



2023

Annual REPORT



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Message From The President

As we gather to reflect on the journey of KGI MBA, I am humbled and inspired by the incredible strides we have taken together in pursuit of our mission: protecting the low-income Filipino households from life-cycle risks.

In every corner of Luzon, our dedicated team has worked tirelessly to bring security and peace of mind to countless families. Our vision to be among the top five micro-insurance mutual benefit associations in Luzon by 2028 is not just a grand ambition; it's a heartfelt commitment to making a real difference in the lives of our fellow Filipinos.

With each policy issued and every claim settled, we are not just providing financial protection; we are nurturing hope, resilience, and a brighter future for our communities. Our battlecry, "Pamilya ay Nakaseguro, Benepisyo ay Sigurado!" encapsulates our unwavering dedication to ensuring that every family feels secure and every benefit is assured.

As we move forward, let us continue to work hand in hand, spreading warmth, compassion, and security to every corner of Luzon. Together, we can achieve our vision and create a legacy of strength and stability for generations to come.

Thank you for your passion, your dedication, and your unwavering belief in the power of insurance to transform lives.

Susan E. Pajalla
KGI MBA President



Message from the General Manager

It is with great pleasure and a deep sense of pride that I present to you our annual report for 2023. As we look back on the past year, we are filled with gratitude for the collective efforts, resilience, and dedication demonstrated by each member of our team in navigating the challenges and seizing the opportunities that came our way.

Financial Performance:

I am pleased to report that KGI MBA has maintained a strong financial position throughout the year, demonstrating resilience in the face of adversity. Our robust financial performance is a testament to the effectiveness of our strategic initiatives, prudent financial management, and unwavering commitment to delivering value to our stakeholders. Despite the challenges posed by external factors, we have remained agile and responsive, positioning ourselves for sustainable growth and success in the years to come.

Strategic Initiatives and Growth Opportunities:

Throughout the year, we have remained steadfast in our pursuit of strategic objectives aimed at driving long-term growth and sustainability. From expanding our market presence and diversifying our product offerings to enhancing operational efficiency and fostering a culture of innovation, our strategic initiatives have laid a solid foundation for future success. As we continue to explore new avenues for growth and capitalize on emerging opportunities, we remain focused on delivering value to our customers, stakeholders, and employees alike.

Commitment to Sustainability and Corporate Responsibility:

At KGI MBA, we recognize the importance of corporate responsibility and sustainability in today's interconnected world. In 2023 we have redoubled our efforts to integrate sustainability into our business operations, with a renewed focus on environmental stewardship, social responsibility, and ethical business practices. Through inclusion in supporting local communities and empowering employees, we are committed to making a positive impact on the areas that we serve while ensuring the long-term viability of our association.

Looking Ahead

As we stand on the threshold of a new year filled with promise and opportunity, I am confident that KGI MBA is well-positioned to embrace the challenges and capitalize on the opportunities that lie ahead. With a talented team, a robust strategy, and a shared commitment to excellence, I am excited about the possibilities that the future holds for our association. Together, let us continue to innovate, collaborate, and strive for greatness, as we work towards realizing our collective vision of success.

In closing, I would like to express my heartfelt gratitude to each and every member of the KGI MBA management team, the Board of Trustees and MFI partner management and staff, for your unwavering dedication, hard work, and commitment to excellence throughout the year. Your contributions have been instrumental in driving our success, and I look forward to embarking on the next phase of our journey together.

Sincerely,

Mary Jane N. Concepcion
KGI MBA General Manager



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

ABOUT US

KAZAMA Grameen (KGI) Mutual Benefit Association (KGI-MBA) Inc. is a non-stock, non-profit organization, established in 2011 and registered to SEC in September 23, 2011, and was granted a 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 in the form of death benefits, sickness benefits, provident savings and loan redemption.

Furthermore, KGI MBA is the microinsurance 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.

In addition, KGI MBA is a Regular member of RIMANSI or now the Microinsurance MBA Association of the Philippines Inc.

OUR VISION

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



OUR MISSION

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

OPERATION RESULTS AND FINANCIAL HIGHLIGHTS



Total Active Members
4,214

Number of Insured Lives
21,070



Total Amount of Claims Paid
8,872,362

OPERATION RESULTS AND FINANCIAL HIGHLIGHTS

Total Contributions and Premium

11,627,900



Total Assets
76,569,582



BASIC LIFE INSURANCE PLAN

₱ 1,510,000

No. of Claims: 54

HAPI PLAN

₱ 958,289

No. of Claims: 298

CREDIT LIFE INSURANCE PLAN

₱ 520,000

No. of Claims: 19

EQUITY VALUE REFUND

₱ 5,777,573

No. of Claims: 1,901

ACTIVITIES AND TRAININGS

ANNUAL CENTER CHIEF CONFERENCE

The annual Center Chief Conference is a practice of KGMI and KGI MBA to fully equip its center leaders in leading their respective members. Policies, rules and procedures of both KGMI and KGI-MBA operations and products are being presented to further educate the leaders.

