

**2014 ASEAN CORPORATE GOVERNANCE SCORECARD  
THE FIRST NATIONWIDE ASSURANCE CORPORATION**

COMPANY NAME:	THE FIRSTNATIONWIDE ASSURANCE CORPORATION	COMPANY STRUCTURE:
FINANCIAL YEAR END	2014	<input type="radio"/> Class 1 <input type="radio"/> Class 3 <input checked="" type="radio"/> Class 2 <input type="radio"/> Class 4 <input type="radio"/> Class 5
SECTOR	<input checked="" type="checkbox"/> Insurance <input type="checkbox"/> MBA	

**PART A: RIGHTS OF SHAREHOLDERS**

		Source Document	Yes/No	Remarks
<b>A.1</b>	<b>Basic Shareholders Rights</b>			
A.1.1	Does the company pay (interim and final/annual) dividends in an equitable and timely manner; that is, all shareholders are treated equally and paid within 30 days after being (i) declared for interim dividends and (ii) approved by shareholders at general meetings for final dividends?		N/A	The Company belongs to Classification No. 2, which makes the item not applicable per Guidelines on Compliance with ASEAN Corporate Governance Scorecard.
<b>A.2</b>	<b>Right to participate in decisions concerning fundamental corporate changes.</b>			
	<b>Do shareholders have the right to participate in:</b>			
A.2.1	Amendments to the company's constitution?		Y	These rights are intrinsic rights of the stockholder under the Corporation Code. In FNAC, these are rights enshrined in the Corporate Governance Manual.
A.2.2	The authorisation of additional shares?		Y	
A.2.3	The transfer of all or substantially all assets, which in effect results in the sale of the company?	Excerpt of Coporate Governance Manual, pp. 13	Y	
<b>A.3</b>	<b>Right to participate effectively in and vote in general shareholder meetings and should be informed of the rules, including voting procedures, that govern general shareholder meetings.</b>			
A.3.1	Do shareholders have the opportunity, evidenced by an agenda item, to approve remuneration (fees, allowances, benefit-in-kind and other emoluments) or any increases in remuneration for the non-executive directors/commissioners?	Excerpts of the Minutes of the 2014 Annual Stockholders' Meeting, pp. 6	Y	<u>Default item.</u> Shareholders are given the opportunity to approve remuneration (fees, allowances, benefit-in-kind and other emoluments) or any increases in remuneration for the non-executive directors. However, there was no increase in the remuneration of directors (including non-executive directors) for the period in review.
A.3.2	Does the company provide non-controlling shareholders a right to nominate candidates for board of directors/commissioners?	Excerpts of Minutes of the 2014 Annual Stockholders' Meeting p. 4	Y	Minutes of the 2014 Annual Stockholders' Meeting disclose that non-controlling shareholders are given an opportunity to nominate candidates to the Board.
A.3.3	Does the company allow shareholders to elect directors/commissioners individually?	Excerpts of Minutes of the 2014 Annual Stockholders' Meeting p. 4	Y	Minutes of the 2014 Annual Stockholders' Meeting disclose that the Company allows shareholders to elect directors individually.
A.3.4	Does the company disclose the voting and vote tabulation procedures used, declaring both before the meeting proceeds?	Excerpts of Minutes of the 2014 Annual Stockholders' Meeting p. 4	Y	Minutes of the 2014 Annual Stockholders' Meeting disclose that the voting and vote tabulation procedures to be used are made known before the meeting proceeds.
A.3.5	Do the minutes of the most recent AGM record that there was an opportunity allowing for shareholders to ask questions or raise issues?	Excerpts of Minutes of the 2014 Annual Stockholders' Meeting p. 3	Y	The minutes of the 2014 Annual Stockholders' meeting disclose that shareholders were given an ample opportunity to ask questions or raise issues regarding the matter at hand.
A.3.6	Do the minutes of the most recent AGM record questions and answers?	Excerpts of Minutes of the 2014 Annual Stockholders' Meeting p. 3	Y	Questions from stockholder were readily answered during the meeting.
A.3.7	Does the disclosure of the outcome of the most recent AGM include resolution(s)?	Excerpts of Minutes of the 2014 Annual Stockholders' Meeting	Y	Minutes of the 2014 Annual Stockholders' Meeting disclose that each resolution are submitted to shareholders' approval.
A.3.8	Does the company disclose the voting results including approving, dissenting, and abstaining votes for each agenda item for the most recent AGM?	Excerpts of Minutes of the 2014 Annual Stockholders' Meeting	Y	The Company disclose in the Minutes of the 2014 ASM the voting results for each agenda item.
A.3.9	Does the company disclose the list of board members who attended the most recent AGM?	Excerpts of Minutes of the 2014 Annual Stockholders' Meeting	Y	Minutes of the 2014 Annual Stockholders' Meeting
A.3.10	Did the chairman of the board of directors/commissioners attend the most recent AGM?	Excerpts of Minutes of the 2014 Annual Stockholders' Meeting, pp. 1	Y	Minutes of the 2014 Annual Stockholders' Meeting disclose the Members of the Board who attended the same.
A.3.11	Did the CEO/Managing Director/President attend the most recent AGM?	Excerpts of Minutes of the 2014 Annual Stockholders' Meeting, pp. 5	Y	Minutes of the 2014 Annual Stockholders' Meeting disclose that the President attended the same.
A.3.12	Did the chairman of the Audit Committee attend the most recent AGM?	Excerpts of Minutes of the 2014 Annual Stockholders' Meeting, pp. 4	Y	Minutes of the 2014 Annual Stockholders' Meeting discloses that chairman of the Audit Committee attended the same.

