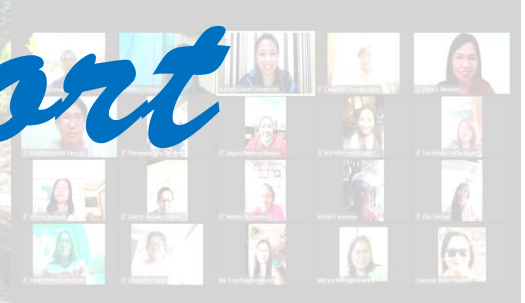
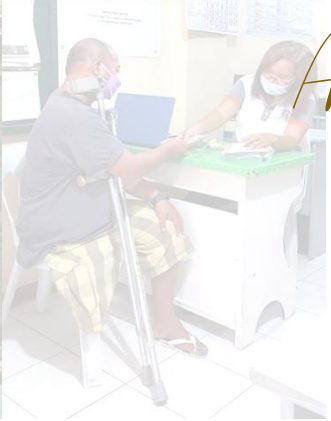


*A Decade of Promoting Quality, Affordable and Accessible Micro-insurance*



# 2021 Annual Report



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## ABOUT THE COVER

Registered to Securities and Exchange Commission in September 2011 and was given the license to operate and transact business as a Mutual Benefit Association, KAZAMA Grameen (KGI) Mutual Benefit Association (KG-MBA) Inc. has been serving the microinsurance needs of its members for a decade now.

From then on, the association continues to fulfill its mission to provide its members and their legal dependents a quality, accessible, and affordable microinsurance products in the form of death benefits, hospitalization benefits, savings, loan redemption and non-financial services.

Over the last ten years of giving benefits to its members and their dependents, the association never ceased to improve its services and benefits. From improving the mode of release of benefits of hospitalization reimbursements, to adjusting the percentage of the initial benefit upon notification, even if there are no initial documents submitted by the member. And at this time, a proposal for enhancement of the products of the association is being reviewed by the Insurance Commission.

Thus, the cover of this report shows how the association, over a decade, served its members and their dependents with integrity, love and compassion and by being true to its promise that *Sa KGI MBA, “Pamilya ay Nakaseguro, Benepisyo ay Sigurado.”*

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

## VISION

“By year 2028, KGI-MBA is one of the 5 leading Mi-MBA’s in Luzon.”

## MISSION

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

## OBJECTIVES

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.

## VALUES



LOVE



TEAMWORK



RESPECT

INTEGRITY

SERVICE

EXCELLENCE





## KGMI PRESIDENT'S MESSAGE



*Mr. Marlou R. Concepcion*

A warm greetings to everyone for a decade in the field of “insurance for the low-income sector”.

All thanks and praise belongs to the Lord for guiding the KGI-MBA, for them to be able to help our members and their families to be assured, and be prepared for whatever threats or circumstances that life may throw at them. KGI MBA will always be ready to assist them by promoting affordable and accessible microinsurance.

Truly, KGI MBA is the partner of KGMI in strengthening, uplifting, and advocating for Filipino families; by providing quality and affordable insurance for all. Because of faithfulness, diligence, a good objective, and heart for service, we have reached where we are now.

I hope that these standards would continue until we reach the best service for all our members and their dependents.

Long live! Cheers to more years of service, KGI-MBA!

## *KGMI EXECUTIVE DIRECTOR'S MESSAGE*

Blessed 10<sup>th</sup> Year Anniversary KGI Mutual Benefit Association!

We have come along since we started the establishment of our institution in 2011. With the goal of providing insurance service for low income families, we have started to move forward little by little to the best of our ability. With each year of journey, our investment is not only money but sweat, tears and blood. We have gone through many trials and tribulations but we have not stopped moving forward because the goal we have in our heart is stronger: to rise above adversity!

Aside from the members, our strongest support is the Lord God Almighty, so we remain standing because of the strength and grace He brings to our lives and our institution. That is why in the coming years, our determination to serve the members along with the staff and leadership of KGI MBA will be more stronger. We will continue to move forward with the lessons and inspiration we have found in our journey. Our strongest weapon is our love for one another and our faith in God.

For KGI MBA members, you can count on us to continue to learn and work hard to make the services and benefits of the KGI MBA even better! We look forward to your continued support, cooperation and love for the institution you own! With KGI MBA, family is insured, benefits are assured!

Mabuhay ang KGI MBA! We are blessed in Christ Jesus! Thank you very much!



*Mr. Ruben A. Rianzares*



## KGI MBA'S PRESIDENT MESSAGE



*Mrs. Dolores D. Medina*

A decade of promoting quality, affordable and accessible micro-insurance.

As a member of this association, before I became a MBA Coordinator and now as the President, I've seen and experienced the best service we could ever have when it comes to our micro-insurance. And I strongly believe that our institution will continue to strive to give the best possible benefits and services to our co-members in the years to come.

We at KGI MBA are like families. The members, the management, the Board of Trustees and our stakeholders. We built this association together with all our heart with one purpose then: To bring financial security and peace of mind to poor households by providing them quality and affordable micro-insurance products and services. As the years go by, we made sure that we take care of each other by giving the best services and products we could give while taking care of our responsibilities we have so that we all, together, can make this institution, maybe not the best, but an institution we can all be proud of.

This year I believe, was a successful year for KGI MBA. Let us continue to achieve new milestones that can help our members the most. I hope and strongly believe that we can make anything happen. All we need to do is to believe in ourselves, to our co-members and most importantly, to God.

