



PHILIPPINE ARMY FINANCE CENTER
PROGRESSIVE INTEGRATED COOPERATIVE
PROGRAMS QUALITY CHALLENGE 7 AWARD

*Serbisyong Dekalidad
Benepisyong Walang Katulad*

Annual Report
2015

Our Vision

PAFCPIC shall maintain its leadership among primary cooperatives in the Philippines, and provide a sustainable growth for its members.

Our Mission

PAFCPIC commits to provide quality and innovative financial and integrated services for the upliftment of the well-being of its members, their families and the community.

Our Core Values

Good Governance

Commits to using best practices that reflect:

Fairness – equal treatment for all

Integrity – act honestly and sincerely

Accountability – acknowledgment and assumption of responsibility for action

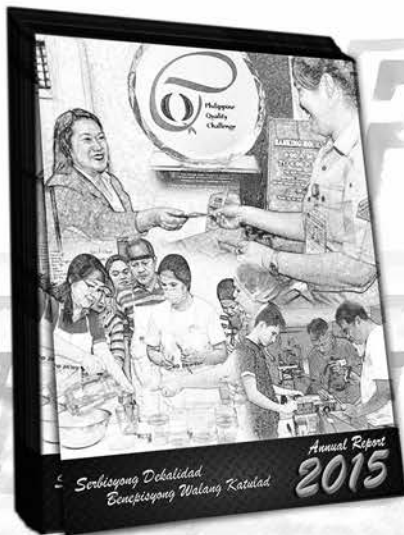
Transparency – act openly

Excellence

Demonstrates utmost professionalism and efficiency in its operations and in member/client relations

Social Responsibility

Endeavors to be responsive to the needs of its members and the community



Our Cover

PAFCPIC stands by its theme, “Serbisyong Dekalidad, Benepisyong Walang Katulad” thus, it strives to deliver excellent service and benefits for members’ optimum satisfaction and socio-economic upliftment.

PAFCPIC is a multi-awarded first billionaire Co-operative in the Philippines. Its main business is offering financial services to members through loans and deposits. It has been in business for 35 years since its establishment in November 1981. Membership is voluntary and composed primarily of active and retired Philippine Army (PA) and civilian personnel and their immediate dependents, now totaling 101,738 and total assets at P8.4 billion (figures as of end-2015).

Its main office stands as a landmark along Bayani Road, Fort Bonifacio, Taguig City while its 24 offices are spread throughout the country - 12 in Luzon, 5 in Visayas, and 7 in Mindanao.

PAFCPIC is the first winner of Land Bank of the Philippines' (LBP) Gawad Pitak Para sa Natatanging Kooperatiba (institutional category) in 2004; the first Co-operative to win the Department of Trade and Industry Center for Industrial Competitiveness (DTI-CIC) Search for Model Companies in two categories, such as Family Welfare and Community Development in 2004 and Labor-Management Relations in 2012, and the first Co-operative to win the Philippine Quality Challenge Level 2 Award on 15 September 2015 by the DTI Competitiveness Bureau (DTI-CB) in partnership with Philippine Society for Quality Inc.

We are a certified ISO 9001:2008 Co-operative effective 23 April 2014 through the Anglo-Japanese-American (AJA) Registrars Inc. under the United Kingdom Accreditation Service (UKAS), with certification number AJA14\1715.

PAFCPIC is registered with the Cooperative Development Authority (CDA) under Registry Number MLA-C-356 dated 27 March 1991 and later re-registered under Registry Number 9520-16000421 dated 16 October 2009.

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Statistical HIGHLIGHTS

	IN PHILIPPINE PESO			
	2015	2014	INC / (DEC)	% GROWTH
Assets	8,354,094,684	7,259,135,144	1,094,959,540	15.08%
Total Revenues	1,706,810,010	1,777,152,706	(70,342,696)	(3.96%)
Net Surplus (Before Reserve)	966,597,893	959,181,438	7,416,455	7.73%
Net Surplus (After Reserve)	763,612,334	757,753,336	5,858,998	7.73%
Paid-up Share Capital				
Paid-up Share Capital	1,553,418,000	1,528,731,000	24,687,000	1.61%
Rate of Interest on Share Capital	20%	20%	0%	0.00%
Amount of Interest on Share Capital	304,472,854	299,067,174	5,405,680	1.21%
Rate of Interest on Patronage Refund	6%	5.50%	0.5%	9.09%
Amount of Patronage Refund	459,139,481	458,686,162	453,319	0.10%
Amount of Time Deposit	277,635,491	273,100,491	4,535,000	1.66%
Amount of Interest on Time Deposit	23,572,717	25,485,844	(1,913,127)	(7.51%)
Amount of SMILE Savings Deposit	51,504,952	51,450,902	54,050	0.11%
Amount of Interest on SMILE Savings Deposit	3,356,475	3,301,972	54,503	1.65%
Amount of Regular Savings Deposit	3,404,725,263	2,518,108,454	886,616,809	35.21%
Amount of Interest on Regular Savings Deposit	128,645,735	107,064,283	21,581,452	20.16%
Volume of Loans				
Volume of Loans	52,603	52,459	144	0.27%
Amount of Loans	8,131,648,494	6,899,864,639	1,231,783,854	17.85%
Number of Scholars				
Number of Scholars	149	147	2	1.36%
Amount Granted Through Scholarship Program	7,295,073	6,680,819	614,254	9.19%
Number of Abuloy Beneficiaries	530	574	(44)	(7.67%)
Amount Granted Through We Care "Abuloy" Program	53,000,000	57,400,000	(4,400,000)	(7.66%)
PAPSI Assist Beneficiaries (Individuas and organizations)	285	318	(33)	(10.38%)
Number of Corporate Sponsorships	58	43	15	34.88%
Amount Granted Through PAPS I Assist and Corporate Sponsorship	2,087,094	2,420,275	(333,181)	(13.77%)
Number of Livelihood Training Participants	1,554	0	1,554	100.00%
Amount Used for Livelihood Training	2,680,572	0	2,680,572	100.00%

Membership	101,738	99,911	1,827	1.83%
Regular	92,883	91,390	1,493	1.63%
Associate	8,855	8,521	334	3.92%
New Members	3,820	5,816	(1,996)	(34.32%)
Regular	3,185	5,446	(2,261)	(1.63%)
Associate	635	370	265	71.62%
Terminated Members	2,153	2,872	(719)	(25.03%)
Regular	1,839	2,627	(788)	(30.00%)
Associate	314	245	69	28.16%
Workforce	303	303	0	0.00%

Message to SHAREHOLDERS

Dear Members and Stakeholders,

Happy 35th anniversary!

The year 2015 has been very challenging for our Co-operative because of the emerging financial institutions offering the same services to our home market. There have been detractors spreading malicious information that our Co-operative has been experiencing financial downturn. PAFCPIC did not allow detractions and disturbances like this get in the way. Instead, we have diverted the focus on the more beneficial and productive activities which in turn brought us positive results.

We are happy to report to you that PAFCPIC has been steadily and constantly growing in many aspects. By year-end, total assets has reached P8.35 billion which is 15% or P1.1 billion higher over last year's P7.26 billion. This is the highest growth in the last five years. The total revenues may have slightly declined by 4% or P70 million but we have posted a net surplus (after reserve) of P763.61 million, higher by almost P6 million over last year's P757.75 million. With our good performance, PAFCPIC has declared 20% p.a. interest rate on share capital amounting to P304 million which increased by 1.81% from last year's P299 million.

On loans, the number of borrowings surpassed last year's 52,459 by 0.27% or 144 and the amount of gross loans has increased by 18% or P1.23 billion. This results to the giving of patronage refund totaling P459 million at the rate of 6% per annum.

We believe that the greatness and success of an organization is not measured by its assets and membership size but on how it affected the members and the community.

By year-end, our Co-op has supported 149 active scholars of whom 33 have graduated for 2015. That makes up a total of 234 graduates who are now useful citizens, able to support themselves and their families, and contribute to over-all health and wealth of our nation. In August 2015, PAFCPIC launched a Job Fair that was instrumental in the job placement of 125 young people residing within Taguig City, 46 of whom are Army dependents. Our combined PAPSII Assist and Corporate Sponsorship Programs have donated to 208 individuals and 133 organizations on their various needs.

