



PGA Sampo Insurance Corporation

A joint venture between: Prudential Guarantee and Assurance Inc. and Sampo Japan Nipponkoa Insurance Inc.

MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING

Held at 5th Floor, Coyiuto House, 119 C. Palanca Jr. Street, Legaspi Village, Makati City
on April 06, 2018 at 11:00 A.M.

PRESENT

Robert Coyiuto, Jr.
Yuji Kawauchi
Fumihiko Harada
Samuel G. Coyiuto
James G. Coyiuto
Maria Rosalina T. Coyiuto
Celestino L. Ang
Anita Victoria M. Ramos
Francisco M. Bayot, Jr.
Hiroshi Ishikawa
Masanori Takashige

ALSO PRESENT

Guia Magdalena L. Flaminiano

OBSERVERS

Anthony G. Sy
Jun Yamashita
Cristine C. Remollo

ABSENT

Prudencio T. Coyiuto
Emmanuel C. Alcantara
Justin C. Ongsue

1. Call to Order

Mr. Robert Coyiuto, Jr., the Chairman of PGA Sampo Insurance Corporation (the "Corporation"), called the Annual Stockholders' Meeting ("Meeting") of the Corporation to order and presided over the same. Ms. Guia Magdalena L. Flaminiano, the Corporate Secretary, acted as the Secretary of the Meeting and recorded the minutes of the proceeding.

2. Proof of Due Notice & Quorum

The Secretary reported that notices of the Meeting were sent out to all stockholders of record. The Secretary further reported that with the presence of at least a majority of the Corporation's stockholders who are entitled to vote, there existed a quorum for the valid transaction of business.

As proof of existence of quorum, a comprehensive breakdown of the attendance for this Meeting, including the number of shares owned by the attendees, is included in Annex I of this document and made an integral part hereof.

3. Approval of the Minutes of Last Year's Annual Stockholders' Meeting

The stockholders of the Corporation were requested to review the Minutes of the Annual Stockholders' Meeting for the previous year, held on April 27, 2017.

Mr. Celestino L. Ang moved to dispense with the oral reading of last year's Minutes and that the same be approved as presented in this Meeting, which was seconded by Mr. Samuel G. Coyiuto.



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Hearing no objections to the motion duly made and seconded, the Minutes of the Annual Stockholders' Meeting for the previous year, held on April 27, 2017, was unanimously approved.

4. Ratification of the Actions of the Board of Directors, the Executive Committee, and Management

The Chairman submitted for ratification of the stockholders the Minutes of Board Meetings and Reports, which reflect the corporate acts of the Board of Directors, the Executive Committee, and Management during the year 2017, in the performance of their functions and in the interest of the Corporation.

Mr. Fumihiko Harada, moved that these acts be ratified and confirmed, which was seconded by Mr. Hiroshi Ishikawa.

Upon motion duly made and seconded, the following resolution was unanimously approved:

"RESOLVED, as it is hereby resolved, that the Stockholders of PGA SOMPO INSURANCE CORPORATION (the "Corporation") approved, ratified, and confirmed all acts, resolutions, and investments made by the Board of Directors, the Executive Committee, and Management of the Corporation from April 27, 2017 to April 6, 2018, as reflected in the minutes of meetings recorded by, and in possession of, the Corporate Secretary, as well as the official records of the Corporation."

5. Presentation of Audited Financial Statements and Treasurer's Report

Ms. Maria Rosalina T. Coyiuto, Officer-in-Charge and Assistant Treasurer, presented the 2017 Audited Financial Statements and Treasurer's Report for 2017.

Thereafter, the Chairman declared the Treasurer's Report for 2017 as noted.

A copy of the Treasurer's Report for 2017 is hereto attached (Annex II) and is made an integral part hereof.

6. Approval of the Audited Financial Statements for 2017

The Chairman presented for consideration and approval of the stockholders the Audited Financial Statements as at December 31, 2017, as audited by Sycip Gorres Velayo & Co.

