



AFPMBAI

ANNUAL REPORT
2016

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ABOUT 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 a non-stock, non-profit corporation - Armed Forces of the Philippines Mutual Benefit Association, Inc. on September 1, 1965. The name was later changed to Armed Forces and Police Mutual Benefit Association, Inc. (AFPMBAI).

The Association was registered with the Securities and Exchange Commission on January 13, 1966. 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 also established two financial institutions -- the Armed Forces and Police Savings and Loan Association, Inc. (AFPSLAI) on December 1, 1972, and the Armed Forces and Police General Insurance Corporation (AFPGEN) on March 22, 1979.

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

VISION

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

MISSION

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

VALUES

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

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

MESSAGE FROM THE CHAIRMAN




GENERAL EDUARDO M. AÑO AFP
AFP Chief of Staff and
AFPMBAI Chairman of the Board

As the Chairman of the AFPMBAI Board of Trustees, I enjoin the ever-growing members of AFPMBAI in recognizing the impact of the success we have all achieved in 2016.

Prompted by our purpose to protect our hard-earned savings and investments, AFPMBAI has done well to institute judicious measures that cushioned the organization from the risky effects of the fluid financial market. This ensured the institutional viability and growth sustainability of the services availed by our members.

Braving the financial woes of the previous year, the collective support through continued patronage of the wide range of the products offered have inspired us to adopt timely actions and decisions that are firmly anchored on our duty to protect and advance our members' financial welfare.

As a response to the trust and support gained, we are publishing the 2016 Annual Report to inform our members of the financial strength of our institution. In view of our continuing commitment and adherence to accountability and transparency, this publication also aims to disclose AFPMBAI's service capability in various aspects which are firm grounds to your enduring trust and support in the institution's growth and overall financial welfare. Through this report, we hope to convey the fruits of our close partnership which is sure to strengthen as we continue to brave the challenges of another year ahead.

On behalf of the AFPMBAI Board of Trustees and the strong membership from Armed Forces of the Philippines, I congratulate our well-established promotion of the AFPMBAI's financial products that benefit us in common with our partner-stakeholders.

MESSAGE FROM THE PRESIDENT AND CEO

In almost three years of my service as President and CEO of AFPMBAI, the welfare of the members has always been the thrust of this company. With great optimism, I have envisioned AFPMBAI to be closer to its objectives of being at the top of the minds of members and becoming a globally competitive financial and security provider.

It has been a very challenging term for me from July 2014 to April 2017. While the global economy faced some major headwinds, the Philippine insurance industry showed its resilience. And AFPMBAI stood strong and survived the challenges of the times.

Despite the hurdles, our Association was able to strengthen its foundation. From CY 2014-2017, several undertakings were made. We have constructed a new office building in Taguig to accommodate you, the members, and give you a more comfortable place to transact your business with us. We have also improved our facilities and offices in the head office including the canteen, which serves meals at very affordable prices. It also features a kids' playroom and a nurturing room, intended mainly for our members with toddlers in tow, especially nursing female members of the uniformed services.

With the collective efforts of the Board of Trustees, Management, and the employees, AFPMBAI was able to provide more than P3B in living benefits and almost P400M in death benefits to about 90,000 members from CY 2014-2017. During the said period, almost 2,000 members were able to realize having their dream homes through our Real Estate Loan programs. Moreover, we have increased the members' benefits through additional financial assistance programs instituted during the year.

Constantly innovating according to the needs of its members, the Association has started to offer new products and set up an automated system for loans. Additionally, we have established a partnership with one of the largest conglomerates in the country for a new payment facility. Lastly, we have launched our latest real estate development in Tanza, Cavite.

Aside from providing affordable and quality financial products and services, we have been continuously intensifying our efforts in creating a greater impact in the lives of our members through our growing Plowback Program. Over the years, we have been implementing several projects nationwide, aiding the needs of our members in the areas of health, education, livelihood, general welfare and community development which uplift the lives of our members and their families.

For more than five decades, AFPMBAI has been able to steadily grow and transition into a more than P17B mutual benefit association.



MGEN EDGARDO RENE C SAMONTE AFP (RET)
President and CEO
July 2014-April 2017

Today, we are still the number one mutual benefit association in the Philippines, in terms of assets and reserves.

I know we still have a lot to improve on, and our passion and mission to serve our members will certainly give us the determination and the ability to achieve more in the future.

As I bid farewell, let me take this opportunity to express my deepest and sincerest gratitude to the past and present Board, the Management and Employees, and our members for the support which sustained the successes of this Association. Serving my fellow men and women in uniform through AFPMBAI has been a great honor and pleasure.

Again, thank you. May the legacies of this great institution lead on to the next 50 years and beyond. Mabuhay and Godspeed!

FINANCIAL HIGHLIGHTS

**NET
INCOME**

P370.06M

REVENUES

P3.54 B

**MEMBERS
EQUITY**

P4.82B

**TOTAL
PREMIUMS**

P2.28B

ASSETS

P17.84B

**LIVING
BENEFIT**

P1.06B

**DEATH
BENEFIT**

P180.46M

RESERVES

P9.38B

COMPANY PERFORMANCE REVIEW

From its thrust of dynamism and excellence when it changed leadership in 2014, AFPMBAI's performance for CY2016 has been an accumulation of financial and personnel growth, and of improved systems adding significant value to its established reputation of stability and strength.

FINANCIAL GROWTH

Since its incorporation in 1965, with recorded total assets of P1.71M, AFPMBAI has grown to be one of the largest mutual benefit associations in the Philippines. It also remains to be the number one mutual benefit association in the country, in terms of assets recorded at P17.84B as of December 31, 2016. This is a 9.6% increase from the previous year's recorded total assets of P16.27B.

Moreover, the Association posted a net income of P370.06M for CY2016 and P800.78M for CY2015. Said figures are inclusive of an increase in fair value of investment properties at P24.79M and P463.06M, respectively.

Nevertheless, the Association sustained its operations as evidenced by its earnings derived from its revenues at P3.51B, a growth of 6.5% or P227.75M from the previous year. These also comprised growth in premium earnings of 6% from CY2015 figures of P2.16B to P2.28B ; and a dashing increase of 8% from CY2015 interest income of P921.24M to P997.97M.

AFPMBAI also continued providing for the needs of our members as well as promoted their welfare

through benefits. For CY2016, we have processed and released P1.06B pesos worth of living benefits for 23,924 members; and a total of P180.46M death benefit claims to the beneficiaries of our 2,090 members.

In serving the purpose of the Association to provide housing services to our members, we released a total of P174.14M mortgage loans for 113 members and a total of P178.75M housing loans for 488 members.

The Association also released total dividends from eligible participating insurance policies amounting to P114.72M for the said period, an increase of 10% from the previous year. The release of the said dividends started this January 2017. Dividends declared was based on 1.8% of policy reserves, 28.6% higher than last year's basis of 1.4% of policy reserves.

Furthermore, for the same period, additional financial assistance was given to regular members of AFPMBAI who was killed in action (KIA), wounded in action (WIA) and those who incurred injuries or illnesses while performing their duties.

MANAGEMENT IMPROVEMENTS

Job Rationalization

The restructuring of AFPMBAI's organization together with the Job Rationalization Program was completed over the year with improved channels of approval for efficient operations and maximum productivity. Personnel were evaluated based on their responsibilities as well as their job competencies





Launching of AFPMBAI's new payment facility in partnership with SM Corporation

Balanced Scorecard (BSC) workshop for AFPMBAI employees



and reassigned in the offices where they will function more effectively.

Performance Management Development System

The Association instituted the Performance Management Development System (PMDS) using the Balanced Scorecard system that measures and monitors progress through metrics of the following perspectives: financial, customer/stakeholder perspective, internal process and learning and growth. This is a management tool used extensively in the business industry and organizations worldwide, now adopted by AFPMBAI to keep up with its vision of being globally competitive.

Human Resource Information System

Part of the Association's significant improvement is the installation of the Human Resource Information System (HRIS) designed to enhance and speed up collection and dissemination of human resource data. HRIS plays a major role in the creation of accurate and timely reports pertaining to salaries, benefits and employee demographics that would help the Management in its decision making and strategic planning activities.

Customer Feedback System

To further improve its services and gain insights on the members' needs, the Association also implemented a Customer Feedback System that surveys the members' real time experiences in transacting their businesses. Several seminars on customer service programs were conducted to equip all personnel in performing their duties of serving the members with the assurance of greater customer experience.

Enhanced Member's ID Card

As part of its product and service innovation, AFPMBAI also launched the enhanced Member's ID Card to give members the convenience of having membership identification and ATM functionality in one. This can also be used for their claims disbursement.

Additional Payment Facility

The Association also partnered with SM for an additional payment facility where members can conveniently pay their loans, insurance premiums and other dues in all SM Bills Payment counters nationwide.



Blessing and inauguration of the AFPMBAI Annex Building, Quezon City

Blessing and inauguration of Luzon Branch Office Building in Bayani Road, Taguig City

Document Management System

An additional enhancement to the operations of the Association is the installation of a Document Management System (DMS). This is a way to automate redundant processes, reduce operating costs and enhance retrieval system of corporate records. The implementation of the said system will provide an easy access to the Association's different units from the home office to its branches and extension areas nationwide providing better service to the members.

Information System

The Association also started an Information System for automation and integration of insurance and loans processes. Completion of the system will improve the management of members' accounts and hasten the processing of claims.

