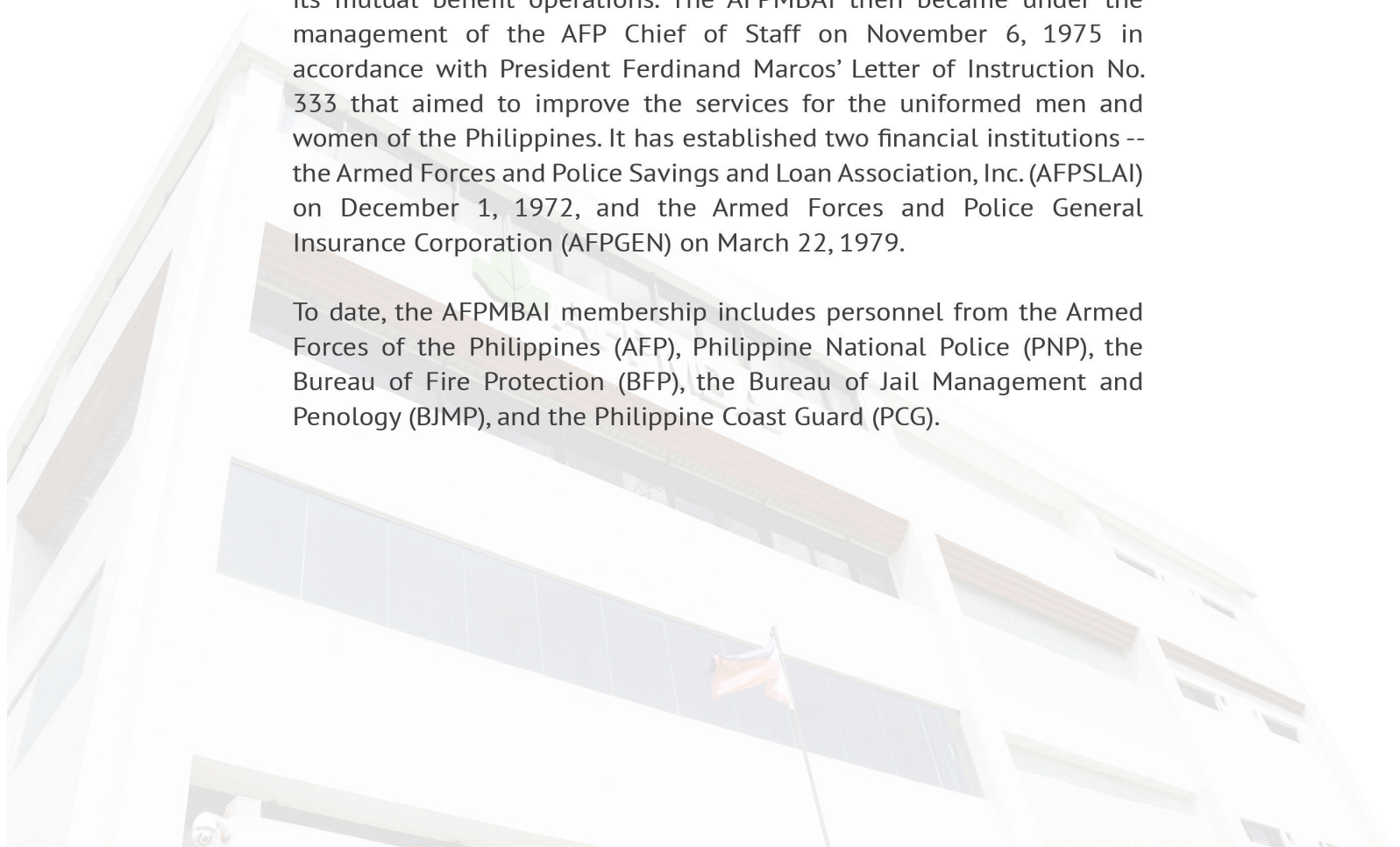


2018 ANNUAL REPORT
AFPMBAI

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 the establishment of a nonstock, nonprofit 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 Armed Forces of the Philippines (AFP), Philippine National Police (PNP), the Bureau of Fire Protection (BFP), the Bureau of Jail Management and Penology (BJMP), and the Philippine Coast Guard (PCG).



VISION, MISSION, VALUES

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 investment, affordable housing/financial products, and meaningful social services.”

VALUES

- Customer-Commitment
- Integrity
- Professionalism
- Innovation
- Teamwork

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Message from the Chairman



GEN BENJAMIN R MADRIGAL JR AFP
AFP Chief of Staff and
AFPMBAI Chairman of the Board
Dec 2018 - Present



As the Chairman of the Armed Forces and Police Mutual Benefit Association, Inc. (AFPMBAI) Board of Trustees, I wish to congratulate the Association on the successes that marked the year 2018!

The accomplishments contained in this Annual Report are, indeed, testaments to the Association's commitment to uplift the lives of its members and provide financial protection for our uniformed personnel. For more than five decades, the Association has lived up to its reputation of taking an active part in improving the quality of life of our men in uniform and their families.

I am truly proud of the milestones that AFPMBAI has hurdled in the past year, especially on the efforts toward providing more efficient and effective delivery of services to the members through the creation of the Integrated Information System. Moreover, these services have been greatly improved with the help of strategically accessible branches and extension offices

nationwide. These initiatives reflect the commitment of the AFPMBAI to provide "Buhay na Panatag" and to always be responsive to the needs and holistic welfare of the members and their families.

Milestones have been reached, yet more lie ahead. Let us continue to be dependable and ready to face challenges for the people we are serving. In return, they too can fulfill their responsibilities to our fellowmen and country. May we remain true to our core values of Integrity, Professionalism, Innovation, Teamwork and Customer Commitment in every step we will take.

Mabuhay ang Armed Forces and Police Mutual Benefit Association, Inc.!



MGEN ROMEO N DELA CRUZ AFP (RET)
AFPMBAI President and CEO

Another year has been added to the decades of history of our Association, the Armed Forces and Police Mutual Benefit Association Inc, but its goal to provide for the welfare of each member pressed on.

In the ten months as your President and CEO, I have been closely steering our Association to focus all its efforts to make you, our members, the top of mind of every employee, to serve you meaningfully and well. We are making AFPMBAI a lot better to be able to please and amaze you of how much we could make your experience with us worth every bit of your time, energy and to show our gratefulness to the sacrifices you put up to make our country safe, peaceful and free.

The year 2018 saw the Association undertake several major but calculated measures to improve our services. We started to pursue vigorously the development of our home grown MBAI-IS (Information System) and then cut on personnel cost. These measures enabled those who remained to take stock of their talents and focus their

energies to be more engaged in making your time with us easy and fast.

First quarter this year, we engaged meaningfully ourselves and launched campaigns to make our corporate culture be more leaning towards innovation and our minds become more customer-oriented. Just recently we went Live with our New Information System, now known as Accedata, to automate our business processes. We are doing these all so we could execute well our chosen strategies and attain our objectives of making you feel that we are relevant, that the services we provide truly matter to you, and that you feel connected now more than ever before.

We have faced all sorts of challenges each time but your Association came out standing strong and with flying colors. Thank you for your continued support, confidence, and trust in AFPMBAI for your insurance protection and source of financial support for your family in times of need. God bless and mabuhay tayong lahat!

Report of the President and CEO

Decades of striving for excellence.

Decades of continuous financial growth.

Decades of assurance that the Armed Forces and Police Mutual Benefit Association Inc (AFPMBAI) is more than just a mutual benefit association. It gives added value to each member and his family. And for 2018, AFPMBAI has once again proven that when it pledges to render its professional expertise, time, and heartfelt effort to serve, the Association intends to fulfill its promise.

HIGHLIGHTS ON FINANCIAL PERFORMANCE

In pursuing its reason of existence, rooted from the act of compassion, “damayan” or “abuluyan”, AFPMBAI has grown to be the largest mutual benefit association in the country registering the highest in terms of assets in the MBA industry.

For CY 2018, the Association accumulated a total of P24.11 Billion in assets, a 12% increase from CY 2017 which registered P21.62 Billion.

The Association also posted a net income of P796.59 Million in the same year, having generated revenues of P5.01 Billion, comprising mainly of its income from sale of insurance, interests from investments, and insurance loans.

Standing true to the essence of a mutual benefit association by providing financial assistance to the families of members in case of death, loss, necessity, or distress, AFPMBAI paid in CY2018 a total of P198.73 Million death claims to the beneficiaries of its 1,625 fallen members and living claims of P1.13 Billion benefiting 22,077 members through releases of matured policies, termination benefits, disability benefits, battle injury and comprehensive financial benefit assistance.

In January 2018, the Association repackaged the Comprehensive Financial Assistance Benefit (CFAB) for those killed-or wounded-in-action to make it more financially responsive by increasing the benefit

amounts without adding any amount to their monthly premiums. Thus, total assistance given to members Killed-in-Action (KIA), Wounded-in-Action (WIA) and as Battle Injury Assistance (BIA) was recorded at P29.76 Million benefiting 1,497 members.

Last September 2018, AFPMBAI also launched MBAI Protek, AFPMBAI's Unified Basic Insurance coverage. Through the said coverage, members are given options to upgrade their monthly contribution to 1.5% of their base pay to avail of higher benefits.

True to its mission of providing affordable housing loan facilities to the members and their families, the Association also granted a total of P103.32 Million real estate housing loans to its 187 members and P255.38 Million real estate mortgage loans to 127 members.

For the same period, the Association also declared policy dividends in recognition of the patronage of its policyholders in the amount of P189 Million based on 2% of policy reserves, higher by P19 Million from its declared dividends in 2017 which was only at 1.9% of the policy reserves.

The Association, further extended its Condonation and Rewards program in CY2018 designed to express its concern for the financial welfare of the members who are currently facing financial distress in the payment of their past due accounts.

OPERATIONAL HIGHLIGHTS

MEDIUM TERM PLANNING ACTIVITIES

For 2018, the Association conducted a medium term planning for CY2019-CY2021 in preparation to achieving its vision for CY2025 for AFPMBAI to be a “customer-centered organization operating in accordance with global standards, preferred and trusted by its members in providing full financial security and protection”.

To fulfill its vision, the Management defined how and what AFPMBAI will be in 2025 when it crafted the following “end state” for the Association during the medium term planning held last September 21, 2018:

Anytime Anywhere Access

- Institution of Mini-MBAI concept by strengthening the branches and extension offices to give full range of services to the members much like what is being done in the Head Office
- Installation of new channels through mobile apps, group buying sites, wider presence of insurance representatives, and information kiosks in the branches
- Engagement of additional disbursement and collection facilities that are more reachable by the members
- Strategic partnership with the branches of service, financial institutions, and other agencies

Fully Developed Responsive Insurance and Other Products

- Enhancement of products/services responsive to the needs of specific customer profile like memorial services and VUL or variable unit-linked insurance



-Development of Mutual Homes to provide affordable housing needs of the members across the country

Expanded Market Based Membership

-Expansion of business coverage to include members from Retired members (56 and above), ROTC, Reserved Officers, MMDA and civilian employees of AFP, DILG and Financial Institutions

For ISO Certification

-Adoption of international standards on quality management systems in preparation for operations in accordance with global standards

To support these ends, Management identified the need for the Association to have the following immediately:

Strong Corporate Culture

- Culture Development through seminars and training
- Succession Planning
- New Structure and Staffing Pattern/Manpower Complement
- Competency-based learning and development
- Performance-based compensation and rewards
- Multi-skilled employees
- Strengthened Management Team

Updated System

- Fully Automated MIS (Membership Information System)
- PMIS Integration with all Branches of Service
- Contactless application for products and services
- Quick Response Payout

Structure

- New Head Office and Improved Branch and Extension Offices

RENEWAL OF LICENSE

This January 2019, the Insurance Commission renewed the AFPMBAI license for continued business operations until December 31, 2021.

