



World Council of Credit Unions, Inc.

**World Council of Credit Unions, Inc. (WOCCU)
FULM Savings House Project**

**Amendment to “Rural Credit Support Activity”
Project 165-A-00-03-00103-00**

**Final Report
As of September 30, 2006**

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WOCCU

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2006

List of Acronyms/Abbreviations

AC FULM	Association of Citizens <i>Financial Services for the People of Macedonia</i> — The not-for-profit organization created as WOCCU's local counterpart and the sole owner of the savings house company.
CSHI	Community Self Help Initiative
FSH	FULM Savings House — The local financial institution created by WOCCU to provide the intended savings & lending services. Licensed as a limited services savings bank under local law, the company was fully capitalized by a grant from project funds.
MCUL	Michigan Credit Union League
NBRM	National Bank of the Republic of Macedonia
PTP	People to People – a WOCCU program connecting international credit union movements with United States Credit Union Leagues for continued technical support.
TA	Technical Assistance
USAID	United States Agency for International Development
WOCCU	World Council of Credit Unions, Inc.

Executive Summary

The World Council of Credit Unions, Inc. (WOCCU), FULM Savings House Project “Rural Credit Support Activity” project 165-A-00-03-00103-00 ended on September 30, 2006 on a very positive note. FULM Savings House member owners have proven a democratically owned cooperative financial institution does work in Macedonia. Through insurmountable odds FULM Savings House (FSH) has continued to grow and provide a safe and sound member owned financial institution providing needed savings and credit services to the people of Macedonia.

With pending legislative changes for the banking sector in Macedonia it was clear that savings houses would have to meet certain requirements in order to maintain their status as deposit taking financial institutions. The amendment to the WOCCU project acted to solidify FSH’s position in the banking sector, and provide additional liquidity to meet member demand for current and new financial services an area that has been underserved due to restrictions in permissible FSH activities in mobilizing savings. Amendment components included funding for loans—student, agriculture, legal registration of informal businesses, start-ups—study and training related to non-bank financial institutional (NBFI) legislation, legal services for re-registration of FSH as a joint-stock company, and technical support for the development of new loan products.

During years 2005 and 2006 elected persons within the governance bodies of FULM Savings House abused their appointed director’s powers for personal gain. This is something that is seen within WOCCU projects where the project is graduating from assistance and the governance leaders are beginning to flex their own muscles. We do want to see governance leaders take what they have learned from the project period and begin to utilize this information in the future development of the institution. Yet, sometimes governance leaders take the wrong direction and we have to allow the democratic process to take place at the Membership Annual General Assembly.

WOCCU along with FULM Savings House management became alerted to this misuse of power at the point when the AC FULM Board of Directors refused to sign a Memorandum of Understanding with WOCCU which stated all USAID donated funds must remain with the financial institution of FULM Savings House no matter what changes took place at the legislative level. In other words, if FULM Savings House was required by law to reregister as a joint stock company (or other recognized form) all USAID donated capital must remain with the reregistered/re-licensed institution in the form as recognized by the Government of Macedonia. Never during the life of the WOCCU/FSH project were USAID donated funds designated for AC FULM.

The weak point in this whole situation was that due to current Savings House Law an NGO must be named as the founder/ owner of a savings house. AC FULM was the founder/owner of FULM thereby having the authority and control to determine the fate of FULM Savings House the financial institution. Months and WOCCU’s own resources (not project funding) were spent on negotiation time with the board members of AC FULM. It was clear that the AC FULM Board of Directors were intent in not signing the

MOU and not re-licensing FSH. This would result in FSH being closed by the National Bank of the Republic of Macedonia (NBRM) and once all liabilities were paid the remaining capital of FSH would become the property of AC FULM.