BGen Francisco M Paredes (Ret)
Chairman of the Board, PAFCPIC



Message to SHAREHOLDERS

The We Care Abuloy Program (WCAP) has provided death and burial assistance to the families of 530 departed members worth P100,000.00 each, reaching about P53 million in total disbursements. Lastly, in order to help the members make a smart start towards financial and business success, PAFCPIC has provided entrepreneurship seminars and livelihood trainings to 1,554 members at 24 offices nationwide in partnership with respective training providers.

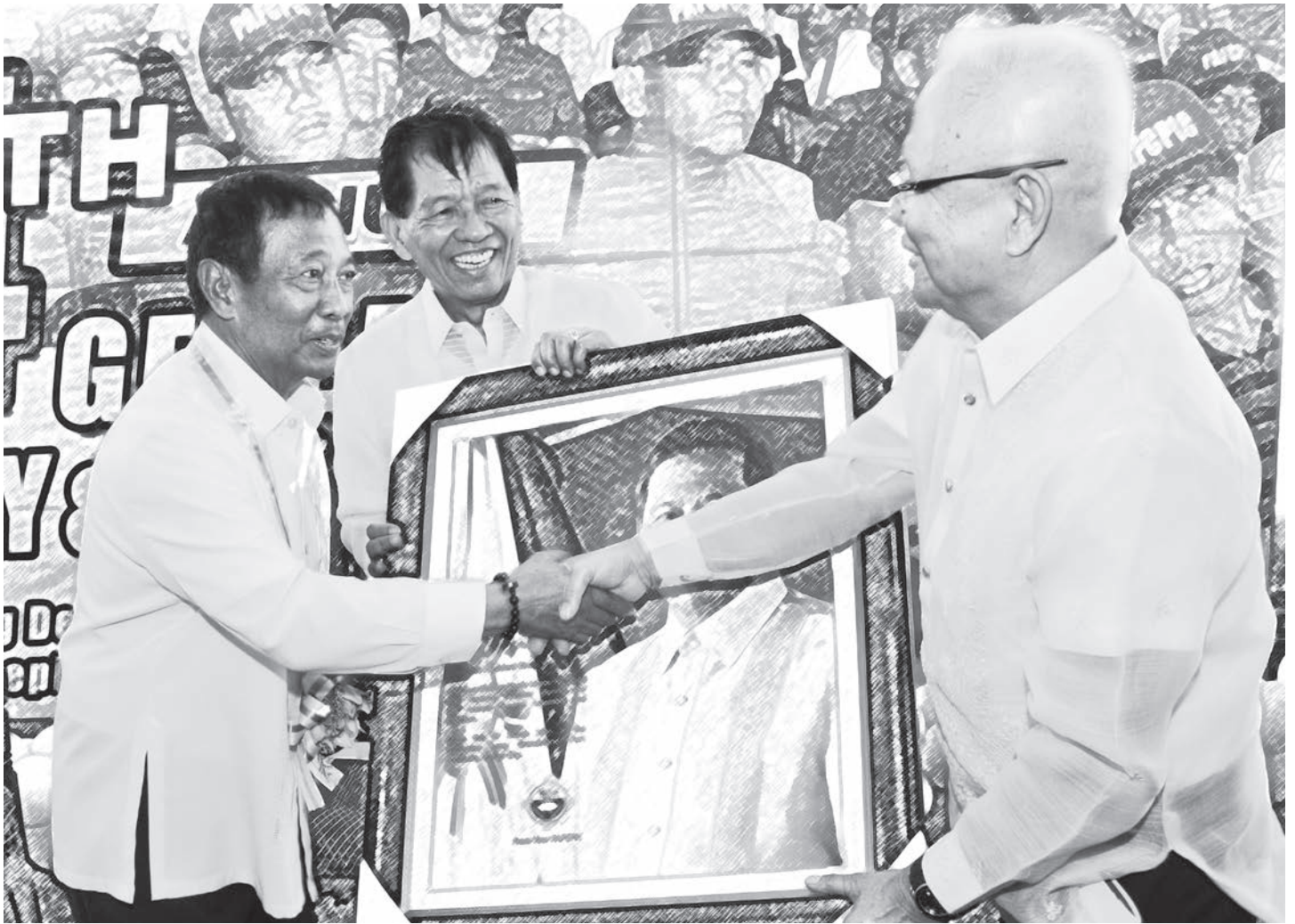
One of our goals is to be a champion in “service excellence” thus our theme: *“Serbisyong Dekalidad, Benepisyong Walang Katulad.”* PAFCPIC joined the Philippine Quality Challenge (PQC) which is a competitiveness program organized by the Department of Trade and Industry Competitiveness Bureau (DTICB) in cooperation with Philippine Society for Quality, Inc. It sets the standard of excellence to help Filipino organizations achieve world-class performance based on the principles of Total Quality Management (TQM). We are pleased to announce that our Co-operative was proclaimed PQC Level 2 awardee on 15 September 2015. The assessors have identified 8 strong points and 2 areas for improvements. In line with our ISO 9001:2008 certification, the external auditors from AJA Registrars Inc. conducted the second surveillance audit in the main office and in PAFCPIC Satellite Office (PSO)-Negros where there’s one (1) opportunity for improvement was found. We have gladly welcomed all these findings and have integrated them in our planning activities.

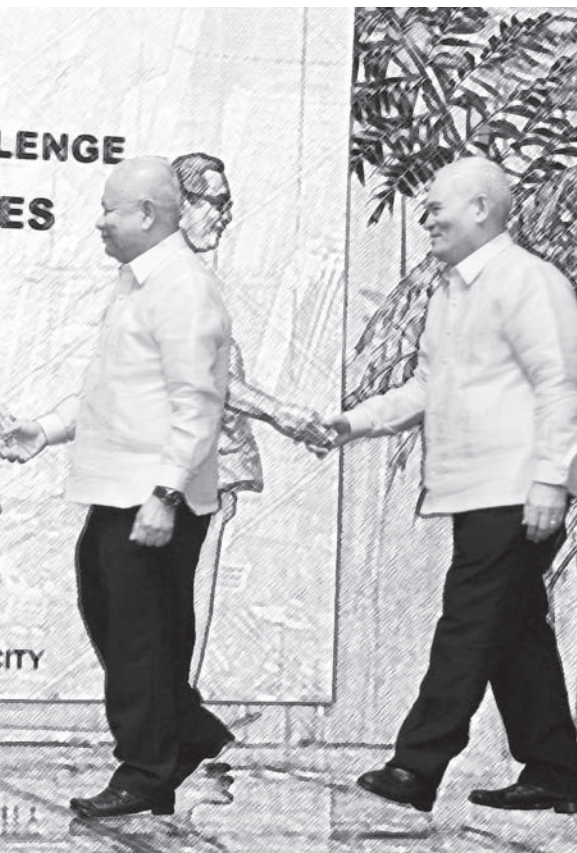
Some of the strategic initiatives which contributed to our accomplishments for CY 2015 were the following: (a) reduction of loan interest rates; (b) opening of membership to AFP pensioners; (c) introduction of the Multi-Purpose Loan which quickly gained momentum, even surpassing other credit services; (d) opening of a liaison office in Puerto Princesa, Palawan; and (e) acquisition of a permanent office in PSO-General Santos.

To our 101,738 members all over the Philippines, we are grateful and honoured by your continued trust and confidence in our leadership and management. You have remained with us and together we have surpassed new challenge and past achievements. Rest assured that your PAFCPIC is building on solid foundation and we are continuously growing bigger and stronger.

Mabuhay ang PAFCPIC!

Col Rolando P Soriano (Ret)
President, PAFCPIC





MEMBERS' PARTICIPATION IN ECONOMIC ACTIVITIES

Total assets
P8.35 billion

15% ↑

ASSETS GROWTH

Assets continue to grow as PAFCPIC closed the year with P8,354,094,684.00 compared to previous year's P7,259,135,144.00. Tracing back records in the last 5 years, this year marks the highest with 15% growth equivalent to P1,094,959,540.00.

Paid-up capital
P1.6 billion

1.6% ↑

SHARE CAPITAL BUILD-UP

Paid-up share capital is P1,553,418,000.00 which increased by 1.6% or P24,687,000.00 against previous year's P1,528,731,000.00 broken down into P1,174,387,000.00 Common Share Capital and P379,031,000.00 Preferred Share Capital.

Total deposits
P3.7 billion

31% ↑

DEPOSITS PLACEMENT

PAFCPIC maintains three (3) types of deposits as enumerated in Figure 1 below. It can be noted that RSD increased significantly by 35% or P 886,616,809.00 attributed by the transfer of the Preferred Savings Deposit (PSD) accounts in the amount of P887,814,851.00 when it was eliminated from the deposits product line.

