

2020 Annual Report of the President
to KCCDMFI Membership Meeting

Atty. Ibarra A. Malonzo, President/Chief Executive Officer

This report covers primarily the operational and financial performance of KCCDMFI for the fiscal year 2020 and updates from January to April 30, 2021.

Following three (3) years of gradual recovery (2016-2018) from the crisis year of 2015, KCCDMFI had a good year in 2019 with an outreach of 20, 559 active clients, an all-time high Loan Portfolio of P208, 124, 933, a PAR (portfolio at risk rate) of 3 percent, and a net profit of P11, 391, 052.00.

OUTREACH

	2018	2019	2020
# OF CLIENT	14390	20559	17199
Loan Portfolio	121,161,519.07	208,124,933.24	168,676,440.04
Partner at Risk	457	503	3916
Pastdue	2,763,764.27	3,404,768.68	44,627,409.88
Par Amount	3,591,990.19	6,378,786.24	46,581,191.60
Par Rate	2.91%	3.06%	27.62%

COMPARATIVE STATEMENT OF COMPREHENSIVE INCOME

For the year ended 2018, 2019, 2020 and 1rst Quarter of 2021

	AFS) 2018	(AFS) 2019	(AFS) 2020	2021(1rst QTR-IFS)
Total Revenue	85,736,064	137,797,414	90,951,885	27,473,806
Loan int. Income	80,571,038	134,833,936	88,075,084	25,073,225
Other Income	5,165,026	2,963,478	2,876,801	2,400,581
Total Expenses	81,124,862	126,406,363	99,959,775	25,262,838
Financial Cost	10,406,596	23,115,329	10,545,038	1,991,936
Provision for loan los	5,315,327	9,907,917	5,652,465	2,104,750
Personnel Cost	35,664,181	44,880,411	48,760,223	11,984,829
Operating Cost	28,040,830	45,793,066	33,362,323	8,860,491
Income Tax	1,697,928	2,709,640	1,639,726	320,832
Net Income/(Loss)	4,611,202	11,391,051	-9,007,890	2,210,968

The first two and a half months of 2020 promised another good year for KCCDMFI. But Covid-19 Pandemic broke out in Wuhan, China in December 2019, quickly spreading throughout the world.

The World Health Organization alerted the world to this new contagious and dangerous corona virus infection that would quickly engulf the world’s population and declared it to be a pandemic and recommended unprecedented measures to contain the spread of this virus.

President Duterte, following the example of China and the recommendation of WHO placed Luzon, including the National Capital Region, under Enhanced Community Quarantine (ECQ) starting March 17 which placed the entire population under various levels of lockdown. The President directed the entire machinery of government as follows:

1. Classes and all school activities in all levels suspended;
2. Mass gatherings shall be prohibited;
3. Strict quarantine shall be observed in all households; movement shall be limited to access basic necessities;
4. Mass public transport facilities on land, air and sea, including private vehicles are barred from travel.

Zamboanga City was placed under ECQ on March 20 up to May 15. The other provinces of Zamboanga Peninsula, including Isabela City, followed ECQ within days.

From ECQ, the local governments moved into General Community Quarantine (GCQ) by May 5 for Sibugay and Zamboanga del Norte and May 16 for Zamboanga City. On July 1, GCQ was relaxed a bit and became Modified General Community Quarantine (MGCQ) in the region.

The Community Quarantine measures enforced in the Zamboanga Peninsula and the remedial measures taken by KCCDMFI field operations are enumerated in the chart below.

MONTH	DESCRIPTION
March 20 to May 15, 2020	Zamboanga City – Enhanced Community Quarantine (ECQ) -No Loan Releases and all other service available in force, until further notice -No Center Meeting -No Collection of Payment -No Loan Releases -No Saving Withdrawal
March 20 to April 19, 2020	-Skeleton-Staffing in Head Office -Head and Branche Offices - paperwork only
April 20, 2020	-The Local Government of Zamboanga City strengthened its Enhanced Community Quarantine (ECQ) measures, as such that it is no longer feasible to maintain skeleton-staff requirement at the Head and Branch Office

	-Work from Home set-up starting this date
May 4, 2020	General Community Quarantine (GCQ) – Sibugay -Resume Field Work in Sibugay Branches -Release and Collections
May 16 – 31, 2020	General Community Quarantine (GCQ) – Zamboanga City -Skeletal Force scheduled to both Head and Branch Offices -All employees are required to work effective May 18, 2020
June 16, 2020	-Both Head and Branch Offices - a Five-day regular work week starting this day
July 1, 2020	-Modified General Community Quarantine (MGCQ) – Zamboanga City -Both Head and Branch Offices - a Five-day regular work week starting this day
July 15, 2020	The Board of Trustees directed the management to draft and then approved a Business Continuity Plan to maintain responsible treatment of clients; to support them in coping with the Covid-19 situation; to minimize risk of infections to staff and clients, in order to ensure business continuity as well as proactive communications with key stakeholders.

POLICY ON COLLECTION SCHEDULE

PERIOD (FY 2020)	POLICY	REMARKS
March 20 to April 30, 2020	-Moratorium on loan collection is imposed;	-In compliance with the Bayanihan to Heal as One Act
June 1-30, 2020	-Moratorium on collection is extended.	-This is a unilateral action by the Institution as a form of assistance to its member-client. However, voluntary payments are highly encouraged
May 18 to June 30, 2020	-Voluntary payments made by the clients to settle their loan obligations; -Field Operation personnel may accept payment but not force/obligate clients to pay	-Voluntary payments are highly encouraged so as to enable the Institution to approve loan renewal applications and consequently release funds to help members save/sustain their business

July 1 onwards	-Compulsory payment on loan obligations must be made by the clients	-MFIs must ensure business continuity
October 15 to December 15, 2020	-Bayanihan 2 gave another 60-days grace period of loan payment from October 15 to December 15, 2020, but payable starting January 2021	-Fortunately, clients volunteered to continue paying their loan.

