



World Council of Credit Unions, Inc.

**Vietnam Women's Union Savings Protection
Programme: Accounting system and
regulatory reform**

Microenterprise Implementation Grant Programme -
The Microenterprise Innovation Project

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World Council of Credit Union, Inc. WCCCU
Project Quarterly Report
April - July 2003
Quarter 7

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List of acronyms/abbreviations

AAV	ActionAid Vietnam
CFI	Community Financial Institution
CRP	Centre for Rural Progress
DFID	UK Department for International Development
INGO	International Non-Governmental Organisation
PACCOM	People's Aid Co-ordination Committee
ROSCA	Rotating Savings and Credit Association
SCF UK	Save the Children Fund UK
USAID	United States Agency for International Development
VND	Vietnamese dong
WOCCU	World Council of Credit Unions, Inc.
WU	Women's Union

Executive summary

Main project activities

- Follow-up accounting training in Ky Anh district (April 17th - 18th).
- Publication of accounting manual in June.
- Technical assistance visit to Mai Son district, Son La province by project co-ordinator (June 16th - 20th).
- Internal controls training in Ninh Phuoc district (May 26th - 28th) and Uong Bi township (June 6th - 8th).
- External supervision exercise in Ha Tinh (May 8th - 11th).
- Savings survey, Ninh Phuoc (May 26th - 28th).
- Workshop on 'Microcredit in poverty reduction and its challenges' (May 21st - 23rd).
- Project completion workshop, Ha Tinh, June 30th
- Project lesson sharing workshop, Hanoi, July 4th

Institutional targets

After 18 months implementation, the project has now come to an end. Significant progress has been made on achievement of all 9 institutional targets of the project.

1. A standardised accounting system has been designed and implemented in CFIs in 43 communes in 6 districts.
2. An accounting manual was finalised and published in June 2003.
3. Accounting training was given to the 3 staff of 43 CFIs in 14 training sessions between June 2002 and January 2003.
4. A financial management training programme was provided to 31 provincial, district and commune Women's Union participants in January 2003.
5. An internal controls manual has been drafted.
6. Internal controls training was provided to the 3 staff of 43 CFIs in 6 three-day training sessions between October 2002 and June 2003.
7. A system of key financial ratios has been drafted as part of the financial management training.
8. An examination guide for supervision was drafted in March 2003.
9. A 5-day training course on supervision and examination was delivered to 16 provincial and district Women's Union representatives in March 2003.

Some financial indicators

Total membership of 41 CFIs: 22,081 (May 31st 2003)

Indicator May 31st 2003	Can Loc 7 CFIs	Ky Anh 10 CFIs	Uong Bi 10 CFIs	Dong Trieu 11 CFIs	Ninh Phuoc 3 CFIs
Outstanding loans (US\$)	177,853	165,820	276,665	254,800	101,241
Savings balance (US\$)	95,223	40,093	131,641	110,044	22,083

Net loans outstanding/total assets	97.8%	94.8%	97.4%	98.1%	99.7%
Savings balance/total assets	52.7%	23.4%	47.4%	43.3%	22.1%
External credit/total assets	32.3%	61.7%	22.3%	38.2%	65.9%
Institutional capital /total assets	7.25%	12.5%	25.0%	14.35%	9.3%
Loan loss reserves/ total loans outstanding	1.7%	2.1%	2.3%	2.2%	1.8%
Loan interest income/average loans outstanding (monthly average)	1.0%	1.5%	1.4%	1.4%	1.7%
Growth in assets (monthly average)	3.3%	0.6%	-1.9%	2.0%	4.5%
Growth in savings (monthly average)	4.6%	2.1%	1.9%	6.0%	5.1%

I. Project targets

A. Institutional Targets

Nine institutional targets were outlined in the USAID Co-operative Agreement Award for the project:

- 1) Standardised accounting system will be completed for CFI's in three districts.
- 2) Accounting manual will be finalised.
- 3) CFI accounting training programme will be developed and implemented.
- 4) CFI financial management training programme will be developed and implemented.
- 5) Standardised internal controls system will be completed.
- 6) CFI internal controls training programme will be developed and implemented.
- 7) A system of financial ratios (with averages and benchmarks) will be completed.
- 8) An examination guide for supervision will be completed.
- 9) A supervision and examination training programme will be completed.

After 18 months implementation, the project has now been completed. Significant progress was made on achievement of all 9 institutional objectives:

1. A standardised accounting system was designed and implemented by 43 CFIs in 6 districts. A supervision exercise conducted in the 3 districts of Ha Tinh province in May 2003 confirmed that the system has been successfully adopted in all communes visited. Problems remain with implementation of certain aspects of the system and commune staff will require further support from District Women's Union staff. However, the adoption of the new system in all these communes constitutes a major achievement of the project.
2. An accounting manual was finalised and published in June 2003.
3. Accounting training has been provided to the 3 staff of a total of 43 CFIs in 6 districts. A total of 14 training sessions on the accounting system were organised between June 2002 and January 2003. All staff received a basic 5 day training course on the model accounting system.
4. A financial management training course was designed and implemented in January 2003. The course was attended by 31 provincial and district level Women's Union staff, together with representatives from the State Bank. However, contrary to initial project plans, it was not possible to deliver this course to all CFI staff. This resulted from

insufficient time and also the continued focus of most CFIs on adoption of the new accounting system until the end of the project.

5. An internal controls manual was written and amended on a number of occasions. This document, however, was not finalised for publication.
6. Internal controls training was provided to the 3 staff of a total of 43 CFIs in 6 districts. In cases where CFIs have recruited internal supervisors, they also participated in these training sessions. A total of 6 three-day training courses were held between October 2002 and June 2003.
7. A set of key financial ratios was drafted as part of the financial management training course in January 2003.
8. A supervision guide was drafted and its content tested both during the training session in March and as part of an external supervision exercise conducted in May 2003. This document was not, however, finalised for publication.
9. A 5-day training course on supervision and examination was held for 16 provincial and district level Women's Union staff in March 2003.

B. Key financial indicators

A number of financial targets are included in the Co-operative Agreement as "estimates of where WOCCU thinks the participating CFI's will be in December 2003". However, the agreement emphasises that "These financial targets will not be used to determine whether the programme with the Women's Union has succeeded but will be utilised to assess the outreach and financial condition of the savings and loan programme."

The figures included in this report cover a total of 41 CFIs within the project up until May 2003 (Can Loc 7, Ky Anh 10, Uong Bi 10, Dong Trieu 11, Uong Bi 3). One new CFI was established in Dong Trieu in May (Hoang Que CFI). For the first time, all CFIs were able to submit financial reports based on implementation of the new accounting system.

Actual figures for May 2003, however, are not comparable with the target figures quoted below as these were set for the original 38 CFIs in 3 districts.

	Actual figures May 2003	Target Dec. 2002	Target Dec. 2003
No. of loans outstanding.		31,092	35,434
Amount of loans outstanding	976,378	1,300,630	1,782,555

(US\$).			
Delinquency rate (> 30 days).	0.32%	<5%	<5%
Long run loss rate.	0%	2.3%	2.1%
Return on operations.	139%	124%	127%
Savings mobilisation (US\$).	399,084	477,249	747,456

The long run loss rate quoted here is calculated on the basis of loan loss provision during the two-month period April - May 2003. As loan loss provision is made on either a quarterly or annual basis, no expenditure was recorded by any of the CFIs during this period.

The figure for rate of return on operations is calculated on the basis of actual CFI loan interest income during April-May divided by adjusted expenses. Adjusted expenses include actual operational costs and loan loss provision plus adjusted financial expenses. The VBARD 3 month deposit rate of 0.6% per month during this period was used to calculate the shadow cost of funds faced by CFIs. This cost (11,621 USD) was higher than actual financial costs (8452 USD). However, due to the lack of loan loss provision expense and low operational costs during this two month period, the return on operations figure exceeds the break-even point.

II. Financial performance, growth, services and outreach of CFI's

a. Outreach

One new CFI (Hoang Que) was established in Dong Trieu district in May 2003. This brings the total number of CFIs covered by the project to 41 (Can Loc 7, Ky Anh 10, Dong Trieu 11, Uong Bi 10, Ninh Phuoc 3). The total membership of these 41 CFIs was 22,081 at end May - an average of 539 members per CFI. The membership of Ky Anh CFIs is smaller (average 330), while average figures in the in the other 4 districts range from 538 to 663 members per CFI.

Since the end of the first quarter, membership figures stagnated or fell in both Can Loc and Uong Bi districts (-0.3% and -1.1% membership growth respectively). However, membership growth was strong in both Dong Trieu and Ninh Phuoc districts (2.9% and 7.2% respectively).

b. Performance and growth

1. Protection

Loan repayment delinquency was reported in only two CFIs during this quarter: Ky Thuong (Ky Anh district) and Thuy An (Dong Trieu district):

CFI 31.5.03	Loans overdue outstanding	Total loans outstanding	Loan loss reserve	Delinquency Rate	Loan loss reserve/ loans overdue outstanding
Ky Thuong	22,291,742	172,488,342	3,844,000	12.9%	17.2%
Thuy An	25,682,000	155,398,000	12,770,500	16.5%	49.7%

Thuy An CFI has made adequate provision against loan loss (49.7% of loans overdue outstanding) while Ky Anh has not (only 17.2%).

It has been recommended by WOCU that CFIs should also provision for 2% of total on-time loans outstanding. However, as provisioning takes place on either a quarterly or annual basis in all CFIs, no further provision was made in any of the communes between April and May. As a result, loan loss reserves in Can Loc and Ninh Phuoc districts fell below the 2% target during this quarter, reflecting overall growth in the loan portfolio.

	Loan loss reserve/total loans outstanding 31.5.03
Can Loc (7 CFIs)	1.7%
Ky Anh (10 CFIs)	2.1%
Uong Bi (10 CFIs)	2.3%
Dong Trieu (11 CFIs)	2.2%
Ninh Phuoc (3 CFIs)	1.8%

2. Financial structure

Assets

CFIs continued to maintain a very high proportion of total assets in their loan portfolio. In only 2 CFIs did net loans fall below 90% of total assets at end May (Thuong Yen Cong and Ky Thuong CFIs).

	E1 Net loans/total assets (31.5.03)
Can Loc (7 CFIs)	97.8%
Ky Anh (10 CFIs)	94.6%
Uong Bi (10 CFIs)	97.4%
Dong Trieu (11 CFIs)	98.1%
Ninh Phuoc (3 CFIs)	99.7%

Savings

The overall percentage of savings deposits over total assets increased during this quarter in all 5 districts. Savings mobilisation remains strongest in Can Loc district, where savings accounted for over 40% of total assets in all 7 CFIs. Savings mobilisation remains weakest in Ky Anh and Ninh Phuoc, where less than a quarter of total assets were derived from savings deposits. During this quarter, total savings balances grew in 32 of the 41 CFIs.

	E5 Savings deposits/total assets (31.5.03)	S5 Growth in savings (average per month)
Can Loc (7 CFIs)	52.7%	4.6%
Ky Anh (10 CFIs)	23.4%	2.1%
Uong Bi (10 CFIs)	47.4%	1.9%
Dong Trieu (11 CFIs)	43.3%	5.9%
Ninh Phuoc (3 CFIs)	22.1%	5.1%

External credit

External borrowing from District Women's Union funds by the 41 CFIs dropped by almost 350 million dong over this two month period. There was a major 300 million dong drop in external borrowing by the 10 Uong Bi CFIs, with smaller drops in both Can Loc and Dong Trieu. Ratios of external credit to total assets fell in all 5 districts.

	E6 External credit/total assets (31.5.03)	S6 Growth in external credit (average per month)
Can Loc (7 CFIs)	32.3%	-0.3%
Ky Anh (10 CFIs)	61.7%	0%
Uong Bi (10 CFIs)	22.3%	-12.4%
Dong Trieu (11 CFIs)	38.2%	-2.8%
Ninh Phuoc (3 CFIs)	65.9%	3.1%

Membership shares

The 7 Can Loc CFIs experienced a minimal (0.3%) increase in total share capital during this two month period. CFIs in the other four districts have not issued membership shares.

Institutional capital

The average E8 ratio increased for each district over the last two months. Growth in institutional capital has been higher than total asset growth in all districts. By end May, 23 of the 41 CFIs had accumulated institutional capital of over 10% of total assets. All CFIs in Can Loc and Ninh Phuoc remain under the 10% target at the end of the reporting period.

	E8 Institutional capital/total assets (31.5.03)	S8 Growth in institutional capital (average per month)	S11 Growth in total assets (average per month)
Can Loc (7 CFIs)	7.2%	3.7%	3.3%
Ky Anh (10 CFIs)	12.5%	2.2%	0.6%
Uong Bi (10 CFIs)	25.0%	1.7%	-1.9%
Dong Trieu (11 CFIs)	14.3%	2.8%	2.0%
Ninh Phuoc (3 CFIs)	9.3%	7.1%	4.5%

3. Asset quality

As outlined in section 1 above on 'protection', only two of the 41 CFIs report any loan repayment delinquency. Delinquency rates in these two CFIs are high (12.9% in Ky Thuong and 16.5% in Thuy An). However, the results of the supervision exercise conducted in 6 CFIs in three Ha Tinh districts also indicate that there are cases of hidden delinquent loans which remain unreported.

Levels of non-earning assets remain very low (below 8.4%) in all 41 CFIs.

	A2 Non-earning assets/total assets (31.5.03)
Can Loc (7 CFIs)	3.2%
Ky Anh (10 CFIs)	3.7%
Uong Bi (10 CFIs)	1.3%
Dong Trieu (11 CFIs)	1.5%
Ninh Phuoc (3 CFIs)	0.3%

4. Rates of Return

Net income

Only one of the 41 CFIs generated negative net income during this two month period (Thuong Yen Cong, Uong Bi Township). This results from a very low yield from its loan portfolio and very small scale of lending operations. Thuong Yen Cong is depleting its institutional capital and faces severe problems.

Rates of net income overall have been high during this reporting period. Even in the two districts with virtually no subsidised support for operational costs (Ky Anh and Uong Bi), net income over average total assets averaged 0.5% and 0.8% per month respectively.

	R12 Net income/total assets
Can Loc (7 CFIs)	0.5%
Ky Anh (10 CFIs)	0.5%
Uong Bi (10 CFIs)	0.8%
Dong Trieu (11 CFIs)	0.8%
Ninh Phuoc (3 CFIs)	1.2%

Income

Average loan portfolio yields during this period were consistently lower in Can Loc CFIs than in other districts. This may have resulted from the higher percentage of supplementary and seasonal loans, which accounted for 44.5% of total loans outstanding in Can Loc district at end May. Interest is paid up front on these loans rather than on a regular monthly or fortnightly basis.

	R1 Total loan income/ave. loan portfolio
Can Loc (7 CFIs)	1.0%
Ky Anh (10 CFIs)	1.5%
Uong Bi (10 CFIs)	1.4%
Dong Trieu (11 CFIs)	1.4%
Ninh Phuoc (3 CFIs)	1.7%

CFIs in three of the five districts continue to receive significant levels of subsidy from ActionAid Vietnam to help cover operational costs.

	% of total income derived from operating subsidies
Can Loc (7 CFIs)	26%
Ky Anh (10 CFIs)	0%
Uong Bi (10 CFIs)	2%
Dong Trieu (11 CFIs)	17%
Ninh Phuoc (3 CFIs)	22%

Financial costs

Nominal interest of 0.5-0.6% is paid on savings deposits, while the District Women's Union lends to CFIs at rates of from 0.5% to 0.75%.

	R5 Interest cost on savings/ave. total savings (average per month)	R6 Interest cost on external credit/ave. total external credit (average per month)
Can Loc (7 CFIs)	0.5%	0.6%
Ky Anh (10 CFIs)	0.6%	0.6%
Uong Bi (10 CFIs)	0.4%	0.8%
Dong Trieu (11 CFIs)	0.5%	0.5%
Ninh Phuoc (3 CFIs)	0.5%	0.5%

Operating costs

Staff costs per CFI per month averaged from 639,750 dong in Ky Anh to 1,147,190 in Uong Bi. Operational costs were low during this reporting period. Annual R9 ratios calculated on a pro-rata basis using April-May figures would average 2.4 to 6% - below the 10% ceiling set in the PEARLS system.

	R9 Operating expenses/ave. total assets (average per month)
Can Loc (7 CFIs)	0.3%
Ky Anh (10 CFIs)	0.4%
Uong Bi (10 CFIs)	0.2%
Dong Trieu (11 CFIs)	0.5%
Ninh Phuoc (3 CFIs)	0.5%

5. Liquidity

As in previous quarters, very low levels of liquidity were maintained by CFIs in all districts except Ky Anh.

	L2 Liquidity Reserves/savings deposits
Can Loc (7 CFIs)	4.2%
Ky Anh (10 CFIs)	22.4%
Uong Bi (10 CFIs)	4.7%
Dong Trieu (11 CFIs)	4.3%
Ninh Phuoc (3 CFIs)	1.6%

6. Growth

CFIs in Uong Bi have continued to experience problems during the second quarter. Negative asset growth was recorded by 7 of the 10 CFIs in April-May. The total outstanding loan balance fell or remained stagnant in 9 out of the 10 CFIs. CFIs reduced their borrowing from the Township Women's Union by a quarter in only two months. In other districts, asset growth was particularly strong in the Can Loc and Ninh Phuoc CFIs.

	S11 Growth in total assets (ave. per month)	S5 Growth in savings (ave. per month)	S6 Growth in external credit (average per month)
Can Loc (7 CFIs)	3.3%	4.6%	-0.3%
Ky Anh (10 CFIs)	0.6%	2.1%	0%
Uong Bi (10 CFIs)	-1.9%	1.9%	-12.4%
Dong Trieu (11 CFIs)	2.0%	5.9%	-2.8%
Ninh Phuoc (3 CFIs)	4.5%	5.1%	3.1%

III. Key activities implemented during reporting period

The project came to an end on 15th July 2003. The activities outlined in this report therefore cover the period April 1st to July 15th 2003.

a. Accounting

A short two-day refresher course for the 10 CFI accountants in Ky Anh district was organised by the project co-ordinator from April 17th to 18th. The Ky Anh CFIs had been facing difficulties in completing their financial reports following the transfer to the new accounting system. This training session was held to address the specific problems encountered. By May 2003, all 10 Ky Anh CFIs were able to submit accurate financial reports to the project for the first time.

The accounting manual was finalised and published by the Science and Technology Publishing House in June 2003. Prior to publication, the text was edited for technical content by Le Van Luyen, Deputy Head of the Accounting and Auditing Department of the Vietnam Banking Institute. One thousand copies of the manual were printed for dissemination to: staff of CFIs within the project; district and provincial Women's Union branches in Ha Tinh; other provincial branches of the Women's Union; the Central Women's Union; State Bank; projects, NGOs and donors involved in microfinance and a number of microfinance libraries and resource centres in Vietnam.

The project co-ordinator also spent five days in Mai Son District, Son La province (June 16th - 20th) giving advice and assistance to the District Women's Union on implementation of the model accounting system by 12 CFIs in the district. Though not part of the WOCCU project area, the ActionAid Vietnam supported Women's Union programme in Mai Son itself adopted the WOCCU accounting system after piloting in Ha Tinh was completed. This adoption of the system by CFIs outside of the project area and independent of WOCCU funding can be considered one of the most positive achievements of the project.

b. Internal controls

The final internal controls training courses were held in Ninh Phuoc district (26th - 28th May) and Uong Bi township (6th - 8th June). In both cases, three day courses were run by the Project Co-ordinator and the content was similar to previous training sessions. A total of 41 participants attended the Uong Bi training - including internal supervisors recruited by a number of CFIs - while 16 participants attended the Ninh Phuoc training. After the training, the materials were amended to form the draft internal controls manual which was circulated at the project's closing workshops.

c. Supervision

An external supervision exercise was organised for 6 CFIs in Ha Tinh from May 8th to May 11th. The objectives of this exercise were to:

- assess the extent to which project communes in the 3 districts had adopted the model accounting system.
- provide additional guidance to district and provincial level Women's Union on supervision techniques.
- provide further assistance to Ky Anh CFIs in implementation of the accounting system.

Two teams were organised. One team visited 3 CFIs in Ky Anh (Ky Hoa, Ky Giang, Ky Lam) and the other visited 2 CFIs in Can Loc (My Loc, Nga Loc) and one in Cam Xuyen (Cam Vinh). The teams included external participants from: State Bank of Vietnam, Central Women's Union, Dong Trieu District Women's Union and Uong Bi Township Women's Union.

The supervision visits revealed that the model accounting system had been implemented by all CFIs visited and that significant achievements had been made in transferring to the double entry accounting system. However, a number of accounting issues were highlighted during these visits. Examples included:

- Laxness in documentation of verified balances transferred from the old accounting system to the new.
- Misunderstanding of the role of journal vouchers and the general journal for non-cash transactions.
- Difficulties in reconciling the general ledger balances for loans outstanding with subsidiary ledger balances in the group/cluster ledgers and individual loan cards.
- Failure to keep individual loan ledgers up to date.
- Mistakes in calculation of loan interest due in cases of early loan repayment.
- Problems in closing income and expenditure accounts at year end.

The reports from these supervision visits also covered the following issues:

- institutional capital.
- profitability.
- financial management.
- management and governance.
- loan portfolio.

In general, it was clear that all CFIs still lack a comprehensive set of documented policies and procedures. Moreover, in some cases it is unclear where the authority lies for issuing such policies and procedures. A relatively high dependence on subsidy to cover costs is still evident in some CFIs. Planning remains weak - with continued dependence on external capital and compulsory savings. Loan pricing is still not based on systematic financial planning. Hidden loan repayment delinquency was also discovered in a number of cases where vouchers could not be produced to document loan principal repayments. The roll-over of seasonal six month loans - repayable in a lump sum at the end of the loan term - was also very common.

Despite the wide range of issues raised, there is no doubt that District and Provincial Women's Union staff have benefited from exposure to thorough and comprehensive supervision procedures of this type. It is hoped that their heightened awareness will result in suitable follow-up assistance to the CFIs to address some of the problems outlined.

The findings from these supervision visits were reported at the project's closing workshop in Ha Tinh.

d. Savings Survey

A short three-day survey of savings services and practices was conducted by the Project Director in Ninh Phuoc district between May 26th and May 28th. (See terms of reference in Attachment II). The survey included a visit to the Phuoc Son PCF, the district branch of the Vietnam Bank of Agriculture and Rural Development and a series of household interviews focusing on the dynamic local ROSCA (Rotating Savings and Credit Association) market. A report is being prepared on the challenges faced by CFIs in savings mobilisation.

e. Project Completion Workshop, Ha Tinh

A final workshop was held in Ha Tinh on 30th June. The objectives of the workshop were:

- to report back to project participants on results achieved, constraints faced and problems still to be addressed.
- to introduce the accounting manual and other project outputs.
- to discuss future supervision structure, content and plans.

A total of 45 participants attended the workshop: including one representative from each of the 23 project CFIs in Ha Tinh and representatives from the provincial Women's Union, the 3 districts, Women's Union branches from other districts in Ha Tinh, the State Bank of Vietnam and other savings and credit projects.

The contents of the workshop included:

- A project completion report presented by WOCCU (see Attachment H).
- Presentations on project outcomes by the Provincial Women's Union, Ky Anh District Women's Union and two of the CFIs involved in the project.
- A report back on the results of the May supervision exercise conducted in 6 CFIs in the 3 districts.
- A presentation on the contents of the recently published accounting manual
- An overview of Provincial Women's Union plans for future supervision of CFIs.

f. Lesson Sharing Workshop, Hanoi

A lesson sharing workshop was held in Hanoi on 4th July 2003 in conjunction with the Women's Union Training College. The objectives of this workshop were to introduce management tools developed under the WOCCU project and to promote their adoption by other organisations, projects and donors promoting community financial institutions.

The workshop was attended by 49 participants including: State Bank of Vietnam (3), Ministry of Finance (1), Central Women's Union (6), Farmers Association (1), Provincial branches of Women's Union (6), NGOs, donors and international organisations (11), WOCCU project partners from Ha Tinh, Quang Ninh, Ninh Thuan and Son La (18) and WOCCU staff (3).

The workshop covered the following areas:

- Overview of project objective and implementation.
- Accounting and internal controls manual.
- Financial management
- Supervision

Active participation throughout the workshop by the Director of the Co-operative Credit Institutions Department of the State Bank demonstrated the State Bank's support to the project and their interest in the tools developed. Presentations by commune and district level project partners on adoption of the new accounting and internal controls systems appeared to make a deep impression

on many participants from other NGOs and microfinance organisations. The project was also fortunate to attract the participation of a number of provincial Women's Union branches that have been implementing savings and credit projects.

g. Workshop on 'Microcredit in poverty reduction and its challenges'.

This workshop was organised by the 'Capital Aid Fund for Employment of the Poor (CEP) in Ho Chi Minh City from May 21st to 23rd. Both the Project Director and Co-ordinator attended this workshop and a paper was presented entitled 'Some suggestions on regulation of microfinance in Vietnam'. (See Attachment J).

h. Handover of Ha Tinh office equipment

All office equipment from the Ha Tinh office was transferred to the ownership of the Ha Tinh Provincial Women's Union on 30th June 2003.

IV. Problems encountered/proposed solutions

Policy making authority. Prior to the withdrawal of international NGO support to the Women's Union, much de facto decision making authority with regard to the CFIs was exercised by the NGOs. Now that the NGOs are withdrawing project support and transferring management of loan funds to the Women's Union, it is important that policy making authority with regard to CFIs is clearly defined. The role of the CFI management board and the District Women's Union needs to be clarified. Policies and procedures issued by the appropriate authorities also need to be documented. This is essential for the CFIs' own management purposes but is also a necessary precondition for effective supervision.

Future supervision of CFIs. Following the completion of the WOCCU project, it is clear that the main role of CFI supervision will be taken up by the various District Women's Union branches. The District Women's Union branches have funds invested in lending to the CFIs, have full time staff assigned to conduct CFI supervision and income from their lending activities to cover the cost of these staff. As part of the project, they have also received training on supervision techniques. However, it will be important to ensure that District Women's Union branches maintain specialised, full time staff to undertake this role. Moreover, as CFIs do not yet have legal status, the supervisory role of the District Women's Union does not carry the authority of recognition by the State Bank. The role of the provincial Women's Union in future supervision, however, remains much less clear.

Dissemination of project tools. WOCCU has sought to disseminate information regarding the tools developed under the project, particularly the accounting manual, and promote their adoption by

other projects and institutions. One of the significant achievements of the project was the adoption of the model accounting system by non-project CFIs in Mai Son District, Son La province. A wide variety of Women's Union branches, NGOs and microfinance projects also attended the project's lesson sharing workshop in Hanoi and received copies of the manuals and guidelines produced by the project.

However, it is unclear whether the Central Women's Union or State Bank are likely to take an active role in further promoting the adoption of these tools. The Central Women's Union retains a very loose supervisory control over microfinance activities carried out by provincial and district branches. Very little technical direction is provided by the central organisation and there appear to be few signs of proactive promotion of consistent accounting practices, internal controls and supervision guidelines within the Women's Union.

Three key members of the Banks and Non-Banks Department of the State Bank who were responsible for drafting the microfinance decree, were members of the WOCCU project advisory committee and have been involved in WOCCU activities from the beginning, have all recently left the department. It is unclear which individuals will now take over responsibility for issues regarding microfinance regulation within the State Bank. This will also limit the potential for adoption of WOCCU's project tools in any regulations regarding microfinance.

Attachment A

Membership information

CFI Membership Information: March - May 2003

District/Commune	No. of members 31.3.03	No. of members 31.5.03
Can Loc district		
My Loc	658	658
Nhan Loc	687	684
Thuong Loc	475	470
Dong Loc	480	483
Nga Loc	440	436
Phu Loc	510	506
Son Loc	518	530
Total	3,768	3,767
Ninh Phuoc district		
An Hai	627	681
Phuoc Hai	660	689
Phuoc Dinh	569	620
Total	1,856	1,990
Uong Bi district		
Phuong Nam	740	752
Phuong Dong	817	793
Thuong Yen Cong	393	379
Nam Khe	447	458
Thanh Son	574	545
Bac Son	629	633
Quang Trung	909	913
Vang Danh	1041	1029
Trung Vuong	561	569
Yen Thanh	463	431
Total	6,574	6,502
Dong Trieu district		
Hong Phong	822	814
An Sinh	588	594
Thuy An	470	470
Xuan Son	720	724
Kim Son	818	830
Hong Thai Dong	804	808
Duc Chinh	762	754
Tan Viet	478	488
Binh Duong	504	537
Hung Dao	374	392
Hoang Que	0	110
Total	6,340	6,521
Ky Anh district		
Ky Long		256
Ky Thuong		320
Ky Khang		296
Ky Dong		475
Ky Phu		617
Ky Lam		253
Ky Giang		169
Ky Hoa		355
Ky Hung		220
Ky Ninh		340
Total		3,301
Grand Total		22,081

Attachment B

Can Loc District Financial Information

Can Loc District Financial Information

i) Balance sheets and income and expenditure accounts

Local currency financial statements are included for all 7 communes covered by the WOCCU project in Can Loc district, together with a consolidated statement. Reports have been included for April and May 2003 only as there was insufficient time to include the June figures.

Fixed assets were included for the first time in May 2003. A figure of 3.9 million dong was included for all CFIs, based to the valuation of motorbikes owned by the CFIs.

ii) PEARLS ratios

A selection of 21 PEARLS ratios have been calculated for the CFIs. These are the ratios that can be calculated from the financial information available. Ratios relating to Rates of Return and Signs of Growth have been calculated on the basis of income or expenditure over the two month period April- May divided by two to give an average monthly figure.

A number of other ratios relating to loan loss reserves, income subsidy and the composition of the loan portfolio have also been included.

