

2018

Annual Report

UNLOCKING A BLUE OCEAN.

Alliedbankers Insurance Corporation
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VISION

Alliedbankers Insurance Corporation shall be one of the most preferred, trusted, efficient, and leading, financially stable non-life insurance companies in the Philippines by providing suitable insurance risk management, innovative insurance products and high quality, responsive customer service to the Lucio Tan Group of Companies (LTGC), its allied business undertakings, its business partners, associates, employees, other stakeholders and their customers, with professionalism and integrity thereby enhancing and strengthening its long term viability and profitability

MISSION

Alliedbankers Insurance Corporation is the preferred non-life insurance arm of the LTGC, its allied business undertakings, its business partners, associates, employees, other stakeholders, and their customers. In this regard, Alliedbankers shall strive to be a dynamic company, providing and continuously developing a comprehensive range of competitively priced and innovative protection insurance and other allied or supplemental insurance products suitable to the risks and needs of our client base. We aim to develop and strengthen a synergistic and well established relationship within the LTGC and other Customers. We shall promote the welfare of our employees, meet expectations of our stakeholders, and continuously maintain mutually beneficial relationship with our business partners (agents, brokers, reinsurers) and adhere to our corporate social responsibility to our community.

We are pleased to report to the Board of Directors the Company's operating results for the period ended December 31, 2018 and its financial condition as of the same date.

INCOME STATEMENT:


Gross Premiums	679,214,295	100%
Premium Ceded	385,110,583	57%
Net Retained	294,103,712	43%
Net Premiums Earned	257,440,742	38%
Gross Underwriting Income	294,536,540	43%
Underwriting Expense	9,461,469	1%
Claims & Losses	90,380,681	13%
Commission Expense	54,824,038	8%
Total Deductions	154,666,189	23%
Net Underwriting Income	139,870,351	21%
Investment & Other Income	53,770,711	8%
Total Income	193,641,061	29%
General Expense	110,469,477	16%
Net Income before Tax	83,171,585	12%
Net Income after Tax	61,729,011	9%

INDUSTRY RANKING

In the midst of the Insurance Commission's drive to strengthen the non-life insurance industry through a progressively increasing Minimum Net Worth requirement and the cutthroat competition for Motor Car and Fire Policies, Alliedbankers Insurance Corporation finds itself unique in a Red Ocean of fierce competitors.

While ABIC may be unknown to most of the market, it is very much sought after by Brokers and Reinsurers. No less than the world's Top Three Reinsurance Brokers have aggressively vied for ABIC's reinsurance business. The latest figures from the Insurance Commission can help explain this interest to do business with ABIC.

In 2018, ABIC ranked only Number 31 in terms of Gross Premiums Written yet it ranked Number 8 in Net Worth and Number 23 in Net Income. Our Combined Ratio, which puts together the Commissions Paid, Ceded Premiums, Losses, and General & Administrative Expenses against the Gross Premiums Written, was at 81% when the industry averaged above 90%.



FINANCIAL STRENGTH IN 2018

BALANCE SHEET:

ASSETS		LIABILITIES	
Cash and Cash Equivalent	536,993,631	Insurance Contract Liabilities	594,670,823
Insurance Receivables	577,316,724	Insurance Payables (Due to)	315,963,290
Investment Securities and Trust	1,132,282,336	Other payables	303,181,821
Property and Equipment	24,470,405	TOTAL LIABILITIES	1,213,815,934
Other Assets	474,690,308	EQUITY	1,531,937,470
TOTAL ASSETS	2,745,753,404	TOTAL LIABILITIES & EQUITY	2,745,753,404

At the end of 2018, ABIC has remained strong as borne by the Three Key Financial Ratios against which insurance companies are judged with:

Profitability	32%
Liquidity	255%
RBC/Solvency	618%

On the industry's bread and butter, ABIC is likewise better than industry. Our Underwriting Margins and Loss Ratios on Motor Car and Fire lines are superior to industry average. For Motor Car which is only 18% of our portfolio, underwriting income is at 40% while the Loss Ratio stands at 38% versus industry's 55% Loss Ratio. Our biggest line is Fire which is 39% of our portfolio. Here, the underwriting income is 57% while the Loss Ratio is only 43% compared to industry's 65%.

Truly, these are statistics that make us the envy of our peers and our business coveted by International Brokers and Reinsurers.

GROUP BUSINESS

We have the LT Group business and ABIC's overcapitalization to thank for this enviable position among industry players.

Seventy percent (70%) of ABIC's business is from the LT Group and the bancassurance business with PNB and PNB Savings Bank. Only 30% is from the Open Market.

While we are grateful for the business from LT Group and PNB's bancassurance, we are also limited in our growth potential on such dependence. For the last 5 years, ABIC has grown at an average of 13% per year. Moving forward, we will stay anchored on LT Group and PNB's Bancassurance business as we aspire to grow our Open Market business while avoiding the pitfalls that could lead to problems.



THIS YEAR, 2019


For the next three years, founded firmly on LT Group and PNB's Bancassurance business, Alliedbankers will aim to grow its Gross Premiums Written to P2 billion by year 2022 or "Hit 2 by 22" and, more importantly, grow our Net Income from P60 million in 2018 to P100 million this year and P250 million by 2022.

Are we prepared for it?

Financially, Yes! We have the financial strength to take on the Open Market. Our Liquidity ratio can cover 2.5 times our Total Outstanding Claims now. Our Capital is 6x what is required. Surely, ABIC can take on some additional risks.

Year 2019 is Year One for Alliedbankers Insurance Corporation to stay off the Red Ocean of competitors and create its own Blue Ocean of Opportunities that balances Risks and Returns.

While ABIC is financially strong to embark on an Open Market foray, operationally, it is weak.



