



*KGI Mutual Benefit
Association Inc.*

2017 Annual Report

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- 1 KGI MBA Profile**
- 2 Activities and Events**
- 5 Operational Highlights**
- 7 Governance**
- 8 Board Committees**
- 9 Other Disclosure**
- 12 Board of Trustees**
- 15 Board Advisors**
- 15 The Management**
- 16 Area Coordinators**
- 17 Products and Services**
- 18 Audited Financial Statements**



KGI MBA PROFILE

KGI MBA is a non-stock, non-profit organization, established in 2011 and registered to SEC in September 23, 2011, and was granted its first license by the Insurance Commission in February 14, 2012 to engage as a Mutual Benefit Association that extends benefits and services for the welfare and financial security of its members and their families.

KGI MBA is the micro-insurance arm of **KAZAMA Grameen Microfinance Inc.**, a non-stock, non-profit institution who offers various loan products and is dedicated to poverty alleviation of its members and the community where it operates.

Vision

By 2028, KGI MBA is one of the 5 leading Mi-MBA's in Luzon.

Mission

Protect low-income Filipino households from life-cycle risks.

Goals

That the purpose for which such association is formed is to advance the interests and promote the welfare of the poor in particular and the interest and welfare of the Philippines in general. Specifically, the association shall seek:

1. To extend financial assistance to its members, spouse, children and parents in the form of death benefits, sickness benefits, provident savings and loan redemption assistance;
2. To ensure continued access to benefits/ resources by actively involving the members in the management of the association that will include implementation of policies and procedures geared towards sustainability and improved services

Core Values

Love
Team-work
Respect
Integrity
Service
Excellence

ACTIVITIES AND EVENTS

During the year, KGI MBA Board and staff attended various trainings as part of its capacity building programs.

Starting with attending the Annual Microinsurance Forum in January 24, 2017 at the Manila Diamond Hotel, Ermita Manila with the Theme: Risk Protection & Microenterprise Development for a Resilient Nation. The said forum was attended by the different MBA's under the MiMAP network and discussed collaborative and innovative programs for risk protection and enterprise development.

Ms. Cristalyn Estel and Ms. Mary Jane Concepcion participated in the pilot study for the ERM User's Training in February 14-15, 2017. Risks and how to manage those risks of participating MBA's were the focus of the discussion. The result of the session were to present in one of the learning session of the coming Annual General Meeting of MiMAP. Along with KGI MBA were TSPI and ASKI MBA.

February 21, 2017, the Board of Trustees and the management attended the Investment Management Session in Mabalacat, Pampanga organized and conducted by RIMANSI. Along with KGI MBA were ASKI and TSPI and learned about the proposed investment pooling of the network. The said pooling is expected to help the MBA's to have an option to diversify investment and to have a higher investment yield to compensate promised equity value interest of its members and also to defray other cost shouldered by an MBA.

During the annual Meeting of MIMAP in March 7-9, 2017 held in Makati City with the theme "Bigger and Stronger, Together for Greater Financial Inclusion", Bookkeeper Cristalyn R. Estel presented the Enterprise Risk Management Plan of KGI MBA during the ERM User's training, as part of the learning session of the general assembly.

In April 24-25, 2017, Ms. Cristalyn Estel, Bookkeeper attended the Workshop and Consultation on Annual Statement Preparation in Medical Plaza Bldg., Ortigas Ave. for the review and making sure that all attachments and requirements for AS filing are correct and complete.

The Association held a training for the MBA Coordinators in May 18, 2017 in Subic, Zambales.

The training focused on the different challenges and shared solutions that the coordinators are facing when validating claims and the possible alternatives for documents not available in the hands of the members. The training was followed by the Annual General Meeting in May 19, 2017 in the same venue. The meeting had 43 attendees from KGI MBA Board of Trustees, Management, Coordinators, Board of Advisers and selected staffs from KGI. The annual meeting also highlighted the election of new BOT members. The election was facilitated by the Election Committee spearheaded by Mr. Joan A. Cortez, Senior operations Director of KGI together with Mr. Dwight Silverio, and Ms. Edna Mediario. The newly elected Board of Trustees were Mrs. Sonia D. Ocampo from Pangasinan-North Luzon Area, Mr. Alex L. Labsan as representative from

the staffs, Mrs. Piedad D. Matias, Independent, and Dr. Ricardo E. Reyes Jr., Independent. The newly elected trustees took their oath right after the election through Mr. Cortez.

