

PD-ABZ-593

RBAP/RBRDFI



MICRO - ENTERPRISE ACCESS TO BANKING SERVICES IN MINDANAO

**EIGHTH QUARTERLY
PERFORMANCE MONITORING REPORT**

October 1-December 31, 1999

**Chemonics International, Inc.
Davao City, Mindanao, Philippines**

**Under Contract No. 492-C-00-98-00008-00
United States Agency for International Development
Office of Economic Development
Manila, Philippines**

EXECUTIVE SUMMARY

Through directed technical assistance, training, and limited commodity support to a minimum of 20 rural or cooperative rural banks, the MABS-M program is intended to bring about a sizable expansion of banking services—both loans and deposits—to microenterprises and other groups at lower socio-economic levels in Mindanao.

This document serves as the Program's *Eighth Quarterly Performance Report*, covering the period October 1 through December 31, 1999. It also describes work planned for the coming quarter.

Accomplishments and activities during this reporting period:

- Continued implementation with the four (4) pilot participating banks (PBs) and initiated loan and savings programs with the ten (10) 1st Rollout banks. A summary of results through December 31, 1999 can be found in Annex 3.
- Identified ten (10) candidate banks for the 2nd Rollout and conducted institutional assessments and rapid market appraisals of each. After thorough evaluation, approval by Management Committee and confirmation by Steering Committee, selected six (6) banks to become MABS-M PBs.
- MABS-M delivered intensive technical assistance to the ten (10) 1st rollout banks in this quarter. A review of the loan and savings products was conducted and revisions made and proposals were made to the banks to introduce a staff incentive scheme. Based on our experience with the 4 pilot banks, particular attention was placed on inculcating a culture of "0 tolerance" among bank management and staff, the credit and business investigation process including debt capacity analysis and client follow-up.
- Delivered one-day workshops on preventing and managing delinquency titled "Zero Tolerance for Past-Due Loans" in Cagayan d'Oro, General Santos, Dapitan, and Butuan. The course covered the characteristics of loan delinquency, effects on profitability, how to measure loan delinquency, and how to control and prevent loan delinquency through credit methodology, information systems and bank image and philosophy. The course has been compiled into a trainer-friendly format for easy transfer to RBAP for delivery in Luzon and Visayas.
- MABS installed MB Philippines loan management software in all 10 1st rollout PBs. For some of the banks, this will be an interim solution on a standalone computer until their own software has been modified to adequately manage their microfinance portfolio. For others, it will be the first step in a conversion from another software to MB Phil software. And for a number it will be the first step in an overall upgrade from one version of Microbanker software to another.
- MABS selected the software vendor, ASEC Systems, which will be subcontracted to

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develop the next generation rural bank software. Two additional companies were identified, ISSEC Systems and MB Philippines, to be trained to install and service the new software developed by the subcontractor so that after development is completed 3 companies in the Philippines will be fully capable of installing and servicing the new software.

For the ninth quarter, January 1 through March 31, MABS-M will:

- Negotiate procurement plans and staffing requirements with 2nd Rollout: PBs and complete the following documents: Participating Bank Agreement (PBA), Action Plan, Supplemental Agreement (for commodity support), Fixed Price Contract (for salary support of microfinance staff), and Work Plans.
- MABS will work with the 4 pilot banks to reduce portfolio at risk rates and provide technical assistance to banks in an effort to prevent portfolio at risk in the future. Pilot bank training efforts will focus on aggressive collection techniques and improving the selection process of microenterprise loan clients. Pilot bank microfinance staff will be re-trained in the credit investigation process, including debt capacity analysis.
- Review the branch networks of existing PBs and prepare strategy and plan for expansion of microfinance to additional branches.
- MABS-M will conduct a two-day orientation course for three senior managers from each of the new rollout banks plus representatives from USAID and MEDCO.
- MABS-M will conduct a one-week training course for microfinance staff and supervisors of the 2nd Rollout banks. The training will include 2 days of lecture on microfinance best practices, 2 days in the field with two MABS participant banks and the final day developing 6-month workplans for each bank.
- For each of the six 2nd Rollout Banks, MABS technical staff will lead an analysis of the market, develop a business plan for the microfinance activity, lead the product development process and, using the standard MABS manual as a guide, develop a product manual for the microfinance loan product including new systems and documentation.
- Microfinance account officers will be recruited and hired and procurement of equipment will begin (however delivery and installation of equipment will likely occur in the 10th quarter).
- MABS will develop guidelines for use by our technical staff and PBs to analyze the cost efficiency of existing savings products and to guide the development of new savings products.

- Begin development of new rural bank software. The subcontract with ASSEC will be signed in the next quarter and software programming begun.
- In the ninth quarter, the DCOP will act as moderator and presenter at a large World Bank Microfinance Conference to be held in Manila on March 20-24, 2000. In addition, MABS-M will present the experience of the Rural Bank of Panabo.
- MABS will refine the income and expense monitoring systems such that the PBs are satisfied we are capturing the proper data.
- Begin installation of Monitoring and Evaluation systems in 2nd Rollout PBs.
- Recruit a Program Development Advisor for RBAP.
- Develop a strategy for expansion of microfinance services under RBAP to Luzon and Visayas.

1. Contractor's Report

AI. Background

The Microenterprise Access to Banking Services in Mindanao (MABS-M) program is a USAID-financed effort jointly implemented by the Rural Bankers Association of the Philippines (RBAP), the Rural Bankers Research and Development Foundation Incorporated (RBRDFI), and the Office of the President. Technical assistance, training, and program management are provided by Chemonics International, a firm contracted by USAID. The MABS-M program is one of the principal elements of USAID/Philippines' efforts to accelerate the economic transformation of Mindanao through expanded participation of Mindanao's lower income groups in more productive activities.

MABS-M is directed at bringing about a sizable expansion of banking services—both lending and savings—to microenterprises and other groups at lower socio-economic levels in Mindanao. Through MABS-M efforts, a minimum of 20 rural and community rural banks will be encouraged and assisted to significantly increase the services they provide to the microenterprise sector. It is intended that these efforts will demonstrate to participating banks that it can be sensible and profitable to offer services to the microenterprise sector as a regular part of their portfolios. In turn, it is expected that the successful example of participating banks will encourage all banks to look seriously at servicing the microenterprise market.

MABS-M oversight. MABS-M receives overall program guidance from a Steering Committee, composed of the Chief of Staff of the Office of the Executive Secretary, the Executive Director of the RBRDFI, a USAID representative, the RBAP President, and the President of the Confederation of Mindanao Rural Banks. This committee identifies focal areas for program coverage and formulates and concurs with major policies that guide the MABS-M program.

Additionally, MABS-M receives guidance and support on implementation matters from a Management Committee. This committee is comprised of the Executive Director of the Mindanao Economic Development Council (MEDCO) representing the Office of the President and the USAID Cognizant Technical Officer (CTO). The Management Committee approves all expenditures from the \$2 million MABS-M Special Activities Fund (SAF), which is used to facilitate the implementation of the activities to be carried out under MABS-M, including special studies, training, commodity and technical support, incentive schemes, and procuring services of organizations or individuals needed to carry out specialized tasks.

Finally, MABS-M and the MABS-M Management Committee are given regular input from a private sector Bankers Advisory Committee. This committee is composed of the Executive Director of the RBRDFI, the President of the Confederation of Rural Bank in Mindanao, and one elected representative from among the MABS-M participating banks.

