

MABS PROGRAM

Microenterprise Access to Banking Services

January 1 – March 31, 2005

Performance Monitoring Report

TWENTY-NINTH QUARTER

Submitted by:

Chemonics International, Inc.

In association with:

The Rural Bankers Association of the Philippines

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Acronyms

ARMDEV	Associated Resources for Management and Development Inc.
ARMM	Autonomous Region in Muslim Mindanao
ASEC	Automated Systems and Equipment Corporation
BAP-CB	Bankers Association of the Philippines - Credit Bureau
BSP	Bangko Sentral ng Pilipinas
CAAM	Conflict-Affected Areas in Mindanao
EAGLE	Efficiency, Asset Quality, Growth, Liquidity, and Earnings
ISSEC	Integrated Systems and Equipment Corporation
LC	Learning Center
LCDP	Loan Collection and Disbursements Points
MABS	Microenterprise Access to Banking Services
MABSTeRS	MABS Technical Resource Specialists
MAP	Micro Agri-Loan Product
MATTS	MABS Approach Training and Technical Services
MEDCo	Mindanao Economic Development Council
MEB	Micro Enterprise Bank
MIS	Management Information System
MPMS	MABS Performance Monitoring System
MSP	MABS Service Providers
MOU	Memorandum of Understanding
PB	Participating Bank
PDA	Personal Digital Assistant
RB2000	Rural Banker 2000
RBAP	Rural Bankers Association of the Philippines
RBRDFI	Rural Bankers Research and Development Foundation Inc
SAF	Special Activities Fund
SMS	Short Messaging Service
TAP	Text A Payment
USAID	United States Agency for International Development

Executive Summary

This document serves as the Microenterprise Access to Banking Services (MABS) Program's Twenty-ninth Quarterly Performance Monitoring Report, covering the period January 1 through March 31, 2005. It also lays out the workplan for the next quarter.

The MABS Program is a United States Agency for International Development (USAID)-financed program implemented by the Rural Bankers Association of the Philippines (RBAP) with oversight provided by the Mindanao Economic Development Council (MEDCo). Technical assistance, training, and program management are provided by Chemonics International, a firm contracted by USAID. The MABS Program is one of the principal elements of USAID/Philippines' efforts to accelerate the economic transformation of the country, particularly Mindanao, through expanded participation of lower-income groups in productive activities. MABS is directed at bringing about a sizable expansion of banking services—both loans and savings—to microenterprises and other groups at lower socio-economic levels by assisting rural banks in the Philippines to develop the capability to profitably provide loans and deposit services to microenterprises. MABS is working with banks primarily in Mindanao but also supports the expansion of banking services to microenterprises in Luzon and Visayas. In 2003, MABS launched the MABS Service Provider (MSP) Program to accelerate the installation of the *MABS Approach* and to ensure the sustainability of the Program's activities. MSPs— private organizations – were trained by MABS and accredited by RBAP to offer *MABS Approach* Training and Technical Services (MATTS) to interested rural banks.

The third phase of the MABS Program will be implemented from October 2004 through September 2007. During the extension period, the Program will focus on expanding the number of microenterprises served by participating banks (PBs), expanding support to thrift banks, developing and pilot-testing a new micro agri-loan product (MAP) that will serve agriculture-based microenterprises, and developing microbanking technologies and innovations.

To allow market expansion, the Program will further reinforce the capabilities of PBs through close monitoring, periodic training and microfinance knowledge sharing. PBs will be assisted in reviewing, identifying and modifying existing counter-productive practices. MABS will work with MSPs to modify the orientation and training of new PBs according to new, expanded targets. To give small farmers and owners of agriculture-based microenterprises access to financial services, MABS will assist PBs in the development and rollout of a micro agri-loan product. Innovations, such as the use of personal digital assistants (PDAs), the RBAP *Text A Payment* (TAP) project – a short messaging services (SMS)-based facility that allows microloan clients to use electronic money to pay microloans, and other cost-saving technologies, will also be explored and developed to reduce the costs and increase the efficiency of delivering microfinance services to clients.

A minimum of 350 rural and cooperative rural bank branches in the Philippines will be encouraged and assisted to significantly increase the services they provide to the microenterprise sector. In addition, at least one of the larger thrift banks will be enrolled in the Program and will implement the *MABS Approach* in majority of their branches. MSPs will have the capability to install MATTS in 70 to 80 additional banks per year.

The Program made concrete progress in attaining its Phase 3 targets during the 29th quarter. In February, the BSP approved the mobile cash remittance services of SMART Communications and Globe Telecom, MABS' partners in the TAP project. Globe and MABS then trained the staff of the four pilot banks on the project's features, policies and procedures. The soft launch of the project was held in March and will continue through the next quarter.

As of end-March, the five banks that are pilot testing the MAP have an outstanding MAP loan portfolio of PhP691,000 with 216 active borrowers. The portfolio at risk ratio over 7 days is at 0.61%. The high repayment rate and the relatively small average loan amount (PhP5,000) indicate the capacity of the small farmers to pay in weekly, bi-monthly, and monthly installments, and the successful outreach to more small farmers.

Bank strengthening and anti-backsliding measures and activities - supervisors' forums, refresher courses for account officers, strategic planning workshops, and operations and product reviews - were conducted during the quarter. A total of 69 MFU supervisors from 39 PBs attended four supervisors' forums held in February and March. Participants used the MFU operations review and assessment tools they learned during the forums to draft action plans. MABS provided technical assistance to two PBs in strategic planning and MF product enhancement.

End-of-quarter figures show MABS PBs' loan disbursements exceeding the PhP6 billion-mark. Since 1999, the Program's participating bank units have disbursed a total of PhP6.1 billion (approximately US\$114 million) totaling more than 538,000 microloans to more than 192,000 new microborrowers. Over the last seven years, the number of microdeposit accounts has increased by more than 260,000 with the total amount of microsavings increasing by more than PhP447 million (about US\$8.2 million). As of March 2005 MABS PBs loan portfolio balance totaled more than PhP527 million (about US\$9.7 million) comprising more than 76,000 active borrowers. MABS has provided direct support to 78 banks with 217 rural banking units.

Contractor's Report

a) MABS Oversight.

MABS receives overall program guidance from a Steering Committee, composed of a representative from the Office of the President, the Executive Director of the Rural Bankers Research and Development Foundation Inc. (RBRDFI), a USAID representative, the RBAP President, and the Chairperson of the Mindanao Economic Development Council (MEDCo). This committee identifies focal areas for program coverage and formulates and concurs with major policies that guide the MABS Program.

MABS receives guidance and support on implementation matters from a Management Committee. This committee is composed of the Executive Director of MEDCo and the USAID Cognizant Technical Officer (CTO). The Management Committee approves all expenditures from the MABS Special Activities Fund (SAF), which is used to implement activities such as conducting special studies and training, providing commodity and technical support and incentive schemes, and procuring services of organizations or individuals needed to carry out specialized tasks.

The MABS Program got underway in April 1998 and has been extended to September 2007.

b) Expected Results

The objectives and targets for September 2007 are:

1. Expansion of the average number of borrowers of participating bank units from the present 400 to a new average of 800.
2. All participating bank units initiating lending will have an average of 800 microborrowers after 18 months of operation of the *MABS Approach* to Microfinance.
3. A minimum of 350 rural banks and bank branches from throughout the Philippines will receive MABS assistance.
4. These banks will altogether expand their portfolios to reach a total of at least 250,000 active borrowers by September 2007 and reach 500,000 cumulative new borrowers by September 2007.
5. Enroll at least 400,000 new microdepositors among all participating banks.
6. At least eight of the 18 rural banks which have at least nine branches will be enrolled into the MABS Program and will be offering the *MABS Approach* to Microfinance in the majority of their branches.

7. One or more of the larger thrift banks will be enrolled into the MABS Program and will be offering the *MABS Approach* to Microfinance in a majority of their branches.
8. MABS Service Providers will have the capability of offering MATTS to at least 70 to 80 banks per year.
9. RB2000 will be copyright-protected and will be procured and installed by at least 150 bank units.
10. A MAP will be developed and tested. If it appears to be a viable product, it will be disseminated to and offered by at least 50-100 rural bank units.

c) Current Core Activities: MABS Activities

The Program's activities and objectives for the third phase (October 2004 to September 2007) are focused on six main areas:

1. Bank Strengthening & Outreach
2. Full development of Various Anti-Backsliding & Microfinance Promotion Institutions
3. Bank Management Software & Related Peripheral Technologies
4. Development of Rural Finance Products
5. Support & Other Activities
6. Program Management

Below are highlights of the tasks accomplished under each core component in the Twenty-ninth Quarter (January 1 – March 31, 2005) and tasks planned for the Twentieth Quarter (April 1 – June 30, 2005).

1. Bank Strengthening & Outreach

Activities and initiatives under this component aim to significantly expand the number of microenterprise clients being served by each PB unit by modifying the orientation and training of existing and new PBs, implementing special programs for banks with extensive branch networks, and expanding the *MABS Approach* to thrift banks.

MABS will work with PBs in reviewing, identifying and modifying counter-productive policies, programs, and procedures. Among the initial recommendations are: shifting loan payment schedules from daily to weekly, implementing a performance-based incentives program for account officers, increasing loan ceilings, and revising mandatory savings policies. Scaling-up of targets and marketing programs will be the focus of MABS' training and support. Orientation and training of new banks (by the MSPs) will reflect

these modifications. MABS will also implement special programs and focused technical support to banks that have a branch network of nine or more.

For the past six years, the *MABS Approach* to microfinance has been exclusively installed in rural banks. This is based on the assessment that only rural banks had the cost and overhead structure low enough to allow for the profitable provision of microfinance services. Over the past years, however, some of the larger thrift banks have implemented cost-cutting measures, giving them the potential to offer microfinance services at a profit. This development gives thrift banks a very significant, albeit potential, role in assuring availability of reasonably priced financial services to microenterprises, given that there are some 93 thrift banks in the Philippines, with a total of about 1200 branches.

Recognizing this, the *MABS Approach* to microfinance will be offered to at least one of larger thrift banks – one that has a network of more than 70 branches. Depending on the success of that effort, MABS could also be offered to several additional large thrift banks.

