



AFPMBAI

2017

ANNUAL REPORT



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VISION

"By 2025, a customer-centered organization operating in accordance with global standards, preferred and trusted by its members in providing full financial security and protection."

MISSION

"To provide our members the most responsive insurance protection and investments, affordable housing/financial products, and meaningful social services."

VALUES

With the guiding faith to the Lord God Almighty, we adhere to the following:

•Customer-Centered •Integrity •Social Responsibility •Prudence •Professionalism

HISTORY

of The Armed Forces and Police Mutual Benefit Association, Inc.

Abuluyan, or passing of the hat for voluntary financial assistance to the families of fellow soldiers who got killed-in-action was a tradition which gave rise to the Armed Forces of the Philippines Mutual Benefit System. The system was created under the Letter Directive from the Headquarters of the National Defense Forces on February 22, 1949 to provide protection and security to its forces after World War II and during the height of the anti-dissident campaign. The need to have a corporate existence eventually emerged and led to a non-stock, non-profit corporation - Armed Forces of the Philippines Mutual Benefit Association, Inc. on September 1, 1965. The name was later changed to Armed Forces and Police Mutual Benefit Association, Inc. (AFPMBAI).

The Association was registered with the Securities and Exchange Commission on January 13, 1966. In March of the same year, the Insurance Commission also granted the Association the authority to start its mutual benefit operations. The AFPMBAI then became under the management of the AFP Chief of Staff on November 6, 1975 in accordance with President Ferdinand Marcos' Letter of Instruction No. 333 that aimed to improve the services for the uniformed men and women of the Philippines. It has established two financial institutions -- the Armed Forces and Police Savings and Loan Association, Inc. (AFPSLAI) on December 1, 1972, and the Armed Forces and Police General Insurance Corporation (AFPGEN) on March 22, 1979.

To date, the AFPMBAI membership includes personnel from the Philippine National Police (PNP), the Bureau of Fire Protection (BFP), the Bureau of Jail Management and Penology (BJMP), and the Philippine Coast Guard (PCG).

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Message from the Chairman



GEN REY LEONARDO B GUERRERO AFP (RET)

AFP Chief of Staff and
AFPMBAI Chairman of the Board
Oct. 2017 - Apr 2018

I would like to congratulate AFPMBAI for overcoming various challenges and for its continuing growth through the years. As of December 2017, our association is still the largest mutual benefit association in the country in terms of assets. May I also commend the AFPMBAI work teams for their extra effort in helping our members and the people who were negatively affected during the Marawi crisis.

Our growth as a mutual benefit association must be directly felt by our members by providing the highest insurance benefit at the least cost to them. This should be the primary purpose for our association's existence. While this is a tall task, our members deserve no less. If our members have reasons not to patronize our products, our association will no longer be viable in the long term. Therefore, there is no other option but to address

their legitimate concerns and work hard to achieve our vision to be a customer-centered organization operating in accordance with global standards that is preferred and trusted by our members.

While we celebrate our successes and recognize the contributions of those who served before us, a lot of work needs to be done. We need to transform, achieve new milestones, and create new standards for measuring our success. As we buckle down to work, may I encourage all concerned to give your best effort and face the challenges with open hearts and minds. Let us put to action our philosophy of service that "the needs of our members and their families come first." If we put our heart to this endeavor, our association will remain relevant for years to come.

I am thankful to have been part of this journey. May God bless our association and guide us for more success.

Message from the Chairman



A handwritten signature in black ink, appearing to be 'Eduardo M Año'.

GEN EDUARDO M AÑO AFP (RET)

AFP Chief of Staff and
AFPMBAI Chairman of the Board
Dec. 2016 - Oct. 2017

True to its mission of providing members with the most responsive financial products and meaningful social services, I salute AFPMBAI for its outstanding efforts despite the current challenges faced in the months that passed.

Faced with the challenges brought about by the Marawi siege, AFPMBAI has gone beyond the norms of product offerings and proved to be a reliable partner of affected members and their families. The Association took to heart its role as a dependable presence, as it brought both financial and material aid to our affected soldiers and civilians, at the heart of Marawi itself. This is the true essence of what “Maaasahan Sa Oras ng Pangangailangan” really means.

With this, I encourage the men and women behind AFPMBAI to continue the good work of easing the hearts and minds of members, so that they can continue

to fulfill their responsibilities with the knowledge that AFPMBAI will always be a partner they can depend on. Together we can do our share in contributing to the nation's progress through fulfillment of these endeavors for our members.

Mabuhay, AFPMBAI!

Report of the President and CEO



AFPMBAI has gone a long way in adapting to the country's changing economic conditions, especially during 2017, the year that the country has just stabilized from the previous year's national election results.

As always, the Association managed to perform commendably throughout the year, evidenced by its significant financial performance and completion of its corporate goals for CY2017.

FINANCIAL PERFORMANCE REVIEW

From the purpose of its origin, where a group of soldiers instituted the advocacy of "abuluyan" or "damayan", AFPMBAI has grown to be the largest mutual benefit association in the country in terms of assets, based on 2016 Insurance Commission's Annual Report.

The Association has registered total assets of P21.62 billion in 2017, 20% higher from its restated total assets of P18 billion in 2016.

Its net income also showed a favorable increase of P2.01 billion from its restated net income for 2016 at P537.73 million to P2.01 billion for the period of 2017. This is due to the increase in fair market value of P1.4 billion of its real estate investment properties.

Other significant contributors to the Association's income came from its premiums and interest payments from investment of financial assets brought by Management's efforts on securing the lives of members through massive caravans and upgrade on insurance products.

The Association's legal policy reserves posted a balance of P10.3 billion, posting a reliable assurance that the members' insurance policies are secured and that the organization has enough resources to fund the members' claims as they fall due.



AFPMBAI Condonation Program at Bureau of Fire Protection, Cordillera Administrative Region, Regional Office

SERVICE AND BENEFITS

The Association's favorable results of operations were, as always, geared towards the intent of improving the lives of its members. The high income of the organization meant more funds to be provided for the needs of the members.

For 2017, the Association has processed and released P1.09 billion worth of living benefits for 24,567 members; and a total of P170.26 million death benefit claims to the beneficiaries of our 2,410 members.

The Association also granted a total of P185.03 million in mortgage loans for 117 members, and a total of P89.57 million in housing loans for 177 members.

AFPMBAI also recognized the patronage of its members by declaring policy dividends on its participating insurance policy holders in the amount of P165.2 million for 2017, and P146.3 million dividends declared in 2016, higher by P50.3 million, benefiting 155,451 member policyholders.

Also, as part of AFPMBAI's commitment to improving the lives of the members and their families, the Association has further improved its Comprehensive Financial Assistance Benefit (CFAB) in support of the request of former AFP Chief of Staff, General Ricardo Visaya in 2016.

CFAB benefits are supplementary benefits given to all members (killed, wounded, or injured) for free, on top of life insurance benefits from their basic insurance plan.

Thus, from General Esperon's term in 2008, the CFAB has increased from P50,000 KIA to P150,000 KIA during General Visayas' term. Most recently, it has been increased to P200,000 KIA, approved during the time of General Guerrero and implemented in 2018.

For 2017, the Association processed and released a total of P29.37 million Comprehensive Financial Assistance Benefits to members killed in action, wounded in action, those who got injured and incurred sickness while performing their duties.

For the basic insurance of the members, a projected equity fund of their 0.5% basic insurance will increase because of the new base pay, with an assumption that they were enrolled with AFPMBAI from the time they were a Private or 2nd Lieutenant. For enlisted personnel, this is projected to increase from P68,000 to P120,000, and for officers, from P120,000 to P176,000 at age 56.

The members' insurance coverage has similarly increased because of the new base pay.

However, if the member has upgraded their basic insurance to 1.5% of their base pay, their insurance and equity fund will increase three times. Thus, their projected equity fund from 1.5% basic insurance will increase three times to P360,000 for enlisted personnel and P530,000 for officers, respectively.

Members who have enrolled in AFPMBAI's E-56 retirement plan (this is automatic for the BFP), are doing themselves a favor because this is forced savings on the members' part. It will give the member higher retirement/separation benefits at age 56.

LINGAP MARAWI

AFPMBAI initiated a donation drive dubbed as Lingap Marawi to support the Marawi soldiers and victims. The employees dedicated their time and donated ready-to-eat food, groceries and other basic needs, for both civilians and soldiers.

Relative to the said incident, the Association also held its CSR initiative by way of a fun run held on 26

August 2017 dedicated to the Marawi victims, dubbed as “Run for the Troops”.

Some 1,600 runners from the different branches of service, AFPMBAI employees and civilian fitness enthusiasts participated in the fun run.

For the said initiatives, the Association has accumulated a significant amount of donation from the said fun run and deliberate savings from company activities to support the needs of the Marawi troops including civilians affected in the area.

We were able to turn over donations in Brgy Bubong and Camp Ranao (two of the most unreachable communities in Marawi) where a total of 450 families benefited from the distributed donations.

Donations were also made at Mapandi and Capitol Complex in Marawi City which included relief packs and children’s toys for the internally displaced families and children in the said area.

Some of the Management personally visited and distributed donations to the wounded in action member-soldiers admitted in Camp Evangelista Station Hospital in Cagayan de Oro City, and at the AFP Medical Center in V. Luna Road, Quezon City.

MANAGEMENT IMPROVEMENTS AND UNDERTAKINGS

All of the improved services and benefits were undertakings set by Management.

Every year, we set the Association’s targets and devise strategies through the guidance of the Board of Trustees. The AFPMBAI aims to get better and remain to be one of the best and leading mutual benefit associations in the country. This year, the Association successfully put in place a few initiatives, bringing AFPMBAI nearer to its vision.

Performance Management System and Competency Development

Management installed a Performance Management and Development System (PMDS) to all levels, from executives to rank and file employees. The PMDS is a key organizational intervention aimed at achieving a consistently high level of productivity. It lays down the groundwork for the reward system, career development, promotions, and other Human Resources developmental approaches.

Competency profile and assessment for managerial and supervisory posts were completed, together with their respective training plans. The staff level’s competency was 95% done and their training plans were also crafted.

Moreover, continuous training/seminars for the learning and growth of the employees were being provided continuously.

We continued developing AFPMBAI’s information system through further integration of business processes. Tests and assessments were conducted to enhance the said processes.

Integrated Information System

For the last quarter of CY2017, the Management has initiated an organizational transformation team to launch an integrated information system that is customer-facing, straight-through, accurate and timely, resulting in more efficient operations.

The new integrated system is envisioned to serve the members as a one-stop shop, wherein they will be talking to one person for all transactions in all the AFPMBAI’s 18 branches, or in a number of the Association’s 38 extension offices nationwide.

Improved Collection Mechanism

For the convenience of the members, the AFPMBAI has accredited Land Bank of the Philippines (LBP) as additional payment option, enabling the members to transact online through LBP’s e-payment facility. This is the fourth among the collection facilities engaged by the Association, in addition to UCPB branches, LBC Express and SM Payment Centers.

Improved Cash Funds Availability at the Branches

In line with the goal to improve the Association’s services at the branches and extension offices, the Association adopted the Automatic Transfer Arrangement (ATA) with United Coconut Planters Bank (UCPB) for faster fund replenishment on the said areas. The said facility efficiently manages the Association’s disbursements and processes the branches’ working funds.

Brand and Customer Satisfaction Study

A brand and customer satisfaction study was also conducted during the first semester of last year

by a private firm engaged by AFPMBAI. The result of the survey showed a very satisfactory rating of AFPMBAI's products and services, which demonstrated how the Association fulfilled its mission and commitment in serving its members.

However, more brand presence is needed to reach out to more uniformed personnel.

Enhanced Communication Channels

To reach more members and to help them learn about product features and benefits, the Association has become more aggressive in using Digital Marketing through Facebook, Instagram and Twitter. Through these digital channels, the AFPMBAI can respond to its members' complaints and service requests faster and engage with them. Truly, the Association is dedicated in giving its members a distinct customer experience that the AFPMBAI can be proud of nationwide.

Human Resource Management

AFPMBAI conducted several trainings and granted off-house seminars for the learning and growth of its employees. The sales personnel as well as the sales agents of the Association also underwent sales and sales planning seminars.

CONTINUING PROGRAMS

Every year, AFPMBAI conducts an assessment of the completion of its initiated programs aligned with its strategic goals. Most of these programs require continuous implementation.

For the same period, we have released the AFPMBAI Members' ID Card, now with the EMV chip, a security feature based on global standards for debit card payments.