My Loc PEARLS - 2nd Quarter 2003

		GOAL
E1	Net loans/total assets	99.42% 70-80%
E5	Savings deposits/total assets	51.20% 70-80%
E6	External credit/total assets	32.13% Max 5%
E7	Member share capital/total assets	2.35% 10-20%
E8	Institutional capital/total assets	8.77% Min 10%
A2	Non-earning assets/total assets	1.05% <=5%
R1	Total loan income/average net loan portfolio	1.24% Entrepreneurial rate
R5	Total interest cost on savings dep./ave savings dep.	0.50% >Inflation
R6	Total interest cost on external credit/ave. external credit	0.61% Market rate
R8	Total gross interest margin/average total assets	1.02% Variable
R9	Operating expenses/average total assets	0.27% <10%
R10	Total loan loss provision expense/ave. total assets	0.00% Dependent on delinquency
R12	Net income/total assets	0.75% Linked to E8
L2	Liquidity reserves/savings deposits	1.14% 0.1
L3	Non-earning liquid assets/total assets	0.58% <1%
S1	Growth in loans	1.89% Dependent on E1
S5	Growth in savings deposits	1.59% Dependent on E5
S6	Growth in external credit	1.92% Dependent on E6
S7	Growth in member shares	0.00% Dependent on E7
S8	Growth in institutional capital	4.57% Dependent on E8
S11	Growth in total assets	2.47% >Inflation
	Loan loss reserve/loans outstanding	1.77%
	% of income from AAV subsidies	16.7%
	Voluntary savings as % of total savings	
	Common loan outstanding/total loans outstanding	42%
	Supplementary loan outstanding/total loans outstanding	14%
	Seasonal loans outstanding/total loans outstanding	15%
	Medium term loan outstanding/total loans outstanding	29%

**Nhan Loc
Balance sheet**

**Can Loc District
(Vietnamese dong)**

	Mar 31st 2003	May 31st 2003
Assets		
Cash on hand	5,624,800	7,760,300
Bank deposits	-	-
Common loans outstanding	213,373,000	226,127,000
Supplementary loans outstanding	191,100,000	182,200,000
Seasonal loans outstanding	130,368,700	128,229,500
Medium term loans outstanding	57,425,000	67,525,000
Loan loss reserve	(9,395,000)	(9,395,000)
Fixed assets	-	3,900,000
Total	588,496,500	606,346,800
Liabilities		
Savings balance	329,080,300	338,841,900
Loans outstanding from DWU	180,000,000	180,000,000
Mutual assistance fund	447,000	610,000
Total	509,527,300	519,451,900
Net worth		
Grant capital	-	-
Institutional capital	35,110,700	35,110,700
Professional development fund	11,040,000	11,040,000
Bonus fund	1,380,000	1,380,000
Welfare fund	1,380,000	1,380,000
Retained earnings	10,494,500	14,530,200
Shares	19,564,000	19,554,000
Grant capital (in kind)	-	3,900,000
Total	78,969,200	86,894,900
Liabilities + net worth	588,496,500	606,346,800

Income and expenditure account

	Apr	May	Total
Income			
Loan interest income	4,195,500	4,147,600	8,343,100
Loan fee/fines	661,500	851,500	1,513,000
Other income	-	-	-
AAV subsidy (in cash)	1,400,000	1,080,000	2,480,000
AAV subsidy (in kind)	-	-	-
Total income	6,257,000	6,079,100	12,336,100
Expenditure			
Savings interest	1,722,100	1,708,300	3,430,400
Interest on DWU loan	1,080,000	1,080,000	2,160,000
Loan loss provision	-	-	-
Commune level salaries	800,000	680,000	1,480,000
Centre level allowances	470,000	400,000	870,000
Training	-	-	-
Equipment	-	-	-
Printing, ledgers, reports	-	-	-
Photocopying	320,000	-	320,000
Evaluation/meeting	40,000	-	40,000
Other expenditure	-	-	-
Total expenditure	4,432,100	3,868,300	8,300,400
Net income	1,824,900	2,210,800	4,035,700

Nhan Loc PEARLS - 2nd Quarter 2003

		GOAL
E1	Net loans/total assets	98.72% 70-80%
E5	Savings deposits/total assets	55.88% 70-80%
E6	External credit/total assets	29.69% Max 5%
E7	Member share capital/total assets	3.22% 10-20%
E8	Institutional capital/total assets	6.99% Min 10%
A2	Non-earning assets/total assets	1.92% <=5%
R1	Total loan income/average net loan portfolio	0.84% Entrepreneurial rate
R5	Total interest cost on savings dep./ave savings dep.	0.51% >Inflation
R6	Total interest cost on external credit/ave. external credit	0.60% Market rate
R8	Total gross interest margin/average total assets	0.56% Variable
R9	Operating expenses/average total assets	0.23% <10%
R10	Total loan loss provision expense/ave. total assets	0.00% Dependent on delinquency
R12	Net income/total assets	0.34% Linked to E8
L2	Liquidity reserves/savings deposits	2.29% 0.1
L3	Non-earning liquid assets/total assets	1.28% <1%
S1	Growth in loans	1.00% Dependent on E1
S5	Growth in savings deposits	1.48% Dependent on E5
S6	Growth in external credit	0.00% Dependent on E6
S7	Growth in member shares	-0.03% Dependent on E7
S8	Growth in institutional capital	2.50% Dependent on E8
S11	Growth in total assets	1.52% >Inflation
	Loan loss reserve/loans outstanding	1.56%
	% of income from AAV subsidies	20.1%
	Voluntary savings as % of total savings	
	Common loan outstanding/total loans outstanding	37%
	Supplementary loan outstanding/total loans outstanding	30%
	Seasonal loans outstanding/total loans outstanding	21%
	Medium term loan outstanding/total loans outstanding	11%

**Son Loc
Balance sheet**

**Can Loc District
(Vietnamese dong)**

	Mar 31st 2003	May 31st 2003
Assets		
Cash on hand	1,850,700	5,071,400
Bank deposits	-	-
Common loans outstanding	135,542,000	155,902,000
Supplementary loans outstanding	87,000,000	85,200,000
Seasonal loans outstanding	113,400,000	102,600,000
Medium term loans outstanding	22,000,000	32,000,000
Loan loss reserve	(6,164,000)	(6,164,000)
Fixed assets	-	3,900,000
Total	353,628,700	378,509,400
Liabilities		
Savings balance	145,194,000	162,530,400
Loans outstanding from DWU	160,000,000	160,000,000
Mutual assistance fund	824,600	1,182,300
Total	306,018,600	323,712,700
Net worth		
Grant capital	-	-
Institutional capital	27,508,800	27,508,800
Professional development fund	-	-
Bonus fund	-	-
Welfare fund	-	-
Retained earnings	4,743,300	7,657,900
Shares	15,358,000	15,730,000
Grant capital (in kind)	-	3,900,000
Total	47,610,100	54,796,700
Liabilities + net worth	353,628,700	378,509,400

Income and expenditure account

	Apr	May	Total
Income			
Loan interest income	2,599,100	2,668,700	5,267,800
Loan fee/fines	601,500	543,500	1,145,000
Other income	-	-	-
AAV subsidy (in cash)	1,400,000	1,020,000	2,420,000
AAV subsidy (in kind)	-	-	-
Total income	4,600,600	4,232,200	8,832,800
Expenditure			
Savings interest	585,800	992,400	1,578,200
Interest on DWU loan	960,000	960,000	1,920,000
Loan loss provision	-	-	-
Commune level salaries	800,000	740,000	1,540,000
Centre level allowances	280,000	280,000	560,000
Training	-	-	-
Equipment	320,000	-	320,000
Printing, ledgers, reports	-	-	-
Photocopying	-	-	-
Evaluation	-	-	-
Other expenditure	-	-	-
Total expenditure	2,945,800	2,972,400	5,918,200
Net income	1,654,800	1,259,800	2,914,600

Son Loc PEARLS - 2nd Quarter 2003

			GOAL
E1	Net loans/total assets	98.66%	70-80%
E5	Savings deposits/total assets	42.94%	70-80%
E6	External credit/total assets	42.27%	Max 5%
E7	Member share capital/total assets	4.16%	10-20%
E8	Institutional capital/total assets	8.28%	Min 10%
A2	Non-earning assets/total assets	2.37%	<=5%
R1	Total loan income/average net loan portfolio	0.89%	Entrepreneurial rate
R5	Total interest cost on savings dep./ave savings dep.	0.51%	>Inflation
R6	Total interest cost on external credit/ave. external credit	0.60%	Market rate
R8	Total gross interest margin/average total assets	0.73%	Variable
R9	Operating expenses/average total assets	0.33%	<10%
R10	Total loan loss provision expense/ave. total assets	0.00%	Dependent on delinquency
R12	Net income/total assets	0.40%	Linked to E8
L2	Liquidity reserves/savings deposits	3.12%	0.1
L3	Non-earning liquid assets/total assets	1.34%	<1%
S1	Growth in loans	2.48%	Dependent on E1
S5	Growth in savings deposits	5.97%	Dependent on E5
S6	Growth in external credit	0.00%	Dependent on E6
S7	Growth in member shares	1.21%	Dependent on E7
S8	Growth in institutional capital	2.44%	Dependent on E8
S11	Growth in total assets	3.52%	>Inflation
	Loan loss reserve/loans outstanding	1.64%	
	% of income from AAV subsidies	27.4%	
	Voluntary savings as % of total savings		
	Common loan outstanding/total loans outstanding	41%	
	Supplementary loan outstanding/total loans outstanding	23%	
	Seasonal loans outstanding/total loans outstanding	27%	
	Medium term loan outstanding/total loans outstanding	9%	

**Thuong Loc
Balance sheet**

**Can Loc District
(Vietnamese dong)**

	Mar 31st 2003	May 31st 2003
Assets		
Cash on hand	2,721,500	11,232,300
Bank deposits	-	-
Common loans outstanding	78,532,000	82,280,000
Supplementary loans outstanding	31,200,000	35,700,000
Seasonal loans outstanding	56,700,000	56,400,000
Medium term loans outstanding	-	-
Loan loss reserve	(3,081,000)	(3,081,000)
Fixed assets	-	3,900,000
Total	166,072,500	186,431,300

Liabilities		
Savings balance	96,090,500	126,096,200
Loans outstanding from DWU	45,000,000	30,000,000
Mutual assistance fund	500,100	658,100
Total	141,590,600	156,754,300

Net worth		
Grant capital	-	-
Institutional capital	10,336,700	10,336,700
Professional development fund	-	-
Bonus fund	-	-
Welfare fund	-	-
Retained earnings	1,800,200	3,070,300
Shares	12,345,000	12,370,000
Grant capital (in kind)	-	3,900,000
Total	24,481,900	29,677,000

Liabilities + net worth	166,072,500	186,431,300
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Income and expenditure account

	Apr	May	Total
Income			
Loan interest income	1,298,100	1,167,200	2,465,300
Loan fee/fines	207,000	157,000	364,000
Other income	-	-	-
AAV subsidy (in cash)	1,531,500	810,000	2,341,500
AAV subsidy (in kind)	-	-	-
Total income	3,036,600	2,134,200	5,170,800

Expenditure			
Savings interest	471,800	547,400	1,019,200
Interest on DWU loan	270,000	270,000	540,000
Loan loss provision	-	-	-
Commune level salaries	570,000	570,000	1,140,000
Centre level allowances	240,000	240,000	480,000
Training	721,500	-	721,500
Equipment	-	-	-
Printing, ledgers, reports	-	-	-
Photocopying	-	-	-
Evaluation	-	-	-
Other expenditure	-	-	-
Total expenditure	2,273,300	1,627,400	3,900,700

Net income	763,300	506,800	1,270,100
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Thuong Loc PEARLS - 2nd Quarter 2003

			GOAL
E1	Net loans/total assets	93.98%	70-80%
E5	Savings deposits/total assets	67.64%	70-80%
E6	External credit/total assets	16.09%	Max 5%
E7	Member share capital/total assets	6.64%	10-20%
E8	Institutional capital/total assets	6.37%	Min 10%
A2	Non-earning assets/total assets	8.12%	<=5%
R1	Total loan income/average net loan portfolio	0.85%	Entrepreneurial rate
R5	Total interest cost on savings dep./ave savings dep.	0.46%	>Inflation
R6	Total interest cost on external credit/ave. external credit	0.72%	Market rate
R8	Total gross interest margin/average total assets	1.02%	Variable
R9	Operating expenses/average total assets	0.66%	<10%
R10	Total loan loss provision expense/ave. total assets	0.00%	Dependent on delinquency
R12	Net income/total assets	0.36%	Linked to E8
L2	Liquidity reserves/savings deposits	8.91%	0.1
L3	Non-earning liquid assets/total assets	6.02%	<1%
S1	Growth in loans	2.39%	Dependent on E1
S5	Growth in savings deposits	15.61%	Dependent on E5
S6	Growth in external credit	-16.67%	Dependent on E6
S7	Growth in member shares	0.10%	Dependent on E7
S8	Growth in institutional capital	2.83%	Dependent on E8
S11	Growth in total assets	6.13%	>Inflation
	Loan loss reserve/loans outstanding	1.77%	
	% of income from AAV subsidies	45.3%	
	Voluntary savings as % of total savings		
	Common loan outstanding/total loans outstanding	47%	
	Supplementary loan outstanding/total loans outstanding	20%	
	Seasonal loans outstanding/total loans outstanding	32%	
	Medium term loan outstanding/total loans outstanding	0%	

**Dong Loc
Balance sheet**

**Can Loc District
(Vietnamese dong)**

	Mar 31st 2003	May 31st 2003
Assets		
Cash on hand	18,765,400	14,606,100
Bank deposits	-	-
Common loans outstanding	80,459,000	108,945,000
Supplementary loans outstanding	40,200,000	40,200,000
Seasonal loans outstanding	68,400,000	64,800,000
Medium term loans outstanding	-	-
Loan loss reserve	(3,492,000)	(3,492,000)
Fixed assets	-	3,900,000
Total	204,332,400	228,959,100
Liabilities		
Savings balance	131,277,700	149,878,900
Loans outstanding from DWU	45,000,000	45,000,000
Mutual assistance fund	1,407,900	1,643,900
Total	177,685,600	196,522,800
Net worth		
Grant capital	-	-
Institutional capital	10,336,600	10,336,600
Professional development fund	-	-
Bonus fund	-	-
Welfare fund	-	-
Retained earnings	2,030,200	3,829,700
Shares	14,280,000	14,370,000
Grant capital (in kind)	-	3,900,000
Total	26,646,800	32,436,300
Liabilities + net worth	204,332,400	228,959,100

Income and expenditure account

	Apr	May	Total
Income			
Loan interest income	1,486,900	1,445,900	2,932,800
Loan fees/fines	403,000	304,000	707,000
Other income	-	-	-
AAV subsidy (in cash)	896,000	896,000	1,792,000
AAV subsidy (in kind)	-	-	-
Total income	2,785,900	2,645,900	5,431,800
Expenditure			
Savings interest	648,300	652,000	1,300,300
Interest on DWU loan	270,000	270,000	540,000
Loan loss provision	-	-	-
Commune level salaries	570,000	570,000	1,140,000
Centre level allowances	306,000	306,000	612,000
Training	-	-	-
Equipment	-	-	-
Printing, ledgers, reports	-	-	-
Photocopying	20,000	20,000	40,000
Evaluation	-	-	-
Other expenditure	-	-	-
Total expenditure	1,814,300	1,818,000	3,632,300
Net income	971,600	827,900	1,799,500

Dong Loc PEARLS - 2nd Quarter 2003

		GOAL
E1	Net loans/total assets	93.62% 70-80%
E5	Savings deposits/total assets	65.46% 70-80%
E6	External credit/total assets	19.65% Max 5%
E7	Member share capital/total assets	6.28% 10-20%
E8	Institutional capital/total assets	5.35% Min 10%
A2	Non-earning assets/total assets	8.08% <=5%
R1	Total loan income/average net loan portfolio	0.92% Entrepreneurial rate
R5	Total interest cost on savings dep./ave savings dep.	0.46% >Inflation
R6	Total interest cost on external credit/ave. external credit	0.60% Market rate
R8	Total gross interest margin/average total assets	0.83% Variable
R9	Operating expenses/average total assets	0.41% <10%
R10	Total loan loss provision expense/ave. total assets	0.00% Dependent on delinquency
R12	Net income/total assets	0.42% Linked to E8
L2	Liquidity reserves/savings deposits	9.75% 0.1
L3	Non-earning liquid assets/total assets	6.38% <1%
S1	Growth in loans	6.58% Dependent on E1
S5	Growth in savings deposits	7.08% Dependent on E5
S6	Growth in external credit	0.00% Dependent on E6
S7	Growth in member shares	0.32% Dependent on E7
S8	Growth in institutional capital	3.96% Dependent on E8
S11	Growth in total assets	6.03% >Inflation
	Loan loss reserve/loans outstanding	1.63%
	% of income from AAV subsidies	33.0%
	Voluntary savings as % of total savings	
	Common loan outstanding/total loans outstanding	51%
	Supplementary loan outstanding/total loans outstanding	19%
	Seasonal loans outstanding/total loans outstanding	30%
	Medium term loan outstanding/total loans outstanding	0%

**Phu Loc
Balance sheet**

**Can Loc District
(Vietnamese dong)**

	Mar 31st 2003	May 31st 2003
Assets		
Cash on hand	1,239,800	3,771,200
Bank deposits	-	-
Common loans outstanding	98,283,000	119,731,000
Supplementary loans outstanding	71,900,000	74,000,000
Seasonal loans outstanding	77,600,000	77,000,000
Medium term loans outstanding	-	-
Loan loss reserve	(4,663,000)	(4,663,000)
Fixed assets	-	3,900,000
Total	244,359,800	273,739,200
Liabilities		
Savings balance	99,943,900	122,787,700
Loans outstanding from DWU	110,000,000	110,000,000
Mutual assistance fund	275,400	398,700
Total	210,219,300	233,186,400
Net worth		
Grant capital	-	-
Institutional capital	16,868,800	16,868,800
Professional development fund	-	-
Bonus fund	-	-
Welfare fund	-	-
Retained earnings	3,451,700	5,904,000
Shares	13,820,000	13,880,000
Grant capital (in kind)	-	3,900,000
Total	34,140,500	40,552,800
Liabilities + net worth	244,359,800	273,739,200

Income and expenditure account

	Apr	May	Total
Income			
Loan interest income	1,958,000	2,118,000	4,076,000
Loan fee/fines	354,500	436,500	791,000
Other income	-	-	-
AAV subsidy (in cash)	985,000	985,000	1,970,000
AAV subsidy (in kind)	-	-	-
Total income	3,297,500	3,539,500	6,837,000
Expenditure			
Savings interest	499,300	595,400	1,094,700
Interest on DWU loan	660,000	660,000	1,320,000
Loan loss provision	-	-	-
Commune level salaries	670,000	670,000	1,340,000
Centre level allowances	315,000	315,000	630,000
Training	-	-	-
Equipment	-	-	-
Printing, ledgers, reports	-	-	-
Photocopying	-	-	-
Evaluation	-	-	-
Other expenditure	-	-	-
Total expenditure	2,144,300	2,240,400	4,384,700
Net income	1,153,200	1,299,100	2,452,300

Phu Loc PEARLS - 2nd Quarter 2003

			GOAL
E1	Net loans/total assets	98.62%	70-80%
E5	Savings deposits/total assets	44.86%	70-80%
E6	External credit/total assets	40.18%	Max 5%
E7	Member share capital/total assets	5.07%	10-20%
E8	Institutional capital/total assets	7.24%	Min 10%
A2	Non-earning assets/total assets	2.80%	<=5%
R1	Total loan income/average net loan portfolio	0.96%	Entrepreneurial rate
R5	Total interest cost on savings dep./ave savings dep.	0.49%	>Inflation
R6	Total interest cost on external credit/ave. external credit	0.60%	Market rate
R8	Total gross interest margin/average total assets	0.85%	Variable
R9	Operating expenses/average total assets	0.38%	<10%
R10	Total loan loss provision expense/ave. total assets	0.00%	Dependent on delinquency
R12	Net income/total assets	0.47%	Linked to E8
L2	Liquidity reserves/savings deposits	3.07%	0.1
L3	Non-earning liquid assets/total assets	1.38%	<1%
S1	Growth in loans	4.63%	Dependent on E1
S5	Growth in savings deposits	11.43%	Dependent on E5
S6	Growth in external credit	0.00%	Dependent on E6
S7	Growth in member shares	0.22%	Dependent on E7
S8	Growth in institutional capital	3.30%	Dependent on E8
S11	Growth in total assets	6.01%	>Inflation
	Loan loss reserve/loans outstanding	1.72%	
	% of income from AAV subsidies	28.8%	
	Voluntary savings as % of total savings		
	Common loan outstanding/total loans outstanding	44%	
	Supplementary loan outstanding/total loans outstanding	27%	
	Seasonal loans outstanding/total loans outstanding	28%	
	Medium term loan outstanding/total loans outstanding	0%	

**Nga Loc
Balance sheet**

**Can Loc District
(Vietnamese dong)**

	Mar 31st 2003	May 31st 2003
Assets		
Cash on hand	3,654,600	13,649,300
Bank/DWU fund deposits	20,000,000	-
Common loans outstanding	111,838,000	126,910,000
Supplementary loans outstanding	42,600,000	51,900,000
Seasonal loans outstanding	81,300,000	81,000,000
Medium term loans outstanding	-	-
Loan loss reserve	(4,168,000)	(4,168,000)
Fixed assets	-	3,900,000
Total	255,224,600	273,191,300
Liabilities		
Savings balance	128,204,400	139,388,600
Loans outstanding from DWU	105,000,000	105,000,000
Mutual assistance fund	-	-
Total	233,204,400	244,388,600
Net worth		
Grant capital	-	-
Institutional capital	8,784,600	8,784,600
Professional development fund	-	-
Bonus fund	-	-
Welfare fund	-	-
Retained earnings	755,600	3,878,100
Shares	12,480,000	12,240,000
Grant capital (in kind)	-	3,900,000
Total	22,020,200	28,802,700
Liabilities + net worth	255,224,600	273,191,300

Income and expenditure account

	Apr	May	Total
Income			
Loan interest income	1,821,100	1,738,700	3,559,800
Loan fee/finer	382,500	411,500	794,000
Other income	300,000.00	-	300,000
AAV subsidy (in cash)	2,195,000	1,015,000	3,210,000
AAV subsidy (in kind)	-	-	-
Total income	4,698,600	3,165,200	7,863,800
Expenditure			
Savings interest	637,900	648,400	1,286,300
Interest on DWU loan	630,000	630,000	1,260,000
Loan loss provision	-	-	-
Commune level salaries	730,000	730,000	1,460,000
Centre level allowances	285,000	285,000	570,000
Training	165,000	-	165,000
Equipment	-	-	-
Printing, ledgers, reports	-	-	-
Photocopying	-	-	-
Evaluation	-	-	-
Other expenditure	-	-	-
Total expenditure	2,447,900	2,293,400	4,741,300
Net income	2,250,700	871,800	3,122,500

Nga Loc PEARLS - 2nd Quarter 2003

			GOAL
E1	Net loans/total assets	95.00%	70-80%
E5	Savings deposits/total assets	51.02%	70-80%
E6	External credit/total assets	38.43%	Max 5%
E7	Member share capital/total assets	4.48%	10-20%
E8	Institutional capital/total assets	3.93%	Min 10%
A2	Non-earning assets/total assets	6.42%	<=5%
R1	Total loan income/average net loan portfolio	0.89%	Entrepreneurial rate
R5	Total interest cost on savings dep./ave savings dep.	0.48%	>Inflation
R6	Total interest cost on external credit/ave. external credit	0.60%	Market rate
R8	Total gross interest margin/average total assets	1.01%	Variable
R9	Operating expenses/average total assets	0.42%	<10%
R10	Total loan loss provision expense/ave. total assets	0.00%	Dependent on delinquency
R12	Net income/total assets	0.59%	Linked to E8
L2	Liquidity reserves/savings deposits	9.79%	0.1
L3	Non-earning liquid assets/total assets	5.00%	<1%
S1	Growth in loans	5.11%	Dependent on E1
S5	Growth in savings deposits	4.36%	Dependent on E5
S6	Growth in external credit	0.00%	Dependent on E6
S7	Growth in member shares	-0.96%	Dependent on E7
S8	Growth in institutional capital	8.52%	Dependent on E8
S11	Growth in total assets	3.52%	>Inflation
	Loan loss reserve/loans outstanding	1.60%	
	% of income from AAV subsidies	40.8%	
	Voluntary savings as % of total savings		
	Common loan outstanding/total loans outstanding	49%	
	Supplementary loan outstanding/total loans outstanding	20%	
	Seasonal loans outstanding/total loans outstanding	31%	
	Medium term loan outstanding/total loans outstanding	0%	

**Total
Balance sheet**

**Can Loc District
(Vietnamese dong)**

	Mar 31st 2003	May 31st 2003
Assets		
Cash on hand	33,915,800	61,005,400
Bank deposits	20,000,000	-
Common loans outstanding	1,060,317,000	1,179,276,000
Supplementary loans outstanding	588,800,000	588,300,000
Seasonal loans outstanding	652,268,700	634,529,500
Medium term loans outstanding	303,535,500	343,048,500
Loan loss reserve	(45,988,000)	(45,988,000)
Fixed assets	-	27,300,000
Total	2,612,849,000	2,787,471,400
Liabilities		
Savings balance	1,346,759,200	1,469,763,300
Loans outstanding from DWU	905,000,000	900,000,000
Mutual assistance fund	6,876,000	7,979,000
Total	2,258,635,200	2,377,742,300
Net worth		
Grant capital	-	-
Institutional capital	169,357,500	169,357,500
Professional development fund	31,826,800	31,826,800
Bonus fund	3,978,400	3,967,800
Welfare fund	3,978,400	3,978,400
Retained earnings	37,485,700	65,414,600
Shares	107,587,000	107,884,000
Grant capital (in kind)	-	27,300,000
Total	354,213,800	409,729,100
Liabilities + net worth	2,612,849,000	2,787,471,400

Income and expenditure account

	Apr	May	Total
Income			
Loan interest income	21,030,700	22,965,300	43,996,000
Loan fee/finis	4,086,000	4,109,000	8,195,000
Other income	300,000	-	300,000
AAV subsidy (in cash)	10,174,000	8,086,000	18,260,000
AAV subsidy (in kind)	-	-	-
Total income	35,590,700	35,160,300	70,751,000
Expenditure			
Savings interest	6,713,100	7,264,000	13,977,100
Interest on DWU loan	5,490,000	5,490,000	10,980,000
Loan loss provision	-	-	-
Commune level salaries	4,820,000	4,640,000	9,460,000
Centre level allowances	2,366,000	2,296,000	4,662,000
Training	2,653,000	-	2,653,000
Equipment	320,000	-	320,000
Printing, ledgers, reports	-	-	-
Photocopying	340,000	20,000	360,000
Evaluation/meeting	190,000	80,000	270,000
Travel	70,000	70,000	140,000
Total expenditure	22,962,100	19,860,000	42,822,100
Net income	12,628,600	15,300,300	27,928,900

Total 7 communes PEARLS - 2nd Quarter 2003

			GOAL
E1	Net loans/total assets	97.81%	70-80%
E5	Savings deposits/total assets	52.73%	70-80%
E6	External credit/total assets	32.29%	Max 5%
E7	Member share capital/total assets	3.87%	10-20%
E8	Institutional capital/total assets	7.25%	Min 10%
A2	Non-earning assets/total assets	3.17%	<=5%
R1	Total loan income/average net loan portfolio	0.99%	Entrepreneurial rate
R5	Total interest cost on savings dep./ave savings dep.	0.50%	>Inflation
R6	Total interest cost on external credit/ave. external credit	0.61%	Market rate
R8	Total gross interest margin/average total assets	0.85%	Variable
R9	Operating expenses/average total assets	0.33%	<10%
R10	Total loan loss provision expense/ave. total assets	0.00%	Dependent on delinquency
R12	Net income/total assets	0.52%	Linked to E8
L2	Liquidity reserves/savings deposits	4.15%	0.1
L3	Non-earning liquid assets/total assets	2.19%	<1%
S1	Growth in loans	2.69%	Dependent on E1
S5	Growth in savings deposits	4.57%	Dependent on E5
S6	Growth in external credit	-0.28%	Dependent on E6
S7	Growth in member shares	0.14%	Dependent on E7
S8	Growth in institutional capital	3.71%	Dependent on E8
S11	Growth in total assets	3.34%	>Inflation
	Loan loss reserve/loans outstanding	1.68%	
	% of income from AAV subsidies	25.8%	
	Voluntary savings as % of total savings		
	Common loan outstanding/total loans outstanding	43%	
	Supplementary loan outstanding/total loans outstanding	21%	
	Seasonal loans outstanding/total loans outstanding	23%	
	Medium term loan outstanding/total loans outstanding	12%	

Attachment C

Ky Anh District Financial Information

Ky Anh District Financial Information

i) Balance sheets and income and expenditure accounts

Local currency financial statements are included for all 10 communes covered by the WOCCU project in Ky Anh district, together with a consolidated statement. Reports have been included for April and May 2003 only as there was insufficient time to include the June figures.

This is the first time that full financial statements have been submitted by all 10 CFIs for both April and May.

ii) PEARLS ratios

A selection of 21 PEARLS ratios have been calculated for the CFIs. These are the ratios that can be calculated from the financial information available. Ratios relating to Rates of Return and Signs of Growth have been calculated on the basis of income or expenditure over the two month period April- May divided by two to give an average monthly figure.

A number of other ratios relating to loan loss reserves, income subsidy and the composition of the loan portfolio have also been included.

Ky Hoa
Balance sheet

Ky Anh District
(Vietnamese dong)

	Mar 31st 2003	May 31st 2003
Assets		
Cash on hand	21,950,000	13,434,200
Deposits with DWU	-	-
Deposits with bank	-	-
12-month loan outstanding	198,244,000	201,388,000
6-month loan outstanding	38,600,000	40,750,000
Overdue loans outstanding	-	-
Loan loss reserve	(4,737,000)	(4,737,000)
Total	254,057,000	250,835,200
Liabilities		
Loans outstanding from DWU	152,000,000	152,000,000
External loans outstanding	-	-
Compulsary savings balance	40,795,000	41,375,000
Voluntary savings balance	910,000	710,000
Compulsary savings interest payables	1,491,460	2,218,240
Voluntary savings interest payables	-	4,260
Total	195,196,460	196,307,500
Net worth		
Institutional capital	45,000,000	45,000,000
Training and development fund	10,000,000	2,704,000
Bonus fund	2,250,000	2,250,000
Welfare fund	2,230,900	2,230,900
Retained earnings	(620,360)	2,342,800
Total	58,860,540	54,527,700
Liabilities + net worth	254,057,000	250,835,200

Income and expenditure account

	Apr	May	Total
Income			
Deposit interest income	-	-	-
12-month loan interest income	2,875,300	2,937,700	5,813,000
6-month loan interest income	577,500	562,200	1,139,700
Other income	-	-	-
Total income	3,452,800	3,499,900	6,952,700
Expenditure			
Interest on DWU loan	912,000	912,000	1,824,000
Interest on external borrowing	-	-	-
Savings interest	485,100	245,940	731,040
Loan loss provision	-	-	-
Commune level salaries	300,000	300,000	600,000
Group level allowances	290,000	290,000	580,000
Staff insurance fund	-	-	-
Office supplies	-	46,500	46,500
Photocopying	-	48,000	48,000
Travel	-	-	-
Training	-	20,000	20,000
Telecommunication	-	-	-
Workshop	-	-	-
Audit, examination	-	80,000	80,000
Social affairs	-	-	-
Purchase/repair	-	-	-
Other expenditures	-	60,000	60,000
Total expenditure	1,987,100	2,002,440	3,989,540

Ky Hoa PEARLS - 2nd Quarter 2003

		GOAL
E1	Net loans/total assets	94.64% 70-80%
E5	Savings deposits/total assets	17.66% 70-80%
E6	External credit/total assets	60.60% Max 5%
E7	Member share capital/total assets	0.00% 10-20%
E8	Institutional capital/total assets	18.41% Min 10%
A2	Non-earning assets/total assets	5.36% <=5%
R1	Total loan income/average net loan portfolio	1.45% Entrepreneurial rate
R5	Total interest cost on savings dep./ave savings dep.	0.87% >Inflation
R6	Total interest cost on external credit/ave. external credit	0.60% Market rate
R8	Total gross interest margin/average total assets	1.02% Variable
R9	Operating expenses/average total assets	0.28% <10%
R10	Total loan loss provision expense/ave. total assets	0.00% Dependent on delinquency
R12	Net income/total assets	0.59% Linked to E8
L2	Liquidity reserves/savings deposits	30.32% 0.1
L3	Non-earning liquid assets/total assets	5.36% <1%
S1	Growth in loans	1.12% Dependent on E1
S5	Growth in savings deposits	1.29% Dependent on E5
S6	Growth in external credit	0.00% Dependent on E6
S7	Growth in member shares	0.00% Dependent on E7
S8	Growth in institutional capital	1.66% Dependent on E8
S11	Growth in total assets	-0.42% >Inflation
	Loan loss reserve/loans outstanding	1.96%
	Voluntary savings as % of total savings	24.36%
	Common loan outstanding/total loans outstanding	83%
	Supplementary loan outstanding/total loans outstanding	0%
	Seasonal loans outstanding/total loans outstanding	17%
	Overdue loan outstanding/total loans outstanding	0%
	Income from common loans/ave. common loans outstanding	1.45%

**Ky Long
Balance sheet**

**Ky Anh District
(Vietnamese dong)**

	Mar 31st 2003	May 31st 2003
Assets		
Cash on hand	16,280,900	7,094,700
Deposits with DWU	-	-
Deposits with bank	-	-
12-month loan outstanding	168,380,000	187,350,000
6-month loan outstanding	36,415,000	29,015,000
Overdue loans outstanding	-	-
Loan loss reserve	(5,596,000)	(5,596,000)
Total	215,479,900	217,863,700
Liabilities		
Loans outstanding from DWU	118,000,000	118,000,000
External loans outstanding	-	-
Compulsary savings balance	45,513,900	44,590,900
Voluntary savings balance	655,000	655,000
Compulsary savings interest payables	818,210	1,311,080
Voluntary savings interest payables	11,790	19,650
Total	164,998,900	164,576,630
Net worth		
Institutional capital	44,000,000	44,000,000
Training and development fund	6,500,000	6,500,000
Bonus fund	1,326,000	1,326,000
Welfare fund	1,325,900	1,325,900
Retained earnings	(2,670,900)	135,170
Total	50,481,000	53,287,070
Liabilities + net worth	215,479,900	217,863,700

Income and expenditure account

	Apr	May	Total
Income			
Deposit interest income	-	-	-
12-month loan interest income	2,574,000	2,695,300	5,269,300
6-month loan interest income	549,000	516,500	1,065,500
Other income	-	-	-
Total income	3,123,000	3,211,800	6,334,800
Expenditure			
Interest on DWU loan	708,000	708,000	1,416,000
Interest on external borrowing	-	-	-
Savings interest	222,430	278,300	500,730
Loan loss provision	-	-	-
Commune level salaries	250,000	250,000	500,000
Group level allowances	300,000	300,000	600,000
Staff insurance fund	-	-	-
Office supplies	38,000	-	38,000
Photocopying	32,000	8,000	40,000
Travel	20,000	15,000	35,000
Training	87,000	27,000	114,000
Telecommunication	-	-	-
Workshop	-	-	-
Audit, examination	-	-	-
Social affairs	-	-	-
Purchase/repair	-	220,000	220,000
Other expenditures	65,000	-	65,000
Total expenditure	1,722,430	1,806,300	3,528,730

Ky Long PEARLS - 2nd Quarter 2003

		GOAL
E1	Net loans/total assets	96.74%
E5	Savings deposits/total assets	21.38%
E6	External credit/total assets	54.16%
E7	Member share capital/total assets	0.00%
E8	Institutional capital/total assets	20.23%
A2	Non-earning assets/total assets	3.26%
R1	Total loan income/average net loan portfolio	1.50%
R5	Total interest cost on savings dep./ave savings dep.	0.55%
R6	Total interest cost on external credit/ave. external credit	0.60%
R8	Total gross interest margin/average total assets	1.14%
R9	Operating expenses/average total assets	0.37%
R10	Total loan loss provision expense/ave. total assets	0.00%
R12	Net income/total assets	0.65%
L2	Liquidity reserves/savings deposits	15.23%
L3	Non-earning liquid assets/total assets	3.26%
S1	Growth in loans	2.82%
S5	Growth in savings deposits	-0.45%
S6	Growth in external credit	0.00%
S7	Growth in member shares	0.00%
S8	Growth in institutional capital	1.64%
S11	Growth in total assets	0.37%
	Loan loss reserve/loans outstanding	2.59%
	Voluntary savings as % of total savings	33.97%
	Common loan outstanding/total loans outstanding	87%
	Supplementary loan outstanding/total loans outstanding	0%
	Seasonal loans outstanding/total loans outstanding	13%
	Overdue loan outstanding/total loans outstanding	0%
	Income from common loans/ave. common loans outstandi	1.48%

70-80%
70-80%
Max 5%
10-20%
Min 10%
<=5%
Entrepreneurial rate
>Inflation
Market rate
Variable
<10%
Dependent on delinquency
Linked to E8
0.1
<1%
Dependent on E1
Dependent on E5
Dependent on E6
Dependent on E7
Dependent on E8
>Inflation

**Ky Hung
Balance sheet**

**Ky Anh District
(Vietnamese dong)**

	Mar 31st 2003	May 31st 2003
Assets		
Cash on hand	5,706,700	3,756,000
Deposits with DWU	16,900,000	16,900,000
Deposits with bank	-	-
12-month loan outstanding	123,730,000	128,610,000
6-month loan outstanding	65,800,000	69,400,000
Overdue loans outstanding	-	-
Loan loss reserve	(3,790,600)	(3,790,600)
Total	208,346,100	214,875,400
Liabilities		
Loans outstanding from DWU	100,000,000	100,000,000
External loans outstanding	-	-
Compulsary savings balance	65,804,000	68,986,000
Voluntary savings balance	-	865,000
Compulsary savings interest payables	749,600	1,540,670
Voluntary savings interest payables	-	1,530
Total	166,553,600	171,393,200
Net worth		
Institutional capital	36,860,000	36,860,000
Training and development fund	6,100,000	6,100,000
Bonus fund	760,000	760,000
Welfare fund	906,750	906,750
Retained earnings	(2,834,250)	(1,144,550)
Total	41,792,500	43,482,200
Liabilities + net worth	208,346,100	214,875,400