HOUSECLEANING: TURNAROUND TIME = SERVICE

For our clients and partners in the industry, nothing is more important than our service quality which is defined by our Turnaround Time. Sadly, our Turnaround Time is the butt of jokes among our peers. While industry is at 3 to 4 weeks, ours is 3 to 4 months! From Commissions and Claims Processing to Check Release, our backroom is simply too slow. We are weighed down by the lack of personnel and inefficiencies that have been passed on through the years.

For the last four months, we have addressed these by reviewing and documenting internal processes, by personalizing accountabilities, and hiring the necessary competent support staff. These initiatives have led us to a Base Line Structure of Operational Efficiency that will be sufficient to get us through on our initial push. To date, our Customer Service desk has observed a marked decline in the number of follow ups and complaints. Despite this, much needs to be done as we are still far from our 3-to-4-week target.

FOOT SOLDIERS

With the backroom now at an efficiency baseline, we are expanding industry partnerships and hiring critical sales personnel or foot soldiers, who will bring in additional Sales to fuel our growth targets. To date, we have inked partnerships with 3 Brokers and 2 General Agencies while strengthening partnerships with the existing 10 brokers and 5 general agencies. We intend to bring this number up to 15 brokers and 10 general agencies by the end of the year. Currently, we only have 9 individual agents. Our target is to bring this to 75. We have likewise hired an additional Sales Person and, if needed, will add more.

DIGITIZATION

Despite the failure of previous attempts at digitization, we are unfazed and we will persevere. This time, however, we will take baby steps and avoid reinventing the wheel. To be in sync with PNB's thrust to be a disruptor through fintech, our Business Development Department pushed for the development of "ABIC ALL IN 888" exclusively for PNB depositors. It is a Commuter Protection Product Bundle that includes Personal Accident Insurance Coverage with death due to motorcycling coverage, ATM Withdrawal Robbery Insurance, Residential Fire Cash Assistance for accidental death inside any Philippine Mass Transport System, with double indemnity when riding Mabuhay Maritime Express and triple indemnity should it occur while inside a Philippine Airlines plane. It's an all-encompassing "commuter protection" policy for only P888. More than the price and coverage, its mode of delivery is the disruptor for PNB. Delivery is through a mobile app that will be installed on the smartphones of PNB's retail banking group officers. This is from the branch personnel to Area Heads, all the way to the Retail Banking Group Head! It will be a facility that is available for the selling of policies and monitoring of performance 24 hours a day, seven days a week at one's fingertips!

PNB's Branch Banking has committed to a 20% penetration which translates to P132 Million in Net Income.

RISK MANAGEMENT

We are aware that dealing with the Open Market will be different from doing business with affiliates, LT Group and PNB. This difference requires that sound Risk Management policies are put in place to ensure that ABIC's foray into the Open Market does not go awry.

We are instituting risk management policies and parameters that will balance ABIC's risk exposure versus the returns desired. Instead of swimming with the rest of the industry in a bloody and fiercely competitive Red Ocean for motor car policies, ABIC will navigate carefully and create its own Blue Ocean of Opportunities where Sales is pursued with a consciousness for Quantitative Risk Management.

To this end, we have merged the Risk Management and Underwriting Departments into the Technical Group to create a Holistic Approach to risk management. In addition, we have hired a Chief Underwriter with more than 20 years of solid underwriting experience with both local and foreign insurance companies. In support to this, we are also strengthening the Internal Audit Department so it can effectively work with the Technical Group. Together, these two departments will ensure that our Sales Group does not stray into a Red Ocean that has drowned a number of industry players but, instead, be in our own Blue Ocean of Opportunities.

OUR OWN BLUE OCEAN

Despite the fierce competition among non-life insurance companies, there is still a vast expanse of the non-life ocean that has remained unexplored. According to the latest statistics from the Insurance Commission, the industry's market penetration is only 0.53%. This is only half of ASEAN's 1.0% average. Getting the Philippines to the ASEAN average means a GPW of P125 billion from the P66.3 billion in 3Q 2018.

By identifying potential market clusters like BPO-IT employees and specific high-potential regions like Iloilo, Batangas, and Pampanga, ABIC can find its own Blue Ocean. This is where ABIC can customize product bundles or focus on specific provinces where the potential is huge and the competition is minimal or absent. ABIC ALL IN 888 is an example of this approach.

READY FOR THE CHALLENGES AHEAD

With our Sales, Sales Support and Risk Management base lines in place, ABIC is more than ready to take on the challenges ahead. This is not only in terms of ABIC's generic growth but in terms of an Expanded ABIC once the acquisition of PNBGen is completed within the year.

ABIC's acquisition of PNBGen will see our production grow from P600 million in 2018 to about P3.0 billion within 12 months of acquisition. The base line structure for Sales Support and Risk Management that we have put in place in the last four months is sufficient to accommodate this increase in sales volume and its corresponding operational requirements. PNBGen's current labor force will be tapped for the additional personnel complement needed to expand our base line structure.

In closing, I would like to express our appreciation for the support of the Board; without it, these plans will never be put to test. The task now is for us, at ABIC, to put to good use this support by ensuring that we protect and expand the resources that were entrusted to us while, simultaneously, serving our clients with excellence.

