



## SMMPC (C): THE COOPERATIVE REVISITED

From 1996 to 2004, SMMPC's membership grew from 1,220 (1,153 regulars and 67 associates) to over 5,900 (3,500 regulars and 2,400 associates) cooperators. Likewise, its capital build-up increased from Php16 million to almost Php52 million and its total assets from Php46 million to Php117 million over the same period. (Exhibit 1 – SMMPC Performance 1998 –2004).

The organization had undergone restructuring (Exhibit 2 – Organizational Charts, 1999, 2002, and 2004) and focused on delivering financial services to its cooperators. It had modified its original loan services and developed a number of financial products in the last ten years; in 2000, the cooperative closed down its consumer services. It also changed its identity in 2004 from that of a multi-purpose cooperative to that of a development cooperative as soon as it was granted the license to operate in the entire municipality of Taguig, which in effect expanded the cooperative's target market geographically. The Board, with concurrence of the General Assembly in March 2005, thus renamed the cooperative "Simbayanan ni Maria Development Cooperative" (or SMDC).

Fr. Anton was reelected Chairman in 2003 after having held the post for three consecutive terms or from 1995 to 2000. Now a holder of Master in Development Management degree from the Asian Institute of Management, Fr. Anton confessed,

*The key to growth of any cooperative is professional, efficient, and effective management. When you professionalize a coop, membership and money will follow. However, if the manager is able to overpower the Board, then there is also a problem.*

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All case materials are prepared solely for the purposes of class discussion. They are neither designed nor intended to illustrate the correct or incorrect management of problems or issues contained in the case.

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*I must say that being a priest also has an advantage in drawing people because in general, people have this notion that their money is safe with a priest and they readily trust the priest's leadership. But being a priest also has a disadvantage—people tend to blindly follow whatever the priest says.*

## EVOLUTION OF THE ORGANIZATION

### Vision and Mission

Beginning 2002, SMMPC had refined its vision and mission statements thus:

#### VISION

A progressive and stable community-based cooperative with successful business services, strong and viable entrepreneurship programs for all cooperators

Many hands make light the work in a cooperative; as it stands an autonomous association; as it voluntarily meets the common economic, social, cultural needs especially, the aspirations; and as the cooperators move actively in a process which is in democratic control over its own enterprise.

Who does not dream of progressive and stable community in a Cooperative? How do we go about in fulfilling the vision?

Membership in a cooperative is kind of calling, just like a vocation for a religious who does pastoral work. Through the years, at least 12 years now, Simbayanan ni Maria struggles for the stability it has wanted in terms of total membership and in terms of the amount of its total assets and liabilities.

However, the development growth of (SMMPC) also foresees other than a successful purely business activities, but towards the sustainability of entrepreneurship and livelihood programs to improve the quality of life of all cooperators. (sic)

#### MISSION

To develop and sustain effective leadership, professional management, and empowered members by implementing strategic business operations and quality education, training and information programs.

Empowerment in membership is getting to be global in popularity. Yet, if we are to take singly empowerment, the word may give ambiguous meanings. It could mean protests or our desire to move ahead for some noble objectives.

In the context of cooperativism, to be empowered in membership encourages members to be aware and to be motivated to participate dynamically in all the activities of the cooperative organization.

(SMMPC's) credit assistance offers more opportunities to micro entrepreneurs to start up with livelihood programs. These opportunities help them move strategically towards directions that enhance their business operations that are in accordance with the seven cooperative principles, which are:

- Voluntary and open membership
- Democratic control
- Economic control
- Autonomy and independence
- Education, training, and information
- Cooperation with cooperatives
- Concern for community

## Products and Services

### Credit Services

Credit service remained SMMPC's bread and butter, accounting for 85 percent and 80 percent of the cooperative's income in 1999 and 2004, respectively. Loans came in various types: business, back to back<sup>1</sup>, housing, hospitalization, educational, and consumer loans.

However, SMMPC stopped accepting vehicles and tax declarations as collateral beginning 2001 because aside from these collaterals' being "non-poor," the tax declarations also posed some problems. Since Taguig used to be a fishing village, residents had only had tax declarations as proof of land ownership. These declarations did not necessarily guarantee that the land indicated there in rightfully belonged to their holders. There were instances therefore when SMMPC faced the prospect of having to forego entitlement to the collaterals of its bad loans.

In 2004, the cooperative started targeting schools and factories for institutional lending via salary loans as it was aware that "by coop tradition, individual lending is always characterized by past due problems," Fr. Anton explained.

<sup>1</sup> A borrower could avail of loan up to 90 percent of his/her share capital at an interest rate of 1.25 percent per month.

In the late 1990s, delinquencies ballooned. Loans worth Php30,000 and above issued without a proper assessment of the members' paying capacity—coupled with the economic crisis prevailing then—caused repayment rates to drop from 95 percent to 68 percent. Funds were also often misused by members who invested in non-productive assets such as housing. To arrest the problem, the SMMPC management immediately set a loan ceiling that a member could avail of: only one type of loan at a time with one's capacity to pay as the primary consideration. It also resorted to PT pressure / group liability to force the members to repay their loans, but the approach did not help. Members were similarly required to get a co-maker for their loan applications, thereby prolonging the application process. Finally, SMMPC employed an area management approach which worked thus: if delinquency in a village reached 20 percent, recruitment of borrowers was stopped until collection rates improved. This last method worked well for the coop.

At the officers' and directors' levels, loan repayments were made salary deductible to enable borrowers, who usually had loans amounting to as much as Php 1 million from the coop, to pay their dues gradually. Indefinite suspension was also imposed on delinquent management staff and credit officers as of December 2002. A director opined that these developments took place because "people abused Fr. Anton's kindness."

### **Savings**

According to Miss Teresita Cahanding, SMMPC's incumbent President, "During the early days of SMMPC, emphasis was on penalty, not on savings. It was only later that savings were encouraged." That SMMPC considered the savings component of financial services important could be gleaned from its offering above-the-market interest rates on savings and time deposits of 6 and 12 percent, respectively, tax-free. The coop also encouraged schoolchildren to save in piggybanks and required regular members to enroll at least two children in the coop laboratory.

### **Pawnshop**

As SMMPC's ordinary loan products could not compete with the quick-release money schemes of some 12 pawnshops in Taguig because the coop took a week to assess the creditworthiness of loan applicants, SMMPC launched jewelry collateral (JC) loans. JC operated similarly to pawning in that clients used jewelry as collaterals for their loans, but with a lower monthly interest rate of two percent compared to the pawnshops' four percent. Moreover, pawning seemed to be a lucrative business in the sense that money obtained thus was often used as "bridge financing" while borrowers awaited the release of their ordinary loans. In addition, as much as 80 percent of the pawned items were retrieved thus selling the foreclosed items or getting tied down with inventory was not a problem.

## Microfinance

In 2004, SMMPC started its microfinance (group lending but with individual liability) using the Php3 million-grant from senators as capital. Aimed at assisting those who could not afford to pay the cooperative's membership fee, the lending program catered initially to Lower Bicutan residents (known to be the "taal" or original habitants of Taguig) with permanent addresses or who had been residing in the area for at least three years and had existing businesses. These borrowers were classified as associate members of SMMPC. No loans were extended to start-ups as experience had proved that start-ups were bad risks. Loans were issued at 13 percent to 14 percent interest rate per term, applied on the declining balance and payable in four to six months. By mid-2005, SMMPC had issued out loans totaling Php 895,000 to some 400 clients, with 100 percent repayment rate. Fr. Anton explained,

*The explicit goal of the microfinance program is to serve the poor. There are many poor in Taguig earning less than Php12,000 (US\$218) annually. But since our cooperative requires Php2,000 in share capital before one can become a regular member, the poor residents find it difficult to be part of our cooperative. In effect, SMMPC is accessible only to the middle class so that more than 2,000 of the 3,700 coop members belong to this class. Still, through the microfinance program, SMMPC tries to keep its original mission of serving the poor Taguig residents.*

## Consumer Services

The Consumer Services group ceased operations in 2000, five years after its inception, due to stiff competition, high overhead costs, and repayment problems. Fr. Anton recounted,

*Consumer Services only had Php5 million capitalization but our collectibles were running at Php8 million. It took us three to four years to collect. It served as a learning experience for us because we had no one to ask when it came to consumer services. Later we realized that no consumer cooperative had succeeded in Metro Manila because of stiff competition within the community. Unless you can compete with the likes of Makro, Shoemart, Rustan's, and other supermarkets, do not go into consumer services. You need a captive market to succeed in this line—provinces would be a good place since these areas are hard to reach by the suppliers and distributors.*

*We are also tying up with small businesses so that we could extend credit lines to our members in their purchase of, say, appliances or grocery items.*

What would make extending credits to clients in their purchase of goods different from the defunct Consumer Services would be SMMPC's concentrating only on financing the purchase. The coop would not have to be bothered with inventories and other overhead expenses such as rentals, warehousing, deliveries, and the like.

### **Damayan Fund**

The Damayan Fund (DF) was also dropped in 2003 because "its design was defective to begin with," explained Fr. Anton. Members paid a one-time premium to the DF but the amount collected was never enough to cover the number of deaths every year. DF benefits were good only until 2006. Due to be launched in 2005, however, was the SMMPC Insurance Benefit (SIB) which would replace DF in terms of providing burial benefits. For the SIB, members would pay Php1 per day or Php365 per year annually.

### **Membership**

Some members grew with the cooperative. Among them was Mrs. Juliana Burnot, who first took out a Php30,000-loan from SMMPC in 1998 to help her expand her trading business. Mrs. Burnot, mother of three, was an agent of two direct selling companies and a trader of various Davao-made products. The following year, her sister was able to acquire a property also in Taguig which she (the sister) shared with her. Mrs. Burnot recalled,



*Mrs. Zeny Alvarado (then President of SMMPC) was insistent that I fix all the legal documents so that I could use the tax declaration as collateral and avail of bigger loans from Simbayanan. She even helped me do the necessary paper works. Thus, that same year, I took out another loan of Php100,000 with the property as collateral. I used the money to construct the first level of my commercial building on the said property. Readily, a pawnshop rented the space for Php22,000 per month under a one-year lease contract. From my rent income alone I was able to repay my loan from SMMPC.*

The following year, Mrs. Burnot took out another loan amounting to Php200,000 to build the second level of the building (see picture below) and put up a play station / gaming center.

