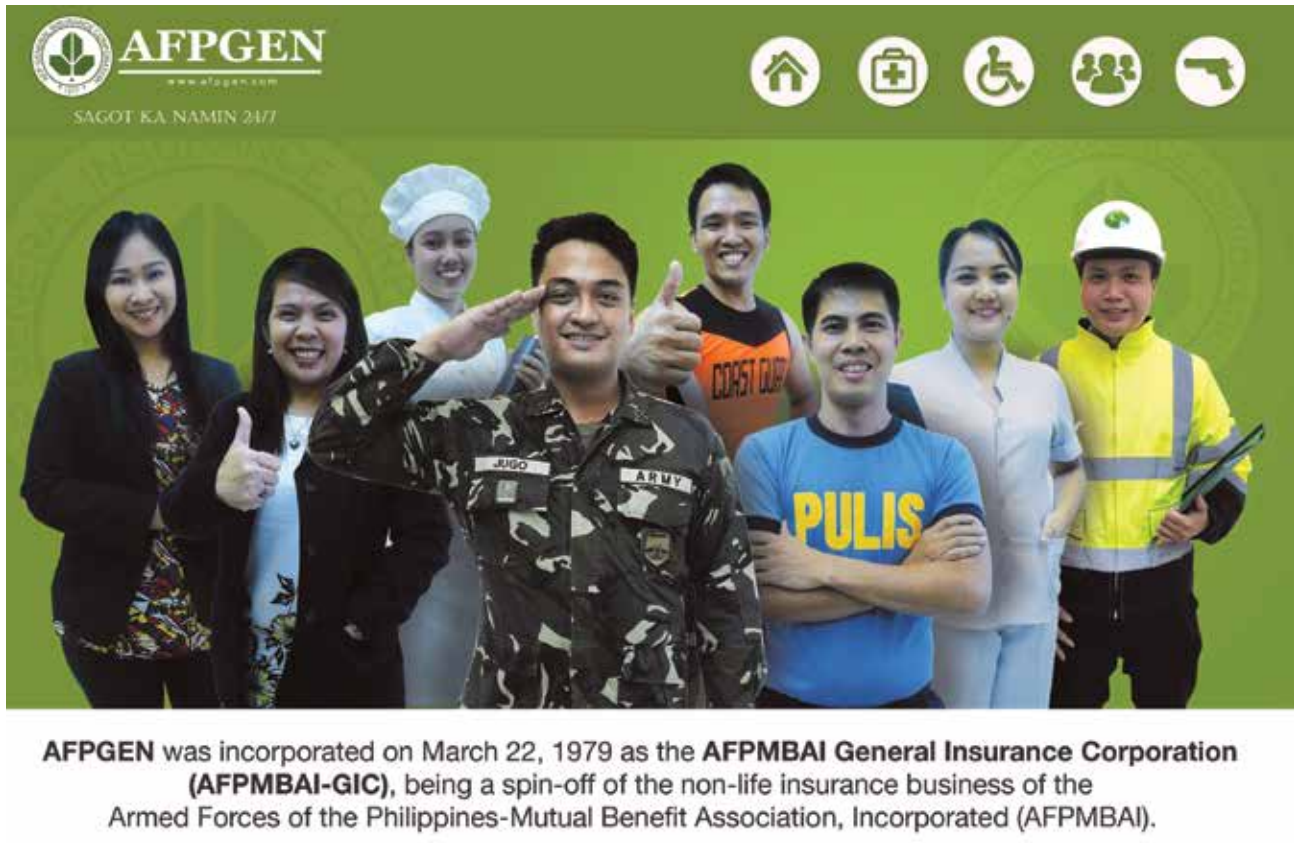


OUR VISION

To be a highly professionalized and responsive non-life insurance company preferred by the members and families of the Armed Forces, Police, and other uniformed services, and be recognized as a major player in the industry.



OUR MISSION

We provide quality non-life insurance products and services to members of the Armed Forces, other uniformed services and their families, and other clients.

- Continue providing the Armed Forces and Police dependable insurance coverage and services exceeding industry norms.
- Achieve customer satisfaction through prompt issuance of policies, speedy and fair settlement of claims.
- Give our shareholders an equitable return of their investments while adhering to the highest standards of business conduct.
- Develop a highly motivated sales force by making them an integral part of the AFPGEN family.
- Promote employee morale through career development and competitive compensation and benefits.
- Maintain lasting and mutually beneficial relationships with reinsurers and consortia and network with associations in the industry.
- Undertake civic and corporate social activities for the well-being and development of the community.

OUR PRODUCTS



CORE VALUES "We Protect"

PROfessionalism – We are a team composed of well-trained, knowledgeable, competent and proficient insurance practitioners adhering to the highest standards of business conduct.

TEAmwork – We work and support each other to achieve a common goal.

COMmitment – We fulfill our promises to our stakeholders.

TRUstworthiness – We are sincere with our words and actions in serving our clients.

TAGLINE "Sagot ka namin 24/7"

We recognize the importance of an immediate response to clients most especially when they are subjected to the risks covered by our Insurance products. In order to cater to them, anytime and anywhere, we have tapped a Call Center facility which will answer calls 24/7. This facility is composed of premier front liners equipped with a basic knowledge of AFPGEN products and skills in excellent customer service. On top of this, we also offer Roadside Assistance 24/7 to assist our Insured Clients in case they figure in a vehicular accident.

ABOUT AFPGEN

AFPGEN THROUGH THE YEARS



Since its inception in 1980, the Armed Forces and Police general Insurance Corporation (AFPGEN) has made its mark in the Philippine insurance industry as the primary insurer of the non-life assets of both the Armed Forces of the Philippines (AFP) and the Philippine National Police (PNP).

The company is a spin-off from the AFP-Mutual Benefit Association, Inc. (AFPMBAI) which was created to service the insurance needs of the country's military and police organizations. AFPGEN's establishment as a distinct business entity was a product of the Insurance Commission's directive in 1978 for AFPMBAI to separate its life and non-life insurance functions.

With its singular non-life insurance focus, AFPGEN developed a deeper understanding of the special concerns of its clients and delivered well on its mandate of protecting the country's defense assets as a provider of non-life insurance policies and issuer of surety bonds for the bidders and suppliers of the AFP and PNP.

Attesting to the quality of AFPGEN's service and the strength of the company's financial performance, the Insurance Commission in 2002 issued a certification lifting AFPGEN's limited authority to engage in non-life insurance business within the military and the police.

RAISING THE BAR

Today, AFPGEN continues to raise the bar in meeting the special non-life insurance needs of the country's uniformed services while making significant headways in widening its market reach.

Starting this year, the AFP and PNP Institutional Accounts are no longer with AFPGEN. Nonetheless, the OFW insurance will be launched this October.

With the help of experienced industry professionals and technically-equipped staff, AFPGEN is positioning itself to be at par with the best non-life insurance companies not just in the country but throughout Asia.

**SUPPORT YOUR CLASS,
INSURE WITH US!**

Join the growing roster of PMA Classes who have joined the AFPGEN Family!
Worrying about class funds is a thing of the past.
Insure your assets and help your Class!

MESSAGE FROM THE CHAIRMAN



Reaching 37 years in the non-life insurance business is already a feat in itself. All this can be attributed to the sound strategic direction set by the Board of Directors, the perseverance of the Management and the hard work of all employees of the AFPGEN Corporation.

Despite natural disasters that besieged the country especially during the 3rd quarter of 2014 which brought extreme pain and tears to our brothers and sisters, the Filipino spirit will never be broken. It is most especially during these trying times that AFPGEN is at your back – protecting you in your greatest time of need.

Although AFPGEN experienced some setbacks, and a decline in income, however, we still stand resolute and continues to maintain a positive outlook that tomorrow will hold a better future. We are unceasingly finding initiatives that will further improve our services to the clients, provide innovative products better suited to the needs of customers, and take on a more aggressive position in investments.

I believe in the resiliency of the Filipino spirit. I also believe that the company can rise to meet the challenges of the business as long as we stay united and focused on what we want to achieve and what we aim for – Service Excellence and Reliability.

Mabuhay ang AFPGEN!

A handwritten signature in black ink, appearing to read 'Edgardo Samonte', written in a cursive style.

MGEN EDGARDO RENE C SAMONTE AFP (RET)

MESSAGE FROM THE PRESIDENT



Since assuming the presidency in July 2014, I have come to experience some highs and lows of the business. AFPGEN has been able to adapt to disruptions and financial challenges while maintaining continuous business operations and providing excellent products in the market. In spite of challenges and setbacks, the Company is more resilient than ever in striving to offer the best service to clients.

Given that the Company's core clientele are the AFP, PNP and other uniformed services, AFPGEN is making more aggressive efforts by presenting more innovative products. We enhanced our basic Fire Insurance with Home Protect Plus, which offers more features and greater benefits as compared to the usual Fire and Lightning Coverage. Home Protect Plus provides coverage for Robbery and Burglary, Family Personal Accident Insurance (Accidental Death/Disablement), Personal Liability (Third Party Bodily Injury and Property Damage) and Alternative Accommodation. We also developed our Enhanced Microinsurance by adding Emergency Room Assistance and a Memorial Package worth Php100,000.