Going Green

Meanwhile, in adhering to one of its corporate values, Social Responsibility, the Association installed a Solar Panel System that can combat the harmful effects of climate change and help in the advocacy of promoting green environment. Said undertaking will dramatically decrease its electric consumption. This is accompanied by the conversion of all fluorescent

lights to LED lights.

REAL ESTATE PROJECTS

In its commitment to continuously improve its services to its members, it completed its construction projects like the Luzon Branch Operations (LBO) Building in Taguig, and the rehabilitation of the Annex Building. The said building now houses some offices like the Social Services Office, Administration Division and office for supplies to decongest the home office or the Main AFPMBAI Building. It also has meeting and training rooms that can accommodate various activities of the Association. Moreover, it also houses the new canteen with a kid's playroom where the members can leave their toddlers while transacting their business in the home office.

MOVING FORWARD

AFPMBAI will continue to improve and reform to make things better. It will take challenges as opportunities of growth and success. It will remain firm and steadfast to its commitment of promoting the welfare of its members and their families as it lives by its trademark, AFPMBAI, "Maaasahan sa oras ng Pangangailangan".

CORPORATE SOCIAL RESPONSIBILITY REPORT

GIVING BACK WITH AFPMBAI

Six years into its establishment, the Social Services Program (SSP) has continuously made a difference in the lives of AFPMBAI members. Apart from being a constant source of hope through its life-changing activities, the SSP provides services past its primary advocacy on financial wellness. This has formed part of the core values of the SSP --- to be a catalyst of change in the lives of its members. Geared towards the holistic development and empowerment of its members, the Association has since involved itself with socially relevant projects which encourage volunteerism among members and employees alike.

With the challenge of having a wider reach and a greater impact to its members, the Association focused on five social transformation flagship programs, namely: Education, Health, Livelihood, General Welfare, and Community Development. For 2016, a total of 15 welfare projects were implemented for these flagship programs.

Grants for Education

As education continues to be one of the Association's priorities, the AFPMBAI-AFPEBS* partnership granted a total stipend of P1.5M for 146 scholars. The Grants for Dependents (GRADE) Program for the Tertiary level had 36 scholars, 20 of which have already graduated in 2016. The same program was likewise extended to cover high school education

dubbed as Extension to GRADE Program with 3 scholars in 2016.

Not missing a beat, even the youngest of the members' dependents are taken cared of through the Early Childhood Care and Development (ECCD) Project. The ECCD program allotted P1M per classroom, inclusive of construction or renovation, and acquisition of educational materials and other school-related furniture. For 2016, initial classroom construction was already started at the 52nd Engineering Brigade, while MOA signing was done with the Mechanized Infantry Division, 3rd Infantry Division, 9th Infantry Division and 4th Infantry Division.

The Association's commitment to educational programs is an expression of deep gratitude to the members who gallantly fought and unselfishly offered their lives in the service of the country. This is our way of empowering the families of these members since the beneficiaries of the said programs are all dependents of these brave and honorable men and women.

Upgrading Health and Medical Services

Providing health and medical assistance to various branches of service remains to be one of the most important advocacies of the Association. In 2016, the Dental and Oral Care (DOC) Project and Healthy and Active Lifestyle (HEAL) Project were also essential

*Since the AFPMBAI has its own scholarship programs, this was the last sponsorship for AFPEBS.

in keeping our members in top shape. Hence, 10 dental chairs with complete accessories were turned over to the Armed Forces of the Philippines General Headquarters (AFP GHQ), BFP, BJMP, PA and PCG; and a total of 15 Gym Equipment sets were donated, respectively.

In response to improving the emergency and medical facilities for the members, a total of 10 ambulance units were given to the BFP, BJMP, PCG and Philippine Air Force (PAF), while the Adopt-a-Ward (AAW) Program benefited AFP GHQ, Philippine Navy (PN), PAF, PA, Philippine National Police (PNP), BJMP and PCG. AAW allocates P1M per request, inclusive of renovation or construction of a medical facility, hemodialysis machines, operating tables, cardiac monitors, and defibrillators, to name a few.

LIVELIHOOD SEMINARS

To further encourage self-sufficiency and financial wellness among the members, the Livelihood Education and Development (LEAD) Project focused on Financial Management seminars held in Manila, Cebu, and Davao. Topics include starting a business or a small enterprise using AFPMBAI loans. Subject matter experts were invited in the seminar series. A total of 433 uniformed personnel and civilian employees attended the LEAD seminars.

GENERAL WELFARE'S MORALE BOOSTING EFFORT

As part of the General Welfare Program, the Members' Entertainment (ME) Project aims to boost the morale and well-being of our dedicated men and women in the uniformed services. Hence, 250 entertainment packages were given to the PA, PN, BJMP, BFP, PNP and AFP GHQ in 2016. Each entertainment package was composed of a microphone, an amplifier, a karaoke unit and a set of speakers.

COMMUNITY DEVELOPMENT SUPPORT

In times of natural disasters, additional support is provided to the various branches of service through the Calamity Assistance and Resistance Equipment (CARE) Project. Under this project, two units of rescue ambulance were given to the BFP and PN in 2016.

Going beyond the needs of the members, and contributing to the community as a whole, is also a core priority of the Association. The Rebuilding, Empowering, Advocating Change (REACH) Projects realize community-building as an avenue for individuals and groups to come together for a significant cause. In 2016, four major events were done under REACH, namely: "Run to REACH" a fun run event wherein proceeds of the fun run were then used for the Tree Planting event held at Camp O' Donnell in Capas, Tarlac. Going further, a blood donation drive was held at Camp Vicente Lim, National Fire Training Institute; AFPMBAI Home Office and Navy Education Training Command, Zambales respectively; gathering a total of 455 blood bags collected and turned over to the National Kidney Institute of the Philippines.

Capping the Association's social program activities in 2016, a "Pamaskong Handog ng AFPMBAI sa mga Kabataan" was held for the military dependents of members at the AETDC, Fernando Air Base in Lipa City, Batangas and at CENTCOM, Camp Lapu-Lapu in Cebu. In this event, participants were treated to fastfood kiddie meals, sweets, giveaways and a variety show featuring clowns and magicians. Volunteers for the said event were a combination of AFPMBAI and Camp personnel.

The Association truly goes beyond providing insurance coverage, moreso, offering meaningful member-centric social services that are relevant, responsive and sustainable. From humble beginnings, it has moved to greater heights by being a reliable partner in effecting positive change in the lives of its members and ultimately making a difference in society.

Livelihood Education And Development (LEAD) Seminar



Tree planting project in Capas, Tarlac



Bloodletting activity in partnership with National Kidney and Transplant Institute (NKTi)



OTHER CSR PROJECTS

Run to REACH, fun run event in support to the tree planting project



AFPMBAI Employees' Union Christmas Outreach Program in Bahay ni Maria, home of the abandoned elderly



AFPMBAI Supervisors' Club Christmas Outreach Program in Bahay Aruga in San Marcelino St, Ermita, Manila

GOVERNANCE REPORT

In 2016, the AFPMBAI held fast to its commitment to further improve its corporate governance practices in accordance with established standards. With the guidance of the Insurance Commission and the Institute of Corporate Directors (ICD) during its Continuing Education Program held on 31 March 2016, the Association proceeded to enhance its governance structures and practices with positive results. At the end of the assessment period for 2016, the ICD reported AFPMBAI's 22% improvement in the ASEAN Corporate Governance Scorecard (ACGS), with the highest improvement noted in the Association's commitment to uphold the rights of its members.

PROTECTING MEMBERS' RIGHTS AND ENSURING EQUITABLE TREATMENT

On 8 October 2016, the Association held its Annual General Membership Meeting (AGM) at the Head Office, AFPMBAI Building, Boni Serrano Rd cor EDSA, Quezon City, a location easily accessible to the members to encourage maximum participation. During the AGM, individual members were given the opportunity to participate in deciding on matters involving the governance and operations of AFPMBAI, particularly on the proposed amendments to the By-Laws, the ratification of all acts of the Board and Management, and the election of the members of the Board of Trustees. All regular

members present were given the right to nominate and vote for their candidates.

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, presided over the nomination and election proceedings. The COMELEC Chairman, Col Ukol M Paglala JAGS (GSC), informed the regular members present of the voting and vote tabulation procedures to be used prior to the start of the proceedings for an orderly conduct of the election. After the election, the COMELEC Chairman declared the following as the duly-elected members of the Board of Trustees:

BOARD MEMBERS ELECTED DURING THE 2016 ANNUAL GENERAL MEMBERSHIP MEETING	AGE	ACADEMIC QUALIFICATION	DATE OF FIRST APPOINTMENT
Gen Ricardo R Visaya AFP	55	Training in Corporate Governance	1 June 2016
RAdm Allan B Rosal AFP	55	Training in Corporate Governance	1 June 2015
MGen Robert M Arevalo AFP	53	Master in Management, AIM; Professional Development Program, ICD	30 Sept 2016
Commo Virme P Torralba AFP	55	Training in General Engineering, Corporate Governance, Human Resource Management	8 Oct 2016
MGen Conrado V Parra Jr AFP	55	Training in Corporate Governance and Project Management	30 Sept 2016
CSupt Cesar Hawthorne R Binag PNP	51	Master in Public Administration, Harvard; Program in Public Policy and Management, Harvard; Master in Development Management, AIM; Professional Development Program, ICD	30 June 2015
Commo Rolando D Legaspi PCG	52	Master in Public Administration, Harvard; Program in Public Policy and Management, Harvard; Master in Development Management, AIM; Professional Development Program, ICD	8 Oct 2016
CSupt Romeo S Elisan Jr BJMP	54	Development Program, ICD Training in Corporate Governance, Performance Management, and Strategic & Critical Thinking	30 June 2014