July 2017 marks the birth of the second product of the KGI MBA family for finally having the approval of Credit Life Insurance Plan. An Operations Planning Workshop was held in By the Sea Resort & Restaurant, Bo. Barretto Olongapo City attended by the Board of Trustees, the Management of KGI MBA and KGI in July 12-13, 2017. The workshop was facilitated by MiMAP.

KGI MBA Staffs conducted an Orientation for CLIP in the first four (4) branches of KGI who will implement the product by January 2018. The staffs of Sta. Cruz, Malate, Infanta and Subic were individually educated about the Master Policy contract of CLIP and the procedures on how to implement the new product. After the orientation for the staffs, the Center Chiefs of the said branches were gathered also for their orientation of the product for better understanding and for them to be able to support the staffs in explaining the policies and procedures to the members of the centers.

An Anti-Fraud Manual and Memorandum regarding the latter was issued August 31, 2017 to all the branches of KGI, after Ms. Mary Jane Concepcion, General Manager attended a Training Writeshop in August 21-23, 2017, to facilitate the development of controls that will aid in the detection and prevention of fraud against KGI MBA. The highlight of the manual is to define the procedures involved in preventing, detecting, reporting, and investigating suspected or actual cases of fraud involving members, intermediaries and internal staff, in the areas of membership enrollment, collection of contributions, claims, and handling of assets.

Ms. Cristalyn Estel and Ms. Mary Jane Concepcion attended a Financial Management Workshop held in Malayan Plaza, Ortigas Center in Pasig City. The workshop discussed about MBA's Financial and Performance Ratio Analysis, Appreciating RBC, Strengthening Internal Control, Detecting, Preventing and Mitigating Financial Fraud, Investment, particularly the plan of the network on pooled investment, and Tax Management Compliance, which are all essential for the success of managing MBA.

To continually safeguard the association, a Strategic Management Planning was held in October 4-6, 2017. The Board of Trustees and MBA management together with the Board of Advisers worked together for the association's plan for the next 3 years. A new vision, mission and values of the association was formed to continually strive for the betterment of service to the members.

In November 22-24, 2017, President Ofelia Besarra, Independent Trustee Piedad Matias, General Manager Mary Jane Concepcion and Operations Officer Edna Elefane attended the Annual Management Forum conducted by MiMAP held in Agusan del Sur and hosted by People's Bank of Caraga MBA. The Forum's theme was "Strategic Management for Mi-MBA's".



MICROINSURANCE FORUM

Board of Trustees and MBA Staff attended the Micro-Insurance Forum at the Manila Diamond Hotel, Ermita Manila
January 24, 2017



MBA COORDINATOR'S TRAINING

MBA Coordinators from different branches of KGI.
May 18, 2017



MANAGEMENT FORUM

Board of Trustees and MBA Staff attended the Micro-Insurance Forum at Butuan City.
November 24-26, 2017



STRATEGIC MANAGEMENT PLANNING

KGI MBA Board of Trustees, Board of Advisors and staffs with facilitator Mr.YoyBanzon of RIMANSI during the planning at By the Sea Resort Hotel and Restaurant
October 4-6, 2017



Investment Management Session

Board of Trustees and MBA Staff attended a session on Investment Pooling at Mabalacat, Pampanga
February 21, 2017



Newly Elected Board of Trustees' Oath taking during the General Assembly

May 19, 2017

OPERATIONAL HIGHLIGHTS

As of December 2017

Covering 22 branches of KGI, the Association achieved the following:

Total Active Members



2016	2017
10,723	10,062

No. Of Lives Insured



2016	2017
53,615	50,310



No. Of Claims Paid

	2016	2017	CUMM
Death	96	68	485
Member	45	26	194
Spouse	43	40	257
Child	8	34	34
TPD	-	1	5
Member	-	1	3
Spouse	-	-	2
HBRB	830	870	4,558
Member	426	435	2,365
Spouse	150	158	863
Child	254	277	1,330



Amount of Claims Paid

	2016	2017	CUMM
Death	3,017,000	1,752,000	Php 13,142,000
TPD	-	30,000	100,000
HBRB	798,734	826,629	4,414,173.25



Total Contribution

2016	2017	CUMM
22,193,450	24,316,905	Php 132,090,730



Equity Value Refund

2016	2017	CUMM
6,778,001.07	8,217,289.72	Php 25,677,709



Total Assets

	2016	2017
Total Assets	59,545,180	Php 67,894,964
Total Liabilities	44,456,797	50,795,115
Equity	15,088,383	17,098,849



Income and Expense

	2016	2017
Revenue	23,444,956	24,888,753
Benefit Expense	15,189,714	14,794,993
Admin Expense	15,023,141	7,979,319
Income/(Loss)	(6,827,791)	2,010,466

GOVERNANCE

CORPORATE GOVERNANCE

KGI MBA, Inc. is committed in the promotion of corporate good governance within its organization and among its stakeholders. Together with the Board of Trustees and Management, KGI MBA will remain steadfast in monitoring the performance of the organization, strive to make good and sound decisions, and will hold its governing board accountable for its execution in achieving our corporate goals.

The Corporate Governance Manual serves as its guide in ensuring the organizations practice of good governance, sustainability and its continuous commitment to its stakeholders in providing efficient and innovative programs and services for the growth of the community in which we operate.

BOARD PERFORMANCE

The Board of Trustees is the governing body of the Association. It is primarily responsible for overseeing the implementation of the policies, procedures, and action plans and checks the performance of the management to ensure that the strategic objectives and the corporate values of KGI MBA are being observed. Decisions of the management on the major acquisitions, procurements, changes on the policies/benefits of the members, and other major decisions that is not in the usual business operation of the Association shall require Board approval.

The Board of Trustees meets once every quarter. Below is the attendance for the meetings held in 2017.

SN	NAME	DESIGNATION/POSITION	TOTAL NO. OF MEETINGS	NO. OF MEETINGS ATTENDED	PERCENTAGE OF ATTENDANCE
1	Ofelia C. Besarra	President	6	6	100%
2	Susan E. Pajalla	Vice- President	6	6	100%
3	Sonia D. Ocampo	Board/Corporate Sec.	4	4	100%
4	Mary Ann Nillosan	Member	6	6	100%
5	Piedad D. Matias	Independent Board	4	4	100%
6	Dr. Ricardo E Reyes Jr.	Independent Board	4	4	100%
7	Alex L. Labsan	Member	4	4	100%
8	Julieta R. Añonuevo	Vice-President-Outgoing*	2	2	100%
9	Julieta F. Alfonso	Treasurer – Outgoing*	2	2	100%
10	Dra. Magdalena D. Bautista	Independent Board-Outgoing*	2	2	100%
11	Jenny R. Navarro	Member – Outgoing*	2	2	100%

* Terms ended in May 19, 2017

BOARD REMUNERATION

The members of the Board do not receive any salary but is entitled to gratuity, per diem and reimbursement of all necessary expenses incurred on account of attendance in committee and board meetings provided that all entitlement, benefit, emoluments received shall be subject to the approval by majority vote of the general membership.

THE BOARD COMMITTEES

Committees in aid of their good corporate governance constitute the Board. Results of respective committee meeting are reported to the Board for them to discuss and address any issue on the Association's controls and risk management.

NOMINATION COMMITTEE

Members:

Ofelia C. Besarra - Chairperson
Dr. Ricardo S. Reyes Jr.
Mary Ann M. Nillosan

The Nomination Committee is responsible to review and evaluate the qualifications of all persons nominated to the Board as well as those nominated to other positions requiring appointment by the Board of Trustees.