LATEST AND ON-GOING ENGAGEMENTS

ACTIVE MANAGEMENT OF HUMAN RESOURCE

In building a culture of competent manpower, Management completed its training plan for its managers and supervisors that will be implemented in 2019. Succession planning and development programs tagged as NEWBIE (*New Employees Workshop on Benefits and Other Information, etc*), IGROW (*Internal GROWTH of Employees*), EAGLE (*Elite AFPMBAI Group of Leaders*) and EAGLET (*Enhanced AFPMBAI Group of Leaders for Tomorrow*) will also be conducted in 2019 as part of business continuity planning. Training of the employees, however, is continuous to further develop their potentials in providing quality service to members.

TEAM BUILDING

Recently this March 2019, as One AFPMBAI Management Team, the Association held its company-wide team building entitled: "AFPMBAI, Empowered by the new Core Values: Changing as One, Moving as One, Thriving as One!" Through the said activity, AFPMBAI reaffirmed its commitment through renewal of its corporate values now composed of the following:

Customer Commitment

- Passionately serving our customers by putting their perspective, expectations, and experience at the forefront of everything that we do

Integrity

- Steadfast in upholding the Core Values of AFPMBAI and doing the right things right all the time

Professionalism

-Continuous pursuit of higher level of Competence, Standards, and Excellence – individually and organizationally

Innovation

-Advocating “Continuous Improvement” by embracing “change”, being comfortable with “progress”, and challenging the “status quo”

Teamwork

-Inculcating a culture of collaboration, cooperation, communication, and support between individuals, teams and within AFPMBAI

EMPLACEMENT OF INTEGRATED INFORMATION SYSTEM

As part of AFPMBAI’s continuous aim in improving its processes through its systems, to provide a customer-facing, straight-through, accurate, timely and more efficient operations, and services, the Association continued the integration by replacing its aging information system. As envisioned, it will serve as a one-stop shop for all transactions at all AFPMBAI branches. Continuous tests have been done in CY 2018 to validate the migration of data so that training of users and personnel can be done by early CY 2019.

ESTABLISHMENT OF DOCUMENT MANAGEMENT SYSTEM

Relative to business process improvements, the digitization of all AFPMBAI records using the Document Management System (DMS) was implemented in early 2018. It can now be currently accessed by the different offices of the Association in the Head, Office and its offices in Cavite, Batangas, Fort Bonifacio and Villamor Air Base.

IMPROVEMENT OF CASH MANAGEMENT SYSTEM

In reaching out to its members in the regions and

various parts of the country, aside from the improved collection facilities in accrediting banks and payment center facilities, the Association has also implemented a wider Automatic Transfer Arrangement (ATA) in its branches in the areas of South Luzon, Visayas, Mindanao, Isabela, and Tuguegarao. Also implemented is a Cash Disbursement Facility at Fort Bonifacio Branch and a Cash Delivery Arrangement in its Baguio branch.

ENHANCEMENT OF COMMUNICATION CHANNELS/BRANDING AND CUSTOMER AWARENESS

As a result of the study conducted in the previous year relative to the awareness of members on AFPMBAI’s presence and products, the Association continued its efforts in reaching out to its members by using digital marketing through Facebook, Instagram and Twitter. Through these digital channels, members became more aware of the AFPMBAI’s products, and it also served as another platform where members can send inquiries and view news, updates, and special promotions of the Association.

MOVING FORWARD

AFPMBAI will continue to surge forward with new ideas and reforms focusing more on innovations and amazing our customers. CY2018, although fraught with many challenges, has paved the way for the Association to pursue its vision of providing full financial security and protection to its members.

Our commitment to give excellent service and innovative products to our members and their families will always be our inspiration and driving force that will propel us to make our Association more relevant and fulfilling to the needs of our members.

“Sa AFPMBAI, siguradong ang bawat miyembro ay may ‘Buhay na Panatag’”.

Governance Report

For 2018, AFPMBAI tried to improve its corporate governance practices to align, whenever possible, with the ASEAN standard for the Corporate Governance Scorecard (ACGS) as mandated by the Insurance Commission (IC). The ACGS evaluates corporate governance practices of IC-covered entities, based on standards set by the Organization for Economic Cooperation and Development (OECD). Adopting the ACGS in the corporate governance framework of participating companies ensures that these companies will have a better chance at achieving long-term sustainability, brought about by giving due and proper consideration to the rights of the corporations' shareholders/members and stakeholders. For 2018, IC reported an overall increase in the corporate governance score of the life, non-life, and mutual benefit association (MBA) industry in the ACGS compared to 2017. The IC report manifested a commitment it began in 2013 to improve the corporate governance best practices of all its covered institutions, including AFPMBAI.

For its part, the Association has diligently sought to adopt the international corporate governance best practices espoused by the ACGS since the start of the rating period in 2015. For the past three (3) years, significant improvements have been attained by AFPMBAI in institutionalizing practices that ensure that the rights of its members and stakeholders are upheld and protected, that there is transparency in its operations, that the members of its Board of Trustees are qualified for their tasks, and that their decision-making structures and processes are at par with the industry's. These efforts of the Association have been well documented in its improving ACGS rating. For 2018, AFPMBAI has achieved its best score yet and the Association is committed to improving itself further in the years to come.

The improvement in AFPMBAI's corporate governance practices can be largely credited to the guidance of IC Commissioner Atty Dennis B Funa, the

Institute of Corporate Directors (ICD) who are always on hand to give AFPMBAI advice and counsel, the steadfast commitment of the AFPMBAI Board of Trustees and Management to see these practices implemented as part of the Association's daily life, and the tireless support of the members who walk hand-in-hand with us to assure our achievement of the vision and mission that has at its heart their growth and well-being.

ANNUAL GENERAL MEMBERSHIP MEETING

The Association's Social Hall was filled to capacity during the 2018 AGM, held on 9 June 2018, with the attendance of regular members from the different branches of the uniformed service. As with previous years, this AGM gave the participating members the chance to be a part of the decision-making process of the Association. The members were given the opportunity to exercise their right to elect the members of the Board of Trustees, to ratify the resolutions and corporate acts of the Board and Management, and be clarified on issues that they may have regarding the Association's operations. Except for one, all the members of the Board of Trustees were present during the AGM to respond to the members' queries.

On 9 June 2018, Gen Carlito G Galvez Jr AFP, AFPMBAI Chairman, informed the members that the Annual General Membership Meeting was conducted in conveyance of the Association's appreciation and deep regard for the welfare of its valued members from the uniformed services. He encouraged them to actively participate in the management of the organization as the beneficiaries of its products and services. He appreciated the members' active engagement in the AGM and said that such is a manifestation of their concern about the growth and improvement of the Association.

Then President and CEO of AFPMBAI RAdm Primitivo P Gopo AFP (Ret) also reported on the sterling performance of the Association in the areas of financial

achievements, improved services and benefits, committed corporate social responsibility programs, performance management, systems and competency development, enhanced communication and member feedback channels, more efficient collection and refund payment systems, and special penalty condonation and rewards program. In closing, President Gopo mentioned that AFPMBAI's unwavering commitment to prudent management of resources and excellent customer experience is its salute to the members' excellent and meritorious service to the nation.

In response, one of the members commended Management for making significant strides in improving the Association's performance. Other inputs from the members focused on increasing the coverage of the members' Basic Insurance, and on revising the coverage of matters for ratification of the members to the resolutions of the Board and actions of Management up to the period immediately prior to the AGM. The Board and Management have thus far already implemented these suggestions from the members.

BGen Florentino P Manalastas Jr AFP (Ret), Chairman of the Audit Committee, also took note of one of the members' suggestions relative to the selection of the Association's external auditor, so that the matter can be presented for the members' approval. For the statutory audit for CY 2019 and 2020, the Association will already be seeking the members' approval of the external auditor to be selected during the 18 May 2019 AGM.

Each AGM also gives the members the opportunity to elect the members of the AFPMBAI Board of Trustees. Each year, a Nomination Committee is created to screen the nominees for the Board seats of the Association. Careful screening is undertaken to ensure that the nominees' qualifications are aligned with the strategic direction of the Association. A Committee on Election (COMELEC), composed of members from the Judge Advocate General Service (JAGS) and chaired by the Judge Advocate General, independent of the Board and Management, is also created to preside over the nomination and election proceedings.

During the 2018 AGM, the COMELEC Chairman, BGen Ser-Me L Ayuyao AFP, informed the regular members present of the voting and vote tabulation procedures to be used prior to the start of the proceedings. The members were then asked to nominate their candidates by stating their full name and the full name of the regular members being nominated. After the proceedings, the duly-elected members of the Board of Trustees for CY 2018 to 2019 were then declared by the COMELEC Chairman as follows:

BOARD MEMBERS ELECTED DURING THE 2018 ANNUAL GENERAL MEMBERSHIP MEETING	AGE	ACADEMIC QUALIFICATION	DATE OF FIRST APPOINTMENT
1. Gen Carlito G Galvez Jr AFP	55	Master in Project Management, University of New South Wales, Australia; Executive Education, Harvard University; Asian Institute of Management Center for Bridging Leadership; Eisenhower Fellow (2016); Training in Corporate Governance	20 Apr 2018

BOARD MEMBERS ELECTED DURING THE 2018 ANNUAL GENERAL MEMBERSHIP MEETING	AGE	ACADEMIC QUALIFICATION	DATE OF FIRST APPOINTMENT
2. MGen Robert M Arevalo AFP	55	Master in Management, AIM; Professional Development Program, ICD; Training in Risk Management	30 Sept 2018
3. MGen Romeo N Dela Cruz AFP (Ret)	55	Training in Corporate Governance, Risk Management, and Investment Management	9 June 2018
4. MGen Arnel M Duco AFP	55	Training in Corporate Governance and Risk Management	26 Jan 2017
5. RAdm Jande S Francisco AFP	54	Master in Public Administration, Training in Corporate Governance and Risk Management	29 Apr 2017
6. MGen Jose P Tanjuan Jr AFP	55	Master in Business Administration; Training in Corporate Governance, Risk Management and Investment Management	22 Dec 2017
7. PBGen Alfred S Corpus	52	Master of Arts in Management; Professional Development Program, Institute of Corporate Directors; Training in Investment Management	25 Jan 2018

BOARD MEMBERS ELECTED DURING THE 2018 ANNUAL GENERAL MEMBERSHIP MEETING	AGE	ACADEMIC QUALIFICATION	DATE OF FIRST APPOINTMENT
8. CSupt Aurelio C Trampe Jr PNP	55	Bachelor of Laws, Training in Corporate Governance and Risk Management	26 Jan 2017
9. RAdm Rolando D Legaspi PCG	54	Training in Corporate Governance, Performance Management, and Strategic and Critical Thinking, and Risk Management	8 Oct 2016
10. CSupt Allan S Iral BJMP	49	Master in Management, Training in Corporate Governance and Risk Management	29 Apr 2017
11. CSupt Leonides P Perez BFP	55	Master in Business Administration; Training in Personnel Management, Corporate Governance and Risk Management	15 Sept 2016
12. LtGen Raul S Urgello AFP (Ret) – Independent Trustee	75	Training in Corporate Governance and Risk Management	15 Sept 2016
13. BGen Florentino P Manalastas Jr AFP (Ret) – Independent Trustee	58	ISO 9000-2000 Series Lead Auditor Course, PERA Neville Clark; 2006 Candidate for Exec. Doctorate in Education Leadership, Dev't. Academy of the Philippines; Master in BA, UP Diliman; Manager Devt Program, Mt Eliza Business School, Australia; Bachelor of Laws, St Louis University-Baguio; Training in Corp. Gov. and Risk Mgt.	30 Sept 2016

BOARD MEMBERS ELECTED DURING THE 2018 ANNUAL GENERAL MEMBERSHIP MEETING	AGE	ACADEMIC QUALIFICATION	DATE OF FIRST APPOINTMENT
14. MGen Romeo de Vera Poquiz AFP (Ret) – Independent Trustee	59	Master of Science in Management (Finance); Project Management Course and Senior Executive Management Seminar, Asian Institute of Management; Negotiation Skills Seminar, Ateneo Graduate School of Business; Professional Development Program, Institute of Corporate Directors; Training in Investment Management	09 Jun 2018
1. FCMS Lito A Tompayogan (INF) PA	54	Training in Corporate Governance and Investment Management	17 Nov 2017

The elected trustees have all demonstrated competent leadership in their respective fields, and have gained the trust and confidence of their superiors and peers. Their election as members of the AFPMBAI Board was unopposed and their performance throughout their term up to the 2019 AGM has been exemplary. The outcome of their leadership has brought about balance in satisfying the members' request for more benefits vis-a-vis the long-term sustainability of the Association.