BOARD MEMBERS ELECTED DURING THE 2016 ANNUAL GENERAL MEMBERSHIP MEETING	AGE	ACADEMIC QUALIFICATION	DATE OF FIRST APPOINTMENT
CSupt Leonides P Perez	52	Master in Business Administration; Training in Personnel Management;	15 Sept 2016
MGen Edgardo Rene C Samonte AFP (Ret)	58	Master in Development Management, AIM; Management Course, Oxford; Master in Business Administration, Ateneo Graduate School of Business	5 July 2014
LtGen Raul S Urgello AFP (Ret)	73	Training in Corporate Governance	15 Sept 2016
BGen Florentino P Manalastas AFP (Ret)	56	ISO 9000-2000 Series Lead Auditor Course, PERA Neville Clark, 2006 Candidate for Executive Doctorate in Education Leadership, Development Academy of the Philippines; Master in Business Administration, UP Diliman ; Manager Development Program, Mt Eliza Business School, Australia; Bachelor of Laws, St Louis University-Baguió	30 Sept 2016
BGen Rolando M Aquino AFP (Ret)	57	Training in Corporate Governance, in Project and Financial Management, and in Research and Development Management	1 Sept 2015
FCMS Romeo H Jandugan (INF) PA	54	Training in Corporate Governance	29 Oct 2015

The duly-elected trustees, having served for many years in the active service, have gained relevant experience in governance, leadership and decision-making that is invaluable to the Association. Their positions in the hierarchy of the major services also make them powerful opinion leaders who pave the way for there to be open communication between the Association and its members, thereby enabling AFPMBAI to more quickly respond to the needs of the membership.

The AGM also gave the members an opportunity to raise questions to the Board of Trustees and AFPMBAI Management and have these immediately addressed. One beloved member of the Association, former AFPMBAI President BGen Rosalino A Alquiza AFP (Ret), took the time to recommend improvements to the Association's dividend policy. He also queried Management on the status of the Association's projects, and gave significant inputs to the proposed amendments to the By-Laws. All his suggestions were welcomed by the Board and Management. The Chairman of the Board, Gen Ricardo R Visaya AFP, also directed AFPMBAI Management to study how to increase the existing benefits and financial assistance to the dependents of deceased members, including those who suffer

major injuries in the line of duty, and to do more in improving customer service. These matters were taken to heart by the Board and Management and, by 27 October 2016, the Board of Trustees passed a resolution on the Comprehensive Financial Assistance to Members (CFAB), giving an additional P10M allocation for 2016 for the increase in benefits and assistance.

BOARD AND BOARD COMMITTEES

The Association's Board and Board Committee meetings for CY2016 were set by December 2015. All materials for Board meetings are sent electronically to the members of the Board at least three (3) working days prior to the Board meeting, in accordance with the Association's Manual of Corporate Governance. However, upon the assumption of office of BOT Chairman Gen Ricardo R Visaya AFP, he gave the direction for Management to submit Board materials to the Trustees at least five (5) working days prior to each meeting, and the Association has exerted best efforts to do so.

The Association's Corporate Secretary is Atty Renato A David, a retired Major General of the Armed Forces of the Philippines. He undergoes continuous legal

training (Mandatory Continuing Legal Education or MCLE) at the UP Law Center, as well as training in corporate governance and corporate housekeeping with the Center for Global Best Practices.

For 2016, the Board of Trustees and Board Committees conducted the following meetings:

MEETINGS OF THE BOARD OF TRUSTEES FOR 2016

POSITION	BOARD OF TRUSTEES	ATTENDANCE 12 MEETINGS FOR 2016 AVERAGE QUORUM: 68%
Chairman	Gen Ricardo R Visaya AFP	33%
Vice Chairman	RAdm Allan B Rosal AFP	92%
Member/President	MGen Edgardo Rene C Samonte AFP (Ret)	100%
Member	MGen Robert M Arevalo AFP	60%
Member	Commo Virme P Torralba AFP	75%
Member	MGen Conrado V Parra Jr AFP	60%
Member	CSupt Cesar Hawthorne R Binag PNP	83%
Member	Commo Rolando D Legaspi PCG	100%
Member	CSupt Romeo S Elisan Jr BJMP	83%
Member	CSupt Leonides P Perez BFP	60%
Member-Independent	LtGen Raul S Urgello AFP (Ret)	100%
Member-Independent	BGen Florentino P Manalastas AFP (Ret)	80%
Member-Independent	BGen Rolando M Aquino AFP (Ret)	75%
Member	FCMS Romeo H Jandugan (INF) PA	100%

The following whose tenure ended before the AGM were also members of the AFPMBAI Board of Trustees: Gen Hernando DCA Iriberry AFP as Chairman, RAdm Jose Renan C Suarez AFP, DDG Danilo S Constantino PNP, MGen Elexander F Balutan AFP, MGen Emerald C Magnaye AFP, MGen R Demosthenes C Santillan AFP, RAdm Cecil R Chen PCG, and CSupt Rodrigo R Abrazaldo BFP.

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

With its primary purpose of ensuring that the Association adheres to established corporate governance principles and best practices, in 2016 the Governance Committee took great strides in instituting the general assembly of AFPMBAI members to provide them the forum where they may participate in the decision-making process for matters concerning the Association. Of utmost importance in the list of matters taken and discussed in the assembly is the election of members of the Board, the deliberation on proposed amendments to the By-Laws, and the ratification of all corporate acts executed by the Board and Management.

The members of the Governance Committee and the Ad-Hoc Committee on the Amendments to the By-Laws are the following:

GOVERNANCE COMMITTEE

POSITION	MEMBERS	ATTENDANCE 12 MEETINGS FOR 2016 AVERAGE QUORUM: 87%
Chairman (Ind Tr)	BGen Rolando M Aquino AFP (Ret)	92%
Vice Chairman	CSupt Cesar Hawthorne R Binag PNP	64%
Member/President	MGen Edgardo Rene C Samonte AFP (Ret)	100%
Member	MGen Robert M Arevalo AFP	75%
Member	CSupt Leonides P Perez BFP	50%

*The following trustees whose tenure ended before the AGM were also members of the Governance Committee: RAdm Cecil R Chen PCG, MGen R Demosthenes C Santillan AFP, CSupt Rodrigo R Abrazaldo BFP.

AD HOC COMMITTEE ON AMENDMENTS TO THE BY LAWS

POSITION	MEMBERS	ATTENDANCE 12 MEETINGS FOR 2016 AVERAGE QUORUM: 87%
Chairman	CSupt Rodrigo R Abrazaldo BFP	100%
Vice Chairman	Atty Renato A David	100%
Member	CSupt Cesar Hawthorne R Binag PNP	50%
Member	Atty Maricarr Martinez-Mirabel	50%
Member/Secretary	Atty Elizabeth Del Fonso-Hidalgo	100%

Audit and Enterprise Risk Management Committee (AERMC)

For 2016, the AERMC has fulfilled its primary purpose of ensuring a thorough review of the financial reporting process and system of internal control, the audit process, risk management system, and the Association's process of monitoring compliance with existing laws and regulations and its own code of business conduct. With the establishment of the AFPMBAI Risk Management Framework, the Association has a guide in guaranteeing that internal controls and risk management systems are in place and are adequate and effective. Further, the AERMC has thoroughly reviewed and obtained the approval of the Board for the CY2015 Audited Financial Statement.

AUDIT AND ENTERPRISE RISK MANAGEMENT COMMITTEE

POSITION	MEMBERS	ATTENDANCE 10 MEETINGS FOR 2016 AVERAGE QUORUM: 68%
Chairman (Ind Tr)	BGen Florentino P Manalastas Jr AFP (Ret)	100%
Vice Chairman	RAdm Virme P Torralba AFP	67%
Member	RAdm Allan B Rosal AFP	90%
Member	CSupt Romeo S Elisan Jr BJMP	80%
Member	(vacant)	-

*The following trustees whose tenure ended before the AGM were also members of the AERMC: RAdm Jose Renan C Suarez AFP as Acting Chairman, DDG Danilo S Constantino PNP as Acting Chairman, and MGen Alexander F Balutan AFP.

Investment Committee (ICOM)

The Investment Committee ensures that investment policies and guidelines take into account constraints imposed by regulatory bodies, one of which is the Insurance Commission (IC). For 2016, ICOM's biggest challenge was the increase in capital requirement of the Insurance Commission for non-life insurance companies. With thorough evaluation of the options available for the Association's lone subsidiary, the Armed Forces and Police General Insurance Corporation (AFPGEN), the ICOM was able to secure the approval of the Board for a P275M capital infusion to AFPGEN to build-up its net worth to at least P550M before 31 December 2016. The ICOM continues to closely monitor AFPGEN's business operations to ensure that its overall financial health considerably improves in preparation for the next series of capital build-up in 2019 and 2022.

INVESTMENT COMMITTEE

POSITION	MEMBERS	ATTENDANCE 11 MEETINGS FOR 2016 AVERAGE QUORUM: 71%
Chairman	CSupt Cesar Hawthorne R Binag PNP	91%
Vice Chairman	MGen Conrado V Parra AFP	67%
Member/President	MGen Edgardo Rene C Samonte AFP (Ret)	100%
Member	Commo Rolando D Legaspi PCG	100%
Member	CSupt Leonides P Perez BFP	0%**

*The following trustees whose tenure ended before and after the AGM were also members of the ICOM: RAdm Jose Renan C Suarez AFP as Chairman, BGen Rolando M Aquino AFP (Ret), MGen Emerald C Magnaye AFP, and MGen Alexander F Balutan AFP.