Mr. Hiroshi Ishikawa, moved that the same be approved, which was seconded by Mr. Fumihiko Harada.

Hearing no objections to the motion duly made and seconded, the Audited Financial Statements for 2017 were unanimously approved.



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7. Presentation of Management Year-End Report

Mr. Fumihiko Harada, Director/President & CEO, presented the Management Year-End Report for 2017.

Thereafter, the Chairman declared the Management Year-End Report for 2017 as noted.

A copy of the Management Year-End Report for 2017 is hereto attached (Annex III) and is made an integral part hereof.

8. Projections for 2018

Mr. Hiroshi Ishikawa, Director/Vice-President, presented the Projections Report for 2018.

Thereafter, the Chairman declared the Projections Report for 2018 as noted.

A copy of the Projections Report for 2018 is hereto attached (Annex IV) and is made an integral part hereof.

9. Election of the Members of the Board of Directors

The meeting proceeded with the Election of the Members of the Board of Directors for the ensuing year.

Mr. James G. Coyiuto nominated the following:

1. **Mr. Robert Coyiuto, Jr.**
2. **Mr. Samuel G. Coyiuto**
3. **Ms. Maria Rosalina T. Coyiuto**
4. **Mr. Celestino L. Ang**
5. **Mr. Prudencio T. Coyiuto**
6. **Mr. Yuji Kawauchi**
7. **Mr. Fumihiko Harada**
8. **Mr. Hiroshi Ishikawa**
9. **Mr. Masanori Takashige**

Mr. Celestino L. Ang nominated **Mr. James G. Coyiuto** as Director. Mr. Celestino L. Ang further nominated the following as Independent Directors:

1. **Ms. Anita Victoria M. Ramos**
2. **Mr. Justin C. Ongsue**
3. **Mr. Francisco M. Bayot, Jr.**
4. **Mr. Emmanuel C. Alcantara**

Mr. Fumihiko Harada moved that the nominations be closed, which was seconded by Mr. Hiroshi Ishikawa.



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Upon motion duly made and seconded, the Chairman declared the nominees elected as Members of the Board of Directors for the ensuing year.

10. Appointment of External Auditor

Ms. Maria Rosalina T. Coyiuto nominated Sycip Gorres Velayo & Co. as External Auditor of the Corporation for the ensuing year, which was seconded by Mr. Fumihiko Harada, Director.

Hearing no objections to the motion duly made and seconded, the appointment of Sycip Gorres Velayo & Co. as External Auditor of the Corporation for the ensuing year was unanimously approved.

11. Other Matters

The Chairman thereafter inquired if there are any other matters which need to be discussed or any further business to transact. Hearing none, the Chairman then moved on to the Adjournment of the Meeting.

5. Adjournment

There being no further business to transact, the meeting was there upon adjourned.

ATTESTED BY:


FUMIHIKO HARADA
Director/President & Chief Executive Officer


GUIA MAGDALENA L. FLAMINIANO
Corporate Secretary



ATTENDANCE FOR THE ANNUAL STOCKHOLDERS' MEETING

Held at 5th Floor, Coyiuto House, 119 C. Palanca Jr. Street, Legaspi Village, Makati City on April 06, 2018 at 11:00 A.M.

STOCKHOLDERS	NUMBER OF SHARES	%
Robert Coyiuto, Jr.	3,800,345	58.46685%
Sampo Holdings (Asia) Pte., Ltd., represented by Yuji Kawauchi	2,597,000	39.95385%
Samuel G. Coyiuto	49,800	0.77615%
Ma. Rosalina T. Coyiuto	49,793	0.77604%
Fumihiko Harada	600	0.00923%
Yuji Kawauchi	600	0.00923%
Hiroshi Ishikawa	600	0.00923%
Anita Victoria M. Ramos	600	0.00923%
Masanori Takashige	600	0.00923%
James G. Coyiuto	54	0.00083%
Celestino L. Ang	2	0.00003%
Francisco M. Bayot, Jr.	2	0.00003%
Total (Stockholders Present)	6,499,996	99.99993%