This year, the conference started in February 9-10, 2023 for Area 1, February 16-17, 2023 for Area 3 and February 23-24, 2023 for Area 2. The conference was attended by 200+ center leaders of the ten (10) branches of KGMI prepared and spearheaded by their respective supervisors in the area. The Management Committee graced the event and discussed their area of expertise and shared to the members.

KGI MBA General Manager Mary Jane Concepcion also attended the conference and discussed the newly approved Enhanced Basic Life Insurance Plan and the new product of KGI MBA, the HAPI Plan. The said products are set to be rolled out in KGMI branches this year.



10TH ANNUAL GENERAL MEETING

As part of the good governance of KGI MBA, the association held its 10th Annual General Assembly in May 19, 2023 at its office in Sta. Monica, Subic, Zambales and was attended by its Board of Trustees, Advisers, Management and branch's respective MBA coordinators.

Prior to the General Meeting, MBA Coordinators had a refresher training of the products of KGI MBA and also reported the current status of their areas. The procedure for election was also discussed to them by General Manager Mary Jane Concepcion and Operations Officer Edna Mediario.

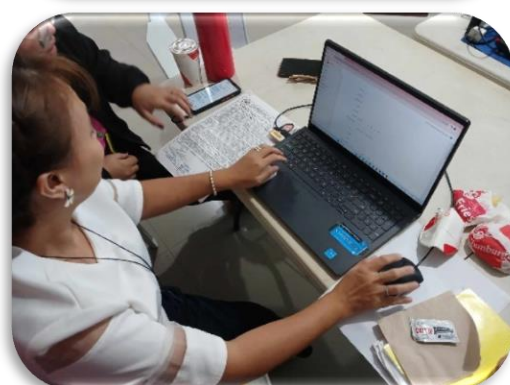
The General Meeting also seeks to elect a New Board of Trustee from the area representing Area 2, and a representative for KGMI staff. Ms. Rosemarie Petilo and Mr. Lolie Cabuang won the election respectively.



E-MUTUALS ROLL-OUT

Turned-over in September 15, 2022, the E-Mutuals online application system for data management developed by MiMAP with its technology partner Loudcloud, was finally rolled-out to its partner MFI branch, Zambales 1 Branch through a hands-on training with its Branch Manager and Branch Accounts Officer last August 17, 2023 by KGI MBA's MIS Officer Mr. Ronald Pascua and MIS Staffs Ms. Dignadise Dayao and Ms. Cristine Arvei Peralta. A laptop was also given to Zamables 1 branch to efficiently run the sytem.

The system is expected to enhance the reporting capacity and storage of data of the members of KGI MBA. The roll out of the system to the other branches of KGMI will commence on the first quarter of the year 2024.



KGMI AND KGI MBA GRAND KAPATIRAN

At KAZAMA Grameen, we recognize that our greatest asset is our people. Each member of our team brings unique talents, perspectives, and experiences to the table, collectively driving the success and growth of our organization. One of the most powerful ways we nurture and harness this collective strength is through our annual Kapatiran—a cherished tradition that serves as a cornerstone of our company culture and values.

Happened in the famous Whiterock Beach Resort and Water Park in Subic, Zambales, in December 21-22, 2023, this annual Kapatiran provides us with a valuable opportunity to come together as a unified force to celebrate our achievements, milestones, and successes throughout the year. It serves as a platform to recognize the hard work, dedication, and contributions of our employees at all levels of the organization. Whether it's surpassing business targets, launching innovative projects, or surpassing customer expectations, this gathering allows us to applaud and honor the accomplishments that shape our journey towards excellence.

This year, in recognition of outstanding dedication and exceptional contributions to KGI MBA, 5 branches have been honored with prestigious awards for their exemplary performance in meeting targets for KGI MBA. These awards serve to acknowledge and celebrate the remarkable achievements and unwavering commitment of our talented workforce towards advancing the goals and values of our organization.

Awards were given to the following: Highest Retention Rate- NCR North; Highest Net Recognized Members-Zambales 2; Highest in 1-3-5 day Claims Settlement-Zambales North; Highest Signed Proxy Voting Forms-Central Luzon and Highest filled-out Aplikasyon ng Pagiging Kasapi-NCR Proper.

In conclusion, our annual employee gathering is more than just a gathering—it is a testament to our shared values, aspirations, and commitment to excellence. By bringing together employees from across the organization, it reinforces our sense of identity, purpose, and belonging, propelling us forward on our journey towards success. As we look ahead to the future, let us embrace the spirit of unity, collaboration, and engagement that defines our annual gathering, and continue to strive for greatness in everything we do.



STAFF AND BOARD OF TRUSTEES TRAININGS

In alignment with our commitment to continuous learning and professional development, KGI MBA diligently invests in training opportunities to enhance the skills and knowledge of our workforce. This comprehensive report aims to provide a detailed overview of the various training sessions attended by our team members over the specified time period.

Throughout the year, our employees participated in a diverse range of training programs, workshops, seminars, and conferences tailored to meet the evolving needs of our industry and the specific requirements of our roles within the company. These initiatives are integral to fostering a culture of growth, innovation, and excellence within our organization.

We extend our gratitude to MiMAP for most of the following trainings specially crafted for Mi-MBA's as well as to the trainers and facilitators who have contributed to the success of these training initiatives. Below are the list of the trainings attended by KGI MBA Board of Trustees and Staffs.