A.3.13	Did the company organise their most recent AGM in an easy to reach location?	Excerpts of Minutes of the 2014 Annual Stockholders' Meeting, pp. 1	Y	Minutes of the 2014 Annual Stockholders' Meeting disclose that the company organised the Annual Stockholders' Meeting in an easy to reach location (i.e: within Makati Central Business District).
A.3.14	Does the company allow for voting in absentia?	Excerpts of Minutes of the 2014 Annual Stockholders' Meeting, pp. 1 and 4	Y	Default item. Article II, Section 5 of the Company By Laws expressly recognizes voting by Proxy. Notice of the 2014 Annual Stockholders' Meeting even provides for a proxy form.
A.3.15	Did the company vote by poll (as opposed to by show of hands) for all resolutions at the most recent AGM?		N/A	The Company belongs to Classification No. 2, which makes the item not applicable per Guidelines on Compliance with ASEAN Corporate Governance Scorecard.
A.3.16	Does the company disclose that it has appointed an independent party (scrutineers/inspectors) to count and/or validate the votes at the AGM?		N/A	The Company belongs to Classification No. 2, which makes the item not applicable per Guidelines on Compliance with ASEAN Corporate Governance Scorecard.
A.3.17	Does the company make publicly available by the next working day the result of the votes taken during the most recent AGM for all resolutions?		N	
A.3.18	Do companies provide at least 21 days notice for all resolutions?	Advance Notice to 2014 Annual Stockholders' Meeting	Y	It is a company practice to send out Advanced Notice to stockholders' ahead of the Annual Stockholders' Meeting.
A.3.19	Does the company provide the rationale and explanation for each agenda item which require shareholders' approval in the notice of AGM/circulars and/or the accompanying statement?	Notice to 2014 Annual Stockholders' Meeting	Y	Notice to 2014 Annual Stockholders' Meeting provides for a brief description of the agenda item which require shareholders' approval.
<b>A.4 Markets for corporate control should be allowed to function in an efficient and transparent manner.</b>				
A.4.1	In cases of mergers, acquisitions and/or takeovers requiring shareholders' approval, does the board of directors/commissioners of the offeree company appoint an independent party to evaluate the fairness of the transaction price?	Corporate Governance Manual, p. 5	Y	No merger, acquisition and/or takeover that transpired during the period in review.
<b>A.5 The exercise of ownership rights by all shareholders, including institutional investors, should be facilitated.</b>				
A.5.1	Does the Company publicly disclose policy/practice to encourage shareholders including institutional shareholders to attend the general meetings or engagement with the Company?	Corporate Governance Manual, pp. 6-7	N/A	The Company belongs to Classification No. 2, which makes the item not applicable per Guidelines on Compliance with ASEAN Corporate Governance Scorecard. Notwithstanding, policy encouraging shareholders to attend meetings of the Company is provided in the Company's Corporate Governance Manual.

