
**Minutes of the Annual Stockholders' Meeting of
CARITAS HEALTH SHIELD, INC.**

Held on 01 March 2023 at Caritas Corporate Center, 97 E. Rodriguez Sr. Ave., Quezon City

I. CALL TO ORDER

The stockholders' meeting was called to order by the Chairman of the Board of Directors, Dr. Rene V. Reyes, at 10:08 a.m., and the minutes of the meeting was recorded by the Corporate Secretary.

II. REPORT ON ATTENDANCE & QUORUM

The Corporate Secretary certified that out of the 300,000 outstanding shares of stock, **205,637 shares** (68.55%) are present either in person or by proxy and entitled to participate and vote in the meeting. Whereas the non-attendance of the remaining 94,363 shares are due to the following reasons:

a) Stockholder with unknown address	-	548 shares
b) Deceased stockholders	-	12,845 shares
c) Stockholders absent & w/o proxy	-	38,016 shares
d) Shares subject of an interpleader ¹ case	-	42,954 shares
		=====
Total		98,201 shares

Accordingly, the Chairman declared the presence of a quorum.

III. REVIEW AND APPROVAL OF THE MINUTES OF THE PREVIOUS STOCKHOLDERS' MEETING

After a review of the minutes of the Annual Stockholders' Meeting of 06 May 2022, the body, upon motion made and duly seconded, approved the same without any correction.

IV. MANAGEMENT/PRESIDENT'S REPORTS:

1. **Sales Report.** The Chief Sales and Marketing Officer, Ms. Rafe M. Diaz, presented the Sales Report for CY 2022 vis-a-vis 2021 with the corresponding amount of the *Initial Cash Brought In* (ICBI) for each product and mode of payment, including subsequent collections and total gross sales revenues.

2. **Marketing Report.** Mr. Jeffrey K. Yulde, *SAVP – Marketing*, presented updates on the company's efforts to improve its branding through a multi-faceted advertising approach, as well as the plans to continuously strengthen the sales force through various trainings, seminars and other capability-building and social activities.

¹ N.B. The interpleader case involves 42,954 shares of G.M. Martinez pending with the Quezon City RTC in Case No. R-QZN-17-08220-CV, where an *Order* was issued that "x x x Caritas Health Shield is hereby directed to hold in abeyance the disposition of whatever dividends due on the subject shares, and the parties are directed to refrain from exercising whatever rights over the subject shares until the *Petition for Certiorari of the Court of Appeals* is resolved with finality."

2. **Financial Report.** Ms. Adelia U. Dela Peña, *Vice President – Comptroller*, presented the unaudited financial statements for the year ended 31 December 2022, explaining that the external audit conducted by Reyes Tacandong & Co. is still being completed.

3. **Treasurer’s Report.** On behalf of the Treasurer, Mr. Arnel S. Roxas, *AVP – Investment Management*, presented the trust fund report.

V. RATIFICATION OF ALL ACTS OF THE BOARD OF DIRECTORS

Upon motion made and seconded, the body ratified all the resolutions and confirmed all the acts of the Board of Directors and the Executive Committee, from 04 February 2022 to 28 February 2023.

VI. ELECTION OF THE MEMBERS OF THE BOARD FOR THE ENSUING YEAR

The Chairperson opened the floor for nomination and election of the 15-member Board of Directors to serve for the ensuing year until their successors have been duly elected and qualified.

The following were nominated to the 15-member Board of Directors:

1. **Rene V. Reyes**
2. **Mariano T. Katipunan, Jr.**
3. **Ana Maria K. Escalona**
4. **Ronnie U. Collado**
5. **Jay D. Crisostomo**
6. **Edgar C. De Asis**
7. **Rafe M. Diaz**
8. **Jeffrey K Yulde**
9. **Lourdes Ann D. Co**
10. **Elizabeth C. Umali**
11. **Gilda C. Lucena**
12. **Domingo M. Navarro**
13. **Cresencio R. Abes**
14. **Juanito G. Arcilla**
15. **Elvira C. Chua**

There being no further nominations and, upon motion made and duly seconded, the Chairman declared the nomination closed. The Corporate Secretary was instructed to distribute equally the available qualified votes to the 15 nominees who were therefore deemed elected as members of the Board of Directors for the ensuing year until their successors would have been duly elected and qualified.

VII. APPOINTMENT OF EXTERNAL AUDITOR

Upon recommendation of management and on motion duly made and seconded, the body approved the engagement of the services of the auditing firm of Messrs. **REYES TACANDONG & CO.** to conduct and prepare the external audit of the corporation’s Financial Statements as of and for the year ended 31 December 2023.

VIII. CALL FOR CASH INFUSION

The President presented and discussed the two most difficult problems currently being faced by the company, namely, (1) the **huge reserve liability** from the *Gold, Prime and Premiere* products sold by CHSI from 1998 to 2017 which practically eat up 90% of the reserves; and (2) **Net worth deficiency** brought about by the strict application of both accounting and actuarial valuation standards imposed since 2015 when the HMO business was placed under regulatory authority of the Insurance Commission (IC). Since then, the IC annually reviews and evaluates the company's Annual Statement (including the company's *Audited Financial Statements* and *Actuarial Valuation Report*). Due to a resulting net worth deficiency, the IC then issued an order mandating us to make around Php2 billion capital infusion from its stockholders which would amount to around Php6,667.00 per share in order to meet the required regulatory minimum net worth. He noted that we have submitted to the IC on different occasions two action plans as a way to give sufficient time and leeway for the company to overcome its deficiency. Unfortunately, neither one was approved, and with this it eventually led the IC to place CHSI under conservatorship.

Faced with this extreme difficulty, the President opined that only two alternative solutions appear to be available, one is for additional cash infusion from the stockholders, the other is to find the proverbial white knight willing to invest in the company. After further discussion, the body **upon motion made and seconded authorized the President to search for a potential investor and to negotiate the terms and conditions beneficial to the company, and should there be such an investor any proposal made shall be presented to the Conservator for review and finally to the IC for approval.**

The President also informed the body that another stockholders' meeting will be called to apprise the shareholders of the investor's proposal, if there be one.

X. ADJOURMENT

There being no other further business to transact, the meeting was adjourned at 11:04 a.m.

Certified Correct:

CHARLES B. ESCOLIN

Corporate Secretary

**** NOTE: Minutes of meeting subject to approval during the next regular stockholders' meeting***