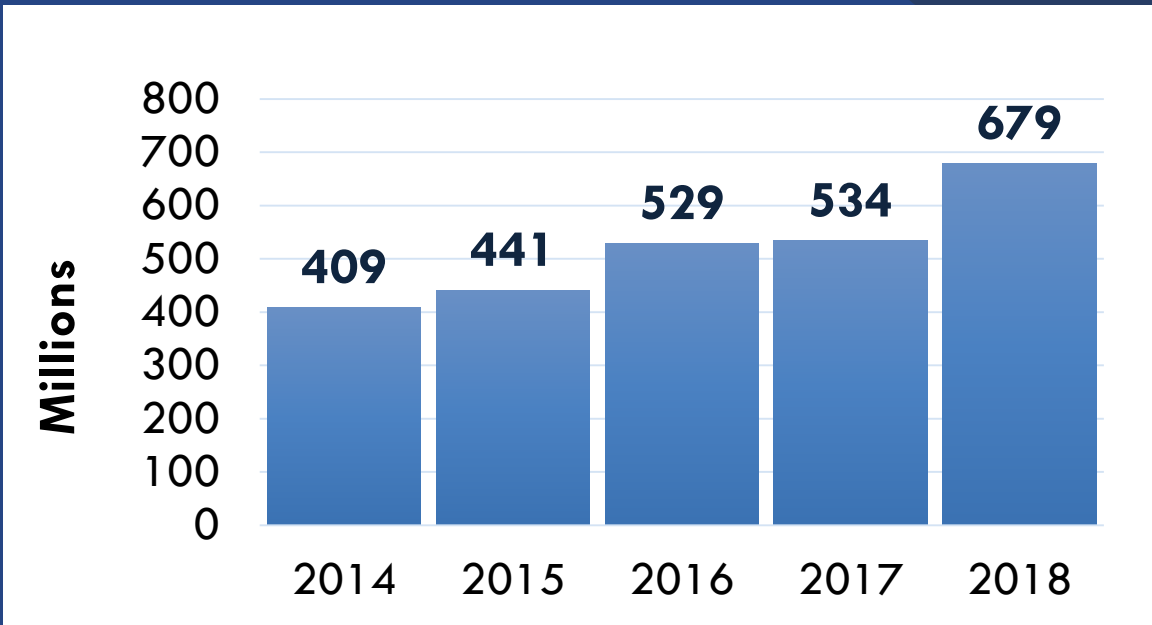
Thank you.



Reynaldo B. Montalbo, Jr.
President

PROFITABILITY	LIQUIDITY	SOLVENCY
<p>32% Net Income Before Tax Ratio</p> <p>81% Combined Ratio</p> <p>31% Loss Ratio</p> <p>P62M Net Income</p>	<p>255% Liquidity Ratio</p>	<p>618% Risk-Based Capital Adequacy Ratio</p> <p>100% IC-Mandated Minimum</p>

GROSS PREMIUM WRITTEN



INTRODUCTION

Business Ethics and Conduct Statement

ABIC will strive to do the right thing by its customers (including brokers, agents, other intermediaries and end customers), its people, its shareholders and the communities in which we work (including regulators, government and the public at large).

Purpose

This Code outlines a range of business ethics and standards of conduct. Given the breadth of our operations and the different legal and regulatory requirements that apply to ABIC's operations, this Code does not summarise all ABIC's policies and guidelines or laws that apply to our business. Employees must exercise good judgement and common sense in line with this Code.

Scope

This Code applies to all employees of Alliedbankers Insurance Corporation.

- Give fair and proper considerations and appropriate priority to the interests and requirements of all clients. Obtain and provide relevant information, including all necessary documentation, maintaining the confidentiality of information;
- ABIC aims to keep its promises to its customers and its employees. ABIC employees are respectful, professional, considerate and act with honesty and integrity.
- Act at all times with due skill, care and diligence. Act only within the limits of personal competence and any limits of authorization.

Values

- Act in a financially honest and prudent manner, including ensuring the protection of any money and/or property held on behalf of clients;
- Act openly, fairly and respectfully at all times, providing all clients with due respect, consideration and opportunity;
- Be honest and trustworthy with clients and communicate with them in a clear, concise, prompt and appropriate manner;
- Provide suitable and objective recommendations to clients.

Complying With Laws and Policies

Comply with all laws and regulations regarding the insurance products and services offered to clients.

- ABIC employees must comply within the law. Officers and employees of members must respect all laws and abide by all regulations that affect their business and shall:
- Ensure they operate within the law at all times;
- Ensure they deal with regulators in an open, transparent and co-operative manner and comply with any requirements.
- ABIC also requires employees to comply with all policies in operation within ABIC at any given time. Non-compliance may harm ABIC's reputation and/or lead to fines or other criminal or civil sanctions.

Conflict of interest

- Avoid any conflict of interest between himself (including his company's and affiliations' interests) and his duties to clients;
- Avoid conflict between any competing interests of one or more client(s), stepping aside in one or all matters if such conflicts cannot be resolved;
- ABIC employees are expected to maintain high ethical standards and uphold ABIC's reputation and report unethical or illegal behavior
- ABIC is committed to ensuring that actual and potential conflicts of interest are identified and avoided, or in situations where they cannot be avoided, that they are appropriately managed.
- ABIC expects all employees to maximize their full working time and efforts to ABIC's interests and to avoid any activities and behaviors are further detailed throughout this Code. (e.g. outside employment, investments, gifts and entertainment).

CORPORATE SOCIAL RESPONSIBILITY

CSR is a business approach that contributes to sustainable development by delivering economic, social and environmental benefits for all stakeholders.

ABIC believes corporate social responsibility extends beyond monetary support. We encourage ABIC believes corporate social responsibility extends beyond monetary support. We encourage all of our employees to contribute in some way to the communities in which they work and support them through volunteer leave, matched fund raising, employee donations and grants.

ABIC contributes to sustainable development by fostering work readiness for young people . We offer career advice and provides “on the job training” to graduating students in college by mentoring, listens to specific interest and development of the students.

COMMUNITY AND ENVIRONMENT

Alliedbankers is involved in an industry that seeks to play a role in conjunction with governments, individuals and organizations, in managing and reducing environmental risk. Employees must adhere to applicable laws on environmental and social issues and are encouraged to work towards integrating environmental and social considerations into our operations and business decisions.