In 2005, Mrs. Burnot, now living on her income from rent, her gaming center, and her sari-sari store which stood beside the pawnshop, decided to stop taking out loans from the cooperative. "After my seventh loan from SMMPC, I just want to take a break," she explained. Over the years, she had noticed an improvement in the cooperative:

*Now, SMMPC applies interest on diminishing balance. The cooperative used to charge interest on straight-line basis and people then, with their level of income, ended up just paying for the interest and defaulted on the principal repayment. I believe one should avail of loans only if s/he is sure s/he can repay them.*

Mr. Tommy Aliado had a different experience though. He started taking out loans from SMMPC in 1993 to send his children to school. In 2002, however, when his first born got married right after college instead of working and helping out the family financially, he decided to terminate his membership and used his equity fund to repay his loan.

*My wife remains a member of the cooperative and that is fine with me. As for me, I am content where I am right now and I do not want to take out loans from Simbayanan anymore. I live on my earnings from my sari-sari store. Of my 20 percent mark-up, 10 percent normally goes to our household consumption and the other 10 percent is plowed back to my store. Whenever I need additional money, I borrow from the 5/6 operators. Sure the 5/6 lender charges much higher interest rate than Simbayanan but I prefer this lender's daily collection to Simbayanan's monthly amortization.*

Mrs. Regado joined SMMPC only recently, after having convinced by a relative. She said,



*My relative told me that it is difficult to take out a loan from a bank but I have not tried it myself. I also heard that SMMPC's interest rate is lower than what the banks charge. Thus, I joined SMMPC and took out a Php100,000-loan to build rooms for rent on the third level of our house (see picture on left). My loan is payable in two years.*

Indeed, a long-time resident of Lower Bicutan said that one of Simbayanan's major contributions to the area was the growth in the number of microenterprises, as a result of the cooperative's financing programs. She herself joined the cooperative, initially to build her savings and eventually to source additional capital for her family's hog-raising business in their province. She repaid that loan out of her own salary though and not from the profits of their family micro business.

She observed, however, that although the economic condition of Lower Bicutan and Taguig in general had improved since the 1990s and big commercial establishments had mushroomed in the area, crime rate had likewise increased. The frequent gang fights in the past were replaced by high incidents of robbery and drug addiction.

### SMMPC AND ITS GOVERNANCE

During the 1997 Asian crisis, the original team of directors who grew the cooperative turned delinquent, thinking that "the Lord will provide (their financial needs)." But since the cooperative had a strict delinquency policy, these directors had to be replaced by new ones who, however, "were not yet ripe for the position."

In 2001, the first time that Fr. Anton was not Chairman of SMMPC, after serving the maximum allowable tenure of three consecutive terms or six years, for the coop experienced a "leadership crisis." The directors got involved in various interpersonal conflicts. They also increased each other's salaries by Php5,000 or so.

The delineation of Board and management then became blurred so that even the mere purchase of a sound system required a Board decision. Worse, the Chairman then was "anti-cooperative, pro-politics" so that he even wanted to grant a Php150,000-loan to a friend of his without the borrower's going through the normal loan application process (through the credit officer and credit committee). Consequently, a case was filed against the Chairman at the village level. Since then, the screening committee began to set higher standards for candidates to the Board in order to avoid similar circumstances in the future.

Fr. Anton narrated,

*The results were a Php7-million decline in SMMPC's assets and an Php8-million decline in its income. Once the leaders start fighting among themselves, the cooperative's health will be affected. Cooperatives revolve around the Board; it is its lifeblood. The Board is very dynamic, as elections are held every year, but the successful coops are those that have maintained the group of directors who "grew" the cooperative.*

*The Election Committee plays a key role in the process because they are tasked to screen the candidates. If the Director would come from nowhere, s/he would not have any idea how the coop operates. We have*



*learned to groom our leaders from the Pook Tulungan (PT) group level, who will eventually join the committees before becoming a Director. We have to be strict in selecting the Directors because the Board is very powerful.*

In 2002, the erring directors left their posts before they could be conferred a delinquent status. That year, when Fr. Anton ran for reelection, the migrants (“dayo” or those not originally from Taguig) tried to impede his candidacy, but the old members rallied for him in a General Assembly. He stated before the body, “*Kung ayaw ninyo ng patakaran ko, huwag ninyo akong iboto. Pero kung iboboto ninyo ako, sumunod kayo.* (If you do not agree with my policies, then do not vote for me. But if you do, abide by my policies.)” Fr. Anton was elected Director again and in 2003, he became SMMPC’s Chairman.

Fr. Anton strongly believed that the people who wanted to destroy the coop had political motives. He also mentioned that the coop had come to be identified with politics, among them a candidate who had run for Mayor thrice and whom SMMPC supported (without an open endorsement of the said candidate, however). Thus, whenever SMMPC went out to promote its products and/or recruit members, people thought that they were merely politicking. Since 2001 when the SMMPC-supported candidate lost to his long-term rival, the cooperative became “purely economic” in nature. However, outsiders continued trying to gain access to SMMPC “to put Fr. Anton down.” Because the detractors did not succeed, they tried putting up another coop to compete with SMMPC. “But Government- and Church-supported initiatives hardly succeed, if at all, because people think these institutions are doing charity and thus never pay back their loans,” Fr. Anton explained.

By 2005 SMMPC had about 250 PT leaders, each handling 20 to 40 members. The PT Development Council was formed some 10 years ago to facilitate information dissemination and communication, program coordination, and the social community projects of the cooperative. It thus served as a venue for the volunteers to develop their leadership skills. Still, Fr. Anton admitted, “It is difficult to get professionals who will build SMMPC’s leadership,”

Vice Chairman Andres Buraga added that the Election Committee needed to review and revise the current policies to help build the coop leadership. He said,

*A candidate is required to have at least Php5,000 in savings, Php5,000 in time deposit, and Php5,000 in share capital in order to qualify. Unfortunately, those who have this big amount of money and thus qualify for the leadership position are delinquent borrowers. On the other hand, those PT leaders with high leadership potential—those Dedicated, Appropriate, Willing, Interested, and have the Time (DAWIT for short)—do not have this amount of investment in the coop.*

*Although we need to train more leaders, I believe that SMMPC is not dependent on one or a few individuals. SMMPC will still be there even if people come and go, as it has been in the past.*

Fr. Anton elaborated on the kind of leaders he was looking out for:

*I look for three things in choosing a candidate. First, one must have the time to do volunteer work for the coop. I need at least four to five hours for our weekly meetings.*

*Second, the candidate must be competent—either a professional or an experienced entrepreneur. The thing is, Church people usually lack both. But if you do not know what to do, you should ask: ask other coops or ask a consultant.*

*Finally, the candidate must have good character—no vested interest in the coop. He must be incorruptible and responsible. Otherwise, s/he would surely get into trouble with other directors. I gauge that by looking at one's credit history—is s/he a delinquent borrower? Thus, value formation among the leaders is very important. We have recollections, servant leadership training, and good governance seminars, among others. Interpersonal skills are also important, as intrigues are inherent in community-based coops—gossips are rampant. But the Board does not let things pass—they will call an on-the-spot dialogue with involved parties once rumors reach them. If we prove them guilty, we use iron hands in dealing with delinquent directors/officers. We do not mind filing cases against them and taking them out of their posts. Doing so will keep the cooperative stable. People, on the other hand, get to air their gripes or discuss issues during the quarterly Ugnayan.*

Ugnayan (meaning “connection”) were SMMPC quarterly meetings held in five clusters of 18 villages to discuss various concerns and issues. These gatherings served as a venue to keep the coop members educated and to make them enlightened voters. Aside from Ugnayan meetings, the coop members also held an annual General Assembly and the traditional Christmas celebration. The coop also published a newsletter quarterly.

## **SMMPC: 2005 ONWARDS**

### **Strategic Direction**

For 2005, SMMPC decided to focus on providing financial services and to become the “financial center of Taguig.” Although the coop did not have insurance products and educational loans, yet, it was intent on developing and expanding its financial services. “We need to be an expert in this field,” Fr. Anton said. Following were SMMPC’s targets for 2005:

- Php55 million in loans released;
- Php56 million in deposits, Php14 million in savings and Php42 million in time deposits;
- Php59.5 million in share capital;
- Php150 million in total assets;
- Php3 million in net surplus; and
- 10,000 members, both regular and associate.

At the Board level, the directors were discussing the coop's sustainability. It acknowledged that to achieve this goal, SMMPC had to work on professionalizing its management and putting up systems. Fr. Anton expounded,

*This move means getting managers with corporate backgrounds to run the cooperative. SMMPC was only into lending in the past; today, we want to strengthen business enterprise development, which calls for a new set of skills. Our end-goal really is to see our members achieve economic development, in order for their enterprises to move from the micro level to becoming small- to medium-scale enterprises. Most of our members right now are into trading or sari-sari store (corner store) vending. We need to promote enterprise development among our members; we do not have an industry yet that we can call truly Taguig's.<sup>2</sup>*

*We have also realized that when the members' businesses perform poorly, repayment patterns follow the same trend. For example, a mother was not able to repay her loan because she mismanaged her business. In the past we just lent and collected; today we need to look into the business of the members and collect from the delinquents—we study why their business is losing. On our part, we need to develop our credit officers who will ensure the business success of our members.*

Aside from the various program of Personnel Management Association of the Philippines and University of the Philippines-Institute for Small-Scale Industries, SMMPC's officers were likewise undergoing various training programs and on microenterprise development, among others. "Attending seminars is critical especially to developing leadership," Fr. Anton said.

He furthered,

*We are now working on our COOP PESOS<sup>3</sup> items and hope to increase our current rating by one percent per month. The current Board is not so particular about the COOP PESOS financial standards so the*

<sup>2</sup> The typical underground economy of Taguig included trading, food vending (*carinderia* and *balot*), sari-sari stores (every other house seems to operate one), transport (tricycle), and house rental that accommodated the office workers from Makati and the Global City.

<sup>3</sup> Financial standards used in assessing the performance of cooperatives. (see Exhibit 3)

*burden of improving our financials rests on me. Thus, I get a competent management team so that I have somebody with whom I can discuss these issues while I train my directors. (It is important to keep policymaking and monitoring functions separate from implementing functions. The working boards should be wary about this.) One of our weaknesses is that the Board is dependent on me. They wait for my opinion before they make decisions and would not initiate action without me.*

*After 14 years in the coop, I have seen one potential candidate already whom I can trust and am giving myself another 20 years (before completely passing on the baton); but the shorter time it takes, the better. We have realized at the Board level that it is difficult if we get people from outside the Church to run the coop because of differences in values.*

*If you have a good management team, however, the coop will thrive despite the weakness at the Board level. Tess Cahanding is an ideal President—she is a CPA by profession, has worked in a corporate organization, and has been part of the Board. She has both the competence and the historical perspective of SMMPC.*

## **The First SMMPC President**

Ms. Teresita “Tess” Cahanding used to attend Mass in Our Lady of Holy Rosary Parish where SMMPC was founded, although geographically she belonged to another parish. In 1991, she joined SMMPC and even worked as a volunteer bookkeeper/auditor of the coop. Later, she also availed of loans but had a hard time repaying it then. Nevertheless, without complaining, she paid the interest that accumulated, the penalties, and eventually, the principal: “I never hide the fact that in the past I was not able to pay my dues on time but I faced the consequences.”