Also set and performed every year, are marketing efforts aligned with the strengthening of the Association's branding image through caravans, social services donations and sales promotions. Further, a market study conducted on the members helped us be more attuned to the lifestyle and interest of the members, allowing us to plan for a stronger branding game plan. This brought about the birth of AFPMBAI's Facebook, Instagram and Twitter corporate accounts, meant to bring the Association more accessible to the members. There are product updates, helpful information on insurance and real estate availment, and other announcements

of special promotions. These social media accounts have also become another platform for responding to members' inquiries, ensuring that all inquiries are responded to within the same day of posting.

The implementation of the Document Management System (DMS) installed in 2016 is almost complete and is now coordinated to the different divisions of the Association for their use.

SPECIAL PENALTY CONDONATION AND REWARDS PROGRAM

Another program initiated last year was the Special Penalty Condonation and Rewards Program designed by the Association as an expression of its concern for the financial welfare of its members tagged as, "AFPMBAI: 52 Years of Heartfelt Service". The program aims to provide assistance to members with past due accounts who have financial predicaments ranging from family members' having medication, limited source of income and others for insurance and real estate loans. Through the condonation program, members were given the chance to pay the balances of their obligations and were given rewards for updating their premium payments.

FACING THE CHANGES AND CHALLENGES

While so much had been done and accomplished, we, at AFPMBAI, will continue to serve the welfare and benefit of our members and their families. We take inspiration from the valiant efforts of our uniformed personnel in facing the different odds and difficulties in the performance of their duties. We will face challenges, as well as changes, with the courage and gallantry they demonstrate in serving our country. We will push efforts for the completion of the AFPMBAI Integrated System.

The Association is currently planning for the temporary and permanent relocation of AFPMBAI offices in preparation for the DPWH road-widening project along Col Bonny Serrano Road.

These changes and challenges impose a great impact on the operations of the Association, but rest assured that team AFPMBAI, composed of the Board of Trustees, the management and employees, will remain firm to its commitment and trademark, "AFPMBAI, Maaasahan sa Oras ng Pangangailangan."

AFPMBAI's commitment of excellent service and exceptional customer experience is our salute to their service.

Corporate Social Responsibility Report

AFPMBAI SOCIAL SERVICES PROGRAM: A RAY OF HOPE

In the course of serving as a proactive catalyst in the improvement of the lives of its members, the AFPMBAI has institutionalized a value proposition of service that sets it apart from others. Through its Social Services Program (SSP), the AFPMBAI has embraced its own unique brand of Corporate Social Responsibility (CSR), intending to create a wave of positive impact through strategic and beneficial transformational projects.

For the past seven years, the AFPMBAI's CSR program has evolved to best respond to the dynamic needs of the major services in the form of three major flagship programs namely: Health, Education and General Welfare. Not only has the AFPMBAI been a staunch advocate of meaningful social services, it has also been a multi-dimensional ray of hope in the way it carries out notable endeavors and programs through the years. Since 2012, we have accommodated a total of 87 scholars under the GRADE Program, and to date, a total of 54 scholars have graduated and earned degrees through the help of the Association.

Under the guidance of an unwavering Social Services Program Committee tucked under the AFPMBAI Board of Trustees, the program has gone beyond what is expected by being a game-changer in the way it carries out the mandate of CSR. With core values that serve the AFPMBAI mission, the SSP continues to carry out projects that hinge on improving the lives of its members and their families.

EMPOWERING THROUGH EDUCATION

Believing that Education holds the key to a bastion of opportunities, the AFPMBAI through its "GRAnts for Dependents" (GRADE) program, assures dependents of members who were either fallen or were met with physically debilitating challenges in



Run for the Troops, a fun run event for our soldiers who fought for the Marawi.

the performance of their duties, that their academic education is taken care of.

In 2017, a total of 36 member-dependents were given scholarships under the GRADE program for the Tertiary level. Sixteen of the said scholars have already earned their college degrees. On that same year, the SSPC has extended its magnanimous reach to include dependents who belong to the Junior and Senior high school levels.

Another notable undertaking is its Early Childhood Care and Development (ECCD) project that builds school facilities for the dependents (ages 6 years and below) of members assigned to different camps/headquarters, in the performance of their sworn duties. For 2017, a total of P4.44M was allocated in support of this program.

A FOCUS ON HEALTH AND FITNESS

Under the Health flagship program, donated equipment provide an avenue to support the medical assets of the various major services units. In 2017, a total of 24 dental chairs with complete accessories were turned over to the Philippine Army (PA), Philippine National Police (PNP), Bureau of Fire Protection (BFP), Bureau of Jail Management and Penology (BJMP), and Philippine Coast Guard (PCG) under the Dental and Oral Care (DOC) Project.



ECCD Handover Ceremony at Mechanized Infantry Battalion with Guest of Honor Brigadier General Felicisimo Budiongan AFP, assistant deputy commander of the MID

For its Healthy and Active Lifestyle (HEAL) Project, health and fitness-related equipment provided support for the physical well-being of members. A total donation of 17 gym packages to the Armed Forces of the Philippines General Headquarters (AFP-GHQ), PA, Philippine Navy (PN) and BJMP as requested from the AFPMBAI, were facilitated. To complement the said project, 59 sports package requests were granted to the AFP-GHQ, PN, PA, PNP and BJMP.

To assist in the needs for emergency, security and evacuation conveyances of our members, the AFPMBAI donated 13 Ambulance Vehicles to the PA, PNP, BFP, BJMP and PCG; four Patrol Cars to the PA, PNP and BJMP; and three E-Cars to the PA and PNP under the Calamity Assistance and Resistance Equipment (CARE) project. For its Adopt-a-Ward project, hemodialysis machines, surgical tables,

cardiac monitors and defibrillators were handed over to the AFP GHQ, PAF, PA, PNP for 2017.

FINANCIAL MANAGEMENT AND WELLNESS

In the true spirit of uplifting CSR to its loftiest, AFPMBAI has launched the Livelihood, Education And Development (LEAD) seminar series which aims to further empower and promote financial literacy to the members. The principle is that an informed and financially literate member sustains the mutually beneficial, symbiotic mandate of the AFPMBAI to its members. The more financially well the Members are, the closer it brings the AFPMBAI's mission and vision to fruition. For 2017, the LEAD seminar series covered the areas of Cebu, Tarlac, Legazpi, Camarines Sur, Bukidnon, and at the Home Office in Manila. During the two-day event, subject matter experts from the disciplines of investment, trading, and entrepreneurship shared their time and knowledge in providing participants with ideas on how to stretch and plan for a financially well-managed future. A total of 675 members and civilian staff attended.

NON-FLAGSHIP PROGRAMS

To address requests that do not form part of the flagship programs, the AFPMBAI has opened its doors to special operations and strategic philanthropic requests. These requests range from the partnerships for the major services units' events and advocacies, to office equipment related to the conduct of the smooth order of business such as air conditioning units, computer packages, imaging and multimedia equipment, brush cutters/pruners, chainsaws, rescue gear, utility vehicles, and security equipment to name a few.

REST AND RECREATION

For the objective of boosting the morale of the major services units on the ground and in the field, the AFPMBAI has likewise provided equipment that promote recreational activities. Hence, as part of the General Welfare Programs of 2017, the Members' Entertainment (ME) Project was able to give out a

total of 273 entertainment packages to the AFP GHQ, PN, PA, PNP, and BJMP. The package is composed of a sing-along system complete with amplifier, DVD player, digital TV, and a set of speakers.

COMMUNITY BUILDING

To ripple CSR to greater lengths, the AFPMBAI, through its Rebuilding, Empowering, Advocating Change (REACH) projects, make strengthening communities an avenue for emphasizing voluntary involvement in response to social issues. Through these endeavors, social responsiveness is made fundamentally multi-dimensional, and embodies a large and varied range of reach and visibility to the AFPMBAI's stakeholders. During the Marawi Incident of 2017, the AFPMBAI made its cause more pronounced through one of its REACH initiatives: "Run for the Troops"—a fun run event open to the major services units and the general public. This record-breaking event had an unprecedented participation of more than 1,600 runners, from a projected 750. Moreover, through this project, the AFPMBAI was able to donate P500,000 from the proceeds of the event as well as from its SSP savings, to assist in the AFP's peacekeeping efforts in Marawi. Corollary to this, a concerted effort of the employees nationwide was able to provide

donations for the essentials such as clothing, food, water, medicines, and personal hygiene items for the men and women assigned in Marawi at the time.

Another REACH initiative was the Blood Donation drive held at the National Fire Training Institute in Laguna, AFPMBAI Home Office, and the Navy Education Training Command in Zambales, respectively, gathering a total of 470 donors. The blood bags were collected and turned over to its partner beneficiary, the National Kidney Institute of the Philippines.

While staying true to its commitment, "Maaasahan sa Oras ng Pangangailangan," the Association is also diligently determined to further financial and social services for its members and their families. Truly, a protected member and a secured future for his or her family fuels the Association's dedication to serve better and improve their quality of life altogether, making him or her a more empowered citizen who effects positive changes in society.



AFPMBAI turns over checks amounting to a total of P500,000.00 for Marawi Troops. (L-R) SMS Vicente V Salcedo PN (M), CMS Roberto D Gimenez PA, BGen Librado B Moog AFP (Ret), RAdm Philip L Cacayan AFP (Ret), RAdm Primitivo P Gopo AFP (Ret), Gen Eduardo M Año AFP (Ret), CMS Michael Phidias A Margallo PA, MCPO Antonio Tuble PN

Governance Report

In 2017 and the first quarter of 2018, the AFPMBAI demonstrated its steadfast commitment to improve its corporate governance practices and align these with international standards, as embodied in the ASEAN Corporate Governance Scorecard (ACGS). After making conscious efforts in the past two years, the Insurance Commission (IC) and the Institute of Corporate Directors (ICD) acknowledged AFPMBAI as 4th in rank in the mutual benefit association (MBA) industry, and 19th overall, to include the insurance industry, in the ACGS. This is a significant leap from the Association's 2016 ranking as 5th among all MBAs and 31st overall. Our notable improvement in this area of corporate governance is a result of the dedication of the AFPMBAI Board of Trustees, the Management Team, and all the employees of the Association to deliver the best service possible to its members and stakeholders by establishing the proper systems to ensure that their interest in the Association is protected and upheld.

ANNUAL GENERAL MEMBERSHIP MEETING

Perhaps the best testament to our commitment to uphold our members' rights in AFPMBAI is regularly holding the annual general meeting of our members to give them the opportunity to take part in making decisions on matters concerning the Association, in choosing the members of its Board of Trustees, and in ratifying all acts done by the Board and Management for the previous year. In the Annual General Membership (AGM) Meeting, the members are also given a chance to be updated on the status of AFPMBAI operations and financial standing, as well as the chance to be heard, with the AFPMBAI leadership fully open to receiving their suggestions and answering their queries.

The Association's AGM was held on 29 April 2017 at the AFPMBAI Head Office at Col Bonny Serrano Avenue corner EDSA, Quezon City, with a record increase of 120% in attendance compared to the previous year. All the branches of service composing the regular members of the Association were represented by the attendees. Then Board Chairman, GEN EDUARDO M AÑO AFP, affirmed to the members that the AGM is their principal right because it provides them the opportunity to interact with the management, to view the annual report that contains the organization's performance and strategies, and exercise their voting rights on current issues and on the appointment of a new set

of Board of Trustees. He said that the assembly is also an affirmation of the Association's pledge to continuously improve the delivery of its services, and to prioritize its objective to achieve a customer-centered organization operating in accordance with global standards.

Then Acting President of AFPMBAI, RADM PRIMITIVO P GOPO AFP (RET), also updated the members on the operations of the Association, its financial performance for CY2016, compliance with regulatory agencies, benefits given to the members, improvements in Management, and corporate social responsibility activities. Then Chairman of the Board's Investment Committee, CSUPT CESAR HAWTHORNE R BINAG PNP, also informed the members of a P275M capital infusion to AFPGEN in 2016. This action of the Board was ratified after settling all comments raised to the satisfaction of the members.

During the AGM, the members also freely gave their comments and suggestions when the agenda for the Ratification of the Acts and Resolutions of the Board of Trustees, Corporate Officers and Management were taken up. It was also through the recommendation of the members that the proposed amendment to the Association's By-Laws was deferred for further study – a testament to the sincerity of the Association in heeding the

voice of its membership and acting upon their recommendations as a collective body. Other queries from the membership were answered by the BOT Chairman and members of the Board of Trustees and Management, to the satisfaction of all those present.