Figure 1: Amount of Deposits and Interests Paid

Type of Deposit	Amount (In Philippine Peso)			INC/DEC (%)
	2015	2014	VARIANCE	
Regular Savings Deposit (RSD)	3,404,725,263	2,518,108,454	886,616,809	35%
Interest paid for RSD	128,645,735	107,064,283	21,581,452	20%
Time Deposit (TD)	277,635,491	273,100,491	4,535,000	1.7%
Interest paid on TD	23,572,717	25,485,844	(1,913,127)	(7.5%)
SMILE Savings Deposit (SSD)	51,504,952	51,450,902	54,050	0.1%
Interest on SSD	3,356,475	3,301,972	54,503	0.2%
Total Combined Deposits	3,733,865,706	2,842,659,847	891,205,859	31%
Total Combined Interests Paid	155,574,927	135,852,099	19,722,828	14.5%

PSD is no longer counted since it has been eliminated this year



INTEREST PAY-OUT

The interest on share capital was maintained at 20% per annum and the interest paid to shareholders is P304,472,854.00, higher by P1.21% or P5,405,680.00 than CY2014. The share capital continued to be strictly regulated because the authorized capitalization of the Co-operative has almost been fully subscribed, leaving some gaps for new and incoming members.

Interest paid on share capital
P304 million
1.21% ↑

The amount of interest paid to depositors on combined deposits is P155,574,927.00 compared to last year's P135,852,099.00 which is higher by 14.5% equivalent to P19,722,828.00 .

Interest paid on combined deposits
P156 million
14.5% ↑

LOANS PATRONAGE

Gross Loans
P 8 billion
18% ↑

Loan Availment
52,603
0.27% ↑

Patronage Refund
P 459 million
10% ↑

There is a notable decline in the number of patronage for IGP (74%), EL (41%), PCL (37%) and SEAL (24%) because loan borrowers shifted to Multi-Purpose Loan (MPL) when it was introduced in January 2015. Calamity Loan (CaL) also decreased by 84% in the number of borrowings and 68% in gross amount, because this type of loan is seasonal and on a per-need basis only. The total number of borrowings is 52,603 which slightly increased by 0.27% while the amount of gross loans has grown by 18% or P1,233,431,966.00, from P6,898,216,528.00 to P8,131,648,494.00 (refer to figures 2 and 3).

Figure 2: Amount of Gross Loans

Loan Type	Amount (In Philippine Peso)			INC/DEC (%)
	2015	2014	VARIANCE	
Salary Loan (SL)	5,860,092,653	4,715,602,216	1,144,490,437	24%
Emergency Loan (EL)	193,045,489	338,677,513	(145,632,024)	(43%)
Income Generating Project Loan (IGPL)	224,525,546	980,117,923	(755,592,377)	(77%)
Back to Back Loan (BBL)	705,122,395	678,574,503	26,547,892)	4%
Petty Cash Loan (PCL)	32,666,712	52,087,189	(19,420,477)	(37%)
Durable Consumer Goods Loan (DCGL)	33,461,490	21,837,435	11,624,055)	53%
Commutation Loan (ComL)	96,110,436	106,647,334	(10,536,898)	(10%)
*Multi-Purpose Loan (MPL)	984,421,373	No actual	984,421,373	100%
Calamity Loan (CaL)	945,044	2,984,079	(2,039,035)	(68%)
Special Education Assistance Loan (SEAL)	1,257,354	1,688,336	(430,982)	(25.5%)
Total	8,131,648,494	6,898,216,528	1,233,431,966	18%

*effective January 2015; note that cash advance is no longer included in the computation

Figure 3: Number of Loan Availment

Loan Type	Number of Availment			INC/DEC (%)
	2015	2014	VARIANCE	
Salary Loan	24,290	22,574	1,716	7.6%
Emergency Loan	7,196	12,119	(4,923)	(41%)
IGP Loan	1,836	7,143	(5,307)	(74%)
Back to Back Loan	8,357	5,236	3,121	60%
Petty Cash Loan	2,038	3,235	(1,197)	(37%)
DCG Loan	1,654	966	688	71%
Commutation Loan	614	741	(127)	(17%)
Multi-Purpose Loan	6,567	0	6,567	100%
Calamity Loan	20	124	(104)	(84%)
SEAL	31	41	(10)	(24%)
Total	52,603	52,459	144	0.27%



OPEN AND VOLUNTARY MEMBERSHIP

Membership recruitment is done on open and voluntary principle in respect to people’s rights and preferences. Recruitment is done during information drive activities conducted by satellite offices in different Philippine Army (PA) units nationwide. A significant number of applicants are from training units of Philippine Army.

PAFCPIC membership strength by year-end is 101,738 which slightly increased by 1.8% or 1,827 (net of terminated members) compared to last year’s 99,911.

Figure 4: Membership Composition

REGULAR MEMBERS		92,883 (91.3%)
Active PA / CE	89,173 (87.6%)	
Employees	340 (0.3%)	
Retired PA	874 (0.8%)	
Assumed Membership	532 (0.5%)	
Pensioners	1,964 (1.9%)	
ASSOCIATE MEMBERS		8,855 (8.7%)
Dependent	4,012 (3.9%)	
Technical Services	542 (0.5%)	
Retired PA	1,676 (1.6%)	
Pensioners	1,161 (1.1%)	
AMBP	1,375 (1.1%)	
Candidate Soldiers	16 (0%)	
CAD Filler	50 (0%)	
Regular employees of AFP Institutions	23 (0%)	
TOTAL		101,738

EDUCATION, TRAINING AND INFORMATION

PAFCPIC provides **in-house pre-membership and co-operative education seminars** every Tuesday and Thursday and also through **information drive activities** in different PA line units. The first is more on educating people (members and prospective members) on the theory and practices of co-operativism and the latter is on company and product information or update.

Figure 5: Number of In-house Seminars and Information Drives Conducted

Month	IN-HOUSE SEMINAR		INFORMATION DRIVE	
	Number	Participants	Number	Participants
Jan	152	430	3	167
Feb	161	514	25	1,396
Mar	100	389	3	87
Apr	172	523	8	268
May	167	400	81	3,448
Jun	99	267	40	1,399
Jul	186	406	39	1,363
Aug	210	668	39	1,427
Sep	156	328	40	1,721
Oct	153	431	56	1,826
Nov	86	183	17	1,160
Dec	148	591	63	2,684
TOTAL	1,790	5,130	414	16,946

With 1,790 total in-house seminars conducted, it translates to an average of six (6) seminars a month per office with a seminar-participant ratio of 1:3. The number of information drive conducted is 414 to 16,946 participants with a ratio of 1:12. These figures contributed to 76% or 77,500 members who have attended the required seminar out of 101,738 membership strength.

This year, PAFCPIC launched the Livelihood Training and Entrepreneurship Seminar for the members. The *Financial Literacy* and *Starting and Managing a Business* are two modules incorporated in the program that equipped the 1,554 participants with the practical know-how on good financial management and making a smart start towards business success. This was made possible through PAFCPIC’s partnership with the local livelihood training facilities in the respective satellite offices.

PAFCPIC also hosted the co-operative study tour and visit of 23 officers and staff from Baao Parish Multi-Purpose Co-operative (BPMPC) on 1 October 2015.

PAFCPIC keeps the members posted through product brochures, display ads and quarterly newsletters circulated in 10,000 copies. Late this year, a booklet on frequently asked questions was produced and distributed to members during information drive activities for better understanding and enlightenment on different matters affecting them. A new website with a domain name www.pafcpic.ph was also created now with a fresher and bolder look and comes with easy navigating experience.

A Facebook page has been active since last quarter of the year. The website and Facebook page provide members and stakeholders relevant and updated information about PAFCPIC and have become effective tools for getting feedback from the members.

CONCERN FOR THE COMMUNITY

PAFCPIC has always been committed to serve its community and this is best proven by its different philanthropic programs, to wit:

A. SCHOLARSHIP PROGRAM: Empowering the Youth Through Education

This program supports 170 scholars enrolled in private schools and state colleges/universities. At the beginning of the year, the Scholarship Program has 147 scholars. With the acceptance of 61 new scholars for school year 2015-2016, the number increased to 208. By year-end, current active scholars reduced to 149 with 33 graduates, 4 scholarship withdrawal and 22 termination cases due to failure to maintain academic requirements and standards.

PAFCPIC scholars consist of active Army enlisted personnel, regular members' immediate dependents as well as KIA Army personnel's dependents.