The Summary of the Minutes of the most recent AGM last 18 May 2019 has been uploaded on the AFPMBAI website by 20 May 2019.

CONTINUING EDUCATION PROGRAM

As with previous years, the Association gives an orientation on the operations of AFPMBAI when newly-elected trustees first assumed their positions in the Board. It is also part of the Association's good governance best practices for all new trustees to undergo the Corporate Governance Orientation Program (CGOP) offered by the Institute of Corporate Directors (ICD). A number of the trustees, particularly MGen Robert M Arevalo AFP, PBGen Alfred S Corpus, and MGen Romeo de Vera Poquiz AFP (Ret) have also undertaken the Professional Development Program of the ICD, including Corporate Secretary Atty Renato A David.

For 2018, with Investment Management as its theme and as part of the Association's Continuing Education Program (CEP) for all its Trustees, the Corporate Secretary and key members of Management, the Association invited representatives from the Insurance Commission, practitioners from the banking industry, and a notable investment manager to help the participants understand the volatility in the investment market at the time.

Mr Edelwino C Bernales, Officer-in-Charge of IC's Investment Services Division, enlightened the members of our Board and Management with the latest developments and trends in the insurance and mutual benefit association industry. He was joined by Mr Camilo Carl I Roque, Supervising Insurance Specialist. Their talk was followed by an economic briefing and lecture on financial markets conducted by a representative from one of the Association's trusted partners, BDO Trust and Investments Group's Senior Manager and Investment Officer, Ms Anna Patricia C San Diego. Essentially, Ms San Diego asked the Board and Management to stay calm and ride the volatility of the market after presenting their outlook on the Global and Philippine Economy, and providing valuable advice on how the Association may manage its largely liquid investment portfolio. Ms San Diego's talk was followed by an intensive lecture by Mr Marvin Fausto, Founding President of the Fund Managers' Association of the Philippines being only one among his illustrious credentials, on the investment management process. Mr Fausto also devoted a part of his lecture on how the Association may educate its individual members on how to be in charge of their personal finances and how they may be empowered to be self-sufficient by the time of their retirement.

The CEP for 2018 was largely successful and the knowledge gained by AFPMBAI's Trustees and Management was used in the day-to-day operations of the company and in the decision-making process employed by the Trustees at the Board level.

BOARD OF TRUSTEES

As has become its practice, the Association sets 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 CY 2018 were set in December 2017; likewise, the meetings in CY 2019 were set in December 2018. 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 each Board meeting.

For 2018, the Board of Trustees and Board Committees conducted the following meetings:

Meetings of the Board of Trustees for 2018

POSITION	MEMBERSHIP	ATTENDANCE <i>13 MEETINGS FOR 2018 AVERAGE QUORUM: 87%</i>
Chairman	Gen Rey Leonardo B Guerrero AFP	100%
Chairman*(Apr 2018)	Gen Carlito G Galvez Jr AFP	89%
Vice Chairman	MGen Robert M Arevalo AFP	85%
Member/President	RAdm Primitivo P Gopo AFP (Ret)	100%
Acting President*(Jun 2018)	BGen Rolando M Aquino AFP (Ret)	100%
Member/President*(Aug 2018)	MGen Romeo N Dela Cruz AFP (Ret)	100%
Member	MGen Arnel M Duco AFP	100%
Member*(Nov 2018)	MGen Erickson R Gloria AFP	100%
Member	RAdm Jande S Francisco AFP	77%
Member	MGen Jose P Tanjuan AFP	92%
Member	PBGen Alfred S Corpus	100%
Member	CSupt Aurelio C Trampe Jr PNP	70%
Member*(Nov 2018)	PCol Jose Melencio C Nartatez Jr	100%
Member	VAdm Rolando D Legaspi PCG	54%
Member	CSupt Alan S Iral BJMP	85%
Member	CSupt Leonides P Perez BFP	85%
Member-Independent	LtGen Raul S Urgello AFP (Ret)	92%
Member-Independent	BGen Florentino P Manalastas JR AFP (Ret)	85%
Member-Independent	Commo Virgilio S Garcia AFP (Ret)	100%
Member-Independent*(Jun2018)	MGen Romeo de Vera Poquiz AFP (Ret)	88%
Member	FCMS Romeo H Jandugan (INF) PA	100%
*Member	FCMS Lito A Tompayogan (INF) PA	92%

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

On 21-22 September 2018, the Board of Trustees had their annual Board Retreat to review the Association's Mission, Vision, and Corporate Objectives, as well as the action plans of each Strategic Business Unit. Significant inputs were given by the Board members to improve the strategic direction being envisioned by Management, and place AFPMBAI on top of its members' mind for insurance products and other related services.

In June and July 2018, the Association's non-executive directors also held a meeting without the executive trustee present to discuss matters in an executive session.

BOARD COMMITTEES

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 2018, the Governance Committee exercised its oversight over Management's accomplishments of the Association's major action plans for the year, ensured the successful conduct of the 2018 AGM through the resolution of all matters in the agenda and the election of the members of the Board of Trustees, implemented improvements in the Association's corporate governance practices, particularly in the institution of a performance assessment system for the Board and the Board Committees, ensured a quarterly reporting to the Board of Trustees of the Association's compliance with the requirements of regulatory agencies, and spearheaded the conduct of the annual Board Planning activity and Continuing Education Program. Its most significant achievement for 2018, however, is the members' approval of the Association's Amended Articles of Incorporation and New By-Laws, which was subsequently approved by the Securities and Exchange Commission on 06 February 2019.

Governance Committee

POSITION	MEMBERSHIP	ATTENDANCE 11 MEETINGS FOR 2018 AVERAGE QUORUM: 82%
Chairman (Ind Tr)	Commo Virgilio S Garcia AFP (Ret)	100%
Chairman*	MGen Romeo de Vera Poquiz AFP (Ret)	100%
Vice Chairman	MGen Robert M Arevalo AFP	73%
Member/President	RAdm Primitivo P Gopo AFP (Ret)	100%
Member/President*	MGen Romeo N Dela Cruz AFP (Ret)	100%
Member	PBGen Alfred S Corpus	60%
Member	CSupt Leonides P Perez BFP	100%

*Replaced the Trustee in the previous row

Ad-Hoc Committee on Amendments to the By-Laws

POSITION	MEMBERSHIP	ATTENDANCE <i>1 MEETING FOR 2018 AVERAGE QUORUM: 100%</i>
Chairman	CSupt Leonides P Perez BFP	100%
Vice Chairman	Atty Renato A David	100%
Member	MGen Robert M Arevalo AFP	100%
Member	Atty Maricarr Martinez-Mirabel	100%
Member	Atty Elizabeth Del Fonso-Hidalgo	100%

AUDIT COMMITTEE

The Audit Committee (AudCom) exercised its oversight over the Internal Audit Office (IAO) by ensuring that all engagement activities were accomplished, including the review of the Association's Statutory Audit of Financial Statements for CY2017 and the Interim Audit for CY2018. It also closely monitored Management's implementation of the approved recommendations of IAO.

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	MEMBERSHIP	ATTENDANCE <i>12 MEETINGS FOR 2018 AVERAGE QUORUM: 80%</i>
Chairman (Ind Tr)	BGen Florentino P Manalastas Jr AFP (Ret)	100%
Vice Chairman*	RAdm Jande S Francisco AFP	100%
Member	MGen Arnel M Duco AFP	88%
Member*	MGen Erickson R Gloria AFP	0%
Member	CSupt Aurelio C Trampe Jr PNP	63%
Member*	PCol Jose Melencio C Nartatez Jr	50%
Member	CSUPT Allan S Iral BJMP	92%

*Replaced the Trustee in the previous row

INVESTMENT COMMITTEE

For 2018, the Investment Committee oversaw the performance of the Association's short-term, fixed income, equity investments and lending portfolio. It also regularly monitored the Association's investments under Investment Management Agreements with trusted banks, ensured optimum investment yield and surplus margins, and evaluated potential real estate investments. As a result of the Investment Committee's oversight, the Association rode the volatile financial market of 2018 relatively unscathed. Its highest achievement lies in its recommendation for the Association's 100% subsidiary, the AFP General Insurance Corporation.

Investment Committee

POSITION	MEMBERSHIP	ATTENDANCE 10 MEETINGS FOR 2018 AVERAGE QUORUM: 86%
Chairman	VAdm Rolando D Legaspi PCG	100%
Vice Chairman	RAdm Jande S Francisco AFP	90%
Member/President	RAdm Primitivo P Gopo AFP (Ret)	100%
Member/President*	MGen Romeo N Dela Cruz AFP (Ret)	67%
Member	PBGen Alfred S Corpus	78%
Member	CSupt Allan S Iral BJMP	100%

*Replaced the Trustee in the previous row

RISK MANAGEMENT AND RELATED PARTY TRANSACTION COMMITTEE

The Risk Management and Related Party Transactions Committee deliberated on developments with the Association's integrated information system, Accedata, and the Organizational Transformation Change Management (OTCM) initiatives being undertaken to support it. Its most significant achievements for the year include the recommendations regarding the Business Continuity Management Policy, tax management, conglomerate structure, and material related party transactions conducted on an arms' length basis without conflict of interest with AFPGen, its wholly-owned subsidiary.

Risk Management and Related Party Transaction Committee

POSITION	MEMBERSHIP	ATTENDANCE 10 MEETINGS FOR 2018 AVERAGE QUORUM: 86%
Chairman (Ind Tr)	LtGen Raul S Urgello AFP (Ret)	100%
Vice Chairman (Ind Tr)	Commo Virgilio S Garcia AFP (Ret)	100%
Vice Chairman (Ind Tr)*	MGen Romeo de Vera Poquiz AFP (Ret)	100%
Member	BGen Florentino P Manalastas Jr AFP (Ret)	100%
Member	MGen Jose P Tanjuan Jr AFP	100%
Member	CSupt Leonides P Perez BFP	63%

*Replaced the Trustee in the previous row

NOMINATION AND REMUNERATION COMMITTEE

For 2018, the Nomination and Remuneration Committee (NRC) ensured the Association has a succession planning program for its personnel. It also thoroughly screened all candidates for Board seats and senior management positions, prior to endorsement to the BOT, to identify their eligibility based on established qualifications as embodied in the By-Laws, the Manual of Corporate Governance, internal policies and external regulations, and endorsed only candidates that have a track record of demonstrating the Association's core values of customer-centeredness, integrity, social responsibility, prudence, and professionalism. The Committee also evaluated all recommendations to the BOT regarding personnel welfare, compensation, performance assessment, code of conduct, and other human resource related matters using the following guidelines prior to endorsement to the Board of Trustees: legality, equity, morale, and sustainability.