The AGM gave the Association's members the opportunity to elect the members of the AFPMBAI Board of Trustees. Prior to the AGM, a Nomination Committee was created to screen the nominees for the Board seats of the Association. Careful screening was undertaken to ensure that the nominees' qualifications were aligned with the strategic direction of the Association, particularly with regard to its objective to serve the members through products and services designed to serve their needs.

A Committee on Election (COMELEC), composed of members of the Judge Advocate General Service (JAGS) and chaired by the Judge Advocate General, independent of the Board and Management, presided over the nomination and election proceedings. The COMELEC Chairman, Col Ser-Me L Ayuyao JAGS (GSC), informed the regular members present of the voting and vote tabulation procedures to be used prior to the start of the proceedings, for an orderly conduct of the election. He then asked those who will nominate candidates to state their full name and the full name of the regular members being nominated. After the election, the COMELEC Chairman declared the following as the duly-elected members of the Board of Trustees:

Board Members Elected During the 2017 Annual General Membership Meeting	Age	Academic Qualification	Date of First Appointment
Gen Eduardo M Año AFP	55	Training in Corporate Governance	7 Dec 2016
MGen Robert M Arevalo AFP	55	Master in Management, AIM; Professional Development Program, ICD; Training in Risk Management	30 Sept 2016
RAdm Primitivo P Gopo AFP (Ret)	57	Master in Management, Training in Corporate Governance and Risk Management	29 Apr 2017
MGen Arnel M Duco AFP	54	Training in Corporate Governance and Risk Management	26 Jan 2017
RAdm Jande S Francisco AFP	53	Master in Public Administration, Training in Corporate Governance and Risk Management	29 Apr 2017
MGen Rozzano D Briguez AFP	55	Master in Business Management- AIM, Master in Project Management- UNSW Australia; Training in Corporate Governance and Risk Management	29 Apr 2017
CSupt Cesar Hawthorne R Binag PNP	51	Master in Public Administration, Harvard; Program in Public Policy and Management, Harvard; Master in Development Management, AIM; Professional Development Program, ICD	30 Jan 2015

Board Members Elected During the 2017 Annual General Membership Meeting	Age	Academic Qualification	Date of First Appointment
CSupt Aurelio C Trampe Jr PNP	55	Bachelor of Laws, Training in Corporate Governance and Risk Management	26 Jan 2017
RAdm Rolando D Legaspi PCG	53	Training in Corporate Governance, Performance Management, and Strategic & Critical Thinking, and Risk Management	8 Oct 2016
CSupt Allan S Iral BJMP	48	Master in Management, Training in Corporate Governance and Risk Management	29 Apr 2017
CSupt Leonides P Perez BFP	55	Master in Business Administration; Training in Personnel Management, Corporate Governance and Risk Management	15 Sept 2016
LtGen Raul S Urgello AFP (Ret) – Independent Trustee	73	Training in Corporate Governance and Risk Management	15 Sept 2016
BGen Florentino P Manalastas AFP (Ret) – Independent Trustee	58	ISO 9000-2000 Series Lead Auditor Course, PERA Neville Clark, 2006 Candidate for Executive Doctorate in Education Leadership, Development Academy of the Philippines Master in Business Administration, UP Diliman Manager Development Program, Mt Eliza Business School, Australia Bachelor of Laws, St Louis University-Bagui Training in Corporate Governance and Risk Management	30 Sept 2016
Commo Virgilio S Garcia AFP (Ret) – Independent Trustee	58	Training in Corporate Governance and Risk Management	26 Jan 2017
FCMS Romeo H Jandugan (INF) PA	58	Training in Corporate Governance and Risk Management	29 Oct 2015

The duly-elected trustees, having been in active service for many years, gained relevant experience in governance, strategic leadership, asset management, and other business competencies that are invaluable to the Association. Since many of the re-elected members of the Board have been serving since 2015/2016, they have already gained the knowledge and experience necessary to ably govern the Association in the face of many challenges in the industry.

The AGM also gave the members an opportunity to raise questions to the Board of Trustees on the selection of the Association's external auditor, with suggestions on how the general membership can best participate in the selection process.

CONTINUING EDUCATION PROGRAM

All the trustees of the Association are given an orientation on the operations of AFPMBAI when they first assume their positions in the Board. This orientation usually coincides with their first Board Meeting following their election during the AGM. Should individual trustees require a more detailed orientation, the Strategic Management Office conducts a one-on-one session with them to discuss their queries and address more specific matters of concern.

Following their assumption as trustees, the members of the Board are required to attend the Corporate Governance Orientation Program (CGOP) of the Institute of Corporate Directors (ICD), a one-day program to orient them on the corporate governance standards and best practices observed in Asia and globally. Some members of the Board, including our Corporate Secretary, have already attended the Professional Development Program (PDP) of the ICD, a five-day program that provides a more in-depth look at the challenges of establishing best practices in the workplace.

The Association's Corporate Secretary, Atty Renato A David, also undergoes continuous legal training (Mandatory Continuing Legal Education or MCLE) at the UP Law Center. For 2017, Atty David and the Chairman of the Governance Committee prior to the AGM attended a two-day financial course with the Center for Global Best Practice to enable them to better analyze the Association's financial statements.

Every year, the Association also conducts a Continuing Education Program (CEP) for all its trustees, including the Corporate Secretary and key members of Management, wherein speakers from IC, ICD, and the business sector provide updates on topics relevant to the Association. For 2017, AFPMBAI was privileged to have the guidance of the Insurance Commission through their representatives: Ms Julia C Dueñas, Division Manager for Non-Life Examination, Mr Carlo Garcia, Supervising Insurance Specialist for the Life and Mutual Benefit Associations Sector, and Ms Imari Plana, Insurance Specialist II.

Mr Roberto T Bascon Jr, Director for Corporate Governance Scorecards from the ICD, also oriented our CEP participants on the value of the ASEAN Corporate Governance Scorecard, particularly how it can improve the Association and bring it up to par with its counterparts in the country and the region. And, with good reviews from all participants, Professor Tomas Tiu gave a very informative two-day seminar on Corporate Governance, as it relates to Finance, and on Risk Management.

The CEP endeavors to equip the members of the Board, as well as Management, on how best to govern and operate the Association according to best practices and global standards. The Program has succeeded in this endeavor in 2017 through the application of the knowledge gained in AFPMBAI's day-to-day operations.

BOARD AND BOARD COMMITTEES

It has become the practice of the Association to set all the meetings of the Board and Board Committees for the succeeding year by the 4th quarter of the previous year. Thus the meetings for CY2017 were set in December 2016; likewise, the meetings in CY2018 were set in November 2017. Management exerts its best effort to send all materials for Board Meetings electronically to the members of the Board at least five (5) working days prior to the Board Meeting.

For 2017, the Board of Trustees and Board Committees conducted the following meetings:

Meetings of the Board of Trustees for 2017

POSITION	BOARD OF TRUSTEES	ATTENDANCE 13 MEETINGS FOR 2017 AVERAGE QUORUM: 83%
Chairman	Gen Eduardo M Año AFP	73%
Chairman*(Oct 2017)	Gen Leonardo B Guerrero AFP	50%
Vice Chairman	MGen Robert M Arevalo AFP	93%
Member/President	MGen Edgardo Rene C Samonte AFP (Ret)	75%
Member/President* (Apr 2017)	RAdm Primitivo P Gopo AFP (Ret)	100%
Member	MGen Arnel M Duco AFP	85%
Member	RAdm Virme P Torralba AFP	75%
Member*(Apr 2017)	RAdm Jande S Francisco AFP	100%
Member	MGen Conrado V Parra Jr AFP	100%
Member*(Apr 2017)	MGen Rozzano D Briguez AFP	88%
Member	CSupt Cesar Hawthorne R Binag PNP	21%
Member	CSupt Aurelio C Trampe Jr PNP	62%
Member	RAdm Rolando D Legaspi PCG	79%
Member	CSupt Romeo S Elisan Jr BJMP	100%
Member*(Apr 2017)	CSupt Alan S Iral BJMP	100%
Member	CSupt Leonides P Perez BFP	93%
Member-Independent	LtGen Raul S Urgello AFP (Ret)	93%
Member-Independent	BGen Florentino P Manalastas AFP (Ret)	86%
Member-Independent	Commo Virgilio S Garcia AFP (Ret)	100%
Member	FCMS Romeo H Jandugan (INF) PA	100%
Member*(Nov 2017)	FCMS Lito A Tompayogan (INF) PA	100%

*Replaced the member in the previous row on the month indicated.

AFPMBAI has also established Board Committees to analyze and evaluate all matters to be presented to the Board of Trustees, to ensure that all information presented is accurate and will enable the Board to come up with an informed decision.

GOVERNANCE COMMITTEE

For 2017, the Governance Committee instituted improvements in the Association's corporate governance best practices through its oversight of activities concerning the general membership, compliance with regulatory agencies, and the crafting of strategic objectives and action plans. Among the Committee's accomplishments for the year are the successful conduct of the 2017 Annual General Membership Meeting, Continuing Education Program, and Board Retreat; deliberations on and endorsement of proposed amendments to the By-Laws; the designation of the Association's Compliance Officer and Alternate Compliance Officer, representatives to subsidiaries and affiliates, and bank and check signatories; the approval of the Association's strategic objectives, action plans, and budget for CY2018; and the review and update of the charters of all Board Committees, and appointment of members thereto.

For the first quarter of 2018, the Committee also recommended the performance assessment metrics for the Board of Trustees and its Committees, which was approved by the Board after initial deliberations.

The members of the Governance Committee and the Ad-Hoc Committees assisting it are the following:

Governance Committee

POSITION	BOARD OF TRUSTEES	ATTENDANCE 13 MEETINGS FOR 2017 AVERAGE QUORUM: 78%
Chairman (Ind Tr)	Commo Virgilio S Garcia AFP (Ret)	92%
Vice Chairman	CSupt Cesar Hawthorne R Binag PNP	31%
Member/President	MGen Edgardo Rene C Samonte AFP (Ret)	100%
Member/President*	RAdm Primitivo P Gopo AFP (Ret)	100%
Member	MGen Robert M Arevalo AFP	62%
Member	CSupt Leonides P Perez BFP	100%

*Replaced the member in the previous row.

Ad-Hoc Committee on Amendments to the By-Laws

POSITION	BOARD OF TRUSTEES	ATTENDANCE 4 MEETINGS FOR 2017 AVERAGE QUORUM: 95%
Chairman	CSupt Leonides P Perez BFP	100%
Vice Chairman	Atty Renato A David	100%
Member	MGen Robert M Arevalo AFP	75%
Member	Atty Maricarr Martinez-Mirabel	100%
Member	Atty Elizabeth Del Fonso-Hidalgo	100%

Ad-Hoc Committee on Review of Board Committee Charters

POSITION	BOARD OF TRUSTEES	ATTENDANCE 2 MEETINGS FOR 2017 AVERAGE QUORUM: 100%
Chairman (Ind Tr)	Commo Virgilio S Garcia AFP (Ret)	100%
Vice Chairman	Atty Renato A David	100%
Members	(Representatives from Management)	100%

AUDIT COMMITTEE

The Audit Committee (AudCom) assisted the Board of Trustees in fulfilling its oversight responsibilities for: a) the integrity of the Association’s financial statements, b) the Association’s compliance with legal and regulatory requirements and Code of Conduct, c) the External Auditor’s qualifications and independence, and d) the performance of the Internal Audit Office. Further, the AudCom has endorsed the following for the approval of the Board in 2017: Write-off of prescribed accounts and accounts of deceased borrowers, CY2016 Audited Financial Statement, and selection of the external auditor for the conduct of CY2017 Statutory Audit.

The Chairman of the Audit Committee, Independent Trustee BGen Florentino P Manalastas Jr. AFP (Ret), had training in the ISO 9000-2000 Series Lead Auditor Course, PERA Neville Clark in 2006. Aside from being a lawyer, he also has an MBA from UP Diliman. The incumbent Vice Chairman, RAdm Jande S Francisco AFP, has a graduate degree in Public Administration, while the other members also have graduate degrees in Management and/or a law degree.

Audit Committee

POSITION	BOARD OF TRUSTEES	ATTENDANCE 9 MEETINGS FOR 2017 AVERAGE QUORUM: 87%
Chairman (Ind Tr)	BGen Florentino P Manalastas Jr AFP (Ret)	100%
Vice Chairman	RAdm Virme P Torralba AFP	100%
Vice Chairman*	RAdm Jande S Francisco AFP	100%
Member	MGen Arnel M Duco AFP	50%
Member	CSupt Aurelio C Trampe Jr PNP	100%
Member	CSupt Romeo S Elisan Jr BJMP	100%
Member	CSUPT Allan S Iral BJMP	60%

*Replaced the member in the previous row.