The MABS-M program got underway in January 1998, and is expected to have a life of four years, with the option to extend for an additional two years. It is a cost-plus-fixed-fee (CPFF)

completion contract. The estimated cost for the performance of the work required in the contract, exclusive of fixed fee, is \$6,091,503. The fixed fee is \$302,095. The estimated cost plus fixed fee is \$6,393,598, the total amount of which has been obligated. The contract budget is broken down into two Contract Line Item Numbers (CLINS), one for Expanding Access to Banking Services (\$4,393,598) and the other for the Special Activities Fund (\$2,000,000).

A2. Expected Results

- A minimum of 20 rural banks and/or community rural banks from throughout Mindanao will receive MABS-M assistance.

The MABS-M program will assist these banks to:

- Expand their portfolios to include at least 500 new microenterprise loans each, with a total of at least 8,000 new borrowers among all participating banks.
- Enroll 1000 new microenterprise depositors, with at least 15,000 new depositors among all participating banks.

As a measure of sustainability and impact beyond the life of the MABS-M program:

- At least half of the participating banks will have decided to make microenterprise services a continuing and significant part of their portfolios, and will have taken the steps required to properly and profitably service the microenterprise market.

A3. Current Core Activities: MABS-M Activity

Per the Year III workplan, covering the period January 1 through December 31, 2000, the contractor is responsible for ensuring that these major components are addressed:

1. Bank Strengthening
2. Microfinance Policy
3. Monitoring and Evaluation
4. RBAP/RBRDFI Strengthening
5. Project Management

There are 5 Activity Components in the Year 3 workplan rather than the 7 in the Year 2 workplan. Two activity components – “Training” and “SAF Initiatives” – have been eliminated. Training activities will now be included in the “Bank Strengthening” section. “SAF Initiatives” has been eliminated as a component because the SAF is more a funding mechanism than a description of project activity. SAF initiatives include procurement of equipment and salary support for PBs, PB software modifications, new software development, training activities and all RBAP/RBRDFI related expenditures and are described in the Year 3 workplan under the appropriate Activity Component. SAF requests approved in the eighth quarter and SAF requests expected for the ninth quarter are attached in Annex 1. The title of Activity 1 was changed from

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“Institutional Strengthening” to “Bank Strengthening” to better describe the purpose of the activities falling under this component.

Below, each of the MABS-M component activities are summarized, highlighting tasks accomplished in the eighth quarter, and tasks planned for the ninth quarter (January 1 - March 31, 2000) as contained in the Year 2 workplan:

1. **Bank Strengthening**

Component one, bank strengthening, incorporates Participating Bank (PB) activities including but not limited to PB selection, diagnostic evaluations, organizational and human resource development, systems development and installation, loan product development, preparation of manuals and marketing. It also includes training activities such as formal course work, workshops, seminars, on-the-job training, internships, study tours and other capacity-building initiatives. Training courses and activities and system development such as the new rural bank software will continue to be funded through the SAF in Year 3.

Tasks completed in the eighth quarter:

1. *Task One: Pre-screen to 10 the number of rural banks to receive Institutional Assessments for the 2nd Rollout.* From among the 43 rural banks and their affiliates that expressed interest in participating in February of this year, MABS-M requested updated financial statements from the “A” banks not chosen last round and the “B” and “C” banks. Based on financial criteria including past due, capitalization level, liquidity, and profitability, together with bank location and number of branches, MABS-M shortlisted ten (10) banks.
2. *Task Two: Conduct Institutional Assessments and Rapid Market Appraisals for the 2nd Rollout.* In November and December, MABS-M conducted institutional assessments of the ten (10) rural banks pre-screened under task one.
3. *Task Three: Select 2nd Rollout Participating Banks.* In December, MABS-M selected 6 banks to become 2nd Rollout Participating Banks. Approval from the Management Committee and consent of the Steering Committee for the 2nd Rollout PBs was received in December. In addition, letters were sent out to the six (6) selected PBs inviting them to a senior management training in January.
4. *Task Four: Deliver “Expansion Phase” technical assistance and training to pilot PBs* MABS continued to provide technical assistance to the four pilot banks during their expansion phase. One of the pilot banks, RB Digos, expanded to 2 additional branches and over 1,000 borrowers as of the end of December. Although we are pleased the bank believes so strongly in the potential of microenterprise lending, portfolio at risk increased substantially at this rural bank. The causes of the increase in portfolio at risk have been identified and include the bank’s excessive tolerance for past due loans, inadequate follow-up of past due clients, and insufficient time and attention paid to the client

investigation process and debt capacity analysis. As a result, in part, to the problems identified at Rural Bank of Digos, MABS' COP requested the resignation of one of the MABS technical staffers. Re-training of Digos' management and staff will be conducted in the next quarter. We also worked closely with two of the four pilot banks to further refine their loan products and market their savings products. Their expansion plans have focused on broadening their geographic outreach as they do not have branch networks. MABS-M worked with the fourth pilot bank, Trubank, to create a new loan product in an alternative branch located in front of a very large public market so that this bank and branch will be able to reach, at a minimum, the targeted number of borrowers. All four of the pilot banks experienced an increase in portfolio at risk during the eighth quarter. Technical assistance was provided to all banks in an effort to reduce portfolio at risk and prevent increases in the future.

5. *Task Five: Deliver intensive technical assistance and training to 1st Rollout Banks.* MABS-M continued to deliver intensive technical assistance to the ten (10) 1st rollout banks in this quarter. Specifically, a review of the loan and savings products was conducted and revisions made. Furthermore, proposals were made to the banks to introduce a staff incentive scheme. Each technical staff member (7) continued to spend two days per week with each of their two banks. Based on our experience with the 4 pilot banks, particular attention was placed on inculcating a culture of "0 tolerance" among bank management and staff, the credit and business investigation process including debt capacity analysis and client follow-up.
6. *Task Six: Identify training needs of the pilot and rollout banks:* MABS-M technical staff worked with the 14 PBs to identify the training needs of their staff to ensure ongoing quality and increasing productivity within the microfinance unit. Once training needs were identified, MABS developed training material for delivery by the technical staff to the PBs. Specifically, training material on delinquency management, cash flow analysis, savings promotions and credit investigation were created. In addition, some PB staff visited other PBs to observe their operations.
7. *Task Seven: Deliver MABS-M regional training series.* In October and November, four one-day workshops on preventing and managing delinquency titled "Zero Tolerance for Past-Due Loans" were delivered in Mindanao. Course locations included Cagayan d'Oro on October 14, General Santos on October 28, Dapitan on November 19, and Butuan on November 23. These workshops were open to all rural bankers in the various geographical regions. In the four workshops, a total of 119 participants attended, representing 50 banks in Mindanao. The course covered the characteristics of loan delinquency, effects on profitability, how to measure loan delinquency, and how to control and prevent loan delinquency through credit methodology, information systems and bank image and philosophy. The course has been compiled into a trainer-friendly format for easy transfer to RBAP for delivery in Luzon and Visayas.
8. *Task Eight: Begin preparations to deliver intensive technical assistance and training ("Start-Up Phase") to 2nd Rollout PBs in the next quarter.* This quarter, MABS-M

prepared for the Senior Managers Training to be delivered in January 2000. The training is a two-day orientation course offered to three senior managers from each of the new rollout banks plus representatives from USAID and MEDCO. The orientation will be held in Cagayan d'Oro and will include an exposure visit to at least one of the MABS-M PBs (1st Rollout banks) with a briefing on the bank products, microfinance best practices, the MABS-M approach to delivering technical assistance, financial business planning, the Participating Bank Agreement and Action Plans.

