



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 Board Room, 5th Floor, Coyiuto House, 119 C. Palanca Street, Legaspi Village, Makati City
on April 05, 2019 at 11:00 A.M.

PRESENT

Robert Coyiuto, Jr.
Yasuhiro Sasanuma
Fumihiko Harada
Hiroshi Ishikawa
Maria Rosalina T. Coyiuto
Samuel G. Coyiuto
James G. Coyiuto
Prudencio T. Coyiuto
Celestino L. Ang
Francisco M. Bayot, Jr.
Manuel M. Lopez
Justin C. Ongsue
Anita Victoria M. Ramos

ALSO PRESENT

Guia Magdalena Laguio-Flaminiano

ABSENT

Fuma Watanabe

OBSERVERS

Anthony G. Sy
Jun Yamashita
Cristine Cuisia-Remollo

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 Laguio-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 06, 2018.

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 06, 2018, 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 2018, 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 06, 2018 to April 05, 2019, 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, Vice-President and Chief Finance Officer, presented the 2018 Audited Financial Statements and Treasurer's Report for 2018.

Thereafter, the Chairman declared the Treasurer's Report for 2018 as noted.

A copy of the Treasurer's Report for 2018 is hereto attached (Annex II) and is made an integral part hereof.

6. Approval of the Audited Financial Statements for 2018

The Chairman presented for consideration and approval of the stockholders the Audited Financial Statements as at December 31, 2018, 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 2018 were unanimously approved.



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7. Projections for 2019

Mr. Hiroshi Ishikawa, Director/Vice-President, presented the Projections Report for 2019.

Thereafter, the Chairman declared the Projections Report for 2019 as noted.

A copy of the Projections Report for 2019 is hereto attached (Annex III) and is made an integral part hereof.

8. Presentation of Management Year-End Report

Mr. Fumihiko Harada, Director/President & CEO, presented the Management Year-End Report for 2018.

Thereafter, the Chairman declared the Management Year-End Report for 2018 as noted.

A copy of the Management Year-End 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. Yasuhiro Sasanuma**
7. **Mr. Fumihiko Harada**
8. **Mr. Hiroshi Ishikawa**
9. **Mr. Fuma Watanabe**

Mr. Celestino L. Ang nominated **Mr. James G. Coyiuto** as Director.

Mr. Samuel G. Coyiuto 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. Manuel M. Lopez**

Ms. Maria Rosalina T. Coyiuto moved that the nominations be closed, which was seconded by Mr. Fumihiko Harada.



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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. Hiroshi Ishikawa.

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 requested that a motion be made to adjourn the Meeting.

12. Adjournment

Mr. Fumihiko Harada moved that the Meeting be adjourned, which was seconded by Atty. Celestino L. Ang.

Hearing no objections to the motion duly made and seconded, and there being no further business to transact, the Meeting was there upon adjourned.

Prepared by:


GUIA MAGDALENA LAGUIO-FLAMINIANO
Corporate Secretary

Attested by:


FUMIHIKO HARADA
Director / President & Chief Executive Officer



ATTENDANCE FOR THE ANNUAL STOCKHOLDERS' MEETING

Held at the Board Room, 5th Floor, Coyiuto House, 119 C. Palanca Street, Legaspi Village, Makati City on April 05, 2019 at 11:00 A.M.

STOCKHOLDERS	NUMBER OF SHARES	%
Robert Coyiuto, Jr.	3,800,345	58.46685%
Sampo Holdings (Asia) Pte., Ltd., represented by Yasuhiro Sasanuma	2,597,000	39.95385%
Samuel G. Coyiuto	49,800	0.77615%
Maria Rosalina T. Coyiuto	49,793	0.77604%
Fumihiko Harada	600	0.00923%
Yasuhiro Sasanuma	600	0.00923%
Hiroshi Ishikawa	600	0.00923%
Anita Victoria M. Ramos	600	0.00923%
James G. Coyiuto	54	0.00083%
Justin C. Ongsue	2	0.00003%
Celestino L. Ang	2	0.00003%
Francisco M. Bayot, Jr.	2	0.00003%
Prudencio T. Coyiuto	1	0.00002%
Manuel M. Lopez	1	0.00002%
Total (Stockholders Present)	6,499,400	99.99077%

STOCKHOLDERS	NUMBER OF SHARES	%
Fuma Watanabe	600	0.00923%
Total (Stockholders Absent)	600	0.00923%

Total Number of Stocks Issued and Outstanding	6,500,000	100.00000%
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ATTESTED BY:


FUMIHIKO HARADA
 Director/President & Chief Executive Officer


GUIA MAGDALENA LAGUIO-FLAMINIANO
 Corporate Secretary



TREASURER’S REPORT FOR 2018

Investments:

For 2018, we were able to place a total investment of Php915.61M. This is higher from last year’s figure by 28% as shown on the table below. To align with our 2018 business plan, we focused mainly on the purchase of Government Bonds in the form of Treasury Notes from secondary market. This gave us more income and at the same time ceded a 0% risk for our Risk-Based Capital 2 (RBC2) ratio. These Treasury Notes were also registered under the Bureau of Treasury as required by the Insurance Commission for mandatory reserves.