DATE	TRAINING/WORKSHOP
January 25, 2023	National Microinsurance Forum: Sustainable & Inclusive Finance for Climate Resiliency
March 30, 2023	Learning Session: Strengthening Women's role in MNA Governance
April 11 & 20, 2023	Annual Statement Workshop
June 27, 2023	Encryption Process of the IC Online Uploading System
August 22-26, 2023	Management Forum
October 9-10, 2023	IFRS 17 Masterclass
October 18-20, 2023	Governance and AMLA Workshop
October 31, 2023	Financial Literacy Program: "Kalamang Pinansyal, Ngayon na!"
December 12-13, 2023	Learning Circle on Information Security Management

At KGI MBA, we recognize that corporate governance serves as the cornerstone of our operations, guiding our decisions, actions, and behaviors in alignment with ethical principles, transparency, and accountability. Our steadfast commitment to corporate governance not only upholds the integrity and reputation of our organization but also fosters trust and confidence among our stakeholders, employees, customers, and the broader community.

Furthermore, our commitment to corporate governance reflects our unwavering dedication to upholding the highest standards of ethical conduct, integrity, and accountability in all aspects of our operations. By adhering to sound governance practices, promoting ethical leadership, and safeguarding stakeholder interests, we strengthen the foundation of trust and confidence upon which our organization stands, positioning us for sustainable growth, resilience, and success in the years to come.

BOARD OF TRUSTEES

The Board of Trustees serves as the governing body responsible for overseeing the strategic direction, policies, and overall management of the organization. Comprised of individuals with diverse backgrounds, expertise, and experiences, the board acts as fiduciaries, entrusted with the duty to act in the best interests of the organization and its stakeholders.

KGI MBA's Board of Trustees is composed of seven (7) members, to wit: four (4) trustees are elected from the active members, one (1) from the MFI staff representative, and two (2) independent trustees who are professionals and expert in their field. The Trustees has a term of three (3) years while Independent Trustees serves for nine (9) years and are elected by majority of members during annual general meeting attended by the MBA Coordinators as the member's representative to the election. The Board of Trustees holds no executive position in the association.

BOARD OF TRUSTEES PROFILE



SUSAN E. PAJALLA
PRESIDENT/CHAIRMAN

Mrs. Susan Pajalla is from NCR North Branch representing NCR area to the Board of KGI MBA. She is 59 years old and a bonafide resident of Bagong Silang, Caloocan City. She graduated with a Secretarial Course and is a sari-sari store owner funded by KGMI. She is a member of the Nomination, Election and Corporate Governance Committee and Remuneration and RPT Committee of the Association. Mrs. Pajalla does not hold any position or directorship in any listed companies.



RUBYLYN E. EBUEN
VICE PRESIDENT

Mrs. Rubylyn Ebuén is from Zambales North Branch representing Pangasinan and Zambales Area to the Board of KGI MBA. She is 49 years old and a bonafide resident of Biay, Sta. Cruz, Zambales.. She is a High School graduate and is into buy and sell of one of the leading apparel in the country funded by KGMI. She is a member of the Remuneration and RPT Committee of the Association. Mrs. Ebuén does not hold any position or directorship in any listed companies.



CATHERINE B. UBANA
SECRETARY

Mrs. Catherine Ubana is from Central Luzon Branch representing the now Pampanga-Olongapo-Zambales South Area to the Board of KGI MBA. She is 50 years old and a bonafide resident of Apalit, Pampanga. She is a College Undergraduate and is a sari-sari store owner and also engage in buy and sell funded by KGMI. She is a member of the Risk Oversight and Audit Committee of the Association. Mrs. Ubana does not hold any position or directorship in any listed companies.



ROSEMARIE B. PETILO
TREASURER

Mrs. Rosemarie Petilo is from Zambales Capitol Branch representing the now Zambales North Area to the Board of KGI MBA. She is 52 years old and a bonafide resident of Pangolingán, Palauig, Zambales. . She is a High graduate and holds NCII in Massage and Housekeeping and is a sari-sari store owner funded by KGMI. She is a member of the Risk Oversight and Audit Committee of the Association. Mrs. Petilo does not hold any position or directorship in any listed companies.



DR. RICARDO S. REYES JR.

INDEPENDENT BOARD

Dr. Ricardo Reyes Jr. is from Florida Blanca, Pampanga and is one of the Independent Trustee of KGI Mba elected in May 2017 to the Board of KGI MBA. He is 76 years old and has a Ph.D. in Agriculture and Ed.D. in Educational Management. Dr. Reyes is a member of the Risk Oversight and Audit Committee, Chairman of Nomination, election and Corporate Governance Committee and Remuneration and RPT Committee of the Association. Dr. Reyes is also a member of the Board of Trustees of KGMI.



PIEDAD D. MATIAS

INDEPENDENT BOARD

Mrs. Piedad Matias is from BF Homes, Caloocan City and is one of the Independent Trustee of KGI Mba elected in May 2017 to the Board of KGI MBA. She is 84 years old and has a degree of Bachelor of Science in Accountancy. Mrs. Matias is the Chairman of the Risk Oversight and Audit Committee, member of Nomination, election and Corporate Governance Committee and Remuneration and RPT Committee of the Association. Mrs. Matias does not hold any position or directorship in any listed companies.