9. *Task Nine: Install MB Phil software in all of the 1st Rollout Banks.* MABS installed MB Philippines loan management software in all 10 1st rollout PBs. For some of the banks, this will be an interim solution on a standalone computer until their own software has been modified to adequately manage the ir microfinance portfolio. For others, it will be the first step in a conversion from another software to MB Phil software. And for a number it will be the first step in an overall upgrade from one version of Microbanker software to another.
10. *Task Ten: Continue to correct Microbanker (MB Phil) software problems encountered in the systems of the 14 participant banks.* For the most part, MB Phil software problems in the participant banks were corrected. Ongoing monitoring of system "bugs" will continue.
11. *Task Eleven: Development of new rural banking software.* During this quarter, MABS selected the software vendor, ASEC Systems, which will be subcontracted by MABS to develop the next generation rural bank software. Two additional companies were identified, ISSEC Systems and MB Philippines, to be trained to install and service the new software developed by the subcontractor so that after development is completed 3 companies in the Philippines will be fully capable of installing and servicing the new software.

Tasks to be completed during the ninth quarter:

1. *Task One: Complete Participating Bank Documentation for 2nd Rollout PBs.* Negotiate procurement plans and staffing requirements with 2nd Rollout PBs and complete the following documents: Participating Bank Agreement (PBA), Action Plan, Supplemental Agreement (for commodity support), Fixed Price Contract (for salary support of microfinance staff), and Work Plans. As part of this process, and prior to the signature of the documents, the MABS-M Management Committee will approve resource support levels for each of the PBs.
2. *Task Two: Deliver "Expansion Phase" technical assistance and training to pilot PBs and 1st Rollout banks.* MABS-M will continue to provide technical assistance to the four pilot banks during their expansion phase and will begin the expansion phase with the 1st Rollout banks. With the 4 pilot banks, MABS will work to reduce portfolio at risk rates and provide technical assistance to banks in an effort to prevent portfolio at risk in the future. Pilot bank training efforts will focus on aggressive collection techniques and

improving the selection process of microenterprise loan clients. Pilot bank microfinance staff will be re-trained in the credit investigation process, including debt capacity analysis. A major focus of the "expansion phase" work we will do with 1st Rollout banks includes a review of the branch networks of existing PBs for possible expansion of the MABS-M program. Once identified, plans will be made to work with central office and branch personnel to implement microfinance activities in other branches. MABS-M will be developing training courses for central office or branch staff to enable widespread rollout to branch networks. This material will ultimately be transferred to RBAP for continued implementation to other rural banks.

3. *Task Three: Training Course for 2nd Rollout Senior Managers.* In January 2000, MABS-M will conduct a two-day orientation course for three senior managers from each of the new rollout banks plus representatives from USAID and MEDCO. A total of 20 participants are expected. Each will spend a day visiting an existing PB to observe their operations.
4. *Task Four: Training Course for 2nd Rollout MF staff and supervisors.* In February, MABS-M will conduct a one-week training course for microfinance staff and supervisors of the 2nd Rollout banks. A maximum of 5 participants per bank will be invited for a total of 30 participants. The training will include 2 days of lecture on microfinance best practices, savings and loan product development, delinquency management, and reporting. Participants will also spend 2 full days in the field with two MABS participant banks (RB Bukidnon and RB Talisayan) observing client orientation sessions, credit investigation, loan disbursement and collection, and management reporting. The final day of the training will include one-on-one discussions with MABS technical staff to develop the 6-month workplan for technical assistance and training.
5. *Task Five: Deliver intensive technical assistance and training to 2nd Rollout PBs.* Intensive technical assistance will be provided to the six (6) rollout banks during this quarter. For each of the six 2nd Rollout Banks, MABS technical staff will lead an analysis of the market, develop a business plan for the microfinance activity, lead the product development process and, using the standard MABS manual as a guide, develop a product manual for the microfinance loan product including new systems and documentation. In addition, various new initiatives such as the use of chattel mortgages and staff incentive schemes will be suggested. Five of the seven MABS technical staff members will take on one new bank each while maintaining responsibility for their existing two banks, while one technical staff member will take on two new rollout banks. All technical staff will continue to provide on-the-job-coaching to microfinance and other bank staff ensuring that all 20 PBs receive ongoing technical assistance and training.
6. *Task Six: Recruit and hire staff and procure equipment for 2nd Rollout PBs.* Microfinance account officers will be recruited and hired and procurement of equipment will begin (however delivery and installation of equipment will likely occur in the 10th quarter).
7. *Task Seven: Develop Savings Product Guidelines.* MABS will develop guidelines for use

by our technical staff and PBs to analyze the cost efficiency of existing savings products and to guide the development of new savings products.

8. *Task Eight: Follow up with MB Phil to modify the MBXD Plus software.* MB Phil has been contracted to modify the MBXD Plus software so that it will be able to deliver our new standard reports. The software modification was to be completed by March 2000 but indications are that it will likely be ready in April 2000. At that point, extensive testing will be required prior installing into our participant banks.
9. *Task Nine: Begin development of new rural bank software.* The subcontract with ASSEC will be signed in the next quarter and software programming begun.

2. **Microfinance Policy.**

In coordination with USAID and the USAID-financed projects CPIP and AGILE, MABS-M will undertake a number of policy initiatives related to microfinance and rural banks.

Tasks completed during the eighth quarter:

1. *Task One: Carry out Policy Initiatives.* During the eighth quarter, MABS-M compiled information on the People's Credit and Finance Corporation (PCFC) relative to its involvement with our participating banks. This information will be relayed to PCFC as a means for beginning a dialogue with them with the aim to influence their policies as they affect the microfinance market.

Tasks to be completed in the ninth quarter:

1. *Task One: Carry out Policy Initiatives.* MABS-M will continue to work with AGILE and CPIP on policy initiatives related to microfinance and rural banking. MABS-M will work to encourage RBAP to take a more objective look at directed programs such as programs implemented by the Peoples Credit and Finance Corporation (PCFC).
2. *Task Two: Participate in a World Bank Microfinance Conference.* In the ninth quarter, the DCOP will act as moderator and presenter at a large World Bank Microfinance Conference to be held in Manila on March 20-24, 2000. Specifically, MABS-M will present the experience of the Rural Bank of Panabo as well as considerations that formal banking institutions need to address prior to embarking on the provision of microfinance services.
3. ***Monitoring and Evaluation.***

This component includes activities relating to the establishment of M&E systems for use by the individual PBs, the MABS project team, and the RBRDFI. In addition, special studies, briefs, impact assessments and other evaluations are included in this component. In the Year 2 workplan

we included issues related to PB management information systems in this section however for Year 3 we have moved issues related to this topic to Activity Component 1, Bank Strengthening.

Tasks completed during the eighth quarter:

1. *Task One: Monthly Evaluation of Performance.* Annex 3 contains the monthly "MABS-M Report" of the fourteen PBs. Beginning this quarter we have income and expense information for both the pilot banks and the 1st rollout banks in addition to portfolio and savings information for new micro clients. Furthermore, two of the MABS-M pilot banks have begun implementing the microfinance product developed with MABS-M in more than one branch the data for which we began to capture this quarter.