Nomination and Remuneration Committee

POSITION	MEMBERSHIP	ATTENDANCE 12 MEETINGS FOR 2018 AVERAGE QUORUM: 80%
Chairman	MGen Arnel M Duco AFP	88%
Chairman*	MGen Jose P Tanjuan Jr AFP	100%
Vice Chairman	LtGen Raul S Urgello AFP (Ret)	92%
Member/President	RAdm Primitivo P Gopo AFP (Ret)	100%
Member/President*	MGen Romeo N Dela Cruz AFP (Ret)	83%
Member**	MGen Erickson R Gloria AFP (Ret)	75%
Member	FCMS Lito A Tompayogan (INF) PA	85%

*Replaced the Trustee in the previous row

** Replaced Trustee Duco

SOCIAL SERVICES PROGRAM COMMITTEE (SSPC)

For CY 2018, the Social Services Program Committee (SSPC) achieved 100% of its targets in the maximization of its Plowback Program. It was also able to secure 100% participation from the Association's Strategic Business Units for all major CSR events. The SSPC was also able to oversee the determination of the impact of the Association's CSR activities to the members through the conduct of surveys after each event.

Social Services Program Committee

POSITION	MEMBERSHIP	ATTENDANCE 10 MEETINGS FOR 2018 AVERAGE QUORUM: 86%
Chairman	MGen Robert M Arevalo AFP	90%
Vice Chairman	VAdm Rolando D Legaspi PCG	100%
Member/President	RAdm Primitivo P Gopo AFP (Ret)	100%
Mem-ber/President*	MGen Romeo N Dela Cruz AFP (Ret)	100%
Member	CSupt Aurelio C Trampe Jr PNP	100%
Member	FCMS Lito A Tompayogan (INF) PA	50%

*Replaced the Trustee in the previous row.

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 the 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%).

CATEGORIES	WEIGHT
Board Committee Performance Assessment by the Board Chairman	25%
Board Committee Performance Assessment by the Board Chairman	25%
To be assessed by all Board members:	
Board Dynamics	30%
Quality and Timeliness of Information Provided to the BOT	20%

The assessment of the performance of AFPMBAL's Board Committees is based on the accomplishment of their oversight functions on the implementation of the Association's corporate 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. The targets were approved by the Board in the early part of 2018, and each Board Committee conducted a self-assessment on how they fared in performing these targets by December 2018 to January 2019. For 2018, the Board's performance was rated Outstanding, as shown below:

PERFORMANCE ASSESSMENT COMPOSITION	RATING
Assessment of the BOT Chairman (25%)	82% = 20.62% of Total
Assessment of Board Committees (25%)	
Governance Committee = 90.50%	
Audit Committee = 100%	
Risk Management and Related Party Transaction Committee = 95%	95.07 = 12.77%
Nomination and Remuneration Committee = 100%	
Investment Committee = 84.9%	
Social Services Program Committee = 100%	
Assessment of Board Dynamics (30%)	95.45% = 28.63%
Assessment of Quality and Timeliness of Information Provided to the BOT (20%)	90.06% = 18.01%
Final Rating for CY2018	91.03% = Outstanding

RATING DESCRIPTION	WEIGHT
Outstanding (O): Consistently far exceeds expectations	91 to 100
Above expectations (AE): Consistently performs above expectations	81 to 90
Meets expectations (ME): Meets all expectations	71 to 80
Below expectations (BE): Does not meet all expectations	70 - below

INDIVIDUAL TRUSTEES AND CORPORATE SECRETARY

The performance of the 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, 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 laws, rules and regulations, as well as Circulars of the Insurance Commission (IC), the Securities and Exchange Commission (SEC), the Anti-Money Laundering Council (AMLC), and the National Privacy Commission (NPC). The IC renewed the AFPMBAI license last 01 January, 2019 via License No. 2019-10-R for continued business operations until December 31, 2021.

With the appointment of LtCol Jefferson C Almazan PA (Ret) as Compliance Officer and Atty Elizabeth A del Fonso-Hidalgo as Head, Compliance Office and Alternate Compliance Officer, more focus and attention were given to the handling and monitoring of external compliance activities as well as emerging compliance requirements of the Association. Foremost of which include strict monitoring of various Circular Letters issued by the supervising regulatory body, the Insurance Commission. Further, the Data Protection Officer ensures that the rights of data subjects are upheld and the pillars of data privacy, accountability, and compliance are consistently implemented.

PRIVACY STATEMENT

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 or 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 principles 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 is happening to the Association through easily accessible channels/media for their inquiries, comments, suggestions, or complaints.

RISK MANAGEMENT

In line with the AFPMBAI's thrust to improve its approach and program on Enterprise Risk Management (ERM) particularly in integrating it on the Association's strategic planning, a two-day ERM workshop for the management team was held in-house in September 2018. The said workshop was conducted to create awareness on the concepts of ERM and common language for risk management, establish accountability in the management of enterprise risks with the introduction of the three lines of defense concept, adopt risk driven strategy approach, integrate risk management in determining and assessing strategic objectives and goals, and develop updated strategic objectives and goals for a more detailed planning after the workshop.

AFPMBAI has undertaken risk management initiatives to ensure efficient and effective utilization of resources and improve operational processes, to wit:

- Allocated portion of financial resources to support the new computerization project. This project aims to improve operational efficiency and enhance internal controls on processes particularly on manual processes as well as to address certain limitations of the existing system.
- Explored strategic options for Armed Forces and Police General Insurance Corporation (AFPGen),

a wholly-owned subsidiary of AFPMBAI, to address the Amended Insurance Code and/or Insurance Commission's rules and regulations on minimum capitalization and net worth requirements as well as to deal with AFPGen's sustained operational losses over the past years.

KEY RISKS

AFPMBAI is continuously monitoring its exposure to various types of risks, identified as follows:

LIFE INSURANCE RISK

This is the principal risk the AFPMBAI faces under insurance contracts wherein 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. AFPMBAI ensures 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.

Monitoring and Controlling

AFPMBAI 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.

Frequency and Severity of Claims

The frequency and severity of claims is dependent on the type of contracts as follows:

a.) For contracts where death is the insured risk, the

most significant factor would be epidemics that result in earlier or more claims than expected.

b.) For contracts with fixed and guaranteed benefits and fixed future premiums, there are no mitigating terms and conditions that reduce the insurance risk accepted.

c.) For contracts with discretionary participating feature, the participating nature of these insurance contracts results in a portion of the insurance risk being shared with the insured party.

AFPMBAI 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. AFPMBAI adopts standard industry data in assessing future benefit payments and premium receipts as approved by the Insurance Commission. Adjustments are made, if necessary, according to the experience of the Association.

The liability for these contracts comprises the Incurred But Not Reported (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

AFPMBAI'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, AFPMBAI recognizes the importance of an effective financial risk management program.

The Board of Trustees (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 Division and significant exposures are discussed in the BOT meetings.

The Association is 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 AFPMBAI'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.

AFPMBAI manages 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 AFPMBAI; setting up of exposure limits by each counterparty or group of counterparties; right to 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 with respect to all other counterparties is managed by setting standard business terms that are required to be met by all counterparties. AFPMBAI strictly monitors the status of the financial assets and regularly evaluates the financial condition of counterparties, as well as provides the necessary allowance to the extent of the amount deemed unrecoverable.

The Association's concentration of credit risk arises from its loan receivables and its investments in corporate and government debt securities. AFPMBAI uses a credit rating concept based on the borrowers and counterparties' overall creditworthiness, as described below:

Investment High Grade

This pertains to accounts with a very low probability

of default as demonstrated by the borrower's strong financial position and reputation. The borrower has the ability to raise substantial amount of funds through the public markets and/or credit facilities with financial institutions. The borrower has a strong debt service record and a moderate use of leverage.

Non-investment Grade - Satisfactory

This pertains to current accounts with no history of default or which may have defaulted in the past, but the conditions and circumstances directly affecting the borrower's ability to pay has abated already. The borrower is expected to be able to adjust to the cyclical downturns in its operations, for individuals into business or for corporate entities. Any prolonged adverse economic conditions would however ostensibly create profitability and liquidity issues. The use of leverage may be above industry or credit standards but remains stable.

Past Due but not Impaired

These are financial assets where contractual interest or principal repayment are past due but AFPMBAI believes impairment is not appropriate on the basis of the level of collateral available or status of collection of amounts owed to the Association.

Past Due and Impaired

These are financial assets which AFPMBAI determines that it is probable that it will be unable to collect all principal and interest due based on the contractual terms of the instruments agreement.

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 Association is the daily calls on its available cash resources with

respect to claims from members and policyholders.

AFPMBAI manages 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. Market risk comprises three types of risks: currency, interest rate and price risks.

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 AFPMBAI primarily faces 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 Association's exposure to market risk:

Market risk policy which sets out the assessment and determination of what constitutes market risk for AFPMBAI. 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 appropriate blend of financial instruments with consideration on the maturity profile of the security.

AFPMBAI is 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

AFPMBAI'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 Fair Value through Profit or Loss (FVPL) and Available for Sale (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.

AFPMBAI'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 on the nature and value of each material/significant RPT is provided to regulating and supervising authority relating to the RPT exposures.

ADHERENCE TO THE AFPMBAI CODE OF ETHICS AND CODE OF CONDUCT

A Code of Ethics is a guide of principles designed to help the Association and its employees to conduct business honestly and with integrity. 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 integrity, social responsibility, prudence, professionalism, and being customer-centered, 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. Any private sector involved in public sector bribery and corruption are penalized the same way as public officers and employees.

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, and Quality of Service. The assigned Committee/s of the Management conducts a series of evaluations and deliberations to ensure transparency of transactions. The approved Purchase Order shall serve as contract between AFPMBAI and the supplier. Once the supplier is selected and approved, the Association faithfully abides with what has 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 for its employees. 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.

The welfare of employees is one of the Association's paramount concerns. There is an Emergency Action Plan Manual in cases of fire and earthquake. There are posters and signages per room, trainings in cases of disasters and calamities are conducted on a regular basis, and employees participate in Camp Aguinaldo and city-wide earthquake and fire drills. Health concerns are addressed through clinic management and dissemination of bulletins on various types of diseases. Lectures are being conducted on these. Key safety personnel have already undergone Basic Occupational Safety and Health Certifications and appointed as Safety Officers, while some already received Certifications as a Security Professional. A company-wide safety and health training for all employees is underway.

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.

GOING GREEN

In adhering to one of its corporate values on Innovation, the Association has installed a Solar Panel System that can combat the harmful effects of climate change by reducing carbon emissions and help in the advocacy of promoting green environment and sustainable development. This undertaking dramatically decreased electricity consumption. The Association likewise converted fluorescent lights to LED lights. In addition, segregation of trash with separate trash bins for bio-degradable and non-biodegradable and recyclables, is being enforced.

Corporate Social Responsibility Report

2018 was a climactic year for the Association when it saw a revitalized brand of social services program to respond to the dynamic major service units comprising the Association's membership.

Bannering its flagship programs under Health, Education, and General Welfare, the Association continues its unique way of plowing back its brand of service to its members.