STOCKHOLDERS	NUMBER OF SHARES	%
Justin C. Ongsue	2	0.00003%
Emmanuel C. Alcantara	1	0.00002%
Prudencio T. Coyiuto	1	0.00002%
Total (Stockholders Absent)	4	0.00007%

Total Number of Stocks Issued and Outstanding **6,500,000** **100.00000%**

ATTESTED BY:


FUMIHIKO HARADA
Director/President & Chief Executive Officer


GUIA MAGDALENA L. FLAMINIANO
Corporate Secretary



TREASURER’S REPORT FOR 2017

2017 continued to be a challenge for the insurance industry, considering the constant shifting of the economic and political conditions in the Philippines. Insurance companies still persisted in becoming more competitive and hungry for more risks. Regulatory changes continue to be complex but at the same time require more stipulations. With this, players in the market are critical and careful at the same time in order to achieve their goals.

Being said, PGA Sampo was able to achieve the targeted Gross Written Premium of Php 1.558 B; an 11% increase compared to that of 2016. Nevertheless, with the competitive players in the insurance industry, figures issued by the Insurance Commission stated that PGA Sampo ranked at number 15 as far as Gross Written Premium is concerned. The Company is one notch lower compared to last 2016.

Particulars	2017	2016	Increase	%
Gross Written Premium	1,558,861,447	1,403,593,308	155,268,139	11%
Net Profit (after Tax)	2,184,007.00	12,571,792.03	-10,387,785	-83%

Change in business portfolio also reflects an increase of Japanese Account contribution at .20% or Php 977,269,157, compared to Php 971,934,639 for 2016. While the Non-Japanese account is at Php 581,592,290, higher than last year’s Php 431,658,669; this is with an increase of 35%. This is consistent with the management’s commitment of reaching out to Non-Japanese, corporate and individual clients.

OPERATING EXPENSES:

While business targets were achieved, operating expenses decreased slightly by .52%. Likewise, manpower expense is slightly lower in 2017 by 8% compared to 2016. This is because of the cost-cutting measures put in place during the year.

Though significant growth is seen in the Gross Written Premium, note also that the Net Incurred Claim increased drastically by 65.3M consequential to a negative result from operation of 15.3M. Positive aspect is that investment income is more than doubled, thus the net profit after tax is at 2.2M.

Paid-up Capital is expected to increase towards the end of 2019 to comply with the net worth requirement of the Insurance Commission of 900M.



Particulars	2017	2016	Increase	%
Operating Expenses	74,007,540	74,399,405	-391,865	-.52%
Manpower	36,515,782	39,573,520	-3,057,738	-8%
Income (Loss) from Operation	-15,311,673	6,231,106	-21,542,779	-346%
Investment and Other Income	20,651,524	9,869,793	11,023,840	111.69%
Net Income before Tax	5,339,851	19,534,283	-14,194,432	-73%
Net Income after Tax	2,184,007	12,571,792	-10,387,785	-83%
Paid-Up Capital	650,000,000	650,000,000	0	0%

Interest Rates

Investments	2017	2016
US Dollar Time Deposits	3%	3%
Phil Peso Time Deposits	1.75% to 3.2%	1.5% to 2.0%
Treasury Bills/Notes	3.5% to 4.5%	2% to 3.5%

Investments	2017	2016	Increase	%
Treasury Bills / Notes	178,489,897	155,530,599	22,959,298	15%
Short Term Time Deposits	459,685,274	537,650,564	-77,965,290	-15%
Long Term Time Deposits	54,744,185	21,822,644	32,921,541	151%
Stocks under RCSI	22,661,696	-	22,661,696	0%
TOTAL	715,581,052	715,003,807	577,245	.08%
Investment Income	20,893,623	10,083,953	10,809,670	107%

The Company continues to have a conservative risk appetite. Thus, the shifting from time deposit placements to government securities helped maximized the Company's investment income. Results were higher compared to last year because of the treasury bills and long-term time deposits. US dollar time deposits ended up with revaluation exchange loss due to declining USD rate towards the end of 2017.