**Trustee Perez was only appointed to be a member of the Investment Committee in November 2016 (there was no ICOM meeting in December), but was unable to attend the November meeting since he had been assigned to represent the Philippines in a fire protection event in Singapore.

Related Party Transaction Committee (RPTC)

In August 2016, to improve the Association's good governance practices, the Board created the Related Party Transaction Committee to review significant related party transactions (RPTs) and determine whether they are in the best interest of AFPMBAI and its members and are transacted in an arms' length basis.

RELATED PARTY TRANSACTION COMMITTEE

POSITION	MEMBERS	ATTENDANCE 3 MEETINGS FOR 2016 AVERAGE QUORUM: 73%
Chairman (Ind Tr)	LtGen Raul S Urgello AFP (Ret)	67%
Vice Chairman (Ind Tr)	BGen Florentino P Manalastas Jr AFP (Ret)	100%
Member (Ind Tr)	BGen Rolando M Aquino AFP (Ret)	100%
Member	MGen Conrado V Parra Jr AFP	33%
Member	Commo Virme P Torralba AFP	67%

Nomination and Remuneration Committee (NRC)

Ensuring that the AFPMBAI Board is composed of qualified and competent members who will represent their respective branches of service, as well as independent trustees, the Nomination and Remuneration Committee's biggest challenge for 2016 was to make certain that a Board succession plan was in place to address vacancies that occurred within the year. In this task the NRC was successful, as a smooth transition was set in place in filling up the vacancies in the Board with members who will continue in the strategic direction set by their predecessors. For 2016 also, the NRC continued to assess the performance of each trustee and all corporate officers, in order to determine areas that may need improvement, as well as training that may be required by the Board.

NOMINATION AND REMUNERATION COMMITTEE

POSITION	MEMBERS	ATTENDANCE 11 MEETINGS FOR 2016 AVERAGE QUORUM: 82%
Chairman	RAdm Allan B Rosal AFP	100%
Vice Chairman	CSupt Romeo S Elisan Jr BJMP	91%
Member/President	MGen Edgardo Rene C Samonte AFP (Ret)	100%
Member	LtGen Raul S Urgello AFP (Ret)	75%
Member	FCMS Romeo H Jandugan (INF) PA	82%

*MGen Emerald C Magnaye AFP was also a member of the NRC prior to his retirement in May 2016.

Social Services Program Committee (SSPC)

The Social Services Program Committee has continued to assure the implementation of the Association's plowback program. For CY 2016, aside from the GRADE scholars, 146 scholars from partnership with AFPEBS were also sponsored with a stipend of P12,000.00 per year. Five (5) ECCD centers for the PA were granted. In the areas of health and general welfare, various items were also donated to the different branches of service such as ambulance, dental chair, X-Ray machine and gym equipment. A total of 433 members benefited from the three (3) Financial Management Seminars under the LEAD (Livelihood Education And Livelihood Project). On the other hand, tree planting, blood donation and two outreach activities were also conducted under the REACH Program for the community.

SOCIAL SERVICES PROGRAM COMMITTEE

POSITION	MEMBERS	ATTENDANCE 11 MEETINGS FOR 2016 AVERAGE QUORUM: 80%
Chairman	MGen Robert M Arevalo AFP	67%
Vice Chairman	Commo Rolando D Legaspi PCG	50%
Member/President	MGen Edgardo Rene C Samonte AFP (Ret)	100%
Member	CSupt Leonides P Perez BFP	67%
Member	FCMS Romeo H Jandugan (INF) PA	82%

*The following trustees whose tenure ended before the AGM were also members of the SSPC. MGen R Demosthenes C Santillan AFP, DDG Danilo S Constantino PNP, CSupt Rodrigo R. Abrazaldo BFP, and RAdm Cecil R Chen PCG.

Annual Performance Assessment of Trustees and Corporate Officers

In order to determine if the Association's trustees and corporate officers are effective in their tasks, an annual assessment is conducted to rate the performance of each member of the Board and of AFPMBAI's corporate officers, particularly the President & CEO and the Corporate Secretary. The performance of the members of the Board is assessed using the following criteria: Ethics/ Professionalism, Initiative, Service Representation, Communication Effectiveness, and Meeting Participation Effectiveness. Each criteria 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.

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, Internal Business Process, Learning and Growth, and Social Impact. This portion of the President's assessment receives a maximum of 60 points. Part B of his assessment pertains to his rating on qualitative measures such as: Implementation of Board Resolutions, Effective Relationship with the Board, and Transparency and High ethical Standards. Part B of the assessment receives a maximum of 40 points. The points are then added to come up with the final rating. The President is rated by all the members of the Board of Trustees, including the Chairman.

Oversight of Related Party Transactions

Recognizing the importance of ensuring that transactions between related parties are undertaken

on an arms' length basis for the financial, commercial, and economic benefit of the Association, the Related Party Transaction policy was established.

The Board of Trustees has overall responsibility in guaranteeing that related party transactions are handled in a sound and prudent manner, with integrity, and with no conflict of interest with any related party as defined in the law and in the rules and regulations.

Further, the Related Party Transactions Committee (RPTC) of the Board has the oversight review and evaluation function of material RPTs to safeguard the rights of shareholders, to ensure that minority shareholders are afforded protection, and that rights of action and remedies against abusive and oppressive conduct are readily accessible to them.

Review of Mission/Vision/ Strategies

To set the direction for the Association, the AFPMBAI Board of Trustees has reviewed and established the Vision and Mission last 2015 for a 3-year period. Further, corporate strategies that will best promote the Vision and boost the Mission of the Association have passed in depth scrutiny until those were approved by the Board during Planning sessions on the last quarter of 2016. The corporate strategies served as bases for setting the action plans of individual units for the overall operation of the Association. There are also quarterly monitoring and assessment of the implementation of individual Unit/Office's action plans if the same are aligned with corporate strategies to ensure that targets are reached and on schedule. The Board is being apprised of these developments.

Compliance to Regulatory Bodies

AFPMBAI conforms to the rules and regulations of the Insurance Commission (IC) and the Securities and Exchange Commission (SEC). In January 2016,

the Insurance Commission granted the renewal of AFPMBAI's license to transact business as a mutual benefit association in the Philippines for another three (3) years from January 1, 2016 to December 31, 2018.

Greater Disclosure and Transparency in AFPMBAI Operations

With the requirement for the ACGS and its reference documents to be published in the websites of all corporations, including those under the regulation of the Insurance Commission, AFPMBAI took to heart the need to inform the general membership of all its activities not only by uploading the ACGS but also by regularly updating its website and instituting an electronic newsfeed in the TV monitors on all floors of the AFPMBAI Main Building. This was to ensure that members would be given easy access to AFPMBAI information and to channels for inquiry, comments, suggestions, or complaints.

Managing Risks

The AFPMBAI Board of Trustees and Senior Management adopted consistent and holistic approaches to risk management and recognize that risk management is a management process that should be fully integrated with the operations of the Association. For this reason, risk management in the Association applies at all levels — Corporate or Enterprise level, Strategic Business Units (SBUs) level, and Support Units (SUs) level.

For risk management to be effective, the framework was designed suited to the Association. This framework includes a risk management policy outlining the approach and strategy of the Association towards an adequate and effective enterprise risk management system. The framework will be applied by all Divisions/ Departments/ Offices and will identify options for improving and streamlining

policies, administrative practices and internal controls and help ensure the ongoing relevance, safety, viability, compliance and accountability of day-to-day operations.

Implementation of the framework is expected to allow Management to:

- Identify viable and sustainable opportunities;
- Support decisions to proceed with or terminate an activity;
- Avoid opportunities that may expose the Association to excessive risk;
- Better ensure the delivery of high quality services;
- Recognize more efficient and effective administrative control arrangements;
- Support resourcing and workload decisions; and
- Plan coordinated responses to emerging risks and risk events.

The AFPMBAI ERM Framework is composed of the risk architecture, strategy and protocols that support the risk management process. Risk architecture defines the risk management roles and responsibilities as well as sets out the lines of communication for reporting on risk management issues and events.

The Board of Trustees, through the Audit and Enterprise Risk Management Committee, oversees the Association's risk management infrastructure, set the Association's risk appetite, and provides directions towards risk mitigation.

KEY RISKS (Financial and Non-financial Risks)

Following are the significant risks identified by management that may affect the achievement of the Association's business goals. Financial Risks include credit risk, market risk, liquidity risk, and insurance risk. Non-financial risks comprise risks,

strategic risk, operational risk, and environmental risk.

A. Strategic Risks

Risks of loss arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry changes. These are uncertainties and untapped opportunities embedded in corporate strategic objectives and how well they are executed.

B. Operational Risks

Risks of loss resulting from inadequate or failed internal processes, personnel and systems, or external events. IT risk is one of the top identified risks under this category where it plays a very important role in terms of operational efficiencies, integrity of transactions, and the Association's overall operations.

C. Financial Risks

Potential losses resulting from adverse movements in financial markets, changes in the financial condition of counterparties and in market liquidity to buy and sell investments.

D. Environmental Risks

Risks of loss arising from external factors that could affect the viability of the enterprise's business model, including the fundamentals that drive the overall objectives and strategies that define that model.

Adherence to the AFPMBAI Code of Ethics and Code of Conduct

The Human Resource Division instituted the Code of Ethics that encompasses personnel of all ranks in the Association. This is to ensure a highly respectable and

respected path to corporate success for AFPMBAI and that professionalism would reign in all of its transactions.