Income and expenditure account

	Apr	May	Total
Income			
Deposit interest income	-	-	-
12-month loan interest income	1,703,100	1,804,400	3,507,500
6-month loan interest income	928,700	974,400	1,903,100
Other income	-	-	-
Total income	2,631,800	2,778,800	5,410,600
Expenditure			
Interest on DWU loan	600,000	600,000	1,200,000
Interest on external borrowing	-	-	-
Savings interest	394,800	403,100	797,900
Loan loss provision	-	-	-
Commune level salaries	290,000	290,000	580,000
Group level allowances	190,000	225,000	415,000
Staff insurance fund	32,000	-	32,000
Office supplies	266,000	15,000	281,000
Photocopying	-	-	-
Travel	-	30,000	30,000
Training	-	-	-
Telecommunication	-	-	-
Workshop	60,000	-	60,000
Audit, examination	-	-	-
Social affairs	-	-	-
Purchase/repair	220,000	-	220,000
Other expenditures	35,000	70,000	105,000
Total expenditure	2,087,800	1,633,100	3,720,900

Ky Hung PEARLS - 2nd Quarter 2003

		GOAL	
E1	Net loans/total assets	90.39%	70-80%
E5	Savings deposits/total assets	33.23%	70-80%
E6	External credit/total assets	46.54%	Max 5%
E7	Member share capital/total assets	0.00%	10-20%
E8	Institutional capital/total assets	16.89%	Min 10%
A2	Non-earning assets/total assets	1.75%	<=5%
R1	Total loan income/average net loan portfolio	1.40%	Entrepreneurial rate
R5	Total interest cost on savings dep./ave savings dep.	0.59%	>Inflation
R6	Total interest cost on external credit/ave. external credit	0.60%	Market rate
R8	Total gross interest margin/average total assets	0.99%	Variable
R9	Operating expenses/average total assets	0.38%	<10%
R10	Total loan loss provision expense/ave. total assets	0.00%	Dependent on delinquency
R12	Net income/total assets	0.40%	Linked to E8
L2	Liquidity reserves/savings deposits	28.93%	0.1
L3	Non-earning liquid assets/total assets	1.75%	<1%
S1	Growth in loans	2.24%	Dependent on E1
S5	Growth in savings deposits	3.64%	Dependent on E5
S6	Growth in external credit	0.00%	Dependent on E6
S7	Growth in member shares	0.00%	Dependent on E7
S8	Growth in institutional capital	1.19%	Dependent on E8
S11	Growth in total assets	1.04%	>Inflation
	Loan loss reserve/loans outstanding	1.91%	
	Voluntary savings as % of total savings	36.00%	
	Common loan outstanding/total loans outstanding	65%	
	Supplementary loan outstanding/total loans outstanding	0%	
	Seasonal loans outstanding/total loans outstanding	35%	
	Overdue loan outstanding/total loans outstanding	0%	
	Income from common loans/ave. common loans outstanding	1.39%	

**Ky Ninh
Balance sheet**

**Ky Anh District
(Vietnamese dong)**

	Mar 31st 2003	May 31st 2003
Assets		
Cash on hand	6,247,200	5,960,700
Deposits with DWU	-	-
Deposits with bank	-	-
12-month loan outstanding	227,494,000	237,372,000
6-month loan outstanding	31,150,000	29,550,000
Overdue loans outstanding	-	-
Loan loss reserve	(5,172,000)	(5,172,000)
Total	259,719,200	267,710,700
Liabilities		
Loans outstanding from DWU	183,000,000	183,000,000
External loans outstanding	-	-
Compulsary savings balance	31,754,800	35,194,800
Voluntary savings balance	-	-
Compulsary savings interest payables	859,500	1,252,200
Voluntary savings interest payables	-	-
Total	215,614,300	219,447,000
Net worth		
Institutional capital	38,000,000	38,000,000
Training and development fund	4,466,000	4,466,000
Bonus fund	1,161,600	1,161,600
Welfare fund	1,100,000	1,100,000
Retained earnings	(622,700)	3,536,100
Total	44,104,900	48,263,700
Liabilities + net worth	259,719,200	267,710,700

Income and expenditure account

	Apr	May	Total
Income			
Deposit interest income	-	-	-
12-month loan interest income	3,749,300	3,763,800	7,513,100
6-month loan interest income	456,700	462,700	919,400
Other income	-	-	-
Total income	4,206,000	4,226,500	8,432,500
Expenditure			
Interest on DWU loan	1,098,000	1,098,000	2,196,000
Interest on external borrowing	-	-	-
Savings interest	191,600	201,100	392,700
Loan loss provision	-	-	-
Commune level salaries	300,000	300,000	600,000
Group level allowances	300,000	310,000	610,000
Staff insurance fund	-	-	-
Office supplies	10,000	20,000	30,000
Photocopying	45,000	10,000	55,000
Travel	40,000	-	40,000
Training	100,000	-	100,000
Telecommunication	-	-	-
Workshop	-	-	-
Audit, examination	10,000	10,000	20,000
Social affairs	-	-	-
Purchase/repair	-	230,000	230,000
Other expenditures	-	-	-
Total expenditure	2,094,600	2,179,100	4,273,700

Ky Ninh PEARLS - 2nd Quarter 2003

		GOAL	
E1	Net loans/total assets	97.77%	70-80%
E5	Savings deposits/total assets	13.61%	70-80%
E6	External credit/total assets	68.36%	Max 5%
E7	Member share capital/total assets	0.00%	10-20%
E8	Institutional capital/total assets	14.85%	Min 10%
A2	Non-earning assets/total assets	2.23%	<=5%
R1	Total loan income/average net loan portfolio	1.60%	Entrepreneurial rate
R5	Total interest cost on savings dep./ave savings dep.	0.59%	>Inflation
R6	Total interest cost on external credit/ave. external credit	0.60%	Market rate
R8	Total gross interest margin/average total assets	1.18%	Variable
R9	Operating expenses/average total assets	0.32%	<10%
R10	Total loan loss provision expense/ave. total assets	0.00%	Dependent on delinquency
R12	Net income/total assets	0.79%	Linked to E8
L2	Liquidity reserves/savings deposits	16.35%	0.1
L3	Non-earning liquid assets/total assets	2.23%	<1%
S1	Growth in loans	1.60%	Dependent on E1
S5	Growth in savings deposits	5.88%	Dependent on E5
S6	Growth in external credit	0.00%	Dependent on E6
S7	Growth in member shares	0.00%	Dependent on E7
S8	Growth in institutional capital	2.76%	Dependent on E8
S11	Growth in total assets	1.03%	>Inflation
	Loan loss reserve/loans outstanding	1.94%	
	Voluntary savings as % of total savings	0.00%	
	Common loan outstanding/total loans outstanding	89%	
	Supplementary loan outstanding/total loans outstanding	0%	
	Seasonal loans outstanding/total loans outstanding	11%	
	Overdue loan outstanding/total loans outstanding	0%	
	Income from common loans/ave. common loans outstanding	1.62%	

**Ky Thuong
Balance sheet**

**Ky Anh District
(Vietnamese dong)**

	Mar 31st 2003	May 31st 2003
Assets		
Cash on hand	3,516,500	1,274,400
Deposits with DWU	23,050,000	23,050,000
Deposits with bank	-	-
12-month loan outstanding	108,210,600	111,496,600
6-month loan outstanding	38,100,000	38,700,000
Overdue loans outstanding	22,291,742	22,291,742
Loan loss reserve	(3,844,000)	(3,844,000)
Total	191,324,842	192,968,742
Liabilities		
Loans outstanding from DWU	120,000,000	120,000,000
External loans outstanding	-	-
Compulsary savings balance	65,290,288	65,550,288
Voluntary savings balance	-	-
Compulsary savings interest payables	1,179,754	1,933,474
Voluntary savings interest payables	-	-
Total	186,470,042	187,483,762
Net worth		
Institutional capital	8,509,830	8,509,830
Training and development fund	-	-
Bonus fund	-	-
Welfare fund	-	-
Retained earnings	(3,655,030)	(3,024,850)
Total	4,854,800	5,484,980
Liabilities + net worth	191,324,842	192,968,742

Income and expenditure account

	Apr	May	Total
Income			
Deposit interest income	-	-	-
12-month loan interest income	1,484,200	1,521,700	3,005,900
6-month loan interest income	522,500	558,700	1,081,200
Other income	-	-	-
Total income	2,006,700	2,080,400	4,087,100
Expenditure			
Interest on DWU loan	608,100	608,100	1,216,200
Interest on external borrowing	-	-	-
Savings interest	391,740	391,980	783,720
Loan loss provision	-	-	-
Commune level salaries	250,000	250,000	500,000
Group level allowances	270,000	280,000	550,000
Staff insurance fund	-	-	-
Office supplies	7,000	50,000	57,000
Photocopying	-	10,000	10,000
Travel	130,000	100,000	230,000
Training	-	-	-
Telecommunication	-	-	-
Workshop	60,000	50,000	110,000
Audit, examination	-	-	-
Social affairs	-	-	-
Purchase/repair	-	-	-
Other expenditures	-	-	-
Total expenditure	1,716,840	1,740,080	3,456,920

Ky Thuong PEARLS - 2nd Quarter 2003

			GOAL
E1	Net loans/total assets	87.39%	70-80%
E5	Savings deposits/total assets	34.97%	70-80%
E6	External credit/total assets	62.19%	Max 5%
E7	Member share capital/total assets	0.00%	10-20%
E8	Institutional capital/total assets	3.63%	Min 10%
A2	Non-earning assets/total assets	0.66%	<=5%
R1	Total loan income/average net loan portfolio	1.20%	Entrepreneurial rate
R5	Total interest cost on savings dep./ave savings dep.	0.60%	>Inflation
R6	Total interest cost on external credit/ave. external credit	0.51%	Market rate
R8	Total gross interest margin/average total assets	0.75%	Variable
R9	Operating expenses/average total assets	0.38%	<10%
R10	Total loan loss provision expense/ave. total assets	0.00%	Dependent on delinquency
R12	Net income/total assets	0.16%	Linked to E8
L2	Liquidity reserves/savings deposits	36.04%	0.1
L3	Non-earning liquid assets/total assets	0.66%	<1%
S1	Growth in loans	1.15%	Dependent on E1
S5	Growth in savings deposits	0.76%	Dependent on E5
S6	Growth in external credit	0.00%	Dependent on E6
S7	Growth in member shares	0.00%	Dependent on E7
S8	Growth in institutional capital	2.36%	Dependent on E8
S11	Growth in total assets	0.29%	>Inflation
	Loan loss reserve/loans outstanding	2.23%	
	Voluntary savings as % of total savings	0.00%	
	Common loan outstanding/total loans outstanding	65%	
	Supplementary loan outstanding/total loans outstanding	0%	
	Seasonal loans outstanding/total loans outstanding	22%	
	Overdue loan outstanding/total loans outstanding	13%	
	Income from common loans/ave. common loans outstanding	1.37%	

**Ky Khang
Balance sheet**

**Ky Anh District
(Vietnamese dong)**

	Mar 31st 2003	May 31st 2003
Assets		
Cash on hand	8,711,900	24,410,600
Deposits with DWU	-	-
Deposits with bank	-	-
12-month loan outstanding	210,933,000	201,252,000
6-month loan outstanding	68,995,000	70,895,000
Overdue loans outstanding	-	-
Loan loss reserve	(5,599,000)	(5,599,000)
Total	283,040,900	290,958,600
Liabilities		
Loans outstanding from DWU	175,000,000	175,000,000
External loans outstanding	-	-
Compulsary savings balance	61,482,700	64,812,700
Voluntary savings balance	5,000	-
Compulsary savings interest payables	1,312,900	2,058,440
Voluntary savings interest payables	390	320
Total	237,800,990	241,871,460
Net worth		
Institutional capital	38,500,000	38,500,000
Training and development fund	6,500,000	6,500,000
Bonus fund	890,200	890,200
Welfare fund	890,000	890,000
Retained earnings	(1,540,290)	2,306,940
Total	45,239,910	49,087,140
Liabilities + net worth	283,040,900	290,958,600

Income and expenditure account

	Apr	May	Total
Income			
Deposit interest income	-	-	-
12-month loan interest income	3,367,500	3,044,700	6,412,200
6-month loan interest income	1,035,600	1,032,000	2,067,600
Other income	-	-	-
Total income	4,403,100	4,076,700	8,479,800
Expenditure			
Interest on DWU loan	1,050,000	1,050,000	2,100,000
Interest on external borrowing	-	-	-
Savings interest	368,970	376,600	745,570
Loan loss provision	-	-	-
Commune level salaries	330,000	330,000	660,000
Group level allowances	270,000	270,000	540,000
Staff insurance fund	-	-	-
Office supplies	20,000	-	20,000
Photocopying	45,000	-	45,000
Travel	55,000	74,000	129,000
Training	-	-	-
Telecommunication	-	-	-
Workshop	-	-	-
Audit, examination	-	200,000	200,000
Social affairs	-	-	-
Purchase/repair	-	183,000	183,000
Other expenditures	-	10,000	10,000
Total expenditure	2,138,970	2,493,600	4,632,570

Ky Khang PEARLS - 2nd Quarter 2003

			GOAL
E1	Net loans/total assets	91.61%	70-80%
E5	Savings deposits/total assets	22.98%	70-80%
E6	External credit/total assets	60.15%	Max 5%
E7	Member share capital/total assets	0.00%	10-20%
E8	Institutional capital/total assets	13.63%	Min 10%
A2	Non-earning assets/total assets	8.39%	<=5%
R1	Total loan income/average net loan portfolio	1.54%	Entrepreneurial rate
R5	Total interest cost on savings dep./ave savings dep.	0.59%	>Inflation
R6	Total interest cost on external credit/ave. external credit	0.60%	Market rate
R8	Total gross interest margin/average total assets	1.11%	Variable
R9	Operating expenses/average total assets	0.31%	<10%
R10	Total loan loss provision expense/ave. total assets	0.00%	Dependent on delinquency
R12	Net income/total assets	0.67%	Linked to E8
L2	Liquidity reserves/savings deposits	36.50%	0.1
L3	Non-earning liquid assets/total assets	8.39%	<1%
S1	Growth in loans	-1.39%	Dependent on E1
S5	Growth in savings deposits	3.24%	Dependent on E5
S6	Growth in external credit	0.00%	Dependent on E6
S7	Growth in member shares	0.00%	Dependent on E7
S8	Growth in institutional capital	2.55%	Dependent on E8
S11	Growth in total assets	0.93%	>Inflation
	Loan loss reserve/loans outstanding	2.06%	
	Voluntary savings as % of total savings	0.02%	
	Common loan outstanding/total loans outstanding	74%	
	Supplementary loan outstanding/total loans outstanding	0%	
	Seasonal loans outstanding/total loans outstanding	26%	
	Overdue loan outstanding/total loans outstanding	0%	
	Income from common loans/ave. common loans outstanding	1.56%	

**Ky Dong
Balance sheet**

**Ky Anh District
(Vietnamese dong)**

	Mar 31st 2003	May 31st 2003
Assets		
Cash on hand	4,788,500	17,157,200
Deposits with DWU	-	-
Deposits with bank	-	-
12-month loan outstanding	282,602,000	282,352,000
6-month loan outstanding	91,450,000	90,850,000
Overdue loans outstanding	-	-
Loan loss reserve	(7,481,000)	(7,481,000)
Total	371,359,500	382,878,200
Liabilities		
Loans outstanding from DWU	250,000,000	250,000,000
External loans outstanding	-	-
Compulsary savings balance	63,210,000	70,935,000
Voluntary savings balance	6,038,000	5,738,000
Compulsary savings interest payables	4,691,800	5,465,300
Voluntary savings interest payables	418,900	491,900
Total	324,358,700	332,630,200
Net worth		
Institutional capital	41,171,000	41,171,000
Training and development fund	6,500,000	6,500,000
Bonus fund	830,000	830,000
Welfare fund	820,900	820,900
Retained earnings	(2,321,100)	926,100
Total	47,000,800	50,248,000
Liabilities + net worth	371,359,500	382,878,200

Income and expenditure account

	Apr	May	Total
Income			
Deposit interest income	-	-	-
12-month loan interest income	3,722,100	3,939,100	7,661,200
6-month loan interest income	1,200,200	1,173,200	2,373,400
Other income	-	-	-
Total income	4,922,300	5,112,300	10,034,600
Expenditure			
Interest on DWU loan	1,500,000	1,500,000	3,000,000
Interest on external borrowing	-	-	-
Savings interest	415,400	439,000	854,400
Loan loss provision	-	-	-
Commune level salaries	390,000	390,000	780,000
Group level allowances	460,000	470,000	930,000
Staff insurance fund	-	-	-
Office supplies	-	-	-
Photocopying	30,000	14,000	44,000
Travel	-	20,000	20,000
Training	-	-	-
Telecommunication	-	-	-
Workshop	-	536,000	536,000
Audit, examination	-	40,000	40,000
Social affairs	-	70,000	70,000
Purchase/repair	408,000	-	408,000
Other expenditures	93,000	12,000	105,000
Total expenditure	3,296,400	3,491,000	6,787,400

Ky Dong PEARLS - 2nd Quarter 2003

			GOAL
E1	Net loans/total assets	95.52%	70-80%
E5	Savings deposits/total assets	21.58%	70-80%
E6	External credit/total assets	65.29%	Max 5%
E7	Member share capital/total assets	0.00%	10-20%
E8	Institutional capital/total assets	10.87%	Min 10%
A2	Non-earning assets/total assets	4.48%	<=5%
R1	Total loan income/average net loan portfolio	1.34%	Entrepreneurial rate
R5	Total interest cost on savings dep./ave savings dep.	0.59%	>Inflation
R6	Total interest cost on external credit/ave. external credit	0.60%	Market rate
R8	Total gross interest margin/average total assets	0.93%	Variable
R9	Operating expenses/average total assets	0.39%	<10%
R10	Total loan loss provision expense/ave. total assets	0.00%	Dependent on delinquency
R12	Net income/total assets	0.43%	Linked to E8
L2	Liquidity reserves/savings deposits	20.76%	0.1
L3	Non-earning liquid assets/total assets	4.48%	<1%
S1	Growth in loans	-0.11%	Dependent on E1
S5	Growth in savings deposits	5.56%	Dependent on E5
S6	Growth in external credit	0.00%	Dependent on E6
S7	Growth in member shares	0.00%	Dependent on E7
S8	Growth in institutional capital	2.03%	Dependent on E8
S11	Growth in total assets	1.03%	>Inflation
	Loan loss reserve/loans outstanding	2.00%	
	Voluntary savings as % of total savings	53.27%	
	Common loan outstanding/total loans outstanding	76%	
	Supplementary loan outstanding/total loans outstanding	0%	
	Seasonal loans outstanding/total loans outstanding	24%	
	Overdue loan outstanding/total loans outstanding	0%	
	Income from common loans/ave. common loans outsta	1.36%	

**Ky Phu
Balance sheet**

**Ky Anh District
(Vietnamese dong)**

	Mar 31st 2003	May 31st 2003
Assets		
Cash on hand	1,960,300	10,647,800
Deposits with DWU	-	-
Deposits with bank	-	-
12-month loan outstanding	281,392,000	299,042,000
6-month loan outstanding	138,076,000	111,951,000
Overdue loans outstanding	-	-
Loan loss reserve	(8,389,000)	(8,389,000)
Total	413,039,300	413,251,800
Liabilities		
Loans outstanding from DWU	227,100,000	227,100,000
External loans outstanding	-	-
Compulsary savings balance	118,430,000	112,096,000
Voluntary savings balance	1,090,000	1,330,000
Compulsary savings interest payables	3,618,250	4,869,450
Voluntary savings interest payables	13,060	26,800
Total	350,251,310	345,422,250
Net worth		
Institutional capital	52,000,000	52,000,000
Training and development fund	9,500,000	9,500,000
Bonus fund	1,300,000	1,300,000
Welfare fund	1,307,700	1,307,700
Retained earnings	(1,319,710)	3,721,850
Total	62,787,990	67,829,550
Liabilities + net worth	413,039,300	413,251,800

Income and expenditure account

	Apr	May	Total
Income			
Deposit interest income	-	-	-
12-month loan interest income	4,165,700	4,385,400	8,551,100
6-month loan interest income	1,960,800	1,902,700	3,863,500
Other income	-	-	-
Total income	6,126,500	6,288,100	12,414,600
Expenditure			
Interest on DWU loan	1,362,600	1,362,600	2,725,200
Interest on external borrowing	-	-	-
Savings interest	723,640	698,200	1,421,840
Loan loss provision	-	-	-
Commune level salaries	570,000	570,000	1,140,000
Group level allowances	630,000	620,000	1,250,000
Staff insurance fund	-	-	-
Office supplies	-	-	-
Photocopying	36,000	25,000	61,000
Travel	40,000	-	40,000
Training	-	145,000	145,000
Telecommunication	-	-	-
Workshop	-	-	-
Audit, examination	-	-	-
Social affairs	-	-	-
Purchase/repair	-	-	-
Other expenditures	-	590,000	590,000
Total expenditure	3,362,240	4,010,800	7,373,040

Ky Phu PEARLS - 2nd Quarter 2003

		GOAL
E1	Net loans/total assets	97.42%
E5	Savings deposits/total assets	70-80%
E6	External credit/total assets	70-80%
E7	Member share capital/total assets	Max 5%
E8	Institutional capital/total assets	10-20%
A2	Non-earning assets/total assets	Min 10%
R1	Total loan income/average net loan portfolio	<=5%
R5	Total interest cost on savings dep./ave savings dep.	Entrepreneurial rate
R6	Total interest cost on external credit/ave. external credit	>Inflation
R8	Total gross interest margin/average total assets	Market rate
R9	Operating expenses/average total assets	Variable
R10	Total loan loss provision expense/ave. total assets	<10%
R12	Net income/total assets	Dependent on delinquency
L2	Liquidity reserves/savings deposits	Linked to E8
L3	Non-earning liquid assets/total assets	0.1
S1	Growth in loans	<1%
S5	Growth in savings deposits	Dependent on E1
S6	Growth in external credit	Dependent on E5
S7	Growth in member shares	Dependent on E6
S8	Growth in institutional capital	Dependent on E7
S11	Growth in total assets	Dependent on E8
		>Inflation
	Loan loss reserve/loans outstanding	2.04%
	Voluntary savings as % of total savings	21.79%
	Common loan outstanding/total loans outstanding	73%
	Supplementary loan outstanding/total loans outstanding	0%
	Seasonal loans outstanding/total loans outstanding	27%
	Overdue loan outstanding/total loans outstanding	0%
	Income from common loans/ave. common loans outstanding	1.47%

**Ky Giang
Balance sheet**

**Ky Anh District
(Vietnamese dong)**

	Mar 31st 2003	May 31st 2003
Assets		
Cash on hand	1,637,200	5,618,900
Deposits with DWU	-	-
Deposits with bank	-	-
12-month loan outstanding	68,230,000	72,460,000
6-month loan outstanding	53,950,000	48,850,000
Overdue loans outstanding	-	-
Loan loss reserve	(2,444,000)	(2,444,000)
Total	121,373,200	124,484,900
Liabilities		
Loans outstanding from DWU	107,200,000	107,200,000
External loans outstanding	-	-
Compulsary savings balance	12,675,000	14,698,000
Voluntary savings balance	-	-
Compulsary savings interest payables	191,530	348,910
Voluntary savings interest payables	-	-
Total	120,066,530	122,246,910
Net worth		
Institutional capital	2,282,600	2,282,600
Training and development fund	-	-
Bonus fund	-	-
Welfare fund	-	-
Retained earnings	(975,930)	(44,610)
Total	1,306,670	2,237,990
Liabilities + net worth	121,373,200	124,484,900

Income and expenditure account

	Apr	May	Total
Income			
Deposit interest income	-	-	-
12-month loan interest income	1,063,500	1,229,200	2,292,700
6-month loan interest income	756,200	728,200	1,484,400
Other income	-	-	-
Total income	1,819,700	1,957,400	3,777,100
Expenditure			
Interest on DWU loan	643,200	643,200	1,286,400
Interest on external borrowing	-	-	-
Savings interest	76,050	81,330	157,380
Loan loss provision	-	-	-
Commune level salaries	250,000	240,000	490,000
Group level allowances	180,000	190,000	370,000
Staff insurance fund	-	-	-
Office supplies	-	-	-
Photocopying	17,000	-	17,000
Travel	55,000	30,000	85,000
Training	50,000	-	50,000
Telecommunication	-	-	-
Workshop	-	-	-
Audit, examination	-	-	-
Social affairs	-	-	-
Purchase/repair	390,000	-	390,000
Other expenditures	-	-	-
Total expenditure	1,661,250	1,184,530	2,845,780

Ky Giang PEARLS - 2nd Quarter 2003

			GOAL
E1	Net loans/total assets	95.49%	70-80%
E5	Savings deposits/total assets	12.09%	70-80%
E6	External credit/total assets	86.11%	Max 5%
E7	Member share capital/total assets	0.00%	10-20%
E8	Institutional capital/total assets	1.82%	Min 10%
A2	Non-earning assets/total assets	4.51%	<=5%
R1	Total loan income/average net loan portfolio	1.55%	Entrepreneurial rate
R5	Total interest cost on savings dep./ave savings dep.	0.57%	>Inflation
R6	Total interest cost on external credit/ave. external credit	0.60%	Market rate
R8	Total gross interest margin/average total assets	1.01%	Variable
R9	Operating expenses/average total assets	0.57%	<10%
R10	Total loan loss provision expense/ave. total assets	0.00%	Dependent on delinquency
R12	Net income/total assets	0.38%	Linked to E8
L2	Liquidity reserves/savings deposits	37.34%	0.1
L3	Non-earning liquid assets/total assets	4.51%	<1%
S1	Growth in loans	-0.36%	Dependent on E1
S5	Growth in savings deposits	8.47%	Dependent on E5
S6	Growth in external credit	0.00%	Dependent on E6
S7	Growth in member shares	0.00%	Dependent on E7
S8	Growth in institutional capital	12.97%	Dependent on E8
S11	Growth in total assets	0.85%	>Inflation
	Loan loss reserve/loans outstanding	2.01%	
	Voluntary savings as % of total savings	0.00%	
	Common loan outstanding/total loans outstanding	60%	
	Supplementary loan outstanding/total loans outstanding	0%	
	Seasonal loans outstanding/total loans outstanding	40%	
	Overdue loan outstanding/total loans outstanding	0%	
	Income from common loans/ave. common loans outstandi	1.63%	

**Ky Lam
Balance sheet**

**Ky Anh District
(Vietnamese dong)**

	Mar 31st 2003	May 31st 2003
Assets		
Cash on hand	10,797,000	9,078,000
Deposits with DWU	-	-
Deposits with bank	-	-
12-month loan outstanding	210,570,000	218,150,000
6-month loan outstanding	65,700,000	67,700,000
Overdue loans outstanding	-	-
Loan loss reserve	(5,525,000)	(5,525,000)
Total	281,542,000	289,403,000
Liabilities		
Loans outstanding from DWU	200,000,000	200,000,000
External loans outstanding	-	-
Compulsary savings balance	63,386,500	68,001,500
Voluntary savings balance	-	-
Compulsary savings interest payables	1,027,800	1,756,900
Voluntary savings interest payables	-	-
Total	264,414,300	269,758,400
Net worth		
Institutional capital	18,107,700	18,107,700
Training and development fund	-	-
Bonus fund	-	-
Welfare fund	-	-
Retained earnings	(980,000)	1,536,900
Total	17,127,700	19,644,600
Liabilities + net worth	281,542,000	289,403,000

Income and expenditure account

	Apr	May	Total
Income			
Deposit interest income	-	-	-
12-month loan interest income	3,280,100	2,916,700	6,196,800
6-month loan interest income	988,500	1,000,000	1,988,500
Other income	-	13,500	13,500
Total income	4,268,600	3,930,200	8,198,800
Expenditure			
Interest on DWU loan	1,200,000	1,200,000	2,400,000
Interest on external borrowing	-	-	-
Savings interest	379,800	379,100	758,900
Loan loss provision	-	-	-
Commune level salaries	310,000	310,000	620,000
Group level allowances	240,000	240,000	480,000
Staff insurance fund	-	-	-
Office supplies	-	-	-
Photocopying	97,000	24,000	121,000
Travel	60,000	160,000	220,000
Training	110,000	587,000	697,000
Telecommunication	-	-	-
Workshop	-	-	-
Audit, examination	-	-	-
Social affairs	-	-	-
Purchase/repair	35,000	350,000	385,000
Other expenditures	-	-	-
Total expenditure	2,431,800	3,250,100	5,681,900

Ky Lam PEARLS - 2nd Quarter 2003

			GOAL
E1	Net loans/total assets	96.86%	70-80%
E5	Savings deposits/total assets	24.10%	70-80%
E6	External credit/total assets	69.11%	Max 5%
E7	Member share capital/total assets	0.00%	10-20%
E8	Institutional capital/total assets	6.52%	Min 10%
A2	Non-earning assets/total assets	3.14%	<=5%
R1	Total loan income/average net loan portfolio	1.46%	Entrepreneurial rate
R5	Total interest cost on savings dep./ave savings dep.	0.58%	>Inflation
R6	Total interest cost on external credit/ave. external credit	0.60%	Market rate
R8	Total gross interest margin/average total assets	1.02%	Variable
R9	Operating expenses/average total assets	0.44%	<10%
R10	Total loan loss provision expense/ave. total assets	0.00%	Dependent on delinquency
R12	Net income/total assets	0.44%	Linked to E8
L2	Liquidity reserves/savings deposits	13.01%	0.1
L3	Non-earning liquid assets/total assets	3.14%	<1%
S1	Growth in loans	1.73%	Dependent on E1
S5	Growth in savings deposits	4.15%	Dependent on E5
S6	Growth in external credit	0.00%	Dependent on E6
S7	Growth in member shares	0.00%	Dependent on E7
S8	Growth in institutional capital	3.57%	Dependent on E8
S11	Growth in total assets	0.93%	>Inflation
	Loan loss reserve/loans outstanding	1.93%	
	Voluntary savings as % of total savings	0.00%	
	Common loan outstanding/total loans outstanding	76%	
	Supplementary loan outstanding/total loans outstanding	0%	
	Seasonal loans outstanding/total loans outstanding	24%	
	Overdue loan outstanding/total loans outstanding	0%	
	Income from common loans/ave. common loans outstanding	1.45%	

**Total - 10 communes
Balance sheet**

**Ky Anh District
(Vietnamese dong)**

	Mar 31st 2003	May 31st 2003
Assets		
Cash on hand	81,596,200	98,432,500
Deposits with DWU	39,950,000	39,950,000
Deposits with bank	-	-
12-month loan outstanding	1,879,785,600	1,939,472,600
6-month loan outstanding	628,236,000	597,661,000
Overdue loans outstanding	22,291,742	22,291,742
Loan loss reserve	(52,577,600)	(52,577,600)
Total	2,599,281,942	2,645,230,242
Liabilities		
Loans outstanding from DWU	1,632,300,000	1,632,300,000
External loans outstanding	-	-
Compulsary savings balance	568,342,188	586,240,188
Voluntary savings balance	8,698,000	9,298,000
Compulsary savings interest payables	15,940,804	22,754,664
Voluntary savings interest payables	444,140	544,460
Total	2,225,725,132	2,251,137,312
Net worth		
Institutional capital	324,431,130	324,431,130
Training and development fund	49,566,000	42,270,000
Bonus fund	8,517,800	8,517,800
Welfare fund	8,582,150	8,582,150
Retained earnings	(17,540,270)	10,291,850
Total	373,556,810	394,092,930
Liabilities + net worth	2,599,281,942	2,645,230,242

Income and expenditure account

	Apr	May	Total
Income			
Deposit interest income	-	-	-
12-month loan interest income	27,984,800	28,238,000	56,222,800
6-month loan interest income	8,975,700	8,910,600	17,886,300
Other income	-	13,500	13,500
Total income	36,960,500	37,162,100	74,122,600
Expenditure			
Interest on DWU loan	9,681,900	9,681,900	19,363,800
Interest on external borrowing	-	-	-
Savings interest	3,649,530	3,494,650	7,144,180
Loan loss provision	-	-	-
Commune level salaries	3,240,000	3,230,000	6,470,000
Group level allowances	3,130,000	3,195,000	6,325,000
Staff insurance fund	32,000	-	32,000
Office supplies	341,000	131,500	472,500
Photocopying	302,000	139,000	441,000
Travel	400,000	429,000	829,000
Training	347,000	779,000	1,126,000
Telecommunication	-	-	-
Workshop	120,000	586,000	706,000
Audit, examination	10,000	330,000	340,000
Social affairs	-	70,000	70,000
Purchase/repair	1,053,000	983,000	2,036,000
Other expenditures	193,000	742,000	935,000
Total expenditure	22,499,430	23,791,050	46,290,480

Total 10 communes PEARLS - 2nd Quarter 2003

			GOAL
E1	Net loans/total assets	94.77%	70-80%
E5	Savings deposits/total assets	23.39%	70-80%
E6	External credit/total assets	61.71%	Max 5%
E7	Member share capital/total assets	0.00%	10-20%
E8	Institutional capital/total assets	12.46%	Min 10%
A2	Non-earning assets/total assets	3.72%	<=5%
R1	Total loan income/average net loan portfolio	1.46%	Entrepreneurial rate
R5	Total interest cost on savings dep./ave savings dep.	0.61%	>Inflation
R6	Total interest cost on external credit/ave. external credit	0.59%	Market rate
R8	Total gross interest margin/average total assets	1.04%	Variable
R9	Operating expenses/average total assets	0.38%	<10%
R10	Total loan loss provision expense/ave. total assets	0.00%	Dependent on delinquency
R12	Net income/total assets	0.53%	Linked to E8
L2	Liquidity reserves/savings deposits	22.36%	0.1
L3	Non-earning liquid assets/total assets	3.72%	<1%
S1	Growth in loans	0.58%	Dependent on E1
S5	Growth in savings deposits	2.14%	Dependent on E5
S6	Growth in external credit	0.00%	Dependent on E6
S7	Growth in member shares	0.00%	Dependent on E7
S8	Growth in institutional capital	2.20%	Dependent on E8
S11	Growth in total assets	0.59%	>Inflation
	Loan loss reserve/loans outstanding	2.05%	
	Voluntary savings as % of total savings	30.19%	
	Common loan outstanding/total loans outstanding	76%	
	Supplementary loan outstanding/total loans outstanding	0%	
	Seasonal loans outstanding/total loans outstanding	23%	
	Overdue loan outstanding/total loans outstanding	1%	
	Income from common loans/ave. common loans outstanding	1.47%	

Attachment D

Uong Bi Township Financial Information

Uong Bi Township Financial Information

i) Balance sheets and income and expenditure accounts

Local currency financial statements are included for all 10 communes/wards covered by the WOCCU project in Uong Bi township, together with a consolidated statement. Reports have been included for April and May 2003 only as there was insufficient time to include the June figures.

ii) PEARLS ratios

A selection of 21 PEARLS ratios have been calculated for the CFIs. These are the ratios that can be calculated from the financial information available. Ratios relating to Rates of Return and Signs of Growth have been calculated on the basis of income or expenditure over the two month period April- May divided by two to give an average monthly figure.