INVESTMENT COMMITTEE

For 2017, the Investment Committee (ICOM) endorsed for approval to the Board of Trustees (BOT) the proposed strategic asset allocation, which served as a guide to the Association in managing its invested resources. Investment in corporate and government bonds amounting to P728.17M were also endorsed by the ICOM for info/approval of the BOT. Said investments afforded the Association with a regular stream of income.

For diversification and to widen AFPMBAI’s access to other investment outlets, the renewal of our Investment Management Agreement (IMA) with select banks remained under priority oversight of ICOM. With the surge in excess funds, the proposed deployment of P300M in IMA accounts and P5.17M in listed stocks were endorsed for info/confirmation of the BOT; likewise for the unloading of P70M investment in mutual funds and P5.17M in listed stocks with appreciation of above 15%, for gains of P15.22M.

For 2017, the ICOM also focused attention on the proposed sale of the Association’s Balara-Marikina Property, wherein payment in outright cash net of all taxes and other charges was also endorsed for BOT’s approval. With regard to the sale offer of AFPSLAI of its 78% shareholdings at P86.44M of Centennial Financing Corporation (CFC), the ICOM endorsed the Association’s recommendation to forego said offer.

The ICOM regularly assessed the monthly financial and operational performance of its 100% subsidiary, the AFP General Insurance Corporation (AFPGEN), relative to the terms and conditions of the Board for capital infusion required by the Insurance Commission.

Investment Committee

POSITION	BOARD OF TRUSTEES	ATTENDANCE** 10 MEETINGS FOR 2017 AVERAGE QUORUM: 78%
Chairman	CSupt Cesar Hawthorne R Binag PNP	40%
Chairman*	RAdm Rolando D Legaspi PCG	80%
Vice Chairman	MGen Conrado V Parra AFP	50%
Vice Chairman*	MGen Rozzano D Briguez AFP	100%
Member/President	MGen Edgardo Rene C Samonte AFP (Ret)	75%
Member/President*	RAdm Primitivo P Gopo AFP (Ret)	100%
Member	CSupt Leonides P Perez BFP	100%

*Replaced the Trustee in the previous row

**Includes joint meetings with the RMRPTC

RISK MANAGEMENT AND RELATED PARTY TRANSACTION COMMITTEE

Previously a part of the Audit Committee with focus on Enterprise Risk Management, the Risk Management and Related Party Transaction Committee (RMRPTC) broke away from AudCom to give more focus to its function of ensuring that appropriate systems for risk management and related party transactions (RPTs) are in place, and comply with applicable laws, regulations, and relevant standards. For 2017, the RMRPTC made significant contributions to the Association’s risk management efforts by apprising the Board of Trustees and overseeing AFPMBAI’s disaster recovery activities, business continuity plan, and safeguarding against related party transactions. The RMRPTC is also a major contributor to the Board in safeguarding against risk exposures in the Association’s equity investments and information systems.

Risk Management and Related Party Transaction Committee

POSITION	BOARD OF TRUSTEES	ATTENDANCE** 11 MEETINGS FOR 2017 AVERAGE QUORUM: 83%
Chairman (Ind Tr)	LtGen Raul S Urgello AFP (Ret)	100%
Vice Chairman (Ind Tr)	BGen Florentino P Manalastas Jr AFP (Ret)	55%
Member (Ind Tr)	Commo Virgilio S Garcia AFP (Ret)	100%
Member	MGen Conrado V Parra Jr AFP	75%
Member*	MGen Rozzano D Briguez AFP	50%
Member	Commo Virme P Torralba AFP	100%
Member*	RAdm Jande S Francisco AFP	100%

*Replaced the Trustee in the previous row

**Includes joint meetings with the ICOM

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee's (NRC) major accomplishments for 2017 include the deliberation on economic provisions of the Collective Bargaining Agreement (CBA) with the Employees' Union and the Compensation Plan for AFPMBAI Employees for CY 2017-2019. The NRC also ensured that a succession plan was in place for Board members and senior executives.

Nomination and Remuneration Committee

POSITION	BOARD OF TRUSTEES	ATTENDANCE 9 MEETINGS FOR 2017 AVERAGE QUORUM: 89%
Chairman	MGen Arnel M Duco AFP	88%
Vice Chairman	CSupt Romeo S Elisan Jr BJMP	100%
Vice Chairman*	CSupt Allan S Iral BJMP	40%
Member/President	MGen Edgardo Rene C Samonte AFP (Ret)	100%
Member/President*	RAdm Primitivo P Gopo AFP (Ret)	100%
Member	LtGen Raul S Urgello AFP (Ret)	89%
Member	FCMS Romeo H Jandugan (INF) PA	100%
Member*	FCMS Lito A Tompayogan (INF) PA	100%

*Replaced the Trustee in the previous row

SOCIAL SERVICES PROGRAM COMMITTEE (SSPC)

For CY 2017, the Social Services Program Committee (SSPC) accomplished the following: 1) Amended the Social Services Program on the following subjects: a) Management and Policy on Other/Small Donations, b) Implementing Rules and Regulations for all Social Services Program (SSP); 2) Streamlined the SSP into three flagship programs, namely, EDUCATION, HEALTH and GENERAL WELFARE; 3) Approved a donation schedule for three quarters while using the fourth quarter to reconcile and collate feedback for previously donated items; 4) Programmed the first Annual Procurement Plan (APP) for the social services donations through the SSP Catalogue that will be released every fourth quarter of the year; 5) Mounted the first-ever Fun Run event that was fully subsidized and funded by the proceeds of the event, of which a surplus of

P500,000 was donated to the AFP Marawi Peacekeeping Efforts; and 6) Approved the generic/brand free donation of items where applicable, in order to maximize on savings.

Savings are reported by the SSPC to the Board of Trustees to be converted into more programs still to benefit members of the major services. The Committee also initiated approval of the first-ever AFPMBAI Playground/Park at selected churches and/or schools.

Social Services Program Committee

POSITION	BOARD OF TRUSTEES	ATTENDANCE 11 MEETINGS FOR 2017 AVERAGE QUORUM: 85%
Chairman	MGen Robert M Arevalo AFP	82%
Vice Chairman	RAdm Rolando D Legaspi PCG	64%
Member/President	MGen Edgardo Rene C Samonte AFP (Ret)	100%
Member/President*	RAdm Primitivo P Gopo AFP (Ret)	86%
Member	CSupt Aurelio C Trampe Jr PNP	100%
Member	FCMS Romeo H Jandugan (INF) PA	100%
Member*	FCMS Lito A Tompayogan (INF) PA	0%**

*Replaced the Trustee in the previous row

**Trustee Tompayogan was only required to attend one meeting in 2017, but could not make it due to official business.

On 12 September 2017, the Board of Trustees had their annual Board Retreat to review the Association’s Mission, Vision, and Strategic Objectives. The strategic issues confronting AFPMBAI were also discussed and deliberated on, with proposed resolutions to be carried out by the Board, its Committees, and Management. The implementation of corporate strategies and major action plans was placed under the oversight of specific Board Committees, in order to ensure the accomplishment of corporate goals.

In December 2017, the Association’s non-executive directors also held a meeting without executives present in order to discuss matters in an executive session.

ANNUAL PERFORMANCE ASSESSMENT **BOARD OF TRUSTEES AND BOARD COMMITTEES**

In the first quarter of 2018, at the Governance Committee’s recommendation, the Board of Trustees instituted a performance appraisal system for the Board of Trustees and its Committees. The criteria for assessment of the Board’s performance was based on the accomplishment of its role and responsibilities as assessed by the Board Committees (25%), and as assessed by the Board Chairman (25%), the Board dynamics (30%), and the quality and timeliness of information provided to the Board (20%).

The performance assessment of AFPMBAI’s Board Committees is based on the accomplishment of their oversight functions on implementing the Association’s strategic objectives and major action plans. A specific weight is assigned to priority targets that the Board Committees have agreed to focus on for the subject year, as approved by the Board of Trustees.

INDIVIDUAL TRUSTEES AND CORPORATE SECRETARY

The performance of individual members of the Board is assessed using the following criteria: Ethics/Professionalism, Initiative, Service Representation, Communication Effectiveness, and Meeting Participation Effectiveness. Each criterion receives a maximum rating of 100%, with the final score being the average rating. Each Board member is evaluated by the Board Chairman and the Chairman of the Governance Committee. The Corporate Secretary is rated in a similar manner, but instead of Service Representation, the criteria used is Legal Expertise.

PRESIDENT AND CEO

The performance assessment of the President and only Executive Trustee is based on the corporate score of the Association, a score which effectively rates the performance of the Association with respect to the five (5) perspectives of its Balanced Scorecard, namely: Financial, Customer/Social Responsibility, Internal Business Process, and Learning and Growth. This portion of the President's assessment receives a maximum of 60 points. Part B of his assessment pertains to his rating on qualitative measures such as: Implementation of Board Resolutions, Effective Relationship with the Board, and Transparency and High Ethical Standards. Part B of the assessment receives a maximum of 40 points. The points are then added to come up with the final rating. The President is rated by all the members of the Board of Trustees, including the Chairman.

COMPLIANCE TO REGULATORY BODIES

The Association observes the rules and regulations as well as Circulars of the Insurance Commission (IC) and the Securities and Exchange Commission (SEC). The IC renewed the AFPMBAI license last January 1, 2016 via License No. 2016-25-R for continued business operations until December 31, 2018.

PRIVACY STATEMENT

The AFPMBAI upholds an individual's data privacy rights and observes that all personal information, sensitive personal information and privileged information collected and to be collected are processed and recorded, managed, organized, stored, updated, retrieved, consolidated, used, blocked and erased according to the Data Privacy Act of 2012 (RA 10173), its implementing Rules and Regulations (IRR), and various Circulars under the principle of transparency, legitimate purpose, and proportionality.

GREATER DISCLOSURE AND TRANSPARENCY IN AFPMBAI OPERATIONS

Through the Annual General Membership meeting as well as uploading in the company website of the ASEAN Corporate Governance Scorecard together with reference documents, the Association has embodied its obligation to the members and other stakeholders to be transparent and publicly disclose all acts of Management and the Board in order to ensure that all transactions are above board. We likewise regularly update the information on the company website as well as AFPMBAI's social media accounts, plus the electronic newsfeed on all TV monitors at the Head Office and the branches. This way, we can keep the members updated on what's happening to the Association thru easily accessible channels/media for their inquiries, comments, suggestions, or complaints.



RISK MANAGEMENT

Just like other organizations, AFPMBAI is confronted with challenges and threats in its operating environment. There is the potential for events and consequences that either provides opportunities for benefits or threats to success. As part of AFPMBAI's risk management activity, a Risk Register was established for each business unit to serve as registry of identified risks. Each head of respective departments/offices/ areas identifies the risks within his/her area of responsibility and manages and mitigates the impact of those risks. Aside from risk management, the Association also embarked into another main discipline, Business Continuity Management. Risk management and business continuity management are the Association's means to identify, manage and mitigate its business and operational risks.

The Association started Business Continuity Planning to ensure the maintenance or recovery of business operations, including services to members and other stakeholders when confronted with adverse events such as natural or man-made disasters.

There has been an adoption of a Business Continuity Management (BCM) Policy defining the framework for the implementation of business continuity management and providing the guiding principles for the Association to effectively prepare for and achieve the business continuity objectives in times of business disruptions. The Association's BCM aims to minimize financial loss to the Association, continue to provide products and services to members, and mitigate the negative impacts of disruptions on the Association's reputation, strategic plans and ability to remain compliant with applicable laws and regulations.

KEY RISKS

AFPMBAI ensures the identification and management of risks inherent and corollary to its business undertakings. The significant risks are the following:

Life Insurance Risk

The principal risk the Parent Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof differs from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Parent Company is to ensure that sufficient reserves are available to cover these liabilities.

Insurance risk includes premium/benefits risk, actuarial reserve risk and reinsurance risk. Premium/benefits risk is the risk of having to pay, from a premium that may be fixed for a specific term, benefits that can be affected by uncontrollable events when they become due. Adequacy of the actuarial reserves is monitored by an in-house actuary on a regular basis in accordance with local regulations. Reinsurance risk arises from underwriting direct business or reinsurance business in relation to reinsurers and brokers.