The scholars have undergone screening process like pre-qualifying exam and interview. The scholarship entitles the scholars tuition and miscellaneous fees, monthly stipends which can be interchangeably used for books, clothing, fare, etc. PAFCPIC also provides for their graduation allowance and board review allowance for courses requiring licensure examination, among others.

Since its establishment in 1997, it has produced 234 graduates who are now useful citizens able to support their respective families and contribute to the over-all health and wealth of our nation.

B. LIVELIHOOD TRAINING PROGRAM: Developing Members' Entrepreneurial Capabilities

"Give man a fish and he will eat for a day. But teach man to fish and he will eat for a lifetime." PAFCPIC aims to empower its members by developing their entrepreneurial capabilities and teaching them to build and grow their own business, thus entrepreneurship seminars and livelihood trainings have been provided to 1,554 members in partnership with different training providers in the respective satellite office locations.

The livelihood trainings include 11 basic courses on meat processing, computer repair/networking, cellular phone repair, baking and pastry, automotive, Adobe Photoshop / desktop publishing, rice trading, flower arrangement, balloon twisting and decorating, fish processing and silkscreen printing.

Participants were a mix of active military personnel, civilian employees and dependent spouse and children (one representative per family only).



C. PAFSPIC-ASSIST and CORPORATE SPONSORSHIP PROGRAM: Responding to the Individual Members and Organizational Needs

Through this program, PAFSPIC has donated to 208 individuals (social services) and 77 organizations (socio-civic). These individuals received medical items commonly wheelchairs, crutches, walkers medicines, BP and blood glucose monitoring devices among others. The organizations are provided with different supplies and equipment for office improvements such as desktop computers, air-conditioning units, TV with DVD players, ceiling fans and many others.

PAFSPIC has likewise sponsored 58 cause-oriented events like medical mission activities, Brigada Eskwela, even supporting groups competing in different field of sports such as the Philippine Army Dragon Boat Team in their race in Japan as well as the Philippine Army Cycling Team for competing in Ronda Pilipinas 2015 Cycling Race.



D. JOB FAIR: Bringing Employment Opportunities

High unemployment rate remains a perennial problem in the country. This prompted PAFSPIC to launch the JOB FAIR 2015 with the theme, *“Trabaho Para sa Pamilya at Komunidad ng Sundalong Pilipino”*, on 1 August 2015 at PAFSPIC Main Office, Bayani Road, Taguig City, to open employment opportunities for the youth and be able to contribute to the government’s nation-building efforts.

This is made possible in partnership and collaboration with Public Employment Service Office (PESO) of Taguig, the Social Security System and with 41 companies representing different industries such as information technology, contact center BPOs, finance, insurance and real estate, human resource and manpower, construction, maritime and cruise line, hotel and restaurant among others.



The job fair achieved its purpose with great results. Out of 456 job seekers who submitted their applications, 125 got hired, 46 of whom are Army dependents and counting.

This one-stop environment set-up of the job fair was useful and beneficial for both the employers and the job applicants as it facilitated easy access to wide selection of potential candidates and talents as well as various employment options at a very minimal cost, time and effort. The companies were also able to network with other corporations and make strong brand presence and awareness.

Helping the youth find jobs to grow and develop in their chosen field, improve their families' living conditions and contribute to the productivity of the nation should be a continuing mission especially for an institution with social conscience and strong concern for the community.

E. WE CARE ABULOY PROGRAM: Easing the Burden of Loss in Families



PAFCPIC has released a total of P53M death benefits to 530 families of member-subscribers. With P50.00 monthly premium, a subscribing member gets insured for P 100,000.00 so his loved ones can afford to provide the deceased members with a decent wake and burial.

The figures translate to an average of 44 deaths and P4.4 M benefits disbursed per month. Below shows the breakdown of beneficiaries and the corresponding benefits released on a monthly basis.

Figure 6: Number of Abuloy Recipients and Amount

MONTH	RECIPIENTS	AMOUNT
Jan	44	4,400,000.00
Feb	55	5,500,000.00
Mar	55	5,500,000.00
Apr	44	4,400,000.00
May	30	3,000,000.00
Jun	15	1,500,000.00
Jul	91	9,100,000.00
Aug	42	4,200,000.00
Sep	28	2,800,000.00
Oct	52	5,200,000.00
Nov	33	3,300,000.00
Dec	41	4,100,000.00
TOTAL	530	53,000,000.00

DEMOCRACY IN ACTION

The year 2015 begins with 90,228 total members in good standing where 26,651 members composed of 2,151 warm bodies and 24,213 represented members through 287 representatives, have registered for the 34th assembly meeting held on 7 March 2015 at the Philippine Army Grandstand, Fort Bonifacio, Metro Manila. The number of registrants constitutes 4.5% more than the twenty five percent (25%) required quorum for the general assembly meeting. The members elected new sets of officers via electronic voting system, with the result of election and the winners shown in page 31 under the Election Committee’s Report. The Chairperson of the Election Committee, Major Freddie E Europa, led the oath of office of the elected officers on 14 March 2015 at the Marriott Hotel, Newport City Complex, Pasay City. Guest of Honor was Congressman Anthony M Bravo of COOP NATCCO Partylist.

In order to protect the investments and interests of our Cooperative, the Board also appointed amongst themselves principal representatives to affiliate organizations as follows:

AFFILIATE ORGANIZATIONS	PRINCIPAL REPRESENTATIVE	ALTERNATE REPRESENTATIVE
Metro South Cooperative Bank (MSCB)	Pedro A Plaza	Benjamin C Gabriel
Philippine Cooperative Center (PCC)	Regidor M Dela Cruz	Segundo R Lanuza Jr Jennifer M Soriano
PHILAC Insurance Cooperative	Flordeliza T Sanglay	Joselito J Lachica
Union of Defense and Public Safety Cooperative (UDPSC)	Francisco M Paredes	Joseph Patrick V Britanico
Cooperative Union of Taguig and Pateros (COUNTPA)	Alexander C Costales	Emmanuel M Gongora
PAFC Transport Service Cooperative	Hercules R Galon	Emmanuel M Gongora
PAFC Housing Cooperative	Reynaldo Joel M Valles	Segundo R Lanuza Jr
Coop Life Insurance and Mutual Benefit Services (CLIMBS)	Lucila B Balangue	Louise Donna S Dela Peña
National Confederation of Cooperatives (NATCCO)	Orlando P Valeroso	Joseph Patrick V Britanico

Special committees have been created with direct involvement and participation of BOD which paved the development of new policies and procedures These are (a) Procedure for Conciliation and Mediation of Disputes in PAFCPIC by Conciliation and Mediation Committee approved by the BOD on 26 February 2015; (b) Code of Ethical Standards for PAFCPIC Governance by the Ethics Committee approved on 28 May 2015; (c) Risk Management Policy by BOD and Management approved on 30 July 2015; and (d) Proposed Amendments to the Articles of Cooperation and By-laws by the Amendments Committee approved on 17 November 2015.

The number of meetings conducted involving the board and committees are as follows:

Board Meetings (Regular)	12
Board Meetings (Special)	3
Executive Committee	12
Advisory Committee	12
Scholarship Committee	24
Ethics Committee	11
Conciliation and Mediation Committee	5
Amendments Committee	16

Below shows the volume of resolutions which formed part of the decisions and actions of the Board:

01	Charging of P7,824,215.75 from delinquent accounts of 42 members to Allowance for Probable Loan Losses (APLL)	29 Jan '15
02	Approval of 320 membership applications with initial share capital build-up of P 142,900.00	29 Jan '15
03	Re-admission of 13 terminated members	29 Jan '15
04	Voluntary membership termination of 81 members and share capital redemption of P661,000.00	29 Jan '15
05	Membership termination of 17 deceased members and share capital redemption of P373,000.00	29 Jan '15
06	Membership termination of 29 deceased members, share capital redemption of P269,000.00 and charging of delinquent loans to APLL	29 Jan '15
07	Allocation of Coop's Undivided Net Surplus for CY 2014 amounting to P757,821,000.00	29 Jan '15
08	Renewal of PAFCPIC's contract with Asalus Corporations (Intellicare) for health benefit coverage of employees, board and committees	29 Jan '15
09	Renewal of Memorandum of Agreement (MOA) with COCOLIFE for insurance of PAFCPIC's We Care Abuloy Program (WCAP) for a term of one (1) year effective 1 February 2015 to 31 January 2016	29 Jan '15
10	Approved sponsorship grant to Philippine Army Cycling Team amounting to P150,000.00	29 Jan '15
11	Opening of new account with Banco De Oro (BDO) Unibank Inc. for PAFCPIC Satellite Office (PSO)-Fort Magsaysay	29 Jan '15
12	Charging of P7,781,363.50 from delinquent accounts of 44 members to APLL	26 Feb '15
13	Approval of 130 membership applications with initial share capital contribution of P85,000.00	26 Feb '15
14	Re-admission of 40 terminated members	26 Feb '15
15	Voluntary membership termination of 111 members and share capital redemption of P900,000.00	26 Feb '15
16	Membership termination of 28 deceased members and share capital redemption of P1,217,000.00	26 Feb '15
17	Membership termination of 33 deceased members and charging of delinquent accounts to the APLL	26 Feb '15
18	Authorized signatory for financial transaction with Land Bank of the Philippines (LBP)	14 Mar '15
19	Authorized signatory for financial transaction with Metro South Cooperative Bank (MSCB)	14 Mar '15
20	Authorized signatory for financial transaction with BDO Universal Bank	14 Mar '15
21	Authorized signatory for financial transaction with Bank of the Philippine Islands (BPI)	14 Mar '15
22	Authorized signatory for financial transaction with Rizal Commercial Banking Corporation (RCBC)	14 Mar '15
23	Authorized signatory for financial transaction with Malayan Bank	14 Mar '15
24	Renewal of Credit Line with LBP	14 Mar '15
25	Election/appointment of the Chairman, Vice-Chairman, other officers of the Board, President, members of committees and representatives to affiliate organizations	14 Mar '15
26	Appointment of Dir Pedro A Plaza and Mr Benjamin C Gabriel, VP for Finance, as PAFCPIC's primary and alternate representatives to MSCB respectively	14 Mar '15

Performance *REVIEW*

27	Appointment of Dir Regidor M Dela Cruz and Mr Segundo R Lanuza Jr, VP for Operations and/or Ms Jennifer S Fernandez as PAFCPIC's primary and alternate representatives to PCC respectively	14 Mar '15
28	Appointment of BGen Francisco M Paredes (Ret) and Atty Joseph Patrick V Britanico, Legal Counselor as PAFCPIC's primary and alternate representative to Union Of Defense and Public Safety Co-operatives (UDPSC), respectively	14 Mar '15
29	Appointment of Dir Alexander C Costales and Mr Emmanuel M Gongora, Cooperative Planning Officer as PAFCPIC's primary and alternate representatives to Cooperative Union of Taguig and Pateros (COUNTPA), respectively	14 Mar '15
30	Appointment of Dir Hercules Galon and Engr Segundo Lanuza Jr as PAFCPIC's principal and alternate representatives to PAFC-Transport Services Cooperative, respectively	14 Mar '15
31	Appointment of Dir Reynaldo Joel M Valles and Engr Segundo R Lanuza as PAFCPIC's primary and alternate representatives to PAFC Housing Coop respectively	14 Mar '15
32	Appointment of Dir Flordeliza T Sanglay and Mr Joselito J Lachica, VP for Administration as PAFCPIC's primary and alternate representatives to PHILAC, respectively	14 Mar '15
33	Appointment of Dir Lucila B Balangue and Ms Louise Donna S Dela Pena, PSO-Cagayan De Oro Manager as PAFCPIC's primary and alternate representatives to CLIMBS, respectively	14 Mar '15
34	Appointment of Dir Orlando P Valeroso and Atty Joseph Patrick V Britanico as PAFCPIC's primary and alternate representatives to NATCCO, respectively	14 Mar '15
35	Charging of P8,457,754.54 delinquent accounts of 60 members to APLL	26 Mar '15
36	Approval of 176 membership applications with corresponding share capital build-up of P160,300.00	26 Mar '15
37	Re-admission of 28 terminated members	26 Mar '15
38	Voluntary membership termination of 104 members and share capital redemption of P935,000.00	26 Mar '15
39	Membership termination of 26 deceased members and share capital redemption of P220,000.00	26 Mar '15
40	Membership termination of 34 deceased members and charging of delinquent accounts of P309,000.00 to APLL	26 Mar '15
41	Approval of procurement of three new Mitsubishi L300 FB Vans for satellite offices and allocation of P2,058,000.00, chargeable to Optional Fund	26 Mar '15
42	Approval to increase the Coop's Rediscounting Line and Step-up Loan Line with LBP	26 Mar '15
43	Authorized signatory for purposes of filing the tax returns under section 52 (A) of the Tax Code	26 Mar '15
44	Designation of Director Pedro A Plaza as PAFCPIC official representative to MSCB with authority to seek elective position	26 Mar '15
45	Charging of P9,202,162.40 delinquent accounts from 62 members to APLL	30 Apr '15
46	Approval of 252 membership applications with corresponding share capital build-up of P148,700.00	30 Apr '15
47	Re-admission of 40 terminated members	30 Apr '15
48	Voluntary membership termination of 99 members and share capital redemption of P760,000.00	30 Apr '15
49	Membership termination of 29 deceased members and share capital redemption of P252,000.00	30 Apr '15
50	Membership termination of 20 deceased members and share capital redemption of P623,000.00	30 Apr '15
51	Charging of P9,265,753.33 delinquent loans from 51 regular members to APLL	28 May '15

52	Approval of 409 membership applications with corresponding share capital build-up of P212,750.00	28 May '15
53	Re-admission of 41 terminated members	28 May '15
54	Voluntary membership termination of 46 members and redemption of share capital amounting to P528,000.00	28 May '15
55	Membership termination of 18 deceased members and redemption of share capital amounting to P186,000.00	28 May '15
56	Membership termination of 16 deceased members and redemption of share capital amounting to P150,000.00	28 May '15
57	Designation of Dir Alexander C Costales as PAFCPIC's official representative to COUNTPA with authority to seek elective position in COUNTPA's 14th Annual General Assembly	28 May '15
58	Designation of Ms Leonelita L Butac and Ms Madonna P Soria as authorized persons in connection with filing of tax return under the e-BIR Forms Facility of PSO-Ilocos	28 May '15
59	Approval of the renewal of the Coop's Credit Line with MSCB	28 May '15
60	Authority of Chairman of the Board and/or President of MSCB as the Coop's Attorney-in-Fact for selling, assigning, transferring, and conveying the Coop's shares with MSCB	28 May '15
61	Charging of delinquent accounts of 71 members amounting to P9,769,816.21M to APLL	25 Jun '15
62	Approval of 405 membership applications with corresponding share capital build-up of P168,650.00	25 Jun '15
63	Re-admission of 26 terminated members	25 Jun '15
64	Voluntary membership termination of 44 members and share capital redemption of P355,000.00	25 Jun '15
65	Membership termination of 14 deceased members and share capital redemption of P271,000.00	25 Jun '15
66	Membership termination of 6 deceased members and share capital redemption of P71,000.00	25 Jun '15
67	Membership termination of 30 regular members delinquent in share capital build-up	25 Jun '15
68	Charging of delinquent accounts of 46 members amounting to P8,501,314.34 to APLL	30 Jul '15
69	Approval of 407 membership applications with corresponding share capital build-up of P200,700.00	30 Jul '15
70	Re-admission of 45 terminated members	30 July '15
71	Voluntary membership termination of 71 members and of share capital redemption of P492,000.00	30 July '15
72	Membership termination of 48 deceased members and of share capital redemption of P869,000.00	30 July '15
73	Membership termination of 46 deceased members and share capital redemption of P772,000.00	30 July '15
74	Membership termination of 28 members delinquent in share capital build-up	30 July '15
75	Approval of procurement of three new Mitsubishi L300 FB Vans for PSO-Cebu, PSO-Cotabato and in main office, and appropriation of funds chargeable to Optional Fund	30 July '15
76	Approval of sponsorship request of CDA-Manila Extension Office and COUNTPA to support Fun Run Activity held on 3 October 2015	30 July '15
77	Approval of the adoption of Coop's Risk Management Policy	30 July '15
78	-unused-	
79	Charging of delinquent accounts of 52 members amounting to P8,562,696.67 to APLL	27 Aug '15
80	Approval of 615 membership applications with corresponding share capital build-up of P50,000.00	27 Aug '15