A number of other ratios relating to loan loss reserves, income subsidy and the composition of the loan portfolio have also been included.

**Phuong Nam
Balance sheet**

**Uong Bi Town
(Vietnamese dong)**

Assets	March 31st 2003	May 31st 2003
Cash on hand	11,559,100	4,168,500
Deposits with DWU or bank	-	20,000,000
Common loan outstanding	260,767,700	242,095,700
Supplementary loan outstanding	18,100,000	6,700,000
Medium loan outstanding	-	-
Loan loss reserve	(5,869,614)	(5,869,614)
Receivables	-	-
Accounting supplies	706,270	932,450
Total	285,263,456	268,027,036

Liabilities	March 31st 2003	May 31st 2003
Voluntary savings balance	193,858,500	172,561,100
Loans outstanding from DWU or other sources	-	-
Mutual assistance fund	-	-
Total	193,858,500	172,561,100

Net worth	March 31st 2003	May 31st 2003
Shares	-	-
Institutional capital	79,125,986	79,125,986
Retained earnings	4,359,500	8,194,300
Bonus fund	901,600	901,600
Welfare fund	901,600	901,600
Training and development fund	5,410,000	5,410,000
Grants in kind	706,270	932,450
Total	91,404,956	95,465,936

Liabilities + net worth	285,263,456	268,027,036
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Income and expenditure account	Apr	May	Total
Income			
Common loan interest income	3,217,800	3,175,700	6,393,500
Supplementary loan interest income	12,000	-	12,000
Medium loan interest income	-	-	-
Loan fee/fines	351,000	285,000	636,000
Interest on deposits at DWU	-	-	-
Delinquency recovery	200,000	120,000	320,000
AAV subsidy (in cash)	50,000	-	50,000
AAV subsidy (in kind)	86,600	321,800	408,400
Total income	3,917,400	3,902,500	7,819,900

Expenditure			
Interest on DWU loan	-	-	-
Voluntary savings interest	779,300	716,400	1,495,700
Loan loss provision	-	-	-
Commune level salaries	810,000	810,000	1,620,000
Centre level allowances	147,000	245,000	392,000
Office supplies	19,000	-	19,000
Office supplies (in kind)	126,520	55,700	182,220
Administrative expenses	50,000	-	50,000
Photocopying	-	-	-
Travel	-	-	-
Training	-	-	-
Telecommunication	-	-	-
Workshop	-	-	-
Audit, examination	-	-	-
Purchase/repair	-	-	-
Total expenditure	1,931,820	1,827,100	3,758,920
Net income	1,985,580	2,075,400	4,060,980

Phuong Nam PEARLS - 2nd Quarter 2003

		GOAL
E1	Net loans/total assets	90.63% 70-80%
E5	Savings deposits/total assets	64.38% 70-80%
E6	External credit/total assets	0.00% Max 5%
E7	Member share capital/total assets	0.00% 10-20%
E8	Institutional capital/total assets	31.05% Min 10%
A2	Non-earning assets/total assets	1.90% <=5%
R1	Total loan income/average net loan portfolio	1.36%
R5	Total interest cost on savings dep./ave savings dep.	0.41% Entrepreneurial rate
R6	Total interest cost on external credit/ave. external credit	>Inflation
R8	Total gross interest margin/average total assets	1.14% Market rate
R9	Operating expenses/average total assets	0.27% Variable
R10	Total loan loss provision expense/ave. total assets	0.00% <10%
R12	Net income/total assets	0.73% Dependent on delinquency
L2	Liquidity reserves/savings deposits	14.01% Linked to E8
L3	Non-earning liquid assets/total assets	1.56% 0.1
S1	Growth in loans	-5.39% <1%
S5	Growth in savings deposits	-5.49% Dependent on E1
S6	Growth in external credit	0.00% Dependent on E5
S7	Growth in member shares	1.18% Dependent on E6
S8	Growth in institutional capital	1.18% Dependent on E7
S11	Growth in total assets	-3.02% Dependent on E8
		>Inflation
	Loan loss reserve/loans outstanding	2.36%
	% of income from AAV subsidies	5.86%
	Common loan outstanding/total loans outstanding	97.3%
	Supplementary loan outstanding/total loans outstanding	2.7%
	Medium term loan outstanding/total loans outstanding	0.0%
	Return on common loans	1.27%
	Return on supplementary loans	0.05%
	Return on medium term loans	

**Phuong Dong
Balance sheet**

**Uong Bi Town
(Vietnamese dong)**

	March 31st 2003	May 31st 2003	
Assets			
Cash on hand	9,384,500	5,250,600	
Deposits with DWU or bank	-	-	
Common loan outstanding	800,117,900	747,513,400	
Supplementary loan outstanding	7,300,000	2,700,000	
Medium loan outstanding	-	-	
Loan loss reserve	(17,000,000)	(17,000,000)	
Receivables	-	-	
Unused accounting supplies	644,180	546,680	
Total	800,446,580	739,010,680	
Liabilities			
Voluntary savings balance	270,281,300	337,691,700	
Loans outstanding from DWU or other sources	238,100,000	93,500,000	
Mutual assistance fund	13,635,000	14,124,000	
Total	522,016,300	445,315,700	
Net worth			
Shares	-	-	
Institutional capital	231,630,700	231,630,700	
Retained earnings	18,252,100	33,614,300	
Bonus fund	3,487,900	3,487,900	
Welfare fund	3,487,900	3,487,900	
Training and development fund	20,927,500	20,927,500	
Grants in kind	644,180	546,680	
Total	278,430,280	293,694,980	
Liabilities + net worth	800,446,580	739,010,680	
Income and expenditure account			
	Apr	May	Total
Income			
Common loan interest income	10,635,800	10,282,100	20,917,900
Supplementary loan interest income	-	60,000	60,000
Medium loan interest income	-	-	-
Loan fees/ fines	1,207,500	1,305,000	2,512,500
Interest on deposits at DWU	-	-	-
Delinquency recovery	-	-	-
AAV subsidy (in cash)	75,000	-	75,000
AAV subsidy (in kind)	290,600	53,000	343,600
Total income	12,208,900	11,700,100	23,909,000
Expenditure			
Interest on DWU loan	1,617,600	1,329,500	2,947,100
Voluntary savings interest	981,800	973,300	1,955,100
Loan loss provision	-	-	-
Commune level salaries	900,000	900,000	1,800,000
Centre level allowances	492,000	495,000	987,000
Office supplies	236,000	-	236,000
Office supplies (in kind)	97,500	343,600	441,100
Administrative expenses	75,000	-	75,000
Photocopying	-	-	-
Travel	-	-	-
Training	-	-	-
Telecommunication	-	-	-
Workshop	203,000	-	203,000
Audit, examination	-	-	-
Purchase/repair	-	-	-
Total expenditure	4,602,900	4,041,400	8,644,300
Net income	7,606,000	7,658,700	15,264,700

Phuong Dong PEARLS - 2nd Quarter 2003

		GOAL
E1	Net loans/total assets	99.22%
E5	Savings deposits/total assets	45.70%
E6	External credit/total assets	12.65%
E7	Member share capital/total assets	0.00%
E8	Institutional capital/total assets	33.62%
A2	Non-earning assets/total assets	0.78%
R1	Total loan income/average net loan portfolio	1.54%
R5	Total interest cost on savings dep./ave savings dep.	0.32%
R6	Total interest cost on external credit/ave. external credit	0.89%
R8	Total gross interest margin/average total assets	1.23%
R9	Operating expenses/average total assets	0.16%
R10	Total loan loss provision expense/ave. total assets	0.00%
R12	Net income/total assets	0.99%
L2	Liquidity reserves/savings deposits	1.55%
L3	Non-earning liquid assets/total assets	0.71%
S1	Growth in loans	-3.54%
S5	Growth in savings deposits	12.47%
S6	Growth in external credit	-30.4%
S7	Growth in member shares	0.00%
S8	Growth in institutional capital	1.60%
S11	Growth in total assets	-3.84%
	Loan loss reserve/loans outstanding	2.27%
	% of income from AAV subsidies	1.75%
	Common loan outstanding/total loans outstanding	99.6%
	Supplementary loan outstanding/total loans outstanding	0.4%
	Medium term loan outstanding/total loans outstanding	0.0%
	Return on common loans	1.35%
	Return on supplementary loans	0.60%
	Return on medium term loans	

70-80%
70-80%
Max 5%
10-20%
Min 10%
<=5%
Entrepreneurial rate
>Inflation
Market rate
Variable
<10%
Dependent on delinquency
Linked to E8
0.1
<1%
Dependent on E1
Dependent on E5
Dependent on E6
Dependent on E7
Dependent on E8
>Inflation

**Thuong Yen Cong
Balance sheet**

**Uong Bi Town
(Vietnamese dong)**

Assets	March 31st 2003	May 31st 2003		
Cash on hand	3,641,500	4,798,400		
Deposits with DWU or bank	-	13,000,000		
Common loan outstanding	117,420,200	107,471,200		
Supplementary loan outstanding	-	-		
Medium loan outstanding	7,560,000	6,840,000		
Loan loss reserve	(3,266,900)	(3,266,900)		
Receivables	-	-		
Unused accounting supplies	288,770	336,440		
Total	125,643,570	129,179,140		
Liabilities				
Voluntary savings balance	64,119,300	70,786,000		
Loans outstanding from DWU or other sources	2,900,000	-		
Mutual assistance fund	-	-		
Total	67,019,300	70,786,000		
Net worth				
Shares	-	-		
Institutional capital	57,330,000	57,330,000		
Retained earnings	(1,104,100)	(1,382,900)		
Bonus fund	263,700	263,700		
Welfare fund	263,700	263,700		
Training and development fund	1,582,200	1,582,200		
Grants in kind	288,770	336,440		
Total	58,624,270	58,393,140		
Liabilities + net worth	125,643,570	129,179,140		
Income and expenditure account				
Income	Apr	May	Total	
Common loan interest income	809,700	389,500	1,199,200	
Supplementary loan interest income	-	-	-	
Medium loan interest income	64,800	64,800	129,600	
Loan fee/fines	52,500	31,500	84,000	
Interest on deposits at DWU	-	18,000	18,000	
Delinquency recovery	-	-	-	
AAV subsidy (in cash)	70,000	-	70,000	
AAV subsidy (in kind)	85,000	-	85,000	
Total income	1,082,000	503,800	1,585,800	
Expenditure				
Interest on DWU loan	24,400	-	24,400	
Voluntary savings interest	251,700	303,500	555,200	
Loan loss provision	-	-	-	
Commune level salaries	400,000	400,000	800,000	
Centre level allowances	114,000	136,000	250,000	
Office supplies	19,000	-	19,000	
Office supplies (in kind)	22,670	14,660	37,330	
Administrative expenses	70,000	-	70,000	
Photocopying	-	-	-	
Travel	-	-	-	
Training	-	-	-	
Telecommunication	24,400	36,600	61,000	
Workshop	-	-	-	
Audit, examination	-	-	-	
Purchase/repair	-	-	-	
Total expenditure	926,170	890,760	1,816,930	
Net income	155,830	(386,960)	(231,130)	

Thuong Yen Cong PEARLS - 2nd Quarter 2003

		GOAL
E1	Net loans/total assets	70-80%
E5	Savings deposits/total assets	70-80%
E6	External credit/total assets	Max 5%
E7	Member share capital/total assets	10-20%
E8	Institutional capital/total assets	Min 10%
A2	Non-earning assets/total assets	<=5%
R1	Total loan income/average net loan portfolio	Entrepreneurial rate
R5	Total interest cost on savings dep./ave savings dep.	>Inflation
R6	Total interest cost on external credit/ave. external credit	Market rate
R8	Total gross interest margin/average total assets	Variable
R9	Operating expenses/average total assets	<10%
R10	Total loan loss provision expense/ave. total assets	Dependent on delinquency
R12	Net income/total assets	Linked to E8
L2	Liquidity reserves/savings deposits	0.1
L3	Non-earning liquid assets/total assets	<1%
S1	Growth in loans	Dependent on E1
S5	Growth in savings deposits	Dependent on E5
S6	Growth in external credit	Dependent on E6
S7	Growth in member shares	Dependent on E7
S8	Growth in institutional capital	Dependent on E8
S11	Growth in total assets	>Inflation
	Loan loss reserve/loans outstanding	2.86%
	% of income from AAV subsidies	9.77%
	Common loan outstanding/total loans outstanding	94.0%
	Supplementary loan outstanding/total loans outstanding	0.0%
	Medium term loan outstanding/total loans outstanding	6.0%
	Return on common loans	0.53%
	Return on supplementary loans	
	Return on medium term loans	0.90%

**Nam Khe
Balance sheet**

**Uong Bi Town
(Vietnamese dong)**

Assets	March 31st 2003	May 31st 2003	
Cash on hand	8,085,900	6,028,600	
Deposits with DWU or bank			
Common loan outstanding	304,268,500	291,020,500	
Supplementary loan outstanding	-	-	
Medium loan outstanding	-	-	
Loan loss reserve	(6,136,490)	(6,136,490)	
Receivables	-	-	
Unused accounting supplies	1,251,930	1,117,770	
Total	307,469,840	292,030,380	
Liabilities			
Voluntary savings balance	94,637,700	89,226,100	
Loans outstanding from DWU or other sources	113,900,000	98,900,000	
Mutual assistance fund	-	-	
Total	208,537,700	188,126,100	
Net worth			
Shares	-	-	
Institutional capital	80,972,210	80,972,210	
Retained earnings	6,446,400	11,552,700	
Bonus fund	1,282,700	1,282,700	
Welfare fund	1,282,700	1,282,700	
Training and development fund	7,696,200	7,696,200	
Grants in kind	1,251,930	1,117,770	
Total	98,932,140	103,904,280	
Liabilities + net worth	307,469,840	292,030,380	
Income and expenditure account	Apr	May	Total
Income			
Common loan interest income	4,001,600	4,197,400	8,199,000
Supplementary loan interest income	-	-	-
Medium loan interest income	-	-	-
Loan fees/fines	510,000	532,500	1,042,500
Interest on deposits at DWU	-	-	-
Delinquency recovery	-	-	-
AAV subsidy (in cash)	50,000	-	50,000
AAV subsidy (in kind)	30,600	-	30,600
Total income	4,592,200	4,729,900	9,322,100
Expenditure			
Interest on DWU loan	854,300	777,500	1,631,800
Voluntary savings interest	309,400	312,000	621,400
Loan loss provision	-	-	-
Commune level salaries	590,000	590,000	1,180,000
Centre level allowances	189,000	189,000	378,000
Office supplies	43,000	-	43,000
Office supplies (in kind)	59,030	105,730	164,760
Administrative expenses	50,000	-	50,000
Photocopying	-	-	-
Travel	20,000	-	20,000
Training	-	-	-
Telecommunication	33,700	33,300	67,000
Workshop	-	-	-
Audit, examination	-	-	-
Purchase/repair	194,000	-	194,000
Total expenditure	2,342,430	2,007,530	4,349,960
Net income	2,249,770	2,722,370	4,972,140

Nam Khe PEARLS - 2nd Quarter 2003

		GOAL
E1	Net loans/total assets	97.55% 70-80%
E5	Savings deposits/total assets	30.55% 70-80%
E6	External credit/total assets	33.87% Max 5%
E7	Member share capital/total assets	0.00% 10-20%
E8	Institutional capital/total assets	29.71% Min 10%
A2	Non-earning assets/total assets	2.45% <=5%
R1	Total loan income/average net loan portfolio	1.59% Entrepreneurial rate
R5	Total interest cost on savings dep./ave savings dep.	0.34% >Inflation
R6	Total interest cost on external credit/ave. external credit	0.77% Market rate
R8	Total gross interest margin/average total assets	1.18% Variable
R9	Operating expenses/average total assets	0.23% <10%
R10	Total loan loss provision expense/ave. total assets	0.00% Dependent on delinquency
R12	Net income/total assets	0.83% Linked to E8
L2	Liquidity reserves/savings deposits	6.76% 0.1
L3	Non-earning liquid assets/total assets	2.06% <1%
S1	Growth in loans	-2.18% Dependent on E1
S5	Growth in savings deposits	-2.86% Dependent on E5
S6	Growth in external credit	-6.6% Dependent on E6
S7	Growth in member shares	0.00% Dependent on E7
S8	Growth in institutional capital	1.52% Dependent on E8
S11	Growth in total assets	-2.51% >Inflation
	Loan loss reserve/loans outstanding	2.11%
	% of income from AAV subsidies	0.86%
	Common loan outstanding/total loans outstanding	100.0%
	Supplementary loan outstanding/total loans outstanding	0.0%
	Medium term loan outstanding/total loans outstanding	0.0%
	Return on common loans	1.38%
	Return on supplementary loans	
	Return on medium term loans	

Thanh Son
Balance sheet

Uong Bi Town
(Vietnamese dong)

Assets	March 31st 2003	May 31st 2003
Cash on hand	3,422,600	2,113,200
Deposits with DWU or bank	-	-
Common loan outstanding	206,943,000	207,456,000
Supplementary loan outstanding	18,600,000	18,000,000
Medium loan outstanding	-	-
Loan loss reserve	(5,369,000)	(5,369,000)
Receivables	5,113,900	5,113,900
Unused accounting supplies	1,062,243	852,723
Total	229,772,743	228,166,823

Liabilities		
Voluntary savings balance	138,181,400	146,258,900
Loans outstanding from DWU or other sources	13,500,000	-
Mutual assistance fund	-	-
Total	151,681,400	146,258,900

Net worth		
Shares	-	-
Institutional capital	64,633,800	64,633,800
Retained earnings	6,275,700	10,301,800
Bonus fund	776,200	776,200
Welfare fund	776,200	776,200
Training and development fund	4,567,200	4,567,200
Grants in kind	1,062,243	852,723
Total	78,091,343	81,907,923

Liabilities + net worth	229,772,743	228,166,823
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Income and expenditure account	Apr	May	Total
Income			
Common loan interest income	3,031,000	3,103,000	6,134,000
Supplementary loan interest income	-	-	-
Medium loan interest income	-	-	-
Loan fees/ fines	427,500	510,000	937,500
Interest on deposits at DWU	-	-	-
Delinquency recovery	-	-	-
AAV subsidy (in cash)	50,000	-	50,000
AAV subsidy (in kind)	29,000	-	29,000
Total income	3,537,500	3,613,000	7,150,500

Expenditure			
Interest on DWU loan	76,000	13,500	89,500
Voluntary savings interest	540,900	547,200	1,088,100
Loan loss provision	-	-	-
Commune level salaries	400,000	500,000	900,000
Centre level allowances	240,000	240,000	480,000
Office supplies	72,000	-	72,000
Office supplies (in kind)	125,240	113,280	238,520
Administrative expenses	50,000	-	50,000
Photocopying	-	-	-
Travel	-	-	-
Training	-	-	-
Telecommunication	30,100	37,700	67,800
Workshop	168,000	-	168,000
Audit, examination	-	-	-
Purchase/repair	180,000	-	180,000
Total expenditure	1,882,240	1,451,680	3,333,920

Net income	1,655,260	2,161,320	3,816,580
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Thanh Son PEARLS - 2nd Quarter 2003

			GOAL
E1	Net loans/total assets	96.46%	70-80%
E5	Savings deposits/total assets	64.10%	70-80%
E6	External credit/total assets	0.00%	Max 5%
E7	Member share capital/total assets	0.00%	10-20%
E8	Institutional capital/total assets	30.58%	Min 10%
A2	Non-earning assets/total assets	3.54%	<=5%
R1	Total loan income/average net loan portfolio	1.61%	Entrepreneurial rate
R5	Total interest cost on savings dep./ave savings dep.	0.38%	>Inflation
R6	Total interest cost on external credit/ave. external credit	0.66%	Market rate
R8	Total gross interest margin/average total assets	1.30%	Variable
R9	Operating expenses/average total assets	0.31%	<10%
R10	Total loan loss provision expense/ave. total assets	0.00%	Dependent on delinquency
R12	Net income/total assets	0.83%	Linked to E8
L2	Liquidity reserves/savings deposits	1.44%	0.1
L3	Non-earning liquid assets/total assets	0.93%	<1%
S1	Growth in loans	-0.02%	Dependent on E1
S5	Growth in savings deposits	2.92%	Dependent on E5
S6	Growth in external credit	-50.0%	Dependent on E6
S7	Growth in member shares	0.00%	Dependent on E7
S8	Growth in institutional capital	1.49%	Dependent on E8
S11	Growth in total assets	-0.35%	>Inflation
	Loan loss reserve/loans outstanding	2.38%	
	% of income from AAV subsidies	1.10%	
	Common loan outstanding/total loans outstanding	92.0%	
	Supplementary loan outstanding/total loans outstanding	8.0%	
	Medium term loan outstanding/total loans outstanding	0.0%	
	Return on common loans	1.48%	
	Return on supplementary loans	0.00%	
	Return on medium term loans		

**Bac Son
Balance sheet**

**Uong Bi Town
(Vietnamese dong)**

Assets	March 31st 2003	May 31st 2003	
Cash on hand	7,335,200	1,488,800	
Deposits with DWU or bank			
Common loan outstanding	340,053,000	353,974,000	
Supplementary loan outstanding	-	-	
Medium loan outstanding	-	-	
Loan loss reserve	(7,045,180)	(7,045,180)	
Receivables	-	-	
Unused accounting supplies	179,610	124,276	
Total	340,522,630	348,541,896	
Liabilities			
Voluntary savings balance	209,943,800	241,355,300	
Loans outstanding from DWU or other sources	64,500,000	34,000,000	
Mutual assistance fund	-	-	
Total	274,443,800	275,355,300	
Net worth			
Shares	-	-	
Institutional capital	45,735,620	45,735,620	
Retained earnings	8,703,500	15,866,600	
Bonus fund	1,432,500	1,432,500	
Welfare fund	1,432,500	1,432,500	
Training and development fund	8,595,100	8,595,100	
Grants in kind	179,610	124,276	
Total	66,078,830	73,186,596	
Liabilities + net worth	340,522,630	348,541,896	
Income and expenditure account	Apr	May	Total
Income			
Common loan interest income	4,900,900	4,928,400	9,829,300
Supplementary loan interest income	-	-	-
Medium loan interest income	-	-	-
Loan fee/fines	870,000	990,000	1,860,000
Interest on deposits at DWU	-	-	-
Delinquency recovery	-	-	-
AAV subsidy (in cash)	50,000	-	50,000
AAV subsidy (in kind)	110,400	82,000	192,400
Total income	5,931,300	6,000,400	11,931,700
Expenditure			
Interest on DWU loan	495,000	406,500	901,500
Voluntary savings interest	828,200	784,100	1,612,300
Loan loss provision	-	-	-
Commune level salaries	540,000	540,000	1,080,000
Centre level allowances	297,000	297,000	594,000
Office supplies	42,000	43,000	85,000
Office supplies (in kind)	161,864	85,870	247,734
Administrative expenses	50,000	-	50,000
Photocopying	-	-	-
Travel	-	-	-
Training	-	-	-
Telecommunication	22,700	30,700	53,400
Workshop	-	-	-
Audit, examination	-	-	-
Purchase/repair	200,000	-	200,000
Total expenditure	2,636,764	2,187,170	4,823,934
Net income	3,294,536	3,813,230	7,107,766

Bac Son PEARLS - 2nd Quarter 2003

			GOAL
E1	Net loans/total assets	99.54%	70-80%
E5	Savings deposits/total assets	69.25%	70-80%
E6	External credit/total assets	9.75%	Max 5%
E7	Member share capital/total assets	0.00%	10-20%
E8	Institutional capital/total assets	15.40%	Min 10%
A2	Non-earning assets/total assets	0.46%	<=5%
R1	Total loan income/average net loan portfolio	1.72%	Entrepreneurial rate
R5	Total interest cost on savings dep./ave savings dep.	0.36%	>Inflation
R6	Total interest cost on external credit/ave. external credit	0.92%	Market rate
R8	Total gross interest margin/average total assets	1.37%	Variable
R9	Operating expenses/average total assets	0.22%	<10%
R10	Total loan loss provision expense/ave. total assets	0.00%	Dependent on delinquency
R12	Net income/total assets	1.03%	Linked to E8
L2	Liquidity reserves/savings deposits	0.62%	0.1
L3	Non-earning liquid assets/total assets	0.43%	<1%
S1	Growth in loans	2.05%	Dependent on E1
S5	Growth in savings deposits	7.48%	Dependent on E5
S6	Growth in external credit	-23.6%	Dependent on E6
S7	Growth in member shares	0.00%	Dependent on E7
S8	Growth in institutional capital	3.58%	Dependent on E8
S11	Growth in total assets	1.18%	>Inflation
	Loan loss reserve/loans outstanding	1.99%	
	% of income from AAV subsidies	2.03%	
	Common loan outstanding/total loans outstanding	100.0%	
	Supplementary loan outstanding/total loans outstanding	0.0%	
	Medium term loan outstanding/total loans outstanding	0.0%	
	Return on common loans	1.42%	
	Return on supplementary loans		
	Return on medium term loans		

**Quang Trung
Balance sheet**

**Uong Bi Town
(Vietnamese dong)**

Assets	March 31st 2003	May 31st 2003	
Cash on hand	6,077,200	11,303,800	
Deposits with DWU or bank	-	20,000,000	
Common loan outstanding	332,800,000	351,236,000	
Supplementary loan outstanding	13,000,000	5,000,000	
Medium loan outstanding	111,320,000	99,240,000	
Loan loss reserve	(9,026,160)	(9,026,160)	
Receivables	-	-	
Unused accounting supplies	1,048,470	890,690	
Total	455,219,510	478,644,330	
Liabilities			
Voluntary savings balance	317,593,900	332,925,600	
Loans outstanding from DWU or other sources	-	-	
Mutual assistance fund	606,000	742,000	
Total	318,199,900	333,667,600	
Net worth			
Shares	-	-	
Institutional capital	107,404,840	107,404,840	
Retained earnings	10,475,000	18,589,900	
Bonus fund	2,261,400	2,261,400	
Welfare fund	2,261,400	2,261,400	
Training and development fund	13,568,500	13,568,500	
Grants in kind	1,048,470	890,690	
Total	137,019,610	144,976,730	
Liabilities + net worth	455,219,510	478,644,330	
Income and expenditure account			
	Apr	May	Total
Income			
Common loan interest income	4,568,400	4,928,100	9,496,500
Supplementary loan interest income	78,000	60,000	138,000
Medium loan interest income	1,092,000	1,087,200	2,179,200
Loan fee/fines	892,500	871,500	1,764,000
Interest on deposits at DWU	-	-	-
Delinquency recovery	-	-	-
AAV subsidy (in cash)	50,000	293,000	343,000
AAV subsidy (in kind)	79,200	-	79,200
Total income	6,760,100	7,239,800	13,999,900
Expenditure			
Interest on DWU loan	2,300	-	2,300
Voluntary savings interest	1,373,800	1,344,100	2,717,900
Loan loss provision	-	-	-
Commune level salaries	660,000	650,000	1,320,000
Centre level allowances	424,000	425,000	849,000
Office supplies	221,000	-	221,000
Office supplies (in kind)	239,640	290,340	529,980
Administrative expenses	50,000	-	50,000
Photocopying	-	-	-
Travel	10,000	10,000	20,000
Training	-	-	-
Telecommunication	27,100	39,500	66,600
Workshop	266,000	-	266,000
Audit, examination	-	-	-
Purchase/repair	-	-	-
Total expenditure	3,273,840	2,768,940	6,042,780
Net income	3,486,260	4,470,860	7,957,120

Quang Trung PEARLS - 2nd Quarter 2003

		GOAL
E1	Net loans/total assets	93.27% 70-80%
E5	Savings deposits/total assets	69.56% 70-80%
E6	External credit/total assets	0.00% Max 5%
E7	Member share capital/total assets	0.00% 10-20%
E8	Institutional capital/total assets	24.38% Min 10%
A2	Non-earning assets/total assets	2.55% <=5%
R1	Total loan income/average net loan portfolio	1.52% Entrepreneurial rate
R5	Total interest cost on savings dep./ave savings dep.	0.42% >Inflation
R6	Total interest cost on external credit/ave. external credit	Market rate
R8	Total gross interest margin/average total assets	1.21% Variable
R9	Operating expenses/average total assets	0.24% <10%
R10	Total loan loss provision expense/ave. total assets	0.00% Dependent on delinquency
R12	Net income/total assets	0.85% Linked to E8
L2	Liquidity reserves/savings deposits	9.40% 0.1
L3	Non-earning liquid assets/total assets	2.36% <1%
S1	Growth in loans	-0.18% Dependent on E1
S5	Growth in savings deposits	2.41% Dependent on E5
S6	Growth in external credit	Dependent on E6
S7	Growth in member shares	0.00% Dependent on E7
S8	Growth in institutional capital	1.80% Dependent on E8
S11	Growth in total assets	2.57% >Inflation
	Loan loss reserve/loans outstanding	1.98%
	% of income from AAV subsidies	3.02%
	Common loan outstanding/total loans outstanding	77.1%
	Supplementary loan outstanding/total loans outstanding	1.1%
	Medium term loan outstanding/total loans outstanding	21.8%
	Return on common loans	1.39%
	Return on supplementary loans	0.77%
	Return on medium term loans	1.03%

**Vang Danh
Balance sheet**

**Uong Bi Town
(Vietnamese dong)**

Assets	March 31st 2003	May 31st 2003	
Cash on hand	14,721,800	3,622,200	
Deposits with DWU or bank			
Common loan outstanding	812,720,000	796,480,000	
Supplementary loan outstanding	-	-	
Medium loan outstanding	-	-	
Loan loss reserve	(16,682,800)	(16,682,800)	
Receivables	-	-	
Unused accounting supplies	1,342,550	1,149,900	
Total	812,101,550	774,569,300	
Liabilities			
Voluntary savings balance	420,004,900	388,235,100	
Loans outstanding from DWU or other sources	168,000,000	142,000,000	
Mutual assistance fund	3,986,000	4,221,000	
Total	591,990,900	534,456,100	
Net worth			
Shares	-	-	
Institutional capital	155,704,900	155,704,900	
Retained earnings	26,893,300	47,088,500	
Bonus fund	4,521,200	4,521,200	
Welfare fund	4,521,200	4,521,200	
Training and development fund	27,127,500	27,127,500	
Grants in kind	1,342,550	1,149,900	
Total	220,110,650	240,113,200	
Liabilities + net worth	812,101,550	774,569,300	
Income and expenditure account	Apr	May	Total
Income			
Common loan interest income	12,915,400	12,484,000	25,399,400
Supplementary loan interest income	-	-	-
Medium loan interest income	-	-	-
Loan fee/fines	1,950,000	1,440,000	3,390,000
Interest on deposits at DWU	-	-	-
Delinquency recovery	-	-	-
AAV subsidy (in cash)	35,000	-	35,000
AAV subsidy (in kind)	81,600	58,000	139,600
Total income	14,982,000	13,982,000	28,964,000
Expenditure			
Interest on DWU loan	1,186,500	1,065,000	2,251,500
Voluntary savings interest	1,638,100	1,634,300	3,272,400
Loan loss provision	-	-	-
Commune level salaries	740,000	790,000	1,530,000
Centre level allowances	482,000	482,000	964,000
Office supplies	114,000	44,000	158,000
Office supplies (in kind)	219,600	112,650	332,250
Administrative expenses	35,000	-	35,000
Photocopying	-	-	-
Travel	-	-	-
Training	-	168,000	168,000
Telecommunication	19,500	30,800	50,300
Workshop	-	-	-
Audit, examination	-	-	-
Purchase/repair	200,000	-	200,000
Total expenditure	4,634,700	4,326,750	8,961,450
Net income	10,347,300	9,655,250	20,002,550

Vang Danh PEARLS - 2nd Quarter 2003

			GOAL
E1	Net loans/total assets	99.38%	70-80%
E5	Savings deposits/total assets	50.12%	70-80%
E6	External credit/total assets	18.33%	Max 5%
E7	Member share capital/total assets	0.00%	10-20%
E8	Institutional capital/total assets	23.14%	Min 10%
A2	Non-earning assets/total assets	0.62%	<=5%
R1	Total loan income/average net loan portfolio	1.84%	Entrepreneurial rate
R5	Total interest cost on savings dep./ave savings dep.	0.40%	>Inflation
R6	Total interest cost on external credit/ave. external credit	0.73%	Market rate
R8	Total gross interest margin/average total assets	1.48%	Variable
R9	Operating expenses/average total assets	0.14%	<10%
R10	Total loan loss provision expense/ave. total assets	0.00%	Dependent on delinquency
R12	Net income/total assets	1.26%	Linked to E8
L2	Liquidity reserves/savings deposits	0.93%	0.1
L3	Non-earning liquid assets/total assets	0.47%	<1%
S1	Growth in loans	-1.61%	Dependent on E1
S5	Growth in savings deposits	-3.78%	Dependent on E5
S6	Growth in external credit	-7.7%	Dependent on E6
S7	Growth in member shares	0.00%	Dependent on E7
S8	Growth in institutional capital	2.98%	Dependent on E8
S11	Growth in total assets	-2.31%	>Inflation
	Loan loss reserve/loans outstanding	2.12%	
	% of income from AAV subsidies	0.60%	
	Common loan outstanding/total loans outstanding	100.0%	
	Supplementary loan outstanding/total loans outstanding	0.0%	
	Medium term loan outstanding/total loans outstanding	0.0%	
	Return on common loans	1.59%	
	Return on supplementary loans		
	Return on medium term loans		

**Trung Vuong
Balance sheet**

**Uong Bi Town
(Vietnamese dong)**

Assets	March 31st 2003	May 31st 2003
Cash on hand	1,639,100	2,743,400
Deposits with DWU or bank	-	-
Common loan outstanding	199,564,200	220,824,200
Supplementary loan outstanding	3,800,000	1,200,000
Medium loan outstanding	422,940,000	378,780,000
Loan loss reserve	(13,000,000)	(13,000,000)
Receivables	-	-
Unused accounting supplies	1,635,560	1,456,780
Total	616,578,860	592,004,380