In 2005, Fr. Anton encouraged her to assume the presidency of the coop, a position created to address the growing delinquency problem which was attributed to the General Manager’s lack of managerial skills. She recalled,

*The Board’s mandate was for me to manage SMMPC, so I would be the only one they would be talking to regarding the coop. I was given a three-month learning curve. I came in April 2005 and they already had their planning in December 2004 for the following year so that I just had to implement whatever they have planned and then observe. Policies I needed to raise to the Board were generally those concerning loans, the Damayan Fund, special benefits, and capital expenditure.*

*I had a culture shock during my first few days—the office staff then was happy-go-lucky, seemingly not challenged enough by their work. They came to the office late and at times, they would leave the office without*

*letting anyone know their whereabouts. Everyone did his own thing. Playing favorites was rampant. Our recent reorganization, however, has helped us address these concerns. I believe that the past GM was just so kind that people took advantage of him.*

*I consider people, especially the management team, as the coop's primary strength. They are talented people who just need a push. They are good followers who trust their leaders. However, the 2001 leadership crisis has hurt these people so badly that they have learned to distrust the leaders. At that time, people were already telling the Board members that some people were conspiring to do something wrong, but the report was simply ignored. It turned out that the report was true.*

*We have a lot of policies already in place, but most have not been implemented. Those that were implemented, on the other hand, were implemented inconsistently so much so that people perceived the coop as having double standards. We need to strengthen our implementation.*

*Decision-making is likewise a weakness. People do not want to make any decision as they do not want to be blamed for the outcome. In a community-based coop, people can blow things out of proportion—even resort to character assassination—and that aggravates the issue. I myself am not spared, but I am used to being labeled as strict. People want to pursue their own interest, especially when Fr. Anton was not in the Board in 2001. At that time, everyone wanted to be the Chairman. Concerns such as this one may be addressed, though, through values formation. We have also created a Mediation and Conciliation Committee to handle internal issues, but it has no clear functions yet.*

*I also want to professionalize the staff by setting qualifications for each position, e.g., the completion of a college course related to the job. In the past, employees were merely recommended by the members or Directors.*

*I also want to tighten policies on background/credit investigation and on screening members. We need to protect the coop from people who might just use it in their pursuit of personal interest. We need to protect the coop's reputation and the people's money.*

*All these things I need to balance with the coop's principle of democratic control.*

## Current Challenges

### *Past Due Collection*

The Board's mandate to management was to bring down the past due rate from 30 percent to 25 percent by end 2005. To meet this target, the VP for Operations classified the delinquent members into four categories, as follows: 1) those who did not have anything to eat because their businesses had shut down; 2) those who tried to meet their obligations but did not have enough to pay the amount due on time; 3) those who could pay but did not want to; and 4) those who had migrated. For Classes 1 and 2, the coop designed a Sagip Loan Program which extended an additional loan of Php5,000 to each member for the setting up of other income-generating activities. A small part of the old loan would then be included in the amortization of the new loan. For Class 3, the coop either filed a lawsuit or foreclosed the property which was usually in the form of tax declarations, appliances, or jewelry.<sup>4</sup> For Class 4, the coop wrote off the loans after the Audit Committee determined that the members had indeed migrated.

In 2004, SMMPC also created a policy that if the past due of a PT group reached 50 percent, the other members with no outstanding loans would be allowed to borrow an amount equal only to 90 percent of their share capital. These members would then encourage their co-members to settle their dues so they could avail of bigger loan amounts.

For the first term of 2005, the delinquency rate was down to 27 percent.

### *Microfinance*

SMMPC's microfinance (MF) program was based on the ASA model, which lent a maximum of Php20,000 to groups of 10 to 40 associate members. In the past, these non-voting members could avail of all the coop services except for loans unless they had a time deposit account with the coop. Mr. Orallo said,

*MF is a vehicle to help the poor; however, the selection criteria for the members have not yet been established nor included in their operations manual. So far our general rule is that (according to Fr. Anton) each family should be earning at least Php18,000 per month to be able to live out of poverty; anything below this qualifies the member for an MF loan. SMMPC has a marketing person who goes around the villages looking for potential MF clients. Our staff then train and educate the members and introduce them to MF and other coop products.*

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<sup>4</sup> SMMPC disposed of the foreclosed properties by auctioning or raffling them off. It was also considering designing rent-to-own packages that would suit the members' capacity to pay. It did not want to venture into low-cost housing yet since the coop was in a tight cash position, having just completed the construction of its new office.

Thus far Mr. Orallo's main concern with regard to the MF program was the Account Officer's ability to promote discipline among his/her 300 or so members through value formation, bible study, and weekly center meetings. As of June 2005, SMMPC had eight account officers (and three credit officers for individual loans). Another challenge was to keep the repayment rate at a minimum of 98 percent as the members moved on to their second cycle (loan terms were four to six months and the program started only in December 2004). By mid-2005, SMMPC was counting on family pressure and the group fund<sup>5</sup> to control delinquencies.

### ***Expansion***

SMMPC intended to expand at a rate of one to two branches per year. A full-time manager would be hired for a branch once its regular membership reached 250 people.

Within their respective villages, members recruited applicants at the PT level after which these applicants were subjected to a background check by the Community Organizer (CO). The PT leaders assisted the CO in screening the applicants based on the following considerations: the sources of household income of the applicants; the status of the SMMPC account of other family members (if any); feedback from neighbors, and the payment of Php2000 for membership and seminar fees. For every new member or time depositor they recruited, coop members were given monetary incentives. Members also marketed coop services to other organizations and institutions.

Considered one of SMMPC's milestones was the construction of its own building, which also helped the coop expand its membership. Fr. Anton explained, "The trend among coops is that membership increases once a building has been put up because it signals the coop's stability." In 2005, SMMPC was able to attract 100 new applicants every month. It hoped to reach its target of 8,000 soon. "But for us, stability is more important than size," clarified Fr. Anton.

As for the competition, Mr. Bernard Orallo, Vice President for Operations and a former General Manager of SMMPC, said,

*Nobody is a threat to SMPPC. We intend to 'kill' the 5/6 operators by offering social services, which the former does not have. SMMPC's products are still better than those offered by the only rural bank in Taguig; the latter's only advantage is its current account feature. Our edge over NGOs is our savings component. People also do not like the idea of group liability. We also encourage our members to patronize their own products and we continue to educate them on the spirit of cooperativism. The only potential competitor we see now is the local government-sponsored coop.*

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<sup>5</sup> The group's regular monetary contributions intended to cover delinquencies of any of its members.

However, Mr. Edgardo Contreras, the Training Manager and former Chairman of SMMPC, had various concerns:

*The coop needs to get new members who will share the original vision of the coop and will not pursue their personal interests. I am also concerned about how we, as a growing coop, will adjust to the new challenges confronting us, e.g. service delivery, the conduct of meetings, and value formation of, say, 15,000 members. Lastly, one of my fears is that the coop might be used by politicians to get votes during elections. In addition, these politicians might insist on having a say on certain decisions within the coop.*

Apparently, Mr. Contreras's fear of the SMMPC being taken over by a politician was shared by almost everyone in the management staff.

## Lessons Learned

Most of the resource persons opined that leadership was key to sustaining a cooperative. Ms. Cahanding said,

*The leaders could not afford to be lax. If you let the members dominate you, they will eat you alive. People can be hard-headed. The less educated ones can also be dangerous, as they are easily influenced by outside forces and would challenge your authority, saying that they own the coop. In our work, one must be very patient.*

*The leaders must be objective, focusing only on the issues and not on the personalities involved. They must also learn to manage by objectives (MBO). SMMPC does not have key results areas nor performance indicators yet, but that is something I intend to introduce during the mid-year planning in July.*

*The leaders must also learn to take calculated risks. Risks will always be there so we just have to learn to manage them. My being a CPA works to my advantage because I know how to play with numbers.*

Mr. Orallo added, "Leaders should be there to serve, not to pursue their personal interests. One way of strengthening the leadership is to educate them on the principles of good governance."

Mr. Contreras furthered that education should not be limited to the leaders but should include the members as well:



*The values upheld by the people must not be against the cooperative principles. They must be sincere and honest since cooperative work is basically development work aimed at making a better community. Unity in the organization is also important— i.e. having one direction, one heart; no competition. Here in SMMPC we promote unity through values formation, teambuilding activities, and regular meetings.*

*Management skills and continuous education are also important—the coop cannot afford to be complacent because the environment keeps on changing. We also go to successful coops and check what works for them that might work for SMMPC as well. For example, we have observed a cooperative’s operation, which is very lean—everything is done by the account officers, and check and balance is provided by the MF managers through spot checking and the matching of the passbook and the ledger. Thus, the coop enjoys an 11-percent cost ratio. SMMPC is now looking at adopting this technology.*

*Finally, the members have to be vigilant—they should know their rights and responsibilities, clarify the issues at hand, ask questions, and keep the officers on their toes.*

Finally, Ms. Cahanding declared,

*These are the sure ways of failing: let a family or a politician gain absolute control of the coop, rely on grants, do not build on the coop’s internal sources, and keep your members uninformed.*

## INSIGHTS ON THE COOPERATIVE SECTOR

Fr. Anton had the following thoughts on cooperatives and on the issues that beleaguered the sector:

### **Types of Cooperatives**

The primary issue that the Union of Church Cooperatives was trying to address among its members, the parish-based cooperatives (PBCs), was accountability. Questions that the PBCs needed to answer were as follows: “Who is in-charge—the Board of Directors, the Parish Priest or the Pastoral Council? What if the Pastoral Council was not too involved in coop operations? Who has the last say?”

Fr. Anton said that the parish-based cooperatives had their own culture:

*The Church needs to better understand the development approach. Its culture is monarchical/ hierarchical. It upholds authoritarianism over democracy, which is necessary in the cooperative movement. The PBC*

*managers would say, 'Sabi ni Father pautangin daw e.... (Father said that we lend to this person...).' They also based their decisions on the virtue of charity and not on the cooperative's business principles.*

Fr. Anton recalled the downfall of a PBC valued at Php25 million. The parish priest was its Chairman, his brother was the President, and a sister-in-law was Finance Manager. The members did not want to speak out even if there were seeing signs of anomalies because the President was the priest's brother. "If Church cooperatives are not business oriented, they will soon collapse," cautioned Fr. Anton.

The PBC was very similar to the cooperatives of teachers and the military cooperatives because of their "cooperative counter-culture". These coops were normally run by the principals and generals, respectively.