Furthermore, AFPGEN relaunched the Personal Accident (PA) Christmas Cards in partnership with the HERO Foundation, a non-governmental organization that provides educational assistance to children of Filipino soldiers killed in action or those who were totally incapacitated while in line of duty. Part of the proceeds from the sales of PA Christmas Cards will be given to the HERO Foundation for the education of their scholars. The PA Christmas Card includes an insurance package worth PHP10,000 and assistance in case of Accidental Death and Dismemberment (AD&D) of the recipient.

My sincere gratitude to all of our stakeholders for their unwavering support through the years. I appeal to our top management and employees that we continue to work together and strive towards better service to clients. As what AFPGEN has always been known for, the Company was established to cater to the peculiar non-life insurance needs of the uniformed services. The legacy that we want to leave is that we were of service to those who serve.

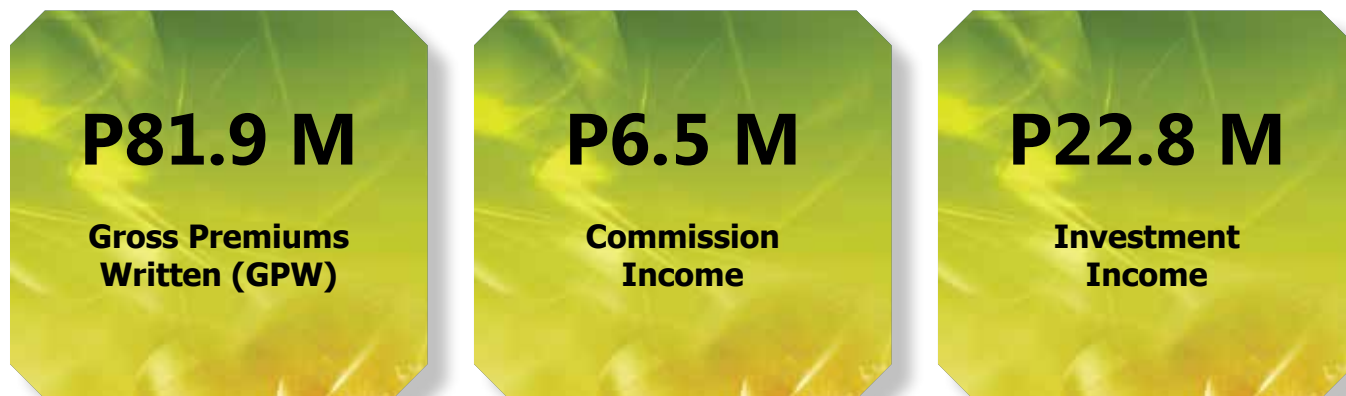
Sa ating mga modernong bayani, SAGOT KA NAMIN 24/7!


LTGEN ALAN R LUGA AFP (RET)
PRESIDENT & CEO

PRESIDENT'S REPORT TO THE STOCKHOLDERS

2014 YEAR-END PERFORMANCE

Summary

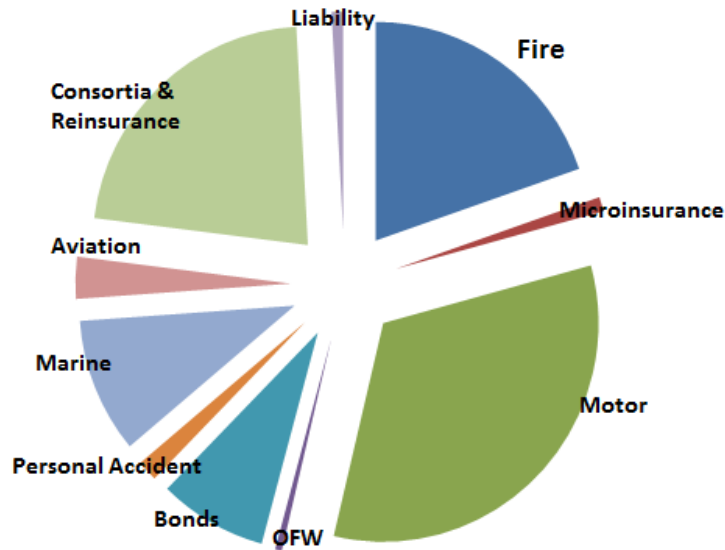


Introduction:

The year 2014 presented challenges to the business environment. Three external forces compounded the loss of AFPGEN's institutional accounts. These are: ASEAN Integration in 2015 which will affect the Philippine market by stiffer competition; Frequent catastrophes including earthquakes, floods, volcanic eruptions, and more than 20 typhoons that usually hit the country every year; and, regulatory requirements particularly the Insurance Code which was released in 2013 which requires insurance firms to put up capitalization worth P1.3 Billion (B) by December 31, 2022.

AFPGen's production in 2014 account for 0.3% of the market. The chart below shows the share of the company's production by product line. Notwithstanding, AFPGEN holds its ground and continues to adapt and exert greater efforts to boost the net income. Company strategies include but is not limited to intensifying sales/information drives nationwide, tapping into wider target customers to include the private sector, developing customized products and value-added services, creating more product advertisements, strict monitoring of OFW insurance policies, and building a more effective in-house capabilities and expertise.

Chart. Share of AFPGEN's P81.9M GPW in 2014 by line



I. FINANCIAL AND OPERATIONAL HIGHLIGHTS

Gross Premiums Written (GPW) amounted to P81.9M in 2014. There was a 50% decline from the P163.6M GPW in 2013. The variance from its GPW Target of P237.7M was (66%). GPW achieved one-third of its 2014 Target. The Company withdrew P2.8M from its reserves for unearned premiums. Since there was a net withdrawal to the reserves, GPW was more than Net Premiums Earned which stood at P67.2M.

Commission income in 2014 was P6.5M. There was a negative 42% variance of Commission income from its Target of P11.1M. Claims Incurred amounted to P4.9M while General expenses item was P82.0M in 2014.

Investment Income was P22.8M. This was P13.5M short or 37% negative variance from the 2013 targeted Investment income of P36.3M. Net Loss After Tax in 2014 was at P0.5M. There was a negative variance of 122% from the Budgeted Net Income after tax of P2.5M. See table 1.

Table 1. Income Statement

	2014, in Million Pesos	2013, in Million Pesos	Percent Change from 2013,%	2014 Budget, in Million Pesos	Variance from 2014 Budget, %	Percent Achieved for the Year, %
Gross Premiums Written	81.9	163.6	(50.0)	237.7	(65.6)	34.4
Net Premiums Earned	67.2	114.5	(41.1)	147.9	(54.5)	45.5
Commission Income	6.5	10.5	(38.0)	11.1	(41.5)	58.5
Gross Underwriting Income	73.7	124.6	(40.8)	159.0	(53.6)	46.4
Claims Incurred	4.9	59.6	(91.8)	54.3	(91.0)	9.0
Net Underwriting Income	51.3	50.3	2.1	63.5	(19.1)	80.9
General Expenses	82.0	74.3	10.5	90.4	(9.3)	90.7
Operating Result	(30.7)	(24.0)	27.9	(26.9)	14.0	114.0
Investment Income	22.8	11.7	94.5	36.3	(37.1)	62.9
Income Before Tax	(6.3)	(9.8)	(36.0)	11.0	(157.3)	(57.3)
Net Income After Tax	(0.5)	(6.0)	(90.9)	2.5	(121.7)	(21.7)

With regard to AFPGEN's balance sheet, Total Assets stood at P700.5M in 2014. Total Assets increased by 32% from its value in 2013. See table 2.

The bulk (or 85%) of Total Assets was accounted for by Other Assets, Property and Equipment, and dues from reinsurance or ceding companies. Twelve percent (12%) of Total Assets was in liquid Cash and Cash Equivalents.

Total Liabilities stood at P188.5M. Total Liabilities decreased by 8% from its value in 2013. More than half (or 54%) of these were accounted for by Claims Payable. Less than half (or 46%) of Total Liabilities were accounted for by Other Liabilities such as Reserve for Unearned Premiums. Total Stockholders' Equity was at P512.0M. This was an increase of 57% from its 2013 value. The increase was due to the P173.1M capital infusion by the Armed Forces & Police Mutual Benefit Association, Inc (AFPMBAI). This was done for the company to meet the net worth requirement mandated by the Insurance Commission to be accredited as a participant in the Overseas Filipino Workers (OFW) Compulsory Insurance Coverage Program.

Table 2. Balance Sheet

	As of 2014, in Million Pesos	Percent of Total, %	As of 2013, in Million Pesos	Percent of Total, %
ASSETS				
Cash and Cash Equivalents	82.9	12	107.6	20
Investments	23.5	3	21.5	4
Others	594.1	85	402.2	76
Total Assets	700.5	100	531.2	100
LIABILITIES				
Claims Payable	102.1	54	104.7	51
Others	86.4	46	99.6	49
Total Liabilities	188.5	27	204.4	38
STOCKHOLDERS' EQUITY				
Capital Stock	250.0	49	250.0	76
Capital Paid in Excess of Par	173.1	34	0.0	0
Contributed Surplus	0.5	0	0.5	0
Reserve for Fluctuation in Investment in Stocks	(6.1)	(1)	(8.8)	(3)
Reserve for Employee Benefit	(15.5)	(3)	(25.4)	(8)
Retained Earnings	110.0	21	110.6	34
Total Equity	512.0	73	326.9	62
Total Liabilities & Equity	700.5	100	531.2	100

Table 3 shows the Retention ratio in 2014 to be 78.7. This ratio has a 10-point variance from 2013's Retention ratio of 68.9. Retention ratio has a 2-point variance from the 2014 budget ratio of 77.0. Loss ratio was 7.3 in 2014. This ratio has a (45)-point variance from the 2013 Loss ratio of 52.2. Loss ratio has a (30)-point variance from the 2014 budget ratio of 37.4.