Under extreme pressure and duress from the AC FULM board of directors, the managing board of FULM Savings House, FSH Director and staff fought to maintain FSH's democratic member owned structure. Local member assemblies were attended to educate members that AC FULM board of directors were trying to take control of the FSH which would result in the closing of the institution. AC FULM retaliated stating the assemblies were not within the bylaws and negated those persons elected at the local level (if not AC FULM supporters) as delegates to vote at the AC FULM Annual Assembly scheduled for May 2006. Supporters of FSH (Members, FSH managing board members, FSH Director and staff) continued their educational campaign ensuring that members understood their rights as member owners. Delegates elected at the local levels maintained their status to vote at the AC FULM Annual Assembly.

Once the delegates were elected at the local branch levels, WOCCU supported by USAID Macedonia held a Delegate Educational Session. The elected delegates were provided, in detail, the effects of AC FULM actions and by its interference FSH was close to losing the desperately needed donated funds provided through USAID within the WOCCU amended project. Delegates were provided the true picture: if AC FULM did not sign the WOCCU MOU, FULM Savings House would not receive the \$450,000 grant needed to meet the 5 million Euro in Capital potential requirement, that continued member savings mobilization would be restricted, and that liquidity for loans to members would not be available causing interest income loss to their institution. Upon hearing the actions of the current AC FULM Board of Directors, the elected delegates realized they were responsible on behalf of the entire membership of FULM Savings House to re-take control of their financial institution.

The Annual Assembly of AC FULM took place at the end of May 2006. The Board of Directors of AC FULM coerced the elected delegates stating they did not understand their rights under the AC FULM Bylaws, and used social and economic status as an intimidation factor, but the delegates held their ground and after tense dialogue, the AC FULM Board members left the annual meeting stating the delegates' actions were against the bylaws therefore calling the meeting to end. The delegates realizing they still held quorum, continued with the Annual Assembly with the following elections results: three directors of AC FULM were voted out of office, two directors with expired terms were not re-elected. Therefore, 5 of the 9 members of the board were newly elected. The old regime of AC FULM was in the minority and a strong message was made to the remaining board members. The meeting served as a reminder of the democratically structured and member owned institution of FULM Savings House; board members were elected leaders voted in by the membership with a mandate to vote in representation of the entire membership and not in accordance with individual wishes.

The FULM Savings House, WOCCU led project, is a prime example of how democratically structured and member owned institutions do work within transitioning

market environments of which democracy is being introduced as a valid form of governance in the public as well as private sectors. FSH members clearly understood the governance roles of the elected volunteers as well as their own individual roles as member owners. Once the governance leaders usurped their roles the member owners took control through a democratic election of leaders that would govern the institution in the manner of which it was originally intended.

I. PROJECT IMPLEMENTATION AND RESULTS ACHIEVED

A. Project Progress VS. Targets

Even though FULM Savings House had internal structural challenges throughout the project period, its financial performance levels outpaced many financial institutions throughout Macedonia. Targets set as a part of the USAID Macedonia funded FULM Savings House WOCCU project were achieved and in many cases exceeded original goals. Below are the targets assigned to FULM Savings House during the project period.

1. Student Loan

The FSH student loan product has been a huge success. As of September 30, 2006, the total outstanding balance of the student loan portfolio is US\$964,304, representing 1,189 individual student loans. The target for student loans under the USAID funded project was 300 student loans at US\$189,000. FSH during the project period disbursed 475 student loans in the amount of \$270,128.

2. Agricultural Loan

FSH has substantial lending experience in the area of micro lending to small farmers. As of September 30, 2006, FSH expanded its agricultural loan portfolio by 57 loans valued at US\$79,613.

3. Micro Business Support Loans

Under this category FSH designed and made available loans to assist those members becoming self employed. In particular, the target group will be entrepreneurs involved in selling vegetables at stands in the Green Market and other small vendors. FSH has worked closely with well established NGOs in Macedonia and job placement and mediation agencies. The target for micro business loans under the USAID funded project was to supply 150 loans valued at US\$188,000; FSH during the project disbursed 196 loans at US\$307,272.