## **CORPORATE GOVERNANCE MANUAL**

### **Introduction**

The Board of Directors of Bankers Assurance Corporation (BAC) has developed these Corporate Governance Guidelines to promote the efficient and effective functioning of the Board and its committees, to promote the collective interests of all its shareholders and to establish best practices by which the Board, its various committees, individual directors and management shall perform their responsibilities and obligations. These Guidelines are crafted within the framework of the Company's vision, mission, quality policy and core values.

### **I. Definitions**

1. Corporate Governance- is the system by which companies are directed and managed. It influences how the objectives of the company are set and achieved, how risk is monitor and assessed, and how performance is optimized.
2. Board of Directors-refers to the collegial body that exercises the corporate powers of all corporations formed under the Corporation Code. It conducts all the business and controls or holds all properties of such corporations.
3. Management- refers to the body given authority to implement the policies determined by the Board in directing the course / business activity/ies of the corporation.
4. Executive Director- refers to a director who is at the same time appointed to head a department /unit within the corporate organization.
5. Non -Executive Director – refers to the Board Member with nonexecutive functions.
6. Independent Director- refers to a person other than an officer or employee of the corporation, its parent or subsidiaries, or any other individual having any relationship with the corporation, which could interfere with the exercise of independent judgment.
7. Internal Control- refers to the process effected by a company 's Board of Directors, management and other personnel, designated to provide reasonable assurance regarding the achievement of objectives in the effectiveness and efficiency of operations, the reliability of financial reporting, and compliance with applicable laws, regulations, and internal control policies.
8. Internal Control Environment- refers to the framework under which internal control are developed, implemented alone or in concert with other policies or procedures, to mange and control a particular risks or business activity or combination of risks or business activities, to which the company is exposed.

9. Internal Auditing- refers to an independent, objective assurance and consulting activity designed to add value and improve an organization's operation. It helps an organization accomplish its objectives by bringing a systematic, and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

10. Internal Audit Department- refers to a Department, division, team of consultants, or other practitioner(s) that provide independent, objective assurance and consulting services designed to add value and improve an organization's operation.

11. Independence- refers to that environment which allows the person to carry out his/her work freely and objectively.

12. Objectivity- refers to an unbiased mental attitude that requires a person to carry out his/her work in such manner that he/she has an honest belief in his/her work product and that no significant quality compromises are made. Objectivity requires the person not to subject his/her judgment to that of the others.

13. Stakeholders- refers to the group of company owners, officers and employees, policyholders, suppliers, creditors and the community.

14. Substantial or major shareholder – shall mean a person, whether natural or juridical, owning such number of shares that will allow him to elect at least one (1) member of the board of directors of an insurance company or who is directly or indirectly the registered or beneficial owner of more than ten percent (10%) of any class of its equity security.

15. Majority stockholder or Majority shareholder – means a person, whether natural or juridical, owning more than fifty percent (50%) of the voting stock of an insurance company.

16. Subsidiary – means a corporation more than fifty percent (50%) of the voting stock of which is owned or controlled directly or indirectly through one or more intermediaries by an insurance company.

17. Affiliate – is a juridical person that directly or indirectly through one or more intermediaries, is controlled by, or is under common control with the insurance companies or its affiliates.

## **II. The Board of Directors**

Compliance with the principles of good corporate governance shall start with the Board of Directors.

The Board, in its responsibility to foster long-term success of the company, by providing entrepreneurial and strategic leadership within a framework of prudent and effective controls, and in further securing the company's sustained competitiveness in a manner consistent with its fiduciary capability, hereby adopts the following standards:

1. The Board shall meet regularly to discharge its duties efficiently.

2. The company's annual report shall identify the chairman, the independent directors and the chairpersons and members of the nomination and remuneration, audit and risk committees.

3. All concerns of the directors about running the company shall be recorded in the minutes of the Board.

#### A. Responsibilities of the Board

The Board, in carrying out high standards and best practices of corporate governance, shall:

A1. In coordination with Management, determine the corporation's purpose, vision and mission. This entails a review of the company's strategic and business plans, overseeing the proper conduct and management of the business, the identification of key risk areas and their mitigation, and the review of the adequacy and integrity of internal control systems.

A2. Oversee the conduct of the company's business to ensure that the business is being properly managed and dealings with policyholders, claimants and creditors are fair and equitable.

A3. Identify principal business risks and ensure the implementation of appropriate risk management systems.

A4. Approve corporate policies in core areas of operations.

A5. Adopt a succession plan for the company.