NANCY T. FLORES

TRUSTEE

Mrs. Nancy Flores is the Branch Manager of NCR North, representing KGMI staff to the Board of KGI MBA and is a resident of Bagong Silang, Caloocan City. She is 43 years old and has a degree in Bachelor of Science in Computer Science Mrs. Flores is a member of the Risk Oversight and Audit Committee of the Association. Mrs. Flores does not hold any position or directorship in any listed companies.

BOARD PERFORMANCE

Board meetings are essential gatherings where the Board of Directors or Trustees convenes to discuss and make decisions regarding the organization's strategic direction, governance, and operational matters.

In 2023, the Board of Trustees conducted a total of six (6) regular meetings. Five (5) was done through zoom application and one (1) face-to-face meeting. Schedule of Board meetings for the coming year is being approved at the last meeting of the board for the year.

Board meetings often include presentations and reports from board committees and executive leadership. These reports provide updates on key initiatives, financial performance, and other relevant matters.

Overall, board meetings serve as a critical forum for governance, oversight, and decision-making, enabling the board to fulfill its fiduciary responsibilities and advance the organization's mission and goals. Below is the attendance of the Board of Trustees for the meetings held in 2023.

TRUSTEE	POSITION	ANNUAL MEETING	REGULAR MTNG.	%
Susan E Pajalla	President/Chairman	✓	6	100%
Rubylyn E. Estong	Vice President	✓	6	100%
Catherine B. Ubana	Secretary	✓	6	100%
Rosemarie B. Petilo	Treasurer	✓	4	67%
Nancy T. Flores*	Trustee	X	1	17%
Dr. Ricardo S. Reyes Jr.	Independent Board	✓	6	100%
Piedad D. Matias	Independent Board	✓	6	100%
Judita R. Reyes***	Treasurer	✓	2	33%
Realiza C. Guiang***	Trustee	✓	2	33%
Lolie Cabuang**	Trustee	✓	1	17%

*** Outgoing **Resigned * Appointed

BOARD COMMITTEES

Board committees are specialized groups formed by the Board of Directors or Trustees to focus on specific areas of governance and oversight within an organization. These committees allow for more in-depth examination of key issues, provide specialized expertise, and facilitate effective decision-making.

KGI MBA has three (4) Committees namely:

1. Risk Oversight and Audit Committee;
2. Nomination, Election and Corporate Governance Committee; and
3. Remuneration and Related Party Transaction Committee.

Each committee operates under a charter or terms of reference that outline its objectives, responsibilities, composition, and operating procedures. Committee members are appointed by the board chair or committee chair and may include both board members and external experts or advisors with relevant experience.

Risk Oversight and Audit Committee

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.

The committee consists of four (4) trustees lead by an independent trustee and one (1) Adviser. The committee had two (2) meetings for the year 2023 (June 27 and Dec 13) and discussed the following:

1. 2023 Business Plan Adjustment;
2. 2022 Annual Statement Verification Result; and
3. 2023 Risk Registry

Below are the members of the Risk Oversight and Audit Committee and their attendance to the meetings.

Name	Position	Attendance 2 Total Meetings for 2022
Piedad D. Matias	Chairman	100%
Dr. Ricardo S. Reyes Jr	Member	100%
Catherine B. Ubana	Member	100%
Rosemarie B. Petilo	Member	100%
Ronald V. Tactaquin	Adviser	100%

Nomination, Election and Corporate Governance Committee

The Nomination Committee is composed of three (3) members of the Board of Trustees, majority of the committee are independent board, one (1) Adviser and the internal auditor of the company.

The committee had two (2) meetings for the year 2023 (June 27 and Dec 12) and discussed the following:

1. Nominees Profile for 2023 Board election;
2. Area division for BoT Election;
3. Nominees Profile for 2023 Board election (reiteration); and
4. Board Assessment in Google Form

The following are the members of the Nomination, Election and Corporate Governance Committee and their attendance in the meetings.

Name	Position	Attendance 2 Total Meetings for 2023
Dr. Ricardo S. Reyes Jr.	Chairman	100%
Piedad D. Matias	Member	100%
Susan E. Pajalla	Member	100%
Joan A. Cortez	Adviser	100%
Kathleen Rodriguez	Election Comm. Member	100%

Remuneration and Related Party Transaction Committee

The Remuneration and Related Party Transactions Committee plays a vital role in ensuring fairness, transparency, and compliance with regard to executive compensation and transactions involving related parties within an organization

The committee is composed of three (3) trustees, wherein two (2) are independent and one (1) Adviser.

The Committee convened for two (2) meetings for the year 2023 (June 27 and Dec 13) and discussed the following:

1. KGI MBA staff across the board salary increase;
2. Transportation allowance increase
3. KGMI Bridge Loan;
4. KGMI Bridge Loan update; and
5. KGMI Unremitted Members Contribution.