Expense ratio was 122.0 in 2014. This ratio has more than a 50-point variance from both the Expense ratios in 2013 and the 2014 budget. Commission Ratio was 0.2 in 2014. This ratio has a 1.4-point variance from the Commission ratio of (1.2) in 2013. Commission ratio has a (11)-point variance from the 10.7 ratio budgeted in 2014.

Combined ratio was 129.4 in 2014. This ratio has a double digit point variance from both the combined ratios in 2013 and 2014 budget.

The average GPW contribution of each employee was P1.2M. Both the average productivity per employee declined in 2013 (by 46%) and from the budget (by 66%).

Table 3. Summary of Ratios

Ratio	2014	2013	2014 Budget
Retention	78.7	68.9	77.0
Loss	7.3	52.2	37.4
Expense	122.0	65.1	70.1
Commission	0.2	(1.2)	10.7
Combined	129.4	116.1	118.2
Per Capita, in P Million	1.2	2.3	3.6

II. COMPANY PERFORMANCE

A. OPERATIONS

GPW, which amounted to P81.9M, could be broken down by the following sources:

Production from AFP, PNP, and PCG sum-up to P8.9M in 2014. This was a 92% decline from the P112M worth of production in 2013 from these institutional accounts. The 2014 target for these accounts was P72.9M. This target was set prior to the Commission on Audit's ruling for these institutions to insure their assets elsewhere.

On the OFW account, it was only in November 2014 that the Insurance Commission (IC) gave to AFPGEN both the Certificate of Accreditation and Certificate of Authority to issue the compulsory Insurance Coverage for Agency-Hired OFWs. Given the eleven-month delay in obtaining the IC accreditation, the OFW product line's production for 2014 was P0.4M. This line was short by 99% of its target of P53.2M.

Only Consortia's production of P13.3M exceeded the target for 2014. All the other product lines fell short of the target. The product line that was close to achieving the target was Individual accounts' production of P34.8M. Individual accounts achieved 64% of its target of P54.3M.

All the other sources achieved below one-third their target. These are: Agents and agencies; Brokers; Inward reinsurance; Branches; OFW; and, institutional accounts from AFP, PNP, and PCG. See table 4.

Table 4. GPW Sources

	2014, in Million Pesos	2013, in Million Pesos	Percent Change from 2013, %	2014 Target, In Million Pesos	Percent Achieved from Target, %
AFP	2.8	59.4	(95)	0.0	NA
PNP	6.1	20.1	(70)	21.4	29
PCG	0.0	32.4	(100)	51.5	0
OFW	0.4	0.0	NA	53.2	1
Individual	34.8	28.6	22	54.3	64
Agents/Agency	16.4	8.1	103	54.3	30
Brokers	1.8	1.4	29	8.5	22
Branches	1.8	1.8	(1)	12.0	15
Inward RI	4.4	3.9	13	19.9	22
Consortia	13.3	8.0	67	8.3	161
Total	81.9	163.6	(50)	283.3	29

* NA refers to cells with a formula that performs explicit division by zero (0)

B. FINANCE AND ADMINISTRATION

1. Investment Portfolio Allocation

Investment income amounted to P22.8M. Compared with the 2014 Target for investment income of P36.3M, AFPGEN was short of the Target by P13.5M or 37%.

Table 5.1 Investment Portfolio Reflecting Realized Gains, in 2014

INVESTMENT TYPE	Market Value, P M	Ytd Income, P M	Ytd Return, %	Percent to Total, %	Weighted Return, %
<i>Hold to Maturity</i>					
Bonds	67.1	4.5	11.4	14.0	1.6
AFS-Stocks	253.4	10.6	7.2	52.9	3.8
Mutual Fund	35.8	1.8	8.8	7.5	0.7
UITF	43.8	0.6	2.4	9.2	0.2
IMA	50.4	1.3	4.5	10.5	0.5
<i>Short-Term</i>					
Savings*		0.4			
PAFCPIC	0.5	0.0	7.8	0.1	0.0
AFPSLAI	4.2	0.5	20.5	0.9	0.2
<i>Non-Performing</i>					
Real Estate	23.5	0.4	2.7	4.9	0.1
Unrealized investment gains**		2.7			
TOTAL/AVE.	478.6	22.8	8.2	100.0	7.1

* Savings refer to both earnings from savings account and dividends

** Unrealized gain from investments was included in the Investment Portfolio reflecting realized gains to be consistent with the total YTD Investment Income of P22.8M.

Reflected in Table 5.2 are unrealized losses of P4.3M from Stock investments. The weighted return of the unrealized losses of the investments in stocks was 1%. The investment portfolio's total unrealized losses amounted to P2.3M. The weighted return of the investment portfolio's unrealized losses was 1%.

Table 5.2 Investment Portfolio Reflecting Unrealized Gains, in 2014

INVESTMENT TYPE	2014 Book Value, in Million Pesos	2013 Market Value, in Million Pesos	Gain or Loss, in Million Pesos	Ytd Return, %	Percent to Total, %	Weighted Return, %
<i>Hold to Maturity</i>						
Bonds	67.1	67.1	-	0.0	14.0	0.0
<i>Short-Term</i>						
Savings*						
PAFCPIC	0.5	0.5	0.0	0.1	0.1	0.0
AFPSLAI	4.2	4.2	0.0	0.0	0.9	0.0
<i>Non-Performing</i>						
Real Estate	20.8	23.5	2.7	19.6	4.9	1.0
TOTAL/AVE.	480.9	478.6	(2.3)	(3.1)	100.0	(1.0)

* Savings refer to both earnings from savings account and dividends

2. General Expenses

Table 6 shows General Expense item in 2014 was P82.0M. Around half (or P39.1M) was spent on Personnel Services. Another half (or P38.7M) was spent on Administrative and Operating expenses. Selling expenses of P4.2M in 2014 accounted for 5% of total General Expense.

Table 6. General Expenses

	As of 2014, in Million Pesos	As of 2013, in Million Pesos	Percent Change from 2013, %	Budget 2014, in P Million	Variance from Budget, %
Personnel Services	39.1	37.6	4.1	46.7	(16.1)
Admin & Operating Services	38.7	34.2	13.1	38.8	(0.2)
Selling Expenses	4.2	2.5	69.9	5.0	(15.4)
Total	82.0	74.3	10.5	90.4	(9.3)

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<i>Hold to Maturity</i>						
Bonds	67.1	67.1	-	0.0	14.0	0.0
<i>Stocks</i>						
Stocks	257.7	253.4	(4.3)	(1.7)	52.9	(0.9)
Mutual Fund	35.5	35.8	0.3	0.7	7.5	0.1
UITF	45.0	43.8	(1.1)	(2.5)	9.2	(0.2)
IMA	50.1	50.4	0.2	0.4	10.5	0.0
<i>Short-Term</i>						
<i>Savings*</i>						
PAFCPIC	0.5	0.5	0.0	0.1	0.1	0.0
AFPSLAI	4.2	4.2	0.0	0.0	0.9	0.0
<i>Non-Performing</i>						
Real Estate	20.8	23.5	2.7	19.6	4.9	1.0
TOTAL/AVE.	480.9	478.6	(2.3)	(3.1)	100.0	(1.0)

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Personnel Services	39.1	37.6	4.1	46.7	(16.1)
Admin & Operating Services	38.7	34.2	13.1	38.8	(0.2)
Selling Expenses	4.2	2.5	69.9	5.0	(15.4)
Total	82.0	74.3	10.5	90.4	(9.3)

III. COMPANY DEVELOPMENTS

A. OPERATIONS

i. OFW Insurance Policy

The Insurance Commission gave to AFPGEN on 26 November both the Certificate of Accreditation and Certificate of Authority to issue the compulsory Insurance Coverage for Agency-Hired OFWs. The GPW contribution of OFW for the month amounted to P0.4M

ii. Sales drives and Memorandum of Agreements

The company conducted monthly sales drives in various camps in Luzon, Visayas, and Mindanao. Among the camps visited are in the following areas:

Philippine Air Force, Clark City, Pampanga; Philippine Army, Training and Doctrine Command, Camp Arturo Enrile, Malagutay, Zamboanga; Western Mindanao Command, Camp Navarro, Upper Calarian, Zamboanga City; Philippine Naval Forces, Mindanao; Philippine Air Force, Zamboanga; Philippine Army's 502 Brigade; and, 17th Infantry Battalion, Alcala Cagayan. Offshore Combat Force, Sangley Point Cavite City; 202nd Brigade in Cavinti, Laguna; 201st Infantry Brigade in Calauag, Quezon; 1st Infantry Battalion in Infanta, Quezon; PNP PRO IV-B in Oriental Mindoro; and, 203rd Brigade in Bansud, Oriental Mindoro;

The usual product line pushed in these sales drives is the Enhanced Microinsurance. This product offers the most comprehensive coverage which sum-up to P242,000 at an affordable price of P1,900 a year. The coverage includes the following: Fire; Acts of Nature Assistance; Personal Accident; Loan Amortization Assistance; Hospital Cash Assistance; Emergency Room Assistance; Burial Assistance; and, Memorial Package.