4. WOCCU Technical Support for Development of New Loan Products

The WOCCU Technical Support budget was set at US\$50,000 to provide further support to FSH in the development of its new loan products and services. WOCCU provided technical support assistance and monitoring through its semi monthly trips to Macedonia. The majority of expenses as incurred under "Technical Assistance" was funded by WOCCU and not under the USAID funded grants. This is due to the increased number of trips required in order to address the FULM Savings House governance issues as caused by AC FULM board of directors.

B. Analysis of Financial Performance of FULM Savings House

FSH performance as of September 30, 2006, has surpassed Project targets.

Objectives	Project Targets	Achieved as of 09/30/06
Membership	5400	5,925
Savings Mobilized	US\$1,648,723	US\$2,245,004
Net Loans Outstanding	US\$2,742,387	US\$3,443,911

FSH membership surpassed project targets with 5,925 members holding accounts. Female account holders are 43.10% of the total account holders again surpassing the 30% target ratio set for the project period.

As of September 30 2006, the FSH's total member savings is US\$2,245,004; this far surpasses the Project's end savings goal of US\$1,648,723 by more than 36 percent.

Loans to members have exceeded project target goals by more than 26% of the original target goal of US\$2,742,387 at US\$3,443,911.

The FULM Savings House Capital of 38.08% of total assets reflects an incredibly well reserved financial institution. In order to illustrate: throughout Europe the Capital levels maintained by financial institutions must not fall below 8% of assets; in the United States the Capital requirement is not to fall below 7% of assets both regulatory definitions are stated within a risk weighted environment for financial institutions.

Member loan delinquency continues to be an issue where FSH management and staff need to monitor member loan payments. The Total Delinquency to the Gross Loan Portfolio remains high at 7.52%, but FSH has hired a central office collections officer that is coordinating delinquency throughout the FSH branches. This consolidated effort has been seen to reduce delinquency by making a regular, methodical effort in contacting those members that are routinely late in making payments. As the collection loan officer continues to work delinquent accounts the FSH member loan delinquency ratio will lower.

The operating expenses of FULM Savings House had maintained a ratio within 13% to 13.5%. Even though this ratio seems high as compared to other financial institutions it must be kept in mind FSH has high overhead costs due to its multi branch system. FSH

management and staff work within a tightly constrained operating budget monitoring costs on a daily basis.

II. SUMMARY CLOSING OF PROJECT

This project was truly a success on many levels.

FULM Savings House is a very safe and sound financial institution that listens to its memberships needs by implementing relevant savings and loan products and services within a structure that is strengthened by detailed operational policies and procedures. FSH staff over the multi WOCCU/FSH project period has gained in-depth knowledge and experience and as a result FULM Savings House has huge potential in becoming one of Macedonia's premier financial institutions.

World Council of Credit Unions, Inc. at this time would like to thank USAID Macedonia for supporting FULM Savings House with its governance issues of AC FULM. A special thanks is sent out to Mr. Richard Goldman, Former Director, USAID MK, Mr. Peter Lampesis, USAID MK Economics Growth Department and Mr. Szdravko Sami, USAID MK, Project Oversight Manager. USAID Macedonia supported FULM Savings House and its project implementer World Council of Credit Unions, Inc., throughout this enormously trying period. Without USAID Macedonia support, FULM Savings House and its membership would not have had the ability to enact its member ownership rights through the democratic election process. As a result, FULM Savings House remains a top notch financial institution that is owned and operated by its members and respected amongst the financial services industry of Macedonia.

