where the principal office of the Corporation is to be established, or located, is at the 31st Floor, Ayala Life-FGU Center, 6811 Ayala Avenue, Makati City, Philippines."

RESOLVED, FINALLY, that the directors and officers of the Corporation be, as they are hereby, authorized to execute all documents necessary to implement the foregoing."

8. ELECTION OF DIRECTORS

The meeting proceeded to the election of members of the Board of Directors of the Corporation for the year 2014-2015. Upon directive of the Chairman, the Corporate Secretary informed the stockholders of the provisions of the By-laws 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 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 24 of the *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 28, 2014 and in the manner set forth in said Section 24 of the *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 2014-2015, to wit:

For Regular Directors:

HELEN Y. DEE
 ROBERT G. VERGARA
 AUGUSTO P. HIDALGO
 YVONNE S. YUCHENGCO
 CEZAR P. CONSING
 JOSE TEODORO K. LIMCAOCO
 ROMAN FELIPE S. REYES
 GREGORIO T. YU
 RAFAEL C. GALLAGA
 RAFAEL G. AYUSTE, JR.

For Independent directors:

ROMEO L. BERNARDO
 ERMILANDO D. NAPA
 MEDEL T. NERA

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, that the following stockholders be elected as directors of the Corporation for year 2014-2015:

For Regular Directors:

HELEN Y. DEE
ROBERT G. VERGARA
AUGUSTO P. HIDALGO
YVONNE S. YUCHENGCO
CEZAR P. CONSING
JOSE TEODORO K. LIMCAOCO
ROMAN FELIPE S. REYES
GREGORIO T. YU
RAFAEL C. GALLAGA
RAFAEL G. AYUSTE, JR.

For Independent directors:

ROMEO L. BERNARDO
ERMILANDO D. NAPA
MEDEL T. NERA


There being no objections, and upon motion duly made and seconded, the Chairman then declared the above candidates as duly elected directors of the company for the year 2014-2015.

9. ADJOURNMENT

There being no other matters to be taken up during the meeting, upon motion made and duly seconded, the stockholders' meeting was adjourned.

ATTEST:


HELEN Y. DEE
Chairperson of the Meeting


NOEL A. LAMAN
Secretary of the Meeting