Anti-Bribery and Anti-Corruption Policy

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

Whistleblower Policy

Employees, stakeholders and members are encouraged to report in writing unethical practices to the concerned immediate superior or Head, HRD or AFPMBAI's Chief Corporate Services Officer, respectively, as most problems in this area can be resolved swiftly. The said officers, through an open-door policy, will accommodate problems on ethics. All of us are responsible for preventing violations of law and for acting as whistleblowers if we see 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 selection of suppliers/contractors. The Association usually considers the following factors in the selection process:

1. Eligibility of the Supplier/Contractor
2. Legality/ Authenticity
3. Cost
4. Quality of the Service

The selection process are evaluated through deliberation of assigned committees of Management to assure proper disclosure and transparency.

Employees' Welfare

With the belief that employees are the most valuable asset of any organization, the Association provides a safe and healthy working environment to its employees.

To guarantee their health, all employees are enrolled under a Health Management Organization (HMO) that covers expenses for health services. There are also wellness programs rolled out during the year along

with the other trainings provided by the HRD for the personal and career growth of the employees.

The employees are also recognized and given incentives on their achievements and significant contributions to the Association through selection of most outstanding employees every year.

BOARD OF TRUSTEES



Gen Eduardo M Año AFP
Chief of Staff, AFP
Chairman of the Board



MGen Robert M Arevalo AFP
Vice Chairman of the Board of Trustees
Chief of Staff, Philippine Army



RAdm Primitivo P Gopo AFP (Ret)
President and CEO





MANAGEMENT TEAM



RADM PHILIP L CACAYAN AFP (RET)
HEAD, SALES AND OPERATIONS GROUP & COO



RADM PRIMITIVO P GOJO AFP (RET)
PRESIDENT AND CEO



BGEN LIBRADO B MOOG AFP (RET)
HEAD, CORPORATE SERVICES GROUP & CCSO



BGEN MARCIAL O. CONSTANTE JR. AFP (RET)
HEAD, ADMINISTRATION DIVISION



LTCOL JEFFERSON C ALMAZAN PA (RET)
HEAD, EXECUTIVE SERVICES DIVISION



BGEN ROLANDO M AQUINO AFP (RET)
HEAD, AREA AND BRANCH OPERATIONS DIVISION



ANNIE D ARCE
HEAD, INSURANCE SALES DIVISION



REGINA B FAJOTINA
HEAD, FINANCE DIVISION



FE V AGLIPAY
HEAD, HUMAN RESOURCES DIVISION



ATTY MARICARR MARTINEZ-MIRABEL
HEAD, LEGAL OFFICE



FE E GERONA
HEAD, REAL ESTATE DIVISION



CHRISTOPHER C. FERNANDEZ
HEAD, INFORMATION TECHNOLOGY DIVISION



GIUSEPPE LAURO E. MORTA
HEAD, MARKETING DIVISION



GERALD SAM S. AGBAY
HEAD, STRATEGIC MANAGEMENT OFFICE AND
HEAD, ACTUARIAL OFFICE



COL. WENCESLAO M. ROMERO JR. PAF (RET.)
HEAD, SOUTHERN LUZON AREA



JEFFREY RICHARD NIXON MATTHEW L. UY
HEAD, SOCIAL SERVICES OFFICE



ATTY. LYNELL L. SESE
HEAD, LITIGATION AND PROSECUTION UNIT



ATTY. AL-MAY SAIR F. PATANGAN
HEAD, DOCUMENTATION AND COMPLIANCE UNIT



ATTY. ELIZABETH DEL. FONSO-HIDALGO
HEAD, COMPLIANCE OFFICE



MARIO C. SERIOSA
HEAD, NATIONAL CAPITAL REGION AREA



ENGR. FERDINAND D. DE LEON
HEAD, SAFETY, SECURITY & BUILDING ADMIN. DEPT.



ANGELINA S. JUTIE
HEAD, NORTHERN LUZON AREA



DEONESTO B. CORONG II
HEAD, MINDANAO AREA



JOCelyn T. MIRANDA
HEAD, INTERNAL AUDIT OFFICE



LEAH Y. JOYA
HEAD, INSURANCE REPRESENTATIVES AND
SALES DEPARTMENT



ALPHA GRACE F. VENTANILLA
HEAD, UNDERWRITING, POLICY AND
MEMBERSHIP DEPARTMENT



ENGR. ANNALY A. LAVARIAS
HEAD, BUSINESS TECHNOLOGY SOLUTIONS OFFICE



ARCH EDGAR A. CLARIZ
HEAD, CONSTRUCTION AND ENGINEERING DEPT



MYLENE P. ORCULLO
HEAD, ACCOUNTING DEPARTMENT



JESUS A. LAGUNA
HEAD, ACCOUNTS MANAGEMENT DEPARTMENT



FLORDELIZA D. OCBANIA
HEAD, BILLING AND COLLECTION DEPARTMENT



MARIETTA O. ALEJO
HEAD, VISAYAS AND MINDANAO AREA, ISD



LEA A. MALIGASO
HEAD, HR DEVELOPMENT DEPARTMENT



JOYCE ANNE T. BONAGUA
HEAD, STRATEGIC MARKETING DEPARTMENT



JASMIN M. DAMO
HEAD, RISK MANAGEMENT OFFICE



FELISA T. LINGAN
HEAD, CASH MANAGEMENT DEPARTMENT



GEMMA A. SILVESTRE
HEAD, EQUITIES AND SECURITIES SECTION



MICHELLE ESPULGAR
HEAD, REAL ESTATE SALES DEPARTMENT



RAMONA JOSEFA M. PANIS
ACTING HEAD, BOARD RELATIONS OFFICE



CELSO M. ROBLES
HEAD, GENERAL SERVICES DEPARTMENT

PRODUCTS & SERVICES

MODIFIED BASIC INSURANCE FOR AFP PERSONNEL

Particulars	Modified Basic Insurance (MBI)
Type of Insurance Plan	Term Insurance with equity
Monthly Contribution	0.5% of base pay (automatic) +1.0% of base pay: additional
Total Living Benefit	Member's Equity + Interest
Equity Loan	Loans for members at only 6% interest per annum
Dismemberment / Disability Benefit	For total and permanent injuries due to accident or incurred while in the performance of duty
Death Benefit (natural)	100% Face Amount + Total Living Benefit
Death Benefit (accidental)	150% Face Amount + Total Living Benefit
Death Benefit (KIA)	150% Face Amount + P50,000 + Total Living Benefit

UPGRADED BASIC FOR BFP, BJMP, PCG & PNP PERSONNEL

Particulars	Upgraded Basic Insurance (UBI)
Type of Insurance Plan	Term Insurance with equity
Monthly Contribution	1.5% of base pay
Total Living Benefit	Member's Equity + Interest
Equity Loan	Equity Loan at 6% interest per annum
Dismemberment /Disability Benefit	For total and permanent injuries due to accident or incurred while in the performance of duty
Death Benefit (natural)	100% Face Amount + Total Living Benefit
Death Benefit (accidental)	200% Face Amount + Total Living Benefit
Death Benefit (KIA)	100% Face Amount + P50,000 + Total Living Benefit

SPECIAL GROUP TERM INSURANCE (SGTI)

- coverage of P16,000 for natural deaths and P32,000 for members killed-in-action
- P1,000 funeral benefit
- disability benefit if incurred while on performance of duty

INSURANCE PRODUCTS

ENDOWMENT AT 56

- a life insurance, savings and investment plan for regular members 55 years old and below
- 100% maturity benefit at age 56 and dividends starting on the 4th year
- with disability benefit
- double insurance benefit in case of accidental death
- with funeral benefit

ENDOWMENT PLAN (10, 15, 20 YEARS)

- payable in 10, 15 or 20 years and insured for the same period
- 100% maturity benefit
- with dividends starting on the 4th year, if plan is participating

ANTICIPATED 20-YEAR ENDOWMENT

- payable in 20 years and insured for the same period
- with 20% bonus on the 5th, 10th, 15th policy anniversary year
- 100% maturity benefit

SAVER'S PROTECTION PLUS (10-15)

- payable in 10 years and insured for 15 years
- with dividends starting on the 4th year
- 20% bonus on the 10th to 14th policy anniversary year
- 100% maturity benefit on the 15th year
- double insurance coverage from 6th year onwards in case of death

EASY PAY PLAN (10-20)

- 10 years to pay, insured for 20 years
- with dividends starting on the 4th year
- 100% maturity benefit

COLLEGE EDUCATIONAL PLAN

- an educational fund and insurance plan for dependents of members, newborn to 11 years old
- payable in 5 or 10 years and matures on the policy anniversary date after the child's 17th birthday
- with life insurance for the child and dividends starting on the 4th year
- with waiver of premium for death and total and permanent disability of payor

WHOLE LIFE

- lifetime insurance protection which guarantees biggest amount of protection at minimum cost

20-PAY LIFE

- payable in 20 years, insurance coverage until age 99
- with dividends if plan is participating, starting on the 4th year

SPECIAL WHOLE LIFE

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

GROUP TERM INSURANCE

- insurance protection for members of CAFGU, ROTC, PMA classes, security agencies, cooperatives and other special groups

REDEMPTION INSURANCE (CREDIT, SALES, MORTGAGE)

- an assurance of payment of theoretical balance of the loan in the event of death of the borrower

INSURANCE BENEFITS

DIVIDENDS

- benefit given to members with participating additional insurance in force for at least three years.