On the other hand, the institutional coops, housed and operating within corporations with the employees as their members, were generally professionally run because of the type of membership they had. Repayment was also always 100 percent in these coops because this was done through salary deduction. Their problems, however, began when the corporation started retrenching the coops' members. Fr. Anton added, "The institutional coops are also weak in the sixth principle of cooperative movement – networking with other coops – as they operate in isolation."

The community-based coops also had their own peculiarities, depending on the culture of the community. Natives of Bulacan were naturally entrepreneurial so that coops thrived in the province, making it the coop capital of the country. Taguig was a transient community so its needs were different. Fr. Anton's advice was, "In choosing a benchmark, one must choose a coop that is similar to one's own. SMMPC uses the San Dionisio Credit Cooperative as a model, and the cooperatives in Project 4 and Novaliches as its standards. It has become an unwritten rule (that when in doubt) to ask the old, surviving cooperatives, those 30 years old and over, for advice and to learn from their experience. In SMMPC, when we draft policies, we consult with at least five cooperatives—for benchmarking purposes."

### **On the Cooperatives' Concerns in General**

Fr. Anton said that the cooperatives' concerns varied according to the cooperatives' size. The small coops' concerns included lack of membership and inadequate fixed assets (e.g. office), systems (e.g. bookkeeping), financial resources, as well as the absence of a strategic direction, track record, and credibility in the community.

The large or centennial coops—those with assets equal to or greater than Php100 million, only 50 of which were in Metro Manila by 2005—on the other hand, faced issues such as succession, past dues and financial management, operations management, business processes such as consolidation, and strategy management.

The cooperatives in the country had failed to develop Unions and Federations<sup>6</sup> that might otherwise bring the coops into a higher level of cooperation. Fr. Anton explained,

*The idea of consolidation is difficult to sell because the mindset of the coops is still that of a primary coop—their thinking on business integration is not yet sophisticated. We do not care about one another, thus we cannot maximize the value of integration. Someone will deliver a 10-minute speech on coop integration, people will like it; but there will be no follow-through. Nobody speaks about how to do the consolidation. Yes, there are inter-trade workshops, but they merely serve as venues for socialization.*

*I have been advocating the consolidation of cooperatives for the past three years, but the cooperatives do not yet appreciate the value of merger and consolidation. I know of only two successful mergers of cooperatives: one in Batangas involving fishing and credit cooperatives, and another one between Pfizer and Warner-Lambert cooperatives, which happened simply because the parent companies merged.*

Fr. Anton admitted that there was tension in the leadership across cooperatives, “We do not respect people who have not yet been able to grow any cooperative.”

Financial management was also a major concern of coops. “All coops have financial problems. Those which offer individual loans have a past due rate ranging between 25 percent and 30 percent. In fact, none has achieved the passing mark of the COOP PESOS, which was 80 percent; coop ratings range from 40-plus percent to 60-plus percent.”

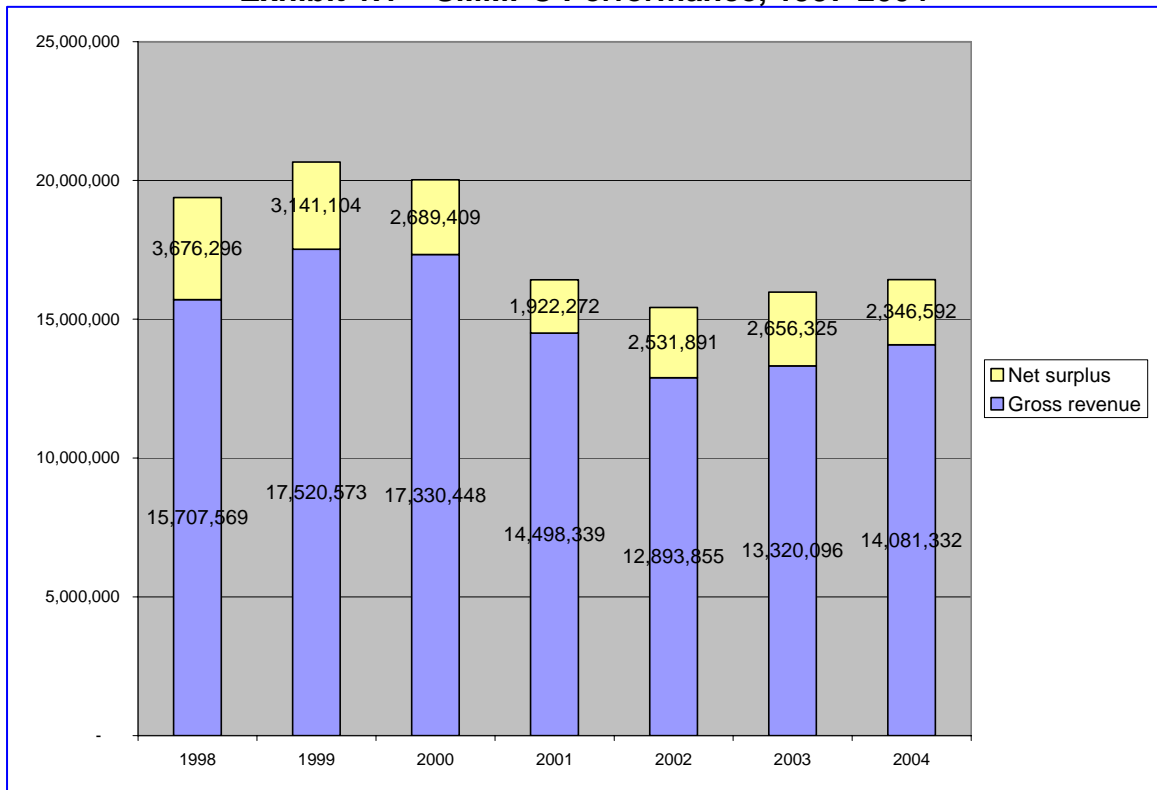
### **On the Cooperatives’ Concerns in Taguig**

According to Fr. Anton, there were around 60 cooperatives in Taguig, which he opined needed to work together and consolidate. “I tell them to leave credit services to SMMPC because we are already big and encourage them to transform themselves into something else, instead, for example, to a water, fuel, or funeral coop. There are 500,000 people in Taguig and they have other needs yet to be served,” he said emphatically.

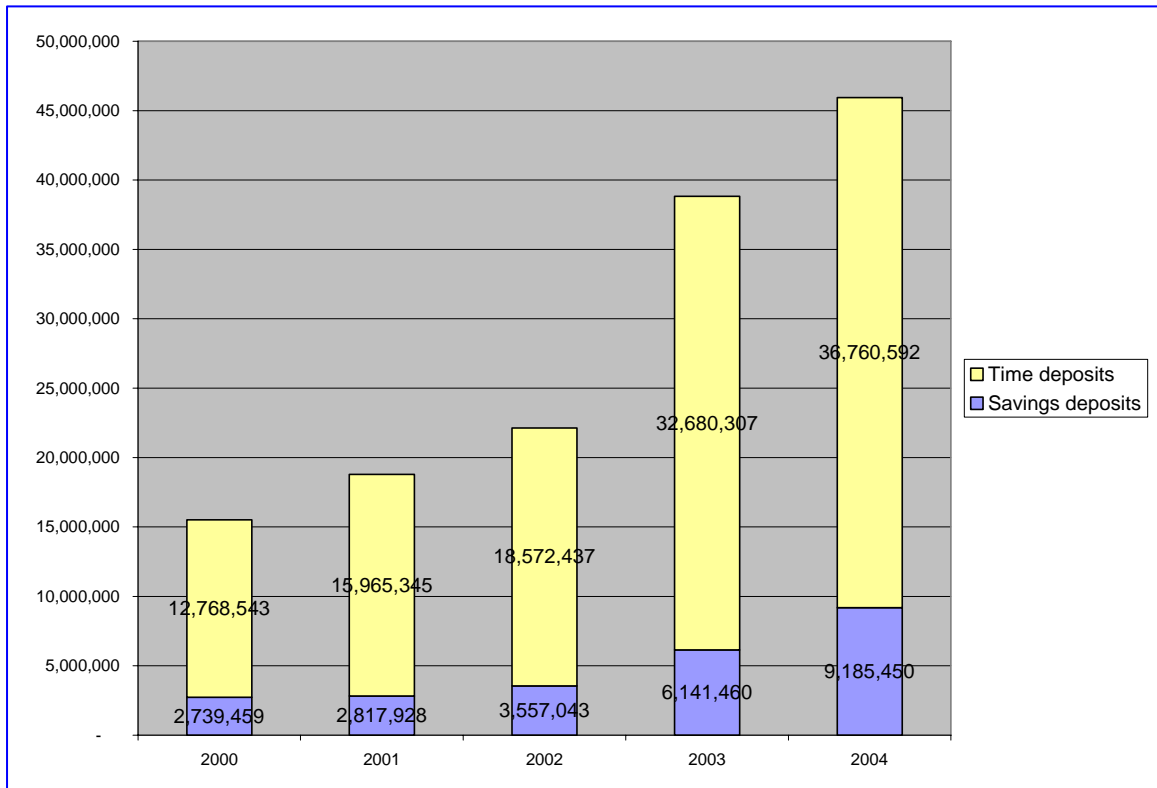
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<sup>6</sup> Unions took care of the non-business needs of the coop such as education, information, advocacy, mediation; while Federations took care of the business side of coops, e.g. insurance, credit.