Tasks to be completed in the ninth quarter:

1. *Task One: Monthly Evaluation of Performance.* Continue to monitor PB performance via the "MABS-M Report" on a monthly basis. In addition, evaluate overall bank and branch performance of MABS-M PBs. Beginning in the ninth quarter, MABS-M will collect, on a quarterly basis, the branch and bank financial statements of our participant banks to ensure capital adequacy and overall sound financial management.
2. *Task Two: Refine income/expense portion of M & E System.* For PBs to be convinced of the value of microfinance, they must see the loan product as a profitable one. MABS will continue to refine the income and expense monitoring systems such that we and the PBs are satisfied that we are capturing the proper data.
3. *Task Three: Begin installation of Monitoring and Evaluation systems in 2nd Rollout PBs.* MABS-M will begin monitoring performance of the 2nd Rollout banks in the 10th quarter. Prior to doing so, it will be necessary to ensure that adequate management information systems that have all the reporting functionality we consider standard exists in the 2nd Rollout banks. This may require installing MB Phil in some or all of the 2nd Rollout banks either as an interim solution or as a permanent system. Installation of monitoring and evaluation systems will begin in the 9th quarter and be completed in the 10th quarter.
4. **RBAP/RBRDFI.**

All initiatives dealing with the development and strengthening of the RBRDFI, including training specifically directed to this organization, will be programmed under this component.

Tasks completed during the eighth quarter:

1. *Task One: Recruit a Program Development Advisor for RBAP.* MABS-M developed a job description, advertised in newspapers, and reviewed resumes for the position of program development advisor. However, no candidate was identified acceptable to both RBAP and MABS. Recruitment will be continued in quarter nine.

Tasks to be completed in the ninth quarter:

1. *Task One: Recruit a Program Development Advisor for RBAP.* MABS and RBAP will continue efforts to recruit a Program Development Advisor. The search this round will be for a candidate who could become the Chief Executive Officer of RBAP.
2. *Task Two: Conduct a feasibility study of establishing a credit bureau.* The rural bankers in Mindanao have long desired a credit information bureau that could help them make better-informed decisions about prospective clients - particularly the small and micro clients - in order to reduce high delinquency rates. In January 2000 a short-term consultant is scheduled to assess the feasibility of introducing a credit information bureau for rural banks throughout Mindanao. Should the assessment be that a credit bureau would prove a viable proposition it is envisaged that a pilot would be introduced in southern Mindanao. A sustainable credit bureau, if it proves feasible, will be managed on a long-term basis by RBAP.
3. *Task Three: Conduct Apex Bank Feasibility Study.* Although planned for April in the Year 3 workplan, the Steering Committee has requested that the Apex Bank feasibility be put on hold.
5. **Program Management.**

Program management takes into account meetings, project evaluations, report submission, visits by Chemonics' home office staff, and other activities related to overall project management. It also includes the ManCom assessment of the pilot phase of MABS-M-M, conducted in March 1999.

Tasks completed during the eighth quarter:

1. *Task One: Submit Seventh Quarterly Performance Monitoring Report.* The seventh quarterly report, covering the period July 1 - September 30, 1999, was submitted to USAID in November.
2. *Task Two: Submit Year 3 Work Plan.* The Year 3 Work Plan was submitted to USAID on December 1. After an initial review by USAID, the Year 3 Work Plan was forwarded to Steering Committee members and discussed at a Steering Committee meeting in early January 2000.
3. *Task Three: Perform the annual inventory of commodities.* All commodities and project equipment were inventoried during the month of December and a summary sent to the USAID CTO and contracts office.
4. *Task Four: Home office assistance from Project Supervisor Lief Doerring.* As MABS-M-M continues to expand its outreach to new banks, the Chemonics project manager assisted the chief of party in planning the expansion of outreach and coverage, preparing

the year 2000 workplan, and assessing internal project management and coordination systems put in place as part of the expansion.

5. *Task Five: Staff changes.* A long-term technical staff member, Mateo Ty, was requested to resign during the quarter for performance reasons. An administrative assistant/receptionist was asked to resign for performance reasons as well. Both agreed to resign and left the payroll by year-end. The technical staff member was replaced by Mr. Eduardo Luang, an experienced banker and microfinance professional, under a short-term contract (6-month contract).

Tasks to be completed in the ninth quarter:

1. *Task One: Submit Eighth Quarterly Performance Monitoring Report.* The eighth quarterly report, covering the period October 1 - December 31, 1999, will be submitted to USAID in the ninth quarter.
2. *Task Two: Plan Strategy for Possible Expansion of MABS-M.* Recent discussions with USAID indicate that a possible expansion of the MABS-M program may be considered. A description of the strategy for expansion of microfinance services under RBAP to Luzon and Visayas will be completed during the quarter.

A4. Performance

The following results were achieved during the eighth quarter:

- Continued implementation with the four (4) pilot participating banks (PBs) and initiated loan and savings programs with the ten (10) 1st Rollout banks. A summary of results through December 31, 1999 can be found in Annex 3.
- Identified ten (10) candidate banks for the 2nd Rollout and conducted institutional assessments and rapid market appraisals of each. After thorough evaluation, approval by Management Committee and confirmation by Steering Committee, selected six (6) banks to become MABS-M PBs.
- MABS-M delivered intensive technical assistance to the ten (10) 1st rollout banks in this quarter. A review of the loan and savings products was conducted and revisions made and proposals were made to the banks to introduce a staff incentive scheme. Based on our experience with the 4 pilot banks, particular attention was placed on inculcating a culture of "0 tolerance" among bank management and staff, the credit and business investigation process including debt capacity analysis and client follow-up.
- Delivered one-day workshops on preventing and managing delinquency titled "Zero Tolerance for Past-Due Loans" in Cagayan d'Oro, General Santos, Dapitan, and Butuan. The course covered the characteristics of loan delinquency, effects on profitability, how to measure loan delinquency, and how to control and prevent loan delinquency through

credit methodology, information systems and bank image and philosophy. The course has been compiled into a trainer-friendly format for easy transfer to RBAP for delivery in Luzon and Visayas.

- MABS installed MB Philippines loan management software in all 10 1st rollout PBs. For some of the banks, this will be an interim solution on a standalone computer until their own software has been modified to adequately manage their microfinance portfolio. For others, it will be the first step in a conversion from another software to MB Phil software. And for a number it will be the first step in an overall upgrade from one version of Microbanker software to another.
- MABS selected the software vendor, ASEC Systems, which will be subcontracted to develop the next generation rural bank software. Two additional companies were identified, ISSEC Systems and MB Philippines, to be trained to install and service the new software developed by the subcontractor so that after development is completed 3 companies in the Philippines will be fully capable of installing and servicing the new software.

Current status vs. expected end of project results:

1. Expected end of project results: A minimum of 20 rural banks and/or community rural banks from throughout Mindanao will receive MABS-M assistance.

Current status: 20 rural banks are now receiving assistance from MABS-M.

2. Expected end of project result: PBs will expand their portfolios to include at least 500 new microenterprise loans each, with a total of at least 8,000 new borrowers among all participating banks.

Current status: One of the PBs has achieved the individual bank target of 500 new microenterprise loans. The total number of new active borrowers outstanding for the 14 existing PBs is 2,605. To achieve our target of 8,000 new active borrowers, MABS PBs will need to increase the net number of new active borrowers by 5,395 or an average of 257 per month.

3. Expected end of project result: Enroll 1000 new microenterprise depositors each, with a total of at least 15,000 new depositors among all participating banks.

Current status: Three of the PBs have achieved the individual bank target of 1000 new microenterprise depositors. The total number of new active depositors for the 14 PBs is 9,615. To achieve our target of 15,000 new active depositors, MABS PBs will need to increase the net number of new active depositors by 5,384 or an average of 256 per month.

4. Expected end of project result: At least half of the participating banks will have decided to make microenterprise services a continuing and significant part of their portfolios, and will have taken the steps required to properly and profitably service the microenterprise market.

Current status: Achievement of this result will depend to a large extent on profitability. At this time, 5 of the 20 PB microfinance units are profitable on an "incremental cost" basis and 3 are profitable on a full cost allocation basis.