Liabilities	March 31st 2003	May 31st 2003
Voluntary savings balance	181,337,900	204,505,900
Loans outstanding from DWU or other sources	382,000,000	329,000,000
Mutual assistance fund	-	-
Total	563,337,900	533,505,900

Net worth	March 31st 2003	May 31st 2003
Shares	-	-
Institutional capital	47,825,700	47,825,700
Retained earnings	3,779,700	9,216,000
Bonus fund	-	-
Welfare fund	-	-
Training and development fund	-	-
Grants in kind	1,635,560	1,456,780
Total	53,240,960	58,498,480

Liabilities + net worth	616,578,860	592,004,380
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Income and expenditure account	Apr	May	Total
Income			
Common loan interest income	2,725,200	2,494,400	5,219,600
Supplementary loan interest income	24,000	-	24,000
Medium loan interest income	3,850,000	3,703,200	7,553,200
Loan fees/ fines	450,000	787,500	1,237,500
Interest on deposits at DWU	-	-	-
Delinquency recovery	-	-	-
AAV subsidy (in cash)	75,000	-	75,000
AAV subsidy (in kind)	44,000	-	44,000
Total income	7,168,200	6,985,100	14,153,300

Expenditure			
Interest on DWU loan	2,779,000	2,526,000	5,305,000
Voluntary savings interest	718,300	745,500	1,463,900
Loan loss provision	-	-	-
Commune level salaries	550,000	550,000	1,100,000
Centre level allowances	252,000	252,000	504,000
Office supplies	34,000	-	34,000
Office supplies (in kind)	133,490	89,290	222,780
Administrative expenses	75,000	-	75,000
Photocopying	-	-	-
Travel	5,000	-	5,000
Training	-	-	-
Telecommunication	35,400	45,700	81,100
Workshop	105,000	-	105,000
Audit, examination	-	-	-
Purchase/repair	-	-	-
Total expenditure	4,687,190	4,208,590	8,895,780

Net income	2,481,010	2,776,510	5,257,520
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Trung Vuong PEARLS - 2nd Quarter 2003

		GOAL
E1	Net loans/total assets	99.29% 70-80%
E5	Savings deposits/total assets	34.54% 70-80%
E6	External credit/total assets	55.57% Max 5%
E7	Member share capital/total assets	0.00% 10-20%
E8	Institutional capital/total assets	8.86% Min 10%
A2	Non-earning assets/total assets	0.71% <=5%
R1	Total loan income/average net loan portfolio	1.17% Entrepreneurial rate
R5	Total interest cost on savings dep./ave savings dep.	0.38% >Inflation
R6	Total interest cost on external credit/ave. external credit	0.75% Market rate
R8	Total gross interest margin/average total assets	0.61% Variable
R9	Operating expenses/average total assets	0.12% <10%
R10	Total loan loss provision expense/ave. total assets	0.00% Dependent on delinquency
R12	Net income/total assets	0.44% Linked to E8
L2	Liquidity reserves/savings deposits	1.34% 0.1
L3	Non-earning liquid assets/total assets	0.46% <1%
S1	Growth in loans	-2.04% Dependent on E1
S5	Growth in savings deposits	6.39% Dependent on E5
S6	Growth in external credit	-6.9% Dependent on E6
S7	Growth in member shares	0.00% Dependent on E7
S8	Growth in institutional capital	2.73% Dependent on E8
S11	Growth in total assets	-1.99% >Inflation
	Loan loss reserve/loans outstanding	2.16%
	% of income from AAV subsidies	0.84%
	Common loan outstanding/total loans outstanding	36.8%
	Supplementary loan outstanding/total loans outstanding	0.2%
	Medium term loan outstanding/total loans outstanding	63.0%
	Return on common loans	1.24%
	Return on supplementary loans	0.48%
	Return on medium term loans	0.94%

**Yen Thanh
Balance sheet**

**Uong Bi Town
(Vietnamese dong)**

Assets	March 31st 2003	May 31st 2003
Cash on hand	4,650,100	1,884,600
Deposits with DWU or bank	-	-
Common loan outstanding	441,236,000	416,788,000
Supplementary loan outstanding	45,000,000	27,000,000
Medium loan outstanding	-	-
Loan loss reserve	(12,819,700)	(12,819,700)
Receivables	-	-
Unused accounting supplies	489,240	402,040
Total	478,555,640	433,254,940

Liabilities	March 31st 2003	May 31st 2003
Voluntary savings balance	67,381,000	48,326,000
Loans outstanding from DWU or other sources	283,500,000	256,000,000
Mutual assistance fund	-	-
Total	350,881,000	304,326,000

Net worth	March 31st 2003	May 31st 2003
Shares	-	-
Institutional capital	126,124,500	126,124,500
Retained earnings	(3,384,900)	(2,043,400)
Bonus fund	555,700	555,700
Welfare fund	555,700	555,700
Training and development fund	3,334,400	3,334,400
Grants in kind	489,240	402,040
Total	127,674,640	128,928,940

Liabilities + net worth	478,555,640	433,254,940
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Income and expenditure account	Apr	May	Total
Income			
Common loan interest income	3,704,000	1,362,000	5,066,000
Supplementary loan interest income	900,000	-	900,000
Medium loan interest income	-	-	-
Loan fee/fines	397,500	-	397,500
Interest on deposits at DWU	-	-	-
Delinquency recovery	-	-	-
AAV subsidy (in cash)	25,000	-	25,000
AAV subsidy (in kind)	-	27,800	27,800
Total income	5,026,500	1,389,800	6,416,300

Expenditure			
Interest on DWU loan	2,111,300	2,025,000	4,136,300
Voluntary savings interest	259,000	172,000	431,000
Loan loss provision	-	-	-
Commune level salaries	-	-	-
Centre level allowances	159,000	144,000	303,000
Office supplies	59,000	16,000	75,000
Office supplies (in kind)	115,000	-	115,000
Administrative expenses	25,000	-	25,000
Photocopying	15,400	-	15,400
Travel	-	-	-
Training	-	-	-
Telecommunication	41,300	-	41,300
Workshop	-	-	-
Audit, examination	20,000	-	20,000
Purchase/repair	-	-	-
Total expenditure	2,805,000	2,357,000	5,162,000

Net income	2,221,500	(967,200)	1,254,300
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Yen Thanh PEARLS - 2nd Quarter 2003

		GOAL
E1	Net loans/total assets	99.47% 70-80%
E5	Savings deposits/total assets	11.15% 70-80%
E6	External credit/total assets	59.09% Max 5%
E7	Member share capital/total assets	0.00% 10-20%
E8	Institutional capital/total assets	28.88% Min 10%
A2	Non-earning assets/total assets	0.53% <=5%
R1	Total loan income/average net loan portfolio	0.70% Entrepreneurial rate
R5	Total interest cost on savings dep./ave savings dep.	0.37% >Inflation
R6	Total interest cost on external credit/ave. external credit	0.77% Market rate
R8	Total gross interest margin/average total assets	0.20% Variable
R9	Operating expenses/average total assets	0.04% <10%
R10	Total loan loss provision expense/ave. total assets	0.00% Dependent on delinquency
R12	Net income/total assets	0.14% Linked to E8
L2	Liquidity reserves/savings deposits	3.90% 0.1
L3	Non-earning liquid assets/total assets	0.43% <1%
S1	Growth in loans	-4.36% Dependent on E1
S5	Growth in savings deposits	-14.14% Dependent on E5
S6	Growth in external credit	-4.9% Dependent on E6
S7	Growth in member shares	0.00% Dependent on E7
S8	Growth in institutional capital	0.27% Dependent on E8
S11	Growth in total assets	-4.73% >Inflation
	Loan loss reserve/loans outstanding	2.89%
	% of income from AAV subsidies	0.82%
	Common loan outstanding/total loans outstanding	93.9%
	Supplementary loan outstanding/total loans outstanding	6.1%
	Medium term loan outstanding/total loans outstanding	0.0%
	Return on common loans	0.59%
	Return on supplementary loans	1.25%
	Return on medium term loans	

Total - 10 communes
Balance sheet

Uong Bi Town
(Vietnamese dong)

	March 31st 2003	May 31st 2003	
Assets			
Cash on hand	70,517,000	43,402,100	
Deposits with DWU or bank		53,000,000	
Common loan outstanding	3,815,890,500	3,724,859,000	
Supplementary loan outstanding	105,800,000	60,500,000	
Medium loan outstanding	541,820,000	484,960,000	
Loan loss reserve	(96,215,844)	(96,215,844)	
Receivables	5,113,900	5,113,900	
Unused accounting supplies	8,648,823	7,809,749	
Total	4,451,574,379	4,283,428,905	
Liabilities			
Voluntary savings balance	1,957,339,700	2,031,871,700	
Loans outstanding from DWU or other sources	1,266,400,000	953,400,000	
Mutual assistance fund	18,227,000	19,087,000	
Total	3,241,966,700	3,004,358,700	
Net worth			
Shares	-	-	
Institutional capital	996,488,256	996,488,256	
Retained earnings	80,696,200	150,997,800	
Bonus fund	15,482,900	15,482,900	
Welfare fund	15,482,900	15,482,900	
Training and development fund	92,808,600	92,808,600	
Grants in kind	8,648,823	7,809,749	
Total	1,209,607,679	1,279,070,205	
Liabilities + net worth	4,451,574,379	4,283,428,905	
Income and expenditure account			
	Apr	May	Total
Income			
Common loan interest income	50,509,800	47,344,600	97,854,400
Supplementary loan interest income	1,014,000	120,000	1,134,000
Medium loan interest income	5,006,800	4,855,200	9,862,000
Loan fees/fines	7,108,500	6,753,000	13,861,500
Interest on deposits at DWU	-	18,000	18,000
Delinquency recovery	200,000	120,000	320,000
AAV subsidy (in cash)	530,000	293,000	823,000
AAV subsidy (in kind)	837,000	542,600	1,379,600
Total income	65,206,100	60,046,400	125,252,500
Expenditure			
Interest on DWU loan	9,146,400	8,143,000	17,289,400
Voluntary savings interest	7,680,500	7,532,500	15,213,000
Loan loss provision	-	-	-
Commune level salaries	5,590,000	5,740,000	11,330,000
Centre level allowances	2,796,000	2,905,000	5,701,000
Office supplies	859,000	103,000	962,000
Office supplies (in kind)	1,300,554	1,211,120	2,511,674
Administrative expenses	530,000	-	530,000
Photocopying	15,400	-	15,400
Travel	35,000	10,000	45,000
Training	-	168,000	168,000
Telecommunication	234,200	254,300	488,500
Workshop	742,000	-	742,000
Audit, examination	20,000	-	20,000
Purchase/repair	774,000	-	774,000
Total expenditure	29,723,054	26,066,920	55,789,974
Net income	35,483,046	33,979,480	69,462,526

Total 10 communes PEARLS - 2nd Quarter 2003

			GOAL
E1	Net loans/total assets	97.45%	70-80%
E5	Savings deposits/total assets	47.44%	70-80%
E6	External credit/total assets	22.26%	Max 5%
E7	Member share capital/total assets	0.00%	10-20%
E8	Institutional capital/total assets	25.03%	Min 10%
A2	Non-earning assets/total assets	1.31%	<=5%
R1	Total loan income/average net loan portfolio	1.44%	Entrepreneurial rate
R5	Total interest cost on savings dep./ave savings dep.	0.38%	>Inflation
R6	Total interest cost on external credit/ave. external credit	0.78%	Market rate
R8	Total gross interest margin/average total assets	1.06%	Variable
R9	Operating expenses/average total assets	0.18%	<10%
R10	Total loan loss provision expense/ave. total assets	0.00%	Dependent on delinquency
R12	Net income/total assets	0.80%	Linked to E8
L2	Liquidity reserves/savings deposits	4.74%	0.1
L3	Non-earning liquid assets/total assets	1.01%	<1%
S1	Growth in loans	-2.16%	Dependent on E1
S5	Growth in savings deposits	1.90%	Dependent on E5
S6	Growth in external credit	-12.4%	Dependent on E6
S7	Growth in member shares	0.00%	Dependent on E7
S8	Growth in institutional capital	1.70%	Dependent on E8
S11	Growth in total assets	-1.89%	>Inflation
	Loan loss reserve/loans outstanding	2.25%	
	% of income from AAV subsidies	1.76%	
	Common loan outstanding/total loans outstanding	87.2%	
	Supplementary loan outstanding/total loans outstanding	1.4%	
	Medium term loan outstanding/total loans outstanding	11.4%	
	Return on common loans	1.30%	
	Return on supplementary loans	0.68%	
	Return on medium term loans	0.96%	

Attachment E

Dong Trieu District Financial Information

Dong Trieu District Financial Information

i) Balance sheets and income and expenditure accounts

Local currency financial statements are included for all 11
commune covered by the WOCCU project in Dong Trieu district,
together with a consolidated statement. A new CFI was established
in Hoang Que commune in May 2003. Reports have been included for
April and May 2003 only as there was insufficient time to include
the June figures.

ii) PEARLS ratios

A selection of 21 PEARLS ratios have been calculated for the
CFIs. These are the ratios that can be calculated from the
financial information available. Ratios relating to Rates of
Return and Signs of Growth have been calculated on the basis of
income or expenditure over the two month period April- May
divided by two to give an average monthly figure.

A number of other ratios relating to loan loss reserves, income
subsidy and the composition of the loan portfolio have also been
included.

**Hong Phong
Balance sheet**

**Dong Trieu District
(Vietnamese dong)**

	March 31st 2003	May 31st 2003
Assets		
Cash on hand	3,126,500	5,312,800
Bank deposits	-	-
Common loan outstanding	121,428,000	164,456,000
Supplementary loan outstanding	-	-
Medium loan outstanding	393,480,000	358,720,000
Loan loss reserve	(10,298,200)	(10,298,200)
Total	507,736,300	518,190,600
Liabilities		
Compulsory savings balance	133,680,700	97,500,200
Voluntary savings balance	127,188,100	205,407,800
Loans outstanding from DWU	118,000,000	79,000,000
Total	378,868,800	381,908,000
Net worth		
Institutional capital	103,602,600	103,602,600
Shares	-	-
Training and development fund	12,631,500	12,631,500
Bonus fund	1,578,900	1,578,900
Welfare fund	1,578,900	1,578,900
Retained earnings	9,475,600	16,890,700
Total	128,867,500	136,282,600
Liabilities + net worth	507,736,300	518,190,600

Income and expenditure account

	Apr	May	Total
Income			
Loan interest income	7,551,900	6,833,000	14,384,900
Loan fee/fines	850,000	590,000	1,440,000
Other income	-	-	-
AAV subsidy (in cash)	100,000	100,000	200,000
AAV subsidy (in kind)	60,200	60,300	120,500
Total income	8,562,100	7,583,300	16,145,400
Expenditure			
Compulsory savings interest	1,736,000	464,700	2,200,700
Voluntary savings interest	-	1,493,300	1,493,300
Interest on DWU loan	534,000	661,000	1,195,000
Loan loss provision	-	-	-
Commune level salaries	1,040,000	1,040,000	2,080,000
Centre level allowances	626,000	626,000	1,252,000
Training	100,000	100,000	200,000
Office supplies	122,500	-	122,500
Office supplies (in kind)	60,200	60,300	120,500
Photocopying	18,300	-	18,300
Evaluation, other expenses	-	-	-
Travel	24,000	24,000	48,000
Staff protection materials	-	-	-
Hospitality	-	-	-
Small asset purchase and repair	-	-	-
Total expenditure	4,261,000	4,469,300	8,730,300
Net income	4,301,100	3,114,000	7,415,100

Hong Phong PEARLS - 2nd Quarter 2003

		GOAL
E1	Net loans/total assets	98.97%
E5	Savings deposits/total assets	58.45%
E6	External credit/total assets	15.25%
E7	Member share capital/total assets	0.00%
E8	Institutional capital/total assets	21.62%
A2	Non-earning assets/total assets	1.03%
R1	Total loan income/average net loan portfolio	1.56%
R5	Total interest cost on savings dep./ave savings dep.	0.66%
R6	Total interest cost on external credit/ave. external credit	0.61%
R8	Total gross interest margin/average total assets	1.10%
R9	Operating expenses/average total assets	0.37%
R10	Total loan loss provision expense/ave. total assets	0.00%
R12	Net income/total assets	0.72%
L2	Liquidity reserves/savings deposits	1.75%
L3	Non-earning liquid assets/total assets	1.03%
S1	Growth in loans	0.80%
S5	Growth in savings deposits	8.06%
S6	Growth in external credit	-16.53%
S7	Growth in member shares	0.00%
S8	Growth in institutional capital	1.71%
S11	Growth in total assets	1.03%
	Loan loss reserve/loans outstanding	1.97%
	% of income from AAV subsidies	2.0%
	Voluntary savings as % of total savings	67.81%
	Common loan outstanding/total loans outstanding	31%
	Supplementary loan outstanding/total loans outstanding	0%
	Medium term loan outstanding/total loans outstanding	69%
		70-80%
		70-80%
		Max 5%
		10-20%
		Min 10%
		<=5%
		Entrepreneurial rate
		>Inflation
		Market rate
		Variable
		<10%
		Dependent on delinquency
		Linked to E8
		0.1
		<1%
		Dependent on E1
		Dependent on E5
		Dependent on E6
		Dependent on E7
		Dependent on E8
		>Inflation

An Sinh
Balance sheet

Dong Trieu District
(Vietnamese dong)

	March 31st 2003	May 31st 2003
Assets		
Cash on hand	1,444,800	853,900
Bank deposits	-	-
Common loan outstanding	89,821,000	94,624,000
Supplementary loan outstanding	6,700,000	10,200,000
Medium loan outstanding	181,120,000	186,800,000
Loan loss reserve	(5,552,800)	(5,552,800)
Total	273,533,000	286,925,100
Liabilities		
Compulsory savings balance	58,912,400	69,377,800
Voluntary savings balance	-	-
Loans outstanding from DWU	168,566,000	168,566,000
Total	227,478,400	237,943,800
Net worth		
Institutional capital	43,279,600	43,279,600
Shares	-	-
Training and development fund	-	-
Bonus fund	-	-
Welfare fund	-	-
Retained earnings	2,775,000	5,701,700
Total	46,054,600	48,981,300
Liabilities + net worth	273,533,000	286,925,100

Income and expenditure account

	Apr	May	Total
Income			
Loan interest income	2,571,700	2,947,800	5,519,500
Loan fee/fines	416,000	469,000	885,000
Other income	-	-	-
AAV subsidy (in cash)	567,500	475,000	1,042,500
AAV subsidy (in kind)	30,000	30,000	60,000
Total income	3,585,200	3,921,800	7,507,000
Expenditure			
Compulsory savings interest	278,000	307,600	585,600
Voluntary savings interest	-	-	-
Interest on DWU loan	680,500	1,020,700	1,701,200
Loan loss provision	-	-	-
Commune level salaries	575,000	500,000	1,075,000
Centre level allowances	398,000	398,000	796,000
Training	75,000	75,000	150,000
Office supplies	80,500	-	80,500
Office supplies (in kind)	30,000	30,000	60,000
Photocopying	12,000	-	12,000
Evaluation, other expenses	-	-	-
Travel	60,000	60,000	120,000
Staff protection materials	-	-	-
Hospitality	-	-	-
Small asset purchase and repair	-	-	-
Total expenditure	2,189,000	2,391,300	4,580,300
Net income	1,396,200	1,530,500	2,926,700

An Sinh PEARLS - 2nd Quarter 2003

		GOAL
E1	Net loans/total assets	99.70% 70-80%
E5	Savings deposits/total assets	24.18% 70-80%
E6	External credit/total assets	58.75% Max 5%
E7	Member share capital/total assets	0.00% 10-20%
E8	Institutional capital/total assets	16.08% Min 10%
A2	Non-earning assets/total assets	0.30% <=5%
R1	Total loan income/average net loan portfolio	1.15% Entrepreneurial rate
R5	Total interest cost on savings dep./ave savings dep.	0.46% >Inflation
R6	Total interest cost on external credit/ave. external credit	0.50% Market rate
R8	Total gross interest margin/average total assets	0.93% Variable
R9	Operating expenses/average total assets	0.41% <10%
R10	Total loan loss provision expense/ave. total assets	0.00% Dependent on delinquency
R12	Net income/total assets	0.52% Linked to E8
L2	Liquidity reserves/savings deposits	1.23% 0.1
L3	Non-earning liquid assets/total assets	0.30% <1%
S1	Growth in loans	2.52% Dependent on E1
S5	Growth in savings deposits	8.88% Dependent on E5
S6	Growth in external credit	0.00% Dependent on E6
S7	Growth in member shares	0.00% Dependent on E7
S8	Growth in institutional capital	1.64% Dependent on E8
S11	Growth in total assets	2.45% >Inflation
	Loan loss reserve/loans outstanding	1.90%
	% of income from AAV subsidies	14.7%
	Voluntary savings as % of total savings	0.00%
	Common loan outstanding/total loans outstanding	32%
	Supplementary loan outstanding/total loans outstanding	3%
	Medium term loan outstanding/total loans outstanding	64%

Thuy An
Balance sheet

Dong Trieu District
(Vietnamese dong)

	March 31st 2003	May 31st 2003
Assets		
Cash on hand	10,126,600	5,620,100
Bank deposits	-	4,000,000
Common loan outstanding	71,661,000	71,168,000
Supplementary loan outstanding	39,200,000	40,300,000
Medium loan outstanding	39,030,000	43,930,000
Loan loss reserve	(12,770,500)	(12,770,500)
Total	147,247,100	152,247,600
Liabilities		
Compulsory savings balance	16,495,400	20,141,800
Voluntary savings balance	-	-
Loans outstanding from DWU	86,620,000	86,620,000
Total	103,115,400	106,761,800
Net worth		
Institutional capital	49,055,500	49,055,500
Shares	-	-
Training and development fund	-	-
Bonus fund	-	-
Welfare fund	-	-
Retained earnings	(4,923,800)	(3,569,700)
Total	44,131,700	45,485,800
Liabilities + net worth	147,247,100	152,247,600

Income and expenditure account

	Apr	May	Total
Income			
Loan interest income	1,515,000	989,500	2,504,500
Loan fee/fines	420,000	239,000	659,000
Other income	-	-	-
AAV subsidy (in cash)	593,500	518,000	1,111,500
AAV subsidy (in kind)	95,000	110,000	205,000
Total income	2,623,500	1,856,500	4,480,000
Expenditure			
Compulsory savings interest	79,600	86,200	165,800
Voluntary savings interest	-	-	-
Interest on DWU loan	325,600	488,000	813,600
Loan loss provision	-	-	-
Commune level salaries	550,000	600,000	1,150,000
Centre level allowances	192,000	192,000	384,000
Training	100,000	75,000	175,000
Office supplies	86,000	-	86,000
Office supplies (in kind)	95,000	110,000	205,000
Photocopying	7,500	43,000	50,500
Evaluation, other expenses	-	-	-
Travel	48,000	48,000	96,000
Staff protection materials	-	-	-
Hospitality	-	-	-
Small asset purchase and repair	-	-	-
Total expenditure	1,483,700	1,642,200	3,125,900
Net income	1,139,800	214,300	1,354,100

Thuy An PEARLS - 2nd Quarter 2003

			GOAL
E1	Net loans/total assets	93.68%	70-80%
E5	Savings deposits/total assets	13.23%	70-80%
E6	External credit/total assets	56.89%	Max 5%
E7	Member share capital/total assets	0.00%	10-20%
E8	Institutional capital/total assets	31.05%	Min 10%
A2	Non-earning assets/total assets	3.69%	<=5%
R1	Total loan income/average net loan portfolio	1.13%	Entrepreneurial rate
R5	Total interest cost on savings dep./ave savings dep.	0.45%	>Inflation
R6	Total interest cost on external credit/ave. external credit	0.47%	Market rate
R8	Total gross interest margin/average total assets	1.17%	Variable
R9	Operating expenses/average total assets	0.72%	<10%
R10	Total loan loss provision expense/ave. total assets	0.00%	Dependent on delinquency
R12	Net income/total assets	0.45%	Linked to E8
L2	Liquidity reserves/savings deposits	47.76%	0.1
L3	Non-earning liquid assets/total assets	3.69%	<1%
S1	Growth in loans	1.84%	Dependent on E1
S5	Growth in savings deposits	11.05%	Dependent on E5
S6	Growth in external credit	0.00%	Dependent on E6
S7	Growth in member shares	0.00%	Dependent on E7
S8	Growth in institutional capital	0.73%	Dependent on E8
S11	Growth in total assets	1.70%	>Inflation
	Loan loss reserve/loans outstanding	8.22%	
	% of income from AAV subsidies	29.4%	
	Voluntary savings as % of total savings	0.00%	
	Common loan outstanding/total loans outstanding	46%	
	Supplementary loan outstanding/total loans outstanding	26%	
	Medium term loan outstanding/total loans outstanding	28%	

**Xuan Son
Balance sheet**

**Dong Trieu District
(Vietnamese dong)**

	March 31st 2003	May 31st 2003
Assets		
Cash on hand	16,896,000	6,100,800
Bank deposits	-	10,000,000
Common loan outstanding	65,416,000	59,216,000
Supplementary loan outstanding	-	-
Medium loan outstanding	472,360,000	480,080,000
Loan loss reserve	(10,755,500)	(10,755,500)
Total	543,916,500	544,641,300
Liabilities		
Compulsory savings balance	331,718,500	81,079,700
Voluntary savings balance	-	291,715,300
Loans outstanding from DWU	110,000,000	60,000,000
Total	441,718,500	432,795,000
Net worth		
Institutional capital	71,686,900	71,686,900
Shares	-	-
Training and development fund	15,107,900	15,107,900
Bonus fund	1,888,500	1,888,500
Welfare fund	1,888,500	1,888,500
Retained earnings	11,626,200	21,274,500
Total	102,198,000	111,846,300
Liabilities + net worth	543,916,500	544,641,300

Income and expenditure account

	Apr	May	Total
Income			
Loan interest income	7,650,600	7,982,100	15,632,700
Loan fees/fin	1,098,000	845,000	1,943,000
Other income	-	-	-
AAV subsidy (in cash)	100,000	100,000	200,000
AAV subsidy (in kind)	103,700	223,900	327,600
Total income	8,952,300	9,151,000	18,103,300
Expenditure			
Compulsory savings interest	1,710,500	390,100	2,100,600
Voluntary savings interest	-	1,446,100	1,446,100
Interest on DWU loan	496,700	507,000	1,003,700
Loan loss provision	-	-	-
Commune level salaries	910,000	910,000	1,820,000
Centre level allowances	534,000	534,000	1,068,000
Training	233,000	100,000	333,000
Office supplies	184,000	-	184,000
Office supplies (in kind)	103,700	223,900	327,600
Photocopying	65,000	-	65,000
Evaluation, auditing	-	35,000	35,000
Travel	36,000	36,000	72,000
Staff protection materials	-	-	-
Hospitality	-	-	-
Small asset purchase and repair	-	-	-
Total expenditure	4,272,900	4,182,100	8,455,000
Net income	4,679,400	4,968,900	9,648,300

Xuan Son PEARLS - 2nd Quarter 2003

		GOAL	
E1	Net loans/total assets	97.04%	70-80%
E5	Savings deposits/total assets	68.45%	70-80%
E6	External credit/total assets	11.02%	Max 5%
E7	Member share capital/total assets	0.00%	10-20%
E8	Institutional capital/total assets	15.12%	Min 10%
A2	Non-earning assets/total assets	1.12%	<=5%
R1	Total loan income/average net loan portfolio	1.67%	Entrepreneurial rate
R5	Total interest cost on savings dep./ave savings dep.	0.50%	>Inflation
R6	Total interest cost on external credit/ave. external credit	0.59%	Market rate
R8	Total gross interest margin/average total assets	1.25%	Variable
R9	Operating expenses/average total assets	0.36%	<10%
R10	Total loan loss provision expense/ave. total assets	0.00%	Dependent on delinquency
R12	Net income/total assets	0.89%	Linked to E8
L2	Liquidity reserves/savings deposits	4.32%	0.1
L3	Non-earning liquid assets/total assets	1.12%	<1%
S1	Growth in loans	0.14%	Dependent on E1
S5	Growth in savings deposits	6.19%	Dependent on E5
S6	Growth in external credit	-22.73%	Dependent on E6
S7	Growth in member shares	0.00%	Dependent on E7
S8	Growth in institutional capital	3.11%	Dependent on E8
S11	Growth in total assets	0.07%	>Inflation
	Loan loss reserve/loans outstanding	1.99%	
	% of income from AAV subsidies	2.9%	
	Voluntary savings as % of total savings	78.25%	
	Common loan outstanding/total loans outstanding	11%	
	Supplementary loan outstanding/total loans outstanding	0%	
	Medium term loan outstanding/total loans outstanding	89%	

**Kim Son
Balance sheet**

**Dong Trieu District
(Vietnamese dong)**

	March 31st 2003	May 31st 2003
Assets		
Cash on hand	4,649,400	11,835,400
Bank deposits	-	-
Common loan outstanding	144,682,000	156,964,000
Supplementary loan outstanding	-	-
Medium loan outstanding	447,060,000	455,620,000
Loan loss reserve	(11,834,400)	(11,834,400)
Total	584,557,000	612,585,000
Liabilities		
Compulsory savings balance	91,547,300	90,075,400
Voluntary savings balance	242,918,300	265,960,800
Loans outstanding from DWU	133,000,000	133,000,000
Total	467,465,600	489,036,200
Net worth		
Institutional capital	86,444,900	86,444,900
Shares	-	-
Training and development fund	16,108,200	16,108,200
Bonus fund	2,013,500	2,013,500
Welfare fund	2,013,500	2,013,500
Retained earnings	10,511,300	16,968,700
Total	117,091,400	123,548,800
Liabilities + net worth	584,557,000	612,585,000

Income and expenditure account

	Apr	May	Total
Income			
Loan interest income	6,429,700	6,898,900	13,328,600
Loan fees/fines	848,000	1,095,000	1,943,000
Other income	-	-	-
AAV subsidy (in cash)	100,000	100,000	200,000
AAV subsidy (in kind)	364,200	250,000	614,200
Total income	7,741,900	8,343,900	16,085,800
Expenditure			
Compulsory savings interest	1,965,000	428,300	2,393,300
Voluntary savings interest	-	1,745,400	1,745,400
Interest on DWU loan	604,000	906,000	1,510,000
Loan loss provision	-	-	-
Commune level salaries	835,000	835,000	1,670,000
Centre level allowances	575,000	575,000	1,150,000
Training	100,000	100,000	200,000
Office supplies	125,000	-	125,000
Office supplies (in kind)	364,200	250,000	614,200
Photocopying	124,500	-	124,500
Evaluation, other expenses	-	-	-
Travel	48,000	48,000	96,000
Staff protection materials	-	-	-
Hospitality	-	-	-
Small asset purchase and repair	-	-	-
Total expenditure	4,740,700	4,887,700	9,628,400
Net income	3,001,200	3,456,200	6,457,400

Kim Son PEARLS - 2nd Quarter 2003

			GOAL
E1	Net loans/total assets	98.07%	70-80%
E5	Savings deposits/total assets	58.12%	70-80%
E6	External credit/total assets	21.71%	Max 5%
E7	Member share capital/total assets	0.00%	10-20%
E8	Institutional capital/total assets	15.50%	Min 10%
A2	Non-earning assets/total assets	1.93%	<=5%
R1	Total loan income/average net loan portfolio	1.29%	Entrepreneurial rate
R5	Total interest cost on savings dep./ave savings dep.	0.60%	>Inflation
R6	Total interest cost on external credit/ave. external credit	0.57%	Market rate
R8	Total gross interest margin/average total assets	0.87%	Variable
R9	Operating expenses/average total assets	0.33%	<10%
R10	Total loan loss provision expense/ave. total assets	0.00%	Dependent on delinquency
R12	Net income/total assets	0.54%	Linked to E8
L2	Liquidity reserves/savings deposits	3.32%	0.1
L3	Non-earning liquid assets/total assets	1.93%	<1%
S1	Growth in loans	1.76%	Dependent on E1
S5	Growth in savings deposits	3.22%	Dependent on E5
S6	Growth in external credit	0.00%	Dependent on E6
S7	Growth in member shares	0.00%	Dependent on E7
S8	Growth in institutional capital	1.76%	Dependent on E8
S11	Growth in total assets	2.40%	>Inflation
	Loan loss reserve/loans outstanding	1.93%	
	% of income from AAV subsidies	5.1%	
	Voluntary savings as % of total savings	74.70%	
	Common loan outstanding/total loans outstanding	26%	
	Supplementary loan outstanding/total loans outstanding	0%	
	Medium term loan outstanding/total loans outstanding	74%	

Hong Thai Dong
Balance sheet

Dong Trieu District
(Vietnamese dong)

	March 31st 2003	May 31st 2003
Assets		
Cash on hand	3,952,800	14,070,700
Bank deposits	-	-
Common loan outstanding	120,540,000	129,940,000
Supplementary loan outstanding	21,200,000	17,400,000
Medium loan outstanding	334,560,000	329,040,000
Loan loss reserve	(9,526,000)	(9,526,000)
Total	470,726,800	480,924,700
Liabilities		
Compulsory savings balance	120,232,900	61,554,800
Voluntary savings balance	-	110,080,800
Loans outstanding from DWU	273,300,000	226,000,000
Total	393,532,900	397,635,600
Net worth		
Institutional capital	51,702,600	51,702,600
Shares	-	-
Training and development fund	14,399,100	14,399,100
Bonus fund	1,799,900	1,799,900
Welfare fund	1,799,900	1,799,900
Retained earnings	7,492,400	13,587,600
Total	77,193,900	83,289,100
Liabilities + net worth	470,726,800	480,924,700