DISABILITY BENEFIT

- benefit given to members with Basic and Modified or Upgraded Basic insurance for total and permanent loss or loss of use of the parts of the body as a result of accident or combat operations
- benefit for E-56 policyholders if loss is due to accident only
- benefit for SGTI policyholders if loss is incurred while on duty

BATTLE INJURY ASSISTANCE

- financial assistance granted to members with Modified Basic Insurance or Upgraded Basic Insurance whose injury sustained in battle is not covered under the disability program of Modified Basic Insurance (MBI) /Upgraded Basic Insurance (UBI) and Special Group Term Insurance (SGTI)
- face amount depends on injury

LOAN SERVICES

POLICY LOAN

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

EQUITY LOAN

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

SALARY LOAN

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

MEMBER'S EDUCATIONAL ASSISTANCE LOAN (MEDAL)

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

HOUSING LOAN

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

MORTGAGE LOAN

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

EXPANDED SALARY LOAN (ESL)

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

PRE-RETIREMENT LOAN

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

CALAMITY LOAN

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

OTHER SERVICES

TEXT 2 ATM LOAN FACILITY

- availment of loans or loan renewal through text
- for regular and associate members who enrolled to TEXT 2 ATM facility
- must have active and updated Basic Insurance or Additional Insurance plan with cash value

SM BILLS PAYMENT FACILITY

- members now have the convenience of paying their loans and insurance premiums at over 200 branches of SM Bills Payment counters nationwide.

NEW AFPMBAI MEMBERSHIP ID

- in partnership with UCPB, the new AFPMBAI ID features its membership identification and ATM functionality in one card.

BRANCH & EXTENSION OFFICES

NATIONAL CAPITAL REGION AREA HEAD: MARIO SERIOSA

Camp Aguinaldo Branch:
Supervisors: Cynthia M Guillermo
Imelda Jamandron
Bonny Serrano Rd. cor EDSA,
Quezon City

Fort Bonifacio Branch:
OIC: Alex Olazo
B 36 L 21 & 29 AFPVOA Bayani Road
Western Bicutan, Taguig City
0923-742-0892
(02) 888-6438 / (02) 888-9057

Tanay Extension Office
In-charge: Maribel M Manalo
Camp Gen Capinpin
Tanay, Rizal
(02) 544-2657 / 0923-6840624 / 0932-5909767

NORTHERN LUZON AREA HEAD: ANGELINA S JUTIE

Baguio Branch
Supervisor: Edna P Ramos
AFPSLAI Bldg., Camp Henry Allen
Baguio City
0999-515-3918 / 0923-7420891
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

Dagupan Extension Office
In-Charge: Kevin Cyril Solomon
Room 203 2nd floor, Siapno Bldg., corner
Rivera St. and Zamora St. Dagupan City
0923-7471514 / 0930-9664762

Laoag Extension Office
In-charge: Marie Cris S Camagon
Unit 202 VL & SONS Bldg.
P. Gomez St., Laoag City
0923-7457561 / 0929-691-5944
(077) 77-1715

Isabela Branch
Supervisor: Restituto M Duran III
Room 305, Alamoana Commercial
Complex
Villasis Highway, Santiago City,
Isabela
0907-8227859 / 0923-7420889
(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
0923-7471473

Upi Extension Office
In-Charge: Melanie Nabanalan
Camp Melchor F Dela Cruz
Upi, Gamu, Isabela
0933-3817764

Tuguegarao Branch
Supervisor: Grandee P Dumlao
Rios Bldg Cor. College Ave and Taft
St. Tuguegarao City, Cagayan
0916-167-6224 / 0923-7421812
(078) 844-6728

Tabuk Extension Office
In-charge: Rebecca C. De Asis
2F Kalinga Bazaar, Bulanao
Tabuk City, Kalinga
0926-1910081

Cabanatuan Branch
Supervisor: Engr Julito V Arucan
Unit A Abesamis Bldg., Melencio St
Brgy San Roque Norte, Cabanatuan City
0923-732-7870 / (044) 464-3908

Fort Magsaysay Extension Office
In-charge: Carolyn P De Guzman
7th Infantry Division, Philippine Army
Fort Magsaysay, Palayan City, Nueva Ecija
0923-749-4256

Clark Extension Office
In-charge: Crisostomo M Bruel
600th Air Base Wing, Clark Air Base
Pampanga
0923-7421791

Olongapo Extension Office
In-Charge: Ellen G Importado
1869 Rizal Ave., West Bajac-Bajac
Olongapo City
0933-875-4260

Tarlac Extension Office
In-charge: Perfecto Libunao
2/F AJ-AS Building, Brgy. Maligaya
Tarlac City
0933-878-4388

Capas Extension Office
In-charge: Ma Elena Agulto
G/F 2R Bldg. Sta. Lucia, Capas Tarlac
0933-047-1069

Camp Olivas Extension Office
In-charge: Catherine Allag
Camp Olivas, City of San Fernando
Pampanga
0943-708-7265

SOUTHERN LUZON AREA
HEAD: COL WENCESLAO M
ROMERO (RET)

Cavite Branch
Supervisor: Maria Nimfa Recaido
2ND Floor Unit-D 685 R.Basa st
Brgy. Labanos, San Roque
Cavite City
0949-3403639 / 0923-7421809

Palawan Extension Office
Supervisor: M Clarissa A. Barroma
Unit 1, 2/F, SJD Green Bldg
132 National Highway, Brgy. San Pedro
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0949-3364100

Lucena Branch
Supervisor: Estrellita O Querimit
SOLCOM, Camp Nakar
Lucena City
0942-802-6224 / 0923-7420847
(042)373-1091

Daet Extension Office
In-charge: Resty V Pacle
No. 2 Blk 6 Lot 1 Bel-Air Subdivision
Lag-on Daet, Camarines Norte
0943-554-7618

Batangas Branch
Supervisor: Nenita H Buco
Unit 5 2nd Floor Verde Centre
Paninsingin Lipa City, Batangas
(043) 702-4352
0923-742-1794/ 0947-7253654

Canlubang Extension Office
In-charge: Jay Javison
Camp Vicente Lim, Canlubang Laguna
(049)531-4234 / 0923-7420868
0999-9077752

Calapan Extension Office
In-charge: Nollie Rose P Martinez
2/F San Agustin Bldg., Bonifacio
Cor Osmena St., Brgy Ilaya,
Calapan Mindoro City
0923-7421802/ 0947-3861320

Legaspi Branch
Supervisor: Jecris Sagragao
ANST Bldg., Washington Drive
Legazpi City
0923-7420862/ 0916-7879077
(052)481-1573

Pili Extension Office
In-charge: Glenda Pacis
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(054) 477-3406/ 0935-930-7236
/ 0923-742-1808

Masbate Extension Office
In-Charge: Glayza Mendoza
3F Pecson Manalo Bldg, Ibanez St
Masbate City
0923-742-1808/ 0935-039-1931

VISAYAS AREA
OIC : JOCELYN N JUNSAY

Iloilo Branch
Supervisor: Mila R Sison
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Bacolod Extension Office
In-charge: Mary Joy Locsin
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0949-979-0353

Jamindan Extension Office
In-charge: Genalyn D Panhilason
Sitio Agbalagon, Jaena Norte
Jamindan, Capiz
0933-543-1775

Kalibo Extension Office
In-Charge: Dechel Harvey
Door# 206 2nd Flr Waldolf Garcia Bldg
Osmeña Avenue, Kalibo Aklan
0923-743-4634 (036) 268-3903

Cebu Branch
Supervisor: Vembe Magalso
CENTCOM, AFP, Camp Lapu-Lapu
Lahug, Cebu City
0920-5001827 / 0923-7259328

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Dumaguete Extension Office
In-charge: Geoviliza Z Tayag
Door no. 4 Canlas Bldg.,
Cervantes St., Dumaguete City
0919-6661048 / 0923-7455310
(035) 226-3527

Bohol Extension Office
In-charge: Sheryl A Paeste
Unit 3, 2F Vennore Commercial Bldg
JA Clarin St., Tagbilaran City Bohol
(038) 412-7282/0923-7455318

Tacloban Branch
Supervisor: Rebecca S Gayod
Aqua Glass Bldg cor. P. Gomez & Real
st. Tacloban City
0921-4354529 / 0943-707-9484
(053) 325-6552

Catbalogan Extension Office
In-charge: Norven Bagnate
Camp Lukban, Maulong
Catbalogan, Samar
0999-831-0200/ 0923-745-7575
(055) 251-5351

Catarman Extension Office
In-charge: Novelin J Abiar
Bonifacio St., Corner Roxas St
Brgy Casoy Catarman Northern Samar
(055) 251-8555

Maasin Extension Office
In-charge: Benjie Sarona
Capt. Iyano St. Brgy. Tagnipa,
Maasin City, Southern Leyte
0943-708-7268
MINDANAO AREA
Head: Deonesio B Corong II

Zamboanga Branch
Supervisor: Jocelyn B Paala
Western Mindanao Command
Camp Basilio Navarro, Lower
Calarian, Zamboanga City
0919-4911649 / 0923-7457583
0942-7126122 /(062)991-1053

Pagadian Extension Office
In-charge: Nhasramona U Jasim
Kuta Dao, Pagadian City
0928-7128245 / 0923-7457446
(062) 215-3907

Dipolog Extension Office
In-charge: Sharina Deriza
Jucit Bess Bajamunde Sanico Bldg.
Gonzales cor., Malvar St.
Dipolog City
0923-7457456