Manning the helm is the group comprising the Social Services Program Committee (SSPC) headed by its Chairman, MGen Robert M Arevalo AFP with fellow trustees and members: VAdm Rolando D Legaspi PCG, P/Col Jose Melencio C Nartatez Jr, FCMS Lito A Tompayogan (INF) PA, and MGen Romeo N Dela Cruz AFP (Ret).

The GRADE Program

To provide educational assistance to dependents of AFPMBAI members who were killed in action, died in the line of duty or discharged due to complete disability, the SSPC created the Grants for Dependents (GRADE) Program. Under the GRADE program, dependents are given tuition support as well as stipends for those enrolled either in the tertiary or secondary education program.

For 2018, a total of 16 scholars earned their degrees while 40 students are still ongoing with their college education.

Notable among the college scholars included Shyra T Gorion, who graduated *magna cum laude* in BS Nursing at the Aklan Polytechnic College. Gorion's father was SPO1 Juan B Gorion, a KIA member from the PNP last 2005. She lives with her mother, Janjie T Gorion--a housekeeper, along with her siblings Jiean (23), Janen (21), and John Rey (19). She is currently reviewing for the Nursing Regulatory Board exams taking place in 2019.

As for the GRADE Secondary level, the Association has 13 scholars as beneficiaries to the Program.

GRANTS for DEpendents

SPOTLIGHT

Transforming Lives.

A Lasting Legacy.

Shyra
GORION
GRADE College Scholar



"My highest gratitude and appreciation to AFPMBAI and to the people who are part of it. All throughout my nursing journey you've been a big part of every milestone I took.

Making my dreams into reality was possible for me because of the AFPMBAI GRADE program. My family and I are so grateful for the educational support you've given me. Thank you for always believing in me! I will continue to aim high and make my dreams into reality.

I'm very proud to say, I am a GRADE Scholar of AFPMBAI. To God be the highest glory!



Marc
EULYSSE LACSON
GRADE High School Scholar

"My father used to be a part of the Philippine Air Force several years ago. However, last January 28, 2010 he died on duty. It was the most miserable moment of my life. I was so hopeless back then and I really

didn't know what to do since I was a child at that time. Because of that, my mom was all I had, and she looked after me. However, she, too, passed away last 2017. It was really a depressing time because I lost my parents at a young age.

Last January 2017, I had difficulty thinking about my tuition for Grades 11 and 12. But my godfather Mr. Samonte offered me the AFPMBAI GRADE program. From that moment, I regained hope and I started to smile again because I knew this was the help of my parents through AFPMBAI.

As a result, GRADE helped and paid for my tuition. I am so thankful that AFPMBAI helped me graduate from senior high school in Don Bosco Makati. Because of GRADE, I will be able to pursue my scholarship in college at UST.

As Neale Donald Walsh once said: 'the struggle ends when the gratitude begins.' And so once again, I say, thank you very much AFPMBAI, for your help and support!"

The AFPMBAI Mini Park and Playground

Owing to the positive response of beneficiaries to the Early Child Care Development Center school facility projects of the Association, another initiative was born--the AFPMBAI Mini Park and Playground. Part of this initiative is to provide a venue to nurture the physical and mental development of the dependent wards of the Members.

For 2018, a total of five parks and playground projects were constructed for the Philippine Army (PAOVille Park, Army Gym, and PAOLFS Daycare Center) and for the Philippine Air Force (AETDC Fernando Air Base and Tactical Operations West, Palawan).



A FIRST OF MANY. MGen Romeo N Dela Cruz AFP (Ret) with BGen Roy T Devesa unveil the first AFPMBAI Mini Park and Playground at the PAOVille Park at the Headquarters, Philippine Army as other trustees, AFPMBAI executives and officers look on.

Health Program: Where and When It Matters Most

Under the HEALTH Flagship program, various major units were recipients of gym packages, dental and medical care equipment, and rescue ambulance vehicles, to name a few.



Likewise, sports packages were handed over to the AFP GHQ in support of their recreational and sports activities. Chart in the next page shows the distribution of donations to the major branches of service under the three major flagship programs.

General Welfare: All Things Come Together

For General Welfare, projects that belong to a broader service spectrum fall under this category. This includes mobility means, such as the Electronic, Utility and Patrol vehicles, as well as computer packages and other administrative requirements that aid in the fulfillment of the individual major services' mandate.



Under General Welfare is the REACH (Rebuilding, Empowering, and Advocating Change) program that aims to reach out to members by initiating projects that advocate a sense of community and fellowship among the members.

This year, the REACH program added a milestone by launching the Training Advocacy for Dependents (TRADE) wherein dependents of our Members are provided free seminars on crafts, entrepreneurial ventures, and developmental programs that complement their daily endeavors.

The first-ever TRADE seminar was piloted at the 402nd Brigade, 41D PA, Bancasi, Butuan participated in by the wives of the Association's members. During the event, resource speakers were invited to teach backyard organic farming both for profit and personal consumption.

*“At the very least,
we should ensure that
the members’ welfare
are given top
priority...”*

- **MGen Romeo N Dela Cruz AFP (Ret)**, AFPMBAI President and CEO in his speech at the AETDC Handover Ceremony in Fernando Air Base last December 2018.

During the seminar series, speakers from commercial banks, investment companies, franchising and business opportunity entities, professors from state colleges and universities apart from the Association’s sales business units and information drive proponents were on hand to provide the necessary tools to equip the participants with the much needed knowledge and information on how to manage their finances better.

REACHing Out Far and Wide

The REACH Program encapsulates various programs geared towards interpersonal development and growth. Part of the REACH program is the Livelihood Education And Development (LEAD) Financial Wellness Seminars created in order to provide an avenue to promote financial awareness to the Members.

From its humble beginnings, the LEAD seminar series of the AFPMBAI evolved into a venue wherein members are given added learnings on topics such as: entrepreneurship, financial management, investment fundamentals, and financial products wherein they can invest their hard-earned monies.

For 2018, five LEAD seminars were launched at PRO 2, Tuguegarao, Cagayan; PRO 5, Camp Simeon Ola; Camp Aguinaldo Main Branch; 8ID, Camp General Vicente Lukban; and

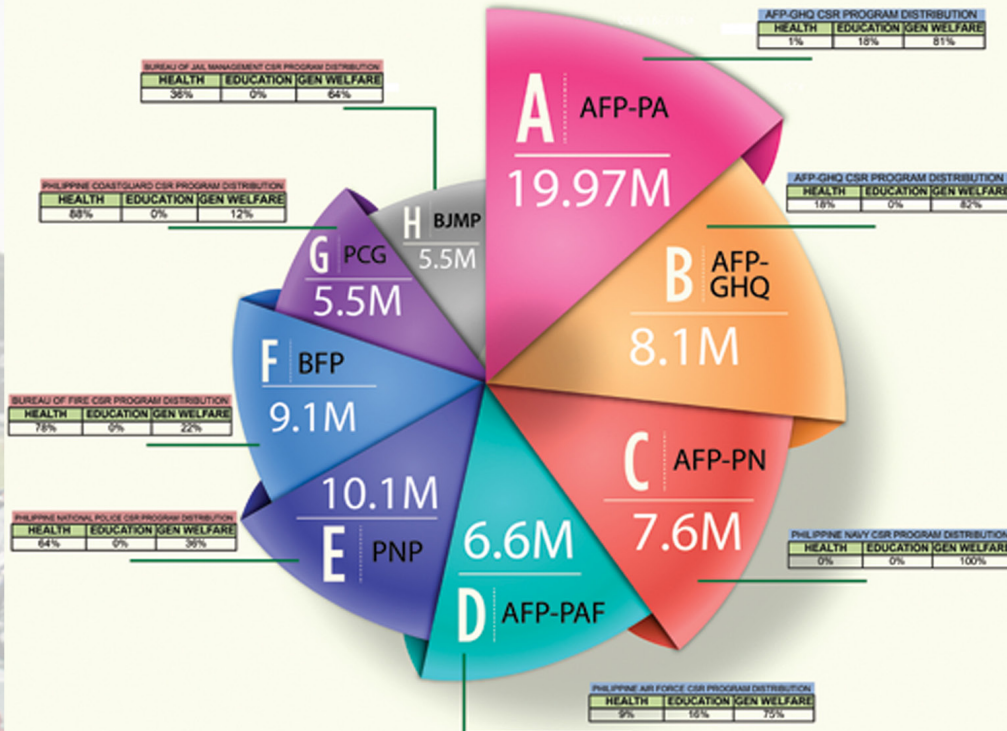


EMPOWERED PNP. At the PRO2 in Tuguegarao, the PNP participants of the LEAD Financial Wellness seminar series were given insights on investment products for potential passive income.

A minimum of 150 participants are expected with each of the two-day Financial Wellness Seminars under the LEAD Program. To date, the AFPMBAI has held more than 35 seminars of this nature to various camps nationwide and more are expected as other major service units are requesting the Association for this kind of activity in aid of their mandate to educate the ranks on the importance of financial management in the conduct of their service and duties.

THE AFPMBAI SOCIAL RESPONSIBILITY 2018 PRO-RATED BUDGET DISTRIBUTION

FOR 2018, APPROXIMATELY **72M** WAS ALLOCATED FOR THE CORPORATE SOCIAL RESPONSIBILITY FLAGSHIP PROGRAMS. THE PRO-RATED DISTRIBUTION METHOD, BASED ON COUNT, STRENGTH, PRODUCTION AND LEGAL RESERVE CONSIDERATIONS WAS APPROVED BY THE AFPMBAI BOARD OF TRUSTEES LAST JANUARY 2018.



As part of the REACH Program, a fun run dubbed, Run For The Troops, was also spearheaded by the Association last August 2018. Participated in by an impressive crowd turnout from the sponsored various major services as well as the general public, the event was also highly publicized as it was featured in major dailies as well as being featured on major broadcast networks.

Simultaneous to this event, a grand handover of donated items took place wherein the Association made a donation of 45 motorcycle vehicles, 9 patrol cars, 12 rescue ambulances, various gym equipment, and computer packages worth P37M.

After the ceremonial handover, the formal signing of the Deeds of

Donation by all the beneficiary branches of service was conducted. This was concluded with the inauguration of the first AFPMBAI Mini Park and Playground at the PAOville Park.

Another endeavor under the REACH program is the Annual Bloodletting Drive which was held at the following areas: Naval Education and Training Command in Zambales, Camp Aguinaldo Home Office, and at the National Fire Training Institute in Canlubang, Laguna. This project reared 375 bags that were handed over to the event partner, the National Kidney Transplant Institute.