The Parent Company regularly assesses the reserving methodology in accordance with local regulations. Underwriting guidelines and limits for insurance and reinsurance contracts have been well established to clearly regulate responsibility and accountability.

The Parent Company manages these risks through its underwriting strategy and reinsurance program. However, the risk is also dependent on the policyholders' right to pay reduced or no future premiums, or to terminate the contract completely.

Source of Uncertainty in the Estimation of Future Claim Payment

Estimation of future claim payments and premium receipts is subject to unpredictability of changes in mortality and morbidity levels. The Parent Company adopts standard industry data in assessing future benefit payments and premium receipts as approved by the IC. Adjustments are made, if necessary, according to the experience of the Parent Company.

For individual life insurance, no adjustment is made by the Parent Company to the standard mortality table. For group life, accident and health insurance, the mortality table is adjusted to reflect the Parent Company's actual and projected experience which are given weights or credibility depending on the amount and length of exposure under consideration. The Parent Company currently monitors its actual experience on individual business on a per policy basis and on an aggregate basis, reporting the same to management.

The liability for these contracts comprises the IBNR provision, a provision for reported claims not yet paid and a provision for unexpired risk at reporting dates. The IBNR provision is based on historical experience and is subject to a degree of uncertainty.

Financial Risk Management

The Group and the Parent Company's risk management program is a continuing, proactive and systematic process that focuses on the identification and assessment of risks. To enable management to make strategic and informed decisions, the Group and the Parent Company recognize the importance of an effective financial risk management program.

The BOT adopted a number of policies to address these financial risks and their effects on financial performance. Risk management is carried out by the Finance Department and significant exposures are discussed in the BOT meetings.

Financial Risk

The Group and the Parent Company are exposed to financial risk through its financial assets and financial liabilities. In particular, the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations to the Group and the Parent Company's members and policyholders. The most important components of this financial risk are credit risk, liquidity risk and market risk.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Group and the Parent Company manage the level of credit risk it accepts through a comprehensive credit risk policy setting out the assessment and determination of what constitutes credit risk for the Group and the Parent Company; setting up of exposure limits by each counterparty or group of counterparties; right of offset where counterparties are both debtors and creditors; reporting of credit risk exposures; monitoring compliance with credit policy; and review of credit risk policy for pertinent and changing environment.

Credit risk exposure in respect of all other counterparties is managed by setting standard business terms that are required to be met by all counterparties. Commissions due to intermediaries are netted off against amounts receivable from them to reduce the risk of doubtful debts. The credit risk in respect of member balances, incurred on nonpayment of fees, will only persist during the grace period specified in the agreement.

The Group and the Parent Company strictly monitor the status of the financial assets and regularly evaluate the financial condition of the counterparties, provide the necessary allowance to the extent of the amount deemed unrecoverable.

Liquidity Risk

Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or counterparties failing on repayment of contractual obligations; or liabilities failing due for payment earlier than expected; or inability to generate cash inflows as anticipated.

The major liquidity risk confronting the Group and the Parent Company is the daily calls on its available cash resources in respect of claims from members and policyholders.

The Group and the Parent Company manage liquidity risks through specifying a minimum proportion of funds to meet operational requirements; specifying the sources of funding; concentration of funding sources; reporting of liquidity risk exposures; monitoring compliance with liquidity risk policy; and reviewing the liquidity risk policy for pertinent and changing environment.

Market Risk

Market risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. There are three types of Market risk, namely currency, interest rate and price.

Market risk arises from open positions in interest rate, currency and equity prices, all of which are exposed to general and specific market movements. The risks that the Group and the Parent Company primarily face due to the nature of its investments and liabilities are price risk and interest rate risk, respectively.

The following policies and procedures are in place to mitigate the Group and the Parent Company's exposure to market risk:

- ☒ Market risk policy which sets out the assessment and determination of what constitutes market risk for the Group and the Parent Company. Compliance with the policy is monitored and exposures and breaches are reported to the management committee. The policy is reviewed regularly for pertinence and changes in the risk environment.

- ☒ Asset allocation and portfolio limit structures are established to ensure that assets back specific liabilities.

- ☒ Diversification benchmarks by type of instrument are established.

Interest Rate Risk

The management of interest rate risk involves maintenance of the appropriate blend of financial instruments with consideration on the maturity profile of the security.

The Group and the Parent Company are not significantly affected by changes in interest rates because of their immaterial exposure on the revaluation of financial assets subject to interest rate risk.

Price Risk

The Group and the Parent Company's price risk exposure at year-end relates to financial assets whose values will fluctuate as a result of changes in market prices, principally listed equity securities classified as FVPL and AFS financial assets.

Such investment securities are subject to price risk due to changes in market values of instruments arising from factors specific to individual instruments or their issuers or factors affecting all instruments traded in the market.

The Group and the Parent Company's market risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plan, and limits on investment in each sector and market.

OVERSIGHT OF RELATED PARTY TRANSACTIONS

The Association established the Related Party Transactions Policy in compliance with Insurance Commission Circular No. 2017-29 in order to ensure that transactions between related parties are undertaken on an arms' length basis, fair; without conflict of interest, and serves the best interest of the AFPMBAI.

The Risk Management and Related Party Transactions Committee (RMRPTC) of the AFPMBAI Board evaluates the dealings and guarantees that the appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the RPT exposures.

ADHERENCE TO THE AFPMBAI CODE OF ETHICS AND CODE OF CONDUCT

A Code of Ethics is an integral part of AFPMBAI's sacred documents that emanates from the sincere desire of leaders and followers to be guided by lofty values and principles. The pillars of the Code of Ethics are honesty, fairness, respect for others, sense of equality, commitment, justice, and equity. These pillars stand on solid foundation of integrity and commitment to the highest professional and ethical standards in our industry and business. It espouses loyalty and devotion to the highest possible set of ethical standards that well-meaning organizations would like to implement.

The AFPMBAI Code of Ethics encapsulates what has been established, applied, and developed through the years. It is the fruit of professionalism, honesty, and pure concern to uphold the welfare and interest of the entire Association. It is the cornerstone of high ethical standards that should be strictly followed by all shareholders and stakeholders of AFPMBAI. It spreads the culture of good morals and trustworthy discipline.

Supporting the Code of Ethics is the Code of Conduct, which is the responsibility of all executives, managers, supervisors, and rank and file employees. In keeping with the core values of customer-centered, integrity, social responsibility, prudence, and professionalism, the AFPMBAI has adopted more positive motivation and less punitive measures in implementing the Code of Conduct. It aims to restore self-discipline, help affected employees rebuild their reputation and for erring employees, regain people's trust in them.

ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

The AFPMBAI is committed to maintaining the highest ethical standards and vigorously enforcing the integrity of our business practices nationwide. AFPMBAI will not engage in bribery or corruption.

WHISTLEBLOWER POLICY

The AFPMBAI subscribes to an open-door policy whereby employees, stakeholders, and members are encouraged to report in writing unethical practices to the concerned immediate superior, Head, HRD, the Chief Corporate Services Officer, respectively, as most problems in this area can be resolved swiftly. The said officers will accommodate problems on ethics. All stakeholders are responsible in preventing violations of law and for acting as whistleblowers in case of possible breaches of internal policies, rules, and regulations.

TRANSACTIONS WITH SUPPLIERS/CONTRACTORS

The Association adopts a policy that covers the accreditation, selection, bidding, and approval process for suppliers/contractors. The following factors are considered in the selection process: Eligibility, Legality/Authenticity, Cost, Quality of Service. The assigned Committee/s of the Management conducts a series of evaluations and deliberations to ensure transparency of transactions. Once the supplier is selected and approved, the Association faithfully abides with what had been agreed upon in the terms and conditions stated in the purchase order/contract.

EMPLOYEES' WELFARE

AFPMBAI is dedicated to maintaining a healthy and safe environment. The Association has an appropriate health and safety program, including facilities, to promote a better understanding and appreciation of the importance of health and safety in the workplace, at home and elsewhere.

Apart from that, AFPMBAI recognizes gender equality and the individual person's role in nation-building. The Association supports the Constitution and various laws that protect the rights of women and their children, including people with disabilities and of all sexual orientations or identities against all forms of discrimination, violence and harassment. Anyone in the Association to have committed the said offense will be subjected to disciplinary action, up to and including dismissal.

Board of Trustees



GEN REY LEONARDO B GUERRERO AFP (RET)

*Chief of Staff, Armed Forces of the Philippines
Chairman of the Board, AFPMBAI
Oct. 2017 - Apr 2018*



GEN EDUARDO M AÑO AFP (RET)

*Chief of Staff, Armed Forces of the Philippines
Chairman of the Board, AFPMBAI
Dec. 2016 - Oct. 2017*



MGEN ROBERT M AREVALO AFP
*Vice Commander, Philippine Army
 Vice Chairman of the Board of Trustees
 Sept. 2016 - present*



RADM PRIMITIVO P GOPO AFP (RET)
*President and CEO
 April 2017 - present*



MGEN ARNEL M DUCO AFP
*Deputy Chief of Staff for Personnel
 Armed Forces of the Philippines
 Jan. 2017 - present*



LTGEN ROZZANO D BRIGUEZ AFP
*Commander, Western Command
 Armed Forces of the Philippines
 April 2017 - Nov. 2017*



MGEN JOSE P TANJUAN JR AFP
*Vice Commander, Philippine Air Force
 Dec. 2017 - present*



RADM JANDE S FRANCISCO AFP
*Deputy Chief of Staff for Communication,
 Armed Forces of the Philippines
 April 2017 - present*



CSUPT CESAR HAWTHORNE R BINAG PNP
Regional Director, PRO 6, Iloilo
Philippine National Police
Apr. 2015 - Dec. 2017



CSUPT ALFRED S CORPUS PNP
Deputy Director, DPRM,
Philippine National Police
Jan. 2018 - present



CSUPT AURELIO C TRAMPE JR PNP
Office of the Chief of Staff
Philippine National Police
Jan. 2017 - present



CSUPT LEONIDES P PEREZ BFP
Chief Directorial Staff
Bureau of Fire Protection
Sept. 2016 - present



RADM ROLANDO D LEGASPI PCG
Acting Commander, Coast Guard District
NCR-Central Luzon
Philippine Coast Guard
Oct. 2016 - present



CSUPT ALLAN S IRAL BJMP
Deputy Chief for Operations
Bureau of Jail Management and Penology
April 2017 - present



LTGEN RAUL S URGELLO AFP (RET)
Independent Trustee
Sept. 2016 - present



BGEN FLORENTINO P MANALASTAS JR AFP (RET)
Independent Trustee
Sept. 2016 - present



COMMO VIRGILIO S GARCIA AFP (RET)
Independent Trustee
Jan. 2017 - present



FCMS ROMEO H JANDUGAN INF (PA)
AFP Sergeant Major
Oct. 2015 - Oct. 2017



FCMS LITO A TOMPAYOGAN INF (PA)
AFP Sergeant Major
Oct. 2017 - present



ATTY RENATO A DAVID, FICD
Corporate Secretary
July 2013 - present

AFPMBAI Management



RADM PRIMITIVO P GOPO AFP (RET)
President and CEO



RADM PHILIP L CACAYAN AFP (RET)
Head, Sales and Operations Group & COO



BGEN LIBRADO B MOOG AFP (RET)
Head, Corporate Services Group & CCSO



BGEN ROLANDO M AQUINO AFP (RET)
Head, Area and Branch Operations Division



REGINA B FAJOTINA
Head, Finance Division



LTCOL JEFFERSON C ALMAZAN PA (RET)
Head, Executive Services Division



BGEN MARCIAL O CONSTANTE JR AFP (RET)
Head, Administration Division



ANNIE D ARCE
Head, Insurance Sales Division



ATTY MARICARR T MARTINEZ- MIRABEL
Head, Legal Office



FE E GERONA
Head, Real Estate Division



FE V AGLIPAY
Head, Human Resource Division



CHRISTOPHER C FERNANDEZ
Head, Information Technology Division



GIUSEPPE LAURO E MORTA
Head, Marketing Division



GERALDSAM S AGBAY
*Head, Actuarial Office and
Head, Strategic Management Office*



JOCELYN T MIRANDA
Head, Internal Audit Office



ENGR FERDINAND D DE LEON
*Head, Safety, Security & Building
Administration Department*