The Nomination Committee held 1 meeting during the year regarding the nominees and election of the new Board of Trustees.

SN	NAME	TOTAL NO. OF MEETINGS	NO. OF MEETINGS ATTENDED	PERCENTAGE OF ATTENDANCE
1	Ofelia C. Besarra	1	1	100%
2	Dr. Ricardo S. Reyes Jr	1	1	100%
3	Mary Ann M. Nillosan	1	1	100%

The Nomination Committee together with an Independent Election Committee played a crucial role in the election of the new Board of Trustees in 2017. The Election Committee consolidated the proxy voting forms from every branch and presented it to the meeting for transparency. Tabulation of votes can be seen during the actual reading of votes.

AUDIT COMMITTEE

Members:

Piedad D. Matias – Chairperson
Alex L. Labsan
Sonia D. Ocampo

The Audit Committee provides oversight of the institution's internal and external auditors. It is responsible for the setting-up of internal audit department, and the appointment of the internal auditors as well as of independent external auditors. They also monitor and evaluate the adequacy and effectiveness of the internal control system of the company.

REMUNERATION COMMITTEE

Members:

Dr. Ricardo S. Reyes Jr. – Chairperson
Piedad D. Matias
Susan E. Pajalla

The Committee is responsible for the design and recommend to the Board for approval the salary, financial benefits/allowances (retirement, medical, etc) and remuneration package for the officers and employees of the association. It also oversee /supervise that the salary packaged is in compliance with the labor code of the government of the Philippines and recommends salary increases of the employees based on performance.

OTHER DISCLOSURE

EXTERNAL AUDIT ENGAGEMENT

The Association is in compliance with Insurance Commission Circular No. 29-2009 dated November 10, 2009 in the selection of external auditors. Sycip Gorres Velayo and Co. through its partner Ms. Bernalette L. Ramos certified the financial Statement of the association. The association incurred P154,000.00 for its audit for the 2017 financial statement. There was no non-audit engagement in 2017, hence, no non-audit fees were paid.

COMPLIANCE

The association ensures full compliance with the requirements, policies, circulars, and guidelines issued by the Insurance Commission, Securities and Exchange Commission, Bureau of Internal Revenue, Local Government Units, and other government agencies. The General Manager acts as the Compliance Officer.

RELATED PARTY TRANSACTIONS

Note 19 of the 2017 Audited Financial Statement presents the details of Related Party transactions (RPTs). All related party transactions are presented to the Board of Trustees for their approval and confirmation. The approval and disclosure of the related party transactions complies with all legal and regulatory requirements. The Board ensured that these transactions are conducted to the best interest of the Association.

RISKS

The association recognizes the existence of several risks in implementing its insurance program, these risks include both financial and non-financial risks. Insurance risks and other financial risks are clearly discussed in Note 20 of the 2017 Audited Financial Statement. The Board ensures that these risks should be seriously considered in drawing and implementing organizational and operational strategies.

STAKEHOLDERS INTEREST

The Association ensures that quality service and programs are given to stakeholders and that every transaction with them are conducted in a transparent and fair manner.

1. MEMBERS

In January 2017, the association issued Memorandum 01-2017 regarding the extension of submitting documentary requirements for the reimbursements of the members for their hospitalization in HBRB, the rider benefit of KGI MBA's Basic Life Insurance Plan. This is to ensure that all the members and their family dependents get their benefits when they are hospitalized.

2. SUPPLIER/CONTRACTOR SELECTION

The Association has a policy about the selection, bidding and approval process for the selection of suppliers. The association appoints the General Manager/Finance Officer to lead the bidding and selection process. All decisions on the selection of suppliers is presented and approved by the board. There was no major procurement made by the Association for the year 2017.

3. EMPLOYEES

KGI MBA considers its employees as its most important assets. Employees are its backbone that gives its shape and to maintain its posture. They are being taken-cared of by giving benefits to show its concern and appreciation for the hard work that they are performing. The Annual Medical Examination is just one of them that the Association gives to its employees. All the employees of the association were examined in March 2017 and results were submitted to the HR Department for record keeping and recommendations for further examination if any.