Truly, with the years to come, the Association will scale greater heights in providing meaningful social service projects that uplift the lives of its

IN SHOTS



Board of Trustees



GEN BENJAMIN R MADRIGAL JR AFP
*Chief of Staff, Armed Forces of the Philippines
Chairman of the Board, AFPMBAI
Dec. 2018 - Present*



MGEN ROMEO N DELA CRUZ AFP (RET)
*President & CEO, AFPMBAI
June 2018 - Present*



MGEN ERICKSON R GLORIA AFP
Deputy Chief of Staff for Personnel, J1
Oct. 2018 - Present



MGEN NICOLAS C PARILLA AFP
Vice Commander, PAF
April 2019 - Present



PCOL JOSE MELENCIO C NARTATEZ JR
Senior Executive Assistant to the Chief, PNP
Nov. 2018 - Present



MGEN RIZALDO B LIMOSO AFP
Vice Commander, PA
April 2019 - Present



RADM JANDE S FRANCISCO AFP
Deputy Chief of Staff for Communications,
Electronics and Information System, J6
April 2017 - Present

**VADM ROLANDO D LEGASPI**

*Deputy Commandant for Operations, PCG
Oct. 2016 - Present*

**FCMS LITO TOMPAYOGAN (INF) PA**

*AFP Sgt Major
Oct. 2017 - Present*

**PBGEN ALFRED S CORPUS**

*Director, PNP Training Services
Jan. 2018 - Present*

**CSUPT ALLAN S IRAL**

*Deputy Chief for Operations, BJMP
April 2017 - Present*

**CSUPT LEONIDES P PEREZ**

*Deputy Chief for Administration, BFP
Sept. 2016 - Present*



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



MGEN ROMEO DE VERA POQUIZ AFP (RET)
Independent Trustee
June 2018 - Present



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



ATTY RENATO A DAVID
Corporate Secretary
July 2013 - Present

AFPMBAI Management



MGEN ROMEO N DELA CRUZ AFP (RET)
President and CEO



BGEN CESAR M IDIO AFP (RET)
Head, Sales and Operations Group & COO



COMMO RAMON S OCHOCO AFP (RET)
Head, Corporate Services Group & CCSO



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



REGINA B FAJOTINA
Head, Finance 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



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



LEA A MALIGASO
Head, Human Resources Division



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



MARY ANN VICTORIA M RECINTO
Head, Marketing Services Department



ATTY ELIZABETH A DEL FONSO- HIDALGO
Head, Compliance Office



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



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



JEFFREY RICHARD NIXON MATTHEW L UY
Head, Social Services Office



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



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

**DEONESIO B CORONG II**

*Head, Mindanao Area
Area and Branch Operations Division*

**LEAH Y JOYA**

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

**ANGELINA S JUTIE**

*Head, National Capital Region Area
Area and Branch Operations Division*

**MARIETTA O ALEJO**

*Head, Visayas and Mindanao Area
Insurance Sales Division*

**EMELITO LOPEZ**

*Head, National Capital Region Area
Insurance Sales Division*

**JOCELYN N JUNSAY**

*Head, Visayas Area
Area and Branch Operations Division*



FLORDELIZA D OCBANIA
Head, Billing and Collection
Department



ENGR ANNALY A LAVARIAS
Head, Business Technology Solutions Office



ARCH EDGAR A CLARIZ
Head, Planning, Design and Construction
Dept.



MICHELLE A ESPULGAR
Head, Real Estate Sales Department



COL WENCESLAO M ROMERO JR PAF (RET)
Manager, Office of the Head Admin Division



ALPHA GRACE F VENTANILLA
Head, Underwriting, Policy and
Membership Department

**FELISA T LINGAN**

*Head, Cash Management
Department*

**GEMMA A SILVESTRE**

Head, Alternative Investment Office

**JOHN PATRICK B CADAGAS**

Head, HR Administration Department

**LORPHINE G JUNIO**

*Head, Equities and Securities
Investment Office*

**CELSO M ROBLES**

Head, General Services Department



JASMIN M DAMO
Head, Risk Management Office



RAMONA M JOSEFA M PANIS
Head, Board Relations Office



JOYCE ANNE T BONAGUA
Head, Strategic Marketing Department



MYLENE P ORCULLO
Head, Accounting Department



JESUS A LAGUNA
Head, Accounts Monitoring Department

MBAI PROTEK

RANK			Monthly Contribution (MC)	Estimated Monthly Equity (50% of MC at 1.5% of BP)	Estimated Annual Equity Build-up	*Maximum Disability Benefit	TOTAL DEATH BENEFIT		
			Total (1.5% of BP)				Natural Death (100% of FA)	Accidental Death (200% of FA)	KIA (w/o CFAB)
AFP	PNP / BJMP / BFP	PCG							
CS			₱278.81	₱139.41	₱1,672.92	₱179,235.00	₱179,235.00	₱358,470.00	₱268,852.50
PVT	PAT / JO1 / FO1	ASN	445.02	222.51	2,670.12	286,084.29	286,084.29	572,168.58	429,126.44
PFC		SN2	453.92	226.96	2,723.52	291,805.71	291,805.71	583,611.42	437,708.57
CPL	PCPL / JO2 / FO2	SN1	463.01	231.51	2,778.12	297,649.29	297,649.29	595,298.58	446,473.94
SGT		PO3	472.26	236.13	2,833.56	303,595.71	303,595.71	607,191.42	455,393.57
SSG	PSSG / JO3 / FO3	PO2	481.71	240.86	2,890.32	309,670.71	309,670.71	619,341.42	464,506.07
TSG		PO1	491.34	245.67	2,948.04	315,861.43	315,861.43	631,722.86	473,792.15
MSG	PMSG / SJO1 / SFO1	CPO	501.17	250.59	3,007.08	322,180.71	322,180.71	644,361.42	483,271.07
SMSG	PSMS / SJO2 / SFO2	SCPO	511.19	255.60	3,067.20	328,622.14	328,622.14	657,244.28	492,933.21
CMSG	PCMC / SJO3 / SFO3	MCPO	521.42	260.71	3,128.52	335,198.57	335,198.57	670,397.14	502,797.86
1CMSG	PEMC / SJO4 / SFO4	1MCPO	531.84	265.92	3,191.04	341,897.14	341,897.14	683,794.28	512,845.71
P2LT/CADET			531.84	265.92	3,191.04	341,897.14	341,897.14	683,794.28	512,845.71
2LT		ENS	590.34	295.17	3,542.04	379,504.29	379,504.29	759,008.58	569,256.44
1LT	PLT / INS	LTJG	655.28	327.64	3,931.68	421,251.43	421,251.43	842,502.86	631,877.15
CAPT	PCAPT / SINSP	LTSG	747.02	373.51	4,482.12	480,227.14	480,227.14	960,454.28	720,340.71
MAJ	PMaj / CINSP	LCDR	821.99	411.00	4,932.00	528,422.14	528,422.14	1,056,844.28	792,633.21
LTC	PLTCOL / SUPT	CDR	920.63	460.32	5,523.84	591,833.57	591,833.57	1,183,667.14	887,750.36
COL	PCOL / SSUPT	CAPT	1,031.10	515.55	6,186.60	662,850.00	662,850.00	1,325,700.00	994,275.00
BGEN	PBGEN / CSSUPT	COMMO	1,154.84	577.42	6,929.04	742,397.14	742,397.14	1,484,794.28	1,113,595.71
MGEN	PMGEN / DIR	RADM	1,293.42	646.71	7,760.52	831,484.29	831,484.29	1,662,968.58	1,247,226.44
		VADM	1,448.63	724.32	8,691.84	931,262.14	931,262.14	1,862,524.28	1,396,893.21
LTGEN	PLTGEN / DDGEN	ADM	1,622.46	811.23	9,734.76	1,043,010.00	1,043,010.00	2,086,020.00	1,564,515.00
GEN	PGEN		₱1,817.15	₱908.58	₱10,902.96	₱1,168,167.86	₱1,168,167.86	₱2,336,335.72	₱1,752,251.79

*For total and permanent injuries due to accident or incurred while in the performance of duty. Disability benefit shall be based on the percentage of face amount depending on the gravity of injury.

DISABILITY BENEFIT UNDER MBAI PROTEK BASIC INSURANCE/SGTI	
Benefit Description	Benefit Amount
BOTH HANDS OR BOTH FEET	100%
SIGHT OF BOTH EYES	100%
ONE HAND AND ONE FOOT	100%
EITHER HAND OR FOOT AND SIGHT OF ONE EYE	100%
EITHER HAND OR FOOT OR SIGHT OF ONE EYE	50%
HEARING OF BOTH EARS	50%
FOUR FINGERS	35%
HEARING OF ONE EAR	25%
ALL TOES ON ONE FOOT	25%
THUMB	15%
INDEX FINGER	10%
MIDDLE FINGER	6%
RING FINGER OR BIG TOE	5%
LITTLE FINGER	4%
METACARPALS 1ST OR 2ND (ADDITIONAL)	3%
METACARPALS 3RD, 4TH, OR 5TH (ADDITIONAL)	2%
ANY TOE OTHER THAN BIG TOE, EACH	1%

PARTICULARS	MBAI PROTEK
Monthly Contributions	1.5% of base pay(50% Insurance;50% Equity Fund)
Type of Insurance Plan	Term Insurance
Total Living Benefit	Member's Equity + Interest
Death Benefit (Natural)	100% Face Amount + Total Living Benefit
Death Benefit (Accident)	200% Face Amount + Total Living Benefit
Death Benefit (KIA)	150% Face Amount + Total Living Benefit
Dismemberment/ Disability Benefit	For total and permanent injuries due to accident or incurred while in the performance of duty
Equity Loan	Loans for members at 6% interest per annum

PERMANENT INSURANCE PRODUCTS

	Premium Paying Period	Maturity Date	Dividends (for participating plans only)	Other Features and Benefits
Whole Life	Lifetime	Upon death/Age 99	Starting on the 4th policy year up to maturity or age 99	
20 Pay Life	20 years	Upon death/Age 99	Starting on the 4th policy year up to maturity or age 99	
Endowment at 56 (for uniformed personnel only)	Up to last month prior to insured's 56th birthday	On the insured's 56th birthday	Starting on the 4th policy year up to age 55	<ul style="list-style-type: none"> - Premium is 3% (PNP, BFP, BJMP) or 5% (AFP & PCG) of basic pay - Coverage increases as basic pay increases - Double indemnity for accidental death* - With disability benefit for total and permanent injuries due to accident* - With burial benefit of P5,000 (3% premium) or P10,000 (5% premium)
College Educational Plan (for children 0-11 years old)	5 years	Policy anniversary month following child's 17th birthday	Starting on the 4th policy year up to the year before maturity date	Waiver of premium upon death or total & permanent disability of payor
Endowment at 10/15/20 Years	10/15/20 years	After 10/15/20 years	Starting on the 4th policy year up to the year before maturity date	
Anticipated 20-Year Endowment	20 years	After 20 years	None	Bonus: Amounting to 20% of face amount on the 5th, 10th & 15th policy anniversary dates
Saver's Protection Plus (10-15 Plan)	10 years	After 15 years	Starting on the 4th policy year up to the year before maturity date	<ul style="list-style-type: none"> - Double insurance coverage in case of death from 6th to 15th year - Bonus: Amounting to 20% of face amount yearly starting on the 10th to 14th policy anniversary dates

Note: All Permanent Insurance products have privileges for Policy, Salary, and Member's Educational Assistance Loan (MEDAL).