Alliedbankers mirrors its insurance role in the community where ABIC is uniquely placed to assist people when they find themselves in need through accident or misadventure. ABIC encourages its employees to take part in corporate social activities, to help ABIC deliver real and lasting benefits to communities in which we operate.

SPONSORING MEDICAL AND DENTAL MISSION TO INDIGENTS



EMPLOYEES

Workforce Diversity

ABIC aims to create a workforce that is fair, seeks to retain and attract the best people to do the job. ABIC recognises its talented and diverse workforce as a competitive advantage. ABIC believes in treating people with respect and dignity as an individual and as a part of this, ABIC does not tolerate unlawful acts of discrimination. ABIC recognises workforce diversity as an organizational strength, understanding that drawing on a wide variety of capabilities, ideas and insights enhances decision-making quality and entrepreneurship. Equal employment opportunity is an important foundation of ABIC's approach to work diversity.

Health and Safety

ABIC aims to provide, so far as reasonably practicable, a safe and healthy environment for all employees and visitors. All employees and visitors should contribute to the health and safety of all persons in the workplace.

- ABIC expects all employees, while at work, to take practical measures to:

Ensure their health and safety and the health and safety of others;
Become familiar, and comply, as far as they are reasonably able, with ABIC's health and safety policies and guidelines, and
Ensure that potential or actual hazards and incidents are identified and reported.

RISK MANAGEMENT

ABIC maintains a robust culture of enterprise risk management. ABIC employees are expected to be proactive in identifying and managing risks to ABIC's assets and business. This includes ABIC employees identifying risk gaps in their own areas of operation and creating action plans to eliminate or mitigate those risks. In order to do so, employees must be open and honest in assessing and reporting risk gaps and breaches of authority.

The Company's performance over many years clearly establishes its substantial risk management credentials. Risk management is a continuous process and integral part of quality business management. Risk management shall assess the probability of each risk becoming reality and shall estimate its possible effect and cost. Priority areas of concern are those risks that are most likely to occur (high probability) and are costly when they happen (highly severity).

Risk management remains embedded in the business and the risk makers or risk takers are themselves the risk managers. They shall identify practical strategies to reduce the chance of harm and failure or minimize losses if the risk becomes real. Risk management is task to communicate the management plan and loss procedures to affected parties. It will continue to revisit strategies, look for emerging or changing exposures and stay abreast of developments that affect livelihood or harm or loss.

PRIVACY

ABIC may need to collect, use and store certain types of personal information about individuals (including current, past and prospective employees, customers, claimants and others) in order to carry on business. ABIC is committed to ensuring that the collection, use and storage of personal information throughout the business is dealt with in accordance with legal requirements to ensure that integrity and protection of that information is maintained at all times.

Employees must ensure, in accordance with applicable local legal requirements, the security and accuracy of personal information collected, recorded and used. Access to such information will be restricted as appropriate within ABIC and should any third party be granted access to such information, they will only be permitted to use that information for the purpose for which ABIC provides it.

EXTERNAL AUDITOR INDEPENDENCE

Alliedbankers believes that the external auditor must be seen to be independent. The external auditor confirms its independence in relation to the 31 December financial reports and the Audit Committee confirms this by separate enquiry. The external auditor normally confers with the Audit Committee in the absence of management as part of each meeting

The external auditor shall be selected and appointed by the stockholders upon recommendation of the Audit Committee. Alliedbankers appointed Sycip, Gorres, Velayo and Co. (SGV & Co.) as the company 's external auditor for the year 2018 (Per Board Resolution No. 2018-05). The professional fee inclusive of VAT and out of pocket expenses for 2018 year-end audit was estimated at Php 1 million.

ACTUARIAL REVIEW

The Insurance Commission issued the I.C. Memorandum Circular No. 2016-67 where it requires certification by the actuary.

The Actuary shall provide a duly notarized certification, that the Actuary have conducted tests necessary to verify the reasonableness and integrity of the data, confirm that the information contained in the Reports are accurate to the best of their knowledge and that they have calculated the policy reserves in accordance with the Valuation Standards prescribed by the Insurance Commission and the standards of practice of the Actuarial Society of the Philippines.

Alliedbankers engaged the actuarial services of JP Wall Consulting Partner for the year 2018. The professional fee inclusive of Vat and use of software program for the 2018 actuarial valuation was estimated at Php 400,000.00.

INTERNAL AUDIT

Alliedbankers shall continue to maintain an independent internal auditor who must be a CPA and adept in computer handling through which the Board, the CEO, senior management and stockholders shall be provided with reasonable assurance that is the key organization and procedural controls are effective, appropriate and complied with.

The Internal Auditor shall provide the CEO and Audit Committee with all major findings. Internal audit provides independent assurance that the design and operation of the controls are effective. The newly appointed Head of Internal Audit is Mabel D. Mendoza – Vice President.

BOARD OF DIRECTORS

Section VI – Article of Incorporation and Article III Sec. 1 of By-Laws states that the number of directors shall be composed of eleven (11) members. A majority of the directors shall be residents of the Philippines, and each director shall own at least one (1) share of stock of the corporation, and they shall be elected annually at the annual stockholders meeting and shall serve for a term of one (1) year, and until their successors shall have been elected and qualified.

The Board shall have two (2) independent directors. (Independent directors have not been an officer or employee of the Corporation, not related to an officer in senior management position in the Corporation and do not provide services and receive no significant income for other professional services to the Corporation) The Board shall disclose any relationship that could compromise a director's independence.

The independent director shall serve for a maximum cumulative term of nine (9) years per SEC Memorandum Circular No. 4. After which, the independent director shall be perpetually barred from re-election as such in the same company, but may continue to qualify as a non-independent director.