To more years of excellent service to our members!

## AREAS OF OPERATION

KGI MBA serves as the microinsurance provider of KAZAMA Grameen Microfinance Inc.'s members in the areas of Quezon City, Caloocan City, Manila, Bataan, Pampanga, Zambales, Pangasinan, Tarlac, Baguio and La-Union.

The areas were divided to Ten (10) Branches namely:

**North Luzon** – covers Baguio and La Union

**Pangasinan**

**Zambales North** – covers Candelaria to Sta. Cruz

**Zambales Capitol** – covers Palauig to Botolan

**Zambales 2** - covers San Marcelino to Cabangan

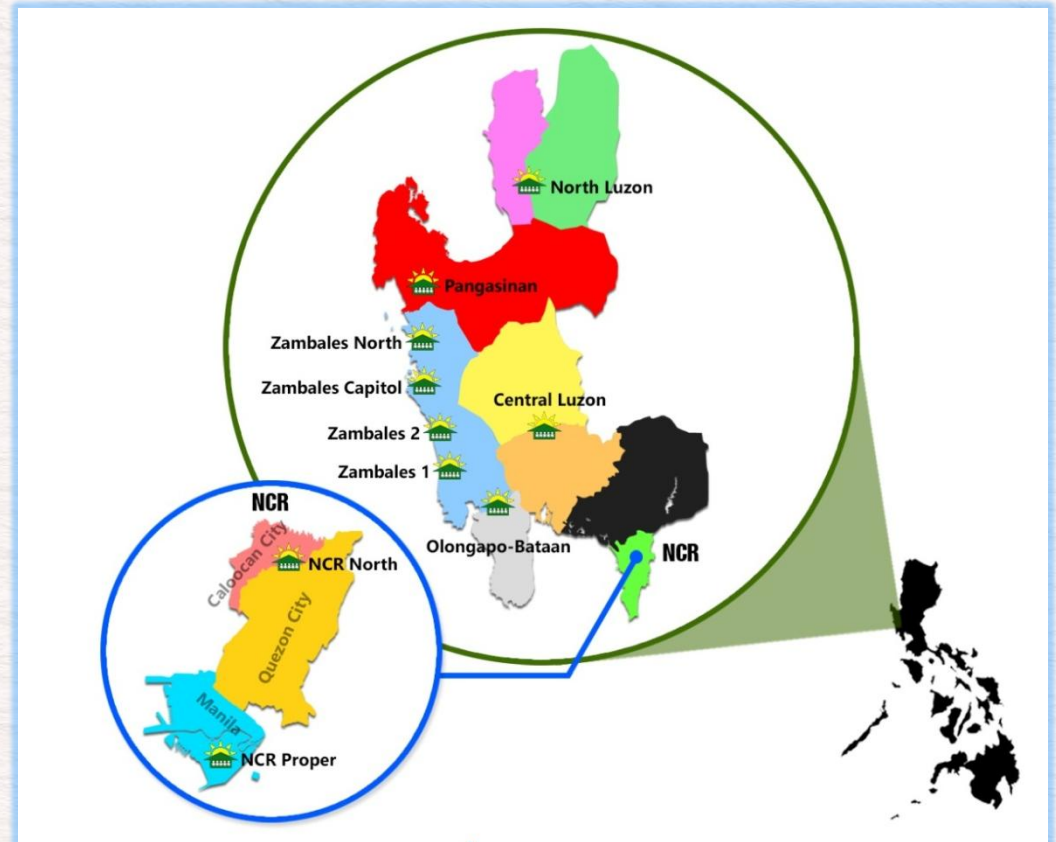
**Zambales 1** – covers Subic to Castillejos

**Olongapo-Bataan**

**Central Luzon** – covers Pampanga and Tarlac

**NCR North** – covers Caloocan and Quezon City

**NCR Proper** – covers Manila





## OPERATIONS AND FINANCIAL HIGHLIGHTS



**18,281**

**TOTAL MEMBERS**



**24,165**

**TOTAL INSURED  
INDIVIDUALS**



**₱78,430,218.00**

**TOTAL ASSETS**



**₱12,458,585.00**

**TOTAL AMOUNT CLAIMS  
PAID**



**₱13,467,950.00**

**TOTAL CONTRIBUTION  
AND PREMIUM**

## CLAIMS PAID



**BASIC LIFE INSURANCE PLAN : ₱2,670,559.00**

**NUMBER: 209**

**CREDIT LIFE INSURANCE PLAN : ₱521,000.00**

**NUMBER: 87**



**EQUITY VALUE REFUND : ₱9,267,026.07**

**NUMBER: 2,795**





## **CORPORATE GOVERNANCE**

The KGI MBA displayed its unwavering dedication to improve and align its corporate governance practices with international norms as represented in the ASEAN Corporate Governance Scorecard. During the First Roundtable Meeting with Insurance Commission, ICD and various stakeholders, KGI MBA was recognized as one of the Top 10 Mi-MBA's who has the highest score obtained in the 2020 ACGS assessment. This is a notable improvement for the association since the assessment began in 2015. The Board of Trustees, the Management Team and all the employees of the association, will continue to raise its standard of commitment to corporate governance to deliver the best service possible to its members, beneficiaries and stakeholders by continuously improving in this area and to prioritize its objective to achieve a customer-centered institution operating in accordance with global standards.