*With restrictions based on examination and autopsy, as indicated in the Accidental Death Benefit (ADB) rider document

LOAN SERVICES

INSURANCE LOANS		
Policy Loan - available after 2 years of premium payment for Endowment Plans and 3 years for other Permanent Life Insurance Plans at 6% interest per annum MEDAL - payable in 6 or 12 months at 7% interest per annum Equity Loan - for members with MBI PROTEK insurance - 6% interest rate per annum	Salary Loan - for all active members with permanent status and with active Permanent Life Insurance Plans - maximum loanable amount of P300,000 at 8% interest per annum - available after paying one month of premium contribution remitted to the Association through payroll deduction - renewable after payment of 6 monthly amortizations	Expanded Salary Loan (ESL) - for an AFP member who is a regular member of AFPMBAL 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 - 5% interest rate per annum - total loan amount will be deducted from lump sum

REAL ESTATE LOANS		
Housing Loan - for the acquisition of lot or house and lot unit from AFPMBAL subdivision projects - payable up to 20 years, depending on the age of borrower at 5.5% - 8% fixed interest rates per annum	Mortgage Loan - for the purchase of lot, house and lot, or condominium unit (completed), house construction, purchase of lot and house construction, home improvement, refinancing of real estate/housing loan with other institutions and pay-off of other loans - maximum of P5M loanable amount - payable up to 20 years, depending on the age of the borrower - 5.5% - 8% fixed interest rates per annum	Pre-Retirement Loan - for AFP members who are due for mandatory retirement from the service within 5 years or less upon loan application - for purchase of lot, house and lot, or condominium unit (completed), house construction, purchase of lot and house construction, home improvement or pay-off of non-real estate loans - payable upon retirement - 5% - 7% interest rate per annum

Branch & Extension Offices



CAMP AGUINALDO BRANCH

NCRA

Head: Angelina S. Jutie

Camp Aguinaldo Branch

Col Bonny Serrano Rd
Cor Edsa, Cubao Q.C

Fort Bonifacio Branch

Supervisor: Ian Raymond Payot
B 36 L 21 & 29 LBO Bldg
AFPOVAI Bayani Road
Western Bicutan, Taguig City
0933-869-5686 / 0955-453-7042

Tanay Extension Office

In-charge: Maribel M Manalo
Camp Gen Capinpin
Tanay, Rizal
0933-869-5667

Villamor Extension Office

In-Charge: Jay Javison
3rd Floor PAF Airmen's Mall
CJAB, Pasay City

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
0933-8695676

Dagupan Extension Office

In-Charge: Joel Molina
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) 677-1715

Isabela Branch

Supervisor: Restituto M Duran III
3/F Alamoana Bldg, Maharlika Highway
Villasis, Santiago City, Isabela
0907-822-7859 / 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 Nabanalán
Camp Melchor F Dela Cruz
Upi, Gamu, Isabela
0933-869-5668

Tuguegarao Branch

Supervisor: Grandee P Dumlaog
2/F Rios Bldg Cor. College Ave and Taft
St. Centeo 8, Tuguegarao City, Cagayan
0916-167-6224/ 0933-869-5712
(078) 844-6728

Tabuk Extension Office*

2F Kalinga Bazaar Bldg, 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*

600th Air Base Wing, Clark Air Base
Pampanga
0933-869-5727

Olangapo Extension Office

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

Tarlac Extension Office

In-charge: Catherine Allag
2/F AJ-AS Building, Brgy. Maligaya
Tarlac City
0933-869-5714

Capas Extension Office*

G/F 2R Bldg. Sta. Lucia, Capas Tarlac
0933-869-5713

Camp Olivas Extension Office

In-charge: John Carlo Manalac
Camp Olivas, City of San Fernando
Pampanga
0933-869-5729



SOUTHERN LUZON AREA

Head: Lorraine Marie L. 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
 (046) 435-8992

Palawan Extension Office

In-Charge: Maria Clarissa A. Barroma
 Unit 204, 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 Guillermo Nakar
 Lucena City
 0942-802-6224 / 0933-869-5660
 (042) 373-1091
 No. 2 Blk 6 Lot 1 Bel-Air Subdivision
 Lag-on Daet, Camarines Norte
 0943-708-8627

Batangas Branch

Supervisor: Edna Isita
 2/F N & A Bldg B1-L2 Commercial Area,
 Base View Homes, Brgy Sico
 Lipa City, Batangas
 (043) 702-4352 / 0933-869-5651
 0933-869-5687

Canlubang Extension Office

In-charge: Daniel Magistrado
 Camp Vicente Lim, Canlubang Laguna
 (049) 531-4234 / 0933-869-5678

Calapan Extension Office

In-charge: Kathlyn Grace Alzate
 2/F San Agustin Bldg., Bonifacio
 Cor Osmena St., Brgy Ilaya,
 Calapan City, Oriental Mindoro
 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 / 0999-480-9566

Pili Extension Office

In-charge: Faye Morada
 2/F REMC New San Roque,
 Pili Camarines Sur
 0935-930-7236 / 0933-869-5664

Masbate Extension Office*

2F 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: May Ann Astillo
 Door 5 Elcourt Bldg., 1st St.
 Lacson, Bacolod City
 0933-869-5764/ (034) 434-6044
 0949-979-0353

Jamindan Extension Office*

Sitio Agbalagon, Jaena Norte
 Jamindan, Capiz
 0933-869-5689

Kalibo Extension Office*

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
 0920-5001827 / 09338695682
 (032) 234-1028

Dumaguete Extension Office

In-charge: Geoviliza Z Tayag
 Door no. 4 Canlas Bldg.
 Cervantes St., Dumaguete City
 0919-6661048 / 09338695685
 (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 / 0933-8695654

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: Benjie Sarona
 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 / 0933-869-5679

Maasin Extension Office*

Capt. Iyano St. Brgy. Tagnipa,
 Maasin City, Southern Leyte
 0933-869-5661

Bogo Extension Office

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

MINDANAO AREA

Head: Deonesio B Corong II

Zamboanga Branch

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
 (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

Schedule: Open on Fridays
 Door 3, Smiley Dental Clinic
 General Malvar St., Poblacion Ipil
 Zamboanga, Sibugay Province
 0933-869-5718

Cagayan De Oro Branch

Supervisor: Conchita Ma Concepcion L Salazar
 Nuñez Bldg, Zone 1, Bulua
 Cagayan De Oro City
 0999-4697-000 / 0933-869-5787
 (08822) 735-695

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

Supervisor: Mary Ann Malunhao
 Brgy. Bancasi, Butuan City
 0928-3687565 / 0933-869-5721
 (085) 226-6084

Surigao Extension Office

Schedule: Open on Fridays
 1208-C Diez St, Brgy Taft
 Surigao City
 0933-869-5722 / 0923-749-1606

Davao Branch

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

Mati Extension Office

In-charge: Paullyn Grace P Gamayon
 Manongas Bldg., Limotoc St.
 Mati City
 0933-8695723 / (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

Schedule: Open on Fridays
 2/F ZEPOL 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

*Extension offices are not open for business on a daily schedule due to the transitioning of the new information system.
 For schedules of operation and updates, kindly call the number indicated or refer to the official AFPMBAI Facebook account.



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

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

December 31, 2018 and 2017



REPORT OF INDEPENDENT AUDITORS

The Board of Trustees and Members
Armed Forces and Police Mutual Benefit Association, Inc.
Col. Bonny Serrano corner E. Delos Santos Avenue
Quezon City

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated financial statements of Armed Forces and Police Mutual Benefit Association, Inc. (the "Parent Company") and its Subsidiary (collectively referred to as "Group"), and the separate financial statements of the Parent Company, which comprise the consolidated and separate statements of financial position as at December 31, 2018 and 2017, consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in fund balance, and the consolidated and separate statements of cash flows for the years then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and 2017, and its consolidated financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS). Also, in our opinion, the separate financial statements of the Parent Company present fairly, in all material respects, the unconsolidated financial position of the Parent Company as at December 31, 2018 and 2017 and its unconsolidated financial performance and its unconsolidated cash flows for the years then ended in accordance with PFRS.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group and Parent Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and Parent Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group and Parent Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and Parent Company to cease to continue as going concern.



- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Group and Parent Company or business activities within the Group and Parent Company to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the audits. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue

Our audit was conducted for the purpose of forming an opinion on the basic separate financial statements of the Parent Company taken as a whole. The supplementary information in Note 38 to the basic separate financial statements of the Parent Company is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic separate financial statements of the Parent Company. Such supplementary information is the responsibility of the Parent Company's management. The information has been subjected to the auditing procedures applied in our audit of the basic separate financial statements of the Parent Company. In our opinion, the information is fairly stated, in all material respects, in relation to the basic separate financial statements of the Parent Company taken as a whole.

R.G. MANABAT & CO.

Vanessa P. Macamos

VANESSA P. MACAMOS

Partner

CPA License No. 0102309

IC Accreditation No. F-2017-017-O, valid until November 26, 2020

SEC Accreditation No. 1619-A, Group A, valid until March 15, 2020

Tax Identification No. 920-961-311

BIR Accreditation No. 08-001987-38-2016

✓ Issued December 16, 2016; valid until December 15, 2019

PTR No. MKT 7333621

Issued January 3, 2019 at Makati City

April 11, 2019

Makati City, Metro Manila



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

**CONSOLIDATED AND SEPARATE
STATEMENTS OF FINANCIAL POSITION**

December 31					
		Consolidated		Separate	
	Note	2018	2017	2018	2017
ASSETS					
Cash and cash equivalents	5	P1,703,626,107	P1,566,546,029	P1,494,589,309	P1,421,581,114
Short-term investments	6	2,138,870,213	2,432,383,488	2,047,878,268	2,424,895,038
Financial assets at fair value through profit or loss (FVPL)	34	23,447,846	28,673,297	23,447,846	28,673,297
Available-for-sale (AFS) financial assets - net	7	2,240,272,427	2,507,378,226	2,088,501,205	2,186,919,914
Assets held-for-sale	13	116,051,809	169,098,049	116,051,809	169,098,049
Premiums due and insurance receivables - net	10	140,922,432	150,652,926	4,568,647	406,772
Held-to-maturity (HTM) investments	8	4,682,324,509	2,848,060,442	4,400,369,567	2,599,679,021
Loan receivables - net	9	9,516,483,082	8,502,282,915	9,516,483,082	8,502,282,915
Other receivables - net	11	370,394,937	286,535,869	358,630,501	281,464,506
Investment properties	12	3,287,455,011	3,175,683,296	3,271,887,655	3,163,411,940
Investments in a subsidiary and associates - net	14	20,878,143	20,933,403	473,265,704	473,265,704
Property and equipment - net	15	266,511,754	279,141,242	250,047,812	260,568,075
Deferred reinsurance premiums	16	14,020,808	11,252,161	-	-
Deferred acquisition costs	17	30,733,753	32,934,217	-	-
Deferred tax assets - net	31	33,789,107	29,332,309	-	-
Other assets - net	18	77,494,389	119,509,245	66,618,612	105,215,046
		P24,663,276,327	P22,160,397,114	P24,112,340,017	P21,617,461,391
LIABILITIES AND FUND BALANCE					
Liabilities					
Accounts payable and accrued expenses	19	P808,257,825	P666,329,782	P731,305,049	P630,671,833
Claims and benefits payable	21	609,123,944	587,651,993	499,095,051	462,140,196
Insurance payables	22	15,971,840	16,717,780	-	-
Reserve for unearned premiums	16	140,828,437	130,393,190	-	-
Deferred reinsurance commissions	17	2,875,683	1,925,705	-	-
Dividends payable	23	487,413,193	418,807,064	487,413,193	418,807,064
Legal policy reserves	20	11,555,659,658	10,299,678,676	11,555,659,658	10,299,678,676
Reserve for refund of members' equity value	24	2,519,888,185	2,119,845,716	2,519,888,185	2,119,845,716
Retirement liability	30	155,816,673	180,355,643	158,585,302	180,839,601
Other liabilities	9	397,884,940	455,671,365	397,884,940	455,671,365
Total Liabilities		16,693,720,378	14,877,376,914	16,349,831,378	14,567,654,451
Fund Balance					
Members' contribution	25	84,616,599	87,790,958	84,616,599	87,790,958
Net unrealized gain on AFS financial assets	7	97,364,440	165,467,414	103,259,108	176,979,228
Employee benefit reserve	30	(38,437,744)	(92,660,450)	(34,519,224)	(87,810,183)
Accumulated net income	26				
Assigned		244,000,000	601,064,311	194,000,000	551,064,311
Unassigned		7,582,012,654	6,521,357,967	7,415,152,156	6,321,782,626
Total Fund Balance		7,969,555,949	7,283,020,200	7,762,508,639	7,049,806,940
		P24,663,276,327	P22,160,397,114	P24,112,340,017	P21,617,461,391