PGA Sampo Insurance Corporation

ANNEX II

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Despite the short-term time deposits being slowly decreased, the Company regularly monitors and compares the market rates. The Company also carefully analyzes the pattern of the rates and closely contextualizes the current economic situations.

MA. ROSALINA T. COYIUTO

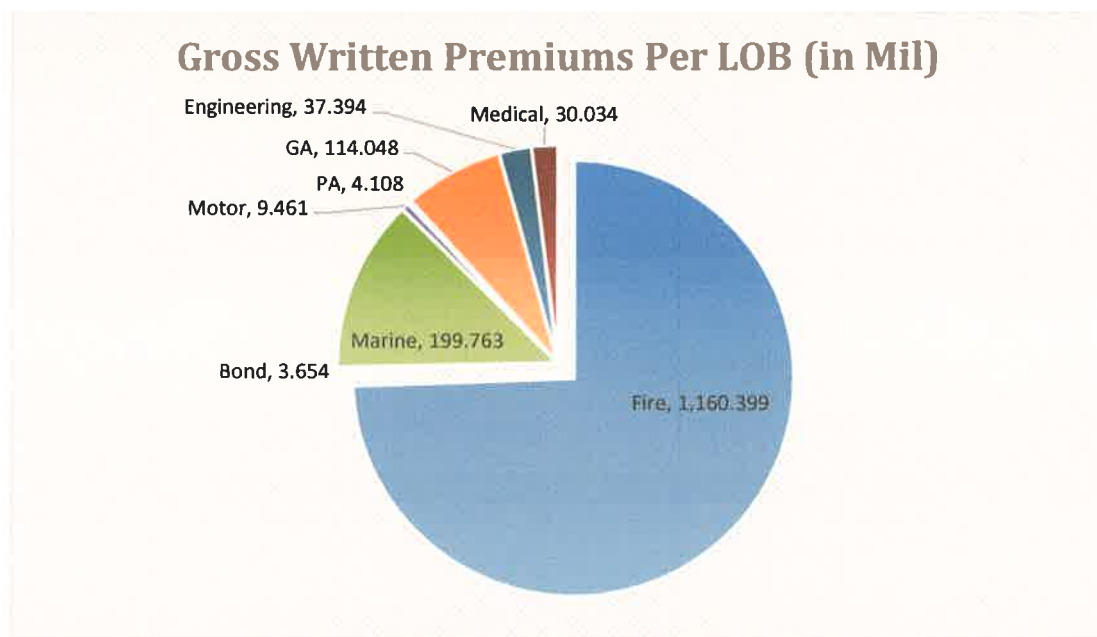
Officer-in-Charge/Assistant Treasurer



MANAGEMENT YEAR-END REPORT FOR 2017

Operational Performance

PGA Sampo improved its performance by 11% registering a total Gross Written Premiums (GWP) of 1.558B, higher compared to industry increase of 7.5% based on the Insurance Commission’s (IC) report as of December 2017. On a per LOB analysis, Fire recorded a premium of 1.160B representing 74% of the total GWP making it the bread and butter of the company. Second major contributor is Marine with a total premium of 200M equivalent to 13%. (Please see chart below)



As to Net Incurred Claim, the significant increase in our 2016’s 12.4M to 77.7M was due to the Regulator’s implementation of policy reserves for IBNR and Claims Handling Expense. Actual claim settlements also contributed to major reason of the Net Incurred Claim significant increase, Fire class recorded 12.5M due to major incidents from Yokohama and Team Energy. Medical also recorded 55.2M though we are cleaning on Medical class.