A6. Review the adequacy and the integrity of the company's internal control systems and management information systems.

A7. Appoint officers who are qualified to administer insurance affairs soundly and effectively and to establish an adequate selection process for all personnel.

A8. Review and approve material transactions on all matters that require their approval under the Corporation Code of the Philippines.

A9. The Board of Directors may secure the opinion of an independent third party regarding any corporate endeavors for the protection of all stakeholders.

A10. Act with confidentiality and discretion in the use of information proprietary to the Company.

A11. Conduct fair business transactions with the company and to ensure that personal interest does not prejudice Board decisions.

A12. Foster a non-discriminatory work and business environment, which promote a climate of harmony and tolerance.

A13. Exercise due prudence in the use of the Company's resources.

A14. Keep Board authority within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws and existing laws, rules and regulation.

#### B. Constitution of an Effective Board

B1. The Board shall be composed of SEVEN (7) members, with at least two members being independent directors.

B2. The Board shall endeavor to find a balance of executive and nonexecutive directors and ensure a process of substantive discussions and collegial decision-making.

B3. The roles of the Chairman and Chief Executive Officer shall in principle be separate, to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.

#### C. Board Balance and Independence

C1. The Board shall determine whether a director is independent in character and judgment or there are relationships or circumstances which are likely to affect the director's judgment. It shall identify in its annual report any non-executive director it considers to be independent.

C2. Committee meetings shall be exclusively attended by the Committee chairman and members. Resource persons may attend at the invitation of the Committee. Board member shall abstain from participating in the Board discussion on a particular agenda when he/she is conflicted.

C3. The capacity of directors to serve with diligence shall not be compromised.

C4. The Board and its committees shall have the authority, at the company's expense, to engage independent legal counsel, consultants and other expert advisers.

#### D. Appointments to the Board

D1. The selection and appointment to the Board shall be on the basis of merit and shall involve a formal and transparent procedure. The Board shall endeavor to plan for the orderly succession to the Board, ensuring a continuous mix of competencies, skills and experiences.

D2. The following committees shall be constituted:

##### D2.1. Nomination & Remuneration Committee

D2.1.1. The Nomination committee shall be composed of at least three (3) members of the board of directors, one of whom must be independent.

D2.1.2. The committee shall receive, review and evaluate the qualifications of all persons nominated to the Board.

D2.1.3. The following information shall be considered in the evaluation of Board nominees:

- a. The nature of the business of the corporation where he / she is a director;
- b. Age of the director;
- c. Number of directorships/active memberships and officerships in other corporations or organizations;
- d. Prior position, if any, in the company where he or she is being considered for directorship; and
- e. Other possible conflicts of interest.

D2.1.4. If any vacancy shall occur among the directors for any reason, the nomination committee shall facilitate calling up a special meeting of the Board for purposes of filling up the vacancy.

D2.1.5. Directors hold office until the annual meeting of shareholders succeeding his or her election and until a successor is appointed and qualified or until his or her earlier resignation or removal.

D2.1.6. The committee shall require and approve full business interest disclosure as part of the requirements for appointment of directors and employment requirements of company officers. Directors and officers are to declare all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties.

## D2.2. Audit Committee

D2.2.1. The Audit committee shall be comprised of independent board members, preferably with accounting and finance experiences.

D2.2.2. The Audit Committee shall oversee, monitor and evaluate the adequacy and effectiveness of the company's internal controls, particularly involving the company's accounting policies and financial reporting practices, especially in the key areas of credit, market, liquidity, operational risks.

D2.2.3. The committee shall appoint and perform interface functions with internal as well as independent external auditors.

D2.2.4. The external auditor shall be an accredited auditor by the Insurance commission. The reason for the resignation, dismissal or cessation from service and the date thereof of an external auditor shall be reported in the company's annual report.

D2.2.5. The external auditor shall not at the same time provide the services of an internal auditor to the same client.

D2.2.6. The auditors shall have direct access to directors and the Board, at all times and without interference from management.

D2.2.7. The committee shall ensure the company's adoption of international standards of accounting and auditing processes, practices and methodologies.

### D2.3. The Risk Management Committee

D2.3.1. The Risk Management Committee shall be composed of independent Board members.