On investment on stocks from Eagle Cement Corporation, the market value went up by 4.28% on year end; thus, increasing the portfolio to Php23.63M. During the year, we also received cash dividend amounting to Php330,000.

Furthermore, investment income increased by 15% compared to the previous year. This is basically the combined result of increase in investment assets and increase in market interest rates.

Moving forward, the company will continue to implement conservative approach in managing the investment funds.

Investments	2018	2017	Variance	%
Treasury Bills/Notes	342,814,594	178,489,897	164,324,697	92.06%
Short Term Time Deposits	477,428,067	459,685,274	17,742,793	3.86%
Long Term Time Deposits	72,704,549	54,744,185	17,960,364	32.81%
Stocks (Eagle Cement)	23,631,648	22,661,696	969,952	4.28%
TOTAL	915,608,905	715,581,052	200,027,853	28.09%
Investment Income	24,012,577	20,893,623	3,118,954	14.93%

Operations:

As business targets were achieved, operating expenses increased by 7%. Likewise, manpower expense was higher in 2018 by 10% compared to 2017. This is the effect of hiring additional manpower needed to support the growing operations of the company.

Worth mentioning is the profit from operations of Php21M as against to the previous year with a net loss of Php9M. Aside from operations, investment and other income were improved by 29%. These included the gain on foreign currency transactions.

As at to date, our Paid-Up Capital is at Php650M and is expected to increase to Php900M by December 31, 2019. This is to comply with the net worth requirement of the Insurance Commission.

As a final measure, net income after tax for 2018 is Php33.86M; a 234% increase than that of last year. Our net income increased significantly due to the decrease of net incurred claim and at the same time the increase



PGA Sampo Insurance Corporation

ANNEX II

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of commissions earned and investment income. Indeed, we are proud to say that this is our highest generated profit for PGA Sampo throughout the years.

We would like to thank you all for the support.

Particulars	2018	2017	Variance	%
Operating Expenses	69,635,575	65,284,437	4,351,138	6.66%
Manpower	34,002,710	31,010,631	2,992,079	9.65%
Income (Loss) from Operations	20,968,515	-9,332,976	30,301,491	-324.67%
Investment and Other Income	28,609,745	22,181,105	6,428,640	28.98%
Net Income before Tax	49,578,260	12,848,129	36,730,131	285.88%
Net Income after Tax	33,855,595	10,134,575	23,721,020	234.06%
Paid-Up Capital	650,000,000	650,000,000	0	0.00%



MARIA ROSALINA T. COYIUTO
Vice-President and Chief Finance Officer



PROJECTIONS REPORT FOR 2019

ACTUAL RESULT OF 2018

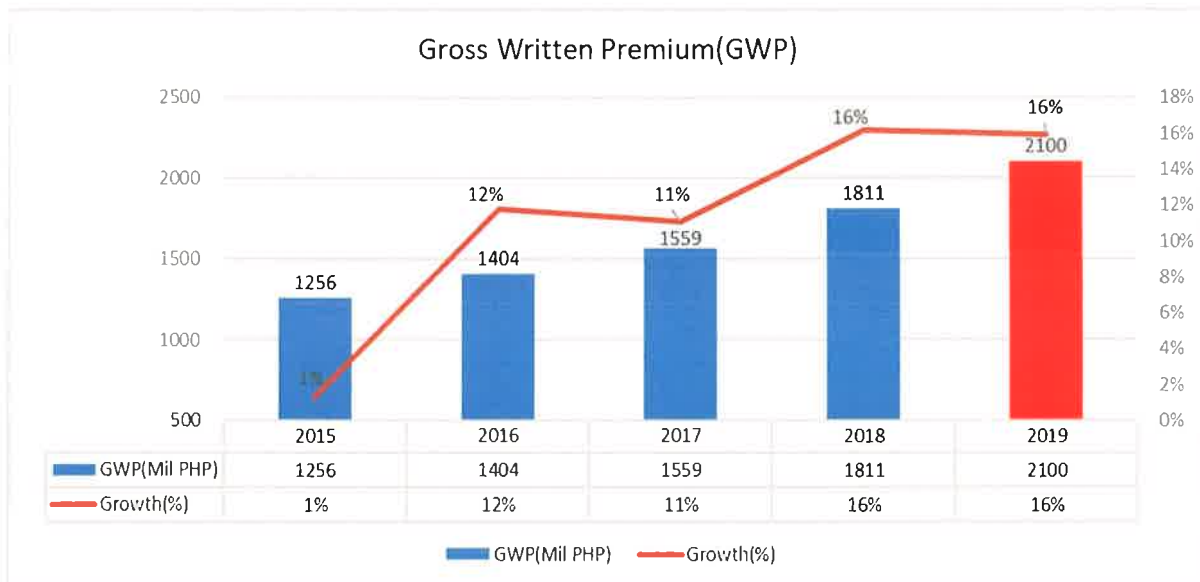
2018 gave us our highest growth in 5 years. Our 16% increase in Gross Written Premium (GWP) production shows our company's drive and remarks as one of the growing companies in the Non-life insurance sector in the Philippines. It is our commitment to continue the same growth in 2019.