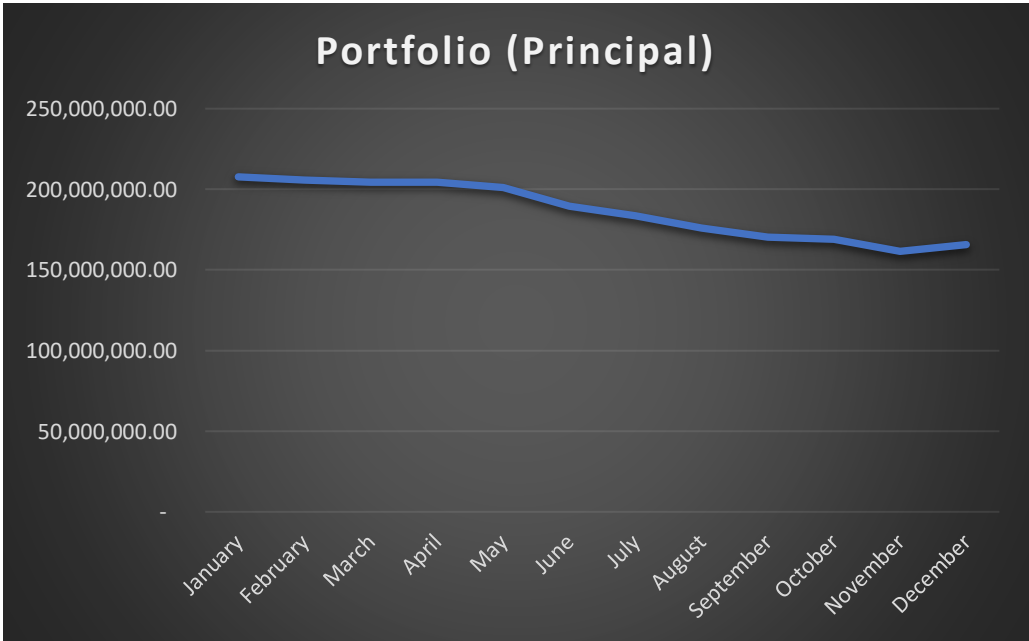
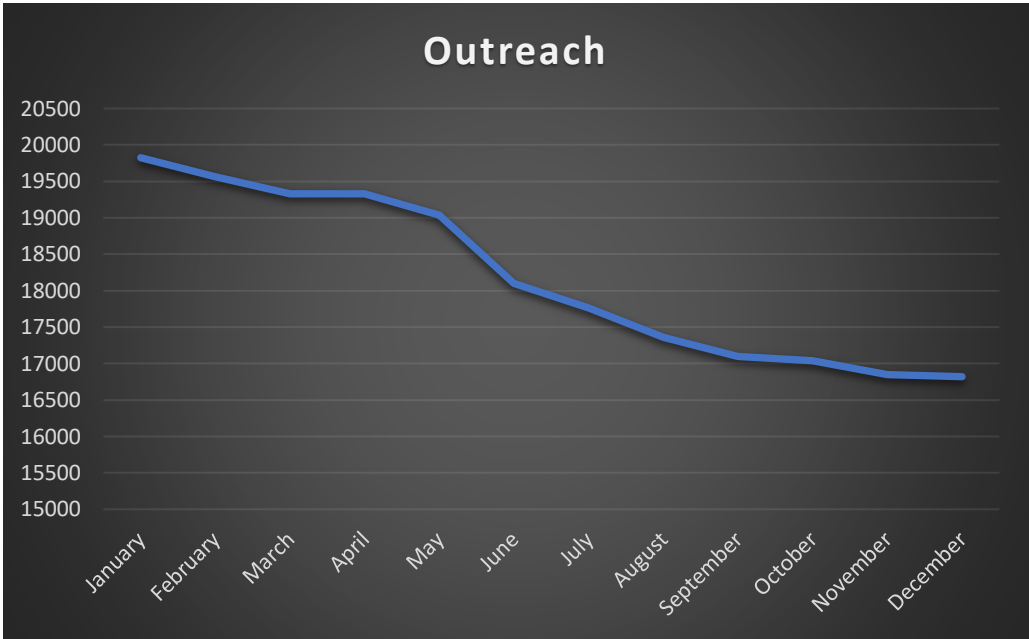
The ECQ brought KCCDMFI field operations as well as the head office support services to a halt starting on March 20, up to May 15. Loan payment collections and disbursement of new loans to clients would resume under GCQ and MGCQ by May 16, but the over-all performance would suffer a great fall throughout 2020.

Let me show you KCCDMFI's operational performance on a month by month for FY 2020 thru the following charts and graphs.

The Comparative Report on Operational Update.

Loan Portfolio and Outreach for the Year 2020

Month	Accounts	Clients	Total OLB (P)	Total OLB (P+I)
January	21011	19825	207,710,741.02	234,024,324.76
February	20655	19561	205,629,211.81	231,646,337.43
March	20385	19333	204,456,570.13	230,032,660.25
April	20384	19332	204,320,971.72	229,865,593.63
May	20054	19037	201,149,959.46	222,817,058.15
June	19042	18103	189,412,292.71	209,576,483.54
July	18616	17765	183,546,073.20	204,598,768.22
August	18127	17360	175,942,683.70	195,384,038.71
September	17995	17095	170,230,395.37	199,904,555.41
October	18001	17042	169,000,255.00	202,959,913.79
November	17785	16846	161,526,588.15	194,330,178.22
December	17728	16820	165,795,044.75	200,573,731.65