The core duties and responsibilities of this committee include the following:

- a.) To be aware of the risks that affects the Company's business and operations;
- b.) Oversee the effective implementation of the Company's Enterprise Wide Risk Management;
- c.) Lead in developing and disseminating the Company's risk philosophy and control culture throughout the Company;
- d.) Make all employees aware of their role in risk management and internal control processes, including recognizing the need to act responsibly and report problems in operations, policy violations, illegal actions, and noncompliance with regulations or codes of conduct;
- e.) Review and evaluate the Company's identified risks and their relative impact and probability;
- f.) Assess the adequacy of the Company's risk assessment, its plans for risk control or mitigation, and disclosure of identified risks;
- g.) Review, assess and discuss with the Company's Senior Management:
  - Any significant risks or exposures;
  - The steps taken by the Company to minimize such risks or exposures;
  - The Company's policies with respect to risk assessment and risk management;
- h.) Report on its activities to the Board, and make such recommendations as it deems appropriate;

D3. The Board may establish such other committees as it shall determine appropriate from time to time.

### E. Members of the Board

All directors shall make decisions objectively in the collective interest of the company. Directors are expected to work together as part of an effective and collegial group committed to advancing the long-term interests of the company. Each is encourage to periodically update their skills and knowledge on their fields of expertise.



#### E1. Qualifications of a Director

- a. Each director shall be possessed of the necessary skills, competence and experience, in terms of management capabilities preferably in the field of insurance or insurance related disciplines and use these to meaningfully contribute to the organization's sustained growth. He or she must necessarily be a person of impeccable personal and professional ethics, values and integrity.
- b. Every director shall own at least one (1) share of the capital stock of the corporation whose share should be in his name and recorded in the books of the corporation.
- c. Each director shall at least be twenty-five (25) years of age at the time of his or her appointment. It is the policy of the Board not to adopt a fixed retirement age or a maximum number of terms for directors, the key characteristics of integrity, skills, competence and experience being the most important qualifications for the organization.

#### E2. Duties and Responsibilities

A director shall have the following duties and responsibilities:

- a. To conduct fair business transactions with the corporation and to ensure that personal interest does not bias Board decisions;
- b. To commit time and attention necessary to properly discharge his duties and responsibilities, including regularly attending and participating in meetings;
- c. To act judiciously and ethically;
- d. To exercise independent judgment;
- e. To have a working knowledge of the statutory and regulatory requirements affecting the corporation;
- f. To observe confidentiality;
- g. To practice loyalty to the company;
- h. To ensure the continuing soundness, effectiveness and adequacy of the corporation's control environment

### **III. Accountability and Audit**

A1. Financial Reporting – The Board shall ensure timely and accurate disclosure of material matters relating to the company's financial position and projects. Financial reports shall be made accessible to all parties having legitimate interest in the company. Management shall provide regular reports to the Board which includes analysis of premium growth, underwriting performance, investment results, claims management and credit control.

A2. Internal Control and Risk Management – The Board shall foster and encourage a corporate environment of strong internal control, fiscal accountability, high ethical standards and compliance with the law and code of conduct. Further, an effective and comprehensive internal audit of the corporation’s internal control system shall be carried out by independent and competent staff. Audit findings and recommendations shall be reported to the Board and senior management level of the corporation.

A3. Audit Commitment and Auditors – The Board, through its audit committee, shall establish and monitor the operations of a professional and independent internal audit office, and elevate accounting and auditing processes, practices and methodologies to international standards.

A4. Related Party Transactions – Related-party transactions shall be conducted in terms favorable to the company to safeguard the best interest of the company, its policyholders and stakeholders. In all cases, the provisions of Title 20, Chapter III of the Insurance Code shall be complied with.

#### **IV. Rights of Stockholders and Protection of Minority Stockholders’ Interest**

The Board of Directors shall ensure that all rights of the stockholders as mandated or set forth in the Corporation Code of the Philippines, Articles of Incorporation and By-Laws of the Company shall be respected.

The Board should be transparent and fair in the conduct of the annual and special stockholders’ meetings of the corporation. The stockholders should be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the by-laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in stockholders’ favor.

It is the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights.

The Board should take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders’ meaningful participation in meetings, whether in person or by proxy. Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval. Although all stockholders should be treated equally or without discrimination, the Board should give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the corporation.

#### **V. Public Accountability**

The corporation ensures that their dealings with the public are always conducted in a fair, honest and equitable manner. Its officers and employees shall avoid conflicts of interest and shall not engage in any unfair or deceptive act or conduct that constitute unfair trade practices.