Tasks completed in the Twenty- eighth Quarter:

Task One. Set schedule and timetable for the installation of Rural Banker 2000 in Micro Enterprise Bank (MEB). RB 2000 rollout company Integrated Systems and Equipment Corporation will work with MABS and MEB to install RB2000.

Tasks to be completed in the Twentieth Quarter:

Task One. Develop a new training module on the scaling-up of MF operations.

Task Two. Develop a new training module on MF supervision for branch managers and MFU supervisors.

Task Three. Conduct trainors' training for banks with branch expansion plans.

Task Four. Revise MATTS training materials.

Task Five. Work with Associated Resources for Management and Development, Inc. (ARMDEV), the MSP providing MEB with MATTS, on the planning and implementation of MEB's trainors' training program.

2. Full Development of Various Anti-Backsliding & Microfinance Promotion Institutions

MABS will continue to develop and implement the microfinance promotion institutions and measures that were established during the second phase. These programs and institutions were established to ensure continuity and sustainability in the provision of microfinance services at a profit - both by new and existing participating banks.

MABS will closely monitor the performance of PBs to ensure strict adherence to the *MABS Approach* through collecting weekly and monthly performance monitoring reports and periodically conducting roundtables, forums, and refresher courses. Practitioner learnings, experiences, developments, updates, and trends will continue to be discussed and shared during these events. MABS will work to achieve a status of full viability and maturity for the microfinance promotion institutions establish during the second phase. These include the MABS Compliance Certification, EAGLE rating, the Credit Bureau, Learning Centers, MABS Technical Resource Specialists, and MSPs.

Tasks completed in the Twenty- eighth Quarter:

Task One. Hold Microfinance Supervisors' Forums for MSP Banks and Luzon, Visayas, and Mindanao PBs. Four microfinance supervisors' forums were held during the quarter. A total of 69 MFU supervisors and officers from 35 participating banks attended the series of forums; 24 of the 35 banks that attended the forums were MSP rollout banks. The forum series focused on market expansion, with sessions on: projections and target setting, enhancing customer loyalty, market research tools, and client dropout and retention analysis.

Forum participants developed action plans based on the results of the SPOT (strengths, problems, opportunities, and threats) analysis of their MFU operations. During the workshop sessions, participants also evaluated their MFU operations using the EAGLE rating system, reviewed their MF products, and were given pointers on conducting client satisfaction and exit surveys.



Task Two. Conduct account officers' refresher course for ARMM PBs. Fifteen account officers from three ARMM-CAAM- based PBs attended a three-day account officers' refresher course. The course covered the basic MABS microfinance best practices modules – credit and background investigation, cashflow analysis, zero tolerance toward loan delinquency, and remedial management. In addition, participants learned marketing techniques – client prospecting, market segmentation, client orientation, and sales presentation.

Task Three. Conduct operational planning and product enhancement workshops. MABS technical teams facilitated the operational planning and product enhancement workshops of two participating banks during the quarter. Banco Santiago de Libon's top bank and MFU officers held a strategic and operational planning workshop to draft a three –year business and strategic plan. MABS facilitated in the analysis of its microfinance

performance for the past three years, review of its organizational structure, mission and vision, and existing markets, and analysis of prospective markets.

One Network Bank (ONB) held a product enhancement workshop to review the features, design, and performance of its MF loan product, identify counter-productive features, and recommend major modifications. Modifications - which include increasing the loan amount and term limits, shifting from mandatory and restricted savings to voluntary savings, and shifting from daily collections to weekly, bi-monthly or monthly collections (based on cashflow and asset collection cycle) – will be initially tested for six months by eight ONB branches.

Tasks to be completed in the Twentieth Quarter:

Task One. Hold the 3rd National Roundtable Conference.

Task Two. Conduct a savings mobilization training/workshop.

Task Three. Hold a marketing, service quality, and time management training course.

Task Four: Hold preliminary planning sessions with heads of EAGLE Awardee banks for the establishment of the Council of Eagles.

Task Five: Accredite additional MSP consultants.

Task Six: Coordinate with the RBAP on the expansion of the Bankers Association of the Philippines Credit Bureau to the rural bankers' federation level.

3. Bank Management Software & Related Peripheral Technologies

USAID advanced the development of Rural Banker 2000 (RB2000), a banking software package that is comprehensive, flexible, user friendly, scalable, and affordable to the majority of small, medium, and large rural banks. The latest-developed version of RB2000 meets all the requirements for data collection and reporting of traditional banking and microfinance operations. It has also been certified by the Bangko Sentral ng Pilipinas as compliant to its reporting formats.

During the Program's third phase, MABS will continue to work with the RBAP MIS Steering Committee to monitor the rollout progress of RB2000 in 2005. The MABS Program will also work closely with the RB2000 Service Providers to ensure that a high level of installation and support services are provided to rural banks, which will guarantee continued expansion and usage of the software. In 2005, MABS will develop a website which will include practical, on-line troubleshooting tips to frequently asked questions. To protect the software, MABS will review its license and acquire the appropriate copyright.

MABS will continue to develop and pilot test new technologies that will complement RB2000 (e.g., greater utilization of the PDA technology and the use of mobile phones to handle loan payments via SMS). The rapid rate of technological advancement over the past five years has lowered costs to a level that allows rural banks to invest in low-cost technologies that improve efficiency and outreach. MABS will expand the use of the mobile PDA program that allows loan officers to capture data in the field and upload these to the computer, reducing paperwork and man-hours. MABS will also pilot test and roll out the electronic repayment/collection of loans and sending of remittances through SMS. SMS sent through mobile phones (which will function as “electronic wallets”) will facilitate microloan payments/collection and the sending of domestic and overseas remittances.

Tasks completed in the Twenty- eighth Quarter:

Task One. Sign Memorandum of Understanding with SMART Communications for RBAP Text-A-Payment service. MABS signed a Memorandum of Understanding with SMART Communications in February to pilot test the use of SMART’s electronic money facility, SMART Money, in microloan repayment. Training, orientation, and the launch of this facility will be completed in the next quarter.

Task Two. Provide RBAP Text-A-Payment training and orientation. In February 2005, the Bangko Sentral ng Pilipinas approved the mobile cash remittance services of the country’s top two telecommunications firms, SMART Communications and Globe Telecom. The approval includes the microloan repayment facility which will utilize Globe’s G-Cash and SMART’s SMART Money.



Following the approval, MABS and a technical team from Globe conducted training and orientation on TAP. Microfinance staff from Luzon pilot test banks Bangko Kabayan and First Macro Bank and

Mindanao pilot test banks GreenBank of Caraga and Cooperative Bank of Misamis Oriental attended the training/orientation. The training covered the following: product features, internal process and control procedures, accounting policies, performance monitoring, contingency plan and risk management, and information security policies.

Task Three. Hold soft-launch of TAP. The four pilot test sites of TAP held separate soft launches of the facility in March. During the soft launch period, pre-selected clients of the four banks will pay their loan amortizations through G-Cash. Clients will be assisted in the enrollment, G-Cash registration, and the loan repayment process.

Tasks to be completed in the Twentieth Quarter:

Task One. Hold the official launch of TAP.

Task Two. Hold the 3rd RB2000 Users' Conference.

Task Three. Set up the RB2000 website.

Task Four. Develop the RB2000 automated credit bureau data interface and customize the software according to the updated BSP reporting system.

4. Development of Rural Finance Products

The Program has promoted microfinance technology in the rural areas but has not given PBs technical support in developing micro agri-loan products. The furthest the Program has gone in this area is to allow anticipated income from certain farm activities (i.e., poultry raising) to be included in the calculation of the microborrower's ability to repay a loan. This limitation in the diversity of microfinance products developed under the *MABS Approach* clearly shuts out the segments of the market that are involved in agricultural-based enterprises.

During the third phase of the Program, will develop and pilot-test a micro agri-loan product. The product's development, introduction, and pilot-testing will be similar to that of other microloan products developed under the Program. MABS PBs, particularly those that are already offering agri loans, will be tapped to participate in the product development process. At the end of Phase 3, at least 50 PB units are expected to offer the micro-agri loan product.

Tasks completed in the Twenty- eighth Quarter:

Task One. Monitor the initial rollout of the micro agri-loan product. As of March 31, 2005, the five banks pilot-testing MAP have 126 active borrowers, with an outstanding loan portfolio of more than PhP691,000. The portfolio-at-risk ratio over 7 days is at 0.61%.

Tasks to be completed in the Twentieth Quarter:

Task One. Hold training on the micro agri-loan product. To expand the MAP pilot test to additional banks, a training course will be conducted in the next quarter. The course will review the MAP loan features, policies, and procedures and introduce the enhanced cash flow form and analysis, portfolio analysis, and the elements of effective supervision.

Task Two. Continue to closely monitor the initial micro agri-loan rollout.

5. Support & Other Activities

To support the expansion of the *MABS Approach* to additional rural banks, MABS will continue implementing its communications and performance monitoring and evaluation programs. Additional support activities will be conducted in 2005, such as assisting RBAP in obtaining support from other donors for expansion of the *MABS Approach*, ensuring continued linkages between MABS PBs and other Philippine and international microfinance practitioners, and implementing deposit mobilization programs to enhance micro-deposit mobilization strategies of PBs.

Tasks completed in the Twenty- eighth Quarter:

Task One. Continue to evaluate monthly MFU performance. As of March 31, 2005, the 203 bank units reporting to MABS had 76,103 active micro borrowers with an outstanding loan portfolio of PhP527 million (around US\$9.7 million). From January 1998 up to March 2005, the number of microdepositors increased by 260,199 and microdeposit balances increased by PhP447 million (around US\$8.2 million).

Task Two. Continue close monitoring of portfolio at risk ratios of participant banks. MABS continued to monitor the portfolio at risk ratios of PBs. The consolidated portfolio at risk ratio over 30 days of MABS banks as of March 31, 2005 was 7.18%.

Task Three. Hold MPMS Training for MSP Banks. Twenty-one participants from 12 MSP banks completed training on the MPMS. In addition to sessions on the features of the system, the course had hands-on exercises on installation, data encoding, and reports generation.