Meeting and the attendance performance of the committee are as follows:

Name	Position	Attendance 2 Total Meetings for 2023
Dr. Ricardo S. Reyes Jr.	Chairman	100%
Piedad D. Matias	Member	100%
Rubylyn E. Ebuén	Member	100%
Judita R. Reyes	Member	100%

Board Remuneration

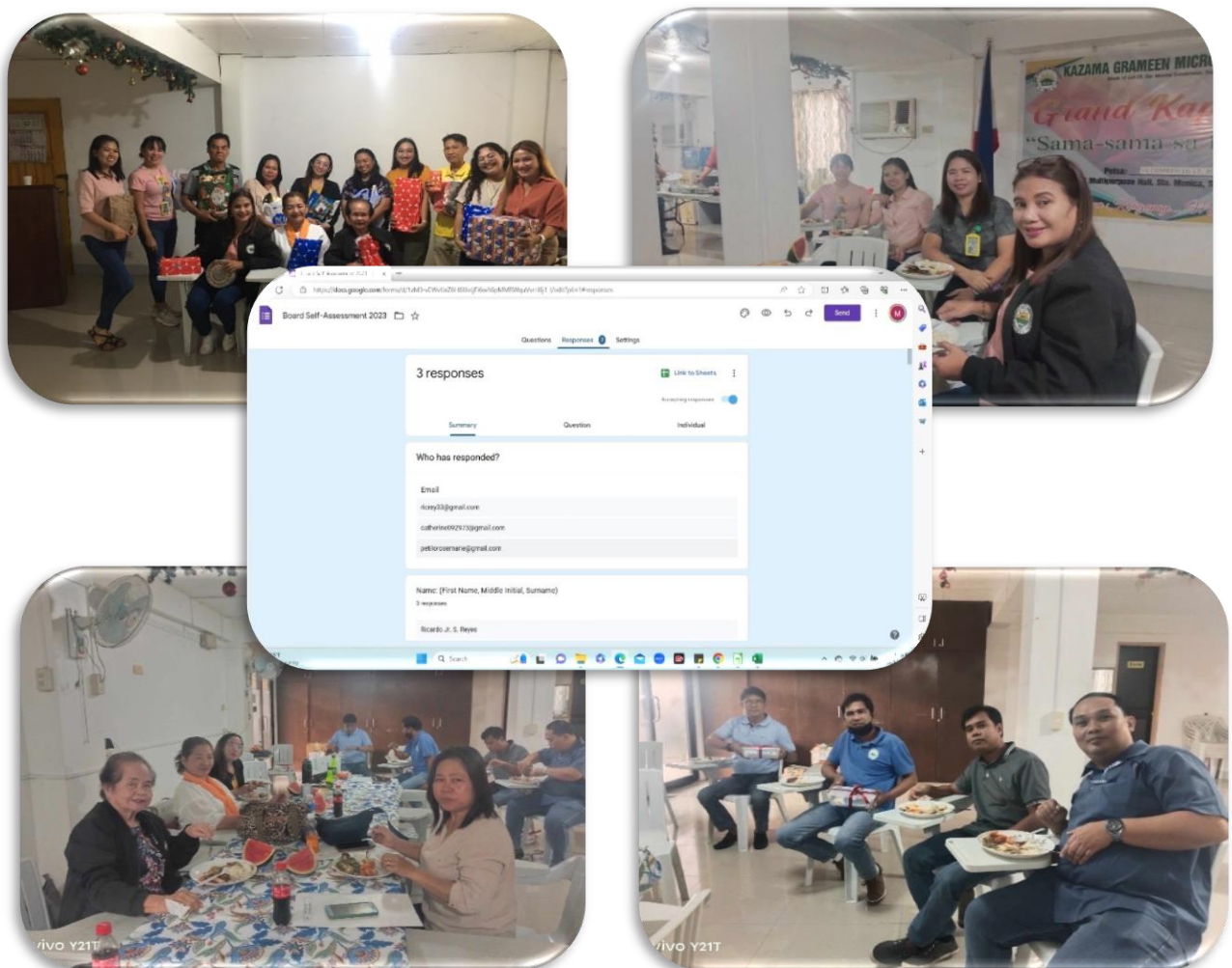
The members of the Board of Trustees of KGI MBA is defined in its constitution and By-Laws that they shall not be entitled to any compensation or remuneration for their services rendered, except for any actual reimbursements of monitoring and transportation expenses incurred in the performance of their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

Board And Committees Performance Appraisal

Board performance appraisal, also known as board evaluation, is a process designed to assess the effectiveness, performance, and contributions of the board of trustees.

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.

This year, the Board of Trustees used an online Board, Committee and Self-assessment which presented during the Management Forum. The assessment tool was first presented to the committee of Corporate Governance and discussed its content and advantages which the committee then approved and implemented to be complied by the whole board members during the last regular board meeting. Results of the assessment will be presented back to the committee for assessment.



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 17 of the 2023 Audited Financial Statement.

Transparency and Disclosure

To ensure transparency and disclosure, KGI MBA adopt practices such as open communication channels, regular reporting, clear documentation of processes and decisions, and a culture that values honesty and accountability.

Central to our commitment to corporate governance is the principle of transparency, which entails open and honest communication, disclosure of relevant information, and adherence to established regulations and standards. We believe in providing stakeholders with timely, accurate, and comprehensive information about our business practices, financial performance, and risk management strategies, thereby enabling informed decision-making and fostering trust in our organization.