## **VI. Responsibility for Good Governance**

The Board of Directors and the management commit themselves to the principles and leading practices contained in this Corporate Governance Guidelines. Every effort necessary to create awareness of these Guidelines within the organization shall be undertaken, including the provision of a budget for its dissemination.

## **VII. Amendments and Revisions**

These Guidelines are not intended to be all-encompassing or selflimiting. The Board reserves its right to amend, modify, change or not enforce these Guidelines at any time in the future where such is deemed desirable or necessary. The Board shall periodically review these Guidelines to adjust to changing times and business circumstances.

**EXCERPTS OF THE  
MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING  
OF  
THE FIRST NATIONWIDE ASSURANCE CORPORATION**

DATE : August 01, 2014  
 TIME : 11:10 A.M.  
 PLACE : Conference Room 1  
 RCBC Plaza, 47<sup>th</sup> Floor  
 6819 Ayala Avenue  
 Makati City

**STOCKHOLDERS PRESENT**

Alfonso T. Yuchengco  
 Yvonne S. Yuchengco  
 Michele D. Santos  
 Annabelle S. Yuchengco  
 Antonio M. Rubin  
 Edmundo L. Bunyi  
 Alma P. Peñalosa

**STOCKHOLDINGS**

134  
 1  
 1  
 1  
 1  
 1  
 1

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 140

**STOCKHOLDERS REPRESENTED BY  
PROXIES**

Mico Equities, Inc.  
 Malayan Insurance Co., Inc.  
 Alfonso S. Yuchengco, Jr.

1,131,731  
 1,368,117  
 1

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 2,499,849

**TOTAL SHARES PRESENT AND  
REPRESENTED BY PROXIES**

**2,499,989**  
 =====

**I. CALL TO ORDER**

The Chairperson, Ms. Yvonne S. Yuchengco, called and presided over the meeting. Atty. Samuel V. Torres, Corporate Secretary, recorded the minutes of the meeting.

## **II. DETERMINATION OF QUORUM**

The Chairperson, Ms. Yvonne S. Yuchengco, requested the Corporate Secretary to show proof of notices of meeting. Atty. Samuel V. Torres exhibited the proof of notices as well as the acknowledgement receipts to the stockholders.

There being no objection to the proof of notices, the same was accepted by the Chairperson. A roll call was made to determine the presence of a quorum.

The Corporate Secretary reported that the owners of 140 shares were personally present and the owners of 2,499,849 shares were represented by proxies. Therefore, the owners of a total of 2,499,989 shares outstanding and entitled to vote were either present or represented by proxies, thus a quorum was found present for purposes of the meeting.

Whereupon, the Chairperson called the meeting to order and proceeded with the Agenda.

## **III. APPROVAL OF THE MINUTES OF THE PREVIOUS STOCKHOLDERS' MEETING**

The Minutes of the Annual Stockholders' Meeting held last August 01, 2013 was submitted to the stockholders for approval, and on motion made and duly seconded, said Minutes was unanimously approved to be correct.

## **IV. ANNUAL REPORT**

Management, through Mr. Jose Mari Prats, presented to the stockholders the highlights of the business operations of the Corporation for the year ended December 31, 2013 as compared to that of the previous year ending December 31, 2012, as follows:

GROSS PREMIUMS WRITTEN / NET PREMIUM RETAINED

PREMIUMS EARNED

CLAIMS and LOSSES

NET UNDERWRITING INCOME

FINANCIAL & OTHER INCOME

GENERAL EXPENSES

General Expenses in 2013 was higher than in 2012.

Ms. Alma P. Penalosa asked Mr. Prats to disclose the item/s which caused the increase in the general expenses. Mr. Prats reported that the Major increases vs. 2012 were for Human Resources & Development, Business Development Expenses, Professional and Management fees.

NET INCOME

BALANCE SHEET

The stockholders were further given the opportunity to ask questions regarding the Report.

After some discussion, and on motion made and duly seconded, the stockholders noted the Report.

**V. APPROVAL OF THE 2013 AUDITED FINANCIAL STATEMENTS**

The Audited Financial Statements of the Corporation prepared by its external auditor, SYCIP, GORRES, VELAYO & COMPANY, for the year ended December 31, 2013, were presented to the stockholders for examination and approval.