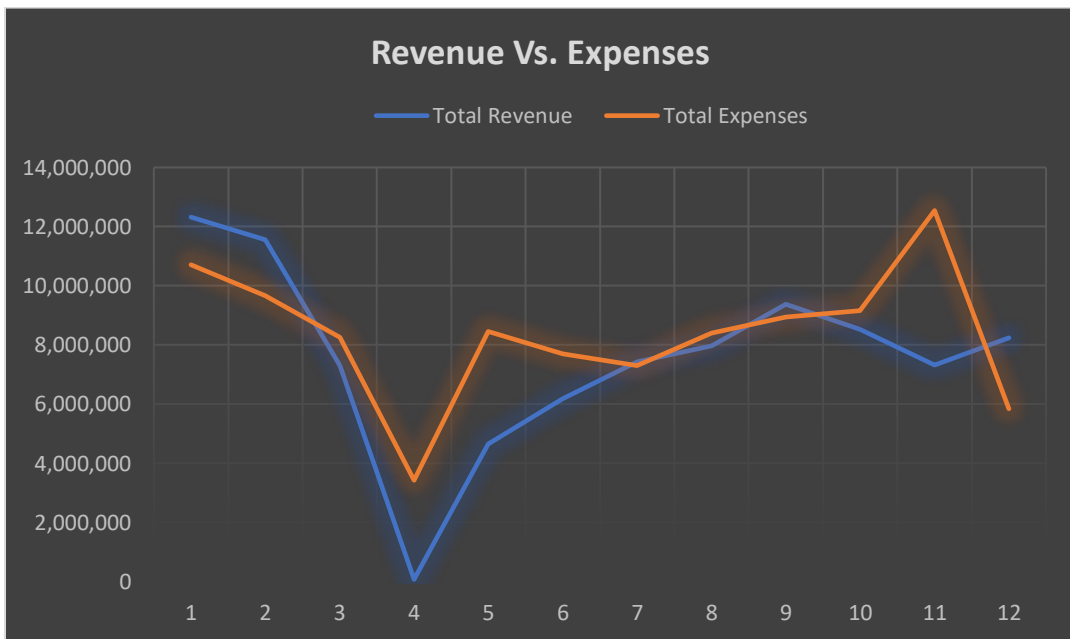
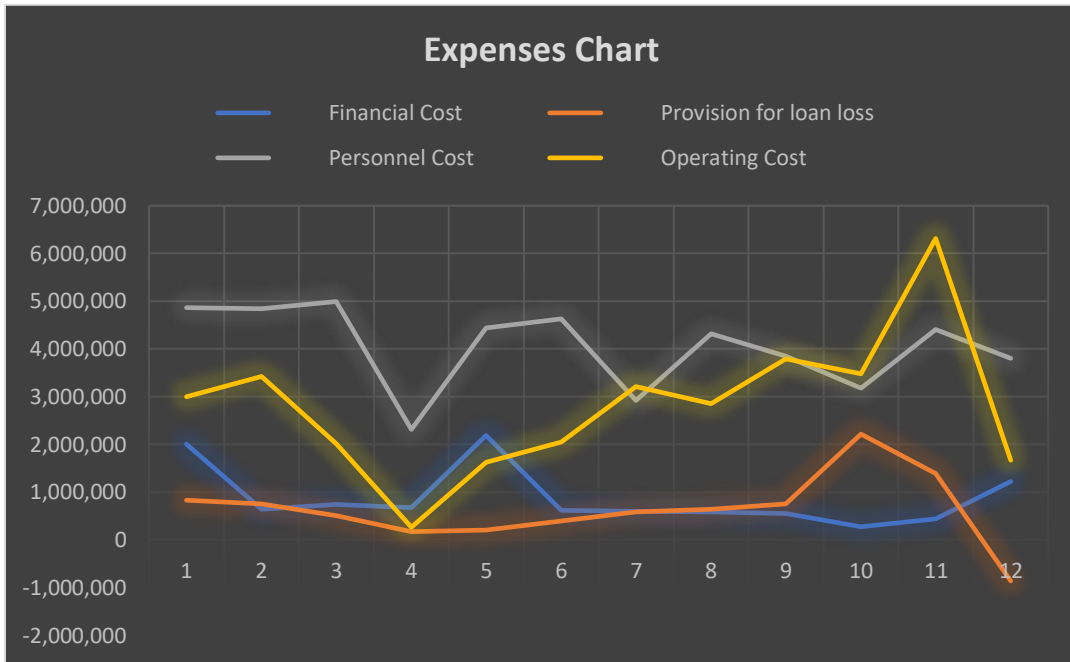


FY 2020 ended with a loan portfolio of P168, 676, 440.04 from a loan portfolio of P208, 124, 933.24 in year end 2019, down by P39, 448, 493.2. Revenue for 2019 went down to P90, 951, 885.00 from P137, 797, 414 in 2019, incurring a net loss of P9 007 890.00. Partners at risk rose from 503 in 2019, to 3916 in 2020. PAR amount increased to P46, 581, 191.60 in 2020, over P6, 378, 786.24 in 2019.

Below shows the financial performance for 2020 with gross revenue amounting to P90, 961, 885.00, the total expenses at P99, 969, 775.00 and with the net income/(loss) at P-9, 007, 890.00.

	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
Total Revenue	12,321,329	11,549,697	7,305,972	75,159	4,645,510	6,192,080	7,427,952	7,967,959	9,381,405	8,527,664	7,325,681	8,231,479	90,951,885
Loan int. Income	12,117,269	11,239,445	7,091,257	31,629	4,626,430	6,028,832	7,249,583	7,787,599	9,132,497	8,171,481	7,103,799	7,495,263	88,075,084
Other Income	204,059	310,252	214,715	43,530	19,080	163,248	178,369	180,359	248,908	356,182	221,882	736,216	2,876,801
Total Expenses	10,703,686	9,662,792	8,253,218	3,425,248	8,463,070	7,698,363	7,307,568	8,400,864	8,947,806	9,151,104	12,543,840	5,402,215	99,959,775
Financial Cost	2,009,545	637,389	737,413	679,977	2,187,359	618,895	596,148	587,082	555,121	274,081	441,889	1,220,141	10,545,038
Provision for loan loss	827,565	753,187	509,887	166,667	205,967	398,507	587,562	646,735	754,144	2,215,768	1,385,606	-2,799,126	5,652,465
Personnel Cost	4,865,924	4,846,592	4,993,079	2,313,145	4,445,138	4,630,349	2,915,925	4,313,536	3,850,816	3,179,848	4,403,590	4,002,280	48,760,223
Operating Cost	2,750,636	3,194,931	2,012,839	264,256	1,531,996	1,927,452	3,052,057	2,968,691	3,600,554	3,055,397	5,166,988	3,836,527	33,362,323
Income Tax	250,017	230,694	0	1,203	92,610	123,161	155,876	-115,179	187,171	426,011	1,145,768	-857,606	1,639,726
Net Income/(Loss)	1,617,643	1,886,904	-947,246	-3,350,089	-3,817,560	-1,506,283	120,384	-432,906	433,599	-623,440	-5,218,159	2,829,264	-9,007,890

Meanwhile, below displays the expenses chart, total revenue, and total expenses.



Despite the great loss of revenues from interest income, we maintained our staff numbering 140 as of December 31, 2020 and paid their compensation and benefits. Other big micro finance NGOs scaled down their staff and stopped paying their salaries to save on costs following the no-work no pay policy, which we found cruel. We opted to retain our regular staff and maintain their salaries our human resources, their knowledge, skills and commitment to the organizations vision, mission and goals are very valuable human capital.