Task Four. Host the Nigerian Central Bank study visit. A study group composed of Central Bank of Nigeria (CBN) officers was briefed on the *MABS Approach* to microfinance, government policies and regulations on microfinance, and the Philippine rural banking sector. The study visit is in preparation for the issuance of the CBN's new Microfinance Policy and Regulatory Guidelines.

Task Five. Coordinate with the Innovations for Poverty Action and Microfinance Risk Management research team on the progress of the credit-scoring tool. First Macro Bank (FMB), a MABS third rollout participating bank, will pilot test a credit-scoring tool and software developed by a research team from the Innovations for Poverty Action and Microfinance Risk Management. FMB will provide the research team with client data, implement the research design, and facilitate the impact study to be conducted after the pilot-test.

The credit scoring software, which was developed to improve risk estimates, predicts credit risk based on clients' credit histories.

Tasks to be completed in the Twentieth Quarter:

Task One. Continue monitoring of the MPMS rollout.

Task Two. Continue close monitoring of portfolio at risk ratios of participant banks.

Task Three. Sign partnership agreement with the Microfinance Information Exchange (MIX). The MIX is a Washington-based private organization promoting information exchange in the microfinance industry. MIX will install and train MABS on the use of its Performance Monitoring and Benchmarking (PMB) Toolkit in May.

6. Program Management

Program management takes into account meetings, program evaluations, report submission, visits by Chemonics' Head Office staff, and other activities related to overall program management. For the most part, the tasks illustrated in the workplan calendar are self-explanatory, including submission of the quarterly report and the annual inventory of commodities. Visits by Chemonics' head office staff, including specific scopes of work, will be approved by USAID on a case-to-case basis.

Tasks completed in the Twenty-ninth Quarter:

Task One. Submit the Twenty-eighth Quarterly Performance Monitoring Report covering October 1 – December 31, 2004. Chemonics submitted the Twenty-eighth Quarterly Performance Monitoring Report covering October 1 – December 31, 2004.

Tasks to be completed in the Twentieth Quarter:

Task One. Submit the Twenty-ninth Quarterly Performance Monitoring Report covering January 1 – March 31, 2005.

Task Two. Complete the MABS Progress Report.

d) Performance

Table 1: MABS Phase 3 Targets vs. March 2005 Results

MABS Phase 3 Targets	Results: March 31, 2005
1. Expansion of the average number of borrowers of the 125 participating MABS bank units (as of February 2004) from 400 to a new average of 800.	MABS PB units (pilot to 6 th rollout banks) have an average of 508 borrowers per bank unit – 85% of the December 2005 target (600).
2. All participating bank units initiating lending during the period of the extension will have an average of 800 micro-borrowers after 24 months of operation of the <i>MABS Approach</i> to Microfinance.	New PB units that started lending during the period of extension have an average of 161 borrowers per bank unit and 79 borrowers per account officer . (Note: Most of the new PB units have been lending for less than six months.)
3. At least 200 additional bank units will begin offering the <i>MABS Approach</i> to microfinance for a total of at least 350 PB units.	Two hundred-seventeen (217) bank units are implementing or starting to implement the <i>MABS Approach</i> to microfinance – 86.45% of the December 2005 target (251).
4. Total number of micro-borrowers with outstanding loans in all participating bank units will reach at least 250,000	As of March 31, 2005, the total number of outstanding MF borrowers for the banks/bank branches reporting was 76,103 – 69.82% of the December 2005 target (109,000).
5. Total number of microenterprise borrowers from participating MABS banks will reach at least 500,000.	As of March 31, 2005, the cumulative number of new borrowers reached by PBs was 192,397 – 88.26% of the 218,000 December 2005 target.
6. Total number of microdepositors in MABS participating banks will reach at least 400,000	As of March 31, 2005, MABS PBs have served 260,199 new microdepositors – 85.59% of the 304,000 December 2005 target.
7. At least eight of the eighteen rural banks which have at least nine (9) branches will be enrolled into the MABS Program, and will be offering the <i>MABS Approach</i> to Microfinance in the majority of their branches	Seven (7: Bangko Kabayan, Kapatagan Valley Bank, Rural Bank of Montevista, RB Mallig Plains, GreenBank of Caraga, One Network Bank, Cantilan Bank) of MABS PBs have a network of at least nine branches and are offering MABS-designed loans in a majority of their branches. One bank (First Macro Bank) is offering MABS-designed loans in four branches and PR Bank, CARD Bank, and GM Bank are offering MABS-designed loans in one branch.

<p>8. One or more of the larger “thrift banks” will be enrolled into the MABS Program and will be offering <i>MABS Approach</i> microfinance in a majority of its branches</p>	<p>MABS identified Micro Enterprise Bank (MEB), a Mindanao-based thrift bank, to receive <i>MABS Approach</i> training and technical assistance. USAID and MEB parent company, PlantersBank, signed an MOU formalizing the provision of MATTS in October 2004.</p> <p>Over the next three years, MEB plans to establish an additional 34 branches and loan collection and disbursement points (LCDPs) nationwide. MABS will provide technical oversight during 2005 to assist MEB’s target expansion of 12 new branches and LCDPs for the year. MEB would receive direct training for installing the <i>MABS Approach</i> through one of the MSPs.</p> <p>MABS conducted the senior management orientation module and completed MEB’s institutional assessment in November 2004. RB2000 service provider ISSEC is presently working with MEB on the installation of RB2000.</p>
<p>9. RB2000 will be copyright protected; RB2000 will be procured by and installed in at least 150 bank units during the period of the extension for a total of 250 bank units by September 2007.</p>	<p>The 2nd RB2000 Users’ Conference was held in November 2004. Technical personnel of the rollout companies gave long-term solutions to concerns (frequently encountered problems, installation costs, software and hardware maintenance, technical glitches, and customization) presented by the users. They also provided participants with practical user tips, as well as installation and technical support policies, fees, and schedules.</p> <p>As of March 31, 2005, RB2000 is installed in 115 bank units (75 banks).</p>

<p>10. A micro agri-loan product will be developed, tested, and, if it appears to be a viable product, disseminated to and offered by at least 50 rural bank branches</p>	<p>After assessing well-performing banks located in agricultural areas, five banks (Cantilan Bank, GreenBank of Caraga, Kapatagan Valley Bank, Rural Bank of Tacurong, and Banco Santiago de Libon) were chosen as pilot-test sites. Twenty-two MFU staff from the five banks completed the Micro Agri-Loan Product Development Training held in September 2004. In April 2005, 23 participants from six PBs attended the 2nd MAP training workshop.</p> <p>As of March 31, 2005, the five banks pilot-testing MAP have 126 active borrowers, with an outstanding loan portfolio of more than PhP691,000. The portfolio-at-risk ratio over 7 days is at 0.61%.</p>
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e) Administrative Information

CLIN #1 Total Estimated Cost	14,374,052.00
1. Expenditures (January 1 - March 31, 2005)	326,162.33
2. Cumulative Expenditures Through March 31, 2005	10,368,921.97
3. Remaining Balance	4,005,130.03
CLIN #2 Total Estimated Cost	3,025,948.00
1. Expenditures (January 1 - March 31, 2005)	6,787.70
2. Cumulative Expenditures Through March 31, 2005	2,244,631.47
3. Remaining Balance	781,316.53
Total CLIN #1 & #2 Total Estimated Cost	17,400,000.00
1. Total Expenditures (January 1 - March 31, 2005)	332,950.03
2. Cumulative Expenditures Through March 31, 2005	12,613,553.44
3. Total Remaining Balance	4,786,446.56

Special Activities Fund (SAF) Requests Approved during the Quarter:

SAF No. 95 – Support for the Supervisors’ Forum – A Review and Planning Session

A series of microfinance supervisors’ forums was scheduled in February and March 2005 to provide MFU supervisors of PBs’ with tools that will help them assess the strengths and weaknesses of their microfinance operations and identify opportunities for growth and expansion. Review and planning sessions will be conducted during the forums, with individual bank’s detailed action plans as outputs.

Status:

A total of 69 MFU supervisors from 39 PBs attended four supervisors’ forums held in February and March (February 10-11, February 17-18, February 21-22 and March 11-12). Participants reviewed and evaluated their MFU operations using the EAGLE rating system, and SWOT (strengths, weaknesses, opportunities, threats) analysis. Participants also reviewed loan product features and policies and MABS gave recommendations for updating loan product features and policies. Participants came up with their banks’ action plans during the forum’s planning session.

SAF No. 96 – Development and Production of Videos for 2005 EAGLE Awardees

Five videos will be developed and produced to document the accomplishments of rural banks that qualified to receive the MABS EAGLE awards. EAGLE awards are given to banks that were able to achieve the “AA” rating based on the EAGLE rating system. The system measures a bank’s performance based on five components (Earnings, Asset quality, Growth in performance, Liability structure, and Earnings).

Starting in 2001, MABS has produced videos yearly to document the success of the winning participating banks. The videos are traditionally shown during the awarding ceremonies. The MABS Program, RBAP, as well as the MABS Service Providers (or MSPs) have also used these videos for marketing and training purposes. The videos have helped MABS increase the awareness and appreciation on microfinance among the rural bankers.

This year, MABS will again produce and develop videos on the EAGLE awardees. One video will be produced per EAGLE award recipient. Bangko Kabayan’s video will focus on operations efficiency and innovations, First Isabela Cooperative Bank on market segmentation as well as stringent monitoring and supervision, GreenBank of Caraga on prudent planning and implementation of geographical expansion, Maranao RB will highlight their experience in lending to the conflict-affected areas, and Cantilan Bank on savings mobilization and the importance of top-management commitment to microfinance.

Each video will feature the microfinance programs implemented by the winner banks, as well as the success stories of selected clients and their microenterprise activities.

Status:

All five documentary videos were completed and shown during the EAGLE Awarding ceremonies.

SAF No. 97 – Support for the National Roundtable Conference and EAGLE Awards

Before the MABS Program expanded to Luzon and Visayas, regional roundtable meetings among senior managers of Mindanao banks were regularly held to ensure MF best practices compliance and as a means to get banks' top management involved in their banks' MF operations.