JEFFREY RICHARD NIXON MATTHEW L UY
Head, Social Services Office



ATTY LYNELL L SESE
*Head, Litigation and Prosecution Unit
Legal Office*



MARIO C SERIOSA
*Head, Northern Luzon Area,
Area & Branch Operations Division*



ATTY ELIZABETH A DEL FONSO- HIDALGO
Head, Compliance Office



ATTY AL-MAY SAIR F PATANGAN
*Head, Documentation and
Compliance Unit
Legal Office*

**DEONASIO B CORONG II**

*Head, Mindanao Area
Area and Branch Operations Division*

**COL WENCESLAO M ROMERO JR PAF (RET)**

*Manager, Office of the Head,
Administration Division*

**LEAH Y JOYA**

*Head, Northern Luzon & Southern Luzon Area
Insurance Sales Division*

**JESUS A LAGUNA**

Head, Accounts Monitoring Department

**ARCH EDGAR A CLARIZ**

Head, Engineering Department

**MICHELLE A ESPULGAR**

Head, Real Estate Sales Department



ANGELINA S JUTIE
*Head, Northern Luzon Area,
Area and Branch Operations Division*



MYLENE P ORCULLO
Head, Accounting Department



MARY ANN VICTORIA M RECINTO
Head, Marketing Services Department



ENGR ANNALY A LAVARIAS
Head, Business Technology Solutions Office



ALPHA GRACE F VENTANILLA
*Head, Underwriting, Policy &
Membership Department*



CARLO EDWARD BERROYA
Head, Investment Office



GEMMA A SILVESTRE
*Head, Alternative Investment
Investment Office*



FELISA T LINGAN
*Head, Cash Management
Department*



FLORDELIZA D OCBANIA
*Head, Billing and Collection
Department*



LEA A MALIGASO
*Head, HR Development
Department*



JOYCE ANNE T BONAGUA
*Head, Strategic Marketing
Department*



JASMIN M DAMO
Head, Risk Management Office



RAMONA JOSEFA M PANIS
Head, Board Relations Office



JOCELYN N JUNSAY
*Head, Visayas Area,
Area and Branch Operations Division*



LORRAINE MARIE L DE VILLA
*Head, Southern Luzon Area
Area and Branch Operations Division*



EMELITO LOPEZ
*Head, National Capital Region Area
Insurance Sales Division*



MARIETTA O ALEJO
*Head, Visayas and Mindanao Area,
Insurance Sales Division*



JOHN PATRICK B CADAGAS
Head, HR Admin Department



LORPHINE G JUNIO
*Head, Equities and Securities,
Investment Office*



CELSO M ROBLES
Head, General Services Department

Products and Services

MODIFIED BASIC INSURANCE FOR AFP PERSONNEL

Particulars	Modified Basic Insurance (MBI)
Type of Insurance Plan	Term Insurance with EQUITY
Monthly Contribution	0.5% of base pay (automatic) +1.0% of base pay: additional
Total Living Benefit	Member's Equity + Interest
Equity Loan	Loans for members at only 6% interest per annum
Dismemberment / Disability Benefit	For total and permanent injuries due to accident or incurred while in the performance of duty
Death Benefit (Natural Death)	100% Face Amount + Total Living Benefit
Death Benefit (Accidental Death)	150% Face Amount + Total Living Benefit
Death Benefit (Killed-In-Action)	150% Face Amount + Total Living Benefit

UPGRADED BASIC FOR BFP, BJMP, PCG & PNP PERSONNEL

Particulars	Upgraded Basic Insurance (UBI)
Type of Insurance Plan	Term Insurance with equity
Monthly Contribution	1.5% of base pay
Total Living Benefit	Member's Equity + Interest
Equity Loan	Equity Loan at 6% interest per annum
Dismemberment / Disability Benefit	For total and permanent injuries due to accident or incurred while in the performance of duty
Death Benefit (Natural Death)	100% Face Amount + Total Living Benefit
Death Benefit (Accidental Death)	200% Face Amount + Total Living Benefit
Death Benefit (Killed-In-Action)	100% Face Amount + Total Living Benefit

SPECIAL GROUP TERM INSURANCE (SGTI)

<ul style="list-style-type: none"> • Coverage of P16,000 for natural deaths and P32,000 for members killed-in-action 	<ul style="list-style-type: none"> • P1,000 funeral benefit • Disability benefit for total and permanent injuries incurred while in the performance of duty
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PERMANENT INSURANCE PRODUCTS

ENDOWMENT AT 56

- a life insurance and savings plan for regular members 55 years old and below
- 100% maturity benefit at age 56 and dividends starting on the 4th year
- disability benefit for total and permanent injuries caused by accidents
- with burial benefit
- double indemnity for accidental death

ENDOWMENT PLAN (10, 15, 20 YEARS)

- a life insurance and savings plan for regular/ associate members and their dependents
- payable in 10, 15 or 20 years and insured for the same period
- maturity benefit of 100% face amount at the end of 10, 15, or 20 years
- with dividends starting on the 4th year, if plan is participating

ANTICIPATED 20-YEAR ENDOWMENT

- a life insurance and savings plan for regular/ associate members and their dependents
- payable in 20 years and insured for the same period
- with bonus amounting to 20% of Face Amount on the 5th, 10th and 15th policy anniversary year
- maturity benefit of 100% Face Amount at the end of 20 years

SAVER'S PROTECTION PLUS (10-15)

- a life insurance and savings plan for regular/ associate members and their dependents
- payable in 10 years and insured for 15 years
- double insurance coverage in case of death from 6th - 15th year.
- 20% bonus on the 10th to 14th policy anniversary year
- with dividends starting on the 4th year

- maturity benefit of 100% Face Amount at the end of 15 years

COLLEGE EDUCATIONAL PLAN

- an insurance plan for dependents of members, newborn to 11 years old
- a life insurance and savings plan that can be used to fund dependent's college education
- payable in 5 years and matures on the policy anniversary date after the child's 17th birthday
- with dividends starting on the 4th year
- with waiver of premium coverage for death and total and permanent disability of payor

WHOLE LIFE

- a protection plan that provides life insurance coverage throughout the insured's lifetime
- with dividends if plan is participating, starting on the 4th year

20-PAY LIFE

- a protection plan that provides life insurance coverage throughout the insured's lifetime, payable in 20 years
- with dividends if plan is participating, starting on the 4th year

SPECIAL WHOLE LIFE

- lifetime insurance protection for retired servicemen
- available for members ages 50-69 years old

GROUP TERM INSURANCE

- a yearly renewable insurance protection for groups such as CAFGU, ROTC, PMA classes, security agencies, cooperatives and other special groups

REDEMPTION INSURANCE (CREDIT, SALES, MORTGAGE)

- a special group life insurance plan that helps borrowers reduce the risk of having unpaid loans in



case of borrower's untimely death.

SUPPLEMENTARY / EXTRA BENEFITS

DIVIDENDS

- non-guaranteed benefit which a participating policy may earn if it is in-force for at least three years

ACCIDENTAL DEATH BENEFIT

- a rider that can be added to selected Permanent Insurance products that doubles the Face Amount in case of accidental death

PAYOR'S CLAUSE

- a rider that can be added to selected Permanent Insurance plan of an insured minor that waives premium payments in the event that the payor becomes permanently disabled or dies before the child's 21st birthday

LOAN SERVICES

POLICY LOAN

- available after two years of premium payment for Endowment Plans and three years for other Life Insurance Plans
- payable in 6, 12, 18 or 24 months at 6% interest per annum

EQUITY LOAN

- for members with Modified or Upgraded Basic Insurance
- payable in 12, 24, or 36 months at 6% interest per annum

SALARY LOAN

- for all active members with active Additional Insurance
- maximum loanable amount of P300,000 at 8% interest per annum for loan term of 36 months and below, 10% for loan term of more than 36 months
- available after paying one month of premium contribution remitted to the Association through payroll deduction
- renewable after payment of six monthly amortizations for loans with payment term of 36 months and below; and after payment of 12 monthly amortizations for loans with payment term of more than 36 months.

MEMBER'S EDUCATIONAL ASSISTANCE LOAN(MEDAL)

- for the schooling of members or their dependents regardless of school level and number of grantees
- maximum loanable amount of P50,000 payable within one year at 7% interest per annum

HOUSING LOAN

- for the acquisition of lot or house and lot unit from AFPMBAI subdivision projects
- payable up to 20 years, depending on the age of borrower at 5.5% - 11% fixed interest rates per annum

MORTGAGE LOAN

- for the purchase of lot, house and lot, or condominium (completed), house construction, purchase of lot with house construction, home improvement, and refinancing of real estate/housing loan with other institutions.
- maximum of P5M loanable amount
- payable up to 20 years, depending on the age of the borrower
- 5.5% -11% fixed interest rates per annum

EXPANDED SALARY LOAN (ESL)

- for an AFP officer who is a regular member of AFPMBAI turning 55 years of age and/or who would compulsorily retire within one year or less
- Maximum loanable amount plus interest equal to his 25% lump sum pay but not to exceed P1M
- monthly amortization to cover interest only
- only 8% interest rate per annum
- total loan amount will be deducted from lump sum/commutation of leaves

PRE-RETIREMENT LOAN

- for AFP members who is due for mandatory retirement from the service within five (5) years or less upon loan application
- purchase of house and lot, or condominium (completed), house construction, purchase of lot, or home improvement
- payable up to 5 years
- 5%-7% interest rate per annum

CALAMITY LOAN

- special loan privilege granted to members who are victims of calamities

Branch and Extension Offices



NATIONAL CAPITAL REGION AREA
HEAD: ANGELINA S JUTIE

Camp Aguinaldo Branch

Supervisors: Imelda Jamandron
 Bonny Serrano Rd. cor EDSA,
 Quezon City

Fort Bonifacio Branch

OIC: Ian Raymond Payot
 B 36 L 21 & 29 AFPOVAL Bayani Road
 Western Bicutan, Taguig City
 (02) 888-6438 / (02)888-9057
 0933-869-5686

Tanay Extension Office

In-charge: Maribel M Manalo
 Camp Gen Capinpin
 Tanay, Rizal
 (02) 544-2657 / 0923-684-0624 /
 0933-869-5667

NORTHERN LUZON AREA
HEAD: MARIO C SERIOSA

Baguio Branch

Supervisor: Edna P Ramos
 AFPSLAI Bldg., Camp Henry Allen
 Baguio City
 0933-869-5733 / 0927-982-9859 /
 (074)443-5883

San Fernando La Union Extension Office

In-Charge: Orlando Fernandez
 Unit C, National Road, Pagdalagan Norte, City
 of San Fernando, La Union
 0921-454-9621 / (072) 607-8120 /
 0933-869-5676

Dagupan Extension Office

In-Charge: Heziel Yen Yosoya
 Room 203 2nd floor, Siapno Bldg., corner
 Rivera St. and Zamora St. Dagupan City
 0933-869-5684 / 0930-9664762

Laoag Extension Office

In-charge: Marie Cris S Camagon
 Unit 202 VL & SONS Bldg.
 P. Gomez St., Laoag City
 0933-869-5676 / 0929-691-5944
 (077)77-1715

Isabela Branch

Supervisor: Restituto M Duran III
 Room 305, Alamoana Commercial Complex
 Villasis Highway, Santiago City, Isabela
 0907-8227859 / 0933-869-5734 /
 (078)682-0935

Bayombong Extension Office

In-Charge: Grazelle Mayanggao
 Room D, F & V Delos Santos
 Commercial Bldg. 146 National Road, District
 IV, Bayombong Nueva Vizcaya
 0933-869-5652

Upi Extension Office

In-Charge: Melanie Nabanalan
 Camp Melchor F Dela Cruz
 Upi, Gamu, Isabela
 0933-869-5668

Tuguegarao Branch

Supervisor: Grandee P Dumlao
 Rios Bldg Cor. College Ave and Taft St.
 Tuguegarao City, Cagayan
 0916-167-6224 / 0933-869-5712 /
 (078)844-6728

Tabuk Extension Office

In-charge: Rebecca De Asis
2F Kalinga Bazaar, Bulanao
Tabuk City, Kalinga
0933-869-5665

Cabanatuan Branch

Acting Supervisor: Sally Santos
Unit A Abesamis Bldg., Melencio St
Brgy San Roque Norte, Cabanatuan City
0933-8695732/ (044)464-3908

Fort Magsaysay Extension Office

In-charge: Carolyn P De Guzman
7th Infantry Division, Philippine Army
Fort Magsaysay, Palayan City, Nueva Ecija
0933-869-5728

Clark Extension Office

In-charge: Jun Lyndon Balmeo
600th Air Base Wing, Clark Air Base
Pampanga
0933-869-5727