4. ENVIRONMENTALLY-FRIENDLY VALUE CHAIN

KGI MBA ensures that environmental consciousness is incorporated in the day-to-day operations of the association. It implements reduce-reuse-recycle of office supplies in the workplace. We also used to put the lights off during break/lunch time to conserve energy. In the past, we used to sellempty cartridges of our printers and recognized the income for the Association.

5. ANTI-CORRUPTION PROGRAM

In August 2017, the Association issued to all branches of KGI the Anti-Fraud Policy Manual, it aims to define the procedures involved in preventing, detecting, reporting, and investigating suspected or actual cases of fraud involving members, intermediaries and internal staff, in the areas of membership enrollment, collection of contributions, claims, and handling of assets. The manual also contains procedures on where and who to report to any suspected or actual commission of fraud.

6. CREDITOR'S RIGHTS

The Association has no credit obligation/s to any third party. However, the Association is committed to meet its obligations to the members, suppliers and third party service providers by ensuring enough liquidity to meet its obligations. In 2017, KGI MBA has no record of credit obligation to any third party except for those resulted by the regular operation, which is closed and paid immediately.

DIVIDEND POLICY

KGI MBA does not distribute dividends to its members. No part of the income which the association obtains as an incident to its operation is distributed as dividends to its members, trustees or officers subject to the provisions of the Corporation Code on dissolution. Any profit obtained by the association as a result of its operation, whenever necessary or proper shall be used for the furtherance of the purposes enumerated in Article II, subject to the provisions of Title XI of the Corporation Code of the Philippines.

COMMUNITY DEVELOPMENT AND INVOLVEMENT

KGI MBA as a microinsurance provider to partner MFI does not only focus on this product. As part of our commitment to empower our members, the association assists members when they suffer from fire, flood, typhoons and the like by giving them relief assistance and a small amount of money for them to start again without giving any additional contribution. In 2017, KGI MBA assisted six (6) of our members and incurred P11,000.00 amount of relief and financial assistance.

The Association also accepts OJT students from nearby universities to help them complete their requirements before graduating. KGI MBA assigns them to where they can also have experience and background that is connected to their course. A certificate of completion is given to every OJT students as they finished their required number of hours of their exposure to the Association.

BIOGRAPHICAL DETAILS AND SEMINARS/TRAININGS ATTENDED BY THE BOARD OF TRUSTEES



POSITION	PRESIDENT
COMPLETE NAME	OFELIA C. BESARRA
BIRTHDAY	March 9, 1956
AGE	62
ADDRESS	San Pablo, Castillejos, Zambales
EDUCATIONAL ATTAINMENT	Bachelor of Science in Commerce
DATE ELECTED	May 27, 2016
SEMINARS/TRAININGS ATTENDED	Governance and AMLA Workshop for MI-MBA'S October 20-21,2016 Management Forum November 24-26, 2017



POSITION	VICE PRESIDENT
COMPLETE NAME	SUSAN E. PAJALLA
BIRTHDAY	March 21, 1963
AGE	55
ADDRESS	Bagong Silang, Caloocan City
EDUCATIONAL ATTAINMENT	Secretarial
DATE ELECTED	May 2015
SEMINARS/TRAININGS ATTENDED	Governance and AMLA Workshop for MI-MBA'S June 9-11,2015 Life Skills for Effective MI-MBA Governance: Leadership Training Workshop December 9-11,2015 Claims Administration Training July 13-15, 2016 Management Forum Nov. 22-25, 2016 Microinsurance Forum January 24, 2017 ERM User's Training March 8-9, 2017



POSITION	BOARD SECRETARY
COMPLETE NAME	SONIA D. OCAMPO
BIRTHDAY	February 12, 1960
AGE	58
ADDRESS	Labrador, Pangasinan
EDUCATIONAL ATTAINMENT	BSBA Major in Management
DATE ELECTED	May 19, 2017
SEMINARS/TRAININGS ATTENDED	Governance and AMLA Workshop for MI-MBA'S May 24-26, 2017