In 2003, the first National Roundtable Conference, which gathered officers of Luzon, Visayas, and Mindanao PBs together, was held. The participants shared experiences in implementing the *MABS Approach* and provided them with new microfinance concepts and learnings.

The second National Roundtable held in 2004 focused on the scaling up of MF operations, conference topics emphasized improvement of efficiency and productivity.

The 3rd National Roundtable will be held in Davao City on April 26-27 and will have the theme "Managing Growth of Microfinance Operations: New Developments and Innovations". Proposed conference topics are: balancing efficiency, productivity and portfolio quality, trends and innovations in microfinance (RBAP Text A Payment project, micro agri-loan product), and financial transparency.

Status:

Eighty-nine rural bankers from 38 MABS participating banks (PBs) attended the 3rd MABS National Roundtable Conference held April 26 – 27 in Davao City. Representatives from the Bangko Sentral ng Pilipinas (BSP), the Mindanao Economic and Development Council (MEDCo), the United States Agency for International Development (USAID)-Philippines, the Rural Bankers Association of the Philippines (RBAP), the Consultative Group to Assist the Poor (CGAP), the Microfinance Information Exchange (MIX), the Asian Institute of Management (AIM) and Globe Telecom also attended the conference.

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							Invoice 86 Jan 2005	Invoice 87 Feb 2005	Invoice 88 Mar 2005	Quarter 29 Total				
	Grant Programs													
1	Best Practices Workshop	Attendance was successful. Participating banks came from 89 rural/cooperative banks in Mindanao. MABS program was defined. Interest in MABS was established.	Apr-98	Closed	4,131.00	1,545.28				-	1,545.28	2,585.72		1,545.28
2	MIS Study	RBRDFI staff involvement in MIS assessment.	Apr-98	Closed	805.47	283.29				-	283.29	522.18		283.29
3	Product Development Workshop	Rural banks and regional Federation presidents were invited. Participants rated invited speakers from CARD and San Leonardo Rural Bank very helpful.	Jun-98	Closed	4,728.72	3,208.62				-	3,208.62	1,520.10		3,208.62
4	Market Survey, Fixed-Price	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	Jul-98	Closed	15,373.81	17,162.14				-	17,162.14	(1,788.33)	(1,788.33)	17,162.14
5	Training Preparation - Boypee Panganiban	Boypee Panganiban will come to Davao for 5 days to assist in preparing training sessions for upcoming regional workshops.	Jul-98	Closed	2,155.79	1,042.13				-	1,042.13	1,113.66		1,042.13
6	RBRDFI Involvement in MIS Development	P. Crisosotomo's (RBRDFI) Staff travels	Jul-98	Closed	1,640.00	3,188.88				-	3,188.88	(1,548.88)	(1,548.88)	3,188.88
7	Loan Repayment Workshop	B. Pendleton's Loan Repayment workshop	Aug-98	Closed	5,734.76	3,978.81				-	3,978.81	1,755.95		3,978.81
8	Cash Flow Lending workshop	B. Panganiban's Regional Workshops	Sep-98	Closed	25,573.29	20,142.07				-	20,142.07	5,431.22		20,142.07
9	Case Study of PAICOP	D. Capeding, a case study of PAICOP. Exceeded budget due to extension of services	Sep-98	Closed	834.87	1,552.35				-	1,552.35	(717.48)	(717.48)	1,552.35
10	Pilot Bank Agreement	Pilot Bank Agreement Implementation	Oct-98	Open	72,895.87	60,064.78				-	60,064.78	12,831.09		60,064.78
11	Panganiban Book Publication	NRBSL Practices	Dec-98	Closed	8,461.54	7,753.77				-	7,753.77	707.77		7,753.77
12	Research Assistant-Roll-out	Luisa Cadiz, RA for Roll-out	Nov-98	Closed	3,010.90	6,417.42				-	6,417.42	(3,406.52)	(3,406.52)	6,417.42
13	Mindanao Fed. RB Meeting	Regional Conference	Dec-98	Closed	2,448.11	456.33				-	456.33	1,991.78		456.33
14	Enhancement of MicroBanker	Pilot Bank MIS Enhancement	Dec-98	Closed	13,282.07	13,976.59				-	13,976.59	(694.52)	(694.52)	13,976.59
15	RBAP Strategic Planning	Laurel Druben, ITI, fixed-price subcontract	Feb-99	Closed	32,996.50	25,091.26				-	25,091.26	7,905.24		25,091.26
16	NRBSL Exposure Trip	Pilot Bank Managers and staff trip to NRBSL	Feb-99	Closed	7,105.41	4,854.03				-	4,854.03	2,251.38		4,854.03
17	SGV Corporate Finance to RBAP	Canceled	Canceled	Canceled	-	-				-	-	-		-
18	Follow-up trip by Druben	Start up implementation of RBAP/RBRDFI Strategic Development Program	May-99	Closed	30,883.58	14,476.06				-	14,476.06	16,407.52		14,476.06
19	Training Modules with PBs	Pilot Banks Training Modules	May-99	Closed	2,629.48	920.44				-	920.44	1,709.04		920.44
20	Orientation Course of Senior Officers of New PBs	Workshop Orientation of new PBs done	June-99	Closed	8,284.27	4,907.72				-	4,907.72	3,376.55		4,907.72

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21	Commodities and Support	Commodities assistance completed.	July-99	Open	178,096.78	115,180.72				-	115,180.72	62,916.06		115,180.72
22	Training course for MF staff and PBs Supervisors	MF Workshop training course new PBs attended and participated by PBs.	Jul-99	Closed	19,211.43	14,800.02				-	14,800.02	4,411.41		14,800.02
23	ITI subcontract for presentation of finalized plan and full start-up implementation of RBAP/RBRDFI Strategic Development Program	Presentation of finalized plan for RBAP/RBRDFI completed	Aug-99	Closed	36,543.00	34,456.02				-	34,456.02	2,086.98		34,456.02
24	Enhancement of PC Banker system for participant bank RB Ozamis	RB Ozamis PC Banker enhancement delivered	Sep-99	Closed	5,331.11	4,378.55				-	4,378.55	952.56		4,378.55
25	Internship training at Enterprise Bank for MFU of Sarangani and Montevista Banks	Internship completed.	Sep-99	Closed	530.97	528.57				-	528.57	2.40		528.57
26	Enhancement of MicroBanker system for participant banks	Microbanker for PBs enhancement completed	Sept-99	Closed	24,987.38	22,180.00				-	22,180.00	2,807.38		22,180.00
27	Workshop on Zero Tolerance on Past Due Loans	Zero Tolerance workshops completed	Sept-99	Closed	7,048.24	4,484.07				-	4,484.07	2,564.17		4,484.07
28	Canceled	Canceled	Canceled	Canceled	-	-				-	-	-		-
29	Enhancement of Loan & Savings Ledger	Enhancement of Loans & Savings Ledger completed.	Oct-99	Closed	5,440.16	4,756.67				-	4,756.67	683.49		4,756.67
30	Purchase of MBXD95+	Completed	Nov-99	Closed	10,442.84	9,398.15				-	9,398.15	1,044.69		9,398.15
31	Delinquency Measurement and Control Course	Course done and completed	Nov-99	Closed	569.75	223.32				-	223.32	346.43		223.32
32	Canceled	Canceled	Canceled	Canceled	-	-				-	-	-		-
33	ST consultancy of Guillermo Bolanos	Completed	Dec-99	Closed	22,550.00	27,441.91				-	27,441.91	(4,891.91)	(4,891.91)	27,441.91
34	Use of CLIN2 Funds for MABS expansion	On-going on MIS component.	Dec-99	Open	1,300,000.00	1,287,270.85				-	1,287,270.85	12,729.15		1,287,270.85
35	Canceled	Canceled	Canceled	Canceled	-	-				-	-	-		-
36	Orentation for Sr. Officers of new PBs	Orientation of done.	Jan-00	Closed	3,596.15	1,717.76				-	1,717.76	1,878.39		1,717.76
37	Refresher course MicroBanker loans module	Course conducted and completed	Jan-00	Closed	1,755.09	1,339.96				-	1,339.96	415.13		1,339.96
38	Microfinance staff training course	Participant Banks MF Training	Jan-00	Closed	6,378.00	5,061.67				-	5,061.67	1,316.33		5,061.67
39	Pilot Banks Reps. Consultation and Evaluation meeting	Pilot Banks Consultation and Evaluation meeting	Jan-00	Closed	150.00	135.25				-	135.25	14.75		135.25
40	Purchase of MicroBanker MBXD95+Software for RB Lebak	Rural Bank of Lebak MBXD95+software delivered	Jan-00	Closed	900.65	793.28				-	793.28	107.37		793.28
41	Commodities and Support	PBA and Commodities Support	Feb-00	Open	105,057.52	71,999.57				-	71,999.57	33,057.95		71,999.57
42	Consultation and Evaluation meeting with roll out banks	Rollout banks and evaluation meet	Feb-00	Closed	1,767.61	1,487.51				-	1,487.51	280.10		1,487.51
43	Purchase of MicroBanker and related services Oroquieta/Green	Microbanker and related services of RB Oroquieta and Green Bank	Mar-00	Closed	5,707.20	4,168.03				-	4,168.03	1,539.17		4,168.03
44	Consultation and Planning Meeting with the RBAP ExeCom	RBAP Excom Consultation and Planning Meeting conducted.	Mar-00	Closed	618.75	311.57				-	311.57	307.18		311.57
45	Support Expansion to Branches	Support for expansion to branches	Apr-00	Open	35,750.00	1,226.42				-	1,226.42	34,523.58		1,226.42
46	Workshop on Cashflow Lending	Cashflow Lending Workshop of Rural Bankers in Mindanao completed	May-00	Closed	6,045.61	3,654.26				-	3,654.26	2,391.35		3,654.26
47	Enhancement for Hardcode Computer System for RB- Talisayan	Hardcode Computer System for RB Talisayan enhancement completed	May-00	Closed	4,778.67	4,122.73				-	4,122.73	655.94		4,122.73

