

MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING OF  
THE MERCANTILE INSURANCE CO., INC.

Held on 26 May 2023  
by remote communication

Stockholders	No.	of	Shares	Percentage	of
	Present/	Represented		Ownership	

**TOTAL**

**ALSO PRESENT:**

Justin T. Liu  
Melecio C. Mallillin  
Michael Stephen T. Liu  
Jerry S. Liu  
Sigrid Von D. De Jesus  
Ruth Cervantes  
Josel N. Ramirez  
Gabriel A. Dee  
Mahleene G. Go  
Katrina Isabelle G. Pimentel

**PROCEEDINGS OF THE MEETING**

**I. CALL TO ORDER**

The Chairman, Justin T. Liu, called the meeting to order and presided over the same. The Corporate Secretary, Sigrid Von De Jesus, recorded the minutes of the meeting.

**II. CERTIFICATION OF NOTICE AND QUORUM**

The Corporate Secretary conducted certain procedural matters. The stockholders confirmed and stated for the record that (i) they are participating in the meeting through the use of mobile phone with videoconferencing capabilities, (ii) they can completely and clearly hear all other participants in the meeting, and (iii) they have received the agenda and all materials for the meeting.

Thereafter, the Corporate Secretary certified that notices of the meeting were sent to all the directors of the Corporation and that there was a quorum to transact business.

**III. PRESIDENT'S REPORT**

The President, Melecio C. Mallillin, delivered the report.

Mr. Mallillin noted that the Philippine economy continued its recovery from the coronavirus pandemic this year, as evidenced by the improvement in economic indicators. However, elevated inflation and the Russia-Ukraine war may have dented the Philippines' recovery momentum. Despite these challenges, the Company finished the year with a remarkable solid performance. Based on the audited financial statements for the year ended December 31, 2022, the Company has once again proven its financial resilience and has strengthened its financial stability with its continued profitability improvement.

He was pleased to report that the Company turned in a remarkable performance with a recorded Net Income of P 85.74 million for the year 2022. This is definitely better compared to the

Company's bottom-line result of a Net Income of P 62.82 million in 2021. This was driven largely by prudent risk management and increase in the Gross Premiums Written (GPW). The Company managed to have a commendable growth of 20% in Gross Premiums Written (GPW) to P 3.167 billion compared to P 2.632 billion in 2021. On the portfolio mix, Motor business remains the main driver, contributing 42% while Property accounted for 37% of the total gross premiums.

Mr. Mallillin reported that the Net Premiums Written (NPW) posted an increase of P 409 million, from P 2.099 billion in 2021 to P 2.508 billion this year. With this significant improvement, the Company's position in the 2022 Ranking of Non-life Insurance Companies soared to # 5 from previous year where the Company ranked # 7. He was pleased to report that the Company is now part of the Top 5 in the Non-life Insurance Industry in terms of NPW. Accordingly, the Company's Net Premiums Earned (NPE) increased from P 1.986 billion in 2021 to P 2.385 billion this year driven by the significant net revenue contribution of the Company's motor insurance line of business.

Losses incurred increased by 18% or by P 204.52 million compared to the same period last year. The Company's combined loss ratio is at 55% with the two (2) main drivers of the Company's business, Fire and Motor, registering loss ratios of 54% and 70% respectively. On the other hand, Mr. Mallillin stated that the investment and other income decreased by 1%, from P98.59 million to P97.38 million this year primarily because of the decline in the valuation of the Fair Value Profit & Loss Investment by around P 17.62 million.

The Company's statement of financial position remained strong and healthy, with total Assets of P 6.327 billion in 2022 of which P 1.88 billion or 30% comprises Investment assets. Stockholders' equity or Net Worth is up by 7% to P 1.315 billion compared to that of ending December 2021 balance of P 1.230 billion. The increase was attributed to the result of the Company's operations amounting to P 85.74 million.

Mr. Mallillin gave his assurance that the Management will continue to implement best practices in all its operational and risk management activities to ensure profitability and sustainable long-term growth amidst uncertainties and volatility in the business. He added that the details of the audited financial reports accompanied his report for reference.

Upon a motion made and duly seconded, the shareholders confirmed and adopted the President's Report and the audited financial statements for the Fiscal Year 2022, which were declared adopted and approved.

#### **IV. RATIFICATION/APPROVAL OF THE ACTS OF THE BOARD OF DIRECTORS AND MANAGEMENT**

Upon a motion made and duly seconded, the shareholders confirmed and ratified all acts done or caused to be done by the Board of Directors and Management since the last annual stockholders' meeting on 27 May 2022.

#### **V. ELECTION OF DIRECTORS**

The Chairman explained that, under the By-Laws of the Corporation, the directors shall hold office for one (1) year until their successors have been elected and qualified. The Chairman then opened the floor for nominations for the seven (7) seats in the Corporation's board of directors.

The following were nominated as directors:

1. Mr. Justin T. Liu;
2. Mr. Melecio C. Mallillin;
3. Mr. Michael Stephen T. Liu;
4. Mr. Jerry S. Liu;
5. Mr. Nella T. Liu;
6. Mr. Francis T. Onglatco (independent director); and
7. Ms. Esther C. Tan (independent director).

Upon a motion made and duly seconded, the nominations were closed and voting was subsequently conducted. All directors received 100% of the votes of the stockholders present/represented in their favor. Therefore, all nine nominees have sufficient number of votes to be elected as directors of the Company for the year 2023.

Following the election, the Chairman declared all of the nominees identified by the Corporate Secretary elected as members of the Board of Directors of Mercantile Insurance for the year 2023, to act as such until their successors have been duly elected and qualified:

1. Mr. Justin T. Liu;
2. Mr. Melecio C. Mallillin;
3. Mr. Michael Stephen T. Liu;
4. Mr. Jerry S. Liu;
5. Mr. Nelia T. Liu;
6. Mr. Francis T. Onglatco (independent director); and
7. Ms. Esther C. Tan (independent director).

#### **VI. OTHER MATTERS**

Upon a motion made and duly seconded, the minutes of the annual stockholders' meeting held on 27 May 2022 was approved by the stockholders.

In addition, the reappointment of the external auditor of The Mercantile Insurance Co., Inc., R.S. Bernaldo & Associates, for Fiscal Year 2023, upon a motion made and duly seconded, was approved by the stockholders.


The Chairman noted that there were no other matters which the stockholders seek to be addressed.

#### **VII. ADJOURNMENT**

There being no other matters to be discussed, the meeting was, upon motion made and duly seconded, adjourned.

Certified Correct

**SIGRID VON DE JESUS**  
Corporate Secretary

Attested by: 

**JUSTIN T. LIU**  
Chairman

Minutes Read and Approved:

MELECIO C. MALLILAL

MICHAEL STEPHEN T. LIU

JERRY S. LIU

NELIA T. LIU

FRANCIS T. ONGLATCO

ESTHER C. TAN

ANNEX A  
LIST OF AUTHORIZED SIGNATORIES