Olongapo Extension Office

In-Charge: Ellen G Importado
1869 Rizal Ave., West Bajac-Bajac
Olongapo City
0933-869-5726

Tarlac Extension Office

In-charge: John Carlo Mañalac
2/F AJ-AS Building, Brgy. Maligaya
Tarlac City
0933-869-5714

Capas Extension Office

In-charge: Marishayne Conde
G/F 2R Bldg. Sta. Lucia, Capas Tarlac
0933-869-5713

Camp Olivas Extension Office

In-charge: Catherine Allag
Camp Olivas, City of San Fernando Pampanga
0933-869-5729

SOUTHERN LUZON AREA**OIC: LORRAINE MARIE DE VILLA****Cavite Branch**

Supervisor: Maria Nimfa Recaido
2ND Floor Unit-D 685 R.Basa st
Brgy. Labanos, San Roque
Cavite City
0949-340-3639 / 0933-869-5681

Palawan Extension Office

In-Charge: M Clarissa A. Barroma
Unit 1, 2/F, SJD Green Bldg
132 National Highway,
Brgy. San Pedro Puerto Princesa, Palawan
(048)434-7012 / 0933-869-5663 /
0949-336-4100

Lucena Branch

Supervisor: Estrellita O Querimit
SOLCOM, Camp Nakar, Lucena City
0942-802-6224 / 0933-869-5660 /
(042)373-1091

Daet Extension Office

In-charge: Resty V Pacle
No. 2 Blk 6 Lot 1 Bel-Air Subdivision, Lag-on
Daet, Camarines Norte
0933-869-5683

Batangas Branch

Acting Sup: Edna Isita
B2-L1 Commercial Area, Base View Home
Brgy Sico, Lipa City, Batangas
(043) 702-4352 / 0933-869-5651 /
0947-725-3654

Canlubang Extension Office

In-charge: Sarah Mae Buco
 Camp Vicente Lim, Canlubang, Laguna
 (049)531-4234
 0933-869-5678 / 0999-907-7752

Calapan Extension Office

In-charge: Nollie Rose P Martinez
 2/F San Agustin Bldg., Bonifacio
 Cor Osmena St., Brgy Ilaya
 Calapan Mindoro City
 0933-869-5655 / 0947-386-1320

Legaspi Branch

Supervisor: Jecris Sagragao
 ANST Bldg., Washington Drive
 Legazpi City
 0933-869-5659 / 0916-787-9077
 (052)732-7980

Pili Extension Office

In-charge: Faye Morada
 New San Roque, Pili, Camarines Sur
 (054) 477-3406 / 0933-869-5664 /
 0935-930-7236

Masbate Extension Office

In-Charge: Glayza Mendoza
 3F Pecson Manalo Bldg, Ibanez St
 Masbate City
 0933-869-5662 / 0935-039-1931

VISAYAS AREA
HEAD: JOCELYN N JUNSAY
Iloilo Branch

Supervisor: Mary Joy Locsin
 Arthur Suite General Luna st.
 Iloilo City
 0920-265-1471 / 0933-869-5762 /
 (033) 337-8416

Bacolod Extension Office

In-charge: Jomesa Seville
 Door 5 Elcourt Bldg., 1st Street
 Lacson, Bacolod City
 0933-869-5764 / (034) 434-6044 /
 0949-979-0353

Jamindan Extension Office

In-charge: Genalyn D Panhilason
 Sitio Agbalagon, Jaena Norte
 Jamindan, Capiz
 0933-869-5689

Kalibo Extension Office

In-Charge: Dechel Harvey
 Door# 206 2nd Flr Waldolf Garcia Bldg
 Osmeña Avenue, Kalibo, Aklan
 0933-869-5650 / (036) 268-3903

Cebu Branch

Supervisor: Vembe Magalso
 CENTCOM, AFP, Camp Lapu-Lapu, Lahug
 Cebu City
 0920-500-1827 /0933-869-5682
 (032) 234-1028

Bogo Extension Office

In- charge: Delfin Taborada Jr
 Brgy. Taytayan
 Bogo City, Cebu
 0933-869-5653

Dumaguete Extension Office

In-charge: Geoviliza Z Tayag
 Door no. 4 Canlas Bldg.,
 Cervantes St., Dumaguete City
 0935-916-8990 / 0933-869-5685 /
 (035) 226-3527

Bohol Extension Office

In-charge: Sheryl A Paeste
Unit 3, 2F Vennore Commercial Bldg.
JA Clarin St., Tagbilaran City
Bohol
(038) 412-7282 / 0933-869-5654

Tacloban Branch

Acting Sup: Christopher Lewis Alonzo I
Aqua Glass Bldg cor. P. Gomez & Real St.
Tacloban City
0921-435-4529 / 0933-869-5666
(053) 325-6552

Catbalogan Extension Office

In-charge: Norven Bagnate
Camp Lukban, Maulong
Catbalogan, Samar
0999-831-0200 / 0933-869-5680 /
(055) 251-5351

Catarman Extension Office

In-charge: Novelin J Mahinay
Bonifacio St. corner Roxas St
Brgy. Casoy, Catarman
Northern Samar
(055) 251-8555 / 0933-8695679

Maasin Extension Office

In-charge: Benjie Sarona
Capt. Iyano St. Brgy. Tagnipa
Maasin City, Southern Leyte
0933-869-5661

MINDANAO AREA**HEAD: DEONESIO B CORONG II****Zamboanga Branch**

Acting Supervisor: Sharina Deriza
Western Mindanao Command
Camp Basilio Navarro, Lower
Calarian, Zamboanga City
0919-491-1649 / 0933-869-5786
0942-712-6122 / (062)991-1053

Pagadian Extension Office

In-charge: Nhasramona U Jasim
Kuta Dao, Pagadian City
0928-712 8245 / 0933-869-5790
0923-745-7446 / (062) 215-3907

Dipolog Extension Office

In-charge: Krystal Lyne Duran
Jucit Bess Bajamunde Sanico Bldg.
Gonzales cor. Malvar St.
Dipolog City
0933-869-5788

Ipil Extension Office

Stall 6, Schuck Arcade, Climaco St.
Poblacion, Ipil
Zamboanga Sibugay Province
0933-869-5718

Cagayan De Oro Branch

Supervisor: Conchita L Salazar
Nuñez Bldg, Zone 1, Bulua
Cagayan De Oro City
0999-469-7000 / 0933-869-5787 /
(08822) 735-695

MINDANAO AREA (cont.)**Iligan Extension Office**

In-charge: Jefilamae Silao
Jariol Bldg.
Del Pilar St., Iligan City
0928-710-7777 / 0933-869-5719

Bukidnon Extension Office

In-charge: Marie Lei L Pamittan
Rubio Bldg., Magsaysay St.
Malaybalay, Bukidnon
0933-869-5720

Butuan Branch

Acting Supervisor: Mary Ann Malunhao
Brgy. Bancasi, Butuan City
0928-368-7565 / 0933-869-5721 /
(085) 226-6084

Surigao Extension Office

In-charge: Marie Gabrielle Lim
Arriba Bldg., Amat St.
Surigao City
0933-869-5722

Davao Branch

Acting Supervisor: Menchie C Makilang
4/F AFPMBAI Bldg, Maya Street
Ecoland, Matina, Davao City
0929-810-2531 / 0933-869-5788 /
(082) 297-5482

Mati Extension Office

In-charge: Paulllyn Grace P Gamayon
Manongas Bldg. Limotoc St.
Mati City
0933-869-5723 / (082) 811-3685

General Santos Extension Office

In-charge: Janet M Jaudian
3/F SAFI Bldg., 2, Mansanitas St. Cor.
Magsaysay Ave., General Santos City
0948-492-7464 / 0933-869-5724 /
(083) 553-1454

Cotabato Branch

Supervisor: Annaliza B Lim
2/F Herrera Bldg., 154 Quezon Ave.
Cotabato City
0949-456-5168 / 0933-869-5785 /
(064) 421-9398 / 421-4004

Kidapawan Extension Office

In-Charge: Janelyn D Soliza
2/F ZPOL Bldg. Quezon Blvd.
Kidapawan City
0933-869-5725

Tacurong Extension Office

In-Charge: Roxane Omay
Notre Dame Centrum II, National Highway
Tacurong City, Sultan Kudarat
0933-869-5716

**ARMED FORCES AND POLICE MUTUAL BENEFIT ASSOCIATION, INC.
AND SUBSIDIARY**

**CONSOLIDATED AND SEPARATE
STATEMENTS OF FINANCIAL POSITION**

December 31

	Note	Consolidated		Separate	
		2017	2016 (As restated - see Note 38)	2017	2016 (As restated - see Note 38)
ASSETS					
Cash and cash equivalents	5	P1,566,546,029	P1,134,959,583	P1,421,581,114	P1,094,871,154
Short-term investments	6	2,432,383,488	1,220,000,000	2,424,895,038	1,220,000,000
Financial assets at fair value through profit or loss (FVPL)		28,673,297	19,980,704	28,673,297	19,980,704
Available-for-sale (AFS) financial assets - net	7	2,507,378,226	2,152,222,033	2,186,919,914	1,831,595,311
Held-to-maturity (HTM) investments	8	2,848,060,442	2,024,937,115	2,599,679,021	1,957,291,053
Loan receivables - net	9	8,502,282,915	8,031,702,846	8,502,282,915	8,031,702,846
Premiums due and insurance receivables - net	10	150,652,926	145,430,169	406,772	2,036,715
Other receivables - net	11	286,535,869	220,349,425	281,464,506	217,177,963
Investment properties	12	3,175,683,296	2,844,054,995	3,163,411,940	2,815,438,639
Assets held-for-sale	13	169,098,049	211,807,123	169,098,049	211,807,123
Investments in a subsidiary and associates - net	14	20,933,403	20,342,150	473,265,704	198,265,704
Property and equipment - net	15	279,141,242	354,569,814	260,568,075	332,642,650
Deferred reinsurance premiums	16	11,252,161	11,085,969	-	-
Deferred acquisition costs	17	32,934,217	22,467,112	-	-
Deferred tax assets	31	29,716,716	19,028,324	-	-
Other assets - net	18	119,509,245	88,832,572	105,215,046	72,636,092
		P22,160,781,521	P18,521,769,934	P21,617,461,391	P18,005,445,954
LIABILITIES AND MEMBERS' EQUITY					
Liabilities					
Claims and benefits payable	21	P587,651,993	P525,481,432	P462,140,196	P400,987,090
Accounts payable and accrued expenses	19	666,329,782	513,727,895	630,671,833	473,529,851
Legal policy reserves	20	10,299,678,676	9,376,311,972	10,299,678,676	9,376,311,972
Insurance Payables	22	16,717,780	10,612,893	-	-
Reserve for unearned premiums	16	130,393,190	96,003,131	-	-
Deferred reinsurance commission	17	1,925,705	1,976,247	-	-
Dividends payable	23	418,807,064	339,949,510	418,807,064	339,949,510
Reserve for refund of members' equity	24	2,119,845,716	1,867,895,970	2,119,845,716	1,867,895,970
Retirement liability	30	180,355,643	86,879,651	180,839,601	85,990,513
Deferred tax liability	31	384,407	-	-	-
Other liabilities	9, 11	455,671,365	472,263,258	455,671,365	472,263,258
Total Liabilities		14,877,761,321	13,291,101,959	14,567,654,451	13,016,928,164
Members' Equity					
Members' contribution	25	87,790,958	92,309,534	87,790,958	P92,309,534
Reserve for fluctuation in value of AFS financial assets	7	165,467,414	5,514,603	176,979,228	58,986,623
Employee benefit reserve	30	(92,660,450)	(25,350,180)	(87,810,183)	(19,602,964)
Retained surplus	26	7,122,422,278	5,158,194,018	6,872,846,937	4,856,824,597
Total Members' Equity		7,283,020,200	5,230,667,975	7,049,806,940	4,988,517,790
		P22,160,781,521	P18,521,769,934	P21,617,461,391	P18,005,445,954

See Notes to the Consolidated and Separate Financial Statements.