A5. Statement of Work

No circumstance has changed which would require modification in any of the elements of the statement of work contained in Section C of the MABS-M contract.

2. Administrative Information:

Contract Data: Total Estimated Cost	\$ 6,393,598
CLIN #1 Total Estimated Cost	\$ 4,393,598
1. Expenditures (October 1 - December 31)	\$ 423,662.
2. Cumulative Expenditures to date:	\$ 3,430,119
3. Remaining unexpended balance:	\$ 963,479
CLIN #2 Total Estimated Cost	\$ 2,000,000
1. Expenditures (October 1 - December 31)	\$ 300,106
2. Cumulative Expenditures to date:	\$ 321,647
3. Remaining unexpended balance:	\$ 1,678,353

Annex 1

SAF requests approved in the eighth quarter:

- SAF No.29. Enhancement of Loan and Savings Ledger for Enterprise Bank.* This enhancement was necessary to enable Enterprise Bank to monitor both its MABS-M loan accounts and savings accounts.
- SAF No.30. Installation of MB Phil Software in 1st Rollout Banks.* MABS-M installed MBXD in all of the 1st rollout banks. For some of the banks, this will be an interim solution on a standalone computer until their own software has been modified to adequately manage the ir microfinance portfolio. For others, it is the first step in a conversion from another software to MB Phil software. And for a number, it merely upgraded one version of Microbanker software to another.
- SAF No.31. Delinquency Measurement and Control/Interest Rate Calculation Course.* Enterprise Bank plans to expand its microfinance activity substantially and recognizes the need to ensure a high quality of their loan portfolio. Hence, their participation at this three-day course offered by the Asian Institute of Management and Punla was deemed to be worthwhile.
- SAF No. 33. Subcontract to Gulliamo Bolanos for Credit Bureau Study.* MABS-M subcontracted a consultant to develop a feasibility study and implementation plan for a regional credit bureau in Mindanao. If found to be feasible, implementation will be on a sub-regional basis with Davao as the test site.
- SAF No. 34. MABS staff, office and expenses for the regional office in Cagayan de Oro and MIS related expenditures.* This SAF request included funding for a regional office in Cagayan de Oro, including an expatriate advisor, 4 local technical staff and 2 support staff. It also included MIS related expenses including the salary, benefits and miscellaneous costs associated with the fielding and work of MIS Manager Peter Glibbery and the new rural bank software to be developed.

Note: SAF requests number 28 and 32 were cancelled prior to submission to USAID.

SAF requests expected during the ninth quarter:

- Training Course for 2nd Rollout Senior Managers.* MABS-M will conduct a two-day training course for senior management of the 2nd Rollout banks. A total of 30 rollout bank participants plus representatives from USAID and MEDCO are expected to attend. The training will take place in Cagayan d'Oro and include a field visit to at least one of MABS-M participant banks.

- *Procure Equipment, Recruit/Hire Staff for 2nd Rollout PBs.* This SAF request will cover the financial support for the 2nd Rollout banks including commodities and salary assistance to be provided to each bank. MABS-M is supporting up to 4 microfinance staff at each PB, 100% for the first six months and 50% for a second six months.
- *Training Course for 2nd Rollout MF staff and supervisors.* MABS-M will conduct a one-week training course for microfinance staff and supervisors of the 2nd Rollout banks. A total of 30 rollout bank participants plus representatives from USAID and MEDCO and some of the 1st rollout banks are expected to attend. The training will include 2 days of lecture and 2 full days in the field with two MABS-M participant banks.
- *Refresher Course on Microbanker Loan Module.* During the eighth quarter, all the 1st rollout banks were provided with Microbanker loan tracking software to enable them to monitor their loan activity and to provide us with accurate monthly reports. However, the timetable for installing the software was very tight and thus only minimal training was provided. MABS-M will provide additional training in the ninth quarter to all the rollout banks to ensure effective and accurate use of the software.
- *Purchase of MicroBanker MBXD Savings and General Ledger Modules for the Rural Bank of Lebak.* All of the 1st rollout banks were provided with Microbanker loans module to monitor their microfinance loans. In addition, they were offered the savings module and the general ledger module. Only one of the 10 rollout banks accepted the offer. The Rural Bank of Lebak will receive the additional modules in the ninth quarter.
- *One-day Workshop for Pilot Banks.* The 24-month technical assistance package for the four (4) pilot banks will end in eight months. MABS-M will hold a one-day workshop with the senior management of the pilot banks to determine their level of satisfaction with the MABS-M program and, more importantly, determine how MABS-M can best support them for the remaining months of the agreement.

Other SAF requests, as identified by the MABS-M team and approved by the ManCom, may occur during the Ninth Quarter.

Note: A SAF tracker is used by MABS-M to monitor SAF expenditures. It is current through the end of Quarter 8 and included here in Annex 2.

Annex 2

SAF Tracker
December 31, 1999

Philippines MABS-M PROGRAM SAF TRACKER										
Date	No.	Purpose of Expense	Number of Participants	General Results	Updated through:		Dec-99			
					Exchange Rate (PhP to US\$1)	Approved Budget (US\$)	Actual Expenses (US\$)	Open/ Closed	Budget Overrun	SAF balance (US\$2,000,000)
4/18/98	1	Best Practices Workshop	109	Attendance was successful. Participating banks came from 89 rural/cooperative banks in Mindanao. MABS program was defined. Interest in MABS was established.	40.00	\$4,131.00	\$1,545.28	Closed	\$0.00	\$2,000,000.00
4/17/98	2	MIS Study	1	RBRDFI staff involvement in MIS assessment.	38.42	\$805.47	\$283.29	Closed	\$0.00	\$1,998,171.43
6/3/98	3	Product Development Workshop	33	Rural banks and regional Federation presidents were invited. Participants rated invited speakers from CARD and San Leonardo Rural Bank very helpful.	39.00	\$4,728.72	\$3,208.61	Closed	\$0.00	\$1,994,962.82
7/3/98	4	Market Survey, Fixed-Price	500	TRENDS-MBL will conduct a survey of microenterprises in each of the PB market areas. This request also includes 2 research assistants for one month each. *Exceeded budget due to forex drop	42.00	\$15,672.33	\$16,800.09		\$1,127.76	\$1,978,162.73
7/13/98	5	Training Preparation - Boypee Panganiban	1	Boypee Panganiban will come to Davao for 5 days to assist in preparing training sessions for upcoming regional workshops.	41.00	\$1,892.34	\$1,684.99	Closed	\$0.00	\$1,976,477.73
7/31/98	6	Microbanker Software Pilot Banks	1	P. Crisostomo's (RBRDFI) Staff travels		\$1,640.00	\$3,188.88		\$1,548.88	\$1,973,288.85
8/19/98	7	Loan Repayment Workshop	30	B. Pendleton's Loan Repayment workshop		\$5,734.76	\$3,727.87		\$0.00	\$1,969,560.98
9/7/98	8	Cash Flow Lending workshop	500	B. Panganiban's Regional Workshops		\$25,573.29	\$14,633.87		\$0.00	\$1,954,927.12
9/25/98	9	Case Study of PAICOP	1	D. Capeding, a case study of PAICOP		\$751.96	\$1,592.65		\$840.69	\$1,953,334.46
				*Exceeded budget due to extension of services						
10/5/98	10	Pilot Bank Agreement	4	Pilot Bank Agreement Implementation		\$65,872.98	\$49,566.76		\$0.00	\$1,903,767.71
12/15/98	11	Panganiban Book Publication	1	NRBSL Practices		\$8,252.06	\$7,753.77		\$0.00	\$1,896,013.94
11/17/98	12	Research Assistant Roll out	1	Luisa Cadiz, RA for Roll-out		\$2,938.38	\$6,410.33		\$3,473.97	\$1,889,603.61
12/8/98	13	Mindanao Fed. RB Meeting	30	Regional Conference		\$2,448.11	\$456.33		\$0.00	\$1,889,147.28
1/11/99	14	Enhancement of MicroBanker	4	Pilot Bank MIS Enhancement		\$13,282.07	\$13,976.58		\$694.52	\$1,875,170.69
2/15/99	15	RBAP Strategic Planning	1	Laurel Druben, ITI, fixed-price subcontract		\$32,895.56	\$25,091.20		\$0.00	\$1,850,079.43
2/19/99	16	NRBSL Exposure Trip	9	Pilot Bank Managers and staff trip to NRBSL		\$6,818.42	\$4,854.01		\$0.00	\$1,845,225.42
Cancelled	17	SGV Corporate Finance to RBAP		Cancelled		\$0.00	\$0.00		\$0.00	\$1,845,225.42