Another policy reserve requirement starting 2018 is the recording of Margin for Adverse Deviation (Mfad) to be computed by the actuary per company specific. The recognition is 50% for 2018 and 100% for 2019 onwards.

It is also worth mentioning the management’s effort to maintain the level of Expenses based on the previous year. Increase in productions normally entails cost, however management is able to implement effective cost-cutting measures to effectively and efficiently control general and administrative expenses. As a result, Expenses are maintained almost the same with the previous year despite the increase in GWP.



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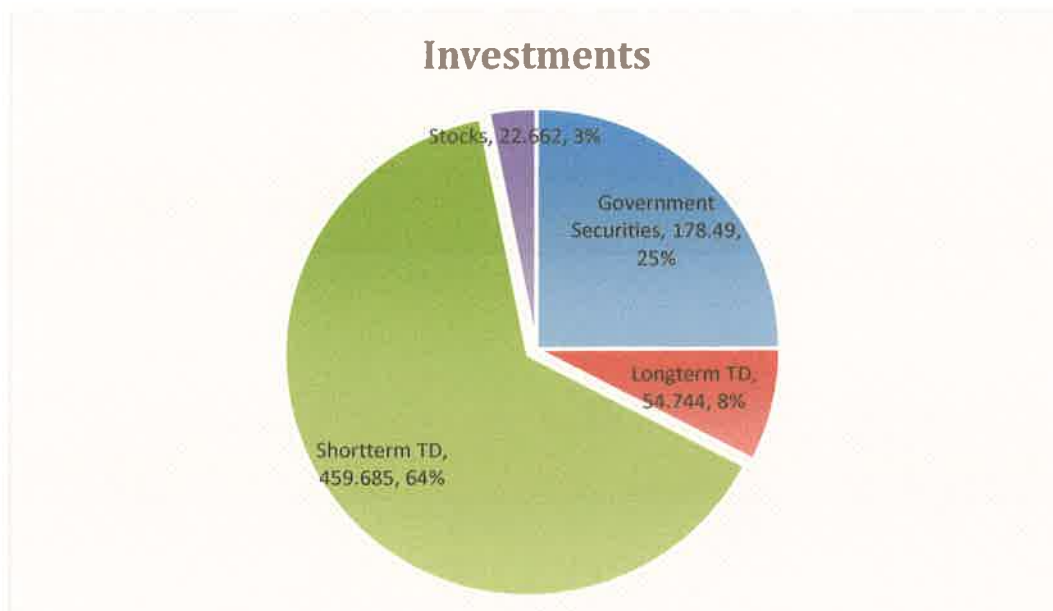
A joint venture between: Prudential Guarantee and Assurance Inc. and Sampo Japan Nipponkoa Insurance Inc.

Likewise, income from investments generated a total of 20.9M as compared to last year of only 9.9M or an increase of 112%.

Net Income after tax is recorded at 2,184,007 for 2017 83% lower than the previous year.

	2017	2016	Variances	%
Gross Written Premiums	1,558,861,447	1,403,593,309	155,268,138	11.06%
Net Incurred Claim	77,686,372	12,430,380	65,255,993	524.97%
Management Expenses	74,007,540	74,399,405	-391,865	-0.52%
Investment & Other Income	20,893,633	9,869,793	11,023,840	111.69%
Net Income After Tax	2,184,007	12,571,792	-10,846,995	-82.63%

Investment portfolio as of December 31, 2017 is shown on the chart below. As stated in our Business Plan, our goal is to maximize our profit by diversifying our investments such as Government Securities and the like.



Product Enhancement and UW authority

To be more competitive, PGA Sampo newly registered new products like S&T cover for Equipment, Extended Warranty for appliance, Cyber and Contractual Obligation. Also the company enhanced Travel Personal Accident product named "Go Japan" to "Go Worldwide". Aside from offering coverage worldwide, now our client/traveler may buy their Travel PA insurance directly through our Go Worldwide website.



