



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

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

December 31, 2018 and 2017

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

**CONSOLIDATED AND SEPARATE
STATEMENTS OF FINANCIAL POSITION**

December 31

	Note	Consolidated		Separate	
		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	2,507,378,228	2,088,501,205	2,186,919,914
Assets held-for-sale	13	116,051,809	189,098,049	116,051,809	189,098,049
Premiums due and insurance receivables - net	10	140,922,432	150,652,928	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	286,535,889	358,630,501	281,464,508
Investment properties	12	3,287,455,011	3,175,683,298	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	11,252,181	-	-
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	105,215,048
		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	P668,329,782	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	178,979,228
Employee benefit reserve	30	(38,437,744)	(92,660,450)	(34,519,224)	(87,810,183)
Accumulated net income	26				
Assigned		244,000,000	601,084,311	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

	Note	Consolidated		Separate	
		2018	2017	2018	2017
REVENUES					
Premiums, net of reinsurance		P3,460,897,234	P2,882,589,682	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	2,018,022,340
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	2,018,022,340
TAXES	31				
Current		619,993	721,900	-	-
Deferred		(4,856,118)	(10,688,382)	-	-
Final		3,206,748	1,740,999	-	-
		(1,029,377)	(8,225,493)	-	-

Forward

	Note	Years Ended December 31			
		Consolidated		Separate	
		2018	2017	2018	2017
NET INCOME		P763,870,376	P1,984,228,260	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	P2,065,807,728

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					Total
	Members' Contribution (Note 25)	Net Unrealized Gain on AFS Financial Assets (Note 7)	Employee Benefit Reserve (Note 30)	Accumulated Net Income (Note 26)		
				Assigned	Unassigned	
Balance at January 1, 2017	P92,309,534	P5,514,603	(P25,350,180)	P601,064,311	P4,557,129,707	P5,230,687,975
Net income	-	-	-	-	1,964,228,280	1,964,228,280
Other comprehensive income (loss)	-	159,952,811	(87,310,270)	-	-	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					Total
	Members' Contribution (Note 25)	Net Unrealized Gain on AFS Financial Assets (Note 7)	Employee Benefit Reserve (Note 30)	Accumulated Net Income (Note 28)		
				Assigned	Unassigned	
Balance at January 1, 2017	P62,309,534	P58,988,623	(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	(4,518,578)	-	-	-	-	(4,518,578)
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	-	-	-	-	(80,280,000)	(80,280,000)
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