Disclosure of relevant information allows stakeholders to make informed decisions. Transparent communication helps in managing risks effectively. By openly discussing potential risks, vulnerabilities, and challenges, organizations like KGI MBA can develop proactive strategies to mitigate them before they escalate.

Transparent communication fosters better relationships with stakeholders. Whether it's employees, customers, investors, or the public, keeping them informed builds loyalty and enhances the reputation of the organization.

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 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/kzamagramenmba> .
- ✚ **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 for inquiries.

External and Internal Audit

The association is in compliance with Insurance Commission Circular No.29-2009 dated November 10, 2009 in the selection of external auditor. M.A. Mercado & Co. through its signing partner Mr. Marcelino Mercado, certified the Financial Statement of the association. KGI MBA incurred ₱100,000 (based on audit proposal plus 12% VAT and out of pocket expenses not yet included as of writing) for its audit for the 2023 financial statement. There was no non-audit engagement in 2023, hence, no non-audit fees were paid.

KGI MBA shares internal audit service with its partner MFI, KGMI. The audit team is headed by Ms. Kathleen D. Rodriguez. The internal audit plays a vital role in promoting good governance, enhancing risk management practices, and supporting organizational effectiveness by providing independent and objective assurance. It serves as a valuable resource for management and stakeholders in achieving their objectives and maintaining trust in the organization's operations.

STAKEHOLDER INTEREST

Stakeholder interest refers to the concerns, needs, expectations, and objectives of individuals or groups who have a stake or interest in the activities, decisions, and outcomes of an organization. Understanding and addressing the interests of stakeholders is essential for building trust, maintaining positive relationships, and achieving long-term success and sustainability. KGI MBA ensures that stakeholders receive high-quality services and programs, and that all transactions with them are transparent and fair.

Members Satisfaction

To further provide an outstanding products and services to its members, KGI MBA rolled-out the implementation of this product this January 2023, of the HAPI Plan as well as the newly approved Enhanced Basic Life Insurance Plan. HAPI Plan is the most awaited product of KGI MBA members because of its affordable premium yet the member and his/her beneficiaries can get a high amount of benefit. This is the result of the continuous conduct of surveys to the members through our MBA Coordinators and branch General Assemblies on what they want to still improve and get from the association.

By prioritizing member satisfaction and addressing their needs and preferences, KGI MBA can cultivate a loyal and engaged membership base, drive positive word-of-mouth referrals, and achieve sustainable growth and success in the long run.

Suppliers and Contractors

Suppliers and contractor are interested in fair and transparent business dealings, timely payments, and mutually beneficial relationships. They also care about the organization's financial health and ability to honor contractual agreements.

The Association has a policy about the selection, bidding and approval process for the selection of suppliers that can be read in its Corporate Governance

Manual. 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 2023.

Environmentally-friendly Value Chain

An environmentally friendly value chain, also known as a sustainable or green value chain, is a framework that integrates environmental considerations throughout the entire lifecycle of a product or service, from raw material sourcing to end-of-life disposal or recycling. The goal is to minimize negative environmental impacts while maximizing value creation and meeting the needs of stakeholders.

Though 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.

Employees

Employees seek fair compensation, opportunities for career development, a safe and supportive work environment, and recognition for their contributions. They are also interested in the company's stability, reputation, and long-term prospects.

In 2023, an across the board salary increase was approved by the board to help employees cope up with the increasing commodities and rising standard of living. The requested increase also in the transportation of KGI MBA staff was granted and adjusted accordingly.

An incentive was also given to the staffs for their impressive performance evaluation considering the three quarters of the year initiated by the partner MFI.

Moreover, as a practice and part of the employee's benefits, an annual medical examination was done in March 2023 through the company-initiated health insurance through Philcare in partnership with RMSI.

Anti-corruption and Whistle Blowing Policy

To not compromise the integrity of the association's operations, as written in the personnel manual, all employees are encouraged to inhibit from participating or recommending approval of any transactions that will directly or indirectly benefit one's financial interest and observe the highest standard of morality, integrity, honesty and loyalty in the performance of one's duties and responsibilities.

Also, employees and stakeholders are encouraged to report unethical behaviors, malpractices, wrongful conduct, fraud, corruption or other improper activity against the institution, violation of the company's policies and values by its trustees, officers and staff, without any fear of retaliation. All reports of illegal and dishonest activities will be promptly submitted to the President/Audit Committee and Internal Auditor who will be responsible for investigating and coordinating corrective action. The identity of the whistleblower will not be included in the report, and his/her identity will be kept secret.

COMMUNITY OF OPERATIONS

Every year, KGI MBA attends the Annual General Assembly of the branches of its partner MFI, KGMI. The General manager and its staffs are given a chance to discuss and inform the members in the covered areas of the branch of its policies and procedures and allowing the members to raise questions to clear their understanding of the products of KGI MBA.

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.

Compliance to Regulatory Bodies

Government agencies and regulatory bodies are interested in ensuring compliance with laws, regulations, and industry standards. They monitor the organization's operations to protect public interests, maintain market integrity, and enforce legal requirements.