Income and expenditure account

	Apr	May	Total
Income			
Loan interest income	5,944,000	5,862,200	11,806,200
Loan fees/fin	925,000	671,000	1,596,000
Other income	-	-	-
AAV subsidy (in cash)	245,500	100,000	345,500
AAV subsidy (in kind)	210,600	529,800	740,400
Total income	7,325,100	7,163,000	14,488,100
Expenditure			
Compulsory savings interest	596,200	268,800	865,000
Voluntary savings interest	-	517,200	517,200
Interest on DWU loan	1,208,800	1,692,000	2,900,800
Loan loss provision	-	-	-
Commune level salaries	890,000	890,000	1,780,000
Centre level allowances	562,000	562,000	1,124,000
Training	100,000	100,000	200,000
Office supplies	145,500	-	145,500
Office supplies (in kind)	210,600	529,800	740,400
Photocopying	-	-	-
Evaluation, other expenses	-	-	-
Travel	60,000	60,000	120,000
Staff protection materials	-	-	-
Hospitality	-	-	-
Small asset purchase and repair	-	-	-
Total expenditure	3,773,100	4,619,800	8,392,900
Net income	3,552,000	2,543,200	6,095,200

Hong Thai Dong PEARLS - 2nd Quarter 2003

		GOAL
E1	Net loans/total assets	70-80%
E5	Savings deposits/total assets	70-80%
E6	External credit/total assets	Max 5%
E7	Member share capital/total assets	10-20%
E8	Institutional capital/total assets	Min 10%
A2	Non-earning assets/total assets	<=5%
R1	Total loan income/average net loan portfolio	Entrepreneurial rate
R5	Total interest cost on savings dep./ave savings dep.	>Inflation
R6	Total interest cost on external credit/ave. external credit	Market rate
R8	Total gross interest margin/average total assets	Variable
R9	Operating expenses/average total assets	<10%
R10	Total loan loss provision expense/ave. total assets	Dependent on delinquency
R12	Net income/total assets	Linked to E8
L2	Liquidity reserves/savings deposits	0.1
L3	Non-earning liquid assets/total assets	<1%
S1	Growth in loans	Dependent on E1
S5	Growth in savings deposits	Dependent on E5
S6	Growth in external credit	Dependent on E6
S7	Growth in member shares	Dependent on E7
S8	Growth in institutional capital	Dependent on E8
S11	Growth in total assets	>Inflation
	Loan loss reserve/loans outstanding	2.00%
	% of income from AAV subsidies	7.5%
	Voluntary savings as % of total savings	64.14%
	Common loan outstanding/total loans outstanding	27%
	Supplementary loan outstanding/total loans outstanding	4%
	Medium term loan outstanding/total loans outstanding	69%

**Duc Chinh
Balance sheet**

**Dong Trieu District
(Vietnamese dong)**

	March 31st 2003	May 31st 2003
Assets		
Cash on hand	2,510,800	1,654,000
Bank deposits	-	-
Common loan outstanding	272,100,000	251,960,000
Supplementary loan outstanding	24,400,000	32,600,000
Medium loan outstanding	228,960,000	259,000,000
Loan loss reserve	(10,509,200)	(10,509,200)
Total	517,461,600	534,704,800

Liabilities		
Compulsory savings balance	78,461,300	81,783,400
Voluntary savings balance	67,964,300	89,561,800
Loans outstanding from DWU	279,000,000	262,000,000
Total	425,425,600	433,345,200

Net worth		
Institutional capital	52,618,400	52,618,400
Shares	-	-
Training and development fund	20,329,500	20,329,500
Bonus fund	2,541,200	2,541,200
Welfare fund	2,541,200	2,541,200
Retained earnings	14,005,700	23,329,300
Total	92,036,000	101,359,600

Liabilities + net worth	517,461,600	534,704,800
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Income and expenditure account

	Apr	May	Total
Income			
Loan interest income	6,451,300	6,739,800	13,191,100
Loan feefines	1,088,000	993,000	2,081,000
Other income	-	-	-
AAV subsidy (in cash)	1,190,900	1,000,000	2,190,900
AAV subsidy (in kind)	140,100	48,900	189,000
Total income	8,870,300	8,781,700	17,652,000
Expenditure			
Compulsory savings interest	810,800	367,500	1,178,300
Voluntary savings interest	-	455,800	455,800
Interest on DWU loan	1,235,400	1,825,000	3,060,400
Loan loss provision	-	-	-
Commune level salaries	950,000	950,000	1,900,000
Centre level allowances	553,000	553,000	1,106,000
Training	100,000	100,000	200,000
Office supplies	125,500	-	125,500
Office supplies (in kind)	140,100	48,900	189,000
Photocopying	65,400	-	65,400
Evaluation, other expenses	-	-	-
Travel	24,000	24,000	48,000
Staff protection materials	-	-	-
Hospitality	-	-	-
Small asset purchase and repair	-	-	-
Total expenditure	4,004,200	4,324,200	8,328,400
Net income	4,866,100	4,457,500	9,323,600

Duc Chinh PEARLS - 2nd Quarter 2003

			GOAL
E1	Net loans/total assets	99.69%	70-80%
E5	Savings deposits/total assets	32.04%	70-80%
E6	External credit/total assets	49.00%	Max 5%
E7	Member share capital/total assets	0.00%	10-20%
E8	Institutional capital/total assets	12.02%	Min 10%
A2	Non-earning assets/total assets	0.31%	<=5%
R1	Total loan income/average net loan portfolio	1.46%	Entrepreneurial rate
R5	Total interest cost on savings dep./ave savings dep.	0.51%	>Inflation
R6	Total interest cost on external credit/ave. external credit	0.57%	Market rate
R8	Total gross interest margin/average total assets	1.23%	Variable
R9	Operating expenses/average total assets	0.35%	<10%
R10	Total loan loss provision expense/ave. total assets	0.00%	Dependent on delinquency
R12	Net income/total assets	0.89%	Linked to E8
L2	Liquidity reserves/savings deposits	0.97%	0.1
L3	Non-earning liquid assets/total assets	0.31%	<1%
S1	Growth in loans	1.72%	Dependent on E1
S5	Growth in savings deposits	8.51%	Dependent on E5
S6	Growth in external credit	-3.05%	Dependent on E6
S7	Growth in member shares	0.00%	Dependent on E7
S8	Growth in institutional capital	3.91%	Dependent on E8
S11	Growth in total assets	1.67%	>Inflation
	Loan loss reserve/loans outstanding	1.93%	
	% of income from AAV subsidies	13.5%	
	Voluntary savings as % of total savings	52.27%	
	Common loan outstanding/total loans outstanding	46%	
	Supplementary loan outstanding/total loans outstanding	6%	
	Medium term loan outstanding/total loans outstanding	48%	

Tan Viet
Balance sheet

Dong Trieu District
(Vietnamese dong)

	March 31st 2003	May 31st 2003
Assets		
Cash on hand	4,335,300	3,467,900
Bank deposits	-	-
Common loan outstanding	119,716,000	106,380,000
Supplementary loan outstanding	45,500,000	46,800,000
Medium loan outstanding	108,200,000	134,360,000
Loan loss reserve	(5,468,300)	(5,468,300)
Total	272,283,000	285,539,600
Liabilities		
Compulsory savings balance	36,258,100	44,093,200
Voluntary savings balance	-	-
Loans outstanding from DWU	209,450,000	209,450,000
Total	245,708,100	253,543,200
Net worth		
Institutional capital	19,758,600	19,758,600
Shares	-	-
Training and development fund	-	-
Bonus fund	-	-
Welfare fund	-	-
Retained earnings	6,816,300	12,237,800
Total	26,574,900	31,996,400
Liabilities + net worth	272,283,000	285,539,600

Income and expenditure account

	Apr	May	Total
Income			
Loan interest income	3,126,000	3,150,000	6,276,000
Loan fee/fines	601,000	728,000	1,329,000
Other income	-	-	-
AAV subsidy (in cash)	938,000	820,000	1,758,000
AAV subsidy (in kind)	152,800	75,900	228,700
Total income	4,817,800	4,773,900	9,591,700
Expenditure			
Compulsory savings interest	181,200	208,800	390,000
Voluntary savings interest	-	-	-
Interest on DWU loan	698,200	1,047,300	1,745,500
Loan loss provision	-	-	-
Commune level salaries	450,000	450,000	900,000
Centre level allowances	320,000	320,000	640,000
Training	75,000	50,000	125,000
Office supplies	84,000	-	84,000
Office supplies (in kind)	152,800	75,900	228,700
Photocopying	9,000	-	9,000
Evaluation, other expenses	-	-	-
Travel	24,000	24,000	48,000
Staff protection materials	-	-	-
Hospitality	-	-	-
Small asset purchase and repair	-	-	-
Total expenditure	1,994,200	2,176,000	4,170,200
Net income	2,823,600	2,597,900	5,421,500

Tan Viet PEARLS - 2nd Quarter 2003

			GOAL
E1	Net loans/total assets	98.79%	70-80%
E5	Savings deposits/total assets	15.44%	70-80%
E6	External credit/total assets	73.35%	Max 5%
E7	Member share capital/total assets	0.00%	10-20%
E8	Institutional capital/total assets	9.06%	Min 10%
A2	Non-earning assets/total assets	1.21%	<=5%
R1	Total loan income/average net loan portfolio	1.38%	Entrepreneurial rate
R5	Total interest cost on savings dep./ave savings dep.	0.49%	>Inflation
R6	Total interest cost on external credit/ave. external credit	0.42%	Market rate
R8	Total gross interest margin/average total assets	1.34%	Variable
R9	Operating expenses/average total assets	0.36%	<10%
R10	Total loan loss provision expense/ave. total assets	0.00%	Dependent on delinquency
R12	Net income/total assets	0.97%	Linked to E8
L2	Liquidity reserves/savings deposits	7.86%	0.1
L3	Non-earning liquid assets/total assets	1.21%	<1%
S1	Growth in loans	2.58%	Dependent on E1
S5	Growth in savings deposits	10.80%	Dependent on E5
S6	Growth in external credit	0.00%	Dependent on E6
S7	Growth in member shares	0.00%	Dependent on E7
S8	Growth in institutional capital	5.85%	Dependent on E8
S11	Growth in total assets	2.43%	>Inflation
	Loan loss reserve/loans outstanding	1.90%	
	% of income from AAV subsidies	20.7%	
	Voluntary savings as % of total savings	0.00%	
	Common loan outstanding/total loans outstanding	37%	
	Supplementary loan outstanding/total loans outstanding	16%	
	Medium term loan outstanding/total loans outstanding	47%	

**Binh Duong
Balance sheet**

**Dong Trieu District
(Vietnamese dong)**

	March 31st 2003	May 31st 2003
Assets		
Cash on hand	1,564,100	5,161,300
Bank deposits	-	-
Common loan outstanding	68,324,000	64,684,000
Supplementary loan outstanding	-	-
Medium loan outstanding	206,520,000	232,200,000
Loan loss reserve	(5,496,800)	(5,496,800)
Total	270,911,300	296,548,500
Liabilities		
Compulsory savings balance	111,801,800	107,525,800
Voluntary savings balance	-	-
Loans outstanding from DWU	135,600,000	160,600,000
Total	247,401,800	268,125,800
Net worth		
Institutional capital	17,185,900	17,185,900
Shares	-	-
Training and development fund	-	-
Bonus fund	-	-
Welfare fund	-	-
Retained earnings	6,323,600	11,236,800
Total	23,509,500	28,422,700
Liabilities + net worth	270,911,300	296,548,500

Income and expenditure account

	Apr	May	Total
Income			
Loan interest income	2,976,500	3,208,600	6,185,100
Loan fee/fines	795,000	400,000	1,195,000
Other income	-	-	-
AAV subsidy (in cash)	1,284,000	1,172,000	2,456,000
AAV subsidy (in kind)	145,800	42,500	188,300
Total income	5,201,300	4,823,100	10,024,400
Expenditure			
Compulsory savings interest	592,100	523,800	1,115,900
Voluntary savings interest	-	-	-
Interest on DWU loan	452,000	803,000	1,255,000
Loan loss provision	-	-	-
Commune level salaries	710,000	710,000	1,420,000
Centre level allowances	367,000	387,000	754,000
Training	100,000	75,000	175,000
Office supplies	107,000	-	107,000
Office supplies (in kind)	145,800	42,500	188,300
Photocopying	-	-	-
Evaluation, other expenses	-	-	-
Travel	48,000	48,000	96,000
Staff protection materials	-	-	-
Hospitality	-	-	-
Small asset purchase and repair	-	-	-
Total expenditure	2,521,900	2,589,300	5,111,200
Net income	2,679,400	2,233,800	4,913,200

Binh Duong PEARLS - 2nd Quarter 2003

			GOAL
E1	Net loans/total assets	98.26%	70-80%
E5	Savings deposits/total assets	36.26%	70-80%
E6	External credit/total assets	54.16%	Max 5%
E7	Member share capital/total assets	0.00%	10-20%
E8	Institutional capital/total assets	7.69%	Min 10%
A2	Non-earning assets/total assets	1.74%	<=5%
R1	Total loan income/average net loan portfolio	1.32%	Entrepreneurial rate
R5	Total interest cost on savings dep./ave savings dep.	0.51%	>Inflation
R6	Total interest cost on external credit/ave. external credit	0.42%	Market rate
R8	Total gross interest margin/average total assets	1.35%	Variable
R9	Operating expenses/average total assets	0.48%	<10%
R10	Total loan loss provision expense/ave. total assets	0.00%	Dependent on delinquency
R12	Net income/total assets	0.87%	Linked to E8
L2	Liquidity reserves/savings deposits	4.80%	0.1
L3	Non-earning liquid assets/total assets	1.74%	<1%
S1	Growth in loans	4.01%	Dependent on E1
S5	Growth in savings deposits	-1.91%	Dependent on E5
S6	Growth in external credit	9.22%	Dependent on E6
S7	Growth in member shares	0.00%	Dependent on E7
S8	Growth in institutional capital	6.04%	Dependent on E8
S11	Growth in total assets	4.73%	>Inflation
	Loan loss reserve/loans outstanding	1.85%	
	% of income from AAV subsidies	26.4%	
	Voluntary savings as % of total savings	0.00%	
	Common loan outstanding/total loans outstanding	22%	
	Supplementary loan outstanding/total loans outstanding	0%	
	Medium term loan outstanding/total loans outstanding	78%	

**Hung Dao
Balance sheet**

**Dong Trieu District
(Vietnamese dong)**

	March 31st 2003	May 31st 2003
Assets		
Cash on hand	3,584,200	4,186,200
Bank deposits	-	-
Common loan outstanding	135,792,000	156,896,000
Supplementary loan outstanding	47,700,000	49,500,000
Medium loan outstanding	-	-
Loan loss reserve	(3,669,800)	(3,669,800)
Total	183,406,400	206,912,400

Liabilities		
Compulsory savings balance	101,078,300	81,223,000
Voluntary savings balance	-	-
Loans outstanding from DWU	74,000,000	112,000,000
Total	175,078,300	193,223,000

Net worth		
Institutional capital	2,877,400	2,877,400
Shares	-	-
Training and development fund	-	-
Bonus fund	-	-
Welfare fund	-	-
Retained earnings	5,450,700	10,812,000
Total	8,328,100	13,689,400

Liabilities + net worth	183,406,400	206,912,400
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Income and expenditure account

	Apr	May	Total
Income			
Loan interest income	2,640,800	3,148,700	5,789,500
Loan fees/fin	533,000	678,000	1,211,000
Other income	-	-	-
AAV subsidy (in cash)	1,158,500	1,020,000	2,178,500
AAV subsidy (in kind)	64,600	33,500	98,100
Total income	4,396,900	4,880,200	9,277,100
Expenditure			
Compulsory savings interest	463,800	444,100	907,900
Voluntary savings interest	-	-	-
Interest on DWU loan	281,300	450,000	731,300
Loan loss provision	-	-	-
Commune level salaries	650,000	650,000	1,300,000
Centre level allowances	261,000	271,000	532,000
Training	100,000	75,000	175,000
Office supplies	79,500	-	79,500
Office supplies (in kind)	64,600	33,500	98,100
Photocopying	44,000	-	44,000
Evaluation, other expenses	-	-	-
Travel	24,000	24,000	48,000
Staff protection materials	-	-	-
Hospitality	-	-	-
Small asset purchase and repair	-	-	-
Total expenditure	1,968,200	1,947,600	3,915,800
Net income	2,428,700	2,932,600	5,361,300

Hung Dao PEARLS - 2nd Quarter 2003

			GOAL
E1	Net loans/total assets	97.98%	70-80%
E5	Savings deposits/total assets	39.25%	70-80%
E6	External credit/total assets	54.13%	Max 5%
E7	Member share capital/total assets	0.00%	10-20%
E8	Institutional capital/total assets	4.00%	Min 10%
A2	Non-earning assets/total assets	2.02%	<=5%
R1	Total loan income/average net loan portfolio	1.83%	Entrepreneurial rate
R5	Total interest cost on savings dep./ave savings dep.	0.50%	>Inflation
R6	Total interest cost on external credit/ave. external credit	0.39%	Market rate
R8	Total gross interest margin/average total assets	1.96%	Variable
R9	Operating expenses/average total assets	0.58%	<10%
R10	Total loan loss provision expense/ave. total assets	0.00%	Dependent on delinquency
R12	Net income/total assets	1.37%	Linked to E8
L2	Liquidity reserves/savings deposits	5.15%	0.1
L3	Non-earning liquid assets/total assets	2.02%	<1%
S1	Growth in loans	6.24%	Dependent on E1
S5	Growth in savings deposits	-9.82%	Dependent on E5
S6	Growth in external credit	25.68%	Dependent on E6
S7	Growth in member shares	0.00%	Dependent on E7
S8	Growth in institutional capital	23.92%	Dependent on E8
S11	Growth in total assets	6.41%	>Inflation
	Loan loss reserve/loans outstanding	1.78%	
	% of income from AAV subsidies	24.5%	
	Voluntary savings as % of total savings	0.00%	
	Common loan outstanding/total loans outstanding	76%	
	Supplementary loan outstanding/total loans outstanding	24%	
	Medium term loan outstanding/total loans outstanding	0%	

Hoang Que
Balance sheet

Dong Trieu District
(Vietnamese dong)

March 31st 2003 May 31st 2003

Assets

Cash on hand		1,450,000
Bank deposits		-
Common loan outstanding		-
Supplementary loan outstanding		-
Medium loan outstanding		-
Loan loss reserve		-
Total	-	1,450,000

Liabilities

Compulsory savings balance		1,100,000
Voluntary savings balance		350,000
Loans outstanding from DWU		-
Total	-	1,450,000

Net worth

Institutional capital		
Shares		
Training and development fund		
Bonus fund		
Welfare fund		
Retained earnings		
Total	-	-
Liabilities + net worth	-	1,450,000

Income and expenditure account

	Apr	May	Total
Income			
Loan interest income			-
Loan fee/fines			-
Other income			-
AAV subsidy (in cash)		5,511,000	5,511,000
AAV subsidy (in kind)		2,588,800	2,588,800
Total income	-	8,099,800	8,099,800
Expenditure			
Compulsory savings interest			-
Voluntary savings interest			-
Interest on DWU loan			-
Loan loss provision			-
Commune level salaries		150,000	150,000
Centre level allowances		40,000	40,000
Training		1,606,500	1,606,500
Office supplies		296,000	296,000
Office supplies (in kind)		2,588,800	2,588,800
Photocopying		13,500	13,500
Evaluation, other expenses			-
Travel			-
Staff protection materials			-
Hospitality			-
Small asset purchase and repair		3,405,000	3,405,000
Total expenditure	-	8,099,800	8,099,800
Net income	-	-	-

Hoang Que PEARLS - 2nd Quarter 2003

			GOAL
E1	Net loans/total assets	0.00%	70-80%
E5	Savings deposits/total assets	100.00%	70-80%
E6	External credit/total assets	0.00%	Max 5%
E7	Member share capital/total assets	0.00%	10-20%
E8	Institutional capital/total assets	0.00%	Min 10%
A2	Non-earning assets/total assets	100.00%	<=5%
R1	Total loan income/average net loan portfolio	-	Entrepreneurial rate
R5	Total interest cost on savings dep./ave savings dep.	0.00%	>Inflation
R6	Total interest cost on external credit/ave. external credit	-	Market rate
R8	Total gross interest margin/average total assets	-	Variable
R9	Operating expenses/average total assets	-	<10%
R10	Total loan loss provision expense/ave. total assets	0.00%	Dependent on delinquency
R12	Net income/total assets	0.00%	Linked to E8
L2	Liquidity reserves/savings deposits	100.00%	0.1
L3	Non-earning liquid assets/total assets	100.00%	<1%
S1	Growth in loans	-	Dependent on E1
S5	Growth in savings deposits	-	Dependent on E5
S6	Growth in external credit	-	Dependent on E6
S7	Growth in member shares	-	Dependent on E7
S8	Growth in institutional capital	-	Dependent on E8
S11	Growth in total assets	-	>Inflation
	Loan loss reserve/loans outstanding	-	
	% of income from AAV subsidies	100.0%	
	Voluntary savings as % of total savings	24.14%	
	Common loan outstanding/total loans outstanding	-	
	Supplementary loan outstanding/total loans outstanding	-	
	Medium term loan outstanding/total loans outstanding	-	

**Total - 11 communes
Balance sheet**

**Dong Trieu District
(Vietnamese dong)**

	March 31st 2003	May 31st 2003
Assets		
Cash on hand	52,190,500	59,713,100
Bank deposits	-	14,000,000
Common loan outstanding	1,209,480,000	1,256,288,000
Supplementary loan outstanding	184,700,000	196,800,000
Medium loan outstanding	2,411,290,000	2,479,750,000
Loan loss reserve	(85,881,500)	(85,881,500)
Total	3,771,779,000	3,920,669,600
Liabilities		
Compulsory savings balance	1,080,186,700	735,455,100
Voluntary savings balance	438,070,700	963,076,500
Loans outstanding from DWU	1,587,536,000	1,497,236,000
Total	3,105,793,400	3,195,767,600
Net worth		
Institutional capital	498,212,400	498,212,400
Shares	-	-
Training and development fund	78,576,200	78,576,200
Bonus fund	9,822,000	9,822,000
Welfare fund	9,822,000	9,822,000
Retained earnings	69,553,000	128,469,400
Total	665,985,600	724,902,000
Liabilities + net worth	3,771,779,000	3,920,669,600

Income and expenditure account

	Apr	May	Total
Income			
Loan interest income	46,857,500	47,760,600	94,618,100
Loan fee/fines	7,574,000	6,708,000	14,282,000
Other income	-	-	-
AAV subsidy (in cash)	6,277,900	10,916,000	17,193,900
AAV subsidy (in kind)	1,367,000	3,993,600	5,360,600
Total income	62,076,400	69,378,200	131,454,600
Expenditure			
Compulsory savings interest	8,413,200	3,489,900	11,903,100
Voluntary savings interest	-	5,657,800	5,657,800
Interest on DWU loan	6,516,500	9,400,000	15,916,500
Loan loss provision	-	-	-
Commune level salaries	7,560,000	7,685,000	15,245,000
Centre level allowances	4,388,000	4,458,000	8,846,000
Training	1,083,000	2,456,500	3,539,500
Office supplies	1,139,500	296,000	1,435,500
Office supplies (in kind)	1,367,000	3,993,600	5,360,600
Photocopying	345,700	56,500	402,200
Evaluation, other expenses	-	35,000	35,000
Travel	396,000	396,000	792,000
Staff protection materials	-	-	-
Hospitality	-	-	-
Small asset purchase and repair	-	3,405,000	3,405,000
Total expenditure	31,208,900	41,329,300	72,538,200
Net income	30,867,500	28,048,900	58,916,400

Total 11 communes PEARLS - 2nd Quarter 2003

			GOAL
E1	Net loans/total assets	98.12%	70-80%
E5	Savings deposits/total assets	43.32%	70-80%
E6	External credit/total assets	38.19%	Max 5%
E7	Member share capital/total assets	0.00%	10-20%
E8	Institutional capital/total assets	14.35%	Min 10%
A2	Non-earning assets/total assets	1.52%	<=5%
R1	Total loan income/average net loan portfolio	1.44%	Entrepreneurial rate
R5	Total interest cost on savings dep./ave savings dep.	0.55%	>Inflation
R6	Total interest cost on external credit/ave. external credit	0.52%	Market rate
R8	Total gross interest margin/average total assets	1.27%	Variable
R9	Operating expenses/average total assets	0.51%	<10%
R10	Total loan loss provision expense/ave. total assets	0.00%	Dependent on delinquency
R12	Net income/total assets	0.77%	Linked to E8
L2	Liquidity reserves/savings deposits	4.34%	0.1
L3	Non-earning liquid assets/total assets	1.52%	<1%
S1	Growth in loans	1.67%	Dependent on E1
S5	Growth in savings deposits	5.94%	Dependent on E5
S6	Growth in external credit	-2.84%	Dependent on E6
S7	Growth in member shares	0.00%	Dependent on E7
S8	Growth in institutional capital	2.76%	Dependent on E8
S11	Growth in total assets	1.97%	>Inflation
	Loan loss reserve/loans outstanding	2.18%	
	% of income from AAV subsidies	17.2%	
	Voluntary savings as % of total savings	56.70%	
	Common loan outstanding/total loans outstanding	32%	
	Supplementary loan outstanding/total loans outstanding	5%	
	Medium term loan outstanding/total loans outstanding	63%	

Attachment F

Ninh Phuoc District Financial Information

Ninh Phuoc Financial Information

i) Balance sheets and income and expenditure accounts

Local currency financial statements are included for all 3 communes covered by the WOCCU project in Ninh Phuoc district, together with a consolidated statement. Reports have been included for April and May 2003 only as there was insufficient time to include the June figures.

ii) PEARLS ratios

A selection of 21 PEARLS ratios have been calculated for the CFIs. These are the ratios that can be calculated from the financial information available. Ratios relating to Rates of Return and Signs of Growth have been calculated on the basis of income or expenditure over the two month period April- May divided by two to give an average monthly figure.

A number of other ratios relating to loan loss reserves, income subsidy and the composition of the loan portfolio have also been included.

**An Hai
Balance sheet**

**Ninh Phuoc District
(Vietnamese dong)**

	Mar 31st 2003	May 31st 2003	
Assets			
Cash on hand	8,127,400	1,163,700	
Bank/District fund deposits	-	-	
Common loans outstanding	456,560,000	485,500,000	
Supplementary loans outstanding	47,100,000	54,900,000	
Seasonal loans outstanding	-	-	
Medium term loans outstanding	-	-	
Loan loss reserve	(10,073,200)	(10,073,200)	
Total	501,714,200	531,490,500	
Liabilities			
Compulsory savings	86,128,830	100,008,090	
Voluntary savings	15,185,230	19,358,010	
Loans outstanding from DWU	349,000,000	349,000,000	
Mutual assistance fund	-	-	
Total	450,314,060	468,366,100	
Net worth			
Grant capital	-	-	
Institutional capital	36,702,700	36,702,700	
Retained earnings	14,697,440	26,421,700	
Total	51,400,140	63,124,400	
Liabilities + net worth	501,714,200	531,490,500	
Income and expenditure account			
	Apr	May	Total
Income			
Loan interest income	6,801,600	6,915,600	13,717,200
Loan fees/ fines	1,161,000	1,453,500	2,614,500
Other income	-	-	-
AAV subsidy (in cash)	1,794,494	2,142,773	3,937,267
AAV subsidy (in kind)	116,800	74,300	191,100
Total income	9,873,894	10,586,173	20,460,067
Expenditure			
Savings interest	500,560	557,880	1,058,440
Interest on DWU loan	1,804,000	1,745,000	3,549,000
Loan loss provision	-	-	-
Commune level salaries	550,000	725,000	1,275,000
Centre level allowances	330,000	355,000	685,000
Training	530,000	455,000	985,000
Equipment, office supplies	147,600	160,000	307,600
Printing, ledgers, reports (supplied in kind)	116,800	74,300	191,100
Photocopying	72,000	85,600	157,600
Travel	90,000	120,000	210,000
Evaluation, supervision	-	200,000	200,000
Purchase/repair of assets	71,000	-	71,000
Telecommunications	3,894	42,173	46,067
Total expenditure	4,215,854	4,519,953	8,735,807
Net income	5,658,040	6,066,220	11,724,260

An Hai PEARLS - 2nd Quarter 2003

		GOAL	
E1	Net loans/total assets	99.78%	70-80%
E5	Savings deposits/total assets	22.46%	70-80%
E6	External credit/total assets	65.66%	Max 5%
E7	Member share capital/total assets	0.00%	10-20%
E8	Institutional capital/total assets	9.39%	Min 10%
A2	Non-earning assets/total assets	0.22%	<=5%
R1	Total loan income/average net loan portfolio	1.60%	Entrepreneurial rate
R5	Total interest cost on savings dep./ave savings dep.	0.48%	>Inflation
R6	Total interest cost on external credit/ave. external credit	0.51%	Market rate
R8	Total gross interest margin/average total assets	1.53%	Variable
R9	Operating expenses/average total assets	0.40%	<10%
R10	Total loan loss provision expense/ave. total assets	0.00%	Dependent on delinquency
R12	Net income/total assets	1.13%	Linked to E8
L2	Liquidity reserves/savings deposits	0.97%	0.1
L3	Non-earning liquid assets/total assets	0.22%	<1%
S1	Growth in loans	3.65%	Dependent on E1
S5	Growth in savings deposits	8.91%	Dependent on E5
S6	Growth in external credit	0.00%	Dependent on E6
S7	Growth in member shares	0.00%	Dependent on E7
S8	Growth in institutional capital	6.65%	Dependent on E8
S11	Growth in total assets	2.97%	>Inflation
	Loan loss reserve/loans outstanding	1.86%	
	% of income from AAV subsidies	20.18%	
	Voluntary savings as % of total savings	16.22%	
	Common loans/total loans outstanding	89.8%	
	Supplementary loans/total loans outstanding	10.2%	
	Seasonal loans/total loans outstanding	0.0%	
	Medium term loans/total loans outstanding	0.0%	

**Phuoc Hai
Balance sheet**

**Ninh Phuoc District
(Vietnamese dong)**

	Mar 31st 2003	May 31st 2003
Assets		
Cash on hand	1,397,500	2,397,200
Bank/District fund deposits	-	-
Common loans outstanding	487,700,000	523,320,000
Supplementary loans outstanding	25,800,000	31,200,000
Seasonal loans outstanding	-	4,200,000
Medium term loans outstanding	-	-
Loan loss reserve	(10,270,000)	(10,270,000)
Total	504,627,500	550,847,200
Liabilities		
Compulsory savings	87,104,070	101,646,110
Voluntary savings	19,829,800	4,005,960
Loans outstanding from DWU	346,800,000	380,800,000
Mutual assistance fund	78,000	583,000
Total	453,811,870	487,035,070
Net worth		
Grant capital	-	-
Institutional capital	36,601,600	36,601,600
Retained earnings	14,214,030	27,210,530
Total	50,815,630	63,812,130
Liabilities + net worth	504,627,500	550,847,200

Income and expenditure account

	Apr	May	Total
Income			
Loan interest income	7,361,600	7,394,000	14,755,600
Loan fee/fines	1,183,500	1,690,500	2,874,000
Other income	-	-	-
AAV subsidy (in cash)	2,367,946	2,172,200	4,540,146
AAV subsidy (in kind)	155,900	19,800	175,700
Total income	11,068,946	11,276,500	22,345,446
Expenditure			
Savings interest	510,100	488,000	998,100
Interest on DWU loan	1,792,000	1,843,000	3,635,000
Loan loss provision	-	-	-
Commune level salaries	800,000	800,000	1,600,000
Centre level allowances	340,000	340,000	680,000
Training	600,000	475,000	1,075,000
Equipment, office supplies	235,600	161,000	396,600
Printing, ledgers, reports (supplied in kind)	155,900	19,800	175,700
Photocopying	158,000	61,200	219,200
Travel	135,000	135,000	270,000
Evaluation, supervision	-	200,000	200,000
Purchase/repair of assets	94,000	-	94,000
Telecommunications	5,346	-	5,346
Total expenditure	4,825,946	4,523,000	9,348,946
Net income	6,243,000	6,753,500	12,996,500

Phuoc Hai PEARLS - 2nd Quarter 2003

			GOAL
E1	Net loans/total assets	99.56%	70-80%
E5	Savings deposits/total assets	19.18%	70-80%
E6	External credit/total assets	69.13%	Max 5%
E7	Member share capital/total assets	0.00%	10-20%
E8	Institutional capital/total assets	9.11%	Min 10%
A2	Non-earning assets/total assets	0.44%	<=5%
R1	Total loan income/average net loan portfolio	1.68%	Entrepreneurial rate
R5	Total interest cost on savings dep./ave savings dep.	0.47%	>Inflation
R6	Total interest cost on external credit/ave. external credit	0.50%	Market rate
R8	Total gross interest margin/average total assets	1.68%	Variable
R9	Operating expenses/average total assets	0.45%	<10%
R10	Total loan loss provision expense/ave. total assets	0.00%	Dependent on delinquency
R12	Net income/total assets	1.23%	Linked to E8
L2	Liquidity reserves/savings deposits	2.27%	0.1
L3	Non-earning liquid assets/total assets	0.44%	<1%
S1	Growth in loans	4.40%	Dependent on E1
S5	Growth in savings deposits	-0.60%	Dependent on E5
S6	Growth in external credit	4.90%	Dependent on E6
S7	Growth in member shares	0.00%	Dependent on E7
S8	Growth in institutional capital	7.43%	Dependent on E8
S11	Growth in total assets	4.58%	>Inflation
	Loan loss reserve/loans outstanding	1.84%	
	% of income from AAV subsidies	21.10%	
	Voluntary savings as % of total savings	3.79%	
	Common loans/total loans outstanding	93.7%	
	Supplementary loans/total loans outstanding	5.6%	
	Seasonal loans/total loans outstanding	0.8%	
	Medium term loans/total loans outstanding	0.0%	