Ipil Extension Office
In-charge: Richel C dela Cruz
Stall no. 6 Schuck Arcade
Climaco St., Poblacion Ipil
Zamboanga Sibugay Province
0923-749-1566

Cagayan De Oro Branch
Supervisor: Conchita Ma Concepcion L Salazar
Nuñez Bldg, Zone 1, Bulua
Cagayan De Oro City
0999-4697000 / 0923-7455323
(08822) 735-695

Iligan Extension Office
In-charge: Jefilamae Silao
Jariol Bldg.,
Del Pilar St., Iligan City
0928-7107777 / 0923-3747472

Bukidnon Extension Office
In-charge: Marie Lei L Pamittan
Rubio Bldg., Magsaysay St.,
Malaybalay, Bukidnon
0933-8632661

Butuan Branch
OIC Butuan Branch: Mary Ann Malunhao
Brgy. Bancasi, Butuan City
0928-3687565 / 0923-7457460
(085) 226-6084

Surigao Extension Office
In-charge: Marie Gabrielle Lim
Arriba Bldg., Amat Street, Surigao City
0923-749-1606

Davao Branch
Acting Supervisor: Menchie C Makilang
4/F AFPMBAL Bldg, Maya Street,
Ecoland, Matina, Davao City
0929-8102531 / 0923-7457415
(082) 297-5482

Mati Extension Office
In-charge: Paullyn Grace P Gamayon
Manongas Bldg. Limotoc St.
Mati City
0923-7471515/ (082)-8113685

General Santos Extension Office
In-charge: Janet M Jaudian
3/F SAFI Bldg., 2, Mansanitas St. Cor.
Magsaysay Ave., General Santos City
0948-4927464 / 0923-7457551
(083) 553-1454

Cotabato Branch
Supervisor: Annaliza B Lim
2/F Herrera Bldg., 154 Quezon Ave,
Cotabato City
0949-4565168 / 0923-7457429
(064) 421-9398/ 421-4004

Kidapawan Extension Office
In-Charge: Janelyn D Soliza
2/F ZPOL Bldg. Quezon Blvd.
Kidapawan City
0943-134-3605

Tacurong Extension Office
In-Charge: Roxane Omay
Notre Dame Centrum II, National Highway,
Tacurong City, Sultan Kudarat
0943-708-7267

AUDITED FINANCIAL STATEMENTS

The background of the page features a large, abstract geometric design. It consists of a large green area on the right and top, and a white area on the left and bottom. A large, dark grey or black triangular shape is positioned in the center, pointing towards the bottom left. The green area is bordered by several thin, white, curved lines that sweep across the page, creating a sense of movement and depth.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **ARMED FORCES & POLICE MUTUAL BENEFIT ASSOCIATION, INC.**, (the "Association") is responsible for the preparation and fair presentation of the consolidated and separate financial statements including the schedules attached therein as at and for the years ended **December 31, 2016 and 2015**, in accordance with the prescribed financial reporting framework indicated therein, 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

The Board of Trustees ("Board") is responsible for overseeing the Association's financial reporting process.

The Board reviews and approves the consolidated and separate financial statements including the schedules attached therein, and submits the same to the Members.

R.G. Manabat & Co., the independent auditors appointed by the management has audited the financial statements of the Board, has audited the consolidated and separate financial statements of the Association in accordance with Philippine Standards on Auditing, has expressed its opinion on the fairness of presentation upon completion of such audit.

Chairman of the Board




GEN EDUARDO MAÑO

President and CEO



MGEN EDGARDO RENE C SAMONTE AFP (RET)

Treasurer



-RADM PRIMITIVO P. GOJO AFP ((RET)

**ARMED FORCES AND POLICE MUTUAL BENEFIT ASSOCIATION, INC.
AND SUBSIDIARY**
CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION
YEARS ENDED DECEMBER 31

	CONSOLIDATED		SEPARATE	
	2016	2015 <i>(As restated-see Note 35)</i>	2016	2015 <i>(As restated-see Note 35)</i>
ASSETS				
Cash and cash equivalents	P1,134,959,583	P1,745,479,919	P1,094,871,154	P1,715,642,348
Short-term investments	1,220,000,000	-	1,220,000,000	-
Financial assets at fair value through profit loss (FVPL)	19,980,704	34,191,907	19,980,704	34,191,907
Available-for-sale (AFS) securities	2,152,222,033	2,169,977,776	1,831,595,311	1,847,124,892
Held-to-maturity (HTM) investments	2,024,937,115	1,562,074,020	1,957,291,053	1,493,750,000
Long-term investments	-	20,000,000	-	20,000,000
Loan receivables - net	8,031,702,846	7,617,593,703	8,031,702,846	7,617,593,703
Premiums due to insurance receivables - net	145,430,169	60,083,904	2,036,715	2,631,837
Other receivables - net	220,349,425	181,120,501	217,177,963	176,325,032
Investment properties	2,676,483,995	2,547,849,246	2,647,767,639	2,518,497,890
Asset held-for-sale	211,807,123	266,088,383	211,807,123	266,088,383
Investments in a subsidiary and associates - net	20,342,150	19,277,950	198,265,704	198,265,704
Property equipment - net	354,569,814	368,610,970	332,642,650	340,002,042
Deferred reinsurance premiums	11,085,969	3,945,399	-	-
Deferred acquisition costs	22,467,112	6,289,446	-	-
Deferred tax assets - net	19,028,324	23,401,465	-	-
Other assets - net	88,732,572	60,133,368	72,636,092	39,604,370
	P18,354,098,934	P16,686,117,957	P17,837,774,954	P16,269,718,108
LIABILITIES AND MEMBERS' EQUITY				
Liabilities				
Claims and benefits payable	P525,481,432	P376,370,040	P400,987,090	P330,976,514
Accounts payable and accrued expenses	513,727,895	444,730,929	473,529,851	405,764,569
Legal policy reserves	9,376,311,972	8,622,619,814	9,376,311,972	8,622,619,814
Due to reinsurers and ceding companies	9,471,043	1,880,308	-	-
Funds held for reinsurers	1,141,850	1,141,850	-	-
Reserve for unearned premiums	96,003,131	49,021,005	-	-
Deferred reinsurance commission	1,976,247	750,952	-	-
Dividends payable	339,949,510	297,810,471	339,949,510	297,810,471
Reserve for refund of members' equity	1,867,895,970	1,659,476,864	1,867,895,970	1,659,476,864
Retirement liability	86,879,651	71,491,667	85,990,513	65,294,368
Other liabilities	472,263,258	436,568,326	472,263,258	436,568,326
Total Liabilities	13,291,101,959	11,961,862,226	13,016,928,164	11,818,510,926
Members' Equity				
Members' contribution	92,309,534	96,065,213	92,309,534	96,065,213
Reserve for fluctuation in value of AFS financial assets	5,514,603	(1,741,738)	58,986,623	53,374,502
Employee benefit reserve	(25,350,180)	(27,662,990)	(19,602,964)	(17,327,188)
Retained surplus	4,990,523,018	4,657,595,246	4,689,153,597	4,319,094,655
Total Members' Equity	5,062,996,975	4,724,255,731	4,820,846,790	4,451,207,182
	P18,354,098,934	P16,686,117,957	P17,837,774,954	P16,269,718,108

**ARMED FORCES AND POLICE MUTUAL BENEFIT ASSOCIATION, INC.
AND SUBSIDIARY
CONSOLIDATED AND SEPARATE STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31**

	CONSOLIDATED		SEPARATE	
	2016	2015 <i>(As restated-see Note 35)</i>	2016	2015 <i>(As restated-see Note 35)</i>
REVENUES				
Premiums, net of reinsurance	P2,413,901,571	P2,251,595,480	P2,278,737,404	P2,159,242,504
Interest income	1,004,802,693	925,184,340	997,973,359	921,238,395
Policy income	103,760,343	90,329,902	103,760,343	90,329,902
Rental income	74,446,896	73,558,765	73,098,440	72,262,730
Gain on sale of real estate	29,408,338	24,214,132	29,408,338	24,214,132
Increase in fair value of investment properties	24,789,608	463,064,311	24,789,608	463,064,311
Dividend income	15,902,229	17,741,221	11,272,577	11,877,729
Commission income	2,769,161	2,722,064		-
Gain (loss) on sale of AFS financial assets	11,154,855	(1,181,341)	9,678,746	-
Other income	10,755,346	12,911,757	9,903,153	6,916,409
	3,691,691,040	3,860,140,631	3,538,621,968	3,749,146,112
BENEFITS AND EXPENSES				
Death and other policy benefits	1,377,860,050	1,230,949,913	1,322,540,423	1,211,051,891
General and administrative expenses	934,035,226	887,798,217	823,920,032	784,680,214
Increase in legal policy reserves	753,692,158	707,898,231	753,692,158	707,898,231
Commission expense	172,491,008	147,565,481	153,686,291	140,549,553
Dividend on participating policies	114,724,122	104,188,079	114,724,122	104,188,079
	3,352,802,564	3,078,399,921	3,168,563,026	2,948,367,968
INCOME FROM OPERATIONS	338,888,476	781,740,710	370,058,942	800,778,144
SHARE IN NET INCOME OF AN ASSOCIATE	1,064,200	4,851,792	-	-
INCOME BEFORE INCOME AND FINAL TAX	339,952,676	786,592,502	370,058,942	800,778,144
TAXES				
Current income tax	391,273	596,358	-	-
Deferred income tax	4,373,140	(1,491,869)	-	-
Final tax	2,260,491	873,397	-	-
	(7,024,904)	22,114	-	-
NET INCOME FOR THE YEAR	P332,927,772	P786,614,616	P370,058,942	P800,778,144