Attachment 1

FULM Savings House
PEARLS as of September 31, 2006

Stedinica FULM Consolidated
Based on US\$

World Council of Credit Unions, Inc.
FULM Savings House Project

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	4/30/2006	6/30/2006	8/31/2006	9/30/2006
Assets				
Number Of CU Members				
Men	3,311.00	3,377.00	3,518.00	3,521.00
Women	1,998.00	2,044.00	2,112.00	2,224.00
Gender not Reported	0.00	0.00	0.00	0.00
Total Number Of Members	5,309.00	5,421.00	5,630.00	5,745.00
Number of Other Service Users				
Youth	134.00	132.00	133.00	136.00
Third Parties	44.00	44.00	44.00	44.00
Total Number of Other CU Service Users	178.00	176.00	177.00	180.00
Total Number Of Members & Other CU Service Users	5,487.00	5,597.00	5,807.00	5,925.00
Earning Assets				
Loans to Members				
Short Term (<=1 Year)	1,404,153	1,450,738	1,595,319	1,637,390
Medium-Term (1-3 Years)	1,738,462	1,735,206	1,883,836	1,937,335
Long-Term (> 3 Years)	0	0	0	0
Other Special Loans	0	0	0	0
Loan Loss Allowances	(132,713)	(134,843)	(137,980)	(140,813)
Total Net Loans	3,009,901.91	3,051,100.41	3,341,175.89	3,433,911.72
Liquid Investments				
Liquid Investments				
Liquidity Reserves - CFF	0	0	0	0
Other Liquidity Reserves	52,911	53,819	56,748	58,502
Short-Term CFF Deposits	0	0	0	0
Short-Term Bank Deposits	0	0	0	0
Short-Term Securities and Investments	0	0	0	0
Other Liquid Investments 1	0	0	0	0
Other Liquid Investments 2	0	0	0	0
Other Liquid Investments 3	0	0	0	0
Total Liquid Investments	52,911.03	53,819.37	56,747.69	58,502.28
Liquid Investments Allowances	0	0	0	0
Total Liquid Investments	52,911.03	53,819.37	56,747.69	58,502.28
Financial Investments				
Financial Investments				
Shares - League/Affiliation	0	0	0	0
Long-Term CFF Deposit	0	0	0	0
Long-Term Bank Deposits	239,963	690,342	702,552	662,511
Long-Term Securities & Investments	0	0	0	0
InterBranch Investments	0	0	0	0
Other Financial Investments 1	0	0	0	0
Other Financial Investments 2	0	0	0	0
Other Financial Investments 3	0	0	0	0
Total Financial Investments	239,962.68	690,341.50	702,551.93	662,510.92
Financial Investments Allowances	(4,182)	(8,069)	(8,256)	(7,530)
Total Financial Investments	235,780.64	682,272.69	694,295.43	654,980.93
Non-Financial Investments				
Various	0	0	0	0

Non-Financial Investments Allowances	0	0	0	0
Total Non-Financial Investments	0.00	0.00	0.00	0.00
Total Earning Assets	3,298,593.57	3,787,192.47	4,092,219.02	4,147,394.92
Non-Earning Assets				
Liquid Assets				
Cash & Equivalents	10,413	10,580	13,650	13,566
Current Accounts (Checking)	100,274	136,143	114,245	92,963
Foreign Currency	0	0	0	0
Liquidity Reserves - CFF	0	0	0	0
Other Liquidity Reserves	0	0	0	0
Other Liquid Assets	0	0	0	0
Total Liquid Assets	110,686.53	146,722.98	127,895.39	106,528.88
Accounts Receivable				
Debtors	0	0	0	0
Interest Receivable	67,014	81,481	107,880	112,661
Notes Receivable	0	0	0	0
Payroll Deductions Receivable	0	0	0	0
Interbranch loans interest receivable	0	0	0	0
Other Accounts Receivable	0	0	0	0
Receivable Loss Allowances	(1,283)	(1,415)	(1,447)	(1,243)
Total Accounts Receivable	65,731.68	80,066.22	106,432.47	111,418.61
Number of Credit Unions in this Report	1.00	1.00	1.00	1.00