### ***ANNUAL GENERAL MEMBERSHIP MEETING***

Perhaps the best example of the association's dedication is to protect its member's rights by conducting an annual general meeting on a regular basis even if the pandemic is still present in our community of operation.

The annual general meeting provides our member-representatives the chance to participate in taking part in the decision-making and in choosing the members of its Board of Trustees and in ratifying all acts done by the Board of Trustees and the Management of the previous year.

During the Annual General Meeting, the members are also given the opportunity to be updated on the financial and operational status of the association, as well as the opportunity to be heard during the activity.

The AGM of the association this year was held on June 25 2021 via Zoom application. The activity was attended by branch MBA Coordinators as member-representatives to the election, the Board of Trustees, Advisers and Management.

The association's members had the opportunity to vote for new member of the Board of Trustee through MBA Coordinators at the AGM. An Election Committee is formed prior to the AGM. The nominees were screened by the committee. The screening was carried out to ensure that the qualifications of the nominees matched the requirements stated in the association's By-Laws.

The Election Committee is composed of the Senior Operations Manager of KGMI, Internal Audit Manager Operations Officer, and MIS Officer of KGI MBA. The committee presided over a meeting that is independent of the Board and Management

Mr. Joan Cortez, Chairman of the Election Committee announced to the members of the election and vote tabulation procedures to be used prior to the start of the election proceedings, for the smooth conduct of the election. He then called the nominees for election and asks for a simple message for the members before the election proper.

The election was done through electronic voting using Google form by the MBA Coordinators using their respective branch's number of signed proxy voting forms as they cast their vote.

## **BOARD AND BOARD COMMITTEES**

The Association has adopted the practice of arranging all the Board and Board Committee meetings for the next year. Schedules are presented to the Board during the last meeting of the previous year. As a result, the meetings for 2021 were presented and approved in its December 2020 regular meeting.

The management together with the Corporate Secretary of the Board exerts its best effort to send all materials for Board meetings electronically to the members of the Board at least five (5) working days before the meeting.



The following meetings were held by the Board of Trustees and Board Committees in 2021:

**MEETINGS OF THE BOARD OF TRUSTEES FOR 2021**

| SN | NAME                    | DESIGNATION/POSITION | ATTENDANCE<br>7 MEETINGS FOR 2021 |
|----|-------------------------|----------------------|-----------------------------------|
| 1  | DOLORES D. MEDINA       | President            | 100%                              |
| 2  | SUSAN E. PAJALLA***     | Vice-President       | 57%                               |
| 3  | RUBYLYN E. EBUEN***     | Secretary            | 57%                               |
| 4  | JUDITA R. REYES**       | Treasurer            | 14%                               |
| 5  | RICARDO S. REYES        | Independent Board    | 100%                              |
| 6  | PIEDAD D. MATIAS        | Independent Board    | 100%                              |
| 7  | REALIZA C. GUIANG***    | Member of the Board  | 57%                               |
| 8  | DEMETRIA V. MERZA*      | Treasurer            | 71%                               |
| 9  | LETECIA C. CASTILLO**** | President            | 43%                               |
| 10 | SONIA L. YAPE****       | Vice-President       | 43%                               |
| 11 | MARY GRACE BAYSAN*****  | Member of the Board  | 43%                               |

\*Deceased \*\*Appointed \*\*\*Newly Elected \*\*\*\*Outgoing Board \*\*\*\*\*Resigned

The KGI MBA has also Board Committees to examine and assess all issues that are brought forward to the Board of Trustees. Results of respective committee meeting are reported to the Board and made sure that the materials presented is correct and will allow the board to make informed decisions and a well-informed judgment. Committees in aid of their good corporate governance constitute the Board.

## ***NOMINATION, ELECTION AND CORPORATE GOVERNANCE COMMITTEE***

Since the association is considered a small institution, in March 25, 2021, the Board of Trustees established the Nomination, Election and Corporate Governance Committee in one. The committee's accomplishments for the year includes:

1. The successful holding of the 2021 Annual General Meeting;
2. Re-arranging the new area representation for the determination of where will the new Board of Trustee will come from;
3. Studied the presented Succession Planning Policy of the association by the management and presented it to the board for approval;
4. Reviewed the proposed ADReM for Mi-MBA's, and
5. Reviewed the Corporate Governance Manual for items that needed to be improved in compliance to the Annual Corporate Governance Report to be implemented this year.

The following are the members of the Nomination, Election and Corporate Governance Committee:

| SN | Board of Trustee  | Position | Attendance<br>3 Total Meetings for<br>2021 |
|----|-------------------|----------|--|
| 1  | Dr. Ricardo Reyes | Chairman | 100%                                       |
| 2  | Dolores Medina    | Member   | 67%  |
| 3  | Sonia Yape*       | Member   | 33%  |
| 4  | Piedad Matias     | Member   | 67%  |
| 5  | Demetria Merza*   | Member   | 33%  |

*\* Replaced by the Trustee in the previous row*



## **RISK OVERSIGHT AND AUDIT COMMITTEE**

The Risk Oversight and Audit Committee assist the Board of Trustees in fulfilling its oversight responsibilities. To wit:

- a. The integrity of the association's financial statements;
- b. The association's compliance with legal and regulatory requirements and Code of Conduct;
- c. Assessing the integrity and independence of External Auditor;
- d. Evaluate the adequacy and effectiveness of the association's internal control system; and
- e. Develop risk strategies and oversee the implementation of the risk management plan.