For Gross Written Premium by line, Fire remains to be our major product line with almost 75% share of our portfolio, followed by Marine Cargo and General Accident.

Our biggest account contributor for Fire is Pagbilao Energy Corporation, a power source Japanese company, situated in the Quezon Province. Another factor in our premium production is the collaboration with our partner, PGAI. Such accounts are SM prime, various high rise buildings.

On the other hand, Nippon Express and Shin-Etsu Magnetics contributed to our premium production for Marine Cargo due to their phenomenal volume of shipments for the year 2018.

➤ **GROSS WRITTEN PREMIUM TREND 5 YEARS**





➤ **GWP BREAKDOWN BY LINE FOR 2018**

	2018 ACTUAL	Share(%)	2017 ACTUAL	Share(%)
Fire	1,466,128,171.72	80.9%	1,160,399,602.73	74.4%
Bond	127,218.14	0.0%	3,653,890.18	0.2%
Marine Cargo	130,490,993.55	7.2%	117,466,269.74	7.5%
Marine Hull	40,784,978.90	2.3%	82,296,970.79	5.3%
Motorcar	11,760,174.29	0.6%	9,460,763.33	0.6%
Personal Accident	6,484,982.96	0.4%	4,108,091.25	0.3%
General Accident	102,302,450.05	5.6%	114,047,778.35	7.3%
Aviation	-	0.0%	-	0.0%
Engineering	29,103,375.64	1.6%	37,394,119.72	2.4%
Medical	24,037,517.95	1.3%	30,033,960.05	1.9%
Total	1,811,219,863.20	100.00%	1,558,861,446.14	100.0%

PROJECTIONS FOR 2019

For this year, 2019, we are committed to grow continuously with the same level as 2018. We have set our target at Php 2.1 Billion premium production for the year.

The challenge for us is to focus on achieving our target budget while delivering a positive Profit and Loss result as shown below.

PROFIT AND LOSS STATEMENT FOR 2019

Gross Written Premium	2,100,000,000
Net Written Premium	80,460,000
Net Earned Premium	76,180,000
Incurred Loss	45,740,000
Net Commission	Δ102,030,000
Expense	100,550,000
UW Result	21,080,000
Investment Income	34,840,000
Other Income/Expense	0
Income before Tax	57,050,000
Net Income	39,930,000

To deliver our goal for 2019, listed are the areas and strategies to perform and focus on:

1. Secure sizeable accounts and projects using our extensive treaty capacity.
2. Maximize involvement in Japanese Government Funded Projects like Metro Subway and North to South Railway.
3. Continue developing direct distribution channel for our retail products such as our Travel Personal Accident website and system.



PGA Sampo Insurance Corporation

ANNEX III

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4. Increase our digital presence by active involvement in social media applications, at the same time, aligning this with our Regional's expertise in digital platforms.
5. Develop affinity business with reputable companies and institutions.

Our deliverables for 2019 make us conscious about working harder, conscious about knowing our competitors and conscious about every opportunity that will lead us to be ahead of everybody. In this kind of mind set up and with the support of our shareholders, we believe that our goal can be achieved.

We look forward in reporting to you all again in the next Shareholders meeting in 2020.

Thank you.