Performance year end December 2020 by Branch Office

Outreach Status and Portfolio Quality

Branch Name	BM	SFCO	FCO	Active Client	Portfolio	Past Due	PAR Amount	PAX @ Risk	PAR Rate
Mercedes Branch	1	1	4	1282	15,864,544.85	9,103,476.83	9,213,198.18	503	58.07%
Talon-Talon Branch	1	1	3	916	9,817,580.90	4,110,380.70	4,153,837.54	299	42.31%
Tetuan Branch	1	1	3	817	7,374,958.59	1,596,054.49	1,596,054.49	142	21.64%
Maasin Branch	1	0	4	827	7,299,181.13	1,934,496.28	1,989,553.91	257	27.26%
Total Area A	4	3	14	3842	40,356,265.47	16,744,408.30	16,952,644.12	1201	42.01%
Sangali Branch	1	1	4	1102	8,661,629.20	1,387,278.61	1,493,895.43	155	17.25%
Putik Branch	1	1	4	981	9,342,733.24	1,083,333.09	1,104,252.93	92	11.82%
Talisayan Branch	1	1	4	979	9,540,185.62	733,378.72	753,313.87	60	7.90%
Cabaluay Branch	1	1	3	749	6,944,405.05	2,633,010.08	2,684,323.30	186	38.65%
Total Area B	4	4	15	3811	34,488,953.11	5,837,000.50	6,035,785.53	493	17.50%
Sta. Maria Branch	1	1	3	1014	10,594,206.40	19,845.99	19,845.99	1	0.19%
Sta. Catalina Branch	1	1	3	984	10,840,330.79	2,681,972.47	2,720,402.94	295	25.10%
Sinunuc Branch	1	1	3	926	7,246,183.34	1,107,707.92	1,124,541.89	158	15.52%
Curuan Branch	1	0	4	468	5,578,697.38	1,041,059.91	1,041,059.91	49	18.66%
Total Area C	4	3	13	3392	34,259,417.91	4,850,586.29	4,905,850.73	503	14.32%
IPIL Branch	1	1	3	965	12,796,903.82	4,490,280.41	4,583,164.67	256	35.81%
Kabasilan Branch	1	1	3	939	8,291,382.35	1,006,152.49	1,054,672.33	159	12.72%
Imelda Branch	1	1	3	1395	16,576,501.45	6,500,917.39	6,987,554.07	451	42.15%
Olutanga Branch	1	0	3	605	7,099,116.94	1,826,911.14	1,953,818.28	169	27.52%
Total Area D	4	3	12	3904	44,763,904.56	13,824,261.43	14,579,209.35	1035	32.57%
Vitali Branch	1		4	544	3,865,422.91	112,707.61	112,707.61	16	2.92%
Siocon Branch	1	0	3	610	4,070,623.83	1,113,600.68	1,217,574.33	211	29.91%
Liloy Branch	1	0	4	717	3,990,456.96	810,299.69	900,831.85	189	22.57%
Marikina Branch	1	0	3	379	2,881,395.29	1,334,545.38	1,876,588.08	268	65.13%
Total Area E	4	0	14	2250	14,807,898.99	3,371,153.36	4,107,701.87	684	27.74%
Grand Total	20	13	68	17199	168,676,440.04	44,627,409.88	46,581,191.60	3916	27.62%

Planning for Recovery and updates

As the year 2020 came to a close, we made plans to raise the level of productivity and efficiency of the staff, particularly our field staff. The board of trustees approved a contingency plan of cutting costs, including retrenchment of low performers if new performance targets cannot be

reached by the first quarter. The staff rallied to the plan. Hence, while the actual performance targets for the year weighed down on the entire staff, the new targets, and remedial measures to improve performance lifted the morale of the staff to face a new year.

After evaluating the poor performance of our Marikina Branch operation for the last three years, the Board of Trustees decided to close the branch and sell the assets to a newly organized cooperative, the Santo Niño Credit Cooperative (SNCC), for a net selling price of P2, 036, 782 payable in five years.

Plan for FY 2021

The performance targets for FY 2021 are as follows:

Outreach	20, 468
Loan Portfolio	199.4 Million
Revenue	101 Million
Net Income	3.6 Million

Performance Update January to April 2021

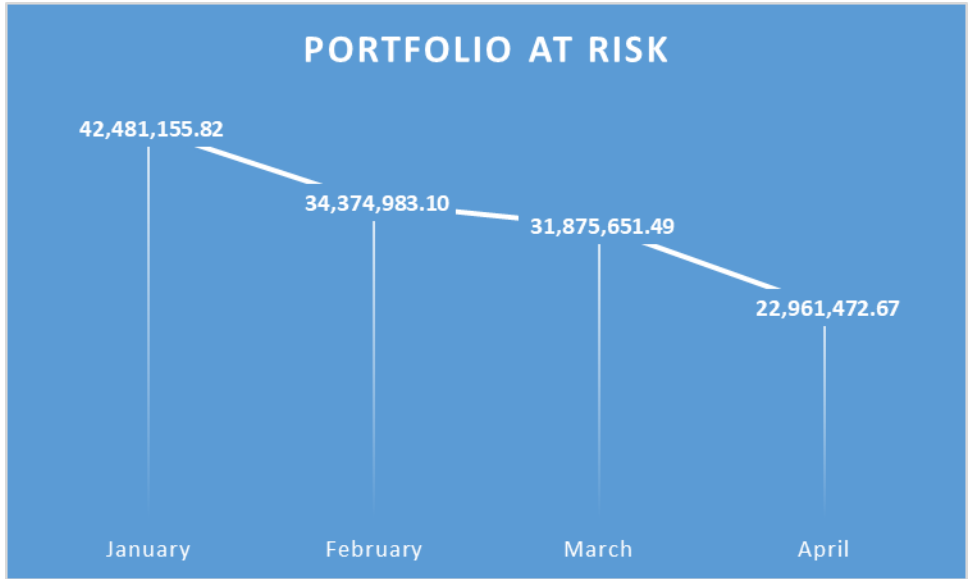
Let me show you the month-by-month performance showing significant recovery from January to April with the following charts and graphs.