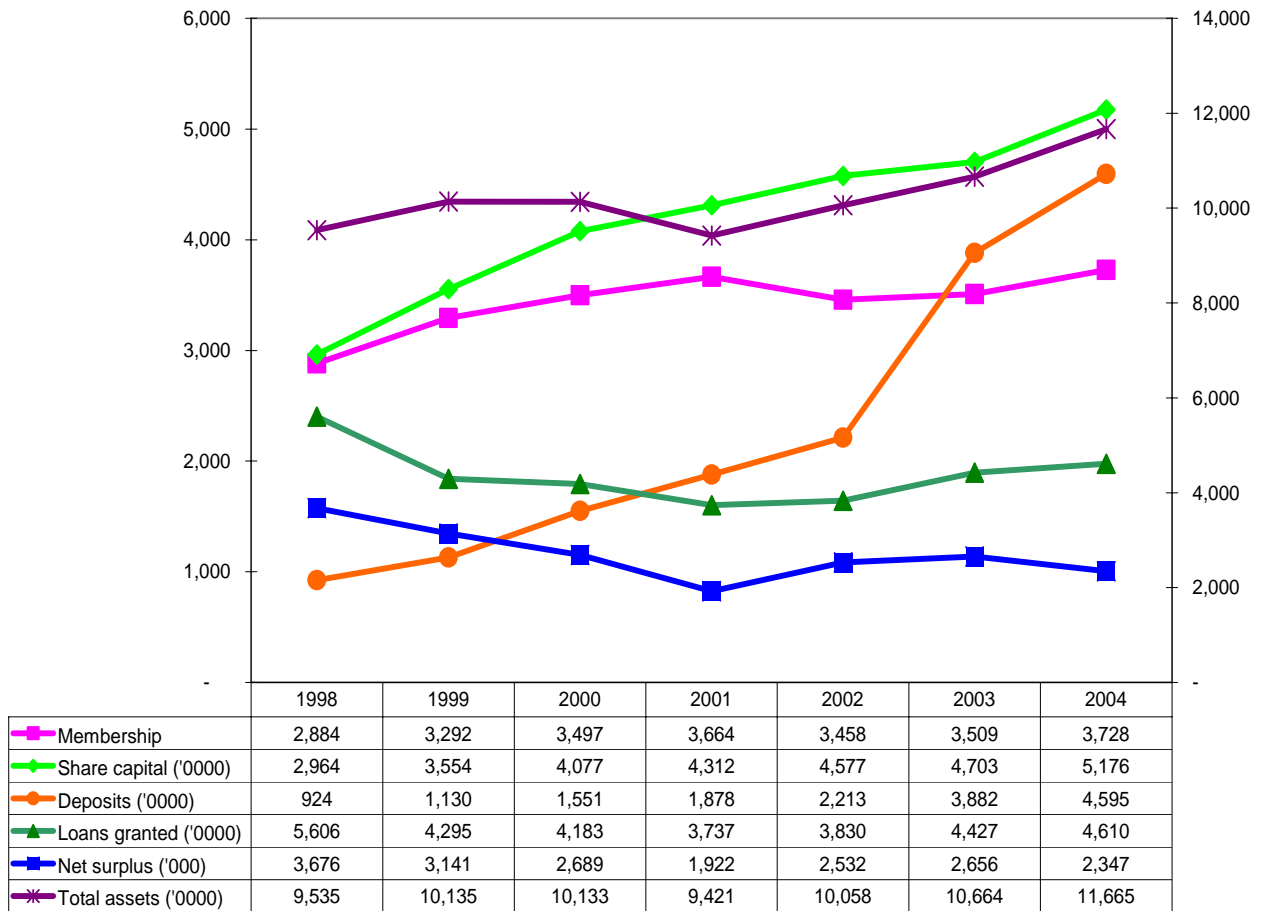
**Exhibit 1.1 – SMMPC Performance, 1997-2004**



Source: SMMPC Annual Reports



Source: SMMPC Annual Reports



Source: SMMPC Annual Reports

### Exhibit 1.2 SMMPC Performance Vis-à-vis Other Cooperatives, 2002

COOPERATIVE DEVELOPMENT AUTHORITY  
LIST OF COOPERATIVES WITH ANNUAL REPORTS 2002  
RANKING ACCORDING TO NET INCOME

Rank	Coop Name	City	Province	Category	Nature	Area of Operation	Bond Of Membership	BOD	Total Reg Mem	Total Assets	Total Liabilities	Gross Income	Net Surplus
1	PHILIPPINE ARMY FINANCE CENTER PRODUCERS INTEGRATED COOP.	MAKATI		PRIMARY	LENDING, CONSUMER	NATIONAL	INSTITUTIONAL	15	-	1,252,206,554.00	612,405,483.00	234,678,494.00	626,723,915.00
2	ACDI CREDIT COOPERATIVE	PASAY		PRIMARY	LENDING	NATIONAL	INSTITUTIONAL	7	1,064	1,198,397,311.00	954,812,609.00	242,248,269.00	208,721,353.00
3	AIRLINE EMPLOYEES COOPERATIVE	PASAY		PRIMARY	SERVICE	MUNICIPAL/CITY	RESIDENTIAL	6	29	311,077,984.00	145,293,744.00	685,649,806.00	165,784,240.00
4	DE LA SALLE CREDIT COOPERATIVE, INC.	MANILA		PRIMARY	LENDING	MUNICIPAL/CITY	INSTITUTIONAL	7	2,547	132,656,791.00	15,852,154.00	19,092,495.00	99,097,300.00
5	AYALA FOUNDATION INC. MPC	MAKATI		PRIMARY	LENDING, CONSUMER	NATIONAL	INSTITUTIONAL	7	6,640	322,797,436.00	224,471,073.00	28,614,858.00	98,326,363.00
6	ADB EMPLOYEES MPC	MANDALUYONG		PRIMARY	LENDING, CONSUMER	MUNICIPAL/CITY	INSTITUTIONAL	9	1,118	160,800,666.00	42,220,354.00	22,400,923.00	93,541,218.00
7	U.P. CREDIT COOPERATIVE	QUEZON CITY		PRIMARY	LENDING	BARANGAY	INSTITUTIONAL	7	-	234,385,425.03	137,799,263.41	37,980,991.07	88,609,231.11
8	SAN DIONISIO CREDIT COOPERATIVE	PARAÑAQUE		PRIMARY	LENDING	BARANGAY	RESIDENTIAL	9	8,124	213,724,230.00	115,379,827.00	27,551,996.00	84,912,478.00
9	US EMBASSY FILIPINO EMPLOYEES CREDIT COOPERATIVE	MANILA		PRIMARY	LENDING	NATIONAL	INSTITUTIONAL	7	822	114,185,310.02	32,894,631.89	13,450,053.61	81,290,678.13
10	LAKAS-TULUNGAN MPC	QUEZON CITY		PRIMARY	LENDING, CONSUMER	BARANGAY	INSTITUTIONAL	9	22,503	107,184,584.73	21,368,738.81	16,060,894.82	71,856,899.31
11	BIR MULTI PURPOSE COOPERATIVE	QUEZON CITY		PRIMARY	LENDING, CONSUMER	NATIONAL	INSTITUTIONAL	9	9,006	111,087,705.00	48,028,908.00	22,445,587.00	51,367,848.00
12	FIRST COMMUNITY COOPERATIVE (FICCO)	CAG.DE ORO CITY	MISAMIS ORIENTAL	PRIMARY	LENDING, HOUSING LOAN, RE	MUNICIPAL/CITY	RESIDENTIAL	9	38,069	744,065,391.00	417,747,106.00	111,488,870.00	49,425,949.00
13	SIMBAYANAN NI MARIA MPC	TAGUIG		PRIMARY	LENDING, CONSUMER	MUNICIPAL/CITY	RESIDENTIAL	7	3,440	100,575,145.22	48,896,640.08	13,043,387.54	47,074,104.93
14	PARISH OF THE HOLY CROSS CREDIT COOPERATIVE	VALENZUELA		PRIMARY	LENDING	BARANGAY	RESIDENTIAL	7	1,762	201,480,504.91	150,345,786.85	21,764,553.89	42,955,895.78
15	BAGUIO-BENGUET COMMUNITY CREDIT COOPERATIVE	BAGUIO CITY	BENGUET	PRIMARY	Loans & Savings	PROVINCIAL	RESIDENTIAL	7	14,046	432,492,731.00	96,357,366.00	57,159,776.00	41,902,316.00
16	OFFICE OF THE SECRETARY OF JUSTICE EMPLOYEES MPC	MANILA		PRIMARY	LENDING, CONSUMER	NATIONAL	OCCUPATIONAL	5	516	89,454,406.91	39,322,361.55	13,704,641.08	41,813,165.35
17	MAKATI MEDICAL CENTER FAMILY CREDIT COOPERATIVE	MAKATI		PRIMARY	LENDING	MUNICIPAL/CITY	INSTITUTIONAL	9	1,410	58,694,448.85	10,526,699.21	7,422,736.77	41,741,512.69
18	ANALOG DEVICES EMPLOYEES CREDIT COOPERATIVE	PARAÑAQUE		PRIMARY	LENDING	MUNICIPAL/CITY	INSTITUTIONAL	11	1,600	56,656,327.26	11,337,243.48	6,584,083.99	39,373,670.08
19	CENTRO ESCOLAR UNIVERSITY CREDIT COOPERATIVE	MANILA		PRIMARY	LENDING	MUNICIPAL/CITY	INSTITUTIONAL	9	752	96,729,829.00	33,599,795.00	16,473,193.00	36,466,958.00
20	CHRISTIAN WORKERS MOVEMENT CREDIT COOPERATIVE	MANILA		PRIMARY	LENDING	MUNICIPAL/CITY	ASSOCIATIONAL	-	-	57,543,204.14	19,643,236.52	14,332,268.50	34,949,718.21