Stedinica FULM Consolidated

Based on US\$

	4/30/2006	6/30/2006	8/31/2006	Annual Goal 9/30/2006
Non-Earning Assets				
Fixed Assets				
Land	0	0	0	0
Buildings (Cost)	0	0	0	0
Leasehold Improvements	0	0	0	0
Furniture & Equipment	222,995	223,259	228,802	227,824
Accumulated Depreciation - Buildings	0	0	0	0
Accum. Depreciation - Leasehold Improv.	0	0	0	0
Accum. Depreciation - Furniture & Equip.	(120,349)	(128,185)	(139,661)	(143,846)
Total Net Fixed Assets	102,646.54	95,073.85	89,141.11	83,977.91
Other Assets				
Assets in Liquidation	0	0	0	0
Organization Expenses	0	0	0	0
Prepaid Expenses	8,779	7,040	12,241	11,483
Other Deferred Assets	0	0	0	0
Accumulated Amortization	0	0	0	0
Total Other Assets	8,779.38	7,040.26	12,241.07	11,483.49
Problem Assets				
Doubtful Assets	0	0	0	0
Accounting Discrepancy - Assets	0	0	0	0
Other Problem Assets	0	0	0	0
Problem Assets Allowances	0	0	0	0
Total Problem Assets	0.00	0.00	0.00	0.00

Total Non-Earning Assets	287,844.13	328,903.31	335,710.05	313,408.89
Total Assets	3,586,437.70	4,116,095.78	4,427,929.07	4,460,803.81

Additional Loan Portfolio Information

User Defined Provisions Requirement	Non delinquent	1-7 days	7 Days to 1 Month	2.00%
Delinquency Based on Outstanding Balance of Loan?	-6	-6	-6	-6
Delinquency				
0-30 days	0	0	0	0
1-3 months	350,445	218,737	229,466	198,859
3-6 months	16,960	6,762	721	664
6-12 months	27,747	27,450	31,294	30,895
>12 months	0	0	0	0
Total Balance Of Delinquent Loans	395,151.97	252,949.29	261,480.95	230,417.31
User Defined Provisions Requirement	75,580	35,079	35,892	30,908
Total WOCCU Required Provisions	84,152	22,829	22,735	18,354
User-defined Requirements Surplus/Deficit	(8,571)	12,250	13,156	12,554
Loan Loss Allowances	132,713	134,843	137,980	140,813
Allowances surplus/deficit	48,562	112,014	115,244	122,460
Accumulated Charge-Offs (Historical)	4,175	4,171	4,268	4,213
Recovery of Loans Charged-Off (Historical)	0	0	0	0

Stedinica FULM Consolidated

Based on US\$

	4/30/2006	6/30/2006	8/31/2006	Annual Goal 9/30/2006
LIABILITIES				
INTEREST BEARING LIABILITIES				
Savings Deposits				
Regular Savings	36,406	44,799	45,041	60,032
Term/Fixed Savings	1,637,661	1,693,760	1,899,782	1,912,727
Youth Savings	1,289	1,391	1,280	1,222
Special Savings	207,524	203,683	208,697	207,715
Pledged Savings	78,471	60,499	59,403	63,308
Total Savings Deposits	1,961,350.74	2,004,131.81	2,214,203.09	2,245,004.02
External Credit				
External Credit - CFF (<= 1 Year)	0	0	0	0
External Credit - CFF (> 1 Year)	0	0	0	0
External Credit - Banks	153,258	168,399	179,856	176,288
Other External Credit - External Institutions	19,902	19,283	18,566	17,875
InterBranch Loans	0	0	0	0
Total External Credit	173,159.31	187,682.24	198,421.61	194,163.31
Total Interest Bearing Liabilities	2,134,510.05	2,191,814.06	2,412,624.70	2,439,167.34
Non-Interest Bearing Liabilities				
Short-Term Accounts Payable (<=30 Days)	60,698	81,811	104,717	115,469
Interbranch deposits account payable	0	0	0	0
External Credit Payments (<=30 Days)	0	0	0	0
Provisions (e.g. Employee Benefits)	0	0	0	0
Accounting Discrepancy - Liabilities	0	0	0	0
Other Liabilities	0	0	0	0