Comparative Report from January to April, 2021

Month	Client	OLB (Principal)	OLB (P +I)
January	17287	182,360,853.37	202,442,028.96
February	17891	190,198,721.20	211,576,034.89
March	18699	196,069,789.28	218,223,342.42
April	19021	192,222,061.05	213,387,579.27

Month	Client at Risk	Portfolio at Risk	Past Due Amt	PAR Rate
January	3435	42,481,155.82	41,481,420.44	23.30
February	2865	34,374,983.10	33,757,530.26	18.07
March	2657	31,875,651.49	23,546,897.91	16.26
April	2169	22,961,472.67	22,198,203.06	11.95







Community Development

Despite the Covid 19 quarantine measures and our financial constraints, we continued to provide community development projects.

Unit Intervention for the year 2020

- COVID-19 response, distributed more than 10,000.00 pcs. washable mask and COVID tarpaulin campaign materials to KCCDMFI clients, at the same time provided income generating activity to 10 women who produce the said mask at P 25.00 per mask;
- Re-echo and Conducted Awareness Campaign on COVID -19 preventive measures, to not less 150 clients in different barangays and KCC organization;
- Donated 16 units Hand washing facility to selected schools and Barangay Health Center in Zamboanga City;
- Participate Mangrove tree planting activity initiated by Indigenous Peoples Association in Sitio Simariki, Talon-Talon Barangay. Seedlings comes from our maintained mangrove nursery in this particular area;
- Initiated community projects in the following area:
 1. Repair of Rice and Corn Dryer in Barangay Sulo, Naga Sibugay Province, for a total cost of P 68,000.00 for the supplies and materials, while the labor cost of the project was shouldered by Sulo Barangay Council;

2. Cementing of 200 meters passage way in Sitio Talaga, Barangay Licomu under Vitali Branch, project cost is P 40,000.00 for cement and steel bar, labor is done thru pintakasi work of the residents in this sitio;
3. Provided deep well project water source in Zone 3, Barangay Ayala with a total cost of P 25,000.00;
4. Another project has been initiated in Zone 7 Barangay Victoria a Deep well project and cementing of 50 meters passage way to residential area, the total cost of the project is P 25,000.00 from KCCDMFI and P 10,00.00 from KCC center fund;
5. Construction of sea weeds dryer in Barangay Labatan, Payao Imelda Sibugay Province, the total cost of the project is P 45,000.00 for the materials and supplies cost, which is made up of Bamboo trunk and stalk;
6. Establishment of concrete solar rice dryer in Lunday Valley, for almost 100 farmers within this area, which measures 20 X 30 meters long, the cost of the said project is more less P 49,000.00 for the materials and supplies. Labor cost is the counterpart of the identified beneficiaries.

KCCDFI Mutual Benefit Association (KMBA)

I would also want to include an update on an affiliate organization of KCCDMFI, the KCCDFI Mutual Benefit Association (KMBA) that was initiated by KCCDMFI in June 12, 2008. It was registered with the Securities and Exchange Commission and licensed by the Insurance Commission to provide micro insurance services to our clients. All our clients are members of KMBA. It has its own elected board of directors and employs its own management and staff of eight (8) people, headed by the General Manager, Teresa Gonzales.

Covid 19 Pandemic has also affected KMBA operations and finances. KMBA membership fell to 15700 in 2020 from 22 435 active members in 2019. The following are the KMBA comparative report from 2019 to 2020.

Comparative 2020 versus 2019			
Year Ended December 31	2020	2019	Percentage Rate of Inc/Dec.

MEMBERSHIP			
No of Active Members (MFI)	15,700	22,432	30%
No of Insured Individuals/Lives	45,494	68,268	33%

GROSS CONTRIBUTION			
Member's Contribution (Basic Life)	11,529,402	13,547,594	15%
Premium (Credit Life)	3,384,629	4,968,656	32%

PAID CLAIMS				
Particular	No. of Claims	Amount	Amount	
Basic Life Insurance Plan				
Death & TPD	215	5,142,000	5,311,000	3%
MVAH	13	43,705	113,262	61%
Life Refund	2771	3,934,414	4,048,488	3%
Credit Life Plan	95	1,217,737	1,486,000	18%
Retirement Savings Fund	2771	2,764,593	2,753,168	-0.4%
Total Claims Disbursed		13,102,449	13,711,918	

CLAIMS RATIO		
Claims Ratio (BLIP)	45%	40%
Claims Ratio (CLIP)	36%	30%

FINANCIAL HIGHLIGHTS			
ASSETS		113,923,335.00	111,804,798.00
LIABILITIES		79,149,834.00	76,076,577.00
NETWORTH		34,773,501.00	35,728,221.00

KMBA's not so healthy financial performance is due to the high level of payment for death claims and credit life, relative to the membership size, the current membership fee and weekly contribution of P15 per member, and the higher age level of the members compared to other leading MBAs such as CARD MBA. KMBA has applied to the Insurance Commission for an increase of weekly contribution from P15 to P30 with increase in death claim benefits as well. The other remedy is for KMBA to increase its members outside of KCCDMFI clients.

Where are we in our fight against poverty?

After years doing microfinance, have we succeeded in our goal of lifting poor households out of poverty? What is our impact on raising household's income from poor to above poverty level?

Based on the Family Income and Expenditures Survey (FIES) the Philippine Statistics Authority (PSA) said the poverty threshold per family of 5 in 2020 amounted to P10, 481.00 a month, or P125, 772 per year. The income level below this amount would categorize a family as being poor and an income above this would make a family non-poor.

The World Bank projected poverty at 19.8 in 2020 and 18.7 in 2021.

Using Instafin, a cloud-based database management system managed by our MIS unit, we have to date 4, 897 borrowers with loans ranging from P20,000 to P49, 000; 334 borrowers with loans ranging from P50,000 to P99,000 and 133 borrowers with loans ranging from P100,000 to P300,000. These comprised 30.25 percent of our present total number of clients of 17, 728 as of December 31, 2020. With a loan of P20, 000, double the average loan size of our clients at P10, 000 (with at least 6 loan cycles, and two household members employed in the household micro business) used mainly for working capital with daily to weekly revenues, a household can generate an income of at least P750 per day x 20 days a month = P15, 000 a month or a total of P180, 000 a year, which is way above the NSO national poverty threshold of P125, 772 per year for 2020. This annual household income from micro business exceeds the poverty threshold by P54, 228. We can safely say, we have helped significantly raise the income 30.25 percent of our members thru our microfinance service.