**ARMED FORCES AND POLICE MUTUAL BENEFIT ASSOCIATION, INC.
AND SUBSIDIARY**
CONSOLIDATED AND SEPARATE STATEMENTS OF INCOME

Years Ended December 31

	Note	Consolidated		Separate	
		2017	2016 (As restated - see Note 38)	2017	2016 (As restated - see Note 38)
REVENUES					
Premiums, net of reinsurance		P2,682,569,692	P2,413,901,571	P2,482,337,643	P2,278,737,404
Increase in fair value of investment properties	12	1,446,898,816	192,460,608	1,446,898,816	192,460,608
Interest income	5, 6, 8, 9, 27	1,057,926,687	1,004,802,693	1,050,506,953	997,973,359
Realized increase in fair value of investment property	12	464,870,238	-	464,870,238	-
Rental income	12, 36	129,313,366	74,446,896	128,297,130	73,098,440
Policy income		115,390,083	103,760,343	115,390,083	103,760,343
Gain on sale of real estate	13	63,819,653	29,408,338	63,819,653	29,408,338
Dividend income	7	19,318,395	15,902,229	11,899,525	11,272,577
Gain on sale of AFS financial assets	7	5,107,362	11,154,855	11,713,753	9,678,746
Commission income	17	4,742,728	2,769,161	-	-
Other income		29,092,766	10,755,346	11,495,712	9,903,153
		6,019,049,786	3,859,362,040	5,787,229,506	3,706,292,968
BENEFITS AND EXPENSES					
Death and other policy benefits	21	1,445,444,859	1,377,860,050	1,376,165,046	1,322,540,423
General and administrative expenses	26	1,304,626,440	934,035,224	1,131,474,917	823,920,032
Increase in legal policy reserves	20	923,366,704	753,692,158	923,366,704	753,692,158
Commission expense		222,491,323	172,491,008	172,491,553	153,686,291
Dividend on participating policies	23	167,708,946	114,724,122	167,708,946	114,724,122
		4,063,638,272	3,352,802,562	3,771,207,166	3,168,563,026
INCOME FROM OPERATIONS		1,955,411,514	506,559,478	2,016,022,340	537,729,942
SHARE IN NET INCOME OF ASSOCIATES	14	591,253	1,064,200	-	-
INCOME BEFORE INCOME AND FINAL TAXES		1,956,002,767	507,623,678	2,016,022,340	537,729,942
TAXES					
Current income tax	31	721,900	391,273	-	-
Deferred income tax	31	(10,688,392)	4,373,141	-	-
Final tax	31	1,740,999	2,260,492	-	-
		(8,225,493)	7,024,906	-	-
NET INCOME FOR THE YEAR		P1,964,228,260	P500,598,772	P2,016,022,340	P537,729,942

See Notes to the Consolidated and Separate Financial Statements.

**ARMED FORCES AND POLICE MUTUAL BENEFIT ASSOCIATION, INC.
AND SUBSIDIARY**

**CONSOLIDATED AND SEPARATE STATEMENTS OF
COMPREHENSIVE INCOME**

Years Ended December 31

	<i>Note</i>	Consolidated		Separate	
		2017	2016 (As restated - see Note 38)	2017	2016 (As restated - see Note 38)
NET INCOME		P1,964,228,260	P500,598,772	P2,016,022,340	P537,729,942
OTHER COMPREHENSIVE INCOME					
Items that will never be reclassified subsequently to profit or loss					
Remeasurements of defined benefit obligation - net of tax	30	(67,310,270)	2,312,810	(68,207,219)	(2,275,776)
Items that may be reclassified subsequently to profit or loss					
Net change in fair value of AFS financial assets	7	160,131,709	2,663,507	129,755,945	5,612,121
Net change in fair value of AFS financial assets reclassified to profit or loss	7	(178,898)	4,592,834	(11,763,340)	-
TOTAL COMPREHENSIVE INCOME		P2,056,870,801	P510,167,923	P2,065,807,726	P541,066,287

See Notes to the Consolidated and Separate Financial Statements.

**ARMED FORCES AND POLICE MUTUAL BENEFIT ASSOCIATION, INC.
AND SUBSIDIARY**

**CONSOLIDATED AND SEPARATE STATEMENTS OF
CHANGES IN MEMBERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	Consolidated					
	Members' Contribution (Note 25)	Reserve for Fluctuation in Value of AFS Financial Assets (Note 7)	Employee Benefit Reserve (Note 30)	Retained Surplus (Note 26)		Total
				Appropriated	Unappropriated	
Balance at January 1, 2016	P98,065,213	(P1,741,738)	(P27,662,990)	P992,578,375	P3,665,016,871	P4,724,255,731
Net income for the year, as restated	-	-	-	-	500,598,772	500,598,772
Other comprehensive income	-	7,256,341	2,312,810	-	-	9,569,151
Decrease in members' contribution	(3,755,679)	-	-	-	-	(3,755,679)
Reversal of prior year appropriated retained surplus	-	-	-	(391,514,064)	391,514,064	-
Balance at December 31, 2016, as restated	92,309,534	5,514,603	(25,350,180)	601,064,311	4,557,129,707	5,230,667,975
Net income for the year	-	-	-	-	1,964,228,260	1,964,228,260
Other comprehensive income	-	159,952,811	(67,310,270)	-	-	92,642,541
Decrease in members' contribution	(4,518,576)	-	-	-	-	(4,518,576)
Balance at December 31, 2017	P87,790,958	P165,467,414	(P92,660,450)	P601,064,311	P6,521,357,967	P7,283,020,200

See Notes to the Consolidated and Separate Financial Statements.

**ARMED FORCES AND POLICE MUTUAL BENEFIT ASSOCIATION, INC.
AND SUBSIDIARY**

**CONSOLIDATED AND SEPARATE STATEMENTS OF
CHANGES IN MEMBERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	Separate					
	Members' Contribution (Note 25)	Reserve for Fluctuation in Value of AFS Financial Assets (Note 7)	Employee Benefit Reserve (Note 30)	Retained Surplus (Note 26)		Total
				Appropriated	Unappropriated	
Balance at January 1, 2016	P96,065,213	P53,374,502	(P17,327,188)	P942,578,375	P3,376,516,280	P4,451,207,182
Net income for the year, as restated	-	-	-	-	537,729,942	537,729,942
Other comprehensive income	-	5,612,121	(2,275,776)	-	-	3,336,345
Decrease in members' contribution	(3,755,679)	-	-	-	-	(3,755,679)
Reversal of prior year appropriated retained surplus	-	-	-	(391,514,064)	391,514,064	-
Balance at December 31, 2016, as restated	92,309,534	58,986,623	(19,602,964)	551,064,311	4,305,760,286	4,988,517,790
Net income for the year	-	-	-	-	2,016,022,340	2,016,022,340
Other comprehensive income (loss)	-	117,992,605	(68,207,219)	-	-	49,785,386
Decrease in members' contribution	(4,518,576)	-	-	-	-	(4,518,576)
Balance at December 31, 2017	P87,790,958	P176,979,228	(P87,810,183)	P551,064,311	P6,321,782,626	P7,049,806,940

See Notes to the Consolidated and Separate Financial Statements.

**ARMED FORCES AND POLICE MUTUAL BENEFIT ASSOCIATION, INC.
AND SUBSIDIARY**

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS

Years Ended December 31

	Note	Consolidated		Separate	
		2017	2016 (As restated - see Note 38)	2017	2016 (As restated - see Note 38)
CASH FLOWS FROM OPERATING ACTIVITIES					
Income before income tax		P1,956,002,767	P507,623,678	P2,016,022,340	P537,729,942
Changes in:					
Reserve for unearned premiums	16	34,390,059	46,982,126	-	-
Deferred acquisition cost	17	(10,467,105)	(16,177,666)	-	-
Deferred reinsurance premiums	16	(166,192)	(7,140,570)	-	-
Deferred reinsurance commissions	17	(50,542)	1,225,295	-	-
Adjustments:					
Increase in fair value of investment properties	12	(1,446,898,816)	(192,460,608)	(1,446,898,816)	(192,460,608)
Realized increase in fair value of investment properties	12	(464,870,238)	-	(464,870,238)	-
Interest income	27	(1,057,926,687)	(1,004,802,693)	(1,050,506,953)	(997,973,359)
Dividend on participating policies	23	167,708,946	114,724,122	167,708,946	114,724,122
Incremental benefit reserves		103,225,079	81,744,504	103,225,079	81,744,504
Gain on sale of real estate	13	63,819,653	29,408,338	63,819,653	29,408,338
Impairment loss on loan and insurance receivables	9, 10	59,797,378	44,733,074	28,626,360	44,733,074
Depreciation and amortization	5, 28	53,240,170	48,514,410	44,292,796	39,088,765
Retirement benefit expense	30	29,283,378	17,700,794	26,641,869	18,420,369
Dividend income	7	(19,318,395)	(15,902,229)	(11,899,525)	(11,272,577)
Gain on sale of AFS financial assets	7	(5,107,362)	(11,154,855)	(11,713,753)	(9,678,746)
Impairment loss on AFS financial assets		9,484,685	-	-	-
Decrease in fair value of financial assets at FVPL		5,469,328	2,826,893	5,469,328	2,826,893
Share in net income of associates	14	(591,253)	(1,064,200)	-	-
Loss(gain) on sale or disposal of property and equipment		112,164	-	-	-
Operating loss before working capital changes		(522,862,983)	(353,219,587)	(530,082,914)	(342,709,283)
Decrease (increase) in:					
Loans receivable		(499,206,429)	(458,842,217)	(499,206,429)	(458,842,217)
Premiums due and insurance receivables		(36,393,775)	(85,346,265)	1,629,943	595,122
Other receivables		(54,043,189)	(26,859,345)	(54,414,921)	(27,994,800)
Other assets		(30,676,673)	(28,599,204)	(32,578,954)	(33,031,722)
Increase (decrease) in:					
Claims and benefits payable		62,170,561	149,111,392	61,153,106	70,010,576
Accounts payable and accrued expenses		152,601,887	69,593,324	109,891,982	67,765,282
Legal policy reserves	20	923,366,704	753,692,158	923,366,704	753,692,158
Insurance payables	22	6,104,887	7,590,735	-	-
Other liabilities		(80,411,546)	6,286,594	(80,411,546)	6,286,594

Forward

Years Ended December 31

	Note	Consolidated		Separate	
		2017	2016 (As restated - see Note 38)	2017	2016 (As restated - see Note 38)
Net cash provided by (used in) operations		(P79,350,556)	P33,407,585	(P100,653,029)	P35,771,910
Interest received		1,045,783,432	992,433,114	1,040,635,331	985,115,028
Income taxes paid		(2,462,899)	(3,248,123)	-	-
Contributions		(2,733,249)	-	-	-
Dividends received		19,318,395	15,902,229	11,899,525	11,272,577
Dividends paid	23	(88,851,392)	(72,585,083)	(88,851,392)	(72,585,083)
Net cash provided by operating activities		891,703,731	965,909,722	863,030,435	959,574,432
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal (payments for acquisition) of:					
Short-term investments		(1,212,383,488)	(1,200,000,000)	(1,204,895,038)	(1,200,000,000)
Financial assets at FVPL		(14,161,921)	11,384,310	(14,161,921)	11,384,310
AFS financial assets		(199,580,705)	36,166,939	(225,618,245)	30,820,448
HTM investments		(823,123,327)	(462,863,095)	(642,387,968)	(463,541,053)
Increase in investment in a subsidiary		-	-	(227,750,000)	-
Investment properties		1,580,140,753	(103,845,141)	1,563,795,753	(104,480,141)
Assets held-for-sale		42,709,074	54,281,260	42,709,074	54,281,260
Property and equipment		22,076,238	(34,473,254)	27,781,779	(31,729,373)
Net cash used in investing activities		(604,323,376)	(1,699,348,981)	(680,526,566)	(1,703,264,549)
CASH FLOWS FROM FINANCING ACTIVITIES					
Increase in reserve for refund of member's equity	24	251,949,746	208,419,106	251,949,746	208,419,106
Incremental benefit reserves		(103,225,079)	(81,744,504)	(103,225,079)	(81,744,504)
Decrease in members' contribution		(4,518,576)	(3,755,679)	(4,518,576)	(3,755,679)
Net cash provided by financing activities		144,206,091	122,918,923	144,206,091	122,918,923
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		431,586,446	(610,520,336)	326,709,960	(620,771,194)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,134,959,583	1,745,479,919	1,094,871,154	1,715,642,348
CASH AND CASH EQUIVALENTS AT END OF YEAR		P1,566,546,029	P1,134,959,583	P1,421,581,114	P1,094,871,154

See Notes to the Consolidated and Separate Financial Statements.



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**ARMED FORCES AND POLICE MUTUAL BENEFIT
ASSOCIATION, INC. AND SUBSIDIARY**

**CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
December 31, 2017 and 2016**