Total Non-Interest Bearing Liabilities	60,697.60	81,811.02	104,716.92	115,468.58
Total Liabilities	2,195,207.65	2,273,625.08	2,517,341.62	2,554,635.91
CAPITAL				
Share Capital				
Mandatory Shares	189,692	193,849	206,123	207,686
Voluntary Shares	0	0	0	0
Total Member Share Capital	189,692.17	193,848.68	206,123.47	207,685.77
Transitory Capital				
Asset Appreciation Over Cost	0	0	0	0
Education & Social Reserves	0	0	0	0
Monetary Reserves	0	0	0	0
Other Reserves	0	0	0	0
Accounting Discrepancy - Capital	0	0	0	0
Undistributed Net Income	0	0	0	0
YTD Net Income (loss)	0	0	0	0
Total Transitory Capital	0.00	0.00	0.00	0.00
Institutional Capital				
Statutory & Legal Reserves	955,005	1,404,102	1,436,763	1,426,672
Retained Earnings	30,574	30,543	31,254	30,853
Other Reserves	154,470	154,312	157,901	155,876
Donations	38,886	33,826	29,476	26,562
Undistributed Losses	(0)	(0)	(0)	(0)
YTD Net Income (Loss)	22,602	25,839	49,071	58,520
Total Institutional Capital	1,201,537.97	1,648,622.08	1,704,464.04	1,698,482.20
Total Capital	1,391,230.14	1,842,470.76	1,910,587.51	1,906,167.97
Total Liabilities and Capital	3,586,437.78	4,116,095.83	4,427,929.13	4,460,803.88

Based on US\$

	4/30/2006	6/30/2006	8/31/2006	9/30/2006
Number of Credit Unions in this Report	1.00	1.00	1.00	1.00
INCOME				
INCOME FROM LOANS				
Interest Income from Loans	217,696	328,775	455,477	509,024
Delinquent Penalty Interest Income from Loans	2,919	3,945	5,119	6,186
Commissions/Fees from Loans	20,356	31,259	46,144	52,856
Insurance Premiums for Loans	0	0	0	0
NET LOAN INCOME	240,970	363,978	506,740	568,066
Income from Liquid Investments	179	320	427	479
Income from Financial Investments	4,130	6,866	11,656	13,311
Income from Non-Financial Investments	0	0	0	0
Fees, commissions income (loans-unrelated)	0	0	0	0
Income from Other Sources	0	0	0	0
Gross Income	245,279	371,165	518,824	581,856
COSTS/EXPENSES				
FINANCIAL COSTS				
Interest Expense on Savings Deposits	54,662	82,995	115,710	130,238
Insurance Premiums for Savings	4,980	7,492	10,355	11,627
Taxes on Interest Paid For Savings	0	0	0	0
<i>Financial Cost - Savings Deposits</i>	<i>59,642</i>	<i>90,487</i>	<i>126,065</i>	<i>141,865</i>
Financial Cost on External Credit	1,996	3,060	4,234	4,715
Financial Costs on Interbranch Leans	0	0	0	0
Dividend Expense on Shares	0	0	0	0
Insurance Premiums for Shares	0	0	0	0
Taxes on Interest Paid for Shares	0	0	0	0
<i>Financial Cost - Shares</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Other Financial Costs	0	0	0	0
TOTAL FINANCIAL COSTS	61,638	93,548	130,299	146,580
GROSS MARGIN	183,641	277,617	388,525	435,276
OPERATING EXPENSES				
Personnel	74,986	114,157	156,060	172,679
Governance	7,138	13,716	16,017	17,070
Marketing	8,352	13,873	21,170	24,261
Administration	50,959	81,326	113,748	123,668
Depreciation	16,308	24,251	33,309	38,859
TOTAL OPERATING EXPENSES	157,743	247,322	340,305	376,536
Provision for Risk Assets	15,274	21,936	22,795	26,438
NET INCOME FROM OPERATIONS	10,623	8,359	25,425	32,302
OTHER INCOME / EXPENSE				
Income from Grants	11,979	17,480	23,646	26,218
Previous periods adjustments (Net)	0	0	0	0
Extraordinary income (Net)	0	0	0	0
TOTAL OTHER INCOME/EXPENSE	11,979	17,480	23,646	26,218
Income Tax	0	0	0	0
Net Income/Loss	22,602	25,839	49,071	58,519