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 29 as well as the other documentary requirements to the statement. The association also diligently complies to IC's quarterly reports and SEC's requirement to file the GIS.

Creditor's Rights

There were no third-party credit obligations exists for the Association in 2023. 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 2023, 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 members. Any profit made by the association as a result of its operations is to 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.

THE MANAGEMENT



Third from Left:

Mary Jane N. Concepcion

General Manager

First from Right:

Edna E. Mediaro

Operations Officer

Second from Right:

Cristalyn R. Estel

Bookkeeper

Third from Right:

Ronald D. Pascua

MIS Officer

Second from Left:

Cristine Arvei A. Peralta

MIS Staff

First from Left:

Dignadise M. Dayao

MIS Staff

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

AUDITED FINANCIAL STATEMENTS
December 31, 2023
with Report of Independent Auditors
(With Comparative Figures for 2022)



MAM & Co.

M. A. MERCADO & Co.
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6815 Ayala Avenue North
1226 Makati City, Philippines

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E-mail: mercado_cpa@yahoo.com
Website: mamercado.com

INDEPENDENT AUDITORS' REPORT

The Members and 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 financial statements of **Kazama Grameen (KGI) Mutual Benefit Association (KGI-MBA) Inc.** (*a Non-stock, Not-for-profit Association*) (*the Association*), which comprise the statement of financial position as at December 31, 2023, and the related statement of profit or loss and other comprehensive income, statement of changes in members' equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **Kazama Grameen (KGI) Mutual Benefit Association (KGI-MBA) Inc.**, as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Other Matters

The financial statements of **Kazama Grameen (KGI) Mutual Benefit Association (KGI-MBA) Inc.** (*a Non-stock, Not-for-profit Association*) as of and for the year then ended December 31, 2022 were audited by another independent auditors who expressed an unqualified opinion on those statements on April 24, 2023.



Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditors' 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.

Auditors' 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.



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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.



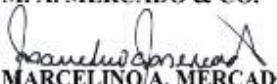
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Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audit was 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 in Note 22 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 supplementary information is the responsibility of the management of **Kazama Grameen (KGI) Mutual Benefit Association (KGI-MBA) Inc.** and has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

M. A. MERCADO & CO.


MARCELINO/A. MERCADO

Partner

CPA License No. 066885

Tax Identification No. 102-921-222

P.T.R. No. 10088643; Issued on January 12, 2024, Makati City

SEC Accreditation No. 66885-SEC (Group B)

Issued on January 25, 2022

Valid until 2025 Financial Statements of SEC covered institutions

BIR Accreditation No. 08-003338-002-2021

Issued on December 9, 2021; Valid until December 8, 2024

IC Accreditation No. 66885-IC (Group A)

Issued on January 26, 2021

Valid until 2024 Financial Statements of IC covered institutions

Firm's BOA/PRC Cert. of Reg. No. 5658

Issued on September 18, 2020; Valid until September 17, 2023

Firm's SEC Accreditation No. 5658-SEC (Group B)

Issued on January 25, 2022

Valid until 2025 Financial Statements of SEC covered institutions

Firm's BIR Accreditation No. 08-006173-000-2024

Issued on March 5, 2024; Valid until March 5, 2027

Firm's IC Accreditation No. 5658-IC (Group A)

Issued on January 26, 2021

Valid until 2024 Financial Statements of IC covered institutions

April 15, 2024

KAZAMA GRAMEEN (KGI) MUTUAL BENEFIT ASSOCIATION (KGI-MBA) INC.*(A Non-Stock, Not-for-Profit Association)**(With comparative figures for 2022)***STATEMENTS OF FINANCIAL POSITION**

		December 31	
	<i>Notes</i>	2023	2022
ASSETS			
Cash	<i>2,4</i>	₱ 14,377,220	₱ 17,562,672
Short-term investments	<i>2,5</i>	14,124,632	29,295,944
Financial assets	<i>2,3,6</i>		
Held-to-maturity (HTM) investments		30,580,918	15,813,000
Financial asset at fair value through profit or loss		6,106,856	5,857,621
Loans and receivables		10,326,001	8,078,256
Property and equipment	<i>2,3,7</i>	141,385	129,220
Prepayments and other assets	<i>2,8</i>	912,570	827,567
		₱ 76,569,582	₱ 77,564,280
LIABILITIES AND EQUITY			
Liabilities			
Insurance contract liabilities	<i>2,9</i>	₱ 35,781,742	₱ 38,401,015
Accrued expenses and other liabilities	<i>2,10</i>	2,151,834	4,733,952
		37,933,576	43,134,967
Fund Balance			
Appropriated fund balance	<i>20</i>	28,945,997	20,826,652
Unappropriated fund balance	<i>20</i>	9,690,009	13,602,661
		38,636,006	34,429,313
		₱ 76,569,582	₱ 77,564,280

See Accompanying Notes to Financial Statements.