PMA Classes '51 to '54, '63, '67, and '72 signed a Memorandum of Agreement with AFPGEN on the program "Support Your Class, Insure with Us". This program aims to raise funds for the activities of the class by insuring their assets with AFPGEN. A portion of the proceeds shall go to the class fund.

Partnership with the Philippine Mortuary Association in Microinsurance. AFPGEN and PMA signed a MOA to seal the commitment to Microinsurance clients in servicing their memorial package which can be availed at any of the more than 250 PMA members nationwide.

iii. Customs Bonds

The company received an Accreditation to Transact Business As Surety (ATBAS) from five Bureau of Custom's offices in eight ports: Manila; Clark; Subic; Manila International Container; San Fernando La Union; Batangas; NAIA; and, Cebu. The company was also accredited by the Department of Energy (DOE) as a bonding company until June 2015 for performance bond purposes of DOE's service contractors.

AFPGEN was accredited by the Department of Energy (DOE) as a bonding company until June 2015 for performance bond purposes of DOE's service contractors. AFPGEN was accredited for single risk limit of P49M and/or a total risk limit of P261M.

B. FINANCE AND ADMINISTRATION

i. Career Development

The following training program was done in 2014: Management Development Program—Management Enhancement, Coaching and Counseling, Communication and Planning, Basic Oral and Written Communication, Delighting Customers, and Culture Building Tatak AFPGEN.

ii. Computerization projects

AFPGEN implemented several computer systems to improve business operations. These are: enhancement of insurance policy writing (Geniisys); the outsourcing of the payroll system (Vista); creating a digital documentation system (DMS); and, Automated Payroll and Automated Timekeeping and Attendance Systems

iii. Manualization

The Policy Review Committee approved the manuals of the following departments: IT, Legal, Internal Audit, and Human Resources (Vol 1). The manuals of both the Underwriting and Administration departments were in the final revision stage by the end of 2014.

iv. Performance Management System.

AFPGEN employees have implemented the Performance Management System (PMS). This bi-annual performance rating was rolled-out in July. The results of the PMS served an important input during the strategic planning and mid-year forecasting activities. Likewise, the PMS set the basis for staff member's productivity bonuses.

v. Corporate Social Responsibility

The company carried out its CSR project to directly benefit the children of AFPGEN's target market. A group of twenty staff members committed themselves to serve as "Big Kuya, Big Ate" mentors to Help Educate Rear Orphans (HERO) foundation orphans. The company also had a Personal Accident Christmas Cards tie- up with HERO Foundation.



IV. CONCLUSION

Given the significant challenges and disruptions in the business environment, AFPGEN continues to come up with more ways to promote revenue growth and appeal to the needs of wider customer groups. External challenges present a window of opportunity for the company to transform its business model, defend market share and grow revenues. With more aggressive efforts and tangible solutions to address the threats, the company is headed to the right direction.

The executives and technically-equipped staff continues to work hand in hand to persevere and implement innovating solution, with the end goal of fulfilling the interest of its clients by providing high quality non-life products and services, settling insurance valid claims in a speedy manner and responding promptly to customers' needs.

Alan R. Luga

LTGEN ALAN R LUGA AFP (RET)

PRESIDENT & CEO



ASEAN CORPORATE GOVERNANCE REPORT (ACGR) 2014

Right to Participate Effectively In and Vote in General Shareholder Meetings

1. Details of the company's Annual Stockholders Meeting:

Date: 26 June 2014 (Thursday)

Time: 1030H

Venue: AFPGEN Bldg. Col Bonny Serrano Road, Corner EDSA, Camp Aguinaldo, Quezon City

2. List of board members who attended the most recent AGM

At the start of the 2014 Annual Stockholders' Meeting, the Corporate Secretary of the Board, Atty Maria Cecilia A Capa, introduced the members of the Board of Directors who were present.

Attendance Details of Stockholders

Name	Designation
MS MARIA CARMELA G CABADING FLMI	Chairperson
BGEN ALEJANDRO T CAMAGAY JR	Vice Chairperson
COL EDMUNDO F GAMMAD PAF (Ret)	Member
PCS RAUL BASILIO DONIDA BOAC PNP	Member
ATTY. AUGUSTO Z FAJARDO	Member
JOSE LUIS MORENO	Member
MS. CORAZON D BUMANGLAG	Member
JUAN MANUEL RAMOS	Member

3. Election of Directors

The company allows shareholders to elect directors individually. The stockholder votes in person or by proxy. Considering that the company is wholly owned by the Armed Forces of the Philippines- Mutual Benefit Association, Incorporated (AFPMBAI), cumulative voting is not feasible.

Notice of AGM

1. Language

The Company's Notice of the 2014 Annual Stockholders Meeting uses the English language.

2. Profiles and Qualifications of Directors

MGEN EDGARDO RENE C SAMONTE AFP(RET)

57 Yrs. Old

Date of Appointment: August 4, 2014

Length of Service: 9 Months

Date of Last Re-election: April 24, 2015

Education:

Bachelor Of Science (1981)

Masters in Devt Management (June 1999-May 2000) Post Graduate

Management Course(July 1997-Sept 1997)Post Graduate

Master In Business Admin(Feb 1985-Oct 1989)Post Graduate

Present Directorship:

AFP General Insurance Corporation

Past Directorship:

AFPMBAI Board Of Trustee(Feb 2012-Sept 2013)

Work Experience:

President-AFPMBAI(July 7, 201 Up To Present)



COL EDMUNDO F GAMMAD PAF(RET)

59 Yrs. Old

Date of Appointment: August 2012

Length of Service: 2 Years and 9 Months

Education:

Bachelor Of Science PMA

MA Political Science Major In Defense & Strategic Studies

Present Directorship:

AFP General Insurance Corporation

Past Directorship:

VP For Finance-AFPMBAI

VP For Admin-AFPMBAI

HRD AFPRSBS



LTGEN ALAN R LUGA AFP(RET)

57 Yrs. Old

Date of Appointment: July 1, 2014

Length of Service: 10 Months

Date of Last Re-election: April 24, 2015

Education:

MBA candidate-Ateneo

Present Directorship:

AFP General Insurance Corporation

President and CEO

Riviera Sports & Country Club, Inc. (RSCCI)

Past Directorship:

AFP Vice Chief Of Staff



COL FLORANTE M AMANO PAF(GSC)

48 Yrs. Old

Date of Appointment: July 31, 2013

Length of Service: 1 Year And 11 Months

Date of Last Re-election: April 24, 2015

Education:

Bachelor Of Science PMA

MPM-UP

Diploma Strategic Studies-UNSW

Present Directorship:

AFP General Insurance Corporation

Past Directorship:

AFPSLAI-Trustee

Work Experience:

A4-PAF



COL FRANCO NEMESIO M GACAL PA (GSC)

49 Yrs. Old

Date of Appointment: September 26, 2014

Length of Service: 8 Months

Date of Last Re-election: April 24, 2015

Education:

Bachelor Of Science

MBA

Masters in Strategic Studies

Present Directorship:

AFP General Insurance Corporation

Chief-Og5 Philippine Army



CAPT JUAN MANUEL DF RAMOS JR PCG

55 Yrs. Old

Date of Appointment: June 26,2014

Length of Service: 11 Months

Date of Last Re-election: April 24, 2015

Education:

BS-PMA

Police Senior Officer Exective Course

Masters In Management Public Administration

Present Directorship:

AFP General Insurance Corporation

Assistant of Chief of Coast Guard Staff

Work Experience:

Procurement Officer-Philippine Coast Guard



CAPT ALBERTO B CARLOS PN(GSC)

48 Yrs. Old
Date of Appointment: December 21, 2011
Length of Service: 3 Years And 6 Months
Date of Last Re-election: April 24, 2015

Education:

BS Computer Science

Present Directorship:

AFP General Insurance Corporation

Past Directorship:

AFPSLAI-Trustee

Work Experience:

N4-Phil Navy



ATTY AUGUSTO Z FAJARDO

80 Yrs. Old
Date of Appointment: April 28, 2010
Length of Service: 5 Years And 2 Months
Date of Last Re-election: April 24, 2015

Education:

College of Liberal Arts
Bachelor of Laws

Present Directorship:

AFP General Insurance Corporation

Past Directorship:

President Philippine Charter Institute Corporation
MAPFRE Philippines



MS CORAZON BUMANGLAG

60 Yrs. Old
Date of Appointment: March 26, 2013
Length of Service: 2 Years And 3 Months
Date of Last Re-election: April 24, 2015

Education:

BSBAA
Masters In Business Administration
Executive Development Program
Advanced Bank Management Training

Present Directorship:

AFP General Insurance Corporation
Gieco Financing And Resource Corporation

Past Directorship:

VP and EVP-BPI

Work Experience:

Gawad Kalinga Head-Admin/HR



MR JOSE LUIS Z MORENO

68 Yrs. Old
Date of Appointment: November 29, 2011
Length of Service: 3 Years And 7 Months
Date of Last Re-election: April 24, 2015

Education:
AB Economics

Present Directorship:
AFP General Insurance Corporation

Past Directorship:
Swiss Reinsurance Co-Country Manager

Work Experience:
Palm Village Association Trustee
Gawad Kalinga Head-Admin/HR



P/DIR JUANITO B VAÑO JR

54 Yrs. Old
Date of Appointment: October 24, 2014
Length of Service: 7 Months
Date of Last Re-election: April 24, 2015

Education:
BS Industrial Engineering
Master in Management Major in Public Administration
Bachelor of Laws

Present Directorship:
AFP General Insurance Corporation
Director For Logistics-PNP

Past Directorship:
Police Regional Office 9



MGEN VICTOR V BAYANI AFP

56 Yrs. Old
Date of Appointment: June 26, 2014
Length of Service: 11 Months
Date of Last Re-election: April 24, 2015

Education:
Bachelor of Science PMA
Masters in Custom Administration
Supply Citan Management

Present Directorship:
AFP General Insurance Corporation

Work Experience:
DCS For Logistics, J4-AFP



PCS RAUL BASILIO D BOAC

60 Yrs. Old
Date of Appointment: December 20, 2012
Length of Service: 2 Years
Date of Last Re-election: June 26, 2014

Education:

BS PMA

Present Directorship:

AFP General Insurance Corporation

Work Experience:

Deputy Director Logistics Support Service
PNP, Camp Crame



BGEN ALEJANDRO T CAMAGAY JR

60 Yrs. Old
Date of Appointment: November 13, 2011
Length of Service: 2 Years and 6 Months
Date of Last Re-election: June 26, 2014

Education:

BS PMA

BS Geology

Present Directorship:

AFP General Insurance Corporation

Work Experience:

Commander, Airforce Reserve Command



MARIA CARMELA G CABADING

55 Yrs. Old
Date of Appointment: July 16, 1960
Length of Service: 10 Months
Date of Last Re-election: June 26, 2014

Education:

BS Mathematics Major in Actuarial Science

Present Directorship:

AFP General Insurance Corporation

Work Experience:

AFPMBAI-President



CDR TITO ALVIN G ANDAL

43 Yrs. Old
Date of Appointment: January 27, 1972
Length of Service: 8 Months
Date of Last Re-election: August 28, 2013

Education:

PBMIT

Present Directorship:

AFP General Insurance Corporation
CG-4 HPCG Philippine Coast Guard



3. Auditors seeking appointment/re-appointment

- Audit Committee shall recommend on the appointment of external auditors - *Corporate Governance Code - 2.2.3 Audit Committee Functions, page 17*
- Audit Committee shall make recommendations to the Board regarding the engagement of services of the external auditor, in consonance with IC and SEC requirements - *ARMC Manual - 5.5.1 External Audit, page 3.*

4. Dividend income

The dividend income of the company is P2,494,964, under Statements of Cash Flows - Cash Flows from Operating Activities.

Reference: 2014 Audited FS

5. RPTs are conducted in such a way to ensure that they are fair and at arms' length

Related party transactions shall be conducted in terms that are at least comparable to normal commercial practices to safeguard the best interest of the Company, its policy holders, claimants and creditors.

Reference: Corporate Governance Code 8.3 Public Accountability, page 23.

The Rights of Stakeholders that are Established by Law or by Mutual Agreement are to be Respected.

1. Policy that stipulates the existence and scope of the company's efforts to address customers' welfare

The company's policy and commitment to the welfare of customers is clearly stated in the corporate Vision-Mission, core values and tagline.

2. Policy that explains supplier/contractor selection practice

The Asset Management Committee requires suppliers to submit quotations and the award shall be given to the lowest bidder who meets the requirements.

Reference: Administration Manual, Guidelines for Procurement, page 9.

3. Policy that describes the company's efforts to ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development

The company's efforts to ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development include the use of the following devices: LED lights to save electricity, water-free urinals in male restrooms to conserve water, online transactions as well as recycling.

4. Policy that elaborates the company's efforts to interact with the communities in which they operate

In December 2014, the company carried out its CSR project to directly benefit the children of AFPGEN's target market. A group of twenty staff members committed themselves to serve as "Big Kuya, Big Ate" mentors to Help Educate Rear Orphans (HERO) foundation orphans. The company also had a Personal Accident Christmas Cards tie-up with HERO Foundation.

Reference: Company Website - News and Events - CSR, http://afpgen.com/?page_id=747

5. Policy that describe the company's anti-corruption programmes and procedures

The policy against dishonesty and other corruption offenses which includes the following acts:

- a. Obtaining materials with the use of fraudulent purchase of falsified letters, propaganda, or other authorization.
- b. Engaging in industrial espionage or failure of an employee to keep in strict confidence any confidential matter, records, etc. which the employee may acquire in the course of his work.
- c. Willful disclosure of confidential company records and information.
- d. Falsification of company records, documents or forging signatures of company officials.
- e. Misrepresentation of facts in the application for employment.
- f. Offering, soliciting or accepting bribes in any form as a condition for the performance of one's duty.
- g. Connivance with co-employees, superiors, clients, creditors, or anybody to defraud the company.
- h. Misrepresentation on claims of company benefits.
- i. Extorting money from co-employees, clients, or anybody doing business with the company.
- j. Manipulation of records detrimental to the company.
- k. Discounting or encashing company checks.
- l. Withholding or malversation of funds and other similar forms of irregularities.
- m. Gross deliberate inefficiency or gross negligence in the performance of official functions / duties and responsibilities which result in grave injuries to others or in large losses or damages to the company.

Employees, officers, stakeholders, clients and the general public can use the company website, "Contact Us section" to report of any violation of the abovementioned acts. The Corporate Governance Office immediately acts on the reports received through the website.

Reference: Code of Conduct and Discipline, Section VII. Offenses and Penalties, pages 7-8.

6. Policy that describes how creditors' rights are safeguarded

The company strictly monitors a 90-day premium payment warranty (PPW) for incoming reinsurance companies, as reflected in the Memorandum of Agreement.

7. Customer health and safety

AFPGEN ensures that it is fully responsive to the needs of its customers. As such, the company fulfills its mandate to:

- Provide excellent non-life insurance products and services to the armed forces, police, uniformed personnel, individual and corporate clients.
- Treat the customers with the utmost respect, courtesy and integrity in all business transactions.
- Provide immediate response to clients most especially when they are subjected to the risks covered by our insurance products.

In line with this, the company created a Call Center Facility which will answer calls anytime of the day anyday of the week. It also offers Roadside Assistance 24/7 to help out insured clients in case they figure in a vehicular accident.

8. Supplier/Contractor Selection and Criteria

The Company prescribes the following guidelines to ensure mutually beneficial relationship with its suppliers.

Procurement

1. The Asset Management Committee (AMC) shall review the documents forwarded by the Admin Department pertaining to purchases that would require the approval of the President.
2. The documents should have memorandum of requesting department and Abstract of Canvass approved by the President and the AMC respectively, together with quotations from at least three suppliers.
3. The attached bids in the Abstract of Canvass shall include all requirements.
4. The award shall be given to the lowest bidder.
5. While bid contracts generally must be awarded to the lowest bidder, AMC may recommend best value contracting to award a contract to the vendor or contractor.
6. Upon delivery of items purchased, such would be declared as accepted by any two members of the AMC except for Procurement Specialist by signing the Official Receipt or Invoice after such is stamped for acceptance by Procurement Specialist.

Reference: Administration Manual - Procurement, page 9.

9. Interaction with the communities

The Company actively interacts with the scholars of the Hero Foundation. In December 2014, the company carried out its CSR project to directly benefit the children of AFPGEN's target market. A group of twenty staff members committed themselves to serve as "Big Kuya, Big Ate" mentors to Help Educate Rear Orphans (HERO) foundation orphans. The company also had a Personal Accident (PA) Christmas Cards tie-up with the foundation.

Reference: Company Website - News and Events - Corporate Social Responsibility
http://afpgen.com/?page_id=747#tabs-747-0-0 and <http://afpgen.com/?p=6017>

10. Separate corporate responsibility (CR) report/ section or sustainability report/section

The official website contains a separate corporate social responsibility (CSR) section. Projects include mentoring the HERO scholars and PA Christmas Cards.

Reference: Company Website - News and Events - Corporate Social Responsibility
http://afpgen.com/?page_id=747#tabs-747-0-0 and <http://afpgen.com/?p=6017>

Where stakeholder interests are protected by law, stakeholders should have the opportunity to obtain effective redress for violation of their rights.

1. Contact details via the company's website or Annual Report

The Company website (www.afpgen.com), has a section, "Contact Us" that can be used by all clients, employees, management, stakeholders and the general public to send their feedback, concerns and inquiries.

Reference: Company Website – Contact Us - http://afpgen.com/?page_id=32.