Performance **REVIEW**

81	Re-admission of 43 terminated members	27 Aug '15
82	Voluntary membership termination of 41 members and share capital redemption of P389,000.00	27 Aug '15
83	Membership termination of 22 deceased members and share capital redemption of contribution amounting to P176,000.00	27 Aug '15
84	Membership termination of 27 deceased members and share capital redemption of P446,000.00	27 Aug '15
85	Membership termination of 50 members delinquent in share capital build-up	27 Aug '15
86	Approval of PAFC Transport Services Cooperative's application for credit line with PAFCPIC in maximum amount of P10,000,000.00 under Coop's prevailing interest rates to support re-fleeting of taxi units	27 Aug '15
87	Disposal of 68 fully-depreciated and unserviceable assets of PSO-General Santos and deletion from the Coop's Property Book	27 Aug '15
88	Approval of the holding of PAFCPIC's 35th Annual General Assembly on March 5, 2016 at the Philippine Army Grandstand, Fort Bonifacio Metro Manila	27 Aug '15
89	Disposal of the Toyota Avanza Service Vehicle of the Main Office through raffle draw with tickets priced at P1,000.00 each	27 Aug '15
90	Charging of P8,380,016.14 delinquent accounts of 46 members to APLL	24 Sept '15
91	Approval of 208 membership applications with corresponding share capital build-up amounting to P129,800.00	24 Sept '15
92	Re-admission of 41 terminated members	24 Sept '15
93	Membership termination of 47 members and redemption of their share capital amounting to P352,000.00	24 Sept '15
94	Membership termination of 13 deceased members and share capital redemption of P385,000.00	24 Sept '15
95	Membership termination of 20 deceased members and share capital redemption of P162,000.00	24 Sept '15
96	Membership termination of 70 members delinquent in share capital build-up	24 Sept '15
97	Charging of P8,137,582.55 delinquent accounts of 45 members to APLL	29 Oct '15
98	Approval of 159 membership applications membership with corresponding share capital build-up amounting to P188,600.00	29 Oct '15
99	Re-admission of 62 terminated members	29 Oct '15
100	Voluntary membership termination of 57 members and share capital redemption of P434,000.00	29 Oct '15
101	Membership termination of 22 deceased members and share capital redemption of P387,000.00	29 Oct '15
102	Membership termination of 36 deceased members and share capital redemption of P396,000.00	29 Oct '15
103	Membership termination of 25 members delinquent in share capital build-up	29 Oct '15
104	Procurement of new Toyota Innova for Main Office and appropriation of P1,158,000.00, chargeable to Optional Fund	29 Oct '15
105	Placement by PAFCPIC of additional share capital and special savings deposit with MSCB amounting to P3,400,445.49 and P566,132.84, respectively	29 Oct '15
106	Disposal of fully-depreciated and unserviceable assets and deletion from Coop's Property Book	29 Oct '15
107	Establishment of PSO-Palawan in Puerto Princesa City effective the last week of November 2015 and budget appropriation of P940,000.00	29 Oct '15
107A	Account opening of PSO- Palawan with BDO Unibank	29 Oct '15

107B	Account opening of PSO- Palawan with LBP	29 Oct '15
107C	Account opening of PSO- Palawan with the BPI	29 Oct '15
108	Renovation of PSO-Zamboanga undertaken by Divine Builders & Engineering Services as contractor, and appropriation of P2,000,000.00	29 Oct '15
108A	Approval of the Action Plan for CY 2016	17 Nov '15
108B	Approval of amendments to PAFCPIC's Articles of Cooperation and By-laws and submission to the General Assembly for ratification during the 35th Annual General Assembly on 5 March 2016	17 Nov '15
109	Approval for the holding of November 2015 Regular Board Meeting at PSO-General Santos City during the blessing and inauguration of its new office building on 28 November 2015	28 Nov '15
109A	Disposal of fully-depreciated and unserviceable assets and deletion from the Coop's Property Book	28 Nov '15
110	Charging of P8,385,801.58 delinquent accounts of 43 members to APLL	28 Nov '15
111	Approval of 140 membership applications with corresponding P77,000.00 share capital build-up	28 Nov '15
112	Re-admission of 26 terminated members	28 Nov '15
113	Voluntary membership termination of 30 members and share capital redemption of P263,000.00	28 Nov '15
114	Membership termination of 14 deceased members and share capital redemption of P132,000.00	28 Nov '15
115	Membership termination of 21 deceased members and share capital redemption of P1,574,000.00	28 Nov '15
116	Charging of delinquent accounts of 43 members totaling to P8,099,499.23 to APLL	17 Dec '15
117	Approval of 141 membership applications with corresponding share capital build-up of P106,000.00	17 Dec '15
118	Re-membership of 53 terminated members	17 Dec '15
119	Voluntary membership termination of 29 members and share capital redemption of P234,000.00	17 Dec '15
120	Membership termination of 21 deceased members and share capital redemption of P300,000.00	17 Dec '15
121	Membership termination of 25 deceased members and share capital redemption of P250,000.00	17 Dec '15
122	Renewal of MOA with COCOLIFE for the insurance of PAFCPIC's WCAP for a term of one (1) year effective 1 February 2016 to 31 January 2017	17 Dec '15
123	Approval of CY 2016 Budget	17 Dec '15
124	PAFCPIC's membership with the Coalition of Cooperative's Party	17 Dec '15
125	Revision of the PAFCPIC's Credit Procedure	17 Dec '15

CONTINUAL IMPROVEMENT INITIATIVES

ON BUSINESS PROCESS

PAFCPIC aims to be a champion in “service excellence” and live up to the expectations of its members and stakeholders by improving its business processes.

ISO 9001:2008 Compliance:

PAFCPIC applied for International Organization Standardization (ISO) 9001-2008 Quality Management System (QMS) and its certificate of accreditation was awarded in April 2014. This made PAFCPIC one among very few co-operatives with global certification. Third-party auditors from AJA Registrars Inc, conducted surveillance audit every year to ensure continuous compliance to the standard. PAFCPIC passed this year’s surveillance audits with no findings but only one (1) opportunity for improvement on the aspect of purchasing practices.



Philippine Quality Challenge:

Having passed the second year audit of ISO 9001:2008 certification, PAFCPIC joined the Philippine Quality Challenge (PQC). It is an integrated approach to managing the organization’s business and processes intended for those in the beginnings of their journey to organizational improvement. Companies are assessed in seven different criteria: management, planning, customer focus, measurement and data management, workforce focus, operations focus, and business results. The PQC has the simplified criteria of the Philippine Quality Award (PQA), a national award program comparable with the Malcolm Baldrige National Quality Award (MBNQA) of the US and those in Europe and Asia which recognizes achievements of public and private sector organizations in their journey towards performance excellence. It sets the standard of excellence to help Filipino organizations achieve world-class performance and serves as a “template” for competitiveness based on the principles of Total Quality Management (TQM).

STRENGTHS

- *Focus on strategic plans and directions with objectives and action plans*
- *Sound business results through design, development and delivery of products and services*
- *Continuing organizational development*
- *Openness to learn and adopt good business practices*
- *Good financial health*
- *Winning culture of the co-operative*
- *Retention of initiatives for employees’ welfare, and*
- *Strong corporate social responsibility with consistent, established system.*

On 15 September 2015, the Department of Trade and Industry Competitiveness Bureau (DTICB) officially proclaimed PAFCPIC as PQC Level 2 awardee (an equivalent of PQA level1) at Midas Hotel, Pasay City. This made PAFCPIC the first co-operative to be accorded such an award and the second organization to have achieved level 2 category since PQC started.

Based on assessors' findings, PAFCPIC needs to establish a system in analyzing the voluminous available data and use it to the co-op's advantage, and the need to collect more comparative data vis-à-vis competitors and determine where the co-operative stands.

Other critical areas pointed out by assessors during the validation process were the functional structures on safety and security of property and people. PAFCPIC immediately addressed these through awareness seminars and workshops on Risk Management, Disaster Preparedness and Bank Robbery Prevention attended by all employees, to include security personnel.

To ensure 100% compliance to the standards and regulatory requirements, auditors (internal auditors, Audit and Supervisory Committee and external auditors) have been relentless in performing checks-and-balances audit protocols to correct any deviations found in the process.

ON PRODUCTS AND SERVICES

PAFCPIC reviewed policies and procedures of all credit services, introduced a new type of loan product called Multi-Purpose Loan and initiated the reduction on loan interest rates and charges, all effective January 2015.

ON HUMAN RESOURCES

Part of PAFCPIC's improvement efforts is a holistic training and development program for its 303 employees. For image, skills and competency-based development, 53 different seminars and workshops have been provided to employees - from personality development to business ethics, customer service excellence, leadership training and career advancement planning. For spiritual aspect comes the annual retreat and monthly thanksgiving mass. For health and wellness, there is regular Taebo and Zumba exercises, summer outing and other recreational activities.