KAZAMA GRAMEEN (KGI) MUTUAL BENEFIT ASSOCIATION (KGI-MBA) INC.*(A Non-Stock, Not-for-Profit Association)**(With comparative figures for 2022)***STATEMENTS OF COMPREHENSIVE INCOME**

		Years Ended December 31	
	Notes	2023	2022
REVENUES			
Premiums on insurance contracts	2,11	₱ 11,593,600	₱ 12,349,322
Investment and other income	2,12	1,643,399	1,014,142
Miscellaneous income	2,13	3,343,565	8,557
TOTAL REVENUE		16,580,564	13,372,021
BENEFITS, CLAIMS, AND EXPENSES	15		
Gross insurance contract benefits and claims paid		8,857,840	8,187,427
Gross change in insurance contract liabilities		(2,669,428)	(547,798)
Collection fees		594,590	614,443
		6,783,002	8,254,072
GENERAL AND ADMINISTRATIVE EXPENSES	14	5,456,806	5,592,122
TOTAL COSTS AND OPERATING EXPENSES		12,239,808	13,846,194
EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES) BEFORE PROVISION FOR TAX		4,340,756	(474,173)
PROVISION FOR FINAL TAX	16	134,063	114,473
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR*		₱ 4,206,693	₱ (588,646)

*See Accompanying Notes to Financial Statements.*** The Association has no other comprehensive income*

KAZAMA GRAMEEN (KGI) MUTUAL BENEFIT ASSOCIATION (KGI-MBA) INC.*(A Non-Stock, Not-for-Profit Association)**(With comparative figures for 2022)***STATEMENTS OF CASH FLOWS**

	<i>Notes</i>	Years ended December 31	
		2023	2022
Cash flows from operating activities			
Income (loss) before provision for final tax		P 4,340,756 P	(474,173)
Adjustments for:			
Interest income	2	(1,394,165)	(1,035,788)
Amortization of premium/(discount)	2,3,6	953,082	(245,160)
Depreciation	2,3,7	63,425	34,523
Fair value loss (gain) on financial assets through profit or loss	2,3,6	(249,235)	21,646
Cash generated from operations before working capital changes		3,713,864	(1,698,952)
Changes in operating assets and liabilities:			
(Increase) decrease in:			
Loans and receivables	2,3,6	(2,247,745)	(4,256,306)
Prepayments and other assets	2,8	(85,003)	(230,745)
Increase (decrease) in:			
Insurance contract liabilities	2,9	(2,619,273)	(547,798)
Accrued expenses and other liabilities	2,10	(2,582,118)	270,507
Cash used in operations		(3,820,275)	(6,463,294)
Final taxes paid		(134,064)	(114,473)
Net cash used in operating activities		(3,954,339)	(6,577,767)
Cash flows from investing activities			
Proceeds from:			
Short-term investments	2,3,6	15,182,049	-
Maturities of HTM investments	2,3,6	15,182,049	15,646,150
Acquisitions/availments of:			
Short-term investments	2,3,6	-	(172,368)
Held-to-maturity (HTM) investments	2,3,6	(30,903,049)	(15,567,840)
Property and equipment	2,3,7	(75,590)	(158,479)
Interest received; net of final tax	2	1,383,428	1,498,705
Net cash used in investing activities		768,887	1,246,168
Net decrease in cash and cash equivalents		(3,185,452)	(5,331,599)
Cash and cash equivalents, beginning of year	2,4	17,562,672	22,894,271
Cash and cash equivalents, end of year		P 14,377,220 P	17,562,672

See Accompanying Notes to Financial Statements.

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

(A Non-Stock, Not-for-Profit Association)

(With comparative figures for 2022)

STATEMENTS OF CHANGES IN MEMBERS' EQUITY

Year ended December 31, 2023

	Appropriated Fund Balance		Unappropriated Fund Balance		Total
	Guaranty Fund <i>(Note 20)</i>	Member's Benefit	Guaranty Fund <i>(Note 20)</i>	Member's Benefit	
Balances at January 1, 2023	₱ 16,164,629	₱ 4,662,023	₱ 605,733	₱ 12,996,928	₱ 34,429,313
Total comprehensive income	-	-	-	4,206,693	4,206,693
Appropriation of during the year	579,680	7,586,715	(579,680)	(7,586,715)	-
Reversal of appropriation	(4,750)	-	4,750	-	-
Distribution to members	-	(42,300)	-	42,300	-
Balance at December 31, 2023	₱ 16,739,559	₱ 12,206,438	₱ 30,803	₱ 9,659,206	₱ 38,636,006

Year ended December 31, 2022

	Appropriated		Unappropriated Fund Balance		Total
	Members' Equity <i>(Note 20)</i>	Guaranty Fund	Guaranty Fund <i>(Note 20)</i>	Members' Equity	
Balances at January 1, 2022	₱ 15,644,555	₱ 5,706,364	₱ 1,125,807	₱ 12,541,233	₱ 35,017,959
Total comprehensive loss	-	-	-	(588,646)	(588,646)
Appropriation of during the year	617,466	-	(617,466)	-	-
Reversal of appropriation	(97,392)	-	97,392	-	-
Distribution to members	-	(1,044,341)	-	1,044,341	-
Balance at December 31, 2022	₱ 16,164,629	₱ 4,662,023	₱ 605,733	₱ 12,996,928	₱ 34,429,313

See Accompanying Notes to Financial Statements.