To support this development, the company is now ready to launch its first ever online payment system.

The company's UW acceptance authority is also improved significantly, New business acceptance for Fire class increased from 600M to 1.5B, Marine cargo increased 50M to 500M and Engineering also increased from 100M to 1B.

Net Worth Requirements

The new insurance code provides capitalization requirements for all existing insurance companies based on net worth. PGA Sampo's synopsis as of December 2016 approved by the Insurance Commission recorded a net worth of 555M keeping us compliant with the law. For 2017 net worth is expected to be around 650M. The next requirement of 900M is due on December 2019.

Networth Requirements	Compliance Date
250,000,000	June 30, 2013
550,000,000	December 31, 2016
900,000,000	December 31, 2019
1,300,000,000	December 31, 2022

Corporate Governance

The Insurance Commission adopted the Asean Corporate Governance Scorecard (ACGS) starting 2015 with the aim of enhancing the competitiveness of the Philippine insurance industry, improving public's perception and increasing industry's penetration rate. For 2017 ACGS Report, PGA Sampo yielded a score of 33.24 points, an improvement of over 20 points from 2016. However, there is still large room for improvement. The company will continue to work on this area.

Corporate Social Responsibility

In collaboration with Sampo Japan NipponKoa Welfare Foundation, PGA Sampo put into action its Corporate Social Responsibility (CSR) when it joined the Kusina ng Kalinga (KnK) to carry the commitment to care together in its quest to end hunger among Filipino children all over the country by providing daily lunch meals for children in public schools and in the streets.

For PGA Sampo employees and its top executive officers, the activity was more than just about working together to prepare meals. It was rather a rare opportunity to be part of a caring community and an instrument in building hope among children.



PGA Sampo Insurance Corporation

ANNEX III

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We wish to thank Prudential Guarantee and Assurance Inc. and Sampo Holdings (Asia) Pte, Ltd. for the continuous support of our developments. To our chairman, Mr. Robert Coyiuto Jr., who has been most encouraging with his interest in our synergy and collaborative activities, we wish to convey our deepest appreciation and gratitude to him.

We will drive with power to improve and achieve our 2018 target.

Maraming Salamat!



FUMHIKO HARADA
President & Chief Executive Officer



PROJECTIONS REPORT FOR 2018

ACTUAL RESULT OF 2017

Our 2017 11% growth in gross premium from the previous year has been tough and yet has proven our company's drive to push ahead.

Presented with the challenges of cleaning up our medical insurance accounts, plus the replacement of Engineering business which are non-renewable, we are still fortunate to surpass our 2016's production by Php156 Million though it still falls short of our budget.

Actual Results 2016 vs Actual Result 2017 (Cummulative)					
	2016	2017	Variance	% Result per Month	Increase/ (Decrease)
January	90,081,840	89,529,647	(552,194)	99.39%	-0.61%
February	117,397,054	122,542,313	5,145,259	104.38%	4.38%
March	152,905,825	183,985,732	31,079,907	120.33%	20.33%
April	283,744,056	304,261,219	20,517,163	107.23%	7.23%
May	335,823,422	384,535,030	48,711,607	114.51%	14.51%
June	770,464,057	823,753,571	53,289,515	106.92%	6.92%
July	831,689,988	878,151,564	46,461,575	105.59%	5.59%
August	866,909,377	936,574,403	69,665,026	108.04%	8.04%
September	954,491,531	1,034,258,498	79,766,966	108.36%	8.36%
October	1,007,001,276	1,106,643,751	99,642,475	109.89%	9.89%
November	1,069,033,473	1,156,734,497	87,701,025	108.20%	8.20%
December	1,403,593,309	1,558,861,447	155,268,138	111.06%	11.06%
	1,403,593,309	1,558,861,447	155,268,138	111.06%	11.06%