The committee consist three (3) trustees and lead by an independent trustee. The committee is also responsible for overseeing the Management in establishing and maintaining adequate, effective and efficient internal control framework and functional and effective ERM system. Further, the committee has endorsed the following for the approval of the Board: 2020 Audited Financial Statement, External Auditor for 2021 Financial Audit and discussion on the AML CTF Circular of IC.

Below are the members of the Committee and the attendance to their meetings thereof.

| SN | Board of Trustee  | Position | Attendance<br>3 Total Meetings for<br>2021 |
|----|-------------------|----------|--|
| 1  | Piedad Matias     | Chairman | 100%                                       |
| 2  | Susan Pajalla     | Member   | 33%  |
| 3  | Leticia Castillo* |          | 67%  |
| 4  | Realiza Guiang    | Member   | 33%  |
| 5  | Dolores Medina*   |          | 67%  |

\* Replaced by the Trustee in the previous row

## **REMUNERATION AND RELATED PARTY TRANSACTION COMMITTEE**

Combined with the original Remuneration Committee last March 25,2021, the RRPT Committee is tasked to oversee the implementation of system for reporting RPT's and reviewing the policies and procedures and ensuring that these systems complies with applicable laws, regulations and relevant standard and also responsible to assist the Board of Trustees to oversee the design and operation of the association's remuneration system and making sure that is is compliant with the labor code of the government and also delegate responsibilities for setting up remuneration for all KGI-MBA personnel. In 2021, the RRPTC reviewed the Bridge Loan Contract with KGI MBA's partner MFI and reported it to the board for recommendation and approval.

Meetings and attendance of the committee are as follows:

| SN | Board of Trustee  | Position | Attendance<br>2 Total Meetings for<br>2021 |
|----|-------------------|----------|--|
| 1  | Dr. Ricardo Reyes | Chairman | 100%                                       |
| 2  | Rubylyn Ebuén     | Member   | 50%  |
| 3  | Sonia Yape*       | Member   | 50%  |
| 4  | Judita Reyes      | Member   | 50%  |
| 5  | Dolores Medina*   | Member   | 50%  |

*\* Replaced by the Trustee in the previous row*



## ***BOARD REMUNERATION***

The members of the Board of Trustees of KGI MBA is defined in its constitution and By-Laws that they shall not be entitled to any compensation or remuneration for their services rendered, except for any actual reimbursements of monitoring and transportation expenses incurred in the performance of their duties and responsibilities.

## ***BOARD PERFORMANCE APPRAISAL***

The Board of Trustees conducts an annual evaluation of its performance through self-assessment by the individual Trustees of their respective individual performance, the performance of the Board Committee to which they belong and the Board as a whole through the accomplishment of Self- Assessment Form.

The Annual Performance Appraisal of the Board and Committees are conducted to measure its compliance to the governance manual. The assessment form is also based on the Company By-Laws and Code of Corporate Governance Principles and Leading Practices.

The accomplished forms are submitted to the Corporate Secretary. For this year, the Board finished the assessment during the last quarterly meeting for the year in December 16, 2021.

## ***BOARD CONTINUING EDUCATION AND LEADERSHIP DEVELOPMENT***

It's vital for first-time Trustees to have the training they need to be competent members of the Board and assist steer the organization in the proper course. Orientation for new trustees will commence as soon as they are elected and prior to their first Board meeting.

Individual trustees and the Board as a whole should have sufficient knowledge of the Association's main activities to provide effective governance and oversight, and they should be exposed to various capacity building programs and outside trainings to enable them manage the organization well.

## ***RELATED PARTY TRANSACTIONS***

To protect the Association, its members', and stakeholders' best interests, all related party transactions must be conducted at arm's length at all times. The Association with the help of the Related Party Transaction Committee assesses and verifies the transactions' materiality and fairness and presented it to the board for review and approval.

The association's Related Party Transactions are detailed in Note 20 of the 2020 Audited Financial Statement.

## ***TRANSPARENCY AND DISCLOSURE***

KGI MBA is dedicated to full disclosure, transparency, and accountability to all of its stakeholders. As a result, in order to provide members with greater access, these disclosures and other corporate information are made available through the following communication tools:

- ✚ **Website – [www.kgi-mba.com](http://www.kgi-mba.com)** Financial and Non-financial reports can be accessed in the website of the association as well as all the pertinent manuals and forms used in the course of our business
- ✚ **Media –** Members can reach the association through our Facebook page <https://www.facebook.com/kazamagrameenmba> .
- ✚ **Brochures/Leaflets –** To enable the members and potential clients to better understand the products and services of the association, brochures and leaflets are distributed to its partner MFI branches and can be downloaded at the KGI-MBA website.
- ✚ **Hotline -** Members can contact the association via its hotline numbers: (047) 232 7298/ +63 908 892 9371 or +63 930 226 5498 or they can email us at [kgi\\_mba@yahoo.com](mailto:kgi_mba@yahoo.com) for inquiries.



## **STAKEHOLDER INTEREST**

The Association ensures that stakeholders receive high-quality services and programs, and that all transactions with them are transparent and fair.