Directors are selected to achieve a board range skills, experience and expertise complementary to the Company's insurance activities. Details of individual directors are included on the succeeding pages and can also be found on the ABIC website at www.alliedbankers.com.ph

The Chairman oversees the performance of the Board, its committees and each director. Considering that the insurance business is imbued with public interest, the roles of Chairman and the Chief Executive officer shall, as a general rule, not be combined to ensure a balance of power and authority such that no one person has unfettered decision making powers. Accordingly, the Chairman of the Board shall be non-executive director

REMUNERATION COMMITTEE

The Remuneration Committee has an overall governance responsibility for executive remuneration structures and outcomes to ensure that remuneration frameworks are aligned with robust risk management practices and strong guidance principles.

The Remuneration Committee receives information on the performance of the senior executives who have the opportunity to materially influence the integrity, strategy, operation and financial performance of Alliedbankers Insurance Corporation.

The Remuneration Committee annually reviews the remuneration policy to ensure that fixed remuneration appropriately positioned relative to the market and at risk reward linked to financial targets, investment performance targets and strategic business objectives. The Remuneration Committee includes in their proposal for compensation a system for merit increases, performance rewards, bonuses and to review all other matters pertaining to compliance on Corporate Governance issues.

DIVERSITY MEASUREMENT

Alliedbankers is committed to creating a culture of diversity and inclusion around the Company. To ensure this expectation is consistency met, measurable objectives for fostering inclusive, diverse work groups have been added to performance objectives to people leaders at the top levels of the organization, (i.e. Executive positions, Senior Executive positions, Non-Executive positions).

Additionally, Alliedbankers has set specific targets to ensure gender diversity amongst the members of the Board of Directors, wherein 27% represent female board of directors. A summary of women's roles as members of the board of Alliedbankers is provided below:

COMPOSITION OF THE BOARD OF DIRECTORS

DIVERSITY OBJECTIVES Group board Positions	31 December 2018	31 December 2017
Male Director	8	8
Female Director	1	1
Senior Executive Director Female	2	2
Corporate Secretary Female	1	1
GROUP BOARD Positions	31 December 2018	31 December 2017
Non – Executive Positions	7	7
Independent Directors	2	2
Executive Directors	2	2

Alliedbankers is considering restarting its targets of improving the number of women in the Independent Director. When the diversity targets were initially established, the focus was on gender, as we look forward, the organization is also considering how to widen the diversity agenda throughout Alliedbankers Insurance Corporation.

AUDIT COMMITTEE

The membership of the Audit Committee may only comprise non-executive directors. The Audit Committee is composed of five (5) members of the Board, two (2) of whom shall be an independent director. Each member shall have an adequate understanding of the Corporation's operating environment. This committee normally meets four (4) times a year. The Chairman must be an independent director. The role of the Audit Committee is to oversee the credibility of ABIC's financial reporting process. This includes review of:

- The financial reporting to Office of Insurance Commission, Securities & Exchange Commission, the shareholders and to other stakeholders;
- Financial reporting risks
- Accounting policies, practices and disclosures,
- The scope and outcome of external and internal audits.

The Audit Committee has a free and unfettered access to the external auditor. The external auditor and the Head of Audit & Compliance Department have free and unfettered access to this committee.

CORPORATE GOVERNANCE POLICY STATEMENT

We, the Board of Directors and Management of Alliedbankers Insurance Corporation, do hereby commit ourselves to the principles and the best practices contained in the manual, and acknowledge the same may guide the attainment of the Company's goal and objectives. The Board of Directors, management, employees and shareholders believe that corporate governance is a necessary component of what constitutes sound strategic business management and will therefore undertake every effort necessary to create awareness within the organization.


The Corporate governance statement aims to disclose in summary form as clearly and objectively as possible ABIC corporate governance standards and practices so that they can be readily understood. ABIC also continues to focus on other equally important issues such as the strength of its outstanding claims provision and the quality of its reinsurance protection.

DIVIDEND POLICY

The Company's ability to pay dividends is contingent on its ability to set aside unrestricted retained earnings for dividend distribution. The Board of Directors is authorized to declare dividends payable in cash, in property, or in stock to all stockholders on the basis of outstanding shares held by them. The declaration of dividends including computation of unrestricted retained earnings, is subject to approval of the Insurance Commission, following Sec. 201 of the Amended Insurance Code of the Philippines.

On January 24, 2017, the Insurance Commission approved the cash dividend declaration of Php0.25 per share or equivalent amount of Php125 million on December 15, 2016 to be distributed to all stockholders of record as of same date, subsequently paid last March 14, 2017.

On September 5, 2017 the Insurance Commission approved the stock dividends declaration in the amount of Php125 million to be distributed to all stockholders of record as of December 15, 2016. The stock dividends were issued to the stockholders and subsequently registered to Securities and Exchange Commission last November 8, 2017.



The Board is supported by several committees which meet regularly to consider the audit and risk management processes, investments, nomination and remuneration and other matters. The main committees of the Board were the Audit & Compliance and Risk Management Committee, Investments Committee, Corporate Governance, Remunerations and Nomination Committee, Related Party Transactions Committee, Executive Committee, and Non-Executive Committee.

The report of each committee's last meeting is provided to the next Board meeting. The Corporate Secretary acts as a secretary to all committees. Details of the directors' attendance at board and committee meetings are outlined in the table of meeting attendance set out in the directors' report.

