

MINUTES OF THE ANNUAL
STOCKHOLDERS' MEETING OF
PHILIPPINE LIFE FINANCIAL ASSURANCE CORPORATION

Friday, 31 July 2020
Conducted via Remote Communication due to COVID-19 Pandemic

<u>SHAREHOLDERS</u>	<u>No. of Shares</u>
Total No. of Shares Present Or Represented by Proxy	27,879,119,185
Total No. of Shares Issued And Outstanding	27,906,084,573

I. CALL TO ORDER

The Chairman, Mr. Monico V. Jacob, called the meeting to order and presided over the same. The Corporate Secretary, Atty. Arsenio C. Cabrera, recorded the minutes of the proceedings.

II. CERTIFICATION OF NOTICE AND QUORUM

The Corporate Secretary certified that in accordance with Section 5.03 of Article IV of the By-Laws of the Corporation, notices for the meeting were sent to all stockholders of record at least seven (7) days before the date of the meeting.

The Corporate Secretary further certified that the attendance record and the proxies and powers of attorney on hand showed that present in person or by proxy are 27,879,119,185 shares out of 27,906,084,573 shares of the outstanding capital stock of the Corporation or 99.90% thereof.

The meeting was conducted through remote communication pursuant to Section 49 of the Revised Corporation Code of the Philippines^[1] which authorizes that stockholders who cannot physically attend or vote at stockholders meetings can participate and vote through remote communication or stockholders in absenting.

The stockholders attended the meeting through remote communication via Zoom. The stockholders confirmed that they could completely and clearly hear each other. They likewise confirmed receipt of the agenda and all of the materials for the meeting.

After the roll call and foregoing confirmations, the Corporate Secretary, thereafter, certified as to the existence of quorum for the valid transaction of business.

^[1] Republic Act No. 11232. An Act Providing for the Revised Corporation Code of the Philippines.

III. APPROVAL OF PREVIOUS MINUTES

Upon motion made and duly seconded, stockholders owning 99.90% of the Corporation's issued and outstanding capital stock approved the minutes of the Annual Stockholders' Meeting held on 17 June 2019.

IV. APPROVAL OF AUDITED FINANCIAL STATEMENTS

Ms. Michelle L. Ambagan presented the financial highlights of the Corporation for the year 2019 as follows:

Results of Operations

- (1) There was a 12% decrease in net written premium. Net written premium amounted to Php535 Million in 2019 versus Php606 Million in 2018.
- (2) Underwriting expenses totaled Php418 Million versus Php482 Million in 2018 or a 13% decrease.
- (3) Total underwriting income amounted to Php117 Million in 2019. This is a 6% decrease from the total underwriting income of Php124 Million in 2018.
- (4) Revenue on loan business totaled Php238 Million in 2019 versus Php156 Million in 2018. This is a 53% increase in revenue on loan business. Ms. Ambagan noted that there was a temporary stoppage of the DepEd loan business in 2018 due to the change in rules and accreditation procedures.
- (5) Costs of loan business reached Php36 Million in 2019 versus Php23 Million in 2018. This is an increase of 57% in costs of loan business.
- (6) The net income from the loan business amounted to Php202 Million in 2019 or a 52% increase from the net income from the loan business in 2018 of Php133 Million.
- (7) Total operating expenses for 2019 stood at Php199 Million versus Php196 Million in 2018.
- (8) There was a 97% increase in income from operations. The Corporation's income from operations reached Ph120 Million versus Php61 Million in 2018.
- (9) Income from other investments totaled Php61 Million in 2019 versus Php68 Million in 2018.
- (10) Net income totaled Php122 Million in 2019 versus Php82 Million in 2018. This is an increase of 49%.

- (11) Total comprehensive income for 2019 amounted to Php119 Million versus Php74 Million in 2018 or an increase of 55%.

Statement of Financial Position for 2019

Ms. Ambagan presented the statement of financial position for 2019. She noted that:

- (1) Assets increased from Php2,263,776,630.00 in 2018 to Php2,603,644,023.00 in 2019. She stated that the significant assets of the Corporation were as follows:
- (a) Cash and cash equivalents amounting to Php526,519,508.00; and
 - (b) Financial assets at fair value through other comprehensive income of Php1,121,613,167.00.
- (2) Total liabilities increased from Php1,375,541,446.00 in 2018 to Php1,597,671,943.00 in 2019. She noted that the significant liability was the Corporation's insurance contract liabilities amounting to Php1,165,953,316.00.
- (3) The equity of the Corporation is at Php2,603,644,023 in 2019 versus Php888,235,184.00 in 2018.

In response to the query of Mr. Gener Mendoza, the representative of Advent Capital, Ms. Ambagan stated that the increase in amounts payable from Php165,638,619.00 in 2018 to Php218,414,418.00 in 2019 represented an adjustment for advances to a surety.