We will need to study further the actual household income of our clients derived from their loan to validate this hypothesis.

Clients with 20K – 49K Loans	4,897
Total Portfolio	<u>P126, 025, 000.00</u>
Clients with 50K – 99K Loans	334
Total Portfolio	<u>P 19, 221, 000.00</u>
Clients with 100K – 300K Loans	133
Total Portfolio	<u>P 19, 928, 000.00</u>
GRAND TOTAL	
Clients	5,364
Total Portfolio	<u>P 165, 174, 000.00</u>

Let me show you the List of Branches with borrowers whose loans ranges from 20K to 49K.

Branch	Count of Clients	Sum of Loan amount	Sum of OLB Principal
CABALUAY	214	5,304,000.00	3,297,448.39
CURUAN	133	3,817,000.00	3,367,181.24
IMELDA	778	19,665,000.00	16,951,131.72
IPIL	511	13,207,000.00	10,957,484.71
KABASALAN	275	6,711,000.00	5,124,747.32
LILOY	48	1,068,000.00	750,362.92
MAASIN	153	3,712,000.00	2,414,859.90
MERCEDES	535	14,677,000.00	10,061,175.16
OLUTANGA	208	5,279,000.00	4,229,082.69
PUTIK	281	7,198,000.00	4,279,190.84
SANGALI	207	5,239,000.00	3,209,962.59
SINUNUC	160	3,899,000.00	2,429,584.31
SIOCON	96	2,394,000.00	1,299,516.30
STA. CATALINA	263	6,940,000.00	4,224,895.66
STA. MARIA	256	6,586,000.00	4,089,945.50
TALISAYAN	233	5,738,000.00	3,467,713.96
TALON-TALON	245	6,793,000.00	4,169,860.35
TETUAN	223	5,876,000.00	3,429,761.81
VITALI	78	1,922,000.00	1,503,197.54
Grand Total	4897	126,025,000.00	89,257,102.91

Below is the List of Branches with borrowers whose loans ranges from 50K to 99K.

Branch	Count of Clients	Sum of Loan amount	Sum of OLB Principal
CABALUAY	11	660,000.00	473,645.81
CURUAN	6	300,000.00	276,114.13
IMELDA	27	1,615,000.00	1,100,910.88
IPIL	34	2,007,000.00	1,491,876.20
KABASALAN	15	845,000.00	434,263.16
MAASIN	5	250,000.00	224,942.31
MERCEDES	24	1,485,000.00	1,059,477.23
OLUTANGA	5	305,000.00	128,337.17
PUTIK	30	1,730,000.00	1,045,371.07
SANGALI	19	1,127,000.00	711,211.31
SINUNUC	12	685,000.00	454,399.90
SIOCON	5	292,000.00	169,854.97
STA. CATALINA	45	2,635,000.00	1,783,946.07
STA. MARIA	30	1,650,000.00	1,047,127.09
TALISAYAN	20	1,060,000.00	629,891.09
TALON-TALON	27	1,470,000.00	1,080,496.59
TETUAN	16	940,000.00	591,769.18
VITALI	3	165,000.00	76,854.70
Grand Total	334	19,221,000.00	12,780,488.86

Below is the list of borrowers from P100, 000 to P300, 000, which is the maximum we are allowed to give:

Branch	Count of Clients	Sum of Loan amount	Sum of OLB Principal
CABALUAY	4	790,000.00	408,921.37
CURUAN	1	100,000.00	19,242.44
IMELDA	11	1,340,000.00	898,657.17
IPIL	13	1,875,000.00	1,070,592.50
KABASALAN	5	1,250,000.00	723,293.23
MAASIN	8	1,420,000.00	982,047.66
MERCEDES	5	770,000.00	509,557.35
OLUTANGA	1	200,000.00	125,243.31
PUTIK	6	650,000.00	350,490.05
SANGALI	7	920,000.00	657,130.29
SINUNUC	6	1,320,000.00	783,262.89
SIOCON	1	100,000.00	82,006.12
STA. CATALINA	11	1,450,000.00	887,105.49
STA. MARIA	12	1,820,000.00	1,408,504.69
TALISAYAN	25	3,460,000.00	1,821,782.28
TALON-TALON	13	2,013,000.00	1,259,580.92
TETUAN	4	450,000.00	226,946.23
Grand Total	133	19,928,000.00	12,214,363.99

Two Success Stories during Covid-19 Pandemic

But let me share with you the stories of two of our successful micro entrepreneurs, Rosemerlinda Isidro and Randy delos Reyes.

Despite the great hardship brought about by Covid 19 on most of our member/clients, these two thrived very well.

The couple Rosemerlinda Isidro and husband, long time borrower of KCCDMFI, are engaged in vegetable farming and trading in highland Barangay Lapaz, Zamboanga City. Due to the lockdown, the supply of vegetables in Zamboanga City from far off Bukidnon and Zamboanga del Sur stopped and vegetables from the growers in the city, stepped in, taking advantage of the Kadiwa food supply system organized by the LGU and Department of Agriculture. Rosemerlinda acquired two trucks costing more than P 1, 000 000.00 to haul the vegetables from Lapaz to the market. To increase supply of vegetables, Rosemerlinda provided farm inputs to ten farmers amounting to P30, 000 each. The couples farming and vegetable trading generated a sale of over P 2, 000, 000.00 in 2020.

To finance their farming and trading of vegetables, Rosemerlinda started availing of our minimum loan of P3000 fifteen years ago and gradually increased their loans to the maximum of P300 000.00 for two cycles in 2018, followed by P250 000.00 for two cycles in 2019, then P110 000.00 and P150 000 in 2020. She has a perfect record of loan repayment.

Randy delos Reyes and wife, also a long-time borrower of KCCDMFI, started with a loan of P3000 fifteen years ago to finance their sari-sari and Carenderia Store in Santa Maria, expanding to vegetable farming in highland Barangay Dulian to ensure supply of tomatoes and other veggies, then going into food cart business. Two years ago, a packed food delivery business asked Randy to supply the packed food which were delivered to customers on motor bikes. While visiting his vegetable farms, Randy observed that there many young people trekking to Dulian during weekends and holidays bringing their own “baon” to enjoy the view. He decided to bring his food cart with snacks and softdrinks to Dulian.

