

MINUTES

*Of the Annual Stockholders' Meeting of PERLA COMPANIA DE SEGUROS, INC. held on February 3, 2020 at 5PM at its office at 2/F Perla Compania de Seguros Mansions, 117 C. Palanca St., Legaspi Village, Makati City*

	<b>Number of Shares Represented</b>
Stockholder's in person	201,728,677
Stockholder's represented by proxy voting	43,168,283
Absent Stockholder's	5,103,040
<b>Total Shares Outstanding and entitled to Vote</b>	<b>250,000,000</b>

**Directors Present**

<b>Name</b>	<b>Position</b>
Judy M Lou	Chairperson/Independent Director
Jeffrey Lim	Vice Chairperson/Director
Rodolfo Ang	Independent Director
George Lee	Independent Director
James Alfred Lim	Director
Julia Fideles	Director/Corporate Secretary
Katherine Lim	Director

All directors attended the said meeting.

**I. Call to Order**

The Chairperson, Ms Judy Montinola Lou, called the meeting to order at 5:00 PM and presided over the same.

**II. Proof of Notice and determination of the existence of Quorum**

The Corporate Secretary, Ms Julia Fideles, certified that the notice of the meeting had been sent to all stockholders' of record in accordance with the Company's By-Laws. She further certified the attendance either in person or by proxy of stockholders owning majority of the issued and outstanding shares of the corporation. A total of 244,896,960 shares were represented in person or by proxy voting. This would constitute 97.96% of the shareholders and thus the meeting had quorum.

**III. Approval of Minutes of the Annual Stockholder's Meeting held on February 4, 2019**

The Chairman requested the stockholders to approve the Minutes of the Annual Stockholder's Meeting held on February 4, 2019. Upon motion duly made and seconded, the reading of the minutes of the Annual Stockholder's Meeting held on February 4, 2019 was unanimously approved by the stockholders.

**IV. Management Report by the President**

On behalf of the Management, Mr. Jeffrey Lim, the President, presented to shareholders the Highlights of the Financial Condition of the Corporation as of December 31, 2019. As the external audit was ongoing, the President presented the preliminary unaudited figures for the company. The company increased its Net Income by nearly Ten Million Pesos (P10,000,000.00). A large portion of the gain was due to increases in the interest and dividend income from the previous year 2018.

However, the company reported another drop in its sales. Sales dropped by over 5% and continues a downtrend experienced for the past several years. This can be attributed to the steady decline in the average premium rates that the company has been issuing. The overall market has gotten much more competitive and the company has focused on maintaining profit margins thus losing on much business.

On a positive note, the President noted that the net worth of the company was projected to end at over P1.1 Billion or with a P200 Million buffer from the Networth requirement needed by end 2019. The company's investments in real estate was projected to continue to perform well. The company's bond and equity investments were all projected to have solid mark to market gains for year end 2019.

#### **Discussion of Relevant Company Policies**

The Chairperson repeated important company policies that were discussed in the previous year. First, that the company has a policy requiring that all Related Party Transactions be conducted in a way that they are fair and at arms' length. A committee of independent directors is tasked to review material/significant Related Party Transactions (RPTs) to determine whether they are in the best interests of the company and shareholders. Further information on this can be found in the Manual on Corporate Governance that is posted on the company's website at [www.perlainsurance.com](http://www.perlainsurance.com).

Additionally, the Chairperson disclosed that Directors were required to report their dealings in Company shares within 3 business days.

#### **V. Election of the Board of Directors for 2020**

Following this, the Chairperson announced the next item on the agenda was the election of directors of the corporation for the year 2019. In order to give better opportunities to minority shareholders, Cumulative Voting would be used. The Chairperson requested the Chairman of the Nominating Committee to submit the list of individuals who were nominated as directors and who had the qualifications and none of the disqualifications, as evaluated by the Nominating Committee.

The Nominating Committee Chairman, George Lee, reported that there were only seven (7) persons nominated to the board and all were qualified by the committee to serve as directors. The names were as follows:

Julia Fideles  
James Alfred Lim  
Jeffrey O. Lim  
Katherine C. Lim

#### **Independent Directors**

Judy Montinola Lou  
Rodolfo P. Ang  
George Edwin Lee

All of these directors had served during previous years and were up for re-election.

Ballots were distributed to all stockholders and proxy holders and they were instructed to vote on the candidates. The Corporate Secretary was directed to cast the votes of all the stockholders represented. The results were as follows:

<b>Name of Director</b>	<b>Votes For</b>	<b>Votes Abstaining</b>
Judy Montinola Lou	244,896,960	0
Rodolfo Ang	244,896,960	0
George Edwin Lee	244,896,960	0
Jeffrey Lim	244,896,960	0
Katherine Lim	244,896,960	0
James Alfred Lim	244,896,960	0
Julia Fideles	244,896,960	0

All of the directors nominated and qualified were elected by a unanimous vote.

## **VI. Dividend Policy**

The Chairperson requested the Treasurer of the company to discuss the dividend policy to the assembled shareholders.

The Treasurer stated the dividend policy of the company which is as follows:

*Perla Compania de Seguros, Inc recognizes the importance of sharing the profits that the company generates with its Stockholders while maintaining healthy capital levels to ensure that the company has financial flexibility. The Board of Directors may, at its discretion and depending on the business results for the year, capital needs of the business, or prevailing law, declare and approve the distribution of dividends to all shareholders normally announced at the Annual Stockholder's Meeting.*

The Treasurer reported that the company increased its income from the previous year. However due to the passage of Republic Act (RA) 10607 or the Insurance Code of the Philippines, he once again recommended to the board that the dividend of the company be withheld until the company could be certain to meet the Company minimum net worth requirements that were set forth in the code for end 2022 or a networth of P1.3 Billion. Furthermore, the Treasurer stated that in a vote of the board during the year 2019, it was decided that the Company withhold dividends until the net worth requirements could be met.

## **VII. Appointment of External Auditor**

The Chairperson asked the Chairman of the Audit Committee to discuss the appointment of the External Auditor.

The Audit Committee Chairperson, Rodolfo Ang, announced that they were very pleased with the services of the External Auditor R. R. Tan for preparing the 2018 financial reports. R. R. Tan was the external auditor of the company for several years and the audit committee was very pleased with their professionalism and speed while working with Perla. A motion was made to retain R. R. Tan as the auditor for the year 2019. This motion was subsequently seconded and passed that R. R. Tan would serve as the External Auditor for 2019.

## **VIII. Other Matters**

The Chairperson then announced that all shareholders would be given the opportunity to ask relevant questions or express any comments.

Shareholder Rosario Co asked about the company's plans to hit the minimum net worth by 2022 and when dividend payouts could resume. The Treasurer said that they were hopeful that the company could end 2019 with a Net Worth of over P1.1 Billion. The company was confident that they could hit the P1.3 Billion net worth requirement by year end 2021 or a year ahead of schedule. Nevertheless, the company felt it would be prudent to delay releasing dividends until the target of P1.3 Billion net worth was reached. This way the company would not need to raise money from stockholders in the event that earnings came up short. The company would resume dividend payouts as soon as the P1.3 Billion net worth was reached.

There were no other questions or comments raised by any of the shareholders.

#### **IX. Adjournment**

There being no other matters to transact and on motion duly made and seconded, the meeting was adjourned at 6:30PM.

JULIA FIDELES  
Corporate Secretary

Attest by:

JUDY MONTINOLA LOU  
Chairman