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48	Purchase of Microbanker MBXD95 and Software for CRB Bukidnon	Microbanker MBXD95 + Software for CRB Bukidnon delivered.	May-00	Closed	872.64	389.11				-	389.11	483.53		389.11
49	Canceled	Canceled		Canceled		-				-	-			-
50	Consultation and Planning Workshop with RBAP and MABS Technical	RBAP and MABS Technical Consultation and Planning Workshop	Jun-00	Closed	1,561.90	1,125.51				-	1,125.51	436.39		1,125.51
51	Big Byte Savings & Loans System for RB of Montevista	Enhancement of Big ByteShoppe Savings & Loans System	Jan-00	Closed	5,136.79	4,113.04				-	4,113.04	1,023.75		4,113.04
52	SEEP/APPEND Financial Ratio Analysis Course	Technical staff attended Financial Ratio Analysis Course	Aug-00	Closed	537.78	243.52				-	243.52	294.26		243.52
53	MABS Phase out Consultative Meeting	Pilot Banks President, Gen. Manager and MFU Supervisor and MABS Management attended the Consultative Meeting	Sept-00	Closed	220.00	204.16				-	204.16	15.84		204.16
54	New RBAP Technical Staff Salaries & Support	On-going	Nov-00	Open	96,289.86	89,292.40				-	89,292.40	6,997.46		89,292.40
55	Training course for Sr. Management and MF Staff and Supervisors for Luzon and Visayas Banks	Conducted workshops/trainings in the Visayas and Luzon	Apr-01	Closed	9,085.71	6,754.41				-	6,754.41	2,331.30		6,754.41
56	Impact Evaluation Study	Evaluation completed	Jun-01	Closed	1,345.05	1,348.64				-	1,348.64	(3.59)	(3.59)	1,348.64
57	Travel to Hongkong of Ms. Solis & Pineda	Attended by Mrs. Solis and Mrs Pineda from RB of Sto Tomas.	Aug-01	Closed	3,478.16	2,982.62				-	2,982.62	495.54		2,982.62
58	Credit Reference Bureau Development Support	On-going	Sep-01	Open	2,480.43	1,778.53				-	1,778.53	701.90		1,778.53
59	Training on USAID admin and financial management requirements	Two MABS staff attended the training	Feb-02	Closed	717.05	721.70				-	721.70	(4.65)	(4.65)	721.70
60	Roundtable events for Senior Management	Conducted twice in Davao, and once in Dipolog City and Cebu	Mar-02	Closed	4,536.53	4,434.02				-	4,434.02	102.51		4,434.02
61	Videos for RBAP-MABS	Produced videos of MABS successes	Mar-02	Closed	4,180.09	4,161.02				-	4,161.02	19.07		4,161.02
62	Strategic Planning for New Banks in Mindanao	Attended by Mgt. Staff of RB of Paglas, RB of Isulan and Maranao Bank	Apr-02	Closed	4,871.83	4,306.32				-	4,306.32	565.51		4,306.32
63	Funds for Three (3) Participant Rural Banks: Commodities and Other Support	On-going	Jun-02	Open	42,932.44	18,071.40			96.67	96.67	18,168.07	24,764.37		18,168.07
64	Funds for Conduct of the MFU Supervisor' Forum	Conducted in Dipolog in July 2002	Jul-02	Closed	1,768.05	844.26				-	844.26	923.79		844.26
65	N/A	Canceled	Canceled	Canceled	-	-				-	-			-
66	Funds for Participant Rural Bank: Commodities & Other Support	On-going	Sep-02	Open	8,461.54	193.44				-	193.44	8,268.10		193.44
67	Microfinance Supervisors' Forum #2 and 3 Mindanao Partners Banks	On-going	Oct-02	Closed	3,115.56	2,385.49				-	2,385.49	730.07		2,385.49
68	BSP Participation in the MABS Modular Training Course	On-going	Oct-02	Open	988.29	-				-	-	988.29		-
69	PDA Loan Collection Module Enhancement of the MB System	Testing of the Microbanker PDA module testing completed.	Jan-03	Closed	857.45	519.03				-	519.03	338.42		519.03
70	MABS PSP Market Demand Study	Survey done March 27, 2003	Feb-03	Closed	639.17	528.87				-	528.87	110.30		528.87
71	Development/Production of RBAP/MABS Videos	Videos approved and delivered	Feb-03	Closed	3,142.36	2,480.13				-	2,480.13	662.23		2,480.13

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72	Development of MABS Technical Support Providers	On-going	Mar-03	Open	20,564.66	16,464.97				-	16,464.97	4,099.69		16,464.97
73	Senior Management Orientation for 6th Roll Out Banks	Done Mar 26-27, 2003	Mar-03	Closed	693.99	668.02				-	668.02	25.97		668.02
74	Microfinance Supervisors Forum #4 & #5	Conducted in May 22-23, 2003 in Cagayan de Oro City	May-03	Closed	2,546.79	449.63				-	449.63	2,097.16		449.63
75	Global Summit for Women in Marakech	Attended by a delegate from RB of Tacurong	May-03	Closed	2,399.02	1,748.70				-	1,748.70	650.32		1,748.70
76	Funds for commodities and other support of three (3) participating banks	On-going	Jun-03	Open	9,409.12	3,486.31			96.67	96.67	3,582.98	5,826.14		3,582.98
77	MABS Training Materials for Web Production	On-going	Jul-03	Open	6,096.42	2,032.54				-	2,032.54	4,063.88		2,032.54
78	Support for BSP Training in MF Examination	Examiners training on microfinance conducted	Jul-03	Closed	1,392.80	992.00				-	992.00	400.80		992.00
79	Video Production for MABS Approach	Video production completed, delivered and approved.	Aug-03	Open	12,056.92	10,745.66				-	10,745.66	1,311.26		10,745.66
80	Support for RBAP Cost accounting system	Completed with reports and recommendations from the auditors	Aug-03	Closed	1,470.32	1,375.00				-	1,375.00	95.32		1,375.00
81	MSP Program Roll Out	On-going	Oct-03	Open	6,892.12	4,218.53				-	4,218.53	2,673.59		4,218.53
82	Microfinance Council	Attended by RB of Kapatagan Valley manager	Oct-03	Closed	278.63	200.28				-	200.28	78.35		200.28
83	2003 MABS ME Clients Survey	Survey done by Ateneo de Davao.	Nov-03	Closed	3,286.89	3,237.43				-	3,237.43	49.46		3,237.43
84	MABS Rollout Support Program for Rural Banks	On-going	Nov-03	Open	33,723.02	22,232.11	267.86	535.72	555.56	1,359.14	23,591.25	10,131.77		23,591.25
85	MABS support to train other MABSTeRs	On-going	Jan-04	Open	1,227.28	580.23				-	580.23	647.05		580.23
86	MABS support for 2 other banks in AARM/CAAM	On-going	Apr-04	Open	11,273.93	615.95		607.14	96.67	703.81	1,319.76	9,954.17		1,319.76
87	RB2000 User Conference	On-going	Feb-04	Open	4,404.10	1,425.98				-	1,425.98	2,978.12		1,425.98
88	Video Production for EAGLE Awards 2004	Video production completed, approved and presented during the awards.	Feb-04	Closed	4,743.66	4,394.09				-	4,394.09	349.57		4,394.09
89	National Roundtable and EAGLE Awards	Completed and attended by the participating banks.	Feb-04	Closed	3,071.81	1,612.03				-	1,612.03	1,459.78		1,612.03
90	Performance Monitoring System Training	On-going	Feb-04	Open	2,421.96	2,031.12	75.00	338.74		413.74	2,444.86	(22.90)		2,444.86
91	MABS Rollout Support Program for 10 Additional Rural Banks	On-going	May-04	Open	13,494.06	535.71			277.78	277.78	813.49	12,680.57		813.49
92	Micro-Agri Loan Product Training for Pilot Banks	On-going	Sep-04	Open	3,500.18	959.32				-	959.32	2,540.86		959.32
93	MABS support for new PBs	On-going	Oct-04	Open	40,178.57	-				-	-	40,178.57		-
94	Support for the Official Trip of Anthony Petalcorin to BRI to Lead the Rural Banks	Trip with staff of participating rural bank rural banks has been	Oct-04	Closed	2,104.11	1,747.96				-	1,747.96	356.15		1,747.96
95	Support for the Supervisors Forum	On-going	Jan-05	Open	1,633.93	-		611.56	690.59	1,302.15	1,302.15	331.78		1,302.15
96	Development and production of videos for the 2005 EAGLE Awards	On-going	Feb-05	Open	6,250.00	-			2,611.68	2,611.68	2,611.68	3,638.32		2,611.68
97	Support for the National Roundtable Conference and EAGLE Awards	On-going	Feb-05	Open	7,562.50	-				-	-	7,562.50		-
SUBTOTAL					2,426,127.82	2,040,770.02	342.86	2,093.16	4,425.62	6,861.64	2,047,631.66	378,496.16	(13,055.88)	2,047,631.66
General & Administrative Costs						90,411.99	17.14	104.67	221.28	343.09	90,755.08			90,755.08
Fee						106,585.30	18.00	109.89	232.35	360.24	106,945.54			106,945.54
GRAND TOTAL						2,237,767.31	378.00	2,307.72	4,879.25	7,564.97	2,245,332.28			2,245,332.28

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e Invoiced
Remaining
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779,304.89
778,855.26
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773,523.58
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754,159.85
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707,919.34
707,919.34
35,527.92
37,168.46
780,615.72