Performance-enhancing mechanisms for employee participation should be permitted to develop

1. Information relating to the health, safety, and welfare policy for its employees

The company explicitly discloses and publishes the relevant information relating to the health, safety, and welfare policy for its employees namely the following:

- **Security Plan** – outlines the general security policies to protect AFPGEN personnel and properties from harm and damage caused by hostile elements or by fire.
- **Fire Disaster Operation Plan** – A plan was set to help minimize the loss of lives and properties; activities include fire seminar and fire drills.
- **Annual Physical Examination**
- **Retirement Plan**
- **Vacation Leave /Sick Leave/Emergency Leave-** In line with the company's continuing efforts to further improve and address the general welfare of its employees, the Vacation Leave and Sick Leave will be provided to employees to give them time to recuperate in times of illness, allow time for rest or to attend to personal matters.
- **Official Travel of AFPGEN Personnel** - It shall be the general policy of the company to support reasonable expenses of AFPGen personnel traveling within the country.

Reference: Administration manual, Security Plan and Fire Disaster Operation Plan II.7 and II.8, pages 19-26 and Human Resources Manual: Annual Physical Examination, Retirement Plan, Vacation Leave (pages 1-4)/Sick Leave (pages 4-5)/Emergency Leave (page 5) and Official Travel (pages 9-14).

2. Training and development programmes for its employees

It is the policy of the Company to make training and development available to officers and employees to meet organizational and human capital needs for the purpose of building and retaining a skilled and efficient AFPGEN work force.

Reference: Human Resources Manual (pages 1-8).

3. Reward/ compensation policy that accounts for the performance of the company beyond short-term financial measures

The Human Resources Department undertakes the Performance Management System of all employees, which accounts for the performance of the company beyond short-term financial measures, Managing the performance of the individual employees will help us draw out the best from our people in terms of commitment to corporate mission and objectives, attainment of the highest level of productivity, and achievement of personal and professional growth.

Reference: HR Manual (pages 6-17).

Stakeholders including individual employee and their representative bodies should be able to freely communicate their concerns about illegal or unethical practices to the board and their rights should not be compromised for doing this.

1. Procedures for complaints by employees against illegal and unethical behavior:

A Notice of Investigation shall be given to the employee prior to the investigation. The Investigation Committee shall have the authority to take testimony or receive evidence for the case.

Reference: Code of Conduct and Discipline, Section VIII.21. Specific Guidelines and Procedure on Administrative Investigation and Proceedings pages 22-24.

Contents of the Annual Report:

a. Key risks

The key risks are: financial; credit; liquidity; market; interest rate; currency; and, price risks.

Reference: 2014 Audited Financial Statements, pages 29-33.

b. Corporate objectives

The corporate objectives are stated in the Mission-Vision, core values “We Protect”, and company tagline ""Sagot ka namin 24/7.""

Reference: Company Website - Mission and Vision, http://afpgen.com/?page_id=2

c. Financial performance indicators

The financial performance indicators of the company include Assets, Liabilities and Equity, Underwriting Income, Investment and Other Income.

Reference: 2014 Audited Financial Statement

d. Training and/or continuing education programme attended by each director

Name of Director	Date of Training	Program	Name of Training Institution
MGEN JUAN MANUEL DF RAMOS PCG	August 28 & 29, 2014	Corporate Governance Orientation Program	Institute of Corporate Directors

e. Attendance details of each director in respect of meetings held.

i. Executive Committee

Name	Designation	No. of Meetings Attended	No. of Meetings	In %
COL EDMUNDO F GAMMAD PAF(RET)	Chairman	15	15	100
BGEN ALEJANDRO T CAMAGAY JR	Member	8	8	100
LTGEN ALAN R LUGA AFP(RET)	Member	7	7	100
P/DIR GIL J HITOSIS PNP	Member	2	8	25
MGEN GAMALIEL CRUZ	Member	2	5	20
MGEN VICTOR V BAYANI AFP	Member	1	5	20
ATTY AUGUSTO Z FAJARDO	Member	14	15	93
PCS RAUL BASILIO D BOAC PNP	Member	2	5	40

The Executive Committee held a total number of 15 meetings in 2014. ii. Audit Committee

Name	Designation	No. of Meetings Attended	No. of Meetings	In %
MS CORAZON D BUMANGLAG	Chairperson	8	8	100
COL EDMUNDO F GAMMAD PAF(RET)	Member	8	8	100
MR JOSE LUIS Z MORENO	Member	7	8	88
CAPT ALBERTO B CARLOS PN(GSC)	Member	6	8	75
CDR TITO ALVIN ANDAL	Member	0	5	0
CAPT JUAN MANUEL DF RAMOS JR	Member	1	2	50

The Audit Committee held a total number of 8 meetings in 2014.

iii. Corporate Governance Committee

Name	Designation	No. of Meetings Attended	No. of Meetings	In %
MR JOSE LUIS Z MORENO	Chairman	11	15	73
COL EDMUNDO F GAMMAD PAF(RET)	Member	15	15	100
LTGEN ALAN R LUGA AFP(RET)	Member	9	9	100
BGEN ALEJANDRO T CAMAGAY JR	Member	5	6	83
COL FLORANTE M AMANO PAF(GSC)	Member	1	4	50
CAPT JUAN MANUEL DF RAMOS JR PCG	Member	2	4	50

The Corporate Governance Committee held a total number of 15 meetings in 2014.

iv. Board of Directors Meeting

Name	Designation	No. of Meetings Attended	No. of Meetings	In %
MA CARMELA G CABADING	Chairperson	7	7	100
MGEN EDGARDO RENE C SAMONTE AFP(RET)	Member	6	6	100
COL EDMUNDO F GAMMAD PAF(RET)	Member	13	13	100
BGEN ALEJANDRO T CAMAGAY JR	Member	6	6	100
LTGEN ALAN R LUGA AFP(RET)	Member	5	5	100
MGEN GAMALIEL CRUZ	Member	1	3	33
MGEN VICTOR V BAYANI AFP	Member	2	7	29
P/DIR GIL J HITOSIS PNP	Member	5	5	100
P/DIR JUANITO B VANO JR PNP	Member	6	7	86
COL JESSIE MARIO DOSADO	Member	0	2	0
COL EMMANUEL P PRIVADO PA	Member	0	1	0
COL FRANCO NEMESIO M GACAL PA(GSC)	Member	4	5	80
COL FLORANTE M AMANO PAF(GSC)	Member	8	13	62
CAPT ALBERTO B CARLOS PN(GSC)	Member	11	13	85
ATTY AUGUSTO Z FAJARDO	Independent Director	12	13	92

MR JOSE LUIS Z MORENO	Independent Director	12	13	92
MS CORAZON D BUMANGLAG	Independent Director	12	13	100
CDR TITO ALVIN ANDAL	Member	1	2	50
CAPT JUAN MANUEL DF RAMOS JR PCG	Member	6	7	86
PCS RAUL BASILIO D BOAC PNP	Member	12	12	100

The Board of Directors held a total of 13 meetings in 2014.

5. Corporate Governance Confirmation Statement

Statement confirming the company's full compliance with the code of corporate governance

Compliance System:

The Board of Directors shall be primarily responsible for the governance of the corporation. Corollary to setting the policies for the accomplishment of the corporate objectives, the Board shall provide an independent check on management.

- a. Ensure AFPGEN's compliance with all applicable laws, rules & regulations & best practices.
- b. Ensure compliance with the corporate governance policies and practices and that the meetings of the Board are held in accordance with the By-Laws.

Reference: Corporate Governance Code, Compliance System, pages 8-15.

6. Audit Fees of the External Auditor

The audit fees and out of pocket expenses of the external auditor, R.G. Manabat & Co (KPMG), amounted to P369,600.62, inclusive of the value added tax.

Modes of communication

- 1. Quarterly reporting** – The Company published two newsletters in 2014.
- 2. Company website** – The Company extensively uses its website (www.afpgen.com) in reaching out and disseminating relevant information to all its stakeholders (investors, customers, employees, suppliers, creditors, competitors, community, government) and the public in general).

Timely Filing/Release of Annual/Financial Reports

- 1.** The 2014 Audited Annual Financial Statements of the Company were submitted to the BIR and IC in April 2015.

Reference: 2014 Audited Annual Financial Statements

2. Management's Responsibility for the Financial Statement

The executives of the Company namely the President/CEO, Senior Vice President and Chief Financial Officer issued a statement that they reviewed, approved and affirmed the fair representation of the 2014 Annual Financial Statement.

Reference: 2014 Audited Annual Financial Statements

Company Website disclosing up-to-date information on the following:

1. Business operations

The Company's website contained broad information about the Company and its business, subdivided into different sections: About Us Section; Products Section; News and Events Section; Careers Section; Licensed Agent Section; OFW Section; and, Claims Section.

2. Financial statements/reports (current and prior years)

The financial statements/reports of the company are reflected in the 2014 Audited Financial Statements. It is also disclosed in the company website Company Website - About Us - Corporate Governance.

3. Company's constitution

The Corporate Governance section of the company website contains most of the relevant corporate governance policies and procedures including the following: By-laws; Articles of Incorporation; and, Corporate Governance Code and Proposed Governance Charter.

Board Duties and Responsibilities

1. Corporate governance policy / board charter

The company discloses its corporate governance policy/board charter. The By-Laws, Articles of Incorporation, Corporate Governance Code and Proposed Governance Charter are uploaded in the company website.