When Covid -19 struck in 2020, Randy decided to grow his food cart business in Barangay Dulian into an eco-tourist facility. He leased a three hectares lot for ten years on a hill top at a rental of P30, 000 per month at a hilltop with a commanding view of the City and the sea facing and the lush green ten thousand hectares old growth forest of Pasonanca Park. He levelled pathways on the hillsides, a parking space for vehicles, two comfort rooms and built nipa and bamboo huts, and a kitchen. He named the place Grassland.

Grassland served over 70, 000 customers within one year (May 2020 to April 2021) or an average of 200 customers per day. On regular weekdays, there were around 150 customers, but on weekends and holidays, there were three times more, spending an average of P150 per head on

light snacks, softdrinks, bottle water, and entrance fee. Total revenue generated amounting to around P10, 000, 000.00. Randy spent two-thirds of the revenue on consumables such as foods and softdrinks, labor and land rental and one-third (P3, 300, 000.00) in improving the resort facilities. Randy plans to build a swimming pool and a zipline in Grassland.

Randy has availed of the 6-months business loan of KCCDMFI for four cycles in the past two years at P300 000 per cycle. His repayment of loans is perfect.

The City Tourism office and Department of Tourism have approached Randy offering professional advice to upgrade the Grassland into a certified eco-tourist destination. But Randy prefers to rely on his own wits honed by hard knocks to make his dream come true, without need of professional help.

Governance

The member of the KCCDMFI consists of 14 members whose principal function is to hold annual membership meeting to elect 7 trustees. The membership meeting held on July 10, 2020, reelected the 7 trustees, who in turn elected the officers of KCCDMFI, namely:

- Chairperson : Jose Deles, Jr.
- Vice-Chairperson : Atty. Ibarra A. Malonzo
- Treasurer : Czarmilson P. Manza
- Secretary : Angela L. Baes
- Members : Iluminada L.E. Cabigas
Jun Jay E. Perez
Hermis S. Tan

The board of trustees held 19 board meetings for fiscal year 2020. Only two board meetings were conducted face-to-face in January and February. 17 meetings were held thru zoom meetings. Recourse to zoom meetings of the board of trustees has its limitations considering the level of efficiency of internet connectivity. But both management and board of trustees have learned to adjust to the limitations of zoom meetings which are held twice a month running for one and a half hours each. Zoom meetings has also reduced the cost of meetings that fits well with our current financial constraints.

The board of trustees approved 18 board resolutions summarized in “Annex A” of this report which should be ratified by the membership meeting.

Moving Forward

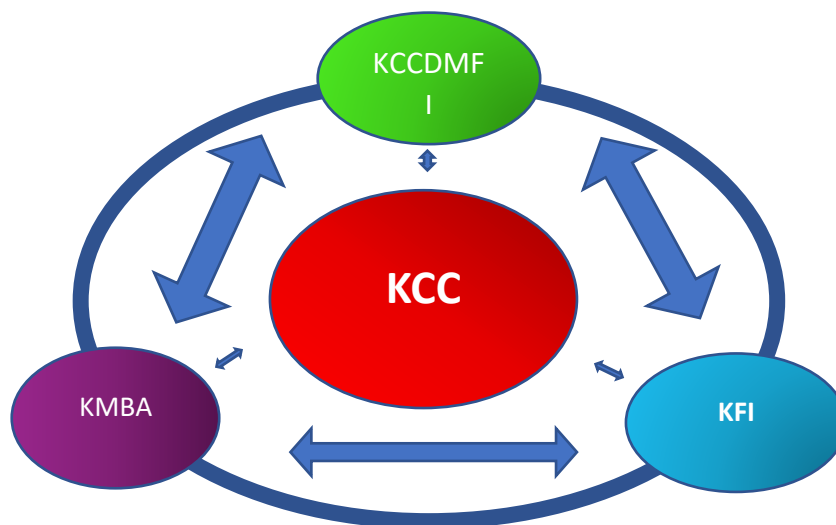
In this concluding section, I would like to look beyond these two difficult years for KCCDMI and move to the future, by recalling the 5-year strategic plan of KCCDMI for 2018 to 2023.

The plan aims to make KCCDMI the leading Microfinance Institution in the Zamboanga Peninsula with an outreach of 30, 000 active borrowers, a loan portfolio of P300, 000, 000, and a Net Income of P30, 000, 000.

KCCDMI shall pursue the following objectives to push the organization to a higher level in the next five years:

- To synergize the different KCCDMI institutions that deliver capacity building and enterprise development services;
- To delight members with proactive products and services;
- To make KCCDMI a happy and rewarding place to work in;
- To ensure financial sustainability of KCCDMI;
- To actively participate in the microfinance industry and NGO-MF's initiatives; and
- To maintain the trust of partner institutions and regulatory agencies.

The illustration below represents the organizational strategy of creating three institutions that deliver services to poor organized communities centered in the barangay-based Kasanyangan Community Clubs (KCCs). These institutions are KCCDMI, Kasanyangan Mutual Benefit Association (KMBA) and Kasanyangan Foundation, Inc. (KFI). KCCDMI provides financial services such as savings and loans. KMBA offers micro-insurance services. KFI extends support services in business and community development, and training and continuing education to client-members and staff.



Lastly, I wish to report on the succession plan for the office of the President approved by the board of trustees.

I will be stepping down as President and CEO of KCCDMFI by January 3, 2022 after serving nearly six years from March 2016, when I was appointed President and CEO by the board of trustees after Rodolfo Quinday, the founding president, retired as President.

The board of trustees has also conferred on me the title of President Emeritus with retirement benefits that will allow me to continue working on assignments that the board of trustees will give me. I have indicated my interest to work on cooperative development for small farmers and fishers and be involved in building an institution that will coordinate the three institutions we now have, KCCDMFI, KMBA and KMFI, and other institutions that may be created, similar to the CARD MRI.

The Board of Trustees has designated Mercy Faustino to become the President and CEO upon my retirement from office. Mercy and I are working closely as a team so she could learn on the job the duties and responsibilities of the President and CEO of KCCDMFI. Mercy Faustino is fully equipped to take on the office of President of KCCDMFI considering her many years of training and experience since the microfinance project under KFI began in 2002. I am very sure Mercy will be a good president to bring KCCDMFI to a higher level in the next few years.