Budget 2017 vs Actual Result 2017 (Cummulative)					
	Budget 2017	Actual 2017	Variance	% Result per Month	Increase/ (Decrease)
January	100,000,000	89,529,647	(10,470,353)	89.53%	-10.47%
February	145,000,000	122,542,313	(22,457,687)	84.51%	-15.49%
March	205,000,000	183,985,732	(21,014,268)	89.75%	-10.25%
April	340,000,000	304,261,219	(35,738,781)	89.49%	-10.51%
May	420,000,000	384,535,030	(35,464,970)	91.56%	-8.44%
June	870,000,000	823,753,571	(46,246,429)	94.68%	-5.32%
July	930,000,000	878,151,564	(51,848,436)	94.42%	-5.58%
August	990,000,000	936,574,403	(53,425,597)	94.60%	-5.40%
September	1,110,000,000	1,034,258,498	(75,741,502)	93.18%	-6.82%
October	1,210,000,000	1,106,643,751	(103,356,249)	91.46%	-8.54%
November	1,330,000,000	1,156,734,497	(173,265,503)	86.97%	-13.03%
December	2,000,000,000	1,558,861,447	(441,138,553)	77.94%	-22.06%
	2,000,000,000	1,558,861,447	(441,138,553)	77.94%	-22.06%



PROJECTION FOR 2018

This year, we are again faced with the challenge of achieving our target of Php2B which we need to accomplish.

Over all we will continue our current activities such as growth in major corporate accounts and drive our retail channel by utilizing on-line facilities. I will explain further the details of our 2018 Strategies in the next pages.

BUDGET BREAKDOWN FOR 2018

	2018 BUDGET	%	2017 ACTUAL	%
Property	1,478,802,892	73.94%	1,160,399,603	74.41%
Marine Cargo	150,000,000	7.50%	118,371,831	7.59%
Marine Hull	68,397,108	3.42%	82,296,971	5.28%
Aviation	-	-	-	-
General Accident	131,000,000	6.55%	114,030,278	7.31%
Personal Accident	17,800,000	0.89%	4,108,092	0.26%
Motorcar	18,050,000	0.90%	9,460,763	0.61%
Engineering	112,950,000	5.65%	37,394,120	2.40%
Bond	8,000,000	0.40%	3,653,890	0.23%
Medical	15,000,000	0.75%	29,686,837	1.90%
Total	2,000,000,000	100.00%	1,559,402,385	100%

PROFIT AND LOSS STATEMENT FOR 2018

Gross Written Premium	2,000,000,000
Net Written Premium	60,295,000
Net Earned Premium	58,176,000
Incurred Loss	36,797,000
Net Commission	Δ85,628,000
Expense	81,838,000
Total Underwriting Expense	Δ3,790,000
UW Result	23,680,000
Investment Income	13,726,000
Other Income/Expense	0
Income before Tax	38,315,000
Net Income	26,820,000

BUSINESS STRATEGY FOR 2018

We will remain steadfast in continuing our growth in 2018 by developing new products and distribution channels to reach a wider range of clientele.

Focus on the following product lines and channel should enhance our premium volume:

1. Keep developing our corporate business portfolio as one of the leading and capable insurer in the market.



2. Create Digital Based Service platform as a catalyst for affinity businesses
3. Tap into Direct Distribution Channel
4. Develop profit increment measures through restructuring our current business model.
5. Build strong foundation for "People business"

We recognize our target for 2018 of Php2.0Billion is quite challenging, we do expect tough challenges ahead of us but we remain committed and confident in achieving this goal.

We will continue to have our weekly dialogues between management and Department heads to ensure that everyone in the organization is focused on the company's goal and commitment.

Though New Business development remains one of the top priority in achieving our Budget, we will also closely monitor our renewal accounts for retention and remedial measures to ensure volume and profitability.

We look forward in reporting to you all again in the next Shareholders meeting in 2019.

Thank you.

HIROSHI ISHIKAWA

Vice-President