2019 Net Worth

Ms. Ambagan presented the following summary of the Corporation's net worth in 2019:

Net worth as of Dec. 2019		1,005,972,080
Less: Non-Admitted Assets		
Salary loans – SLI net of 9.9M allow	33,783,546	
Unlisted shares of stocks – Riviera	9,740,000	
Other receivables	12,315,594	
Non-IT fixed assets	17,478,479	
Deposit & prepayments	3,410,086	
Investment in AAMI	4,674,002	
Deferred Tax	49,567,195	130,968,902
Net Worth, net of non-admitted assets		875,003,178
Minimum Net Worth requirement 2019		900,000,000
Net Worth Deficiency in 2019		(24,996,882)

Ms. Ambagan stated that the shareholders of the Corporation had infused Php30 Million in capital to cover the deficiency in the Corporation's net worth and that such had been disclosed in the audited financial statements.

After discussion and upon motion duly made and seconded, stockholders owning 99.90% of the Corporation's issued and outstanding capital stock noted and approved the Audited Financial Statements of the Corporation as of 31 December 2019.

V. APPROVAL, RATIFICATION AND CONFIRMATION OF CORPORATE ACTS

The Corporate Secretary stated that the corporate acts of the Board of Directors and of management since the 17 June 2019 Annual Stockholders' Meeting up to today's meeting include the execution of contracts, bank transactions, opening and closing of satellite and branch offices, renewal of business permits, appointment of officers, assignment of receivables to Classic Finance, Compromise Agreement with AFPGen and write off of AFPGen receivables amounting to Php20.8Million, adoption of the Anti-Money Laundering Manual, Audit Committee Charter and Internal Audit Charter, creation of the Related Party Transactions Committee and the adoption of the Related Party Transactions Committee Charter, approval of the 31 December 2019 Audited Financial Statements, Stock Rights Offering for 810,529,408 shares at issue price of Php .037 per share and other matters carried out in the ordinary course of business of the Corporation.

There was a motion for the approval, ratification and confirmation of all corporate acts of the Board of Directors and of Management since the 17 June 2019 Annual Stockholders' Meeting up to the present date.

After discussion and upon motion duly made and seconded, the following resolution was approved by stockholders owning 99.90% of the issued and outstanding capital stock of the Corporation:

"RESOLVED, That all legal acts, proceedings and resolutions of the Board of Directors and of Management since the 17 June 2019 Annual Stockholders' Meeting up to today's meeting be, as they are hereby, approved, confirmed and ratified."

VI. ELECTION OF DIRECTORS

The Corporate Secretary stated that the Articles of Incorporation provide for nine (9) directors. Under the Corporation's By-Laws and Manual on Corporate Governance, the nomination of the Corporation's directors shall be conducted by the Nomination Committee prior to the annual stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity of the would-be nominees and shall be submitted to the Nomination Committee and the Corporate Secretary at least forty-five (45) days prior to the date of the actual meeting.

The Corporate Secretary explained that the Nomination Committee shall pre-screen the qualifications and prepare a Final List of Candidates for directors. Only nominees whose names appear on the Final List of

Candidates shall be eligible for election as directors.

Pursuant to the Corporation's By-Laws and Manual of Corporate Governance, the Corporate Secretary stated that the Nomination Committee received eight (8) nominations to the position of Directors of the Corporation for the ensuing year. The nominees are:

Eusebio H. Tanco
Monico V. Jacob
Joseph Augustin L. Tanco
Martin K. Tanco
Paolo Martin O. Bautista

Independent Directors

Jesli A. Lapus
Armanda L. Suratos
Jose Alfonso A. Poblete

Upon nomination made and duly seconded, stockholders owning 99.90% of the Corporation's issued and outstanding stock elected the following as Directors to serve as such for the ensuing year and until the election and qualification of their successors:

Eusebio H. Tanco
Monico V. Jacob
Joseph Augustin L. Tanco
Martin K. Tanco
Paolo Martin O. Bautista

Independent Directors

Jesli A. Lapus
Armanda L. Suratos
Jose Alfonso A. Poblete

VII. APPOINTMENT OF EXTERNAL AUDITOR

The Chairman stated that the present external auditor of the Corporation is SyCip Gorres Velayo & Co.

Upon motion made and duly seconded, the following resolution was approved by stockholders owning 99.90% of the Corporation's issued and outstanding capital stock:

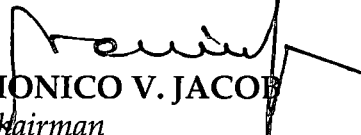
"RESOLVED, That the auditing firm of SyCip Gorres Velayo & Co. be, as it is hereby appointed to be the Corporation's external auditor for 2020."

VIII. ADJOURNMENT

There being no other business to transact, the meeting was adjourned upon motion duly made and seconded.


ARSENIO C. CABRERA, JR.
Corporate Secretary

ATTEST:


MONICO V. JACOB
Chairman