SAF Tracker
December 31, 1999

Philippines MABS-M PROGRAM										
SAF TRACKER										
Updated through Dec-99										
Date	No.	Purpose of Expense	Number of Participants	General Results	Exchange Rate (Php to US\$1)	Approved Budget (US\$)	Actual Expenses (US\$)	Open/ Closed	Budget Overrun	SAF balance (US\$2,000,000)
5/3/99	18	Follow up trip by Druben	1	Assistance during RBAP convention			\$31,662.29		\$31,662.29	\$1,813,563.13
5/20/99	19	Training on PBs Approach		Pilot Banks Training Modules		\$2,627.39	\$920.44		\$0.00	\$1,812,642.69
6/4/99	20	Orientation for Sr. Officers of new PBs		Workshop orientation new PBs		\$8,264.55	\$4,907.72		\$0.00	\$1,807,734.97
7/21/99	21	Commodities Assistance for new PBs		Commodities assistance to new 10 PBs		\$172,646.52	\$42,327.06		\$0.00	\$1,765,407.91
7/16/99	22	Training course for MF Staff and PB supervisors		MF workshop training course new PBs		\$19,080.16	\$14,800.12		\$0.00	\$1,750,607.79
8/12/99	23	Subcontract to ITI, Presentation of Plan		Druben-SDP Finalized Plan for Implementation		\$36,543.00	\$17,269.79		\$17,269.79	\$1,733,338.00
9/1/99	24	Enhancement of PC Banker of PB Ozamis City		RB Ozamis PC Banker enhancement		\$5,313.87	\$2,372.90		\$0.00	\$1,730,965.10
9/3/99	25	Internship at Enerprise Bank of SRBI & RBM		Enterprise Bank for MFU RB Sarangani/Montevista		\$528.57	\$528.57		\$0.00	\$1,730,436.53
10/13/99	26	Enhancement of MB System for PBs		MicroBanker system for PBs		\$24,480.71	\$11,194.03		\$0.00	\$1,719,242.50
9/17/99	27	Workshop on Zero Tolerance on Past Due Loans		Zero Tolerance (Regional)		\$7,096.14	\$2,604.49		\$0.00	\$1,716,638.01
Cancelled	28	Cancelled		Cancelled		\$0.00	\$0.00		\$0.00	\$1,716,638.01
10/22/99	29	Enhancement of Loan & Savings Ledger		Loan & Savings Ledger		\$5,440.16	\$2,462.45		\$0.00	\$1,714,175.56
11/4/99	30	Purchase of MBXD95+				\$10,292.16	\$4,631.03		\$0.00	\$1,709,544.53
11/9/99	31	Delinquency Measurement and Control Course		Workshop		\$566.92	\$0.00		\$0.00	\$1,709,544.53
Cancelled	32	Cancelled		Cancelled		\$0.00	\$0.00		\$0.00	\$1,709,544.53
12/10/99	33	ST consultancy of Guillermo Rolanos		Credit Bureau		\$22,550.00	\$2,738.45		\$0.00	\$1,706,806.08
12/20/99	34	Cagayan expenses & MIS		In process		\$1,303,233.83	\$84.64		\$0.00	\$1,706,721.44
Cancelled	35	Cancelled		Cancelled			\$0.00		\$0.00	\$1,706,721.44
1/7/00	36	Orientation for Sr. Officers of new PBs		Rollout banks		\$3,596.15	\$0.00		\$0.00	\$1,706,721.44
Subtotal						\$1,815,895.35	\$293,278.57		\$0.00	\$1,716,638.01
General & Administrative (4.5%)							\$13,197.54		\$0.00	\$1,693,523.90
Fixed Fee (4.95%)							\$15,170.57		\$0.00	\$1,678,353.33
Grand Total							\$321,646.67		\$0.00	\$1,678,353.33

Annex 3

CONSOLIDATED PERFORMANCE FIGURES FOR 14 PARTICIPANT BANKS

PERFORMANCE DATA

INDICATORS	FOR THE MONTH OF: DECEMBER 1999										
	Montevista	Enterprise	Lebak	Bukidnon	MisOr	Panabo	Cantilan	Talisayan	Ozamis	Kapatagan	TOTAL
No. of Active Borrowers Outstanding	246	54	60	69	108	46	91	95	87	68	924
No. of New Borrowers	0	2	8	13	30	27	14	10	28	15	148
No. of Repeat Loans	33	22	30	13	10	0	27	19	20	24	198
Loan Portfolio Balance	387,563	191,544	209,127	303,560	842,858	118,080	321,354	269,114	204,720	260,698	3,108,618
No. of Depositors Outstanding	479	258	249	420	487	241	595	682	737	737	5,939
No. of New Depositors	2	19	24	88	91	93	44	52	333	61	807
Deposit Balance	167,350	122,261	736,824	483,290	510,827	142,960	427,350	1,293,671	122,153	379,450	4,386,136
No. of Microfinance Field Staff	2	2	2	2	2	3	2	2	4	2	23
No. of Loans Disbursed	33	24	38	26	40	28	41	29	46	35	340
Cumulative No. of Loans Disbursed	368	98	109	97	120	46	122	117	130	92	1,299
Amt. of Loans Disbursed	165,000	174,000	219,550	298,000	426,000	139,000	270,000	171,500	235,000	175,000	2,273,050
Cumulative Amt. of Loans disbursed	1,300,000	591,000	557,300	785,000	1,310,500	322,000	613,300	582,000	505,000	445,000	7,011,100
Past Due (%)	0.0%	0.3%	0.2%	0.0%	3.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.9%
# of Accounts with an Amt Past Due	0	1	1	0	3	0	0	0	0	0	5
PAR, more than 7 days (%)	0.0%	0.3%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%

INDICATORS	FOR THE MONTH OF: DECEMBER 1999					
	SRBI	RBDI		TRuBANK		TOTAL
		(MO)	(3 Branches)	(TC-Mkt.Br.)	Sta.Cruz Br.	
No. of Active Borrowers Outstanding	233	499	743	44		1,681
No. of New Borrowers	28	10	23	8		81
No. of Repeat Loans	29	160	191	2		446
Loan Portfolio Balance	799,028	2,168,625	2,911,385	130,160		6,861,657
No. of Depositors Outstanding	925	628	805	192		3,676
No. of New Depositors	32	2	23	7		89
Deposit Balance	731,258	1,319,250	951,821	232,474		4,191,746
No. of Microfinance Field Staff	3	5	8	1		21
No. of Loans Disbursed during the Month	57	170	214	10		527
Cumulative No. of Loans Disbursed	537	1,741	1,811	44		4,643
Amt. of Loans Disbursed during the Month	289,000	1,445,600	1,654,900	60,000		4,043,000
Cumulative Amount of Loans disbursed	2,644,500	11,464,240	9,441,726	225,000		25,994,466
Past Due (%)	1.2%	10.6%	0.0%	4.0%		4.3%
# of Accounts with an Amount Past Due	6	120	0	8		168
PAR, more than 7 days (%)	4.5%	13.7%	0.0%	11.8%		5.7%