**Phuoc Dinh
Balance sheet**

**Ninh Phuoc District
(Vietnamese dong)**

	Mar 31st 2003	May 31st 2003	
Assets			
Cash on hand	10,003,800	1,730,400	
Bank/District Fund deposits	-	-	
Common loans outstanding	381,240,000	436,240,000	
Supplementary loans outstanding	22,500,000	27,300,000	
Seasonal loans outstanding	-	-	
Medium term loans outstanding	-	-	
Loan loss reserve	(8,074,800)	(8,074,800)	
Total	405,669,000	457,195,600	
Liabilities			
Compulsory savings	100,845,590	115,837,245	
Voluntary savings	-	-	
Loans outstanding from DWU	260,100,000	285,100,000	
Mutual assistance fund	165,500	885,500	
Total	361,111,090	401,822,745	
Net worth			
Grant capital	-	-	
Institutional capital	31,427,620	31,427,620	
Retained earnings	13,130,290	23,945,235	
Total	44,557,910	55,372,855	
Liabilities + net worth	405,669,000	457,195,600	
Income and expenditure account			
	Apr	May	Total
Income			
Loan interest income	6,130,000	5,770,800	11,900,800
Loan fees/finances	1,440,000	1,240,500	2,680,500
Other income	-	-	-
AAV subsidy (in cash)	1,941,500	2,700,570	4,642,070
AAV subsidy (in kind)	86,200	99,200	185,400
Total income	9,597,700	9,811,070	19,408,770
Expenditure			
Savings interest	497,440	532,915	1,030,355
Interest on DWU loan	1,359,000	1,377,000	2,736,000
Loan loss provision	-	-	-
Commune level salaries	800,000	800,000	1,600,000
Centre level allowances	280,000	300,000	580,000
Training	350,000	960,000	1,310,000
Equipment, office supplies	122,100	110,000	232,100
Printing, ledgers, reports (supplied in kind)	86,200	99,200	185,400
Photocopying	118,400	88,000	206,400
Travel	200,000	200,000	400,000
Evaluation, supervision	-	200,000	200,000
Purchase/repair of assets	71,000	-	71,000
Telecommunications	-	42,570	42,570
Total expenditure	3,884,140	4,709,685	8,593,825
Net income	5,713,560	5,101,385	10,814,945

Phuoc Dinh PEARLS - 2nd Quarter 2003

			GOAL
E1	Net loans/total assets	99.62%	70-80%
E5	Savings deposits/total assets	25.34%	70-80%
E6	External credit/total assets	62.36%	Max 5%
E7	Member share capital/total assets	0.00%	10-20%
E8	Institutional capital/total assets	9.49%	Min 10%
A2	Non-earning assets/total assets	0.38%	<=5%
R1	Total loan income/average net loan portfolio	1.71%	Entrepreneurial rate
R5	Total interest cost on savings dep./ave savings dep.	0.48%	>Inflation
R6	Total interest cost on external credit/ave. external credit	0.50%	Market rate
R8	Total gross interest margin/average total assets	1.81%	Variable
R9	Operating expenses/average total assets	0.56%	<10%
R10	Total loan loss provision expense/ave. total assets	0.00%	Dependent on delinquency
R12	Net income/total assets	1.25%	Linked to E8
L2	Liquidity reserves/savings deposits	1.49%	0.1
L3	Non-earning liquid assets/total assets	0.38%	<1%
S1	Growth in loans	7.41%	Dependent on E1
S5	Growth in savings deposits	7.43%	Dependent on E5
S6	Growth in external credit	4.81%	Dependent on E6
S7	Growth in member shares	0.00%	Dependent on E7
S8	Growth in institutional capital	7.12%	Dependent on E8
S11	Growth in total assets	6.35%	>Inflation
	Loan loss reserve/loans outstanding	1.74%	
	% of income from AAV subsidies	24.87%	
	Voluntary savings as % of total savings	0.00%	
	Common loans/total loans outstanding	94.1%	
	Supplementary loans/total loans outstanding	5.9%	
	Seasonal loans/total loans outstanding	0.0%	
	Medium term loans/total loans outstanding	0.0%	

**Total - 3 communes
Balance sheet**

**Ninh Phuoc District
(Vietnamese dong)**

	March 31st 2003	May 31st 2003
Assets		
Cash on hand	19,528,700	5,291,300
Bank/District fund deposits	-	-
Common loans outstanding	1,325,500,000	1,445,060,000
Supplementary loans outstanding	95,400,000	113,400,000
Seasonal loans outstanding	-	4,200,000
Medium term loans outstanding	-	-
Loan loss reserve	(28,418,000)	(28,418,000)
Total	1,412,010,700	1,539,533,300
Liabilities		
Compulsory savings	274,078,490	317,491,445
Voluntary savings	35,015,030	23,363,970
Loans outstanding from DWU	955,900,000	1,014,900,000
Mutual assistance fund	243,500	1,468,500
Total	1,265,237,020	1,357,223,915
Net worth		
Grant capital	-	-
Institutional capital	104,731,920	104,731,920
Retained earnings	42,041,760	77,577,465
Total	146,773,680	182,309,385
Liabilities + net worth	1,412,010,700	1,539,533,300

Income and expenditure account

	Apr	May	Total
Income			
Loan interest income	20,293,200	20,080,400	40,373,600
Loan fee/ fines	3,784,500	4,384,500	8,169,000
Other income	-	-	-
AAV subsidy (in cash)	6,103,940	7,015,543	13,119,483
AAV subsidy (in kind)	358,900	193,300	552,200
Total income	30,540,540	31,673,743	62,214,283
Expenditure			
Savings interest	1,508,100	2,422,880	3,086,895
Interest on DWU loan	4,955,000	4,120,915	9,920,000
Loan loss provision	-	-	-
Commune level salaries	2,150,000	2,325,000	4,475,000
Centre level allowances	950,000	995,000	1,945,000
Training	1,480,000	1,890,000	3,370,000
Equipment, office supplies	505,300	431,000	936,300
Printing, ledgers, reports (supplied in	358,900	193,300	552,200
Photocopying	348,400	234,800	583,200
Travel	425,000	455,000	880,000
Evaluation, supervision	-	600,000	600,000
Purchase/repair of assets	236,000	-	236,000
Telecommunications	9,240	84,743	93,983
Total expenditure	12,925,940	13,752,638	26,678,578
Net income	17,614,600	17,921,105	35,535,705

Total 3 communes PEARLS - 2nd Quarter 2003

			GOAL
E1	Net loans/total assets	99.66%	70-80%
E5	Savings deposits/total assets	22.14%	70-80%
E6	External credit/total assets	65.92%	Max 5%
E7	Member share capital/total assets	0.00%	10-20%
E8	Institutional capital/total assets	9.32%	Min 10%
A2	Non-earning assets/total assets	0.34%	<=5%
R1	Total loan income/average net loan portfolio	1.66%	Entrepreneurial rate
R5	Total interest cost on savings dep./ave savings dep.	0.47%	>Inflation
R6	Total interest cost on external credit/ave. external credit	0.50%	Market rate
R8	Total gross interest margin/average total assets	1.67%	Variable
R9	Operating expenses/average total assets	0.46%	<10%
R10	Total loan loss provision expense/ave. total assets	0.00%	Dependent on delinquency
R12	Net income/total assets	1.20%	Linked to E8
L2	Liquidity reserves/savings deposits	1.55%	0.1
L3	Non-earning liquid assets/total assets	0.34%	<1%
S1	Growth in loans	4.99%	Dependent on E1
S5	Growth in savings deposits	5.14%	Dependent on E5
S6	Growth in external credit	3.09%	Dependent on E6
S7	Growth in member shares	0.00%	Dependent on E7
S8	Growth in institutional capital	7.06%	Dependent on E8
S11	Growth in total assets	4.52%	>Inflation
	Loan loss reserve/loans outstanding	1.82%	
	% of income from AAV subsidies	21.98%	
	Voluntary savings as % of total savings	6.85%	
	Common loans/total loans outstanding	92.5%	
	Supplementary loans/total loans outstanding	7.3%	
	Seasonal loans/total loans outstanding	0.3%	
	Medium term loans/total loans outstanding	0.0%	

~~Attachment G~~

Consolidated Financial Information

Consolidated Financial Information

i) Balance sheet and income and expenditure account

A consolidated balance sheet and income and expenditure account are included in both Vietnamese dong and US dollars. The interbank exchange rate for 31st May 2003 (1 US\$ = 15,435 VND) was used to calculate all the dollar figures.

The consolidated figures cover a total of 41 CFIs (Can Loc 7, Ky Anh 10, Uong Bi 10, Dong Trieu 11, Ninh Phuoc 3). This is the first that full financial statements have been received from all project CFIs for both reporting periods.

ii) Table 1a

- The figure quoted for the local interbank interest rate is the 90-day deposit rate at the Vietnam Bank of Agriculture and Rural Development at end May 2003.
- Figures for 'field officers' have not been included as there is no equivalent of this type of staff position within the CFI structure.

Combined 5 districts: 40 CFIs
Balance sheet

(Vietnamese dong)

	March 31st 2003	May 31st 2003
Assets		
Cash on hand	257,748,200	267,844,400
Deposits with DWU or bank	59,950,000	106,950,000
Loans outstanding	14,825,115,042	15,070,396,342
Loan loss reserve	(309,080,944)	(309,080,944)
Other assets	13,762,723	40,223,649
Total	14,847,495,021	15,176,333,447
Liabilities		
Savings balance	5,724,874,952	6,159,859,327
Loans outstanding from DWU or other sources	6,347,136,000	5,997,836,000
Mutual assistance fund	25,346,500	28,534,500
Total	12,097,357,452	12,186,229,827
Net worth		
Shares	107,587,000	107,884,000
Institutional capital	2,093,221,206	2,093,221,206
Retained earnings	212,236,390	432,751,115
Bonus fund	37,801,100	37,790,500
Welfare fund	37,865,450	37,865,450
Training and development fund	252,777,600	245,481,600
Grants in kind	8,648,823	35,109,749
Total	2,750,137,569	2,990,103,620
Liabilities + net worth	14,847,495,021	15,176,333,447

Income and expenditure account

	Apr	May	Total
Income			
Loan interest income	181,672,500	180,274,700	361,947,200
Loan fee/fines	22,553,000	21,954,500	44,507,500
Other income	500,000	151,500	651,500
AAV subsidy (in cash)	23,085,840	26,310,543	49,396,383
AAV subsidy (in kind)	2,562,900	4,729,500	7,292,400
Total income	230,374,240	233,420,743	463,794,983
Expenditure			
Interest on DWU loan/external borrowing	35,789,800	36,835,815	72,625,615
Savings interest	27,964,430	29,861,730	57,826,160
Loan loss provision	-	1	1
Commune level salaries	23,360,000	23,620,000	46,980,000
Centre/group level allowances	13,630,000	13,849,000	27,479,000
Office supplies, printing, photocopying, admin.	7,752,754	6,809,820	14,562,574
Travel	1,326,000	1,360,000	2,686,000
Training	5,563,000	5,293,500	10,856,500
Telecommunication	243,440	339,043	582,483
Workshop, meeting, audit, supervision	1,082,000	1,631,000	2,713,000
Purchase/repair/equipment	2,383,000	4,388,000	6,771,000
Other	225,000	812,000	1,037,000
Total expenditure	119,319,424	124,799,909	244,119,333
Net income	111,054,816	108,620,834	219,675,650

Combined 5 districts: 40 CFIs

Balance sheet

(USD)

Exchange rate: 1 USD=

15,435 VND

	March 31st 2003	May 31st 2003	
Assets			
Cash on hand			
Deposits with DWU or bank	16,698.94	17,353.05	
Loans outstanding	3,884.03	6,929.06	
Loan loss reserve	960,486.88	976,378.12	
Other assets	(20,024.68)	(20,024.68)	
Total	961,936.83	983,241.56	
Liabilities			
Savings balance			
Loans outstanding from DWU or other sources	370,902.17	399,083.86	
Mutual assistance fund	411,217.10	388,586.72	
Total	783,761.42	789,519.26	
Net worth			
Shares			
Institutional capital	6,970.33	6,989.57	
Retained earnings	135,615.24	135,615.24	
Bonus fund	13,750.33	28,037.00	
Welfare fund	2,449.05	2,448.36	
Training and development fund	2,453.22	2,453.22	
Grants in kind	16,376.91	15,904.22	
Total	178,175.42	193,722.29	
Liabilities + net worth	961,936.83	983,241.56	
Income and expenditure account			
Income			
Loan interest income			
Loan fee/finer	11,770.17	11,679.60	23,449.77
Other income	1,461.16	1,422.38	2,883.54
AAV subsidy (in cash)	32.39	9.82	42.21
AAV subsidy (in kind)	1,495.68	1,704.60	3,200.28
Total income	14,925.44	15,122.82	30,048.27
Expenditure			
Interest on DWU loan/external borrowing			
Savings interest	2,318.74	2,386.51	4,705.26
Loan loss provision	1,811.75	1,934.68	3,746.43
Commune level salaries	-	0.00	0.00
Centre/group level allowances	1,513.44	1,530.29	3,043.73
Office supplies, printing, photocopying, admin.	883.06	897.25	1,780.30
Travel	502.28	441.19	943.48
Training	85.91	88.11	174.02
Telecommunication	360.41	342.95	703.37
Workshop, meeting, audit, supervision	15.77	21.97	37.74
Purchase/repair/equipment	70.10	105.67	175.77
Other	154.39	284.29	438.68
Total expenditure	7,730.45	8,085.51	15,815.96
Net income	7,195.00	7,037.31	14,232.31

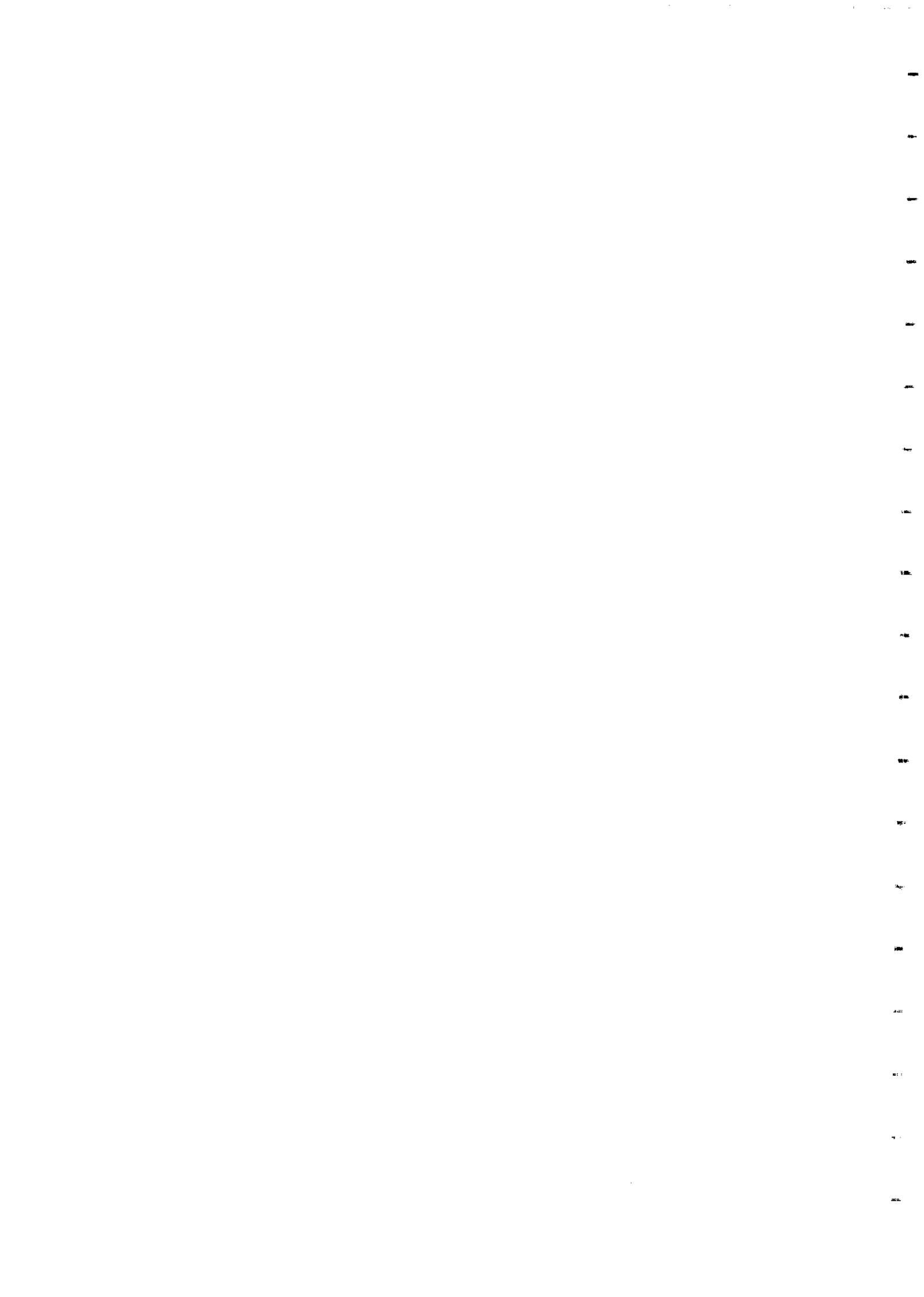
Table 1A		April - May 2003
	Activities	
1	Amount of loans outstanding (start of quarter)	960,487
2	Amount of loans outstanding (end of quarter)	976,378
3	Average amount of loans outstanding (line 1 + line 2/2)	968,433
4	Number of loans outstanding	NA
5	Average loan size (end of year) (line 2/line 4)	NA
6	Portfolio at risk > 30 days	3,108
7	Long run loss rate (line 16/line 3)	0.00%
	Interest rates	
8	Nominal interest rate charged by programme (bi-monthly rate)	2-3%
9	Local interbank interest rate (bi-monthly rate)	1.20%
10	Inflation rate (April - May 2003)	-0.10%
	Client revenues	
11	Interest income from clients	23,450
12	Fee income from clients	2,884
13	Total client revenues (line 11 + line 12)	26,333
	Non-financial expenses	
14	General operating expenses (salaries/rents etc.)	7,364
15	Depreciation of fixed assets	-
16	Loan loss provision expense	0
17	Total non-financial expenses (line 14 + line 15 + line 16)	7,364
18	Adjusted financial expenses (line 3 x higher of line 9 or 10)	11,621
	Totals	
19	Total expenses (line 17 + line 18)	18,985
20	Return on operations (line 13/line 19)	1.39
	Other	
21	Total number of savers (including compulsory)	22,081
22	Total savings balance	399,084
23	% of women borrowers	100%
24	% of rural clients	100%
25	Total no. of staff (commune level - 3 staff per commune)	123
26	Number of field officers	NA
27	No. of loans outstanding with initial balance < 300 US\$	100%

NA= Figures not available



Attachment H

Project Completion Report



World Council of Credit Unions, Inc.
**Community Financial Institutions
Project**

Final Report on Project Implementation

Project Completion Workshop, Ha Tinh, 30th June 2003.

1. Project agreement

The project agreement between the World Council of Credit Unions and the Ha Tinh Provincial People's Committee was signed on 18th January 2002. Funding was provided by the Department for International Development (DFID) and the United States Agency for International Development (USAID). Ha Tinh Provincial Women's Union was designated as the main implementing partner. The project area was originally defined as 39 communes (Can Loc 7, Cam Xuyen 22, Ky Anh 10). The initial project term was 14 months but, by an agreement signed with the province on February 20th 2003, the project was extended until 30th June 2003.

2. Objectives

Three main objectives were set out by the project:

- Increased safety and soundness of community financial institutions (CFI's) promoted by the Women's Union in 3 districts of Ha Tinh province - through improved accounting, internal controls and financial management and planning.
- Strengthened supervision of community financial institutions in Ha Tinh by the Women's Union and the State Bank.
- Adoption in Vietnam's new microfinance legislation of project tools and approaches to accounting, internal controls and supervision.

3. Project establishment

Three WOCCU staff were recruited in Hanoi (Manager, Co-ordinator and Accountant-Administrator). Under the project agreement, a three member project committee was established, including representatives of the Provincial Women's Union, Foreign Relations Department and WOCCU. Four provincial and district Women's Union staff were seconded to work on the project. Two project offices were established and equipped in Hanoi and Ha Tinh town in March 2002. An advisory group was set up in Hanoi with representatives from the Central Women's Union, State Bank and the 3 INGO's providing support within the project area. This group met for the first time in April 2002.

Initial workplans for the project were drafted and discussed by representatives of the 3 INGOs (March 23rd), the advisory group (April 23rd) and in a workshop held in Ha Tinh (May 3rd).

In these initial meetings, WOCCU made clear that a number of preconditions relating to changes in the structure and design of existing district projects would be required if the content of the project was to be successfully implemented:

1. The need to combine 'savings' and 'credit' funds in both Ky Anh and Cam Xuyen Districts.
2. The need to abolish fixed allocation of gross interest income to various funds in both Ky Anh and Cam Xuyen.
3. The need to move towards full time, specialised staff to manage community financial institutions in both Ky Anh and Cam Xuyen.
4. The need for donor funds to be allocated to the district level in Cam Xuyen to ensure an adequate source of income for district level supervision as well as efficient allocation of loan funds to CFIs on the basis of demand.

During the course of the project, agreement was reached with the 3 NGOs and District Women's Unions on the first two conditions. Lack of progress in the other two areas, however, has effected project implementation.

4. Model accounting system

A survey of the existing accounting systems was conducted by PriceWaterhouseCoopers from February 26th to March 3rd 2002. The survey team visited 6 communes in the 3 districts and the report was finalised in May 2002. In February 2002, WOCCU seconded staff also carried out a survey of current CFI staff employment, education and skills.

Work began on the drafting of the model accounting system during the second quarter. It was intended to design a double-entry system consistent both with the Vietnamese Accounting System and generally accepted international accounting principles. The following structure was used for the system:

Chart of accounts	Based on the chart of accounts published by the State Bank of Vietnam for the People's Credit Fund System.
Accounting forms	Official Receipt, expense voucher, journal voucher and a range of supporting documents designed specifically for CFIs.
Ledgers	Based on standard WOCCU accounting system structure:

	<ul style="list-style-type: none"> • Books of original entry (cash receipt journal, cash disbursement journal, general journal) • Subsidiary ledgers (loan cards, cluster/group monitoring book)
	<ul style="list-style-type: none"> • Book of final entry (general ledger)
Reports	<ul style="list-style-type: none"> • Trial Balance • Balance Sheet • Income and Expenditure Account • Other Reports

The drafting process involved consultation with staff of the Ha Tinh Provincial State Bank branch, WOCCU's international accounting consultant (May 27th - June 2nd) and the project's advisory group (May 31st).

The model accounting system was then piloted in one commune in each of the three districts (Nga Loc, Ky Long, Cam Due). Training courses were run in these three communes in June-July 2002. A review of the results of these pilots was conducted by WOCCU's international accounting consultant from August 26th - 30th. The results of this review were positive in both Can Loc and Ky Anh where constructive suggestions were made on amendments to the system and further explanation was provided by WOCCU on the reasons for the need to implement certain aspects of the system. The review of the pilot in Cam Due, on the other hand, made it clear that the Commune and District Women's Union and Save the Children Fund UK were unwilling to implement the new accounting system and WOCCU's other recommendations (see section 5 below).

Following the piloting process, a major accounting training programme was launched. A total of 14 training sessions were organised between June 2002 and January 2003, covering 43 community financial institutions in 6 districts of 3 provinces (see details below). Three staff from each commune received 4 to 5 days of basic training on the accounting system. In some cases, short follow-up training sessions were also organised. The content of the training covered:

- basic principles of accounting.
- chart of accounts.
- accounting forms and supporting documents.
- ledgers.
- reports.

In addition, to this formal training, Provincial Women's Union staff seconded to WOCCU have assisted District Women's Union

staff in providing on-site guidance to the communes on transfer to the new accounting system.

The training materials used in the accounting training were amended and improved during the course of the training programme and have been developed into a model accounting manual for use by CFIs. This manual has been published by the project.

Training on model accounting system

District	Dates	CFIs	No. of participants
Can Loc	June 11 th -15 th 2002	Nga Loc (1)	
	August 6 th - 10 th 2002	Nhan Loc, My Loc, Phu Loc, Thuong Loc, Dong Loc, Son Loc (6)	31
	October 4 th 2002	Nhan Loc, My Loc, Phu Loc, Thuong Loc, Dong Loc, Nga Loc, Son Loc (7)	38
Ky Anh	July 2 nd to 6 th 2002	Ky Long (1)	12
	October 10 th to 14 th 2002	Ky Lam, Ky Hoa, Ky Phu, Ky Thuong (4)	18
	November 14 th - 17 th 2002	Ky Dong, Ky Hung, Ky Giang, Ky Ninh, Ky Khang (5)	21
	April 17 th - 18 th 2003	Ky Long, Ky Lam, Ky Hoa, Ky Phu, Ky Thuong, Ky Dong, Ky Hung, Ky Giang, Ky Ninh, Ky Khang (10)	
Cam Xuyen	July 20 th -24 th 2002	Cam Due (1)	12
	January 19 th -22 nd 2003	Cam Yen, Cam Vinh, Cam Due (3)	15
Dong Trieu	November 20 th - 24 th 2002	Duc Chinh, Tan Viet, Hong Phong, Kim Son, Xuan Son (5)	19
	December 4 th -8 th 2002	An Sinh, Thuy An, Hong Thai Dong, Binh Duong, Hung Dao (5)	17
Uong Bi	December 12 th - 15 th 2002	Phuong Dong, Phuong Nam, Trung Vuong, Thuong Yen Cong, Quang Trung (5)	19
	December 19 th - 22 nd 2002	Nam Khe, Bac Son, Yen Thanh, Vang Danh, Thanh Son (5)	17
Ninh Phuoc	December 25 th - 28 th 2002	An Hai, Phuoc Hai, Phuoc Dinh (3)	21

5. Change in project partners

Following the pilot review in Cam Due, it became clear that both the Cam Xuyen District Women's Union and Save the Children Fund UK did not wish to continue implementation of the WOCCU project. As WOCCU stresses the importance of voluntary participation and commitment to project objectives, it was suggested that the project be suspended in Cam Xuyen district. However, on the basis of a letter from Cam Xuyen District Women's Union of October 12th 2002 requesting continued WOCCU assistance to the three communes of Cam Due, Cam Vinh and Cam Yen, it was agreed that project activities would continue in these three communes on the condition that other NGO intervention was discontinued.

To make up for the loss of 19 of the original 39 project communes, WOCCU reached agreement on inclusion within the project of three district level Women's Unions also supporting community financial institutions. These districts expressed their commitment to project objectives and were keen to introduce the model accounting system in all communes immediately.

District/ township	Province	No. of CFIs	Membership (Dec. 31 st 2002)	Donor/supporting organisation
Uong Bi	Quang Ninh	10	6674	ActionAid
Dong Trieu	Quang Ninh	10	6031	ActionAid
Ninh Phuoc	Ninh Thuan	3	1676	CRP/ ActionAid
Total		23	14,381	

Agreement was reached with the project's two donors and with PACCOM on the addition of these communes to the project.

The 3 Cam Xuyen CFIs were not included in the formal revised coverage figures submitted to WOCCU's donors. As a result, the original project area was amended to: 40 CFIs, in 5 districts of 3 provinces, with a total membership of 22,104 at end December 2002.

6. Internal controls

An internal controls training programme was designed by a local consultant covering the following areas:

- approval policies and procedures
- lending and savings policies
- cash and bank accounts
- purchases
- cash transactions
- advances
- fixed assets
- control of stores
- staff salaries
- internal control structures

Six three-day training courses were delivered – one in each district – between October 2002 and June 2003 (see details

below). Three staff from 43 CFIs attended the training, accompanied in some cases by a fourth staff member recruited as internal supervisor. The training materials on internal controls were improved and amended for each training course and form a model internal controls policy which CFIs may choose to adopt.

Training on internal controls

District	Dates	CFI	No. of participants
Can Loc	October 5 th -7 th 2002	7 communes	38
Ky Anh	March 26 th -28 th 2003	10 communes	30
Cam Xuyen	April 29 th -1 st May 2003	3 communes	13
Dong Trieu	February 19 th -21 st 2003	10 communes	40
Uong Bi	June 6 th -8 th 2003	10 communes	41
Ninh Phuoc	May 26 th -28 th 2003	3 communes	16

7. Financial management

A training course on financial management was conducted by an international WOCCU consultant for 31 provincial, district and commune level participants from 15th to 17th January 2003 in Ha Tinh town. The training covered:

- an overview of risks faced by community financial institutions.
- the full set of 44 PEARLS financial ratios, including how to calculate the ratios and their significance in financial management.
- exercises in analysis of actual PEARLS ratios calculated for institutions both in Ha Tinh and from other WOCCU projects.

As part of this training course, a set of 23 key financial ratios were identified for use by community financial institutions.

8. Supervision

On the basis of the current structure and operations of community financial institutions, a WOCCU international consultant designed a set of supervision guidelines to be used by district and provincial level Women's Union staff. These supervision guidelines were tested on a supervision visit to Duc Chinh commune, Dong Trieu District on 7th March and formed the basis for a 5-day training session for 16 district and provincial level participants in Thien Cam, Ha Tinh from 10th to 14th March 2003.

During this training session, a variety of model policies and procedures were introduced to participants covering:

- lending.
- savings.
- collection and delinquency.
- loan loss provision.
- liquid and financial investments.
- capital structure.
- fixed and non-earning assets.
- interest rates.

The supervision guidelines were introduced, covering the following aspects:

- planning an examination visit.
- general ledger.
- institutional capital.
- profitability.
- financial management.
- management and governance.
- loans.
- examination reports.

Also as part of the training, test supervision visits were made to Thuong Loc, Dong Loc and Nhan Loc communes in Can Loc District. To provide follow up assistance to district and provincial level staff, a further supervision exercise was organised to 6 communes in the three project districts of Ha Tinh between May 8th and 11th 2003. Since then, District Women's Union staff have conducted similar supervision visits to the remaining communes in Ky Anh and Can Loc districts.

9. Study tours

A study tour to the Philippines was organised for 7 members of the project committee, the provincial training team and District Women's Union staff from 27th November to 5th December 2002. The group visited WOCCU's Credit Union Empowerment and Strengthening Project (CUES) in Davao and CARD (Centre for Agriculture and Rural Development) Bank in San Pablo City.

The visit to CARD Bank provided an example of how efficient, well run microfinance organisations can develop into a legally registered bank. Visiting the CUES project provided participants with a good example of how:

- small scale microfinance activities for women, known as Savings and Credit with Education, can be implemented and funded by credit co-operatives.
- WOCCU's 'model credit union' methodology can help community level financial institutions improve the safety and soundness of their operations.

A variety of in-country study visits for project partners were organised within Ha Tinh and outside (Cuong Gian People's Credit Fund, Dong Trieu, Can Loc and Son La).

The project also funded the participation of the Director and one staff member of the Banks and Non-Bank Credit Institutions Department of the State Bank at a joint WOCCU-USAID organised conference on 'Best Practices in Savings Mobilisation' in Washington, D.C. between November 5th and 6th 2002.

WOCCU funded the participation of the Deputy Director of the Co-operative Credit Institutions Department of the State Bank in

WOCU's Asian Technical Congress in Davao, Philippines on November 13th-17th 2002.

10. Equipment

Basic equipment was provided to those community financial institutions which adopted the model accounting system. The purpose of this equipment was to assist the commune staff in implementing new management tools and in carrying out their daily operations. Equipment was provided to 43 communes during the last quarter of 2002 and the first quarter of 2003 and included: safes, calculators, office furniture, bicycles, telephone connections, signs etc.

District	Expenditure on equipment	Number of communes	Average per commune
Can Loc	27,300,000	7	3,900,000
Ky Anh	48,380,000	10	4,838,000
Cam Xuyen	16,680,000	3	5,560,000
Uong Bi	52,960,000	10	5,296,000
Dong Trieu	49,050,000	10	4,905,000
Ninh Phuoc	15,952,000	3	5,317,333
Total	210,322,000	43	4,891,200

In addition, WOCU designed, organised and funded the printing of a variety of accounting supplies for CFIs in the 6 districts, including vouchers, ledgers and reports. A total of 134,195,800 dong was spent on printing of accounting supplies - an average of 3,120,800 dong per commune.

Some equipment was also provided to District Women's Union branches to assist in their task of supervising commune level operations. The type and amount of equipment provided to each district depended on: equipment already provided by other NGOs and the likely role of the district in supervision of commune activities. Motorbikes were provided to district Women's Union branches in both Dong Trieu and Uong Bi during the first quarter of 2003.

District	Expenditure on equipment
Can Loc	2,295,000
Ky Anh	2,150,000
Cam Xuyen	250,000
Uong Bi	26,217,000
Dong Trieu	26,060,000
Ninh Phuoc	700,000
Total	57,672,000

11. Evaluation

DFID requested WOCCU to prepare a report on lessons learned in savings and credit from the three INGO savings and credit projects funded by DFID under the five year Ha Tinh Poverty Alleviation Programme. The findings were presented at the final DFID annual evaluation workshop held in Hanoi on November 26th 2002. The report was finalised and submitted to DFID in March 2003.

12. Advocacy on microfinance legislation

WOCCU staff have attended a number of workshops organised by the ADB Microfinance Development Framework Project with the State Bank of Vietnam in October 2002 and February 2003. During these meetings, advice and suggestions were given on the content of the draft decree on microfinance institutions and activities. A paper on this subject was also presented at the conference on 'Microcredit in poverty reduction and its challenges' organised by the Capital Aid Fund for Employment of the Poor (CEP) in Ho Chi Minh City from May 21st to 23rd 2003.

13. Main achievements of the project

- a. An accurate and comprehensive double entry accounting system, consistent with the Vietnamese accounting system and the international accounting principles, has been designed. Training has been provided to staff of 43 communes in 6 districts and the system has now been adopted in all of these project communes. Despite initial difficulties in some communes, all are now able to produce accurate financial statements, though continued follow-up assistance from District and Provincial Women's Union staff remains necessary in many. However, it is clear that the accounting system is suitable for use by specialist, full-time accounting staff, even without a formal accounting background.
- b. Commune level staff have gained a clear idea of the importance of internal controls and of the areas in which internal controls need to be in place. Staff of all 43 CFIs have received training on internal controls. However, it is important that internal control policies are issued in writing by the relevant authorities and a supervision system in place to ensure enforcement.
- c. District and Provincial Women's Union branches understand the importance of detailed supervision of CFIs and now have the skills necessary to do this job. It is important that full time staff are assigned to do this task and practical plans for supervision implemented.
- d. Province and district level Women's Union staff have been exposed to various examples of professional provision of

microfinance services (People's Credit Funds, CUES project, CARD Bank etc.) and what is required for the development of strong microfinance institutions.

