

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

(A Nonstock, Not-for-Profit Association)

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Kazama Grameen (KGI) Mutual Benefit Association (KGI-MBA) Inc. (the Association) is a non-stock, not-for-profit organization registered with the Securities and Exchange Commission (SEC) on September 23, 2011, with SEC Reg. No. CN201117039, primarily to advance the interest and promote the welfare of its members in particular and the interest and welfare of the Philippines in general.

On March 14, 2012, the Association obtained its license to offer life and health insurance to all Kazama Grameen Inc.'s (KGI) members. Since its approval, the Association focused on the campaign and information dissemination of the new insurance policy to branches, members and employees.

On November 2, 2012, the Insurance Commission approved the Association's Implementing Rules and Regulations governing the benefits under the Certificate of Membership to members or his/her beneficiaries.

On July 1, 2013, the Association renewed its license with the Insurance Commission (IC) to operate as a mutual benefit association providing microinsurance benefits to all members of KGI.

As a nonstock, not-for-profit and mutual benefit association, the Association is exempt from income tax with respect to income obtained as an incident to its operations as provided under the National Internal Revenue Code of 1997 as amended by Republic Act 8424 known as the Comprehensive Tax Reform Program by the Bureau of Internal Revenue.

The Association's registered office, which is also its principal place of business, is Block 12 Lot 25 Sta. Monica Subd., Matina, Subic, and Zambales.

The accompanying financial statements of the Association were authorized and approved for issue by the Board of Trustees (BOT) on April 13, 2016.

2. Basis of Preparation and Statement of Compliance

Basis of Preparation

The Association's financial statements have been prepared on a historical cost basis. The financial statements are presented in Philippine Peso (₱), which is the Association's functional and presentation currency. All amounts are rounded to the nearest peso, unless otherwise indicated.

Statement of Compliance

The financial statements of the Association have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