**P-E-A-R-L-S
RATIOS**

Stedinica FULM Consolidated

Based on US\$

		Goals (Excellence)	6/30/2006	31-Aug-06	9/30/2006
P-E-A-R-L-S RATIOS					
P	PROTECTION				
1	Loan Loss Allowances / Delinq. >12 Mo. Net Loan Loss Allow. / WOCCU Allow.	100%	100.00%	100.00%	100.00%
2	Required for Delinq. 1-12 Mo. Net Loan Loss Allow. / User Allow. Required	35%	53.31%	52.77%	61.11%
2U.	for Delinq. 1-12 Mo. Complete Loan Charge-Off of Delinquency >	100%	384.40%	384.43%	455.59%
3	12 Mo. Annual Loan Charge-offs / Average Loan	Yes	Yes	Yes	Yes
4	Portfolio Accum. Charge-Offs Recovered / Accum	Minimized	0.01%	0.01%	0.01%
5	Charge-Offs	>75%	0.00%	0.00%	0.00%
6	Solvency	>=111%	179.55%	174.64%	173.73%
E	EFFECTIVE FINANCIAL STRUCTURE				
1	Net Loans / Total Assets	70-80%	74.13%	75.46%	76.98%
2	Liquid Investments / Total Assets	<=16%	1.31%	1.28%	1.31%
3	Financial Investments / Total Assets	<=2%	16.58%	15.68%	14.68%
4	Non-Financial Investments / Total Assets	0%	0.00%	0.00%	0.00%
5	Savings Deposits / Total Assets	70 - 80%	48.69%	50.01%	50.33%
6	External Credit / Total Assets	0-5%	4.56%	4.48%	4.35%
7	Member Share Capital / Total Assets	<=20%	4.71%	4.66%	4.66%
8	Institutional Capital / Total Assets	>=10%	40.05%	38.49%	38.08%
9	Net Institutional Capital / Total Assets	>=10%	41.18%	39.54%	39.42%
9U.	User-Defined Net Capital	>=10%	42.48%	40.80%	40.54%
A	ASSET QUALITY				
1	Total Delinquency / Gross Loan Portfolio User-Defined Delinquency / Gross Loan	<=5%	7.94%	7.52%	6.45%
1U.	Portfolio	<5%	2.05%	1.87%	1.47%
2	Non-Earning Assets / Total Assets	<=5%	7.99%	7.58%	7.03%
3	Net Zero Cost Funds / Non-earning. Assets	>=200%	556.45%	569.32%	613.85%
RATES OF RETURN AND COSTS					
R	(Annualized)				
1	Net Loan Income / Average Net Loan Portfolio	Entrepreneurial Rate	24.98%	24.69%	24.27%
2	Liquid Inv. Income / Avg. Liquid Investments	Market Rates	1.28%	1.24%	1.22%
3	Fin. Investment Income / Avg. Fin. Investments Non-Fin. Inv. Income / Avg. Non-Fin.	Market Rates	3.08%	3.85%	4.09%
4	Investments Fin Costs: Savings Deposits / Avg. Savings	>=R1 Market Rates, >	NA	NA	NA
5	Deposits Fin Costs: External Credit / Avg. External	Inflation	9.55%	9.39%	9.33%
6	Credit Fin Costs: Member Shares / Avg. Member	Market Rates Market Rates, >	3.54%	3.53%	3.55%
7	Shares	R5	0.00%	0.00%	0.00%
8	Gross Margin / Average Assets	^E9=10%	15.06%	15.07%	14.96%
9	Operating Expenses / Average Assets	<=5%	13.42%	13.20%	12.94%
10	Provisions for Risk Assets / Average Assets	^P1=100%, ^P2=35%	1.19%	0.88%	0.91%