HIROSHI ISHIKAWA
Vice-President

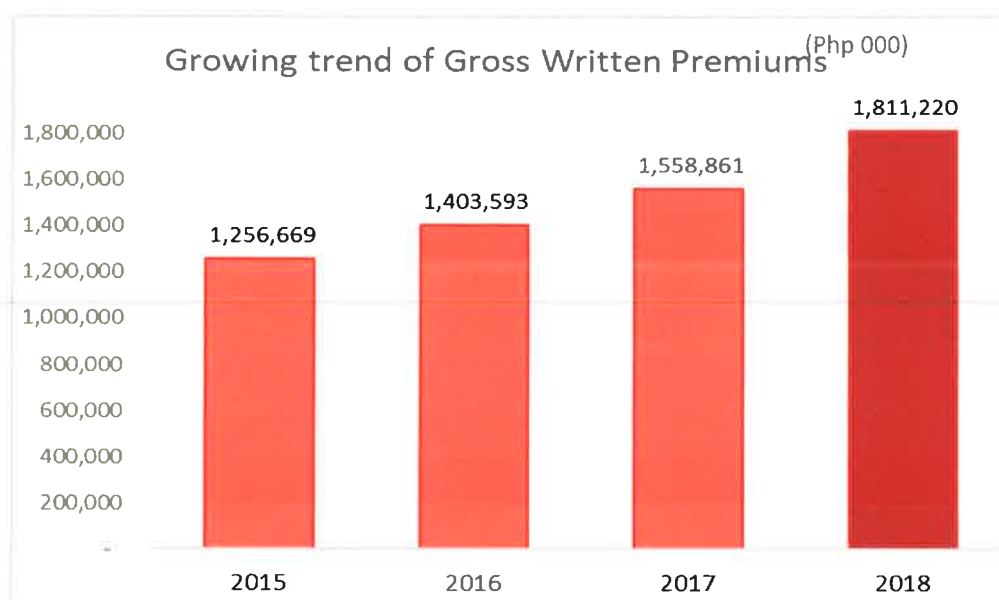


MANAGEMENT YEAR-END REPORT FOR 2018

Operational Performance

As we reported previously, PGA SOMPO significantly improved its performance by 16% in 2018 registering a total Gross Written Premium (GWP) of Php 1.8B.

As to the past trend of our GWP production, we have been increasing our business continuously since 2015.



Net income after tax also improved to Php33.8M, 234% higher than the previous year. We will unceasingly try to increase our performance through initiatives we are currently working on.

Initiatives for Further Growth

To capture or capitalize on the growth of the economy of the Philippines, PGA SOMPO has been trying to increase our acceptance authority for Non-Japanese businesses through numerous discussions with our SOMPO head office. As a result, our acceptance authority has improved and increased every year based on our proven record of delivering quality business portfolio.

Our treaty commission from SOMPO head office was approved for a good increase from 33% to 36.4%. This will start from our treaty renewal date of April 1, 2019.

Hence, we expect to grow our profit by getting sizeable infrastructure businesses, which we believe are very active in the Philippines today.



Furthermore, with the fast growing digital era and to capture the market in digital space, we, PGA SOMPO, have redesigned a new company website, created social media applications and developed a Travel Personal Accident site to directly access digital users.



Although the digital market in the general insurance industry in the Philippines is still in a primary stage, we are continuing to prepare ourselves to be one of the main players in the digital field.

Building Foundation

As the old cliché goes...“Insurance business is People business”. PGA SOMPO has restructured its organization in 2018. The company rebuilt its Employee Handbook to refresh the staffs’ information and their knowledge of the company guidelines and benefits.

PGA SOMPO held a team building event for all staff to promote camaraderie, and also Leadership Training Seminar for managers. These are to enrich our employee’s knowledge and experience.

In addition, with the goal of nurturing a culture of wellness in the company and supporting employees with their personal journey to stay healthy and reduce risk factors for illness and injury, a Wellness Program was conducted for our employees.

We believe that the core of a company is its people.

Corporate Social Responsibility

As part of the company’s commitment to promote social responsibility, PGA SOMPO together with Sompso Japan Nipponkoa Welfare Foundation collaborated with Project Pearls. Volunteers went to Helping Land, a slum community situated in an active dumpsite in Tondo, Manila and distributed nutritious meals for children to eradicate hunger and prevent malnutrition.

PGA SOMPO also had a Blood Donation Program in partnership with the Philippine Red Cross. A good number of our employees courageously donated their blood to the charity. This gave the volunteers the opportunity to be part of a life-saving activity for the community.





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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 us and achieve our 2019 target.

Maraming Salamat.

FUMHIKO HARADA
President & Chief Executive Officer