POSITION	BOARD TREASURER
COMPLETE NAME	MARY ANN M. NILLOSAN
BIRTHDAY	June 25, 1972
AGE	46
ADDRESS	Lucapon South, Sta. Cruz, Zambales
EDUCATIONAL ATTAINMENT	High School Graduate
DATE ELECTED	May 27, 2016
SEMINARS/TRAININGS ATTENDED	Governance and AMLA Workshop for MI-MBA'S October 20-21, 2016 Micronsurance Forum January 25, 2017



POSITION	INDEPENDENT BOARD
COMPLETE NAME	PIEDAD D. MATIAS
BIRTHDAY	April 22, 1940
AGE	78
ADDRESS	BF HOMES BRGY. 169 CALOOCAN CITY
EDUCATIONAL ATTAINMENT	Bachelor of Science in Business Administration Major in Accountancy
DATE ELECTED	May 19, 2017
SEMINARS/TRAININGS ATTENDED	Governance and AMLA Workshop for MI-MBA'S May 24-26, 2017 Management Forum November 25-27, 2017



POSITION	INDEPENDENT BOARD
COMPLETE NAME	RICARDO SUAREZ REYES JR.
BIRTHDAY	MARCH 27, 1949
AGE	69
ADDRESS	Floridablanca, Pampanga
EDUCATIONAL ATTAINMENT	Ed. D Educational Management Ph.d in Agriculture
DATE ELECTED	May 19, 2017
SEMINARS/TRAININGS ATTENDED	Governance and AMLA Workshop for MI-MBA'S May 24-26, 2017



POSITION	MEMBER
COMPLETE NAME	ALEX L. LABSAN
BIRTHDAY	March 12, 1979
AGE	39
ADDRESS	B1 L12 Iram New Cabalan, Olongapo City
EDUCATIONAL ATTAINMENT	College Undergraduate (BS Crim/BSBA)
DATE ELECTED	May 19, 2017
SEMINARS/TRAININGS ATTENDED	Governance and AMLA Workshop for MI-MBA'S May 24-26, 2017

The Board of Trustees of KAZAMA Grameen (KGI) Mutual Benefit Association (KGI-MBA) Inc. is consist of seven (7) members namely the following: five (5) trustees elected by the active members with existing loans funded by KAZAMA Grameen, (KGI) Inc.; (2) independent trustees, elected by the active members with existing loans funded by KAZAMA Grameen, (KGI) Inc.

The Board of Trustees is elected every three years by majority of its members during its annual meeting.

The independent trustee is elected by the majority of its members upon the nomination of the Nomination Committee of the Board of Trustees. Notwithstanding the foregoing, for the duration that the Association is under conservatorship of the Insurance Commissioner, the independent trustee shall be appointed by, and shall serve at the pleasure of the Insurance Commissioner.

The independent trustees are deemed members of KGI-MBA and shall pay the usual membership dues. They have the same obligations, rights and privileges as regular members in good standing.

BOARD OF ADVISORS



MR. MARLOU R. CONCEPCION
KGMI President/CEO



MR. RUBEN A. RIANZARES
KGMI Executive Director



MR. RONALD V. TACTAQUIN
KGMI Finance Director



MR. SONNY R. GUIANG
KGMI Training & Development Director



MR. JOAN A. CORTEZ
KGMI Senior Operations Director

THE MANAGEMENT



MS. MARY JANE N. CONCEPCION
General Manager



MS. EDNA E. MEDIARIO
Operations Officer



MR. RONALD D. PASCUA
MIS Officer



MISS KRISTINE ARVEI A. PERALTA
MIS Staff



MS. CRISTALYN R. ESTEL
Bookkeeper



MISS MARIE ROFEL T. SECO
MIS Staff

AREA COORDINATORS



NCR AREA

Quezon City, Caloocan City,
Malate, Camarin



PAMPANGA – BATAAN- ZAMBALES SOUTH AREA

San Fernando City, Guagua, Angeles, Hermosa,
Subic, Castillejos



ZAMBALES NORTH AREA

San Marcelino, San Felipe, Iba, Palauig,
Masinloc-Candelaria, Sta. Cruz



PANGASINAN – NORTH LUZON AREA

Infanta, Bani, Lingayen, Villasis, Tarlac City, La
Union, Baguio City

PRODUCTS AND SERVICES

1. BASIC LIFE INSURANCE PLAN (BLIP)

Basic Life Insurance Plan is provided to all eligible members and staff of Partner KGMI. Members contribute Php50.00 weekly, for all the benefits stated below.