Let me end by thanking the Board of Trustees for its exemplary leadership, the management and staff for carrying out their task in the face of high risk of exposure to the dreaded disease and lastly, to our over 18, 000 member-clients for trusting and remaining faithful to KCCDMFI thru the critical period of Covid-19 Pandemic.

“ANNEX A”



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Email: kccdfi@gmail.com

Kasanyangan Center for Community Development and Microfinance Foundation, Inc.

Board Resolutions Approved, FY 2020

No.	Resolution No.	Title and Summary	Approval Date	Remarks/Notes
01	001 Series of 2020	Approval and Release of Productivity Bonus Covering FY 2019 to all Qualified KCCDMFI Employees Board approved the release of productivity bonus to all qualified KCCDMFI personnel, the amount of which shall be based on their performance rating covering FY 2019, to be disbursed not later than March 20, 2020.	Feb-28	
02	002 Series of 2020	Capital Build-up of Clients and Management Procedure The Board attests to, and affirms that the institutional policy pertaining to the management of capital build-up of clients, whereby 30% of the capital is deemed non-withdrawable as long as there is an outstanding loan, and such may only be withdrawn if and when membership pertaining thereto is terminated, whether voluntary or involuntary. Such policy has long been practiced and continues to be in force, and is now deemed formally documented.	May-06	
03	NO. 003 Series of 2020	Application for I-RESCUE Lending Program with Land Bank of the Philippines (LBP) The Board approves the Institution's application for the I-RESCUE Lending Program of the Land Bank of the Philippines in its move to augment its credit fund for on-lending to its clients.	May-06	

04	NO. 004 Series of 2020	Application for Loan Restructuring The Board approves the Institution's application for loan restructuring with Land Bank of the Philippines in order to mitigate its financial burdens in light of the COVID-19 crisis	May-06	
05	NO. 005 Series of 2020	RESOLUTION TO APPLY FOR THE LOAN, "SURE COVID-19 FOR MARGINALIZED SMALL FARMERS AND FISHERFOLK" AND DESIGNATING AUTHORIZED REPRESENTATIVES TO ENTER INTO AGREEMENT WITH THE AGRICULTURAL CREDIT POLICY COUNCIL (ACPC) The Board resolved that KCCDMFI Senior Management is hereby authorized to apply for a loan under the "SURE COVID-19 For Marginalized Small Farmers and Fisherfolk," program with ACPC. Further, the Board resolved to designate Atty. Ibarra A. Malonzo to negotiate and sign pertinent documents on behalf of the institution.	May-20	
06	NO. 006 Series of 2020	Approval of Contract Renewal with Oradian Pertaining to the Instafin Text Messaging Feature The Board hereby approves the contract renewal with Oradian pertaining to the Instafin text messaging feature in the amount of EURO 46,000.00, to be paid in three (3) installments on the dates aforementioned, payment of which shall be subject to the usual accounting procedures.	May-22	
07	NO. 007 Series of 2020	Approval to Open a New Account with Land Bank of the Philippines (LBP) for the Purpose of Managing the Expanded SURE Aid and Recovery Project Fund The Board approved the opening of a new savings account with Land Bank of the Philippines-Zamboanga Main Branch and such Resolution shall remain valid, subsisting and enforceable unless subsequently modified, revoked, rescinded or	Jun-19	

		superseded by a Resolution of the Board of Trustees and a copy of such Resolution is actually received by the Bank.		
08	NO. 008 Series of 2020	Acceptance of the Audited Financial Statements for FY 2019 The Board resolved that KCCDMFI's Financial Statements as at and for the year ended December 31, 2019 were approved and authorized for issue by the Board of Trustees; the Board further authorized Atty. Ibarra A. Malonzo, President/Chief Executive Officer, to sign the subject Financial Statements on behalf of KCCDMFI on June 29, 2020, upon presentation of its hard copies.		
09	NO. 009 Series of 2020	Appointment of Atty. Ibarra A. Malonzo as Chair Emeritus in the Board of Trustees BE IT RESOLVED AS IT IS FINALLY RESOLVED, that the KCCDMFI Board of Trustees approved the appointment of Atty. Ibarra A. Malonzo as Chair Emeritus effective January 3, 2022.		
10	NO. 010 Series of 2020	Appointment of Mercedes G. Faustino as President/Chief Executive Officer that the KCCDMFI Board of Trustees approved the appointment of Ms. Mercedes G. Faustino as President/Chief Executive Officer effective January 03, 2022.		
13	NO. 013 Series of 2020	Authorizing the Sale of Everest The Board of Trustees approved the procurement of Isuzu mu-X owned by Mr. Edgardo F. Faustino, through purchase with assumption of mortgage, at the total price of One Million, Four Hundred Sixty-Eight Thousand, Six Hundred and Eight Pesos (P1,468,608.00).	Jul-20	
14	NO. 014 Series of 2020	Approval of Vehicle Procurement: Isuzu mu-X of Edgardo F. Faustino through Sale with Assumption of Mortgage The Board of Trustees approved the procurement of Isuzu mu-X owned by	Jul-20	

		Mr. Edgardo F. Faustino, through purchase with assumption of mortgage, at the total price of One Million, Four Hundred Sixty-Eight Thousand, Six Hundred and Eight Pesos (P1,468,608.00).		
15	NO. 015 Series of 2020	Approval of Account Closure of, and Payment of P500,000.00 to Francisco B. Esperat The KCCDMFI Board of Trustees approved the closure of account of Mr. Francisco B. Esperat, including all outstanding balances and accrued interest, as well as the payment of P500,000.00, in the spirit of fairness and as exercise against unjust enrichment.		
16	NO. 016 Series of 2020	Approval of New Loan Program for KCCDMFI Employees: Motor Vehicle Loan The KCCDMFI Board of Trustees approved a new loan program available among the Institution's employees, with Field Operations Department personnel as its priority.	Aug-17	
17	NO. 017 Series of 2020	Closure of Marikina Branch The KCCDMFI Board of Trustees, after thorough deliberation of the facts provided, acknowledged the fact that the Branch can no longer recover from its financial losses approved the closure of Marikina Branch effective December 31, 2020.	Oct-01	
18	NO. 018 Series of 2020	Approval of Bayanihan 2 Institutional Action Plan The KCCDMFI Board of Trustees approved the KCCDMFI Bayanihan 2 Institutional Plan for strict implementation by KCCDMFI Management.	Oct-01	