MABS Philippines Home Office Reports Tracker
Contract No. 492-C-00-98-00008-00

Technical Deliverables	Submitted By	Report Date	Submitted to CDIE	HO Electronic	HO Hard Copy
An Alternative Approach to Rural Financial Intermediation (The Philippine Experience)	Meliza Agabin/Jorge L. Daly	May 1, 1996	yes	Yes	
Microenterprise Sector Study	Raike Quinones	June 1, 1997	Yes		Yes
MIS Assessment of Candidate Pilot Banks	Peter Glibbery & A. Petalcorin	August 1, 1998	Yes		Yes
Familiarization with Related USAID Projects: (MABS-M Brief)	Chemonics International	September 1, 1998	Yes	Yes	
Innovations to Increase Access to Microcredit	Gerald Andersen	September 1, 1998	Yes		Yes
Consultancy Completion Report	Ms. Meliza H. Agabin	September 15, 1998	Yes		Yes
Microfinance and the Bank Regulatory Environment	Bill Pendleton	September 25, 1998	Yes		Yes
Training Program Report	Bill Pendleton	September 30, 1998	Yes		Yes
Completion Report (Seminar on Microfinance Products of Rural Bank of Talisayan) (final draft)	Chemonics International	November 14, 1998	Yes	No	Yes
Cash Flow Lending and Loan Pricing Seminar Report	Andres Panganiban	December 1, 1998	Yes	No	Yes
Mindanao Rural Banks: Funding Sources and Credit Programs for Microenterprises (Final Draft)	Meliza Agabin & Arah Limpao-Osop	December 1, 1998	Yes	Yes	
Panabo Agro-Industrial Cooperative An Integrated Rice Commodity System (A Case Study)	Dehlia Capeding	December 1, 1998	Yes		Yes
Rural Banks and Microfinancing	Joseph Y. Lim	December 1, 1998	Yes	Yes	
Microenterprise Survey Report - Digos, Davao Del Sur	Arah Limpao & Raike Quinones	February 1, 1999	Yes	Yes	
Microenterprise Survey Report - Sto. Tomas, Davao Province	Arah Limpao & Raike Quinones	February 1, 1999	Yes	Yes	
Evaluation of the Pilot Phase of MABS-M Program	Virginia Abiad	March 22, 1999	Yes	Yes	
Deposits & Loan Management System Study	Peter Glibbery	April 1, 1999	Yes		Yes
RBAP Strategic Development Plan 2000-2003	Laurel Druben	May 1, 1999	Yes		Yes
Feasibility Study:Expanding MABS' Outreach to Muslim Clients	L.Doerring/R. Quinones/C. Cornejo	April 20, 2001	Yes	Yes	
A Survey of Microenterprise Client of MABS Partner Banks					
Survey Results, Sampling and Data Tables	M. Agabin/C. Cornejo/D.Capeding	September 1, 2001	Yes	Yes	
Service Provider Feasibility Study		February 1, 2002	Yes	Yes	
Reports on Financial Trends in Mindanao		May 1, 2002	Yes	Yes	
BSP Inception Report	Carlos Alba	October 1, 2002	yes	yes	
Rural Bank Market Survey	Arah Sadava	October 1, 2002	Yes	Yes	

Annex 1.3 Reports Tracker

BSP Examination and CAMELS Manual for Microfinance Loans	Carlos Alba	February 1, 2003	Yes	No	Yes
MABS Service Provider Program	Michael Alcorn	May 1, 2003	Yes	Yes	
Consultancy Completion Report	Ms. C.y. Nunez-Ollero	August 3-27,1998	Yes		Yes
First Operations Review of NMTK Micro Loan of Enterprise	C. Dicdiquin/B. Bunao/R. Quinones	March 2002	Yes	Yes	
Private Service Provider Installation of MABS Approach	Michael Alcorn	November, 2002	Yes	Yes	
Market Study to Expand Microfinance in MABS Banks	Anita Campion	October, 2003	Yes	Yes	
Work Plans	Submitted By	Report Date	Submitted to CDIE	HO Electronic Files	HO Hard Copy
Year 1 Work Plan (1998)	Chemonics International	Dec-97	Yes	Yes	
Year 2 Work Plan (1999)	Chemonics International	Dec-98	Yes	Yes	
Year 3 Work Plan (2000)	Chemonics International	Dec-99	Yes	Yes	
Year 4 Work Plan (2001)	Chemonics International	Dec-00	Yes	Yes	
Year 5 Work Plan (2002)	Chemonics International	Dec-01	Yes		Yes
Year 6 Work Plan (2003)	Chemonics International	Dec-02	Yes	Yes	
Year 7 Work Plan (2004)	Chemonics International	Dec-03	Yes	Yes	
Year 8 Work Plan (2005)	Chemonics International	Dec-04		Yes	Yes
Quarterly Progress Reports	Submitted By	Report Date	Submitted to CDIE	HO Electronic Files	HO Hard Copy
Quarterly Performance Monitoring Report (First)	Chemonics International	April 1, 1998	Yes	Yes	
Quarterly Performance Monitoring Report (Second)	Chemonics International	July 1, 1998	Yes	Yes	
Quarterly Performance Monitoring Report (Third)	Chemonics International	October 1, 1998	Yes	Yes	
Quarterly Performance Monitoring Report (Fourth)	Chemonics International	January 1, 1999	Yes	Yes	
Quarterly Performance Monitoring Report (Fifth)	Chemonics International	April 1, 1999			
Quarterly Performance Monitoring Report (Sixth)	Chemonics International	July 1, 1999	Yes		Yes
Quarterly Performance Monitoring Report (Seventh)	Chemonics International	October 1, 1999	Yes		Yes
Quarterly Performance Monitoring Report (Eight)	Chemonics International	January 1, 2000	Yes		Yes
Quarterly Performance Monitoring Report (Ninth)	Chemonics International	April 1, 2000	Yes	Yes	
Quarterly Performance Monitoring Report (Tenth)	Chemonics International	July 1, 2000	Yes		Yes
Quarterly Performance Monitoring Report (Eleventh)	Chemonics International	October 1, 2000	Yes		Yes
Quarterly Performance Monitoring Report (Twelfth)	Chemonics International	January 1, 2001			
Quarterly Performance Monitoring Report (Thirteenth)	Chemonics International	April 1, 2001	Yes	Yes	
Quarterly Performance Monitoring Report (Fourteenth)	Chemonics Internatioinal	July 1, 2001	Yes	Yes	
Quarterly Performance Monitoring Report (Fifteenth)	Chemonics International	November 1, 2001	Yes	Yes	

Annex 1.3 Reports Tracker

Quarterly Performance Monitoring Report (Sixteenth)	Chemonics International	February 1, 2002	Yes	Yes	
Quarterly Performance Monitoring Report (Seventeenth)	Chemonics International	May 1, 2002	Yes	Yes	
Quarterly Performance Monitoring Report (Eighteenth)	Chemonics International	July 1, 2002	Yes	Yes	
Quarterly Performance Monitoring Report (Nineteenth)	Chemonics International	November 1, 2002	Yes	Yes	
Quarterly Performance Monitoring Report (Twentieth)	Chemonics International	February 1, 2003	Yes	Yes	
Quarterly Performance Monitoring Report (Twenty-first)	Chemonics International	April 1, 2003	Yes	Yes	
Quarterly Performance Monitoring Report (Twenty-second)	Chemonics International	July 1, 2003	Yes	Yes	
Quarterly Performance Monitoring Report (Twenty-third)	Chemonics International	November 1, 2004	Yes	Yes	
Quarterly Performance Monitoring Report (Twenty-fourth)	Chemonics International	January 1, 2004	Yes	Yes	
Quarterly Performance Monitoring Report (Twenty-fifth)	Chemonics International	April 1, 2004	Yes	Yes	Yes
Quarterly Performance Monitoring Report (Twenty-sixth)	Chemonics International	July 1, 2004	Yes	Yes	Yes
Quarterly Performance Monitoring Report (Twenty-seventh)	Chemonics International	November 1, 2004	Yes	Yes	Yes
Quarterly Performance Monitoring Report (Twenty-eighth)	Chemonics International	January 1, 2005		Yes	Yes

Microenterprise Access to Banking Services (MABS) Program

January 2005 Highlights

SMS-based Microloan Repayment Facility Update

The Bangko Sentral ng Pilipinas recently approved the electronic banking application submitted by the Rural Bankers Association of the Philippines, MABS, and GLOBE Telecoms to pilot-test the short messaging services (SMS)-based microloan repayment facility. Dubbed *Text-A-Payment*, the facility allows microenterprise clients who are GLOBE subscribers to make electronic money transfers - including microloan repayment and sending and receiving remittances - through their mobile phones. Three MABS PBs will pilot-test the facility in the coming months.

RBAP also recently signed a Memorandum of Understanding with Smart Telecommunications, the country's largest wireless provider, to also pilot test *Text-a-Payment* services for microenterprise clients who are SMART subscribers utilizing SMART's SMS-based mobile commerce wallet called SMART Money.

First Macro Bank to Pilot Credit-Scoring Tool

First Macro Bank (FMB), a MABS third rollout bank, has been selected to pilot a credit-scoring tool and software being developed by a research team from Innovations for Poverty Action and Microfinance Risk Management. FMB's officers and microfinance core group met with the research team on January 10-12 to discuss the research design. The credit scoring software is a tool to predict credit risk based on performance of a borrower's past loans. By improving risk estimates, credit processes and cost efficiency are improved.

FMB will provide the research team with client data, implement the specified research design, and facilitate the impact study to be conducted after piloting the credit-scoring tool.



The research team during preliminary meetings with First Macro Bank (FMB) officers and staff.

One Network Bank (ONB) Product Enhancement Workshop

One Network Bank's president, board directors, senior managers, cluster and division heads, officers and microfinance

unit core group members participated in a product enhancement workshop held from January 20 - 21, which was facilitated by a technical team from MABS. The participants reviewed the existing features, design, and performance of the bank's microfinance loan product. Counter-productive features were identified and major modifications were recommended. Major modifications to the loan product which will be implemented by the bank are: increasing the loan amount and term limits, shifting from mandatory and restricted savings to voluntary savings, and shifting from daily collection to weekly, bi-monthly, and monthly collections, based on cashflow and asset collection cycle. Workshop participants also set targets for the rollout of the enhanced product, which will be initially tested for six months by eight ONB branches. All 55 ONB branches are targeted to be implementing the enhanced product by the end of 2007.