## SMMPC (C): The Cooperative Revisited

COOPERATIVE DEVELOPMENT AUTHORITY  
LIST OF COOPERATIVES WITH ANNUAL REPORTS 2002  
RANKING ACCORDING TO TOTAL ASSETS

Rank	Coop Name	City	Province	Category	Nature	Area of Operation	Bond Of Membership	BOD	Total Reg M	Total Assets	Total Liabilities	Gross Income	Net Surplus
1	ECJ FARMWORKERS AGRARIAN REFORM BENEFICIARIES MULTI-PURPOSE COOPERATIVE	PONTEVEDRA	NEGROS OCCIDENTAL	PRIMARY	LENDING/MARKETING	BARANGAY	ASSOCIATIONAL	5	1,763	1,428,623,008.00	1,426,867,934.00	643,458.00	329,326.00
2	PHILIPPINE ARMY FINANCE CENTER PRODUCERS INTEGRATED COOP.	MAKATI		PRIMARY	LENDING, CONSUMER	NATIONAL	INSTITUTIONAL	15	-	1,252,206,554.00	612,405,483.00	234,678,494.00	626,723,915.00
3	ACDI CREDIT COOPERATIVE	PASAY		PRIMARY	LENDING	NATIONAL	INSTITUTIONAL	7	1,064	1,198,397,311.00	954,812,609.00	242,248,269.00	208,721,353.00
4	FIRST COMMUNITY COOPERATIVE (FICCO)	CAG DE ORO CITY	MISAMIS ORIENTAL	PRIMARY	LENDING, HOUSING LOAN, RENTAL	MUNICIPAL/CITY	RESIDENTIAL	9	38,069	744,065,391.00	417,747,106.00	111,488,870.00	49,425,949.00
5	DSE (BSP) CREDIT COOPERATIVE	MANILA		PRIMARY	LENDING	MUNICIPAL/CITY	INSTITUTIONAL	9	666	637,716,260.61	633,494,927.34	63,506,038.11	-
6	COOPERATIVE RURAL BANK OF BULACAN	PLARIDEL	BULACAN	SECONDARY	RE-LENDING	PROVINCIAL	RESIDENTIAL	11	-	617,111,684.68	563,789,974.97	122,025,100.37	14,892,713.36
7	PERPETUAL HELP COMMUNITY COOPERATIVE (PHCC)	DUMAGUETE CITY	NEGROS ORIENTAL	PRIMARY	LENDING, RESTAURANT/CATERING	MUNICIPAL/CITY	RESIDENTIAL	9	18,389	535,367,306.15	280,801,773.53	55,268,346.06	28,401,001.22
8	BAGUIO-BENGUET COMMUNITY CREDIT COOPERATIVE	BAGUIO CITY	BENGUET	PRIMARY	Loans & Savings	PROVINCIAL	RESIDENTIAL	7	14,046	432,492,731.00	96,357,366.00	57,159,776.00	41,902,316.00
9	ST. MARTIN OF TOURS KILUSANG BAYAN SA PAGPAPAUTANG, INC.	BOCAUE	BULACAN	PRIMARY	LENDING	MUNICIPAL/CITY	RESIDENTIAL	9	9,203	422,435,163.00	422,035,163.00	54,281,722.00	3,372,627.00
10	AYALA FOUNDATION INC. MPC	MAKATI		PRIMARY	LENDING, CONSUMER	NATIONAL	INSTITUTIONAL	7	6,640	322,797,436.00	224,471,073.00	28,614,858.00	98,326,363.00
11	AIRLINE EMPLOYEES COOPERATIVE	PASAY		PRIMARY	SERVICE	MUNICIPAL/CITY	RESIDENTIAL	6	29	311,077,984.00	145,293,744.00	685,649,806.00	165,784,240.00
12	TUBAO CREDIT COOP. INC.	TUBAO	LA UNION	PRIMARY	LENDING	PROVINCIAL	RESIDENTIAL	11	23,529	295,958,839.43	124,747,125.57	44,400,147.40	11,709,737.96
13	COOP. BANK OF PAMP.	SAN FERNANDO	PAMPANGA	SECONDARY	RE-LENDING	PROVINCIAL	RESIDENTIAL	11	-	289,132,325.53	257,174,656.18	52,139,815.27	2,801,344.50
14	COOPERATIVE BANK OF MISAMIS ORIENTAL	CAG DE ORO CITY	MISAMIS ORIENTAL	SECONDARY	BANKING/LENDING	PROVINCIAL	ASSOCIATIONAL	10	-	281,964,310.00	227,119,049.00	53,030,515.00	8,512,100.00
15	COOPERATIVE BANK OF NUEVA ECUIA	CABANATUAN CITY	NUEVA ECUIA	SECONDARY	LENDING	PROVINCIAL	ASSOCIATIONAL	8	-	257,951,834.21	227,665,538.73	27,816,223.22	2,840,142.30
16	TABUK MPC	TABUK	KALINGA	PRIMARY	Loaning	MUNICIPAL/CITY	RESIDENTIAL	-	-	257,511,120.74	64,846,547.69	15,118,884.91	24,138,311.88
17	U.P. CREDIT COOPERATIVE	QUEZON CITY		PRIMARY	LENDING	BARANGAY	INSTITUTIONAL	7	-	234,385,425.03	137,799,263.41	37,980,991.07	88,609,231.11
18	SAN JOSE DEL MONTE KOOPERATIBA NG BAYAN SA KAUNLARAN	SJDM	BULACAN	PRIMARY	RE-LENDING	MUNICIPAL/CITY	RESIDENTIAL	11	7,650	230,820,900.27	156,167,930.19	28,270,716.57	4,891,796.57
19	NUEVA VIZCAYA ALAY KAPWA MULTI-PURPOSE COOPERATIVE	SOLANO	NUEVA VIZCAYA	PRIMARY	LENDING, TRADING, MILLING, MERC	PROVINCIAL	RESIDENTIAL	9	8,955	224,820,922.99	144,749,264.55	40,321,737.07	8,831,238.73
20	DUMAGUETE CATHEDRAL CREDIT COOPERATIVE	DUMAGUETE	NEGROS ORIENTAL	PRIMARY	LENDING	MUNICIPAL/CITY	RESIDENTIAL	7	9,455	215,614,239.01	-	30,108,564.16	15,347,914.98
21	CANIOCAN CREDIT AND DEVT. COOP.	MALOS	BULACAN	PRIMARY	RE-LENDING, MARKETING	PROVINCIAL	RESIDENTIAL	11	7,843	213,779,740.93	201,694,433.86	37,376,936.60	4,941,668.99
22	SAN DIONISIO CREDIT COOPERATIVE	PARANAQUE		PRIMARY	LENDING	BARANGAY	RESIDENTIAL	9	8,124	213,724,230.00	115,379,827.00	27,551,996.00	84,912,478.00
23	COOPERATIVE BANK OF QUEZON PROVINCE	LUCENA	QUEZON	SECONDARY	BANKING, LENDING	PROVINCIAL	ASSOCIATIONAL	11	-	203,709,616.26	203,709,616.26	32,176,440.22	7,181,987.66
24	PARISH OF THE HOLY CROSS CREDIT COOPERATIVE	VALENZUELA		PRIMARY	LENDING	BARANGAY	RESIDENTIAL	7	1,762	201,480,504.91	150,345,786.85	21,764,553.89	42,955,895.78
25	SUGARCANE FARMERS OF BUKIDNON MPC	MARAMAG	BUKIDNON	PRIMARY	LENDING, TRADING, MARKETING	PROVINCIAL	RESIDENTIAL	13	6,514	180,182,224.00	157,013,099.00	29,133,489.00	7,138,638.00
26	CAVITE FARMERS FEEDMILLING AND MARKETING COOPERATIVE	SILANG	CAVITE	PRIMARY	PRODUCING, MARKETING, DISPERS	REGIONAL	OCCUPATIONAL	7	1,390	173,708,351.93	108,347,303.49	38,850,719.66	2,507,010.88
27	MANILIBA FARMERS IRRIGATORS ASSOCIATION MULTI-PURPOSE COOPERATIVE	DUMINGAG	ZAMBOANGA DEL SUR	PRIMARY	LENDING, SERVICE	BARANGAY	ASSOCIATIONAL	9	829	167,198,080.19	9,377,345.94	4,763,014.84	1,511,480.09
28	LINGAYEN CATHOLIC CREDIT COOP.	LINGAYEN	PANGASINAN	PRIMARY	LENDING	MUNICIPAL/CITY	RESIDENTIAL	9	8,119	162,105,567.15	55,257,073.66	25,806,750.96	12,066,559.65
29	ADB EMPLOYEES MPC	MANDALUYONG		PRIMARY	LENDING, CONSUMER	MUNICIPAL/CITY	INSTITUTIONAL	9	1,118	160,800,666.00	42,220,354.00	22,400,923.00	93,541,218.00
30	IMMACULATE CONCEPCION PARISH DEVELOPMENT COOP.	QUEZON CITY		PRIMARY	LENDING	BARANGAY	RESIDENTIAL	7	2,224	158,117,543.93	18,468,699.38	7,658,344.24	30,348,576.87
31	COA RETIREES & EMPLOYEES MPC	QUEZON CITY		PRIMARY	LENDING	NATIONAL	INSTITUTIONAL	7	-	147,881,340.51	38,875,286.73	21,711,520.57	19,890,980.31
32	COOPBANK OF BATANGAS (COUNTRY/SIDE COOP. RURAL BANK OF BATANGAS, INC.)	BATANGAS CITY	BATANGAS	SECONDARY	BANKING	PROVINCIAL		8	-	141,135,162.83	124,987,480.03	26,823,339.17	3,287,758.64
33	BATANGAS SUGAR PLANTERS COOPERATIVE MARKETING ASSOCIATION INC.	BALAYAN	BATANGAS	PRIMARY	CATTLE BREEDING, HOG DISPERSA	DISTRICT	ASSOCIATIONAL	13	1,524	138,741,356.51	103,051,554.97	46,594,814.94	995,681.78
34	DE LA SALLE CREDIT COOPERATIVE, INC.	MANILA		PRIMARY	LENDING	MUNICIPAL/CITY	INSTITUTIONAL	7	2,547	132,656,791.00	15,852,154.00	19,092,495.00	99,097,300.00
35	COOPERATIVE RURAL BANK OF LAGUNA INC.	STA. CRUZ	LAGUNA	SECONDARY	BANKING			-	-	131,370,195.17	107,577,128.35	2,217,587.41	657,322.24
36	CEBU PEOPLE'S MULTI-PURPOSE COOPERATIVE	CEBU CITY	CEBU	PRIMARY	LENDING	MUNICIPAL/CITY	RESIDENTIAL	9	7,877	127,995,032.60	70,587,564.44	30,919,765.35	2,557,732.96
37	BACOLOD COCA-COLA EMPLOYEES CREDIT COOPERATIVE	BACOLOD CITY	NEGROS OCCIDENTAL	PRIMARY	LENDING	MUNICIPAL/CITY	INSTITUTIONAL	6	268	124,466,783.78	496,045.86	2,458,389.20	1,797,436.28
38	ORO INTEGRATED COOPERATIVE	CAG DE ORO CITY	MISAMIS ORIENTAL	PRIMARY	LENDING, RENTAL SERVICES	REGIONAL	RESIDENTIAL	9	10,984	121,595,475.00	52,577,475.00	25,296,310.00	2,563,025.00
39	MANATAL MULTI-PURPOSE COOPERATIVE INC.	PANDI	BULACAN	PRIMARY	LENDING, AGRI PRODUCTION	MUNICIPAL/CITY	RESIDENTIAL	5	2,000	121,440,510.90	102,273,146.53	29,882,352.66	4,877,720.14
40	FEDERATION OF FREE FARMERS COOPERATIVES, INC.	QUEZON CITY		SECONDARY	TRAINING	NATIONAL	OCCUPATIONAL	11	-	120,212,688.62	30,623,647.83	4,218,068.46	1,447,020.10
41	DMPI EMPLOYEES CREDIT COOPERATIVE	CAG DE ORO CITY	MISAMIS ORIENTAL	PRIMARY	LENDING	NATIONAL	INSTITUTIONAL	9	3,091	119,957,562.00	58,721,933.00	20,866,522.00	10,984,083.00
42	COOPERATIVE BANK OF BENGUET	LA TRINIDAD	BENGUET	SECONDARY	NONE	PROVINCIAL	RESIDENTIAL	9	-	118,845,267.00	102,844,670.00	-	-
43	DMPI EMPLOYEES CREDIT COOPERATIVE	CAG DE ORO CITY	MISAMIS ORIENTAL	PRIMARY	LENDING	BARANGAY	INSTITUTIONAL	9	2,942	115,560,453.00	58,646,848.00	18,064,698.00	8,767,848.00
44	US EMBASSY FILIPINO EMPLOYEES CREDIT COOPERATIVE	MANILA		PRIMARY	LENDING	NATIONAL	INSTITUTIONAL	7	822	114,185,310.02	32,894,631.89	13,450,053.61	81,290,678.13
45	BIR MULTI PURPOSE COOPERATIVE	QUEZON CITY		PRIMARY	LENDING, CONSUMER	NATIONAL	INSTITUTIONAL	9	9,006	111,087,705.00	48,028,909.00	22,445,587.00	51,367,848.00
46	BATANGAS ASSOCIATION OF FREE PLANTERS INC. MULTI-PURPOSE SUGAR COOPERATIVE	CALATAGAN	BATANGAS	PRIMARY	LENDING, CONSUMER STORE, QUAS	PROVINCIAL	OCCUPATIONAL	11	1,319	108,659,126.85	94,543,901.03	15,116,178.35	1,569,332.49
47	LAKAS-TULUNGAN MPC	QUEZON CITY		PRIMARY	LENDING, CONSUMER	BARANGAY	INSTITUTIONAL	9	22,503	107,184,584.73	21,368,738.81	16,060,894.82	71,856,899.31
48	OUR LADY OF GRACE HOLY NAME SOCIETY CREDIT COOPERATIVE	CALOOCAN		PRIMARY	LENDING	MUNICIPAL/CITY	RESIDENTIAL	7	4,405	104,150,341.92	60,562,735.66	14,168,112.26	34,068,927.47
49	SIMBAYANAN NI MARIA MPC	TAGUIG		PRIMARY	LENDING, CONSUMER	MUNICIPAL/CITY	RESIDENTIAL	7	3,440	100,575,145.22	48,896,640.08	13,043,387.54	47,074,104.93
50	CENTRO ESCOLAR UNIVERSITY CREDIT COOPERATIVE	MANILA		PRIMARY	LENDING	MUNICIPAL/CITY	INSTITUTIONAL	9	752	96,729,829.00	33,599,795.00	16,473,193.00	36,466,958.00