While PAFCPIC values its employees, it also makes sure employees conduct themselves in a professional and ethical manner, thus an Employee Code of Discipline was established and being enforced. For the year, 45 disciplinary actions have been imposed to erring employees.

These development programs are geared for work engagement and productivity, performance excellence and improvement of services for optimal customer satisfaction.

ON ORGANIZATIONAL STRUCTURE

Business directions continue to shift and evolve. With the ASEAN Economic Integration, PAFCPIC revisited its organizational structure and outsourced professionals in this field who helped restructure it to be more effective, relevant and at par in today's global landscape, while also keeping its unique co-operative nature. The big thing that the members can expect out of this new organizational structure is the establishment of a satellite office in Fort Bonifacio, soon!

Expansion and PLANS

EXPANSION INITIATIVES

1. Construction of a new and permanent three-storey building of PSO-General Santos which was inaugurated on 28 November 2015;
2. Opening of PAFCPIC Liaison Office in Puerto Princesa, Palawan City in November 2015;
3. Renewal of credit line agreement with Land Bank of the Philippines (LBP) on 19 June 2015; and,
4. Acceptance of membership from AFP pensioners effective January 2015.

PLANS

1. Establish Fort Bonifacio Satellite Office;
2. Build permanent office for Butuan, Capas and Jamindan satellite offices;
3. Open satellite offices in regions 8 and 10; and,
4. Renewal of ISO 9001:2015 certification and/or apply for higher ISO certification.





P

PHILIPPINE QUALITY

AWARDING

AND



SEPTEMBER

TEL, R

AUDIT AND SUPERVISORY COMMITTEE

SUMMARY OF ACCOMPLISHMENTS

For CY 2015, the ASC was able to conduct management performance audits to 12 out of 23 PAFCPIC Satellite Offices (PSOs). The 11 remaining PSOs unaudited will be subjected to CY 2016 audit in line with the ASC's CY 2015 activity program duly approved by PAFCPIC BOD.

The main focus of the audit was on the evaluation of PSO operations and identification of issues and concerns for immediate resolution. Methods used were observations on the processes and interviews with employees and members/customers in order to gather data and achieve the checks-and-balances system of PSO operation.

OBSERVATIONS

1. On administrative concerns

- a. Responsiveness to members / customers: All employees of the 12 PSOs were very attentive, courteous and prompt in dealing with the members' needs and transactions.
- b. Maintenance of records and reports: PSOs have different ways of maintaining and safekeeping its records in support to their respective operations. Aside from manual documentary files, PSOs also maintain respective databases for easy access and retrieval of records.
- c. Compliances: PSOs were able to comply with all the requirements of the main office on time.

2. On operations

The Committee indicated that the PSOs ensured that all financial transactions conformed to the generally-accepted principles as mandated by the Cooperative Accounting and Auditing Principles and Procedures.

The Committee also evaluated the overall performance of PSOs in terms of organizational structure, personnel competency and sufficiency of staff, Internal Control and Management Policies and procedures, performance measurements and risk management as well as PAFCPIC compliances to the Philippine Cooperative Code of 2008 being implemented by the Cooperative Development Authority (CDA). Along with this, the 12 PSOs have been deliberate in providing its customers and members the products and services offered by PAFCPIC. They were also able to ensure that all the policies and guidelines set forth by the BOD were complied. These findings were corroborated through the amassed feedback from members in every office being audited which served as the basis for recommendations to improve business operations.

ISSUES AND CONCERNS

Offices	Concerns
PSO- Bicol	During the time of audit, this office has a membership total strength of 3,177 broken down into 2,651 members and 526 non-members. The current employee line-up has a membership ratio of 1:530 for service. This means that one employee is serving 530 members. With this current office fill-up, some of the satellite employees are performing dual functions to be able to cope up with the number of members transacting business in the said office.
PSO- Isabela	PSO-Isabela has been performing very well considering some of its limitations such as: (1) the mobility of employees during deposit and withdrawal of cash to and from Land Bank of the Philippines (LBP); (2) the unserviceability of air-conditioning units; and (3) authority of the office manager in approving loans exceeding P350,000.00 ceiling. These concerns were brought to the attention of the management for appropriate action, including the repair of air-conditioning units as well as lower the loan ceiling authority of office manager.
PSO-Baguio	PSO-Baguio has total membership strength of 287 broken down into 243 members and 44 non-members. Its actual loaning operation was at P44,397,363.44 as of August 2015. This office has conducted two seminars during the period such as the Bank Robbery Prevention for its employees and security personnel, and the Financial Literacy, Entrepreneurship Seminar and Livelihood Training to members including their dependents.
PSO- Ilocos	PSO-Ilocos has a total membership of 547 broken down into 493 members and 54 non-members. As of August 2015, its loaning operation from January 2015 was P47,648,214.49 with total budget of P55,120,264.00 for the period or 86% compliance. It is worthy to state also that from January to August 2015, this office has conducted a series of information caravans to various Philippine Army units including AFP pensioners in its area of jurisdiction.
PSO- Negros	PSO-Negros has a total membership strength of 2,188 in its area of jurisdiction as of June 2015 with loaning operations of P86,028,081.35 out of P89,037,467.00 budget or 96% compliance. Although there was no significant problem, the Committee noted the indifferent attitude of the teller during the conduct of interviews. Proper etiquette in dealing with customers/clients must be adhered not only to sustain and maintain their members' confidence but also to attract more members considering the active competition with other financial Institutions in the area.
PSO-Jamindan	PSO-Jamindan has total membership strength of 1,484 consisting of 1,179 members and 305 non-members with total loaning operations of P82,684,273.20 out of P73,743,675.00 budget from January to June 2015. As part of its loaning expansion, this office has been serving Army retirees within its area of jurisdiction thru pension loans. However, its primary concern was the lack of comfort rooms for its members/clients.
PSO-Iloilo	This office has total membership strength of 1,486 consisting of 1,333 members and 153 non-members with total loaning operations of P66,319,523.07 out of budget of P47,524,852.00. As of June 2015, it has 140% compliance. Its primary concerns include the mobility of employees for cash deposit and withdrawal to and from LBP Iloilo City Branch and the weak signal and communication from internet service provider in the area. Also, some FIs were able to release loans without Certificate of Monthly Pension and Deduction (CMPD) from PGMC, GHQ.

Committee's REPORT

PSO-General Santos	This office has total membership strength of 1,308 with actual loaning operations of P368,284,815.97 as of July 2015. It provides services to Army retirees thru pension loan and other social services. During the audit, the Committee found out that there was no Finance Service Field Office (FSFO) in the area; hence, all PAFCPIC loan application for processing/validation/authentication of required documents of FSFO still come from 11FSFO based in Davao City.
PSO-Pagadian	The random interviews conducted to members of this office indicated that transactions were slow and many of them requested that additional personnel be provided. On the contrary, the ASC believed that there was no need for additional personnel considering it was "peak" season during the time of interview and a considerable number of members were applying for loans as well as some pensioners had withdrawal transactions. It was also highlighted during the audit that the office perimeter fence and comfort room were in state of dilapidation. These concerns were however acted upon immediately during the period covered.
PSO-Davao	PSO-Davao has total membership of 6,184 consisting of 5,409 members and 775 non-members with loaning operations gauged at P384,478,528.86 with a budget allocation of P331,023,976.00, with 117% operational compliance as of July 2015.

ANALYSIS

During the year 2015, the Committee was able to hit its target of having one PSO to be visited per month in accordance with Audit Plan for CY 2015 and CY 2016. For nine months' operations, the Committee was able to conduct audit to 12 PSOs deployed nationwide. This covered only 52% of the approved 2-year Audit Plan and program activities by the BOD.

On personnel, the Committee found out that PSOs are being manned by five to six personnel. Suffice it to say, despite the large number of members in each of these offices, PSOs were operated efficiently and effectively that contributed largely to the business operations of PAFCPIC in general. However, PSOs cannot rest on their laurels considering that other similar FIs have been very active in launching their marketing strategies to promote operations and services to both active and retired AFP personnel nationwide. In this regard, PSOs must exert more effort to sustain and maintain their status and at the same time expand its current membership to be able to compete with them.