COMMITTEES OF ALLIEDBANKERS INSURANCE CORPORATION

The following are the officers of Alliedbankers Insurance Corporation:

CGRNC Resolution No. 2018-01

Name	Position
Lucio C. Tan	Chairman
Willy S. Co	Vice Chairman
Reynaldo B. Montalbo, Jr.	President
Rufitan T. Yu	Senior Vice President / Comptroller
Arlene J. guevarra	Corporate Secretary
Harry C. Tan	Treasurer

BOARD COMMITTEES (CGRNC Resolution No. 2018-01)

Corporate Governance, Remunerations and Nominations Committee

1. Dr. Lucio C. Tan - Chairman
2. Michael G. Tan - Vice Chairman
3. Lucio K. Tan, Jr. - Member
4. Rowena T. Chua - Member
5. Reynaldo B. Montalbo, Jr. - Member
6. Alfredo B. Jimenez, Jr. - Member (Independent Director)
7. Peter Y. Ong - Member (Independent Director)

Audit and Compliance and Risk Management Committee

1. Alfredo B. Jimenez, Jr. - Chairman (Independent Director)
2. Peter Y. Ong - Vice Chairman (Independent Director)
3. Michael G. Tan - Member
4. Lucio K. Tan, Jr. - Member
5. Manuel T. Gonzales - Member

Investment Committee

1. Michael G. Tan - Chairman
2. Rowena T. Chua - Member
3. Reynaldo B. Montalbo, Jr. - Member
4. Rufina T. Yu - Member
5. Manuel T. Gonzales - Member

Advisers:

1. Ricky Cebrero (PNB Treasury)
2. Manuel Lisbona (PNB Securities)
3. Carmela Pama (PNB Risk)

Related Party Transactions (RPT) Committee

1. Peter Y. Ong - Chairman (Independent Director)
2. Alfredo B. Jimenez, Jr. - Vice Chairman (Independent Director)
3. Manuel T. Gonzales - Member
4. Lucio K. Tan, Jr. - Member
5. Michael G. Tan - Member

Executive Committee

1. Reynaldo B. Montalbo, Jr. - Chairman
2. Michael G. Tan - Member
3. Rowena T. Chua - Member
4. Rufina T. Yu - Member
5. Lucio K. Tan, Jr. - Member

Non – Executive Committee


1. Lucio C. Tan - Chairman
2. Michael G. Tan - Member
3. Willy S. Co - Member
4. Lucio K. Tan, Jr. - Member
5. Manuel T. Gonzales - Member
6. Peter Y. Ong - Member (Independent Director)
7. Alfredo B. Jimenez, Jr. - Member (Independent Director)

BOARD COMMITTEES

A. Management Committee

- | | |
|--------------------|------------|
| 1. President | - Chairman |
| 2. EVP | - Member |
| 3. SVP | - Member |
| 4. VP | - Member |
| 5. AVPs | - Member |
| 6. Department Head | - Member |

B. Underwriting Committee

- | | |
|----------------------------|------------|
| 1. President | - Chairman |
| 2. SVP | - Member |
| 3. Chief Underwriter | - Member |
| 4. Line Underwriters | - Member |
| 5. Claims Head | - Member |
| 6. Marketing Head | - Member |
| 7. Risk Management Officer | - Member |
- 

DIRECTOR'S ATTENDANCE

The members of the Board of Directors attend and actively participate in its regular and special meetings. For the year 2018, all the Board of Directors attended the meetings more than the 50% requirement below.

Name of Directors	# Board Meetings	BACC		CorGov Committee		Audit and Compliance Committee		Investment Committee		Board Oversight RPT Committee		Non-Executive Committee	
		Attended	%	Attended	%	Attended	%	Attended	%	Attended	%	Attended	%
1. Lucio C. Tan	14	11	79%	3	75%							1	100%
2. Willy S. Co	14	13	93%			4	100%					1	100%
3. Reynaldo B. Montalbo, Jr	14	2	14%										
4. Rowena T. Chua	14	14	100%	4	100%	2	50%	2	100%	1	100%		
5. Manuel T. Gonzales	14	14	100%			2	50%	2	100%	1	100%	1	100%
6. Harry C. Tan	14	12	86%	4	100%							1	100%
7. Lucio K. Tan, Jr.	14	13	93%	2	50%	3	75%					1	100%
8. Michael G. Tan	14	12	86%	4	100%	3	75%	2	100%	1	100%	1	100%
9. Rufina T. Yu	14	14	100%			1	25%	2	100%				
10. Alfredo B. Jimenez, Jr. *	14	12	86%			4	100%	2	100%	1	100%	1	100%
11. Peter Y. Ong *	14	14	100%	4	100%	4	100%			1	100%	1	100%
Total No. of Meetings Held for the Year	14			4		4		2		1		1	

(A) Director/President Reynaldo B. Montalbo, Jr joined ABIC effective November 05, 2018

* Independent Director

DR. LUCIO C. TAN

Chairperson



Age	85
Nationality	Filipino
Education	Bachelor of Science in Chemical Engineering degree from Far Eastern University and Doctor of Philosophy, Major in Commerce from University of Sto. Tomas.
Date of First Appointment	1980
Directorship in Other Listed Companies	<ul style="list-style-type: none"> • Chairman and CEO: LT Group, Inc. • Director of PAL Holdings, Inc. • Director of MacroAsia Corporation
Other Current Positions	<ul style="list-style-type: none"> • Chairman and CEO of Philippine Airlines, Inc. • Chairman/ President: Tangent Holdings Corporation and Lucky Travel Corporation • Chairman; Eton Properties Philippines, Inc., Asia Brewery, Inc., Tanduay Distillers, Inc., Fortune Tobacco and Finance Corporation, Allied Commercial Bank, PNB Savings Bank, and Allied Banking Corporation (HK) Ltd. • President: Basic Holdings Corporation, Himmel Industries, Inc., and Grandspan Development Corporation • Chairman Emeritus of the Federation of Filipino-Chinese Chambers of Commerce and Industry, Inc. • Founder and Vice Chairman of the Foundation for Upgrading the Standard of Education, Inc. • Founded the Tan Yan Kee Foundation, Inc., of which he is the Chairman and President
Other Previous Positions	Chairman: Allied Banking Corporation
Awards/ Citations	Various honorary degrees for his outstanding achievements and leadership in the Philippines and other parts of the world