GRAND
TOTAL
2,605
229
644
9,970,275
9,615
896
8,577,882
44
867
5,942
6,316,050
33,005,566
3.0%
173
3.9%

CONSOLIDATED PERFORMANCE FIGURES FOR 10 ROLL-OUT BANKS

PERFORMANCE DATA

INDICATORS	FOR THE MONTH OF: DECEMBER 1999										
	Montevista	Enterprise	Lebak	Bukidnon	MisOr	Panabo	Cantilan	Talisayan	Ozamis	Kapatagan	TOTAL
# of Active Borrowers Outstanding	246	54	60	69	106	45	91	95	87	66	924
No. of New Borrowers	0	2	8	13	30	27	14	10	25	15	148
No. of Repeat Loans	33	22	30	13	10	0	27	19	20	24	198
Loan Portfolio Balance	387,563	191,544	209,127	303,560	842,858	118,060	321,354	255,114	204,720	250,698	3,108,618
No. of Depositors Outstanding	479	258	249	420	487	241	595	682	1,791	737	5,939
No. of New Depositors	2	19	24	88	91	93	44	52	333	61	807
Deposit Balance	167,350	122,261	736,824	483,290	510,827	142,960	427,350	1,293,671	122,153	379,450	4,388,136
No. of Microfinance Field Staff	2	2	2	2	2	3	2	2	4	2	23
No. of Loans Disbursed	33	24	38	26	40	25	41	29	46	35	340
Cumulative No. of Loans Disbursed	368	98	109	97	120	46	122	117	130	92	1,299
Amount of Loans Disbursed	165,000	174,000	219,550	298,000	426,000	139,000	270,000	171,500	235,000	175,000	2,273,050
Cumulative Amt of Loans disbursed	1,300,000	591,000	557,300	785,000	1,310,500	322,000	613,300	582,000	505,000	445,000	7,011,100
Past Due (%)	0.0%	0.3%	0.2%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
# of Accounts with an Amt Past Due	0	1	1	0	3	0	0	0	0	0	5
PAR, more than 7 days (%)	0.0%	0.3%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%

STATEMENT OF INCOME AND EXPENSES (Incremental Costs)

	Montevista	Enterprise	Lebak	Bukidnon	MisOr	Panabo	Cantilan	Talisayan	Ozamis	Kapatagan
Financial Income										
Interest Income on Loans	20,490	13,132	11,356	11,607	23,600	9,170	21,492	13,885	11,663	7,688
Service Charge on Loans	10,395	8,700	4,804	9,807	8,520	2,085	10,000	4,850	11,788	5,250
Penalty Fee on Loans	0	0	80	0	80	0	0	0	0	160
Other Financial Income	0	0	0	0	0	0	0	0	0	0
Total Financial Income	30,885	21,832	16,240	21,414	32,200	11,255	31,492	18,735	23,451	13,098
Financial Expense										
Interest Expense on Deposits	837	708	1,489	999	1,138	923	1,014	1,716	0	1,303
Interest Expense on Borrowings	2,386	485	126	0	2,767	2,317	1,908	1,233	2,388	0
Total Financial Expense	3,222	1,193	1,615	999	3,905	3,240	2,922	2,949	2,388	1,303
Gross Financial Margin (spread)	27,663	20,639	14,626	20,415	28,295	8,015	28,570	15,786	21,063	11,795
Loan Loss Provision	0	0	643	1,791	4,697	1,677	2,539	114	4,054	1,156
Net Financial Margin	27,663	20,639	13,983	18,624	23,598	6,338	26,031	15,672	16,969	10,639
Operating Expenses										
Microfinance Staff Salaries	6,275	4,600	15,172	26,979	24,647	22,283	9,000	13,050	34,249	15,450
Other Operating Expenses	3,456	1,972	4,491	2,220	1,680	1,747	2,901	13,674	2,683	4,411
Total Operating Expenses	9,731	6,572	19,663	29,199	26,327	24,030	11,901	26,924	36,932	20,861
Other Income	0	0	0	0	0	0	0	0	0	2,355
Net Income before Grants	17,932	14,067	(5,680)	(10,575)	(2,729)	(17,692)	14,130	(11,252)	(19,963)	(7,867)

CONSOLIDATED PERFORMANCE FIGURES FOR 10 ROLL-OUT BANKS

PERFORMANCE DATA

INDICATORS	FOR THE MONTH OF: DECEMBER 1999										
	Montevista	Enterprise	Lebak	Bukidnon	MisOr	Panabo	Cantilan	Talisayan	Ozamis	Kapatagan	TOTAL
# of Active Borrowers Outstanding	246	54	60	69	108	46	91	95	87	68	924
No. of New Borrowers	0	2	8	13	30	27	14	10	26	18	148
No. of Repeat Loans	33	22	30	13	10	0	27	19	20	24	196
Loan Portfolio Balance	387,563	191,544	209,127	303,560	842,858	118,080	321,354	269,114	204,720	260,698	3,108,618
No. of Depositors Outstanding	479	258	249	420	487	241	595	662	1,791	737	5,939
No. of New Depositors	2	19	24	88	91	93	44	52	333	61	807
Deposit Balance	167,350	122,261	736,824	483,290	510,827	142,960	427,350	1,293,671	122,153	379,450	4,386,136
No. of Microfinance Field Staff	2	2	2	2	2	3	2	2	4	2	23
No. of Loans Disbursed	33	24	38	26	40	28	41	29	46	35	340
Cumulative No. of Loans Disbursed	368	98	109	97	120	46	122	117	130	92	1,299
Amount of Loans Disbursed	165,000	174,000	219,550	298,000	426,000	139,000	270,000	171,500	235,000	175,000	2,273,050
Cumulative Amt of Loans disbursed	1,300,000	591,000	557,300	785,000	1,310,500	322,000	613,300	582,300	505,000	445,000	7,011,100
Past Due (%)	0.0%	0.3%	0.2%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
# of Accounts with an Amt Past Due	0	1	1	0	3	0	0	0	0	0	5
PAR, more than 7 days (%)	0.0%	0.3%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%