14. Main constraints, difficulties and issues faced by the project.

General constraints to CFI development:

- a. In some project areas, particularly Ky Anh and Cam Xuyen, delays or difficulties in moving towards full-time, specialised staff for CFI management has effected project implementation as well as CFI operations.
- b. In all districts, there is a clear need to ensure greater clarity in policy-making authority. In many cases, policy making authority is shared between NGO, District Women's Union, Commune Women's Union or Representative Boards. Clear policies and procedures need to be issued in writing by the appropriate authority in areas including: lending policy, savings policy, delinquency, loan loss provision, fixed assets, liquid and financial investments, internal controls, capital and interest rates.
- c. It is WOCCU's view that more serious consideration must be given to ensuring that the District level have the authority, staff capacity, income and technical capacity to carry out an effective supervisory role with regard to CFIs, particularly in Cam Xuyen District.
- d. It is also suggested that the Provincial Women's Union need to ensure that specialist staff are committed on a full time basis to the effective supervision of community financial institutions.

Major difficulties in project implementation:

- e. The suspension of project activities in Cam Xuyen and negotiation of agreements with three new partners resulted in significant delays in project implementation. This was particularly problematic given the already short time frame of the project.
- f. The provision of technical support to the same District Women's Union branches by two different organisations, funded by the same donor, has resulted in some tensions and difficulties, particularly in Ky Anh and Cam Xuyen. While attempts have been made to be as open and flexible as possible, there have been areas of important difference on technical issues in which WOCCU has not been able to compromise.

Specific weaknesses in project implementation:

- g. Greater care should have been taken in verification of all balances when transfers were made to the new accounting system.
- h. More clarification is needed on the specific roles and responsibilities of the internal supervisor within the whole system of internal controls.
- i. Original project plans involved training on financial management and planning for all commune level staff. However, due to time constraints and the need to focus primarily on accounting, the principles of financial management could only be introduced down to District Women's Union level and a few commune staff at the January training.
- j. As yet there has been insufficient time to focus on promoting the adoption of the model accounting system and other tools by other organisations, projects and programmes.

Attachment I

Terms of Reference: Ninh Phuoc Savings Study



World Council of Credit Unions, Inc.

Terms of reference

Savings Study - Ninh Phuoc District

Background

- The CFIs in Ninh Phuoc are currently experiencing a high demand for loan funds which the District Women's Assistance Fund is unable to meet in full. In recent months, the District Women's Assistance Fund has been lending out over 98% of its assets (January - February 2003).
- The CFIs themselves remain highly dependent on borrowing from the District Women's Assistance Fund. At end March 2003, external borrowing from the District Women's Union accounted for from 64% to 70% of total assets in the three CFIs. Savings accounted for 20% to 25% of total assets.
- Savings mobilised by the CFIs are still predominantly non-withdrawable compulsory savings. In An Hai and Phuoc Hai, voluntary savings accounted for 15-18% of total savings at end March 2003. Phuoc Dinh has not yet mobilised voluntary savings.
- Depending on market conditions in the local area, there may be potential for the CFIs to increase savings mobilisation - in order to increase their source of funds for lending and to provide a valued service to members. It would therefore be useful for an initial survey of the potential for increased voluntary savings mobilisation to be carried out.

Objectives

- To examine existing formal and informal savings services currently available in the local area.
- To assess existing savings practices of local people: in formal institutions, in savings clubs, in cash and in kind.
- To recommend some new ideas for attractive voluntary savings products that could be offered by the CFIs in Ninh Phuoc.

Tasks

1. Meet with District branch of Vietnam Bank of Agriculture and Rural Development to discuss savings mobilisation in the district:
 - products offered (fixed term, accumulating savings accounts etc.)
 - interest paid.

- actual savings mobilisation targets and achievement.
 - factors effecting successful savings mobilisation.
 - marketing of savings products.
2. Meet with management of Phuoc Son (or other) PCF to ask about savings mobilisation in the commune:
- products offered (fixed term, accumulating savings accounts etc.)
 - interest paid.
 - actual savings mobilisation targets and achievement.
 - factors effecting successful savings mobilisation.
 - marketing of savings products.
3. Meet with CFI staff to ask about their experience of savings mobilisation and their ideas about possibilities for savings mobilisation in the future.
4. Conduct of household interviews to discuss:
- How do households prepare for predictable, medium and large items of expenditure (e.g. weddings, housing improvements, purchase of household items, school fees and other education costs, investment in crops and other forms of production)?
 - How do households cope with unpredictable medium and large items of expenditure (e.g. medical costs, funerals)?
 - How do households deal with larger items of irregular income e.g. sale of livestock, receipt of remittances from family?
 - Informal savings clubs which exist locally (phuong, ho, hui). What are the common purposes of these clubs? What are the usual pay-in mechanisms? What are the management arrangements?
 - What are households' attitudes towards saving at home: in cash, gold, silver, jewelry, paddy etc.?
 - What are attitudes towards compulsory savings requirements and voluntary savings services offered by the CFIs?
 - What are attitudes towards saving in formal institutions (banks, PCFs, CFIs)?

Timing

It is suggested that the survey will take place from May 26th-29th.

May 26th:

- Group discussion with CFI managers on their experience of savings mobilisation to date.
- Meeting with District VBARD branch.
- Meeting with PCF management.

May 27th - 28th:

- Household interviews in 2 communes. It is requested that one commune should be primarily Cham, the other commune primarily Kinh.

May 29th:

- Report back to CRP.

Report

A short report on the findings of the survey will be prepared and circulated to CRP, AAV and other interested parties.

Logistics

It is requested that CRP could assist with help in arranging the following:

- appointments with VBARD and PCF.
- necessary notification to local authorities.
- transportation to the communes.
- one staff member to assist in introducing and arranging household interviews.

Attachment J

Some suggestions on regulation of microfinance in
Vietnam

Some suggestions on regulation of microfinance in Vietnam

William Smith

World Council of Credit Unions, Inc.

Paper prepared for
"Microfinance in poverty reduction and the challenges" workshop.
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Since the mid-1990's, INGOs, donors and mass associations have been promoting the need for a legal framework for microfinance¹ in Vietnam. The main motivation for this has been the desire for legal recognition of microfinance activities. Legal recognition has been considered necessary in order that:

- Donors could grant funds directly to legally incorporated microfinance institutions rather than to government-related agencies whose funds are recorded as part of the state budget.
- Microfinance organisations could have resort to legal mechanisms to enforce contracts.
- Microfinance programmes and organisations could open bank accounts in their own name.
- Members might have greater confidence in depositing their savings with legally registered institutions.

However, as in some other fields of activity, state authorities are usually reluctant to grant legal recognition to financial service providers without controls and inspection to ensure these controls are being enforced. This is not unusual or surprising. State authorities normally require controls on a wide variety of professional and economic activities that effect the general public: medical practice, production of dangerous chemicals, power generation etc. In the case of financial services, state authorities normally subject legally recognised financial services to regulation, enforced through supervision. Microfinance practitioners, promoters and donors have therefore come to the realisation that legal

¹ By far the biggest 'microfinance' providers in Vietnam are the formal sector banks (Vietnam Bank of Agriculture and Rural Development, Vietnam Bank for the Poor) and financial co-operative (People's Credit Funds). These banks and co-operatives are legal entities which are already regulated by the State Bank under the Law on Credit Institutions. However, references made to microfinance in this paper should be understood only to refer to the currently unregulated, semiformal microfinance activities of the mass associations and other social, economic and political organisations.

recognition will also be accompanied by regulation and supervision. They have come to see that a legal framework cannot be introduced just to promote microfinance, but rather to promote safe and sound microfinance.

The question has therefore arisen about the type of regulatory and supervisory framework that would be suitable in Vietnam. To date, practitioners, NGOs and donors have not yet sat down to draft and discuss any concrete proposals. One attempt was made in 1999 to agree to a set of prudential standards that might be used to regulate microfinance activities, but this proposal was not carried forward².

Now, with assistance from the ADB Project 3741-VIE, the State Bank of Vietnam has produced a draft decree on the regulation of microfinance³. This is very important as it is the first attempt to sketch out the main features of a regulatory framework. It allows us to start imagining what a legal framework could look like. The structure of this draft decree has been used in this paper as a framework for comments and suggestions on a possible future legal framework for microfinance.

However, before presenting more detailed suggestions, it may be helpful to discuss two issues which will form an essential foundation and justification for the suggestions made:

- The characteristics of microfinance in Vietnam. This is a wide subject to which full justice cannot be done within the scope of this paper. However, it is important to articulate the most important institutional aspects of microfinance in Vietnam which will impact on the form of regulation and supervision required. This is particularly important in Vietnam, where the microfinance 'industry' has developed very differently from many other countries.
- International experience in regulation of microfinance. There is a lot of information and analysis available on international experience in this field. The experience of regulatory authorities in Bolivia, Peru, Philippines, South Africa etc. have been documented in detail. Conferences are held on this subject and much of the relevant material can all be downloaded from the internet. This information is an extremely useful input to the discussion here in Vietnam. It illustrates the wide variety of legal forms, categories and supervision methods available, as well as some of the successes and failures experienced. The debate in Vietnam has to some extent been informed by documented international experience⁴. Again, it is clearly impossible to cover the full range of international

² Prudential standards for Community Financial Institutions in Vietnam; ActionAid Vietnam, Vietnam Sweden Mountain Rural Development Programme (MRDP), World Council of Credit Unions Inc. (WOCCU); April 1999.

³ Draft Decree regulating microfinance activities and microfinance institutions in Vietnam.

⁴ E.g. ADB consultancy group paper Best Practices in Frameworks for Microfinance; PriceWaterhouseCoopers and Enterplan. DFID consultancy input workshop on Microfinance Regulation, Manuel Moyart and Mark Havers; December 7th 2000. Paper on International experience in the regulation of microfinance; William Smith; Vietnam Sweden Mountain Rural Development Programme; presented at SBV/INGO workshop on 'The state of microfinance in Vietnam', 24th March 2000.

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experience within a paper of this type. However, it is considered timely to at least include a very brief summary of some of the main principles and lessons from international experience which have influenced the suggestions presented below.

I. Characteristics of microfinance in Vietnam.

Microfinance activities in Vietnam are carried out primarily by non-specialist institutions. These include mass associations, like the Vietnam Women's Union and the Farmers Association, the Confederation of Labour, universities and other social organisations. These are institutions whose basic mandate and mission are social and political. They are closely associated with the government and the Party. They are not specialist, commercial, privately owned 'MFIs': indeed, the term 'MFI' would appear to have little relevance in the current context of Vietnamese microfinance. This institutional framework for microfinance arises from the specific social and political context. It is relatively unique and, though it does not conform to what may currently be considered as 'international best practice', it is a reality which is difficult to ignore.

This institutional framework has a variety of implications, both positive and negative. The mass associations provide a network of branches which reach down to the commune and village level even in the most remote parts of the country. They employ a staff of often highly committed and skilled people with a clear mandate of social service. This is an unusual and valuable asset.

However, the mass association branches are non-specialist institutions, usually with little prior experience of financial intermediation, with a wide variety of other responsibilities and often a diverse and heavy workload. This is clearly a major constraint for the development of microfinance. Some organisations have made very clear steps to address this problem by establishing separate management structures and recruiting full time specialised staff. Examples include the TYM Fund within the Central Women's Union, the Capital Aid Fund for Employment of the Poor (CEP) and a number of district level savings and credit projects promoted by ActionAid Vietnam and some other NGOs. However, many other programmes and projects are still integrated within the mass associations' structure and implemented by the elected leadership. Such arrangements may be suitable for short term projects with non-financial objectives. However, for the development of strong, sustainable microfinance activities in Vietnam, the move towards separate specialised structures and full time staff is considered to be an essential pre-requisite.

II. Some lessons from international experience in microfinance regulation and supervision.

There are very many lessons which could be drawn from international experience in the regulation of microfinance and many are subject to considerable interpretation and dispute. The following four main recommendations are articulated here, however, as they have informed many of the suggestions for Vietnam put forward in this paper.

- Prudential regulation should focus only on institutions which seek to mobilise deposits from their members or from the public. The state has a particular interest in ensuring the safety and soundness of institutions which mobilise deposits from the public as the failure of such institutions could have significant implications for social order and for general public confidence in the financial system.
- The authorities should focus on regulation of a small number of large organisations. No central bank has the capacity and funds to supervise a large number of small organisations. It is therefore unnecessary and impractical to include very small financial institutions within the regulatory framework.
- Where possible, it is preferable to utilise existing financial legislation and legal categories for regulation of microfinance rather than drafting new legislation and legal categories from the beginning. Use of existing legislation promotes: smoother integration of microfinance into the mainstream financial sector, its more ready acceptance by regulatory authorities and greater likelihood of approval under the law.
- Regulation should be designed to promote financial institutions which are safe and sound. However, it should not have a negative effect on competition, innovation and development of services through unnecessary constraints on new entrants into the market, particularly those operating on a small scale.

III. Some suggestions on microfinance regulation in Vietnam

Based on some of these fundamental characteristics of microfinance in Vietnam and the lessons learned from international experience, the following suggestions are made for the possible future regulation of microfinance in Vietnam. The structure of the recent "Draft Decree regulating Microfinance activities and microfinance institutions in Vietnam" has been used as the basis for the suggestions below:

a. Scope

"Non-Credit Institutions with banking activities"

It is suggested that a regulatory framework for microfinance activities should be developed on the existing category of "Non-Credit Institutions" as defined in the Law on Credit Institutions (02/1997/QH10). This is considered to be a suitable 'window' for the development of a regulatory framework for microfinance for the following reasons:

- Most microfinance activities in Vietnam are conducted by non-specialist mass associations which can clearly be classified as 'non-credit institutions' and already have existing legal status.
- 'Banking activities' are defined in Article 20 of the Law on Credit Institutions as "...money trading and banking services, including the receipt of deposits and use of these funds to extend credit and provide payment services." . This definition covers those microfinance activities which, according to international experience, should be regulated: the mobilisation of savings from members or the public and the lending out of these

funds. This definition will also exclude 'credit-only' activities which it is argued do not require statutory regulation.

- This legal category is already clearly articulated in law.

This suggestion differs from what was included in the ADB draft decree in two main aspects:

- Firstly, the terms of the ADB draft decree are aimed much more at promoting private-sector, specialist microfinance institutions. Article 2 of the draft decree defines microfinance institutions as those which "primarily carry out microfinance activities". Moreover, the draft only allows for the registration as Type B microfinance institutions (authorised to mobilise deposits) of institutions "incorporated as a joint stock company in compliance with the provisions of the Law on Enterprises." (Article 15). This focus on specialist, private-sector institutions reflects what is currently considered to be 'best practice' in microfinance and indeed may be aimed at promoting the future establishment of private institutions, perhaps with donor finance. However, this focus tends to overlook almost all existing microfinance activities in Vietnam which, rightly or wrongly, are conducted by non-specialist, public sector organisations.
- Secondly, the scope of the ADB draft decree was stretched to include even 'credit-only' organisations which do not mobilise savings for lending (referred to as Type A institutions). The suggestion put forward here is that credit-only institutions do not require regulation and need not be included within the legal framework.

The proposal that regulation of microfinance should focus on "Non-Credit institutions with banking activities" could clearly be criticised for appearing to rule out the recognition, regulation and promotion of specialist microfinance organisations. This is not the intention. Specialist microfinance organisations still have the option to register under the Law on Credit Institutions as Co-operative Credit Institutions (People's Credit Funds), Non-Bank Credit Institutions or indeed as banks. At the moment, however, there do not appear to be many such specialist institutions developing, even in embryonic form. It therefore seems sensible to focus any new legal framework for microfinance on the main institutions currently engaged in the field.

Definition of 'micro'

While it is suggested that the scope of regulation could be limited to "Non-Credit Institutions with banking activities", it is clearly also necessary to examine what sort of "banking activities" can be considered as microfinance. This is essential in order to avoid a loophole whereby any form of "non-credit institution" could utilise this window for large scale, commercial banking activities. There are two possible criteria for defining 'micro' finance: the income, assets or socio-economic status of clientele and average loan size. It is recommended here that microfinance should not be defined with reference to the income or socio-economic status of clientele, as such criteria are notoriously difficult to measure and check, even on a sample basis.

A much more simple and enforceable means of ensuring that microfinance organisations are actually providing 'micro-loans' is through control of maximum loan size. This is the approach taken in the ADB draft decree, which suggests that microfinance organisations must maintain at least a certain percentage of their loan portfolio in loans of less than a certain size. Setting loan size controls is a difficult and inexact business. Too low a ceiling will clearly effect profitability while too high a ceiling may allow the organisation to drift away from 'microfinance'.

International regulatory definitions of what constitutes a 'micro-loan' vary considerably⁵:

	Legal definition of micro-loan
Bolivia (Private Financial Funds)	Less than 500 US\$
Ethiopia (MFIs)	Loan ceiling 625 US\$
Ghana (Non-Bank Financial Institutions)	Loans to 1400 US\$ with group guarantee
Philippines (Rural Banks)	Up to 2900 US\$

Clearly, much depends on the economic conditions in a particular country. In order to reflect local economic conditions, as well as trends over time, it may be suitable to select a multiple of per capita GDP as a loan ceiling. Annual per capita GDP in Vietnam in 2002 was 6,705,000 VND. Perhaps this would be a suitable definition for 'micro-loans'.

Minimum scale

It would be impossible for any regulatory authority to effectively regulate the whole spectrum of microfinance activity. After all, even traditional 'ROSCA's' could be defined as organisations conducting "banking activities" according to the legal definition and therefore theoretically be subject to regulation. The State Bank clearly needs to focus on larger institutions, the failure of which would impact on a large number of clients.

How should scale be measured and at what level should the threshold for regulation be set? There are a number of possible criteria for measuring scale:

- *Administrative level.* For example, a threshold could be set for institutions operating only at the commune, district or provincial level or above.
- *Membership.* Regulation could be considered only for organisations serving above a certain number of members.
- *Capital.* The normal criterion for measuring scale of operations is minimum capital.

It is suggested here that the threshold for prudential regulation should be based on an institution's permanent capital. This reflects most accurately the scale of an organisation's operations and therefore the likely repercussions of its failure. It is also a relatively easily verified indicator.

However, in the Vietnam context, it will be particularly important to agree on a clear definition of capital. Loan funds granted to the Women's Union by NGOs are currently

⁵ Source: Microfinance Regulation in Developing Countries: a comparative review of current practice; Patrick Meagher; IRIS Centre, University of Maryland; October 2002

actually recorded as part of the state budget and therefore cannot be considered as permanent capital. However, perhaps in the future the granting of a banking licence to such institutions may allow NGOs to grant funds directly to these mass associations.

What would be a suitable minimum capital threshold for regulation of microfinance organisations in Vietnam? The ADB draft decree suggested one billion dong (Article 15) [approximately 65,000 US\$ at current exchange rates]. Minimum capital for People's Credit Funds is currently 100 million dong [equivalent to 6,500 US\$].

International minimum capital requirements for microfinance institutions again vary considerably⁶:

	Minimum capital requirements
Bolivia (Private Financial Funds)	1 million US\$
Ethiopia (MFIs)	25,000 US\$
Ghana (Non-Bank Financial Institutions)	Existing NBFIs: 140,000 US\$ New NBFIs: 2.1 million US\$
Peru (EDPYME's)	265,000 US\$
Philippines (Rural Banks)	50,000 US\$ - 500,000 US\$ depending on location.

To be more practical, however, it may be worth considering some specific examples of microfinance organisations in Vietnam. The following table⁷ shows permanent and donor capital figures reported by four ActionAid Vietnam funded Women's Union microfinance schemes as of end December 2002.

	Combined commune 'branches'	District level	
		Permanent capital (retained earnings)	Donated fund (liability)
Uong Bi, Quang Ninh (10 communes)	1,125,360,473	448,928,699	1,200,138,900
Dong Trieu, Quang Ninh (10 communes)	477,587,400	277,688,676	1,306,751,000
Can Loc, Ha Tinh (7 communes)	213,949,100		1,060,304,500
Ninh Phuoc, Ninh Thuan (3 communes)	15,577,211	7,507,201	742,500,000

If donated funds are assumed to be liabilities (and therefore ignored) and capital accumulated at both the district level and the commune 'branches' are added together, only one of the four districts had accumulated more than 1 billion dong in permanent capital by

⁶ Source: Microfinance Regulation in Developing Countries: a comparative review of current practice; Patrick Meagher; IRIS Centre, University of Maryland; October 2002

⁷ Source - Financial reports submitted to WOCCU Community Financial Institutions Project.

end December 2002 (Uong Bi Women's Union). If donated capital is included, however, three out of the four districts would have exceeded the 1 billion dong threshold.

Clearly, much more comprehensive research needs to be done to look at the practical implications of specific minimum capital requirements. However, it could be forecast that, if the capital definition excluded donated funds, a threshold of 500 million dong in permanent capital might result in a relatively manageable number of district level microfinance programmes becoming subject to regulation.

b. Operations

Article 3 of the ADB draft decree currently states that: "Apart from credit institutions as defined by the Law on Credit Institutions, no institution shall carry out microfinance activities in Vietnam unless such institution holds a microfinance operating licence issued by the State Bank of Vietnam". In other words, all microfinance activities by non-registered organisations would be banned.

It is suggested here that microfinance organisations which do not meet the criteria for registration under the proposed decree should still be able to conduct small scale operations below the threshold stipulated in the legislation. There are a number of reasons for this suggestion:

- If small scale operations are banned, it would be very difficult for any institution to develop to the point at which it could meet legal capital requirements. Such a ban would constitute a major constraint to new market entrants and can therefore be considered as anti-competitive.
- The failure of unregistered, small scale microfinance operations may cause inconvenience and distress to the participants but are unlikely to have wider social impacts.
- In practical terms, it would be extremely difficult to enforce a ban on the operations of every ROSCA or traditional savings and credit group, or indeed the large number of small scale microfinance projects.

However, it is suggested that microfinance organisations seeking to grow above the stipulated threshold would be required to apply for a licence and comply with all stipulations as set out in the regulations. In this way, licensing would become an essential condition for long term institutional development.

The draft decree also raises the question of what activities registered microfinance providers should be permitted to engage in and what activities should be restricted. It may be appropriate for more experienced banking regulators to draft a comprehensive list of non-permitted activities, which would presumably include provision of insurance services and possibly also payment services. However, registered microfinance providers should clearly be

permitted to carry out the most basic of "banking activities" which is to mobilise savings from members and to use these funds for lending.

c. Licensing.

As it is proposed that microfinance organisations are licensed as 'non-credit institutions with banking activities' under the Law on Credit Institutions, it is clear that the State Bank of Vietnam would be the institution responsible for the issue of such licences.

Under the ADB draft decree, it is proposed that two types of operating licences should be issued. A Type A licence would be issued to institutions which are involved in "providing micro-loans only, or providing micro-loans and accepting deposits that are not for on-lending", while a Type B licence would be issued to "all other institutions providing micro-loans and accepting deposits for on-lending".

It is proposed here that the licensing of non-deposit taking institutions and smaller microfinance organisations should be reconsidered. The benefits of registration or non-prudential regulation of such organisations are doubtful and the logistical task of registering a large number of small organisations would be great. As the failure of such institutions would not constitute a major threat to the financial system or wider social order, it may be sensible for the State Bank to focus its resources on more urgent priorities.

d. Licensing procedure

Article 23 Part 2 of the Law on Credit Institutions already specifies the documentation that a "non-credit institution with banking activities" would need to submit in application for a licence:

- Application for a banking licence.
- Decision or permit of establishment, certificate of business registration or current business line.
- Charter.
- List and curriculum vitae of members of the Board of Directors (General Director), Inspection Committee.
- Financial condition in the last three years.
- Business plan for banking activities.

These documentation requirements were included in the ADB Draft Decree for both Type A and Type B institutions (Articles 9 and 15).

Article 22 of the Law on Credit Institutions also specifies the conditions which such organisations would need to meet in order to be licensed:

- Banking activities are necessary and closely related to the main activity of the organisation.

- Such organisation has sufficient capital, appropriate material conditions as required for banking activities.
- Such organisation has a team of staff knowledgeable about banking operations.
- Such organisation has a feasible business plan of banking operations.

These four conditions are important and should be considered carefully with reference to the mass associations currently providing microfinance services in Vietnam. The first two conditions can be dealt with relatively easily:

- It seems clear that the microfinance operations of the Women's Union, the Confederation of Labour or other mass associations can clearly be justified as "closely related to the main activity of the organisation". Microfinance contributes to the fulfilment of their mission of providing social and economic assistance to their membership.
- The capital and material conditions "required for banking activities" include the minimum capital requirements that have been discussed in section a above.

The final two conditions, together with some of the documentation requirements stipulated in Article 23, however, highlight a very important issue to which "non-credit institutions with banking activities" should pay special attention.

As was explained in section 1 above, the main microfinance providers in Vietnam tend to be non-specialist, mass associations involved in a wide range of social, political and economic activities. For successful growth and development, it is crucial that these organisations establish separate management structures, maintain separate accounts and recruit specialist, full-time staff to manage microfinance activities. The Law on Credit Institutions requires that "non-credit institutions with banking activities" should have specialised staff, a business plan and its own charter. It is suggested here that the establishment of separate, specialised structures for management of microfinance activities should be a clearly specified condition for licensing. In particular, mass associations may need to:

- establish a separate Board of Directors.
- recruit specialised, full-time staff.
- appoint a specialised inspection committee or supervisor.
- draft a specific charter to cover the banking operations of the organisation.
- maintain a fully independent accounting system.
- draft financial plans and budgets specifically for microfinance activities.
- etc.

The ADB Draft decree recommends that a licensing fee should be levied on microfinance institutions. This is necessary to help cover the supervision costs incurred by the regulatory authority but should clearly not be so high as to become a serious disincentive for organisations to seek registration.

Research has been conducted internationally into the actual costs of microfinance supervision conducted by regulators. A CGAP paper reported that the Banking

Superintendancy of Peru charges MFIs a fee of 0.06% of total assets per year but that actual costs of supervision incurred by the superintendancy amounted to 30 times that figure. The 30 registered MFIs in Peru would have to raise their annual interest rates on loans by an average of 3% in order to cover the costs of supervision if these costs were passed on to the MFIs in full⁸. Clearly much will depend on the number of microfinance organisations that become subject to regulation as well as the forms of supervision undertaken. It is not proposed to make any specific recommendation on that issue here.

e. Operational and prudential rules

The ADB Draft decree suggests that a 'Microfinance Code of Conduct' should be drafted and agreed by microfinance organisations themselves, covering such issues as "truth in lending" – notification of effective interest rates to borrowers etc. In addition, it suggests that Type B institutions should comply with a set of financial ratios and regulations concerning:

- minimum reserve requirements.
- capital adequacy.
- liquidity ratios.
- loan classification and loan-loss provisioning.

This suggestion is very welcome. Much work will need to be done to agree on which ratios should be used by regulators as well as detailed guidelines and definitions for calculation of these ratios.

The World Council of Credit Unions has developed a set of financial ratios known as PEARLS which are used by credit unions and similar financial institutions in many countries throughout the world to manage and plan their operations in accordance with internationally accepted standards of safety and soundness⁹. Some of these ratios can also be used by regulators in their supervision of credit unions or indeed microfinance institutions. It is outside the scope of this paper to go into great detail on the full range of PEARLS ratios that might be appropriate for regulation of microfinance in Vietnam. However, relevant PEARLS ratios for the areas outlined in the ADB draft decree are as follows:

Capital adequacy		
E8	Net institutional capital/Total assets.	Minimum 10%
	Institutional capital is defined as all legal and non-distributable reserves, capital donations and the portion of current year's surplus that will be retained as legal or non-distributable reserves. These reserves are not expended and no member may present an individual claim.	

⁸ The rush to regulate: legal frameworks for microfinance; CGAP/World Bank; 2000

⁹ PEARLS Monitoring System; World Council of Credit Unions Toolkit Series; David C. Richardson: June 2001.

Liquidity ratios		
L2	Liquidity Reserves/Savings deposits.	Minimum 10%
Loan classification and loan loss provisioning		
P1	Allowances for loan losses/allowances required for loans delinquent over 12 months WOCCU suggests 100% allowance to cover loans more than 12 months delinquent.	100%
P2	Net allowance for loan losses/allowances required for loans delinquent less than 12 months. WOCCU suggests 35% allowance to cover loans that are up to 12 months delinquent and, in Vietnam, 2% allowance for loans that are non-delinquent.	100%
P3	Total charge off of delinquent loans over 12 months	100%

Prudential ratios form a concrete and easily comparable means of evaluating safety and soundness in financial institutions. However, in the case of microfinance, where loan portfolios are generally spread between a large number of small loans with little, individual risk, there is a good argument for the supervisor to focus also on checking the validity of systems used by the institution. This would include focusing on checking accounting practices, internal controls, financial reporting, financial planning etc.

f. Taxation

The ADB Draft Decree states that "All microfinance organisations shall be subject to taxes in accordance with the relevant tax regulations issued by the Ministry of Finance." Authority on this issue clearly lies with the Ministry of Finance. However, as providers of financial services to poor households for purposes of poverty alleviation, it is suggested that licensed microfinance institutions should be eligible for exemption from business income tax. Articles 8, 9 and 10 of the Law on Credit Institutions affirm the state's preferential credit policies with regard to agriculture, rural areas, remote and highland areas and the poor. Taxation of microfinance institutions is a specific area in which this preferential policy could be applied.

g. Dissolution, liquidation and revocation of licences

Under the proposals for microfinance regulation suggested here, only 'banking activities' would be regulated by the State Bank whereas the 'Non-Credit Institutions' themselves would be subject to the specific laws and regulations relevant to that type of institution. The

issue of dissolution or liquidation of such institutions would therefore fall outside the governance area relating to microfinance.

However, as outlined in Article 37 of the ADB draft decree, the State Bank would have the authority to revoke microfinance operating licenses in the various sets of circumstances listed.

h. Accounting standards, financial reports, auditing

The ADB draft decree requires all licensed institutions to "prepare a balance sheet and an income statement in accordance with the Vietnamese Accounting Standards." Financial statements are to be submitted on an annual basis. Financial statements of Type B institutions are to be audited by an independent auditing company.

The requirements for standardised accounting practices in line with the Vietnamese Accounting System are warmly welcomed. In WOCCU's experience, accounting and financial reporting remain major issues facing many of even the largest microfinance operations in Vietnam. The adoption of consistent accounting practices are also essential for effective supervision of microfinance by the regulatory authorities.

Over the past 18 months, WOCCU has drafted a model accounting system for community financial institutions. The system is based on the chart of accounts issued by the State Bank for the People's Credit Fund system. It incorporates the standard components of accounting systems used by small scale financial co-operatives. It is being used by Women's Union microfinance schemes in 6 districts of 3 provinces under the WOCCU Community Financial Institutions project. An accounting manual covering accounting principles, vouchers, ledgers and financial reports is currently being prepared for publication.

It is suggested here that this model accounting system could be used as the basis for accounting regulations that should be issued by the State Bank for 'non-bank credit institutions' licensed to conduct microfinance activities in the future.

i. Inspection and supervision

There has been much discussion internationally on various ways of delegating responsibility for supervising microfinance. A variety of options have been documented, including¹⁰:

- Supervision by an umbrella lending agency. The Palli Karma Sahayak Foundation (PKSF) in Bangladesh, for example, is an apex organisation which on-lends government and donor funds and also conducts some supervisory functions with regard to its borrower microfinance institutions.

¹⁰ These examples are taken from 'Microfinance regulation in developing countries: a comparative review of current practice'; Patrick Meagher; Iris Centre, University of Maryland; October 2002.

- Self-regulation by networks of microfinance organisations. In the Philippines, two main networks of MFIs provide supervision, training and funding for their members: the Association of Philippines Partners in Enterprise Development (APPEND) and PHILNET.
- Delegation of responsibility for supervision by a central bank to a commercial bank. In addition to running its own Unit Desa System, Bank Rakyat Indonesia is also responsible for the supervision of over 5000 village banks known as Badan Kredit Dasa (BKD). This responsibility is delegated to BRI by the Bank of Indonesia.

All of these supervision methods have the advantage of reducing the often heavy workload on the shoulders of the central bank. Would such delegation of responsibility be practical in Vietnam?

One possibility would be for the State Bank to delegate responsibility for supervision of "Non-Credit institutions with banking activities" to the relevant level central level mass associations. In other words, the Central Women's Union, for example, could be required to supervise all of those branches which meet the eligibility requirements and are licensed as microfinance institutions by the State Bank.

At the present time, it is suggested that this alternative may be problematic. The mass associations, particularly the Women's Union, are implementing a very wide variety of microfinance activities in different parts of the country. Most operate on the basis of models introduced by various donors and NGOs. The Central Women's Union does not currently have the capacity to co-ordinate and manage these activities and does not have the specialised capacity to conduct detailed supervision activities.

This contrasts with the State Bank network which currently reaches down to the province level and which employs qualified staff who are already responsible for supervision of the People's Credit Fund network within the local area. This is a valuable asset which could be extremely effective in supervision of microfinance institutions. Clearly, State Bank branches could not cope with the supervision of large numbers of small, unprofessional microfinance schemes. However, particularly if a significant part of the supervision costs could be passed on to the microfinance organisations themselves, it is suggested that State Bank branches could effectively take on the supervision of the small number of large microfinance organisations that meet the criteria as set out in this paper.

IV Conclusion

Achieving a balance between effective and efficient regulation of microfinance is a serious challenge in any country. There are no ready-made answers to the problem. International experience in this field is relatively brief and the application of international experience to local conditions is particularly difficult. In this light, the following conclusions are tentatively drawn from the analysis presented in this paper:

- A regulatory framework for microfinance in Vietnam should focus on the main institutions currently providing microfinance services which, rightly or wrongly, are primarily non-specialist, 'non-credit institutions with banking activities'.
- ~~To ensure that the State Bank can carry out effective supervision, only larger~~ institutions, which mobilise deposits and use them for lending, should be eligible for registration.
- Opportunities for larger organisations to become legally regulated institutions should not be accompanied by a ban on the operations of smaller organisations and projects. These should be allowed to continue to operate, providing competition, innovation and important services to a small number of clients.
- The 'banking activities' of 'non-credit institutions' should only be registered when separate, specialised structures for management of these operations have been put in place and specialised, full-time staff recruited.
- In the current environment, direct supervision of microfinance activities by provincial State Bank branches appears to be a more effective option than delegation to the mass associations.
- Tools have been developed by the WOCCU Community Financial Institutions Project which might be utilised by the State Bank in establishing accounting rules for regulated microfinance institutions and in developing prudential standards and guidelines for their supervision.