HARRY C. TAN

Director



Age	73
Nationality	Filipino
Education	Bachelor of Science in Chemical Engineering degree from Mapua Institute of Technology
Date of First Appointment	2009
Directorship in Other Listed Companies	<ul style="list-style-type: none"> • Director of LT Group, Inc.
Other Current Positions	<ul style="list-style-type: none"> • Chairman of Bulawan Mining Corporation and PNB Global Remittance and Financial Company (HK) Limited • Director of PNB Management Development Corporation and PNB Savings Bank • Chairman for Tobacco Board of Fortune Tobacco International Corporation • President of Landcom Realty Corporation and Century Park Hotel • Vice Chairman of Lucky Travel Corporation, Eton Properties Philippines, Inc., BeltoN Communities, Inc., and Eton City, Inc. • Managing Director/ Vice Chairman of the Charter House Inc. • Director of various private firms which include Asia Brewery, Inc., Dominion Realty and Construction Corporation, Progressive Farms, Inc., Shareholdings Inc., Himmel Industries, Inc., Basic Holdings Corporation, Asian Alcohol Corporation, Pan Asia Securities Inc., Tanduary Distillers, Inc., Manufacturing Services and Trade Corporation, Foremost Farms, Inc., Grandspan Development Corporation, Absolute Distillers, Inc., Tanduary Brands International, Allied Banking Corporation (Hong Kong) Limited, Philip Morris Fortune Tobacco Corporation, Inc., and Allied Commercial Bank
Other Previous Positions	<ul style="list-style-type: none"> • Director: Allied Banking Corporation • Director: MacroAsia Corporation • Director: Philippine Airlines

WILLY S. CO

Director/Vice Chairman



Age	87
Nationality	Filipino
Education	Bachelor of Science in Banking and Finance – University of the East
Date of First Appointment	1980
Directorship in Other Listed Companies	<ul style="list-style-type: none"> • Bancasia Finance & Investment Corp. • Universal Synthetic & Mfg. Corp. • Marketsource Corporation • Pan Asia Securities Corp. • Hermoza Ecozone & Dev't. Corp. • Central Textile Mills, Inc.
Other Previous Positions	<ul style="list-style-type: none"> • Chairman – Oceanic Bank • Chairman – Allied Bank Phils. (UK) Plc. • Director/ Deputy Chairman – Allied Bank Corporation (HK) Ltd. • Director / Vice Chairman – Allied Banking Corporation • Director / Vice Chairman – Allied Commercial Bank • Director / Vice Chairman – Allied Leasing & Finance Corporation

REYNALDO B. MONTALBO, JR.*Director/President*

Age	58
Nationality	Filipino
Education	<ul style="list-style-type: none"> • Master in Business Management from ASIAN INSTITUTE OF MANAGEMENT • Master in Computer Science (All Units Except Thesis) from Ateneo Professional Schools • Master in Strategic Business Economics (All Units Except Thesis) from University Asia and the Pacific • Bachelor of Science in Business Economics from University of the Philippines
Date of First Appointment	2018
Other Previous Positions	<ul style="list-style-type: none"> • Deputy Chief Finance Officer – Camerton Group • Senior Vice President/ Head of Financial Markets – First Metro Investment Corporation • Agency Head - New York Life Insurance Company • Vice President/ Trading and Distribution – JG Summit Capital Markets Corporation • Assistant Vice President/ Treasury Distribution Division – Philippine Commercial International Bank • Assistant Manager – Citytrust Banking Corporation

MICHAEL G. TAN

Director



Age	53
Nationality	Filipino
Education	Bachelor of Applied Science in Civil Engineering. Major in Structural Engineering, from the University of British Columbia, Canada
Date of First Appointment	1993
Directorship in Other Listed Companies	<ul style="list-style-type: none"> • Director of LT Group, Inc. • Director of PAL Holdings, Inc. and Victorias Milling Company, Inc.
Other Current Positions	<ul style="list-style-type: none"> • Director of PNB Forex, Inc., Bulawan Mining Corporation. PNB Savings Bank, • Allied Commercial Bank, PNB Global Remittance and Financial Company (HK) Ltd. And Allied Banking Corp. (Hong Kong) Limited • Chief Operating Officer of Asia Brewery, Inc. • Director of the following companies: Philippine Airlines Foundation, Inc., • Air Philippines Corp., Philippine Airlines, Inc., Absolut Distillers, Inc., Eton Properties Phils., Inc., Grandway Konstruct, Inc., Shareholding, Inc., Lucky Travel • Corporation, Eton City, Inc., Abacus Distribution Systems Philippines, Inc., • PMFTC. Inc., Tangent Holdings Corporation, and Philippine National Bank
Other Previous Positions	<ul style="list-style-type: none"> • Director of Allied Banking Corporation (ABC) from January 30, 2008 until Merger with PNB on February 9, 2013

LUCIO K. TAN, JR.

Director



Age	53
Nationality	Filipino
Education	Bachelor of Science in Chemical Engineering degree from Mapua Institute of Technology
Date of First Appointment	1980
Other Current Positions	<ul style="list-style-type: none"> • President/ Director of Tanduay Distillers, Inc. and Eton Properties Philippines, Inc. • Director of Bulawan Mining Corporation, PNB Capital and Investment Corporation, PNB Forex, Inc., PNB Management and Development Corporation, PNB Savings bank, Allied Leasing and Finance Corporation, PNB Global Remittance and Financial • Company (HK) Ltd., and Allied Banking Corporation (HK) Limited • Director of PMFTC, Inc., Philippine Airlines, Inc., Air Philippines Corporation, Foremost Farms, Inc., Manufacturing Services & Trade Corp., Grandspan Development Corporation, Absolut Distillers, Inc., Asia Brewery, Inc., Eton City, Inc., Asian Alcohol Corporation, Lucky Travel Corporation, Progressive Farms, Inc., Tanduay Brands International, Inc., The Charter House, Incorporated, Himmel Industries, Incorporated • EVP and Director of Fortune Tobacco Corporation
Other Previous Positions	<ul style="list-style-type: none"> • President and Chief Executive Officer of MacroAsia Corporation • Director of Tanduay Distillers, Inc • Executive Vice President of Fortune Tobacco Corporation

ROWENA T. CHUA

Director



Age	58
Nationality	Filipino
Education	Bachelor of Science Finance from University of San Francisco
Date of First Appointment	2006
Current Positions	<ul style="list-style-type: none">• Director Alliedbankers Insurance Corporation
Other Previous Positions	<ul style="list-style-type: none">• Director PNB Life Insurance Inc.