### ***MEMBERS SATISFACTION***

Regardless of the situation, KGI MBA guarantees that claims are processed as quickly as possible throughout the year so that members receive their benefits when they are needed. MBA Coordinators and branch personnel play a critical role in this area. They are the ones that check the claims and report them to their appropriate branches so that benefits can be processed quickly. 50% of the benefit is given to the family of the deceased members upon notification even if the cause of death is not yet determined. Further, 20% of the benefit is given to the member for his/her deceased dependents upon notification even if there are no documents submitted yet upon notification. This policy aims to help the family of the member to mourn without worrying about the financial needed to take care of the body of the deceased.

### ***SUPPLIERS AND CONTRACTORS***

To ensure that relationships with suppliers/contractors are fair and transparent, the Association will hold a bidding process for projects with contracts worth more than one hundred thousand pesos (PhP100,000), in which a minimum of three (3) suppliers will submit their proposal and business profile to management for background checks and validation.

A bidding committee is appointed by the association to oversee the bidding and selection process. All supplier selection decisions must be reported to the board and approved. A legal contract/agreement will be delivered to the selected supplier/contractor, which will be notarized to make the engagement binding.

### ***ENVIRONMENTALLY-FRIENDLY VALUE CHAIN***

The Association's operations have no direct impact on



the environment. It remains committed, however, to doing its part in promoting environmental sustainability through different efforts within the office, such as recycling papers and turning off the lights and air conditioner during lunch breaks and after office hours.

### ***COMMUNITY OF OPERATIONS***

The association is dedicated to delivering excellent service to both its members and the communities in which it operates. The group organizes relief efforts in places where its members have been harmed by flooding or fire. KGI MBA also participates in town activities with its partner MFI, such as float parades and job hiring, where the association's headquarters are located. Students that require OJT to satisfy their educational requirements are also accepted by the association and assign them in the department of the association that needs assistance. The MBA Coordinators also helps the association to spread the advantages of KGI MBA products and services to the areas where they are assigned and encourages those who are not yet members to join the MFI and eventually be a member of the association.

### ***EMPLOYEES***

Employees are the most valuable resource at KGI MBA. Employees are the backbone of the company, giving it shape and keeping it upright. They are looked after by providing benefits to demonstrate the association's concern and appreciation for the hard job that they do. The Association provides its employees with a variety of benefits, including the Annual Medical Examination. In April 2021, all of the association's employees were examined, and the results were forwarded to the HR Department for record keeping and, if necessary, recommendations for further examination.

### ***ANTI-CORRUPTION /WHISTLE BLOWING POLICY***

To better protect the association that provides services to members, the association encourages members to report any conduct that could put the association in jeopardy, such as fraud in any form and by anybody involved in the activity. Any material supplied by the association will be kept confidential and thoroughly investigated before action is taken.



## ***COMPLIANCE TO REGULATORY BODIES***

The Association adopts all the Insurance Commission's rules and regulations, as well as its circulars and the Securities and Exchange Commission (SEC). The Annual Statement required by the Insurance commission was duly submitted in April 30 as well as the other documentary requirements to the statement. The association also has renewed its license in January 2019 and is valid until December 2021 with License No. 2019-13-R. The General Information Sheet was filed and received by SEC in July 2021.

## ***PRIVACY STATEMENT***

The KGI MBA safeguards an individual's data privacy rights by ensuring that all personal data is kept private. The data and personal information and privileged information gathered are handled and stored according to what is recorded, managed, structured, saved, updated, retrieved, consolidated, used, blocked, and wiped according to the Data Privacy Act of 2012 (RA 10173), its implementing Rules and Regulations (IRR), and various Circulars under the principle of transparency, legitimate purpose and proportionality.

## ***CREDITOR'S RIGHTS***

There were no third-party credit obligations exist for the Association in 2021. The Association, on the other hand, is committed to meeting its responsibilities to members, suppliers, and third-party service providers by maintaining enough liquidity. In 2021, KGI MBA has no credit obligations to any third parties other than those resulting from normal operations, which are closed and paid immediately.

## ***DIVIDEND POLICY***

KGI MBA does not pay dividends to its shareholders. Any profit made by the association as a result of its operations shall be used for the purposes listed in Article II whenever necessary or appropriate, subject to the restrictions of Title XI of the Philippine Corporation Code. When members reach the exit age, die, or quit from the program, KGI MBA, in accordance with the its BLIP IRR, refunds 50% of their contribution.

## **BOARD OF TRUSTEES AND EMPLOYEES' CAPACITY BUILDING PROGRAM**

KGI MBA exposes its Board of Trustees and employees to numerous trainings and webinars in order to ensure their progress and obtain a better understanding of the industry. The following trainings and seminars were attended by the staff and Board of Trustees throughout the year:

| <b>DATE</b>      | <b>TRAINING NAME</b>  |
|------------------|---|
|                  | National Microinsurance Forum   |
| Feb 22, 2021     | Ensuring Continued Member Protection the Mi-MBA way                     |
| Mar 22, 2021     | Promoting Good Governance through strengthened MBA-MFI/Coop Partnership |
| May 6-7, 2021    | ACGR Writeshop  |
| May 20, 2021     | Introduction to Risk Management   |
| June 16-18, 2021 | Governance and AMLA Workshop  |
| Jul 28, 2021     | First ACGR Roundtable Activity  |
| Aug 5, 2021      | Training for First Time Board of Trustee                                |
| Aug 6, 2021      | Flow and Handling of Board Meeting                                      |
| Aug 11-13, 2021  | Leadership Training Workshop: Soft Skills for Servant Leadership        |
| Aug 26, 2021     | Succession Planning   |
| Oct 13-15, 2021  | Governance and AMLA Workshop  |
| Nov 23-26, 2021  | Management Forum: Thriving in the New Normal                            |