KGI-MBA Table of Benefits				
Length of Membership	Cause of Death / Total and Permanent Disability (TPD)	Benefits (in Php)		
		Member	Spouse	Child
Less than 1 year	Death/TPD due to pre-existing condition	2,000	none	none
	Death due to Natural or Non-accidental cause	30,000	none	none
	Death due to Accident	120,000	20,000	10,000
	TPD due Accidental or Natural/Non-accidental cause	15,000	none	none
1 year and above	Death due to Natural or Non-accidental cause	60,000	10,000	5,000
	Death due to Accident	120,000	20,000	10,000
	TPD due to Accidental or Natural/Non-accidental cause	30,000	5,000	none

Hospital Bill Reimbursement Benefit or HBRB is a rider of the BLIP. The member and her/his beneficiaries are entitled to this benefit if they were confined/hospitalized due to sickness or accident for not less than 24 hrs.

Hospital Bill Reimbursement Benefit	Member	Spouse	Child
	1,500	600	300*

2. CREDIT LIFE INSURANCE PLAN (CLIP)

CLIP is offered to all BLIP members to cover their loans to partner MFI. This insurance covers up to Php300,00.00 and the member only pays Php10.00 per thousand per year.

3. MEMBERS EQUITY VALUE

A member is entitled to an equity value equivalent to at least FIFTY PER CENTUM (50%) of his/her total gross contributions paid, and an interest is credited annually, which can be refunded upon exit to the program

4. KGI MBA RELIEF ASSISTANCE PROGRAM

KGI MBA also focuses on giving non-financial assistance to its members through relief assistance, whenever they are affected by flood, fire, typhoon and other perils that may affect them. The relief consists of enough goods for a family of four that they may use for a day after the event.

**KAZAMA GRAMEEN (KGI) MUTUAL BENEFIT ASSOCIATION
(KGI-MBA) INC.**
(A Nonstock, Not-for-Profit Association)

STATEMENTS OF FINANCIAL POSITION

	December 31	
	2017	2016
ASSETS		
Cash (Notes 6 and 20)	₱22,056,821	₱25,420,902
Short-term investments (Notes 7 and 20)	34,005,878	32,288,383
Financial assets (Notes 8, 19 and 20)		
Financial asset at amortized cost	10,151,249	–
Loans and receivables - net	469,806	804,265
Property and equipment - net (Note 9)	149,227	115,787
Intangible Assets - net (Note 10)	755,556	–
Prepayments and other assets (Note 11)	306,427	915,843
Total Assets	₱67,894,964	₱59,545,180
LIABILITIES AND FUND BALANCE		
Liabilities		
Insurance contract liabilities (Note 12)	₱36,594,571	₱32,529,284
Accrued expenses and other liabilities (Notes 13 and 20)	14,201,544	11,927,513
Total Liabilities	50,796,115	44,456,797
Fund Balance		
Appropriated fund balance (Note 20)	11,605,416	10,388,693
Unappropriated fund balance	5,493,433	4,699,690
Total Fund Balance	17,098,849	15,088,383
	₱67,894,964	₱59,545,180

See accompanying Notes to Financial Statements.