PETER Y. ONG

Director



Age	72
Nationality	Filipino
Education	College degree B.S. Chemical Engineering
Date of First Appointment	2009
Directorship in Other Listed Companies	<ul style="list-style-type: none">• Director of LT Group, Inc., Victoria Milling Corporation, Fortune Tobacco Corporation
Other Current Positions	<ul style="list-style-type: none">• SVP – Basic Holdings Corporation• Treasurer – Maranaw Hotel and Resorts Corporation
Other Previous Positions	<ul style="list-style-type: none">• SVP for Production, Fortune Tobacco Corporation• President – Airphil Corporation

ALFREDO B. JIMENEZ, JR.

Independent Director



Age	79
Nationality	Filipino
Education	College Graduate – BSC – Management Marketing
Date of First Appointment	1995
Directorship in Other Listed Companies	<ul style="list-style-type: none"> • Director of Bagong Bayan Corporation • Director of Development Corporation
Other Previous Positions	<ul style="list-style-type: none"> • Former President – Pilar Development Corporation • Former President – Realty Company • Former President – Italia Country Club • Former Director – Banco Filipino Insurance Corporation • Former Director Operation – Volk Wagen – Karbayan • Former Director Sales – Century Park Sheraton Hotel

MANUEL T. GONZALES

Director



Age	81
Nationality	Filipino
Education	Bachelor of Science in Commerce from the De La Salle University Master of Arts in Economics from Ateneo De Manila University
Date of First Appointment	1980
Directorship in Other Listed Companies	<ul style="list-style-type: none"> • Director of PNB Securities, Inc. • Director of PNB-IBJL Leasing and Finance Corporation • Director of PNB-IBJL Equipment Rentals Corporation • Director of Allied Leasing and Finance Corporation • Board Advisor of PNB General Insurers Co., Inc.
Other Previous Positions	<ul style="list-style-type: none"> • Director of Allied Banking Corporation • Member, Management Association of the Philippines (MAP) • Member, Financial Executives of the Philippines (FINEX) • Member, European Chamber of Commerce of the Philippines (ECCP) • Member, Bankers Institute of the Philippines

RUFINA T. YU

*Director/Senior Vice
President*



Age	70
Nationality	Filipino
Education	Bachelor of Science in Commerce – Accounting Major from Far Eastern University
Date of First Appointment	2001
Other Previous Positions	<ul style="list-style-type: none">• Asst. Treasurer & Comptroller – Alliedbankers Insurance Corporation• Finance Manager – Foremost Farms, Inc.• Asst. Chief Accountant – Fortune Tobacco Corp.

ARLENE J. GUEVARRA

Corporate Secretary



Age	51
Nationality	Filipino
Education	<ul style="list-style-type: none">• Bachelor of Arts Major in Journalism from University of Santo Tomas• Bachelor of Laws – University of Santo Tomas• World Banking and Finance Program (Summer) – Economics Institute University of Colorado
Date of First Appointment	2006
Other Current Positions	<ul style="list-style-type: none">• Vice President / Legal Division Head - PNB Savings Bank
Other Previous Positions	<ul style="list-style-type: none">• Assistant Vice President : Allied Banking Corporation• Bureau of the Treasury : Director III



REYNALDO B. MONTALBO, JR.

President



ROWENA T. CHUA

Executive Vice President



RUFINA T. YU

*Senior Vice President
Comptroller*



REY D.C. ERLANO

*Senior Vice President
Sales & Marketing*



EILEEN D. CLEMENTE

*Vice President
Chief Underwriter*



DANTE A. PATUNGAN

*Assistant Manager
Claims*



RUBY D.L. MERCADO

*Manager
Policy Admin / Treaty RI*



SUSAN O. REGALA

*Manager
Subsidiaries Marketing
and
Agencies*



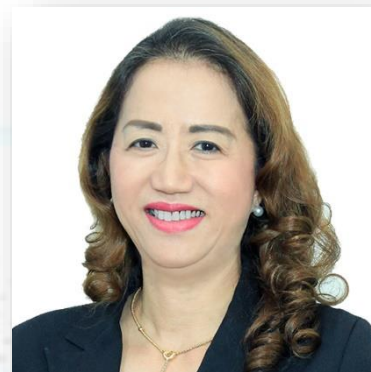
VLADIMIR T. VENTURINA

*Manager
OIC – Branch Head*



MABEL D. MENDOZA

*Vice President
Internal Audit*



EILEEN A. SY

*Senior Assistant Vice President
Chief Accountant*



RODRIGO N. MANGAHAS

*Assistant Vice President
Information Technology*



GIOVANNI P. MIRANDA

*Assistant Vice President
Marketing*



JOEL L. LABANDA

*Assistant Vice President
Human Resource and Administration*



MARCELINA F. VALLES

*Consultant
Corporate Compliance*



DANILO J. CABERO

*Consultant
Underwriter & Reinsurance*



ENGR. JAYCEE SANTOS

*Consultant
Risk Management*



LARRY G. TY

*Vice President
Marketing, Sales and Product
Development*

FINANCIAL STATEMENTS