Moreover, the issues and concerns noted during the audit were found to be manageable and were already resolved by the main office. Needless to say, the prompt response of PAFCPIC main office indicated the deep concern of management to provide support to these offices in order to maintain the overall sound operations of PAFCPIC.

Lastly, the Committee noted that majority of the PSOs visited exceeded their respective target budgets for loaning operations thereby contributing to overall good performance of the cooperative.

(Sgd) MS LETICIA DC ALEGRADO
Vice Chairperson

(Sgd) MS WILMA N ABUAN
Secretary

(Sgd) COL FELIMON P MASA JR FS (GSC) PA
Chairperson

ELECTION COMMITTEE

For the year 2015, 20 candidates expressed their willingness to run for different positions in the election of PAFCPIC officers held during the 34th Annual General Assembly last 7 March 2015 at the Philippine Army Grandstand, Fort Bonifacio, Metro Manila.

For the Board of Directors, seven candidates vied for officer’s category, three for enlisted personnel category and three for civilian category; for the Audit and Supervisory Committee, three candidates; and the Election Committee had two officers and two civilian employees. There were a total of 24,794 votes cast, broken down as 924 walk-in voters and 296 representative voters carrying a total of 23,852 votes. With the strict implementation of election guidelines and procedures, the election proceedings were smoothly carried on. The electronic voting system designed by PAFCPIC proved to be very efficient and helpful as the votes were and readily tabulated, thus the outright proclamation of winners done by the Chairperson of Election Committee LTC Freddie S Europa. The winners were sworn into office during the Special Board Meeting on 14 March 2015 held at the Marriot Hotel, Newport City Complex, Pasay City. Below shows the result of election with corresponding number of votes for each candidate:

BOARD OF DIRECTORS

AUDIT AND SUPERVISORY COMMITTEE

A. Officers Category	No of votes
1. PAREDES, FRANCISCO M	20,302
2. DELA CRUZ, REGIDOR M	13,707
3. GALON, HERCULES R	13,136
4. Limozo, Rizaldo B	8,753
5. Galam, Eliezer R	7,715
6. Almendral, Cesario T	7,677
7. Tamondong, Alexis D	3,092
B. Enlisted Personnel Category	
1. VALLES, REYNALDO JOEL M	22,756
2. PLAZA, PEDRO A	18,320
3. Vale, Lydia B	8,512
C. Civilian Category	
1. SANGLAY, FLORDELIZA T	17,486
2. GUIBONE, LUCRECIA R	16,380
3. Gongora, Carolina DC	15,722

1. ABUAN, WILMA N	22,490
2. MASA, FELIMON P JR	16,456
3. Denamarca, Grace G	10,642

ELECTION COMMITTEE

A. Officers Category	
1. REGIS, DARAH C	15,795
2. Quezon, Francisco M Jr	8,999
B. Civilian Category	
1. CASTILLO, DOLORES M	19,482
2. Casauay, Carlos T	5,312

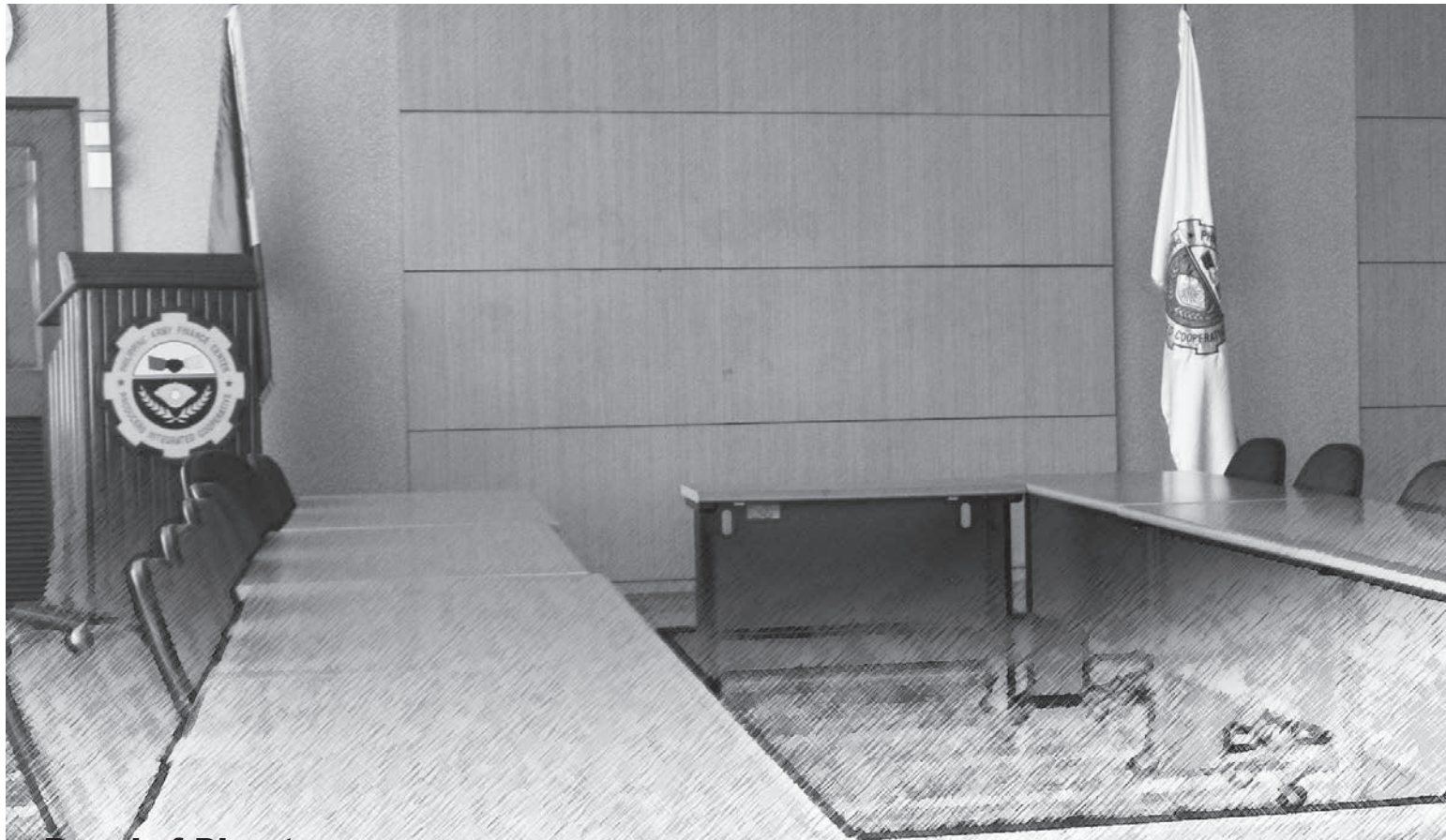
(Sgd) PFC BEBERLY ANNE M PAREDES
Member

(Sgd) MS ASTERLENE INCIPIDO
Member

(Sgd) MAJ VAN KRISTOFFER S SUMBELING
Vice Chairperson

(Sgd) SSG JOJIMAE G COLLADO
Secretary

(Sgd) LTC FREDDIE S EUROPA
Chairperson



Board of Directors

Francisco M Paredes
Chairman

Anastacio C Cabading Jr
Vice Chairman

Members:

Lucila B Balangue
Romeo S Brawner Jr
Christopher T Calulot Sr
Alexander C Costales
Regidor M dela Cruz
Hercules R Galon
Lucrecia R Guibone
Maria Teresa L Parcasio
Pedro A Plaza
Flordeliza T Sanglay
Joel T Trompeta
Orlando P Valeroso
Reynaldo Joel M Valles

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Treasurer

Maria Rosario G Abad
Secretary

Robert I Dancel
Sergeant at Arms

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Vice Chairman

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Artemio M Jose
Oscar P Lopez
Amador B Mangiduyos
Rosita P Nipa
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Enrico P Pepito
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April Ann D Tan
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Ethics Committee

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Pedro A Plaza

Jericho M Pascual
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Scholarship Committee

Pedro A Plaza
Chairman

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Maria Teresa Z Garnace
Wilfredo B Javillonar
Ronaldo C Mateo

Emma Concepcion T Estillore
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Fernando S Zabat
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Cooperative Secretary

Joseph Patrick V Britanico
Legal Counselor

Benjamin C Gabriel
VP for Finance

Maria Teresa Z Garnace
*VP for Membership and Public
Affairs*

Emmanuel S Gongora
Cooperative Planning Officer

Joselito J Lachica
VP for Administration

Segundo R Lanuza Jr
VP for Operations

David M Segura
Internal Auditor



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