11	Other Income or Expense / Average Assets	Minimized	0.95%	0.92%	0.90%
12	Net Income / Average Assets (ROA)	^E9=10%	1.40%	1.90%	2.01%
13	Net Income / Avg. Inst. Cap (ROC)	>Inflation	3.77%	5.22%	5.56%
L LIQUIDITY					
1	Liquid Assets - ST Payables / Total Deposits	15-20%	5.92%	3.61%	2.21%
2	Liquidity Reserves / Total Savings Deposits	10%	2.69%	2.56%	2.61%
3	Non-Earning Liquid Assets / Total Assets	<1%	3.56%	2.89%	2.39%
S SIGNS OF GROWTH (Annualized Rates)					
1	Net Loans	^E1=70-80%	16.09%	27.41%	28.78%
2	Liquid Investments	^E2<=16%	30.92%	32.45%	33.91%
3	Financial Investments	^E3<=2%	434.96%	332.34%	271.50%
4	Non-Financial Investments	^E4=0%	0.00%	0.00%	0.00%
5	Savings Deposits	^E5=70-80%	20.49%	32.61%	31.29%
6	External Credit	^E6=0-5%	32.88%	34.49%	27.17%
7	Member Shares	^E7<=20%	27.12%	30.99%	28.81%
8	Institutional Capital	^E8>=10%	95.60%	78.71%	69.35%
9	Net Institutional Capital	^E9>=10%	87.42%	72.23%	65.17%
10	Membership	>=15%	12.15%	15.19%	16.53%
11	Total Assets	>Inflation + 10%	48.48%	50.23%	46.03%
	#NAME?	> Greater Than			
	< Less Than	^ Amount Needed			
	Inflation Rate (Annualized)		6.00%	6.00%	6.00%

Attachment 2

FULM Savings House
Actual vs. Project Targets
As of September 31, 2006

Actual vs. Project Targets

	Actual as of 30/09/2006	TARGETS 30/09/2006
Loans/USA \$	3,574,725	2,742,387
No. of Outstanding Loans	3,476	
Gender Integration % of Female	43.10%	30.00%
No. of Loans Since Inception	8,371	
Loans/Denars Since Inception	514,615,345	
Loans/USA \$ Since Inception	10,645,746	
Savings/ USA \$	2,452,806	1,648,723
No. of Members/Family Users	5,925	5,400
Gender Integration % of Female	39%	30%
Agricultural loans (IFAD) / USA \$	269,501	261,888
No. of Agricultural Loans	150	133
Student loans USA \$	964,304	504,176
No. of Student Loans	1,189	1,014
Gender Integration % of Female	58%	30%
Employment loans in USA \$	307,272	188,000
No. of Employment Loans	196	150

	As of Project Start 30/06/2005	As of Project End 30/09/2006	Project Targets 30/09/2006	Achieved 30/06/05 - 30/09/2006
Loans/USA \$	2,801,208	3,574,725	2,742,387	773,517
No. of Outstanding Loans	2,933	3,476		543
Gender Integration % of Female		43.10%	30.00%	0
No. of Loans Since Inception	6,106	8,371		2,265
Loans (Denars) Since Inception		514,615,345		514,615,345
Loans (USA\$) Since Inception	7,158,995	10,645,746		3,486,751
Savings (USA\$)	1,816,182	2,452,806	1,648,723	636,624
No. of Members, Family Users	4,920	5,925	5,400	1,005
Gender Integration % of Female		39%	30%	0
Agricultural Loans (IFAD) USA \$	189,888	269,501	261,888	79,613
No. of Agricultural Loans	93	150	133	57
Student Loans (USA \$)	694,176	964,304	504,176	270,128
No. of Student Loans	714	1,189	1,014	475
Gender Integration % of Female	1	58%	30%	0
Employment Loans (USA \$)	0	307,272	188,000	307,272
No. of Employment Loans	0	196	150	196