## 10TH YEAR ANNIVERSARY CELEBRATION ACTIVITIES

In celebration of the association's 10<sup>th</sup> year as licensed and registered Mutual Benefit Association, various activities were held mostly for the benefits of the members. A Food Pantry were launched in all the branches covered by KGI MBA as well as giving free Protektahanan Insurance Policy, an insurance from RMSI that gives benefits in case of fire and accidental death to the member and his/her dependents. As a way of giving back to the environment, a Tree Planting was done in Cawag, Subic, Zambales which was attended by selected Branch Managers, Staffs, MBA Coordinators, Head Office Personnel, Board of Trustees and Advisers. A Tsinelas Giving for kids was also held in four (4) branches of KGMI which aims to give back to the communities we serve.





## BOARD OF TRUSTEES PROFILE



**PRESIDENT**  
**MRS. DOLORES D. MEDINA**

*Mrs. Dolores D. Medina is 50 years of age and from Central Luzon Branch. She graduated in the course of Associate Secretarial Administration and has been with KGMI for 13 years as Center Chief and a very active MBA Coordinator of her branch for 3 years before she was nominated in the election of the Board in 2019. She is a member of the Remuneration Committee of the Association. She also has attended various trainings and webinars like the Governance AMLA Workshop for Mi-MBA's, Leadership Training Workshop, Financial Management and Strategic Planning to better understand and lead the association better.*



**VICE PRESIDENT**  
**MRS. SUSAN E. PAJALLA**

*Mrs. Susan Pajalla is from NCR North Branch. She is 57 years old and lives in Caloocan City. She graduated with a Secretarial Course and has a business funded by KGMI where she is a Center Chief for over two decades now. Mrs. Pajalla has been the President of KGI MBA in 2016 during her first time to be elected as Board of Trustee, and took over the position as MBA Coordinator again when her term ended in 2017. She is a member of the Risk Oversight and Audit Committee of the Association. As a newly elected Board of Trustee, she had a training for new trustees to discuss their duties and responsibilities as a Board. She has also attended again the required Governance and AMLA Workshop for Mi-MBA's and Leadership Training.*



**SECRETARY**  
**MRS. RUBYLYN E. ESTONG**

*From Zambales North Branch in Sta. Cruz, Zambales, Mrs. Estong is one of the newly elected trustee of KGI MBA during the association's AGM in June 25, 2021. She is 47 years old and a member of KGMI for two decades now. She is a High School Graduate. She has a successful business funded by KGMI as Unit Manager of one of the leading brand of beauty products. Mrs. Estong was elected to be a member of the Remuneration and RPT Committee during the new set of Board of Trustees meeting. She has completed the training for New Board of Trustees and the required Governance and AMLA Training Workshop.*





**TREASURER**  
**MRS. JUDITA R. REYES**

*Appointed in the last quarter of 2021 due to the death of then Board member Mrs. Demetria Merza, Mrs. Reyes of Zambales 2 from San Felipe, Zambales took the challenge to be a part of the Board of Trustee of KGI MBA. With an oath to continue the remaining term of Mrs. Merza. She then become the member of Remuneration and RPT Committee. She is 57 years old and has been a member of KGMI for 19 years to date. She manages a computer shop as her source of income funded by KGMI. She had undergone the training for New Trustees and the required Governance and AMLA training for new trustees.*



**INDEPENDENT TRUSTEE**  
**DR. RICARDO S. REYES JR.**

*Fondly called as “Doc Reyes” of the group, he is the only male trustee of the association. Doc Reyes is 73 years old and from Florida, Pampanga. He has been with KGI MBA since 2017 and has contributed so much to the growth of the association in terms of governance. Having a Ph.D in Agriculture and Ed.D in Educational Management, Doc Reyes is a former Professor at the Western Luzon Agricultural College, now the President Ramon Magsaysay State University in San Marcelino, Zambales. He is the Chairman of the Nomination, Election and Corporate Governance Committee and Remuneration and RPT Committee. Dr. Reyes also attended the required Governance and AMLA Workshop for all Board of Trustee of an MBA and even attended various trainings and events like Microinsurance Forums, Leadership Trainings and other trainings for governance.*



**INDEPENDENT TRUSTEE**  
**MRS. PIEDAD D. MATIAS**

*Mrs. Matias is a former Trustee of the MFI Partner of KGI MBA, KGMI. She is 82 years old as of date but is still very passionate to help the association to improve the lives of our members. She is from BF Homes in Caloocan City. Nanay Pie is a graduate of BSBA Accountancy, that is why the association tasked her to be the Chairman of the Risk Oversight and Audit Committee. Despite her age, Nanay Pie can still attend trainings and meetings whenever needed to. She has already attend various trainings and seminars like Governance & AMLA Workshop for Mi-MBA’s, Financial Management, Microinsurance Forums, Leadership Trainings to better assists the association in*