MABS Performance Monitoring System Training for MSP Banks

Twenty-one participants from 12 MABS Service Provider (MSP) rollout banks completed training on the MABS Performance Monitoring System (MPMS). The training, held from January 28 to 29 at the University of San Carlos in Cebu City, provided hands-on exercises on installation, data encoding, and reports generation. The MPMS was rolled-out to all Participating Banks (PBs) in May 2004. Since then, MABS has conducted four MPMS training courses to ensure that all PBs



understand how to utilize the system. Because the MPMS automates reports generation at the branch level, it allows the banks' management and MABS to effectively monitor the expansion and profitability of both the microfinance loan product and microfinance unit operations.

Banco Santiago de Libon Strategic and Operational Planning Workshop

Banco Santiago de Libon held a strategic and operational planning workshop from January 10-14 to come up with a three-year business and strategic plan. The bank's president, officers, and members of the microfinance core group participated in the workshop. Prior to the drafting of the business and strategic plan, participants analyzed the bank's microfinance operations performance for the past three years, reviewed the existing markets, and explored prospective markets. The workshop also reviewed and analyzed the bank's mission/vision and organizational structure. The integration of the micro agri-loan product, which is being piloted by BSDL, was also discussed during the workshop.

Microenterprise Access to Banking Services (MABS) Program February 2005 Highlights

Bangko Sentral ng Pilipinas (BSP) Approves Mobile Cash Remittance Services



The BSP approved the mobile cash remittance services of the country's two leading

telecommunications networks, Globe Telecom and Smart Communications, including the micro loan payment facility which will utilize Globe's G-Cash service. The micro loan payment facility, referred to as the *RBAP Text-A-Payment*, will allow microenterprise clients who are Globe subscribers to pay their loans using the short messaging service (SMS) which utilizes SIM cards on phones as an electronic (mobile) wallet. The pilot test for the G-Cash facility will begin in March. The new service is expected to help banks improve the efficiency and costs of managing micro loan payments.

Luzon and Visayas Microfinance Supervisors' Forum

MABS held three microfinance supervisors' forums during the month of February. A total of 54 supervisors from 27 participating banks (PBs) attended the three forums. The participants developed action plans based on the results of the SPOT (strengths, problems, opportunities, and threats) analysis of their microfinance unit (MFU) operations. Forum participants also evaluated their MFU using the EAGLE rating components (earnings, asset quality, growth, liability structure, and efficiency), reviewed their MF products' features, and learned techniques in conducting customer satisfaction and client exit surveys. Other forum sessions included: projections and target setting, enhancing customer loyalty, market research tools, and client dropout/retention analysis.



Participants of the February 17 – 18 Microfinance Supervisors' Forum with MABS consultants and forum facilitators - 1st row, extreme left: Visayas Regional Manager Arah Sadava 2nd row, left to right: MF Specialist Vincent Rapisora, MABS Chief of Party John Owens, and Luzon Regional Manager Raymundo Roxas

MABS and Globe Provide Training and Orientation for the *RBAP Text-A-Payment* Plan

Technical staff of Globe Telecom and the MABS Program conducted training and an orientation session on the *RBAP Text-A-Payment* plan which will begin pilot testing in March. Fifteen participants from Bangko Kabayan and the First Macro Bank, pilot-test sites of *Text A Payment*, attended the training/orientation. First Macro Bank hosted the training held on

February 24 at their Pateros branch. The training outlined client registration, phone-to-phone (P2P) loan payment transactions, internal control procedures, and accounting policies for recording, posting, consolidation, settlement, and reconciliation procedures. MABS also oriented the participants on the information security procedures for electronic banking operations.

MABS and Globe will conduct another training/orientation for the Cooperative Bank of Misamis Oriental (CBMO) and the Green Bank of Caraga who will also pilot test the *RBAP Text-A-Payment* utilizing G-Cash for their microenterprise clients based in Mindanao.

Nigerian Central Bank Study Visit

In preparation for the scheduled issuance of the Central Bank of Nigeria's (CBN) new Microfinance Policy and Regulatory Guidelines, officers of the CBN visited with the Rural Bankers Association of the Philippines (RBAP), the Bangko Sentral ng Pilipinas, and several MABS Program participating banks. During a presentation on February 4, RBAP and the MABS Program briefed the study group on the *MABS Approach* to microfinance and the successful efforts of rural banks providing financial services to microentrepreneurs in the Philippines. The study group was also oriented on the Philippine government's policies and regulations on microfinance.



The Central Bank of Nigeria (CBN) study group with RBAP, MABS, and BSP officers. Picture shows: left to right - CBN Product Development Officer Attah Joseph Alih, Bangko Sentral ng Pilipinas Bank Officer Edna Quirante, MABS Chief of party John Owens, RBAP President Senen Glorioso, CBN Deputy Director Joe Alegiuno, and CBN Director Sam Oni.

Consultative Group to Assist the Poor (CGAP) Financial Transparency Awards

On February 28, CGAP announced the recipients of the 2004 Financial Transparency Awards, which it sponsored to promote greater transparency and stimulate improvement in the annual financial reporting of microfinance institution (MFIs). MFIs were evaluated based on their compliance with key international and industry accounting standards spelled out in the CGAP Disclosure Guidelines for Financial Reporting. Four Philippine MFIs, including two MABS PBs – the Rural Bank of Santo Tomas and Kapatagan Valley Bank - were given an eligibility rating.

Microenterprise Access to Banking Services (MABS) Program

March 2005 Highlights

Rural Bankers Association of the Philippines (RBAP) Text-A-Payment Facility Training

Microfinance staff members of the Green Bank of Caraga (GBC) and the Cooperative Bank of Misamis Oriental (CBMO) were trained on the features, policies, and procedures of the RBAP Text-A-Payment facility utilizing G-CASH which the two banks are now pilot testing. Technical staff from Globe Telecommunications conducted the training/orientation held March 3, 2005 at the head office of the CBMO in Cagayan de Oro City. The training covered the following: product features, internal process and control procedures, accounting policies, performance monitoring, contingency plan and risk management, and information security policies.

Under the Text-A-Payment facility, microloan clients who are Globe or Touch Mobile subscribers can use mobile phones to make microloan repayments utilizing G-Cash, Globe's SMS-based electronic money facility. The service makes loan repayment more convenient for microloan clients while reducing the costs and increasing the efficiency of rural banks' microloan collection.



Mr. Mamerto Tangonan (left), Advisor of Globe's Human Resources Group, briefing participants of the Cagayan de Oro training on Text-A-Payment' service utilizing G-CASH.

RBAP Text-A-Payment Facility Soft Launch

The four pilot banks of the RBAP Text-A-Payment Facility – First Macro Bank and Bangko Kabayan in Luzon and Green Bank of Caraga and the Cooperative Bank of Misamis Oriental in Mindanao - held separate soft launches of the facility in March. Pre-selected clients of the four pilot banks will pay their microloan amortizations using G-Cash during the soft-launch period. Clients were pre-selected based on their ownership of a cell phone with a Globe or Touch Mobile SIM card, availability of merchants in the client's area and willingness of the client to utilize G-CASH to make payments to the bank. Globe and the pilot banks assisted the clients in the enrollment, G-CASH registration procedures and how to use G-CASH to pay their regular loan payments. The soft launch period

will assess the viability of the Text-A-Payment facility and will continue for the month of April.

Luzon Microfinance Supervisors Forum

Fifteen microfinance unit (MFU) supervisors from eight participating banks (PBs) in the Bicol Region attended a forum held March 11-12 in Naga City. Forum participants developed action plans building on the strengths and addressing the weaknesses of their microfinance unit (MFU) operations. They also evaluated their MFU using the EAGLE rating components (earnings, asset quality, growth, liability structure, and efficiency), reviewed their MF products' features, and learned techniques in conducting customer satisfaction and client exit surveys. Other forum sessions included: projections and target setting, enhancing customer loyalty, market research tools, and client dropout/retention analysis.



Participants of the Luzon Microfinance Supervisors' Forum (Bicol Region PBs) with (front row, 2nd and third from left) MABS Project Administrator Irina Sedova and MABS Chief of party John Owens, MABS Autonomous Region for Muslim Mindanao (ARMM) Regional Manager Ernesto Gementera (second row, extreme left) and MABS Luzon regional manager Raymundo Roxas (second row, extreme right).

Account Officers' Refresher Course for ARMM PBs

Account officers from four ARMM banks completed a refresher course on microfinance best practices held from March 16 to 18 in Cotabato City. The course covered the basic MABS microfinance best practices modules - credit and background investigation, cashflow analysis, zero tolerance toward loan delinquency, and remedial management - as well as a marketing module. The marketing module gave participants pointers on client prospecting, market segmentation, client orientation, and sales presentation.