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

**CONSOLIDATED AND SEPARATE STATEMENTS OF
COMPREHENSIVE INCOME**

Years Ended December 31					
		Consolidated		Separate	
	Note	2018	2017	2018	2017
REVENUES					
Premiums, net of reinsurance		P3,460,897,234	P2,682,569,692	P3,224,967,881	P2,482,337,643
Interest income	27	1,347,809,327	1,057,926,687	1,331,543,853	1,050,506,953
Policy income		140,185,621	115,390,083	140,185,621	115,390,083
Increase in fair value of investment properties	12	111,771,715	1,814,497,516	108,475,715	1,814,497,516
Rental income	12, 36	106,639,260	129,313,366	105,396,155	128,297,130
Gain on sale of assets held-for-sale	13	50,601,094	63,819,653	50,601,094	63,819,653
Dividend income	7	14,092,206	19,318,395	11,353,537	11,899,525
Commission income	17	6,142,533	4,742,728	-	-
(Loss) gain on sale of AFS financial assets - net	7	(26,154,078)	5,107,362	12,916,702	11,713,753
Gain on sale of investment property	12	-	97,271,538	-	97,271,538
Other income		39,454,757	29,092,766	26,497,291	11,495,712
		5,251,439,669	6,019,049,786	5,011,937,849	5,787,229,506
BENEFITS AND EXPENSES					
Death and other policy benefits	21	1,628,805,865	1,445,444,859	1,534,848,920	1,376,165,046
Increase in legal policy reserves	20	1,255,980,982	923,366,704	1,255,980,982	923,366,704
General and administrative expenses	28	1,100,734,113	1,304,626,440	972,621,070	1,131,474,917
Commission expense		316,282,513	222,491,323	265,161,721	172,491,553
Dividend on participating policies	23	186,739,937	167,708,946	186,739,937	167,708,946
		4,488,543,410	4,063,638,272	4,215,352,630	3,771,207,166
INCOME FROM OPERATIONS		762,896,259	1,955,411,514	796,585,219	2,016,022,340
SHARE IN NET (LOSS) INCOME OF ASSOCIATES	14	(55,260)	591,253	-	-
INCOME BEFORE INCOME AND FINAL TAXES		762,840,999	1,956,002,767	796,585,219	2,016,022,340
TAXES	31				
Current		619,993	721,900	-	-
Deferred		(4,856,118)	(10,688,392)	-	-
Final		3,206,748	1,740,999	-	-
		(1,029,377)	(8,225,493)	-	-

Forward


Years Ended December 31

	<i>Note</i>	Consolidated		Separate	
		2018	2017	2018	2017
NET INCOME		P763,870,376	P1,964,228,260	P796,585,219	P2,016,022,340
OTHER COMPREHENSIVE INCOME					
Items that will never be reclassified subsequently to profit or loss					
Remeasurements of defined benefit obligation - net of tax	30	54,222,706	(67,310,270)	53,290,959	(68,207,219)
Items that may be reclassified subsequently to profit or loss					
Net change in fair value of AFS financial assets	7	(66,674,195)	160,131,709	(61,630,962)	129,755,945
Net change in fair value of AFS financial assets reclassified to profit or loss	7	(1,428,779)	(178,898)	(12,089,158)	(11,763,340)
TOTAL COMPREHENSIVE INCOME		P749,990,108	P2,056,870,801	P776,156,058	P2,065,807,726

ARMED FORCES AND POLICE MUTUAL BENEFIT ASSOCIATION, INC. AND SUBSIDIARY
CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN FUND BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	Consolidated					
	Members' Contribution	Net Unrealized Gain on AFS Financial Assets	Employee Benefit Reserve	Accumulated Net Income (Note 26)		Total
				Assigned	Unassigned	
	(Note 25)	(Note 7)	(Note 30)			
Balance at January 1, 2017	P92,309,534	P5,514,603	(P25,350,180)	P601,064,311	P4,557,129,707	P5,230,667,975
Net income	-	-	-	-	1,964,228,260	1,964,228,260
Other comprehensive income (loss)	-	159,952,811	(67,310,270)	-	-	92,642,541
Decrease in members' contribution	(4,518,576)	-	-	-	-	(4,518,576)
Balance at December 31, 2017	87,790,958	165,467,414	(92,660,450)	601,064,311	6,521,357,967	7,283,020,200
Net income	-	-	-	-	763,870,376	763,870,376
Other comprehensive (loss) income	-	(68,102,974)	54,222,706	-	-	(13,880,268)
Decrease in members' contribution	(3,174,359)	-	-	-	-	(3,174,359)
Dividend declaration	-	-	-	-	(60,280,000)	(60,280,000)
Reversal of assigned accumulated net income	-	-	-	(551,064,311)	551,064,311	-
Assignment of accumulated net income	-	-	-	194,000,000	(194,000,000)	-
Balance at December 31, 2018	P84,616,599	P97,364,440	(P38,437,744)	P244,000,000	P7,582,012,654	P7,969,555,949



ARMED FORCES AND POLICE MUTUAL BENEFIT ASSOCIATION, INC. AND SUBSIDIARY
CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN FUND BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	Separate					
	Members' Contribution	Net Unrealized Gain on AFS Financial Assets	Employee Benefit Reserve	Accumulated Net Income (Note 26)		
				Assigned	Unassigned	Total
	(Note 25)	(Note 7)	(Note 30)			
Balance at January 1, 2017	P92,309,534	P58,986,623	(P19,602,964)	P551,064,311	P4,305,760,286	P4,988,517,790
Net income	-	-	-	-	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	87,790,958	176,979,228	(87,810,183)	551,064,311	6,321,782,626	7,049,806,940
Net income	-	-	-	-	796,585,219	796,585,219
Other comprehensive (loss) income	-	(73,720,120)	53,290,959	-	-	(20,429,161)
Decrease in members' contribution	(3,174,359)	-	-	-	-	(3,174,359)
Dividend declaration	-	-	-	-	(60,280,000)	(60,280,000)
Reversal of assigned accumulated net income	-	-	-	(551,064,311)	551,064,311	-
Assignment of accumulated net income	-	-	-	194,000,000	(194,000,000)	-
Balance at December 31, 2018	P84,616,599	P103,259,108	(P34,519,224)	P194,000,000	P7,415,152,156	P7,762,508,639

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

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS

Years Ended December 31					
		Consolidated		Separate	
	Note	2018	2017	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES					
Income before income tax		P762,840,999	P1,956,002,767	P796,585,219	P2,016,022,340
Adjustments:					
Interest income	27	(1,347,809,327)	(1,057,926,687)	(1,331,543,853)	(1,050,506,953)
Dividend on participating policies	23	186,739,937	167,708,946	186,739,937	167,708,946
Increase in fair value of investment properties	12	(111,771,715)	(1,814,497,516)	(108,475,715)	(1,814,497,516)
Incremental benefit reserves		84,664,823	103,225,079	84,664,823	103,225,079
Impairment loss on loans and insurance receivables	28	74,868,331	71,121,720	64,009,658	28,626,360
Gain on sale of assets held-for-sale	13	(50,601,094)	63,819,653	(50,601,094)	63,819,653
Depreciation and amortization	15,28	45,541,386	53,240,170	41,641,786	44,292,796
Retirement benefit expense	30	33,489,363	29,283,378	31,036,660	26,641,869
Loss (gain) on sale of AFS financial assets - net	7	26,154,078	(5,107,362)	(12,916,702)	(11,713,753)
Dividend income	7	(14,092,206)	(19,318,395)	(11,353,537)	(11,899,525)
Decrease (increase) in fair value of financial assets at FVPL		(2,772,312)	5,469,328	(2,772,312)	5,469,328
Foreign exchange gain		(703,926)	(34,839)	-	-
Share in net loss (income) of associates	14	55,260	(591,253)	-	-
Gain on sale of investment properties	12	-	(97,271,538)	-	(97,271,538)
Impairment loss on AFS financial assets	7	-	9,484,685	-	-
Loss on sale or disposal of property and equipment		-	112,164	-	-
Changes in:					
Reserve for unearned premiums	16	10,435,247	34,390,059	-	-
Deferred acquisition cost	17	2,200,464	(10,467,105)	-	-
Deferred reinsurance premiums	16	(2,768,647)	(166,192)	-	-
Deferred reinsurance commissions	17	949,978	(50,542)	-	-
Operating loss before working capital changes		(302,579,361)	(511,573,480)	(312,985,130)	(530,082,914)
Decrease (increase) in:					
Loans receivable - net		(1,075,133,238)	(499,206,429)	(1,075,133,238)	(499,206,429)
Premiums due and insurance receivables		(1,128,179)	(36,393,775)	(4,161,875)	1,629,943
Other receivables		(1,903,168)	(54,043,189)	43,764,198	(54,414,921)
Other assets		42,014,856	(30,676,673)	38,596,434	(32,578,954)
Increase (decrease) in:					
Claims and benefits payable		21,471,951	62,170,561	36,954,855	61,153,106
Accounts payable and accrued expenses		81,648,043	152,601,887	40,353,216	109,891,982
Legal policy reserves	20	1,255,980,982	923,366,704	1,255,980,982	923,366,704
Insurance payables	22	(745,940)	6,104,887	-	-
Other liabilities		(57,786,425)	(80,411,546)	(57,786,425)	(80,411,546)

Forward

Years Ended December 31

	Note	Consolidated		Separate	
		2018	2017	2018	2017
Net cash used in operations		(P38,160,479)	(P79,385,395)	(P34,416,983)	(P100,653,029)
Interest received		1,290,300,443	1,045,783,432	1,274,131,456	1,040,635,331
Income taxes paid		(3,826,741)	(2,462,899)	-	-
Contributions received		(3,406,307)	(2,733,249)	-	-
Dividends received		14,092,206	19,318,395	11,353,537	11,899,525
Dividends paid	23	(118,133,808)	(88,851,392)	(118,133,808)	(88,851,392)
Net cash provided by operating activities		1,140,865,314	891,668,892	1,132,934,202	863,030,435
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal (payments for acquisition) of:					
Short-term investments		293,513,275	(1,212,383,488)	377,016,770	(1,204,895,038)
Financial assets at FVPL		7,997,763	(14,161,921)	7,997,763	(14,161,921)
AFS financial assets		199,002,825	(199,580,705)	24,698,589	(225,618,245)
HTM investments		(1,834,264,067)	(823,123,327)	(1,800,690,546)	(642,387,968)
Increase in investment in a subsidiary		-	-	-	(227,750,000)
Investment properties		-	1,580,140,753	-	1,563,795,753
Assets held-for-sale		49,969,653	42,709,074	49,969,653	42,709,074
Property and equipment	15	(32,911,898)	22,076,238	(31,121,523)	27,781,779
Net cash used in investing activities		(1,316,692,449)	(604,323,376)	(1,372,129,294)	(680,526,566)
CASH FLOWS FROM FINANCING ACTIVITIES					
Increase in reserve for refund of member's equity	24	400,042,469	251,949,746	400,042,469	251,949,746
Incremental benefit reserves		(84,664,823)	(103,225,079)	(84,664,823)	(103,225,079)
Decrease in members' contribution		(3,174,359)	(4,518,576)	(3,174,359)	(4,518,576)
Net cash provided by financing activities		312,203,287	144,206,091	312,203,287	144,206,091
NET INCREASE IN CASH AND CASH EQUIVALENTS		136,376,152	431,551,607	73,008,195	326,709,960
EFFECT OF MOVEMENTS IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS		703,926	34,839	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,566,546,029	1,134,959,583	1,421,581,114	1,094,871,154
CASH AND CASH EQUIVALENTS AT END OF YEAR		P1,703,626,107	P1,566,546,029	P1,494,589,309	P1,421,581,114