STATEMENT OF INCOME AND EXPENSES

	Montevista	Enterprise	Lebak	Bukidnon	MisOr	Panabo	Cantilan	Talisayan	Ozamis	Kapatagan
Financial Income										
Interest Income on Loans	20,490	13,132	11,356	11,607	23,600	9,170	21,492	13,885	11,563	7,688
Service Charge on Loans	10,395	8,700	4,804	9,807	6,520	2,085	10,000	4,850	11,788	5,250
Penalty Fee on Loans	0	0	80	0	80	0	0	0	0	150
Other Financial Income	0	0	0	0	0	0	0	0	0	0
Total Financial Income	30,885	21,832	16,240	21,414	32,200	11,255	31,492	18,735	23,451	13,098
Financial Expense										
Interest Expense on Deposits	837	708	1,489	999	1,138	923	1,014	1,716	0	1,303
Interest Expense on Borrowings	2,386	485	126	0	2,767	2,317	1,908	1,233	2,388	0
Total Financial Expense	3,222	1,193	1,615	999	3,905	3,240	2,922	2,949	2,388	1,303
Gross Financial Margin (spread)	27,663	20,639	14,626	20,415	28,295	8,015	28,570	15,786	21,063	11,796
Loan Loss Provision	0	0	643	1,791	4,697	1,677	2,539	114	4,094	1,156
Net Financial Margin	27,663	20,639	13,983	18,624	23,598	6,338	26,031	15,672	16,969	10,639
Operating Expenses										
Salaries and Benefits	14,419	582	15,172	3,650	5,175	400	17,462	16,832	2,494	5,609
Microfinance Staff Salaries	6,275	4,600	14,830	26,979	24,647	22,283	9,000	13,050	34,249	16,450
Other Operating Expenses	54,111	26,295	14,263	22,765	18,436	3,963	11,990	25,244	6,695	11,328
Total Operating Expenses	74,805	31,476	44,265	53,394	48,258	26,645	38,452	55,126	43,442	33,387
Other Income	0	0	0	0	0	0	0	0	0	2,355
Net Income before Grants	(47,142)	(10,838)	(30,282)	(34,770)	(24,660)	(20,307)	(12,421)	(39,454)	(26,473)	(20,393)
Grant Revenue	6,347	18,308	17,967	26,184	23,731	14,339	11,265	16,568	27,267	12,880
Net Income before Tax	(40,795)	7,470	(12,315)	(8,586)	(929)	(5,968)	(1,156)	(22,886)	794	(7,513)

CONSOLIDATED PERFORMANCE FIGURES FOR 4 PILOT BANKS

PERFORMANCE DATA

INDICATORS	SRBI	FOR THE MONTH OF: DECEMBER 1999					
		RBDI		TRuBANK		RBST	TOTAL
		(MO)	(3 Branches)	(TC-Mkt.Br.)	(Sta. Cruz Br.)		
No. of Active Borrowers Outstanding	233	499	743	44		162	1,681
No. of New Borrowers	28	10	23	8		12	81
No. of Repeat Loans	29	160	191	2		64	446
Loan Portfolio Balance	799,028	2,168,625	2,911,385	130,160		852,455	6,861,657
No. of Depositors Outstanding	925	628	805	192		1,126	3,676
No. of New Depositors	32	2	23	7		25	89
Deposit Balance	731,258	1,319,250	951,821	232,474		956,943	4,191,746
No. of Microfinance Field Staff	3	5	8	1		4	21
No. of Loans Disbursed during the Month	57	170	214	10		76	527
Cumulative No. of Loans Disbursed	537	1,741	1,811	44		510	4,643
Amount of Loans Disbursed during the Month	289,000	1,445,600	1,654,900	60,000		593,500	4,043,000
Cumulative Amount of Loans disbursed	2,644,500	11,464,240	9,441,726	225,000		2,219,000	25,994,466
Past Due (%)	1.2%	10.6%		4.0%		6.0%	4.3%
# of Accounts with an Amount Past Due	6	120		8		34	168
PASR, more than 7 days (%)	4.5%	13.7%		11.8%		5.2%	5.7%

STATEMENT OF INCOME AND EXPENSES (Incremental Costs)

	SRBI	RBDI		TRuBANK		RBST
		(MO)	(3 Branches)	(TC-Mkt.Br.)	(Sta. Cruz Br.)	
Financial Income						
Interest Income on Loans	28,064	68,051		2,191		40,539
Service Charge on Loans	11,360	43,760		4,400		17,343
Penalty Fee on Loans	0	0		0		0
Other Financial Income	0	0		0		0
Total Financial Income	39,424	111,811		6,591		57,882
Financial Expense						
Interest Expense on Deposits*	3,656	4,397		2,261		6,053
Interest Expense on Borrowings*	734	10,473		0		806
Total Financial Expense*	4,390	14,870		2,261		6,859
Gross Financial Margin (Spread)	35,033	96,941		4,330		51,023
Loan Loss Provision	1,482	28,118		3,503		1,960
Net Financial Margin	33,551	68,823		827		49,063
Operating Expenses						
Microfinance Staff Salaries*	9,332	37,331		2,793		22,560
Other Operating Expenses*	9,325	9,204		992		3,591
Total Operating Expenses*	18,657	46,535		3,785		26,151
Other Income	0	0		0		0
Net Income Before Grants	14,894	22,288		(2,958)		22,911

CONSOLIDATED PERFORMANCE FIGURES FOR 4 PILOT BANKS

PERFORMANCE DATA

INDICATORS	SRBI	FOR THE MONTH OF: DECEMBER 1999					TOTAL
		RBDI		TRuBANK		RBST	
		(MO)	(3 Branches)	(TC-Mkt.Br.)	(Sta.Cruz Br.)		
No. of Active Borrowers Outstanding	233	499	743	44		152	1,681
No. of New Borrowers	28	10	23	8		12	81
No. of Repeat Loans	29	160	191	2		64	446
Loan Portfolio Balance	799,028	2,168,625	2,911,385	130,160		852,459	6,861,657
No. of Depositors Outstanding	925	628	805	192		1,125	3,676
No. of New Depositors	32	2	23	7		25	89
Deposit Balance	731,258	1,319,250	951,821	232,474		956,943	4,191,746
No. of Microfinance Field Staff	3	5	8	1		4	21
No. of Loans Disbursed during the Month	57	170	214	10		76	527
Cumulative No. of Loans Disbursed	537	1,741	1,811	44		510	4,643
Amount of Loans Disbursed during the Month	289,000	1,445,600	1,654,900	60,000		593,500	4,043,000
Cumulative Amount of Loans disbursed	2,644,500	11,464,240	9,441,726	225,000		2,219,900	25,994,466
Past Due (%)	1.2%	10.6%		4.0%		6.0%	4.3%
# of Accounts with an Amount Past Due	6	120		8		34	168
PAR, more than 7 days (%)	4.5%	13.7%		11.8%		5.2%	5.7%

STATEMENT OF INCOME AND EXPENSES

	SRBI	RBDI		TRuBANK		RBST
		(MO)	(3 Branches)	(TC-Mkt.Br.)	(Sta. Cruz Br.)	
Financial Income						
Interest Income on Loans	28,064	68,051		2,191		42,539
Service Charge on Loans	11,360	43,760		4,400		17,343
Penalty Fee on Loans	0	0		0		0
Other Financial Income	0	0		0		0
Total Financial Income	39,424	111,811		6,591		57,882
Financial Expense	0	0		0		0
Interest Expense on Deposits*	3,656	4,397		2,261		6,053
Interest Expense on Borrowings*	734	10,473		0		806
Total Financial Expense*	4,390	14,870		2,261		6,859
Gross Financial Margin (Spread)	35,033	96,941		4,330		51,023
Loan Loss Provision	1,482	28,118		3,503		1,960
Net Financial Margin	33,551	68,823		827		49,063
Operating Expenses		0		0		0
Salaries and Benefits*	19,922	26,901		8,968		16,921
Microfinance Staff Salaries*	9,332	37,331		2,793		22,560
Other Operating Expenses*	44,783	30,744		4,365		53,505
Total Operating Expenses*	74,037	94,976		16,126		93,086
Other Income	0	0		0		0
Net Income Before Grants	(40,486)	(26,153)		(15,299)		(44,023)
Grant Revenue	9,332	2,278		2,793		18,181
Net Income Before tax	(31,154)	(23,875)		(12,506)		(25,842)