ARMED FORCES AND POLICE MUTUAL BENEFIT ASSOCIATION, INC.
AND SUBSIDIARY
CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31

	CONSOLIDATED		SEPARATE	
	2016	2015 <i>(As restated-see Note 35)</i>	2016	2015 <i>(As restated-see Note 35)</i>
NET INCOME	P332,927,772	P786,614,616	P370,058,942	P800,778,144
OTHER COMPREHENSIVE INCOME				
Items that will never be reclassified subsequently to profit or loss				
Remeasurements of defined benefit obligation - net of tax	2,312,810	(21,210,111)	(2,275,776)	(18,757,097)
Items that may be reclassified subsequently to profit or loss				
Net change in fair value of AFS financial assets	2,663,507	(55,024,746)	5,612,121	(4,875,654)
Net change in fair value of AFS financial assets reclassified to profit or loss	4,592,834	25,775	-	-
TOTAL COMPREHENSIVE INCOME	P342,496,923	P710,405,534	P373,395,287	P777,145,393

**ARMED FORCES AND POLICE MUTUAL BENEFIT ASSOCIATION, INC
AND SUBSIDIARY**
CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN MEMBERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

CONSOLIDATED

	Members' Contribution	Reserve for Fluctuation in Value of AFS Securities	Employee Benefit Reserve	Retained Surplus		Total
				Appropriated	Unappropriated	
Balance at January 1, 2015, as previously reported	P97,589,383	P53,257,233	(P6,452,879)	P513,030,220	P3,274,372,183	P3,931,796,140
Restatement	-	-	-	-	83,578,227	83,578,227
Balance at January 1, 2015, as restated	97,589,383	53,257,233	(6,452,879)	513,030,220	3,357,950,410	4,015,374,367
Net income for the year	-	-	-	-	786,614,616	786,614,616
Other comprehensive income	-	(54,998,971)	(21,210,111)	-	-	(76,209,082)
Decrease in members' contribution	(1,524,170)	-	-	-	-	(1,524,170)
Reversal of prior year appropriated retained surplus	-	-	-	(159,769,220)	159,769,220	-
Appropriation of retained surplus	-	-	-	639,317,375	(639,317,375)	-
Balance at December 31, 2015	96,065,213	(1,741,738)	(27,662,990)	992,578,375	3,665,016,871	4,724,255,731
Net income for the year	-	-	-	-	332,927,772	332,927,772
Other comprehensive income	-	7,256,341	2,312,810	-	-	9,569,151
Decrease in members' contribution	(3,755,679)	-	-	-	-	(3,755,679)
Reversal of prior year appropriated retained surplus	-	-	-	(391,514,064)	391,514,064	-
Balance at December 31, 2016	P92,309,534	P5,514,603	(P25,350,180)	P601,064,311	P4,389,458,707	P5,062,996,975

**ARMED FORCES AND POLICE MUTUAL BENEFIT ASSOCIATION, INC
AND SUBSIDIARY**
STATEMENTS OF CHANGES IN MEMBERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

SEPARATE

	Members' Contribution	Reserve for Fluctuation in Value of AFS Securities	Employee Benefit Reserve	Retained Surplus		Total
				Appropriated	Unappropriated	
Balance at January 1, 2015, as previously reported	P97,589,383	P58,250,156	P1,429,909	P463,030,220	P2,971,708,064	P3,592,007,732
Restatement	-	-	-	-	83,578,227	83,578,227
Balance at January 1, 2015, as restated	97,589,383	58,250,156	1,429,909	463,030,220	3,055,286,291	3,675,585,959
Net income for the year	-	-	-	-	800,778,144	800,778,144
Other comprehensive loss	-	(4,875,654)	(18,757,097)	-	-	(23,632,751)
Decrease in members' contribution	(1,524,170)	-	-	-	-	(1,524,170)
Reversal of prior year appropriated retained surplus	-	-	-	(159,769,220)	159,769,220	-
Appropriation of retained surplus	-	-	-	639,317,375	(639,317,375)	-
Balance at December 31, 2015	96,065,213	53,374,502	(17,327,188)	942,578,375	3,376,516,280	4,451,207,182
Net income for the year	-	-	-	-	370,058,942	370,058,942
Other comprehensive income (loss)	-	5,612,121	(2,275,776)	-	-	3,336,345
Decrease in members' contribution	(3,755,679)	-	-	-	-	(3,755,679)
Reversal of prior year appropriated retained surplus	-	-	-	(391,514,064)	391,514,064	-
Balance at December 31, 2016	P92,309,534	P58,986,623	(P19,602,964)	P551,064,311	P4,138,089,286	P4,820,846,790

**ARMED FORCES AND POLICE MUTUAL BENEFIT ASSOCIATION, INC
AND SUBSIDIARY
CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31**

	CONSOLIDATED		SEPARATE	
	(As restated see Note 35)		(As restated see Note 35)	
	2016	2015	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	P339,952,676	P786,592,502	P370,058,942	P800,778,144
Changes in:				
Reserve for unearned premiums	46,982,126	20,166,306	-	-
Deferred reinsurance commissions	1,225,295	(808,090)	-	-
Deferred acquisition cost	(16,177,666)	(4,762,459)	-	-
Deferred reinsurance premiums	(7,140,570)	2,235,535	-	-
Adjustments:				
Dividend on participating policies	114,724,122	104,188,079	114,724,122	104,188,079
Incremental benefit reserves	81,744,504	57,531,784	81,744,504	57,531,784
Depreciation and amortization	48,514,410	42,713,349	39,088,765	33,930,438
Impairment loss on loan and insurance receivables	44,733,074	39,824,753	44,733,074	39,824,753
Retirement benefit expense	17,700,794	17,217,689	18,420,369	15,079,720
Decrease in fair value of financial assets at FVPL	2,826,893	723,517	2,826,893	723,517
Share in net income of associates	(1,064,200)	(4,851,792)	-	-
Gain on sale of AFS financial assets	(11,154,855)	1,181,341	(9,678,746)	-
Dividend income	(15,902,229)	(17,741,221)	(11,272,577)	(11,877,729)
Gain on sale of real estate	29,408,338	(24,214,132)	29,408,338	(24,214,132)
Increase in fair value of investment properties	(24,789,608)	(463,064,311)	(24,789,608)	(463,064,311)
Interest income	(1,004,802,693)	(925,184,340)	(997,973,359)	(921,238,395)
Operating loss before working capital changes	(353,219,589)	(368,251,490)	(342,709,283)	(368,338,132)
Decrease (increase) in:				
Loans receivable	(458,842,217)	(366,410,646)	(458,842,217)	(366,410,646)
Premiums due and insurance receivables	(85,346,265)	10,963,148	595,122	(1,524,963)
Other receivables	(26,859,345)	(24,698,152)	(27,994,600)	(26,665,570)
Other assets	(28,599,204)	(36,460,453)	(33,031,722)	(27,232,118)
Increase (decrease) in:				
Claims and benefits payable	149,111,392	(28,100,037)	70,010,576	28,630,951
Accounts payable and accrued expenses	69,593,324	(3,877,269)	67,765,282	(17,890,040)
Legal policy reserves	753,962,158	707,898,231	753,962,158	707,898,231
Due to reinsurers and ceding companies	7,590,735	(3,284,505)	-	-
Funds held for reinsurers	-	(24,300,000)	-	-
Other liabilities	6,286,594	11,881,222	6,286,594	11,881,222

YEARS ENDED DECEMBER 31

	2016	2015	2016	2015
Net cash provided by (used in) operations	P33,407,583	(P124,639,951)	P35,771,910	(P59,651,065)
Interest received	992,433,114	923,514,499	985,115,028	918,522,399
Income taxes paid	(3,248,121)	(1,469,754)	-	-
Dividends received	15,902,229	17,741,221	11,272,577	11,877,729
Dividends paid	(72,585,083)	(68,209,886)	(72,585,083)	(68,209,886)
Net cash provided by operating activities	965,909,722	746,936,129	959,574,432	802,539,177
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal (payments for acquisition) of:				
Short-term investments	(1,200,000,000)	150,000,000	(1,200,000,000)	150,000,000
Financial assets at FVPL	11,384,310	-	11,384,310	-
AFS financial assets	36,166,939	(287,812,540)	30,820,448	(297,038,042)
HTM investments	(462,863,095)	(84,064,156)	(463,541,053)	(82,841,943)
Long-term investments	-	(20,000,000)	-	(20,000,000)
Investment properties	(103,845,141)	1,102,685	(104,480,141)	(367,315)
Assets held-for-sale	54,281,260	(11,797,427)	54,281,260	(20,000,000)
Property and equipment	(34,473,254)	(109,100,970)	(31,729,373)	(102,154,947)
Net cash used in investing activities	(1,699,348,981)	(361,627,408)	(1,703,264,549)	(364,199,674)
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase in reserve for refund of member's equity	126,674,602	105,320,367,	126,674,602	105,320,367
Decrease in members' contribution	(3,755,679)	(1,524,170)	(3,775,679)	(1,524,170)
Net cash used in investing activities	122,918,923	103,796,197	122,918,923	103,796,197
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT				
	(610,520,336)	489,059,918	(620,771,194)	542,135,700
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR				
	1,745,479,919	1,256,420,001	1,715,642,348	1,173,506,648
CASH AND CASH EQUIVALENTS AT END OF YEAR				
	P1,134,959,583	P1,745,479,919	P1,094,871,154	P1,715,642,348