2. Types of decisions requiring board of directors/commissioners' approval

The types of decisions that require board of directors' approval are the following:

By-Laws

Section 4. Powers (page 3-5)

- a. Make and change rules and regulations not inconsistent with the By-laws
- b. Purchase or acquire rights and privileges which the company is authorized to acquire
- c. Pay for any property or rights acquired by the company
- d. Borrow money for the company
- e. Delegate any of the powers of the Board which can be lawfully delegated
- f. Create such other positions in the coporation

Corporate Governance Code

Commitment to Good Corporate Governance (page 2)

The Board will fulfill the three significant roles of the Board: fiduciary (stewardship of the assets), strategic (pursuit of the mission and vision) and generative (questioning, exploring and generating ideas)1.

General Responsibilities of the Board (page 8)

The Board shall formulate/review/revise from time to time the Company's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor management's performance.

3. Roles and responsibilities of the board of directors/commissioners

The separation of roles and responsibilities of the board of directors are clearly stated in the By-Laws - Article IV. Officers, *pages 5-9*, and; Corporate Governance Code - 1.7 Duties and Responsibilities of a Director, *pages 13-15*

Corporate Vision/Mission

1. Vision and mission statement

The Company's Vision and Mission statements are reflected in the Corporate Governance Code - Vision Mission Values, *page 4*; and 2014 Interim Report *page 1*. AFPGEN's Mission and Vision statements are likewise posted in the company website About Us – Vision Mission - http://afpgen.com/?page_id=2.

2. Review of the vision and mission/strategy in the last financial year

The Board reviewed the vision/mission/strategy/corporate objectives in November 2013, which was subsequently approved in January 2014.

3. Board of directors' role to monitor/oversee the implementation of the corporate strategy

The Board is chiefly responsible to monitor/oversee the company's strategic plans:

- a. Review and approve a strategic plan for the company
- b. Provide sound strategic policies and guidelines in core areas of operations and periodically evaluate and monitor their implementation, including business plans, operating budgets and Management's over-all performance as well as dealings with policyholders, claimants and creditors.

Reference: Corporate Governance Code - 1.6 Duties and Functions of the Board, page 12.

Code of Ethics or Conduct

1. Details of the code of ethics or conduct

The Code of Conduct and Discipline is disclosed in the company website.

2. Implementation and monitoring of compliance with the code of ethics or conduct

The Company expects strict adherence to a professional standard of conduct by all AFPGEN employees regardless of position, rank, or assignment in the performance of their work and their dealings with one another, clients and stakeholders alike.

It is the policy of the Company that administrative investigations and proceedings undertaken shall inquire into complaints of misconduct by employees in a fair and objective manner. In this regard, management reserves the right to conduct such investigation to objectively uncover the facts in each complaint filed while protecting the rights and dignity of the subject employee. For purposes of investigation, only those that merit suspension or termination may be investigated. In the course of any administrative investigation, all investigative methods employed must be consistent with the law. For purposes of conducting an investigation, only those cases that merit suspension or termination may be the subject thereof.

Reference: Code of Conduct and Discipline - VIII. Policy on Administrative Investigation and Proceedings, page 15.

Board Structure & Composition

1. Independent Directors

The Company's Independent Directors are independent of management and free from any business or other relationship which could materially interfere with his judgment.

Reference: Corporate Governance Code - 1.3.2 Qualifications of the Independent Director - page 9.

2. Term limit of nine years or less for independent directors

The Code of Corporate Governance provides the term of office of the independent directors

1.5.3 An Independent Director can be re-elected for 5 consecutive years. There will be a two-year gap before he can be re-elected yearly for another 4 years. The Independent Director is barred from being elected after this nine-year term.

The Company also follows the SEC Memorandum Circular No. 9 which prescribes a five-year term limit imposed on independent directors of insurers. After completion of the five-year service period, an ID shall be ineligible for election as such in the same company unless the ID has undergone a "cooling off" period of two (2) years.

Reference: Code of Corporate Governance, 1.5 Term of Office, page 12, SEC Memorandum Circular No. 9

<http://www.sec.gov.ph/laws/memorandumcircular/CY%202011/sec%20memo%20no.%209,%20s2011.pdf> and company website

Nominating Committee

1. Functions

The Corporate Governance Committee is the Nominating Committee, given their main function as:

a. To advise the Board on corporate governance, nomination (and remuneration matters). This will include but not be limited to the institution of a system of rules and regulations to define the duties and responsibilities of every officer and employee for good governance consistent with the fiduciary responsibility of the corporation.

b. To review and evaluate the qualifications of all persons nominated to the Board as well as those nominated to other positions requiring appointment by the Board of Directors. It should prepare a description of the roles and capabilities required of a particular appointment.

Reference: Corporate Governance Code - 2.3.3 Governance Committee Functions, page 18;

a. To identify and/or evaluate nominees to become members of the Board, which shall be consistent with the Board's criteria for selecting new directors. Such criteria include consideration of such individual's background, diversity, age, skills and experience so as to enhance the Board's ability to manage and direct the affairs and business of the Company. Potential conflicts of interest, and related party transactions should be ruled out.

b. To recommend the Board candidates for assignment to or removal from Board committees, and considering the rotation of members of various Board committees.

Reference: 2013 Proposed Governance Committee Charter - 2. Nomination and Remuneration Responsibilities, page 3.

2. Independent directors in the Nominating Committee

Only one of the three members, Mr Jose Luis Moreno, is an independent director,

Reference: Corporate Governance Code - 2.3 Governance Committee, page 18.

3. The Chairman as an independent director/ commissioner

The Chairman of the Nominating Committee, Mr Jose Luis Moreno, is an Independent Director.

4. Terms of reference/ governance structure/charter

Since the Corporate Governance Committee is the Nominating Committee, the charter of the latter are the Corporate Governance Code and 2013 Proposed Governance Committee Charter.

5. Meetings

The Nominating Committee had 15 meetings in 2014, in accordance with the prescribed number of meetings in its 2013 Proposed Governance Committee Charter - 2. Meetings.

6. Attendance of Members

Please refer to Attendance details of each director in respect of meetings held: iii. Corporate Governance Committee

7. Assessment of Qualification of Directors

The Nomination and Governance Committee undertakes the process of assessing the qualification of directors aligned with the Company's strategic directions. The committee reviews and evaluates the aptitude of all persons nominated to the Board as well as those nominated to other positions requiring appointment by the Board of Directors, ensuring that each of them possesses all the qualifications and none of the disqualifications of the position.

Remuneration Committee/ Compensation Committee

1. Functions.

The Corporate Governance Committee is the Remunerations Committee, given their main function as:

- a. Evaluate where to position the company's compensation structure relative to other companies in the industry and in consideration of the prospects for a corresponding improvement in performance. It should ensure a compensation system that provides performance oriented incentives to management.
- b. Provide the system for setting up the remuneration of directors and senior executives.
- c. Disallow any director from deciding his own remuneration.

Reference: Corporate Governance Code - 2.3.3 Governance Committee Functions, pages 18

- a. Evaluate management recommendations on the company's general compensation philosophy and oversee the development and implementation of compensation programs;
- b. Assess the performance of other executive officers of the corporation and their compensation;
- f. Oversee the establishment of pension plans and the administration of such plans.

Reference: 2013 Proposed Governance Committee Charter - 2. Nomination and Remuneration Responsibilities, page 4.

2. The Remuneration Committee comprise of a majority of independent directors

Only one of the three members, Mr Jose Luis Moreno, is an independent director.

Reference: Corporate Governance Code - 2.3 Governance Committee, page 18.

3. The Chairman as an independent director/commissioner

The Chairman of the Remunerations Committee, Mr Jose Luis Moreno, is an Independent Director.

Reference: Company Website

4. Terms of reference/ governance structure/ charter

The Company disclosed the terms of reference and governance structure of the Nominating Committee in its Corporate Governance Code and 2013 Proposed Governance Committee Charter . It is also reflected in the Company Website."

5. Meetings

Since the Corporate Governance Committee is the Remunerations Committee, the charters of the latter are both in the Corporate Governance Code and 2013 Governance Committee Charter.

6. Attendance of members

Please refer to Attendance details of each director in respect of meetings held: iii. Corporate Governance Committee

Audit Committee

1. Purpose

The Company has an Audit and Risk Management Committee (ARMC) which shall assist the Board of Directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control and management of risks, the audit process, and the Corporation's process for monitoring compliance with laws and regulations and the code of conduct.

Reference: ARMC Charter

2. Composition

The Audit and Risk Management Committee is comprised of five members - four executive directors and one executive director (company President/CEO)

Reference: ARMC Charter - 3. Composition, page 2. One of the five (5) members is an independent director, as stated in the ARMC Charter - 2.2.1 Composition, page 17."

3. The Chairman as an independent director

The Chairman of the Audit and Risk Management Committee, Ms Corazon D Bumanglag, is an Independent Director.

Reference: Company Website

4. Terms of reference/governance structure/charter

The Company disclosed the terms of reference and governance structure of the Audit and Risk Management Committee

Reference: ARMC Charter - 1. Purpose, and 2. Authority, page 2.