**MEMBER OF THE BOARD**  
**MRS. REALIZA C. GUIANG**

*Mrs. Guiang was elected as staff representative to the board of KGI MBA. She is 37 years old and currently residing in Cabangan, Zambales. She graduated with a course of Bachelor in Elementary Education. She has been with KGMI for 16 years now. From Center Manager, she is now a Branch Manager of Central Luzon Branch of KGMI. She is a member of Risk Oversight and Audit Committee of the Association. To better understand the operations of KGI MBA and help the association to grow, Mrs. Guiang attended various trainings like Trainings for New Board of Trustees, Governance and AMLA Workshop, Microinsurance Forums and Leadership Trainings.*



## CORPORATE SECRETARY



Name : **Miss Carmi G. Muli**  
Age : 38 y/o  
Educational Attainment : BS Business Administration Major in Management  
Date of Appointment : March 25, 2021  
Trainings Attended : Governance & AMLA Orientation  
Orientation for: Governance, Human Resource & MIS  
Orientation on the Template Articles of Incorporation and By-Laws and Manual on Good Governance

## COMPLIANCE OFFICER



Name : **Mrs. Mary Jane N. Concepcion**  
Age : 44 y/o  
Educational Attainment : BS Accountancy  
Master in Business Administration  
Date of Appointment : August 27, 2021  
Trainings Attended : Governance & AMLA Workshop  
Leadership Trainings  
Micro-insurance Forums  
ACGR Writeshop  
Financial Management



## KGI MBA MANAGEMENT



**GENERAL MANAGER**  
Mary Jane N. Concepcion



**OPERATIONS OFFICER**  
Edna E. Mediaro



**BOOKKEEPER**  
Cristalyn R. Estel



**MIS OFFICER**  
Ronald D. Pascua



**MIS STAFF**  
Christine Arvei A. Peralta



**MIS STAFF**  
Dignadise M. Dayao



**COMP. ASST. & MARKETING OFFICER**  
Maricel F. Viernes

**2021 AUDITED FINANCIAL  
STATEMENT**



## INDEPENDENT AUDITOR'S REPORT

The Board of Trustees  
Kazama Grameen (KGI) Mutual Benefit Association (KGI-MBA) Inc.  
Lot 25, Block 12, Sta. Monica Subdivision,  
Subic, Zambales

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of Kazama Grameen (KGI) Mutual Benefit Association (KGI-MBA) Inc. (a non-stock, not-for-profit association) ("the Association"), which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, statements of changes in fund balance and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

#### Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Report on the Supplementary Information Required Under Revenue Regulations 15-2010 and 34-2020**

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 and 34-2020 in Note 23 and Note 24 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Kazama Grameen (KGI) Mutual Benefit Association (KGI-MBA) Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

*Miguel U. Ballelos Jr.*

Miguel U. Ballelos, Jr.  
Partner

CPA Certificate No. 109950

Tax Identification No. 241-031-088

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 109950-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-114-2022, January 20, 2022, valid until January 19, 2025

PTR No. 8853488, January 3, 2022, Makati City

April 18, 2022

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

**(A Nonstock, Not-for-Profit Association)**

**STATEMENTS OF FINANCIAL POSITION**

|  | December 31        |             |
|--|--------------------|-------------|
|  | 2021               | 2020        |
| <b>ASSETS</b>  |                    |             |
| Cash (Notes 6 and 21)                                | <b>₱22,894,271</b> | ₱18,016,164 |
| Short-term investments (Notes 7 and 21)              | <b>29,123,576</b>  | 28,980,780  |
| Financial assets (Notes 8, 19 and 21)                |                    |             |
| Held-to-maturity investments                         | <b>15,646,150</b>  | 13,084,473  |
| Financial asset at fair value through profit or loss | <b>5,879,267</b>   | 5,820,997   |
| Loans and receivables                                | <b>4,284,867</b>   | 16,882,143  |
| Property and equipment - net (Note 9)                | <b>5,264</b>       | 53,965      |
| Intangible asset - net (Note 10)                     | -                  | -           |
| Prepayments and other assets (Note 11)               | <b>596,823</b>     | 245,720     |
| <b>Total Assets</b>                                  | <b>₱78,430,218</b> | ₱83,084,242 |

**LIABILITIES AND FUND BALANCE**

|  |                    |             |
|--|--------------------|-------------|
| <b>Liabilities</b>                                       |                    |             |
| Insurance contract liabilities (Note 12)                 | <b>₱38,948,813</b> | ₱42,086,454 |
| Accrued expenses and other liabilities (Notes 13 and 21) | <b>4,463,446</b>   | 5,420,871   |
| <b>Total Liabilities</b>                                 | <b>43,412,259</b>  | 47,507,325  |

**Fund Balance**

|   |                    |             |
|---|--------------------|-------------|
| Appropriated fund balance (Note 21)       | <b>21,350,919</b>  | 22,686,122  |
| Unappropriated fund balance               | <b>13,667,040</b>  | 12,890,795  |
| <b>Total Fund Balance</b>                 | <b>35,017,959</b>  | 35,576,917  |
| <b>Total Liabilities and Fund Balance</b> | <b>₱78,430,218</b> | ₱83,084,242 |