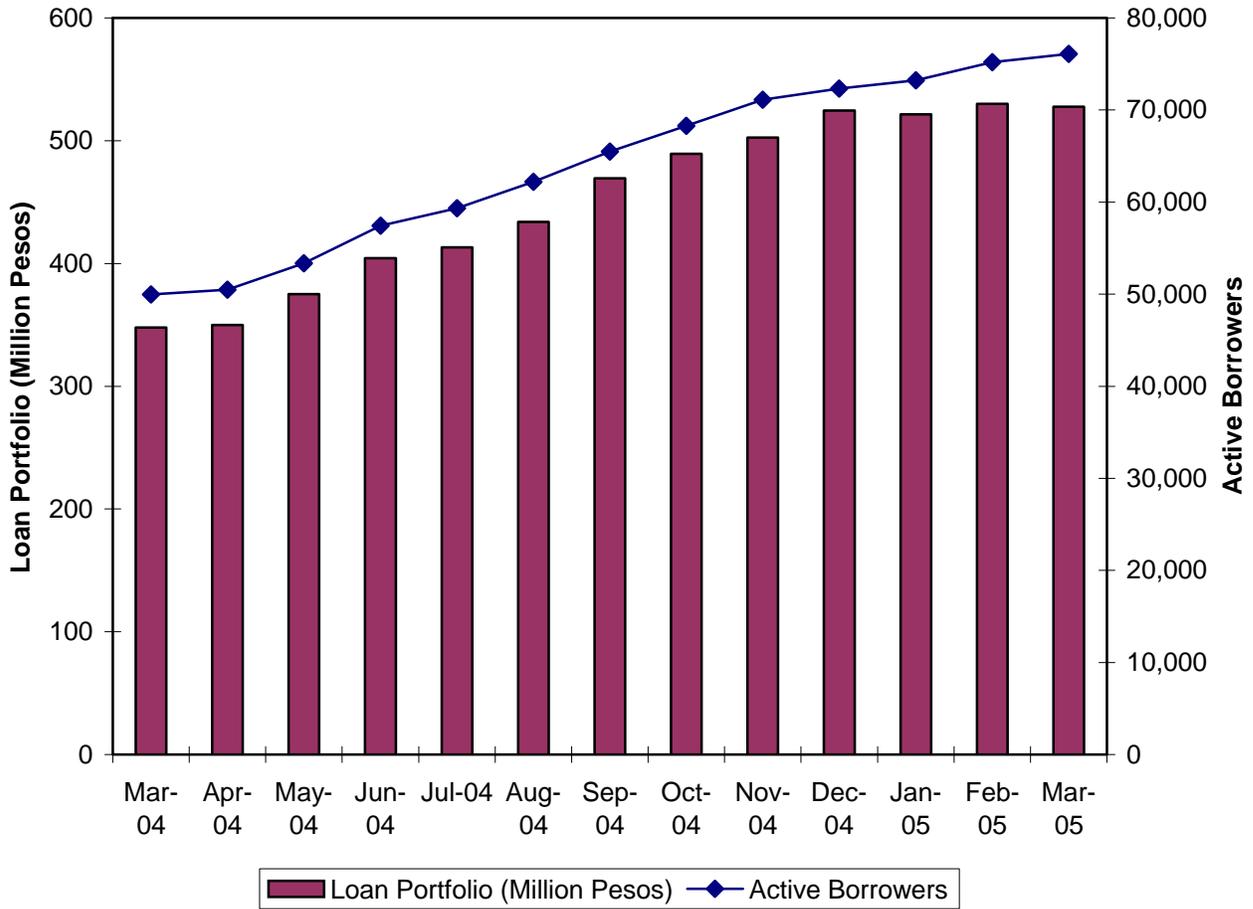
Annex 2.1 Participant Banks' Performance

MABS BANKS MICROFINANCE PERFORMANCE REPORT
CONSOLIDATED - BY AREA OF OPERATION (LUZON, VISAYAS AND MINDANAO)
MARCH 2005

PERFORMANCE DATA	LUZON	VISAYAS	MINDANAO	TOTAL
Number of banks (reporting)	29	9	26	64
Number of participating branches (reporting)	78	25	100	203
Number of banks (trained/on-training)	9	3	2	14
Total number of banks	38	12	28	78
Total number of participating branches	87	28	102	217
Number of active borrowers outstanding	16,677	4,780	54,646	76,103
Number of new borrowers	1,385	296	2,264	3,945
Number of repeat loans	2,537	1,161	4,343	8,041
Loan portfolio balance	145,906,710	42,895,130	338,831,754	527,633,594
Net change in number of deposit accounts	6,894	16,482	236,823	260,199
Net change in deposit balance	62,787,735	20,917,581	363,909,497	447,614,813
Number of microfinance field staff	174	65	404	643
Number of microfinance field staff per branch	2	3	4	3
Number of loans disbursed during the month	3,922	1,457	6,607	11,986
Cumulative number of new borrowers	28,716	8,878	154,803	192,397
Cumulative number of loans disbursed	69,368	34,452	434,729	538,549
Amount of loans disbursed during the month	65,437,436	21,848,500	91,209,544	178,495,480
Cumulative amount of loans disbursed	1,216,822,974	487,327,718	4,473,781,103	6,177,931,795
Portfolio at risk more than 7 days	10,366,780	997,981	23,512,538	34,877,299
Portfolio at risk more than 7 days (%)	7.52%	2.33%	10.10%	8.43%
Portfolio at risk more than 30 days	6,506,296	623,345	16,822,079	23,951,720
Portfolio at risk more than 30 days (%)	4.72%	1.45%	7.22%	7.18%

MONTHLY INCOME AND EXPENSE	LUZON	VISAYAS	MINDANAO	TOTAL
Financial income				
Interest income on loans	6,641,142	2,154,327	10,463,916	19,259,385
Service charge	2,270,691	950,581	4,188,928	7,410,200
Penalty fee on loans	229,434	91,556	247,343	568,333
Total financial income	9,141,267	3,196,464	14,900,187	27,237,918
Total financial expense	891,043	181,230	1,561,611	2,633,884
Gross financial margin (spread)	8,250,224	3,015,234	13,338,576	24,604,034
Loan loss provision	834,892	64,377	1,614,292	2,513,561
Net financial margin	7,415,332	2,950,857	11,724,284	22,090,473
Direct operating expenses				
MFU salaries and benefits	1,716,542	484,085	1,803,807	4,004,434
Gross receipts tax	306,410	67,604	730,932	1,104,946
Depreciation	111,188	72,022	73,148	256,358
Transportation	159,832	49,444	83,371	292,647
Supplies	120,556	54,331	43,795	218,682
Communication	56,020	11,925	8,826	76,771
Others	406,002	61,683	120,748	588,433
Total direct operating expenses	2,876,550	801,094	2,864,627	6,542,271
Training and professional fees	89,801	14,446	37,782	142,029
Net income before indirect expenses	4,448,981	2,135,317	8,821,875	15,406,173
Indirect expenses	708,111	90,742	827,825	1,626,678
Net income (loss)	3,740,870	2,044,575	7,994,050	13,779,495

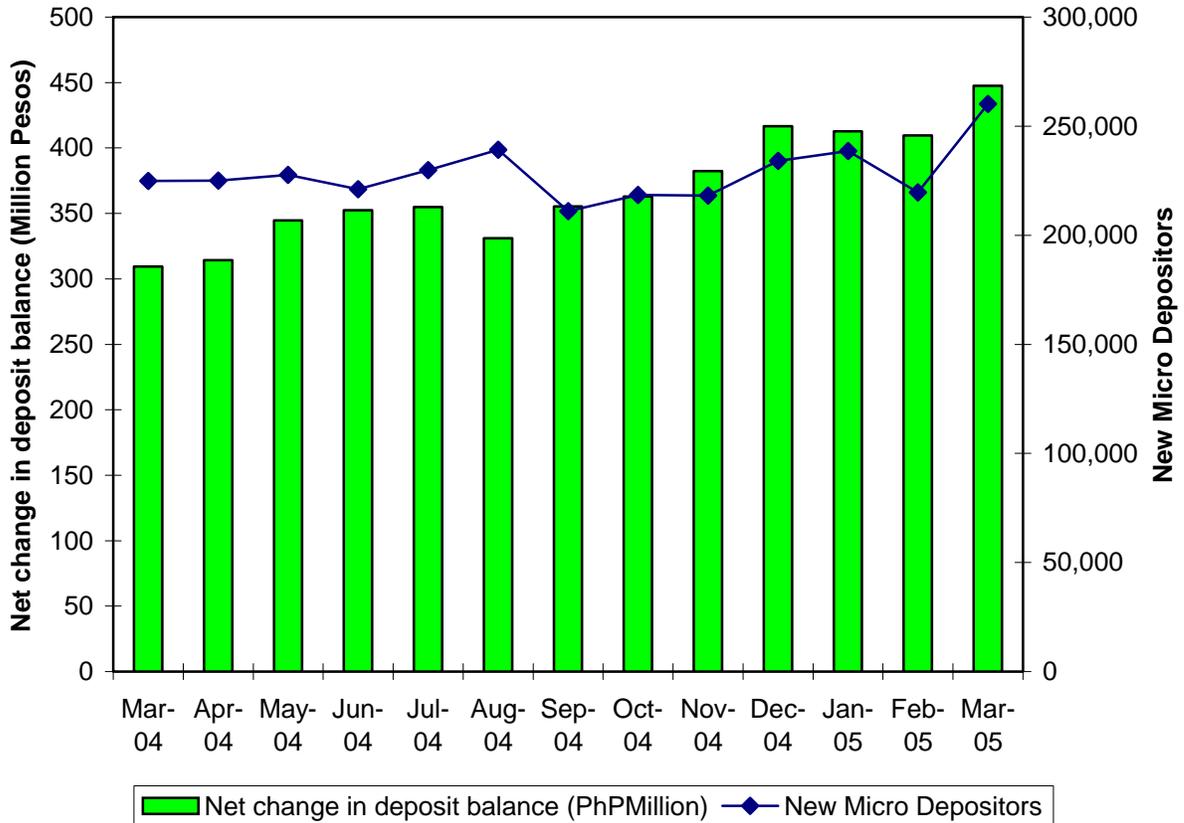
Micro Loan Portfolio MABS Participating Banks March 2004 – March 2005



Month/ Year	Loan Portfolio Borrowers	Active (PhPM)
Mar 2004	347.69	49,978
Apr 2004	349.94	50,476
May 2004	374.93	53,344
Jun 2004	404.36	57,444
Jul 2004	413.14	59,324
Aug 2004	433.97	62,212
Sep 2004	469.41	65,493
Oct 2004	489.38	68,269
Nov 2004	502.42	71,120
Dec 2004	524.65	72,315
Jan 2005	521.51	73,244
Feb 2005	529.93	75,189
Mar 2005	527.63	76,103

New Micro Deposits*

MABS Participating Banks March 2004 – March 2005



	Net Change in Deposit Balance (PhPM)	New Micro Depositors
Mar 2004	309.51	224,835
Apr 2004	314.20	225,007
May 2004	344.58	227,603
Jun 2004	352.42	221,085
Jul 2004	354.99	229,879
Aug 2004	331.18	239,182
Sep 2004	355.35	211,066
Oct 2004	362.81	218,541
Nov 2004	382.34	218,234
Dec 2004	416.75	234,082
Jan 2005	412.65	238,624
Feb 2005	409.48	219,679
Mar 2005	447.61	260,199

* Micro deposits are deposits with outstanding balance of PhP15,000 or below. New micro deposits of a given bank refer to the net change in deposits, i.e., the outstanding figures less baseline figures, i.e., the figures before MABS started working with the bank.