## SMMPC (C): The Cooperative Revisited

COOPERATIVE DEVELOPMENT AUTHORITY

LIST OF COOPERATIVES WITH ANNUAL REPORTS 2002

RANKING ACCORDING TO MEMBERSHIP (REGULAR)

Rank	Coop Name	City	Province	Category	Nature	Area of Operation	Bond Of Membership	BOD	Total Reg Mem	Total Assets	Total Liabilities	Gross Income	Net Surplus
1	FIRST COMMUNITY COOPERATIVE (FICCO)	CAG.DE ORO CITY	MISAMIS ORIENTAL	PRIMARY	LENDING, HOUSING LOAN, RENTAL	MUNICIPAL/CITY	RESIDENTIAL	9	38,069	744,065,391.00	417,747,106.00	111,488,870.00	49,425,949.00
2	TUBAO CREDIT COOP. INC.	TUBAO	LA UNION	PRIMARY	LENDING	PROVINCIAL	RESIDENTIAL	11	23,529	295,958,839.43	124,747,125.57	44,400,147.40	11,709,737.96
3	LAKAS-TULUNGAN MPC	QUEZON CITY		PRIMARY	LENDING, CONSUMER	BARANGAY	INSTITUTIONAL	9	22,503	107,184,584.73	21,368,738.81	16,060,894.82	71,856,899.31
4	PERPETUAL HELP COMMUNITY COOPERATIVE (PHCC)	DUMAGUETE CITY	NEGROS ORIENTAL	PRIMARY	LENDING, RESTAURANT/CATERING	MUNICIPAL/CITY	RESIDENTIAL	9	18,389	535,367,306.15	280,801,773.53	55,268,346.06	28,401,001.22
5	BAGUIO-BENGUET COMMUNITY CREDIT COOPERATIVE	BAGUIO CITY	BENGUET	PRIMARY	Loans & Savings	PROVINCIAL	RESIDENTIAL	7	14,046	432,492,731.00	96,357,366.00	57,159,776.00	41,902,316.00
6	PLDT EMPLOYEES CREDIT COOPERATIVE, INC.	MAKATI		PRIMARY	LENDING	MUNICIPAL/CITY	INSTITUTIONAL	7	12,468	-	-	-	-
7	ORO INTEGRATED COOPERATIVE	CAG.DE ORO CITY	MISAMIS ORIENTAL	PRIMARY	LENDING, RENTAL SERVICES	REGIONAL	RESIDENTIAL	9	10,984	121,595,475.00	52,577,475.00	25,296,310.00	2,563,025.00
8	DUMAGUETE CATHEDRAL CREDIT COOPERATIVE	DUMAGUETE	NEGROS ORIENTAL	PRIMARY	LENDING	MUNICIPAL/CITY	RESIDENTIAL	7	9,455	215,614,239.01	-	30,108,564.16	15,347,914.98
9	STO. NINO CREDIT COOPERATIVE	CALOOCAN		PRIMARY	LENDING	MUNICIPAL/CITY	OCCUPATIONAL	5	9,245	4,939,676.25	32,405,608.17	6,918,533.11	25,569,097.23
10	ST. MARTIN OF TOURS KILUSANG BAYAN SA PAGPAPAUTANG, INC.	BOCAUAN	BULACAN	PRIMARY	LENDING	MUNICIPAL/CITY	RESIDENTIAL	9	9,203	422,435,163.00	422,035,163.00	54,281,722.00	3,372,627.00
11	BIR MULTI-PURPOSE COOPERATIVE	QUEZON CITY		PRIMARY	LENDING, CONSUMER	NATIONAL	INSTITUTIONAL	9	9,006	111,087,705.00	48,028,908.00	22,445,587.00	51,367,848.00
12	NUEVA VIZCAYA ALAY KAPWA MULTI-PURPOSE COOPERATIVE	SOLANO	NUEVA VIZCAYA	PRIMARY	LENDING, TRADING, MILLING, MERC	PROVINCIAL	RESIDENTIAL	9	8,955	224,820,922.99	144,749,264.55	40,321,737.07	8,831,238.73
13	PLDT EMPLOYEES SERVICE COOPERATIVE, INC.	MAKATI		PRIMARY	SERVICE	MUNICIPAL/CITY	INSTITUTIONAL	9	8,876	-	-	-	-
14	CAVALCO FAMILY DEVELOPMENT COOPERATIVE	SANTIAGO CITY	ISABELA	PRIMARY	LENDING, EATERY, MARKETING	REGIONAL	RESIDENTIAL	7	8,653	24,494,665.14	17,384,894.98	3,483,259.21	104,181.79
15	AURORA INTEGRATED MULTI-PURPOSE COOPERATIVE	AURORA	ZAMBOANGA DEL SUR	PRIMARY	CONSUMERS, LENDING, MARKETIN	INTER-REGIONAL	RESIDENTIAL	11	8,547	26,386,095.00	18,993,041.00	5,948,592.00	(1,976,462.00)
16	SAN DIONISIO CREDIT COOPERATIVE	PARAÑAQUE		PRIMARY	LENDING	BARANGAY	RESIDENTIAL	9	8,124	213,724,230.00	115,379,827.00	27,551,996.00	84,912,478.00
17	LINGAYEN CATHOLIC CREDIT COOP.	LINGAYEN	PANGASINAN	PRIMARY	LENDING	MUNICIPAL/CITY	RESIDENTIAL	9	8,119	162,105,567.15	55,257,073.66	25,806,750.96	12,066,559.65
18	CEBU PEOPLE'S MULTI-PURPOSE COOPERATIVE	CEBU CITY	CEBU	PRIMARY	LENDING	MUNICIPAL/CITY	RESIDENTIAL	9	7,877	127,995,032.60	70,587,564.44	30,919,765.35	2,557,732.96
19	CANIOGAN CREDIT AND DEVT. COOP.	MALOLOS	BULACAN	PRIMARY	RE-LENDING, MARKETING	PROVINCIAL	RESIDENTIAL	11	7,843	213,779,740.93	201,694,433.86	37,376,936.60	4,941,668.99
20	SAN JOSE DEL MONTE KOOPERATIBA NG BAYAN SA KAUNLARAN	SJDM	BULACAN	PRIMARY	RE-LENDING	MUNICIPAL/CITY	RESIDENTIAL	11	7,650	230,820,900.27	156,167,930.19	28,270,716.57	4,891,796.57
21	NOVALICHES DEVELOPMENT COOPERATIVE, INC.	QUEZON CITY		PRIMARY	LENDING, CONSUMER	MUNICIPAL/CITY	OCCUPATIONAL	7	6,727	-	-	-	-
22	AYALA FOUNDATION INC. MPC	MAKATI		PRIMARY	LENDING, CONSUMER	NATIONAL	INSTITUTIONAL	7	6,640	322,797,436.00	224,471,073.00	28,614,858.00	98,326,363.00
23	SUGARCANE FARMERS OF BUKIDNON MPC	MARAMAG	BUKIDNON	PRIMARY	LENDING, TRADING, MARKETING	PROVINCIAL	RESIDENTIAL	13	6,514	180,182,224.00	157,013,099.00	29,133,489.00	7,138,638.00
24	PAGLAUM MPC	PLARIDEL	MISAMIS OCCIDENTAL	PRIMARY	LENDING, TRADING	MUNICIPAL/CITY	RESIDENTIAL	9	6,053	28,148,290.00	20,676,018.00	7,156,328.00	69,364.00
25	BUGASONG MULTI-PURPOSE COOPERATIVE	BUGASONG	ANTIQUE	PRIMARY	LENDING/CABLE TV SERVICES	PROVINCIAL	RESIDENTIAL	11	5,826	66,869,568.85	37,056,371.84	12,294,518.36	3,615,817.91
26	U.P. CONSUMERS COOPERATIVE	QUEZON CITY		PRIMARY	CONSUMER	BARANGAY	INSTITUTIONAL	9	5,708	19,241,124.02	13,625,350.98	19,794,770.15	3,436,234.88
27	NATIONAL POWER CORP. (NAPOCOR) EMPLOYEES MPC	QUEZON CITY		PRIMARY	LENDING, CONSUMER	NATIONAL	INSTITUTIONAL	9	4,992	47,235,294.02	11,800,173.22	8,006,299.80	5,869,967.35
28	STO. NINO DE TONDO CREDIT COOPERATIVE, INC.	MANILA		PRIMARY	LENDING	BARANGAY	RESIDENTIAL	5	4,505	-	-	-	-
29	PASIG PARISH CREDIT COOPERATIVE	PASIG		PRIMARY	LENDING	MUNICIPAL/CITY	INSTITUTIONAL	9	4,478	90,104,543.28	59,775,257.23	8,914,190.55	3,531,677.27
30	OUR LADY OF GRACE HOLY NAME SOCIETY CREDIT COOPERATIVE	CALOOCAN		PRIMARY	LENDING	MUNICIPAL/CITY	RESIDENTIAL	7	4,405	104,150,341.92	60,562,735.66	14,168,112.26	34,068,927.47
31	BATANGAS TEACHERS CREDIT COOPERATIVE	BATANGAS CITY	BATANGAS	PRIMARY	LENDING AND DEPOSIT TAKING	PROVINCIAL	INSTITUTIONAL	5	4,359	19,440,990.92	771,561.29	3,721,092.68	2,595,194.97
32	DAO MULTI-PURPOSE COOPERATIVE	TOBIAS FORNIER	ANTIQUE	PRIMARY	LENDING/MARKETING	MUNICIPAL/CITY	RESIDENTIAL	9	3,786	47,564,666.85	14,169,708.78	7,380,290.20	3,292,699.82
33	SIMBAYANAN NI MARIA MPC	TAGUIG		PRIMARY	LENDING, CONSUMER	MUNICIPAL/CITY	RESIDENTIAL	7	3,440	100,575,145.22	48,896,640.08	13,043,387.54	47,074,104.93
34	PROJECT 4 DEVELOPMENT COOPERATIVE	QUEZON CITY		PRIMARY	LENDING	BARANGAY	RESIDENTIAL	7	3,216	-	-	-	-
35	QUEZON PUBLIC SCHOOL TEACHERS AND EMPLOYEES CREDIT COOPERATIVE	LUCENA	QUEZON	PRIMARY	LENDING AND DEPOSIT TAKING	PROVINCIAL	OCCUPATIONAL	5	3,170	13,885,175.54	2,494,037.40	1,653,130.60	1,653,130.60
36	COLILING FARMERS SAVINGS & CREDIT COOP.	SAN CARLOS CITY	PANGASINAN	PRIMARY	LENDING	BARANGAY	RESIDENTIAL	6	3,119	44,090,625.00	8,841,537.00	7,268,215.00	46,689.00
37	DMPI EMPLOYEES CREDIT COOPERATIVE	CAG.DE ORO CITY	MISAMIS ORIENTAL	PRIMARY	LENDING	BARANGAY	INSTITUTIONAL	9	3,091	119,957,562.00	58,721,933.00	20,866,522.00	10,984,083.00
38	SAN JOSE MULTI-PURPOSE COOPERATIVE	SAN JOSE	ANTIQUE	PRIMARY	LENDING/TRADING/MARKETING	MUNICIPAL/CITY	RESIDENTIAL	7	3,068	29,786,380.74	10,474,408.94	3,679,456.42	745,930.50
39	KOOPERATIBA NG SAMBAYANAN NG BANAL NA KRUS	MAKATI		PRIMARY	LENDING, CONSUMER	MUNICIPAL/CITY	RESIDENTIAL	7	3,028	-	-	-	-
40	DMPI EMPLOYEES CREDIT COOPERATIVE	CAG.DE ORO CITY	MISAMIS ORIENTAL	PRIMARY	LENDING	BARANGAY	INSTITUTIONAL	9	2,942	115,560,453.00	58,646,848.00	18,064,698.00	8,767,848.00