*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 |             |
|--|-------------------------|-------------|
|  | 2021                    | 2020        |
| <b>REVENUE</b>                                       |                         |             |
| Premiums on insurance contracts (Note 14)            | ₱13,468,350             | ₱15,768,130 |
| Investment and other income (Note 15)                | 1,467,166               | 2,008,581   |
| Miscellaneous income (Note 16)                       | 543,072                 | 330,904     |
|  | <b>15,478,588</b>       | 18,107,615  |
| <b>BENEFITS, CLAIMS, AND EXPENSES</b> (Note 12)      |                         |             |
| Gross insurance contract benefits and claims paid    | 12,458,585              | 10,429,499  |
| Gross change in insurance contract liabilities       | (3,137,641)             | (153,251)   |
| Collection fees                                      | 628,473                 | 674,791     |
| Insurance benefits and claims                        | 9,949,417               | 10,951,039  |
| <b>GENERAL AND ADMINISTRATIVE EXPENSES</b> (Note 17) | 6,019,195               | 4,415,550   |
|  | <b>15,968,612</b>       | 15,366,589  |
| <b>INCOME (LOSS) BEFORE PROVISION FOR FINAL TAX</b>  | (490,024)               | 2,741,026   |
| <b>PROVISION FOR FINAL TAX</b> (Note 19)             | (68,934)                | (216,151)   |
| <b>NET INCOME (LOSS)</b>                             | (558,958)               | 2,524,875   |
| <b>OTHER COMPREHENSIVE INCOME*</b>                   | -                       | -           |
| <b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>             | (₱558,958)              | ₱2,524,875  |

See accompanying Notes to Financial Statements.

\*The Association has no other comprehensive income items.

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

(A Nonstock, Not-for-Profit Association)

**STATEMENTS OF CASH FLOWS**

|   | Years Ended December 31 |              |
|---|-------------------------|--------------|
|   | 2021                    | 2020         |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                             |                         |              |
| Income (loss) before provision for final tax                            | (₱490,024)              | ₱2,741,026   |
| Adjustments for:  |                         |              |
| Interest income (Note 15)   | (1,408,896)             | (1,720,575)  |
| Reversal of provision for probable losses (Note 16)                     | (526,154)               | (327,518)    |
| Fair value gain on financial assets through profit or loss<br>(Note 15) | (58,270)                | (288,006)    |
| Depreciation and amortization (Notes 9, 10 and 17)                      | 48,701                  | 286,408      |
| Cash generated from operations before changes in working capital        | (2,434,642)             | 691,335      |
| Decrease (increase) in:   |                         |              |
| Loans and receivables   | 13,039,994              | (14,804,969) |
| Prepayments and other assets  | (351,103)               | (105,354)    |
| Increase (decrease) in:   |                         |              |
| Insurance contract liabilities  | (3,137,641)             | (153,251)    |
| Accrued expenses and other liabilities                                  | (431,271)               | 182,909      |
| Net cash generated from (used in) operations                            | 6,685,336               | (14,189,330) |
| Final taxes paid  | (68,934)                | (216,151)    |
| Net cash flows provided by (used in) operating activities               | 6,616,402               | (14,405,481) |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                             |                         |              |
| Interest received   | 966,178                 | 1,719,798    |
| Acquisitions of:  |                         |              |
| Held-to-maturity investments (Note 8)                                   | (15,646,150)            | (13,037,000) |
| Short-term investments (Note 7)   | (142,796)               | (15,111,279) |
| Financial assets at FVPL (Note 8)                                       | -                       | (74,231)     |
| Maturities of:  |                         |              |
| Short-term investments (Note 7)   | -                       | 15,512,160   |
| Held-to-maturity investments (Note 8)                                   | 13,084,473              | 10,735,944   |
| Net cash flows used in investing activities                             | (1,738,295)             | (254,608)    |
| <b>NET INCREASE (DECREASE) IN CASH AND<br/>CASH EQUIVALENTS</b>         | 4,878,107               | (14,660,089) |
| <b>CASH AT THE BEGINNING OF THE YEAR</b>                                | 18,016,164              | 32,676,253   |
| <b>CASH AT THE END OF THE YEAR</b> (Note 6)                             | ₱22,894,271             | ₱18,016,164  |

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<br>(Note 21) |                    | Unappropriated Fund Balance<br>(Note 21) |                    | Total              |
|-------------------------------|--|--------------------|--|--------------------|--------------------|
|                               | Guaranty Fund                          | Member's Benefit   | Guaranty Fund                            | Member's Benefit   |                    |
| At January 1, 2021            | <b>₱14,971,138</b>                     | <b>₱7,714,984</b>  | <b>₱1,799,224</b>                        | <b>₱11,091,571</b> | <b>₱35,576,917</b> |
| Total comprehensive loss      | –                                      | –                  | –  | <b>(558,958)</b>   | <b>(558,958)</b>   |
| Appropriation during the year | <b>673,417</b>                         | –                  | <b>(673,417)</b>                         | –                  | –                  |
| Distribution to members       | –                                      | <b>(2,008,620)</b> | –  | <b>2,008,620</b>   | –                  |
| At December 31, 2021          | <b>₱15,644,555</b>                     | <b>₱5,706,364</b>  | <b>₱1,125,807</b>                        | <b>₱12,541,233</b> | <b>₱35,017,959</b> |
| At January 1, 2020            | ₱14,182,732                            | ₱160,196           | (₱19,839)                                | ₱18,728,954        | ₱33,052,042        |
| Total comprehensive income    | –                                      | –                  | –  | 2,524,875          | 2,524,875          |
| Appropriation during the year | 788,406                                | 7,554,788          | 1,819,063                                | (10,162,258)       | –                  |
| At December 31, 2020          | ₱14,971,138                            | ₱7,714,984         | ₱1,799,224                               | ₱11,091,571        | ₱35,576,917        |

*See accompanying Notes to Financial Statements.*