After study and discussion, the Chairman of the Audit Committee, Mr. Edmundo L. Bunyi moved for the approval of the Audited Financial Statements. Mr. Antonio Rubin seconded the motion. Thereafter, the stockholders unanimously approved the Audited Financial Statements of the Corporation as of December 31, 2013.

## **VI. ELECTION OF DIRECTORS**

Before the start of the Election of Directors, the Corporate Secretary, in behalf of the Board, informed the stockholders of the following:

- a. Cumulative voting is allowed;
- b. Voting may be done in person or by proxy based on the number of votes standing in the name of stockholder in the books of the corporation;
- c. Voting shall be done by raising of hands and the Corporate Secretary shall count the votes cast;
- d. The need to elect a non-executive director who holds no other position than as director to ensure impartial and fair judgment in the Board's decision-making process;
- e. Only the seven (7) nominees garnering the greatest number of votes shall be declared as elected.

Thereafter, the Chairperson declared open the nomination for Members of the Board of Directors for the year 2014-2015. The Chairman of the Remuneration and Nomination Committee nominated all incumbent Members of the Board, noting the integrity, qualification, experience and performance of each nominee.

Messrs. Edmundo L. Bunyi and Antonio G. Puyat were nominated as independent directors. No other names were submitted for nomination. On motion made and duly seconded, the nomination was closed and voting commenced.

On motion made and duly seconded, the following stockholders were unanimously elected Directors of the Corporation for the year 2014- 2015:

Ms. Yvonne S. Yuchengco

Mr. Antonio M. Rubin  
Mr. Antonio G. Puyat\*  
Ms. Michele D. Santos  
Ms. Annabelle S. Yuchengco  
Mr. Edmundo L. Bunyi\*  
Ms. Alma P. Peñalosa

(\*elected as independent director)

The Corporate Secretary informed the stockholders that all the duly elected directors are non-executive directors of the Company except for Mr. Antonio M. Rubin who is an executive director (President) of the Corporation.

## **VII. APPOINTMENT OF EXTERNAL AUDITOR**

The Audit Committee had previously reviewed and evaluated the experience and qualifications of the external auditors and these were presented to the stockholders for deliberation.

Upon motion made and duly seconded, as recommended by the Audit Committee, the stockholders re-appointed the auditing firm SYCIP, GORRES, VELAYO & COMPANY as external auditor of the Corporation for the year 2014 – 2015.

## **VIII. AMENDMENT OF THE THIRD ARTICLE OF THE ARTICLES OF INCORPORATION TO STATE THE SPECIFIC PRINCIPAL OFFICE ADDRESS OF THE COMPANY IN COMPLIANCE WITH SEC MEMORANDUM CIRCULAR NO. 6, SERIES OF 2014**

The Chairperson informed the Board of the need to amend the Third Article of the Articles of Incorporation to state the specific principal office address of the Corporation in compliance with SEC Memorandum Circular No. 6, Series of 2014.

After some deliberation and upon motion made and duly seconded, the following resolution was passed:

“RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation be authorized, as it is hereby authorized to further amend its Articles of Incorporation specifically Article III thereof, to read as follows:



That the place where the principal office of the corporation is to be located or established is 4/F Y Tower 2, No. 111 LP Leviste St. corner Gallardo St., Belair, Makati City, Metro Manila, Philippines.”

**IX. APPROVAL OF THE ACTS AND PROCEEDINGS OF THE BOARD OF DIRECTORS AND MANAGEMENT DURING THE PRECEDING YEAR**

The Corporate Secretary presented to the stockholders all the acts, proceedings and resolutions adopted by the Board of Directors and Management up to the date of this meeting.

Upon motion made and duly seconded, all the previous acts, proceedings and resolutions adopted by the Board of Directors and Management up to the date of this meeting were unanimously approved by the stockholders.

There were no corporate acts which were disapproved by the stockholders.

There being no further business to discuss, the meeting was adjourned.

ATTY. SAMUEL V. TORRES  
Corporate Secretary

**READ AND APPROVED BY:**

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YVONNE S. YUCHENGCO  
Chairperson

---

ANTONIO M. RUBIN  
President

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MICHELE D. SANTOS  
Director

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ANNABELLE S. YUCHENGCO  
Director

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EDMUNDO L. BUNYI  
Director

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ALMA P. PEÑALOSA  
Director