5. Profile or qualifications of the Audit Committee members

Please refer to Profiles and Qualifications of Directors

6. Independent director's accounting expertise (accounting qualification or experience)

The independent director and ARMC Chairman, Ms Corazon D Bumanglag, has a vast accounting expertise. She obtained her Bachelor's Degree in Business Administration and Accountancy from the University of the Philippines, earned 24 units in Master's in Business Administration program from De La Salle University, as well as Executive Development Program and Advanced Bank Management Training from the Asian Institute of Management. She is also a Director at the Gieco Financing and Resource Corporation and she was previously a Vice President at BPI and FEBTC.

7. Audit Committee meetings

"The Audit Committee requires at least 4 meetings a year. The Committee held 8 meetings in 2014.

Reference: ARMC Charter and company website

8. Attendance of members

Please refer to Attendance details of each director in respect of meetings held: ii. Audit Committee

9. Audit Committee has primary responsibility for recommendation on the appointment, and removal of the external auditor

Included in the primary responsibility of the Audit Committee is to make recommendation to the Board regarding the engagement of the services of the external auditor, in consonance with the IC and SEC requirements.

Reference: ARMC Charter - 5.5.1 External Audit, page 3.

Board Processes

1. Board of directors meeting

The Board meetings are held every fourth week of the month. The directors met 13 times in 2014.

Reference: Company Website

2. Minimum quorum

The minimum quorum is a majority of 11 Directors of the Board (50% +1), or at least 6 Directors.

Reference: Company Website

Access to information

1. Role of the Corporate Secretary

The Corporate Secretary plays a significant role in supporting the BOD in the discharge of its functions.

Reference: By-Laws - Section 6. Secretary, page 8 and Corporate Governance Code - 4.4 Corporate Secretary, page 21.

2. Qualifications and Skills of the Corporate Secretary

The Corporate Secretary, Atty. Maria Cecilia Capa, meets the qualifications and skills required of the position, which includes an adequate legal, basic financial and accountancy skills. She is a lawyer by profession and has obtained a Master's Degree in Public Administration. Atty. Capa caters

to corporate clients engaged in real estate acquisition, development, management, operations and lease; theater maintenance and management; security services; water utilities; computer systems and website development; touchscreen kiosks creation, development and maintenance, retail stores operation, investment house, insurance; and apparel and clothing, among others.

Board Appointments and Re-Election

1. Criteria used in selecting new directors/commissioners

The selection, nomination and election of new Directors are based on their qualification, merit, and other objective criteria.

Qualifications of the Members of the Board

- a. Should possess the management capabilities in the areas of governance, strategic planning, organizational performance management, finance and human resource preferably in the field of insurance or insurance-related disciplines.
- b. Should be persons of integrity and credibility.
- c. In the case of the non-executive directors, they must possess direct knowledge and access to their organization's non-life insurance requirements and implementation processes.
- d. Should at least be 25 years of age at the time of appointment.
- e. Every director shall own at least one share of capital stock of the Company whose share should be in his name and recorded in the books of the Company
- f. Should attend a special seminar on corporate governance

Reference: Corporate Governance Code - 1.3.1 Qualifications of the Members of the Board, page 9.

2. Process followed in appointing new directors/ commissioners

All members of the Board are annually elected by stockholders of the Corporation and by a majority vote of the Board of Directors.

Reference: By-Laws - Section 1. General, pages 3 and 5 and Corporate Governance Code -1.4.1 Election of Board Directors, page 11.

Internal Audit

1. Separate internal audit function

The Company has established an Internal Audit Office, functionally reporting to the Audit & Risk Management Committee of the Board and administratively to the CEO.

Reference: The structure and functions of the Internal Audit Office are disclosed in the ARMC Charter - 5.4 Internal Audit, page 3; and Code of Corporate Governance - 4.4.4 The Internal Audit Department, page 22. "

2. Head of internal audit

The Head of Internal Audit, Ms Mary Grace B Facto, is an Executive of the Company.

Reference: 2014 Interim Report - The Management, page 14 and company website - About Us - Management - http://afpgen.com/?page_id=94"

3. Appointment and removal of the internal auditor

The appointment (and removal) of the internal auditor require the approval of the Audit Committee.

Reference: Internal Audit Charter - Board Resolution 2010-33.

Risk Oversight

1. Internal control procedures/risk management systems the company has in place

The risk management systems of the company are disclosed in the 2014 Audited Financial Statement, Financial Risks, pages 29-33.

2. How key risks are managed

The procedures on how key risks are managed are disclosed in the 2014 Audited Financial Statement, Financial Risks, pages 29-33.

People on the Board

1. Different persons assume the roles of chairman and CEO

The role of Chairman and the CEO shall be separate to ensure the appropriate balance of power, increased accountability and independence.

Reference: Corporate Governance Code - 1.2 Size and Composition, page 8.

2. Role and responsibilities of the chairman

The Chairman of the Board of Directors shall have the following powers and duties:

- a. Preside at all meetings of the stockholders and of the Board of Directors.
- b. Cast the deciding vote in case of a tie in the meetings of the stockholders and of the Board of Directors.
- c. Ensure that the Board has all the necessary information and resources in order for them to fulfill their roles.
- d. Ensure that the directors continually update their skills, knowledge and familiarity with the company's goals and objectives.
- e. Ensure compliance with the corporate governance policies and practices and that the meetings of the Board are held in accordance with the By-Laws.

Reference: Corp Gov Code - 1.8 Powers & Duties of the Chairman of the Board, page 15.

THE BOARD OF DIRECTORS



(From L-R):
PCS Raul Basilio D Boac, PNP;
Atty. Augusto Z Fajardo, Independent Director;
Col Franco Nemesio M Gacal PA (GSC);
Atty. Maria Cecilia Capa, Corporate Secretary;
LtGen Alan R Luga AFP (Ret);
President MGen Edgardo Rene C Samonte AFP (Ret), Chairman;



(From L-R):
Col Edmundo F Gammad PAF (Ret), Vice-Chairman;
Corazon D Bumanglag, Independent Director;
BGen Victor V Bayani AFP;
Capt Alberto B Carlos PN (GSC);
Col Florante M Amano PAF (GSC)
Capt Juan Manuel DF Ramos Jr PCG;
Jose Luis Z Moreno, Independent Director

THE EXECUTIVES



LTGEN ALAN R LUGA AFP (RET)
President and CEO



MGEN RUPERTO R PABUSTAN AFP (RET)
Executive Vice President



JOSE T. VALLEJOS JR.
Vice President for Operations

THE MANAGERS



ATTY RHENIE REÑIDO
Legal Counsel



CAMILO DEL ROSARIO
Underwriting Manager



JERRY BALAURO
Claims Manager



JOEL CALIGAN
IT Manager



JOSE LEMUEL CAPARAS
OSM Manager



MA VICTORIA DIZON
Chief Finance Officer



MARIBEL BENIGNO
HR Manager



MARY GRACE FACTO
Internal Audit Manager



VLADIMIR VENTURINA
Sales Manager

THE SUPERVISORS



ABEL ANTE
Underwriting Supervisor



ADOR ESTABILLO
Admin Supervisor



EMI VIERNES
OSBC Supervisor



ERIC EVANGELISTA
Sales Supervisor



GILBERT ESTIGOY
Sales Supervisor



HERLITA LIBRADO
Bonds Supervisor



JUANCHO PANOTES
Collection Supervisor



MERJOYCE ADABAN
Sales Supervisor



WILLIE CARBONELL
Underwriting Supervisor



WILSON PASIA
Accounting Supervisor

THE DEPARTMENTS



OFFICE OF THE PRESIDENT

(From L-R): MGen Ruperto R Pabustan AFP (Ret),
Elmirah L Salanga, LtGen Alan R Luga AFP (Ret)



HUMAN RESOURCES

(From L-R): Candice Robyn A Trilles,
Ratchilisa Tecson, Maribel F Benigno



ADMINISTRATION

(From L-R): Jesus C Tejoso Jr, Christine T Dacanay,
Karen Esther R Cruz, Hazel S Esguerra, Richard P Santos
Upper center: Adornado A Estabillo

THE DEPARTMENTS



FINANCE

(From L-R): Shellane A Cortez, Noemi D Evangelista, Rolito B Cariño, Cristina V Moyon, Romulo B Deuna Jr, Wilson C Pasia, Maria Victoria D Dizon, Juancho P Panotes, Reynaldo G Santos, Alma Rose C Sera Jose, Liezl M Lomibao, Jeniffer M Angeles, Peñafrancia G Hernandez, Alvin S Alcantara



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Abelardo P Ante
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Noly E Gallozo

THE DEPARTMENTS



ONE STOP BUSINESS CENTER

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SALES AND MARKETING

Standing (From L-R):
Renz Louie D Gonzales,
Ma. Lalyn C Taduran,
Kryselle M Jon,
Bernard V Meneses,
Eric Gil B Evangelista,
Marie R Bacalla,
Restituto Palencia
Rhoda T Yap,
Gilbert F Estigoy

Seated (From L-R):
Emilia B Viernes,
Jose T Vallejos Jr,
Merjoyce F Adaban

CLAIMS AND BONDS

Standing (From L-R):
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Danilo P Vicente,
Carlos S Sevilla

Seated (From L-R):
Herlita D Librado,
Jerry L Balauro,
Carmi V Baay



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