**KAZAMA GRAMEEN (KGI) MUTUAL BENEFIT ASSOCIATION
(KGI-MBA) INC.**
(A Nonstock, Not-for-Profit Association)

STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2017	2016
REVENUE		
Gross premiums on insurance contracts (Note 14)	₱24,340,554	₱22,193,450
Interest income (Note 15)	519,874	1,107,458
Other income	28,325	144,048
	24,888,753	23,444,956
BENEFITS, CLAIMS, AND EXPENSES (Note 12)		
Gross change in insurance contract liabilities	3,961,674	4,444,069
Gross insurance contract benefits and claims paid	10,833,319	10,745,645
Insurance benefits and claims	14,794,993	15,189,714
GENERAL AND ADMINISTRATIVE EXPENSES (Note 16)	7,979,319	15,023,141
	22,774,312	30,212,855
EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE) BEFORE PROVISION FOR FINAL TAX	2,114,441	(6,767,899)
PROVISION FOR FINAL TAX (Note 18)	(103,975)	(59,892)
EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE)	2,010,466	(6,827,791)
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME (LOSS)	₱2,010,466	(₱6,827,791)

See accompanying Notes to Financial Statements.

**KAZAMA GRAMEEN (KGI) MUTUAL BENEFIT ASSOCIATION
(KGI-MBA) INC.**

(A Nonstock, Not-for-Profit Association)

STATEMENTS OF CHANGES IN FUND BALANCE

	Appropriated Fund Balance (Note 20)	Unappropriated Fund Balance (Note 20)	Total
At January 1, 2017	₱10,388,693	₱4,699,690	₱15,088,383
Excess of revenue over expenses	–	2,010,466	2,010,466
Appropriation during the year	1,216,723	(1,216,723)	–
At December 31, 2017	₱11,605,416	₱5,493,433	₱17,098,849
At January 1, 2016	₱9,279,020	₱12,637,154	₱21,916,174
Excess of expenses over revenue	–	(6,827,791)	(6,827,791)
Appropriation during the year	1,109,673	(1,109,673)	–
At December 31, 2016	₱10,388,693	₱4,699,690	₱15,088,383

See accompanying Notes to Financial Statements.

**KAZAMA GRAMEEN (KGI) MUTUAL BENEFIT ASSOCIATION
(KGI-MBA) INC.**
(A Nonstock, Not-for-Profit Association)
STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenue over expenses (expenses over revenue)		
before provision for final tax	₱2,114,441	(₱6,767,899)
Adjustments for:		
Provision for probable losses (Note 16)	2,330,482	8,537,602
Depreciation and amortization (Notes 9, 10 and 16)	150,404	420,276
Interest income (Notes 6, 7, 15 and 17)	(519,874)	(1,107,458)
Cash generated from operations before changes in working capital	4,075,453	1,082,521
Decrease (increase) in:		
Loans and receivables	338,408	4,490,843
Prepayments and other assets	(50,584)	148,214
Increase (decrease) in:		
Insurance contract liabilities	4,065,287	4,418,172
Accrued expenses and other liabilities	(56,451)	27,895
Net cash generated from operations	8,372,113	10,167,645
Final taxes paid	(103,975)	(59,892)
Net cash flows provided by operating activities	8,268,138	10,107,753
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	515,925	1,099,570
Acquisitions of:		
Property and equipment (Note 9)	(139,400)	(79,654)
Intangible asset (Notes 10 and 22)	(140,000)	–
Availments of:		
Short-term investments (Note 7)	(22,156,877)	(32,288,383)
Financial asset at amortized cost	(10,151,249)	–
Loan granted to an affiliates (Note 17)	–	(15,000,000)
Maturities of:		
Short-term investments (Note 7)	20,439,382	28,759,119
Loan granted to an affiliates (Note 17)	–	15,000,000
Net cash flows used in investing activities	(11,632,219)	(2,509,348)
NET INCREASE (DECREASE) IN CASH	(3,364,081)	7,598,405
CASH AT THE BEGINNING OF THE YEAR	25,420,902	17,822,497
CASH AT THE END OF THE YEAR (Note 6)	₱22,056,821	₱25,420,902

See accompanying Notes to Financial Statements.



KAZAMA GRAMEEN (KGI) MUTUAL BENEFIT ASSOCIATION (KGI-MBA) INC.

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