Exhibit 2.1 - Organizational Chart, 1999

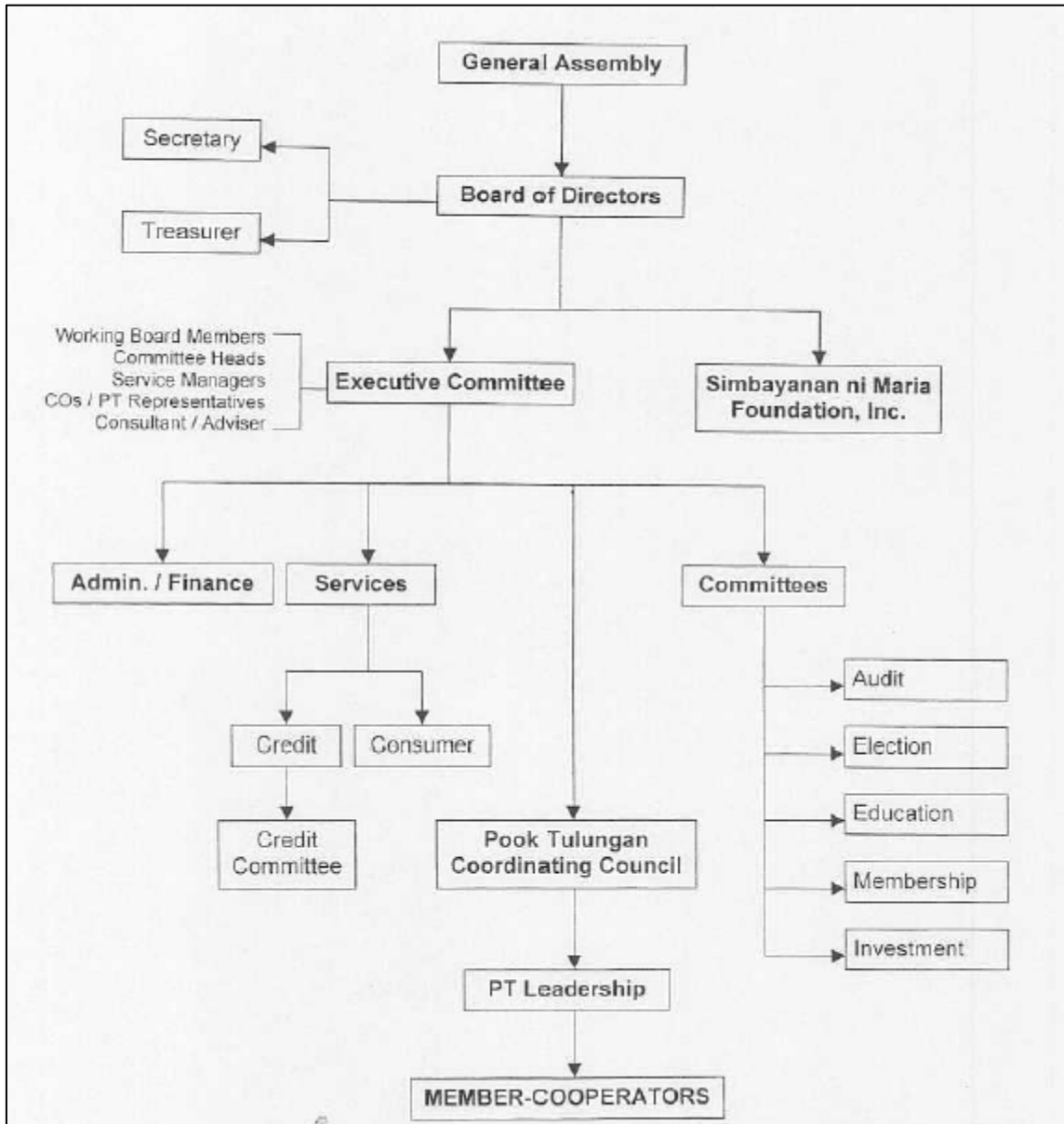
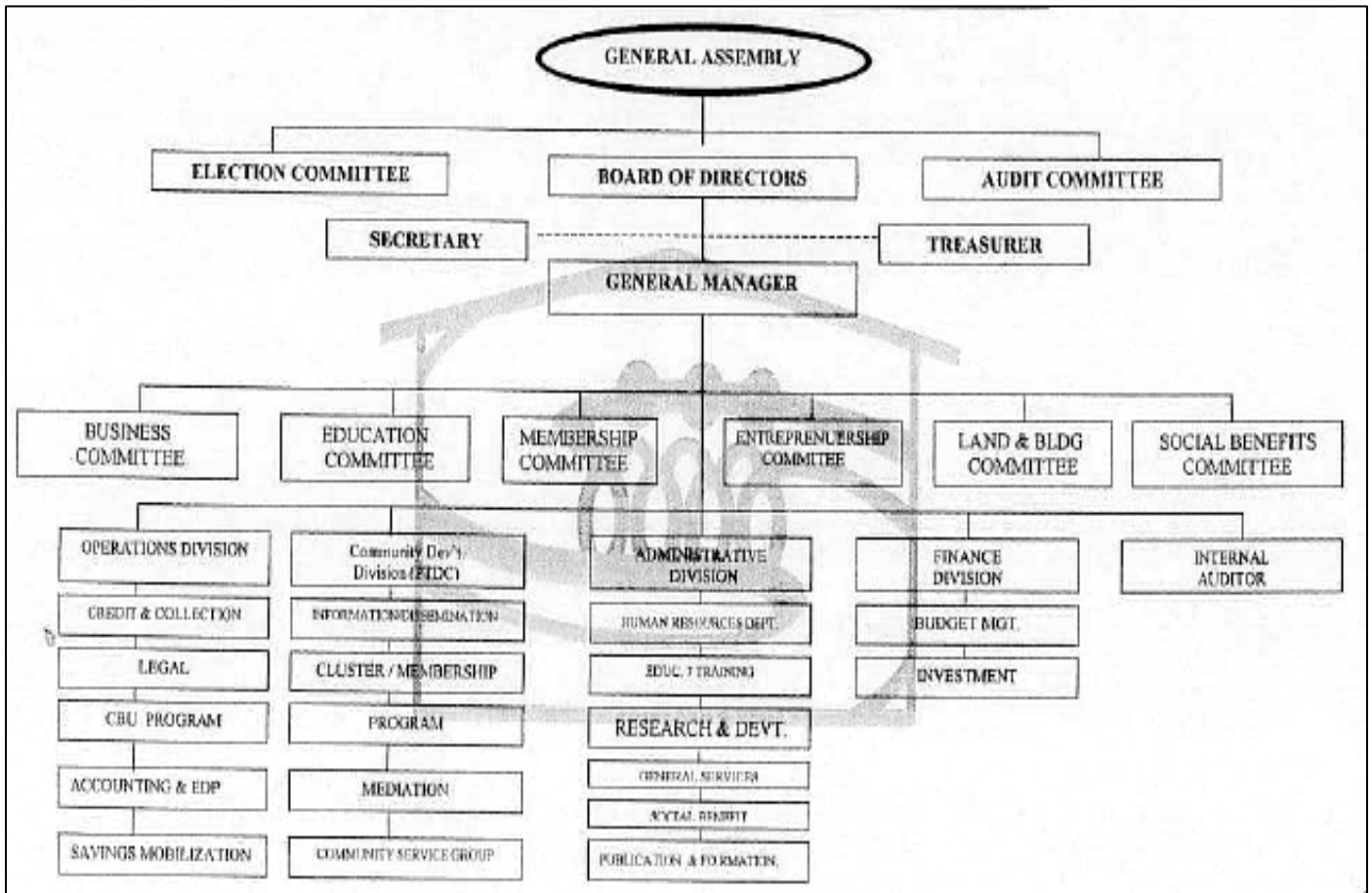


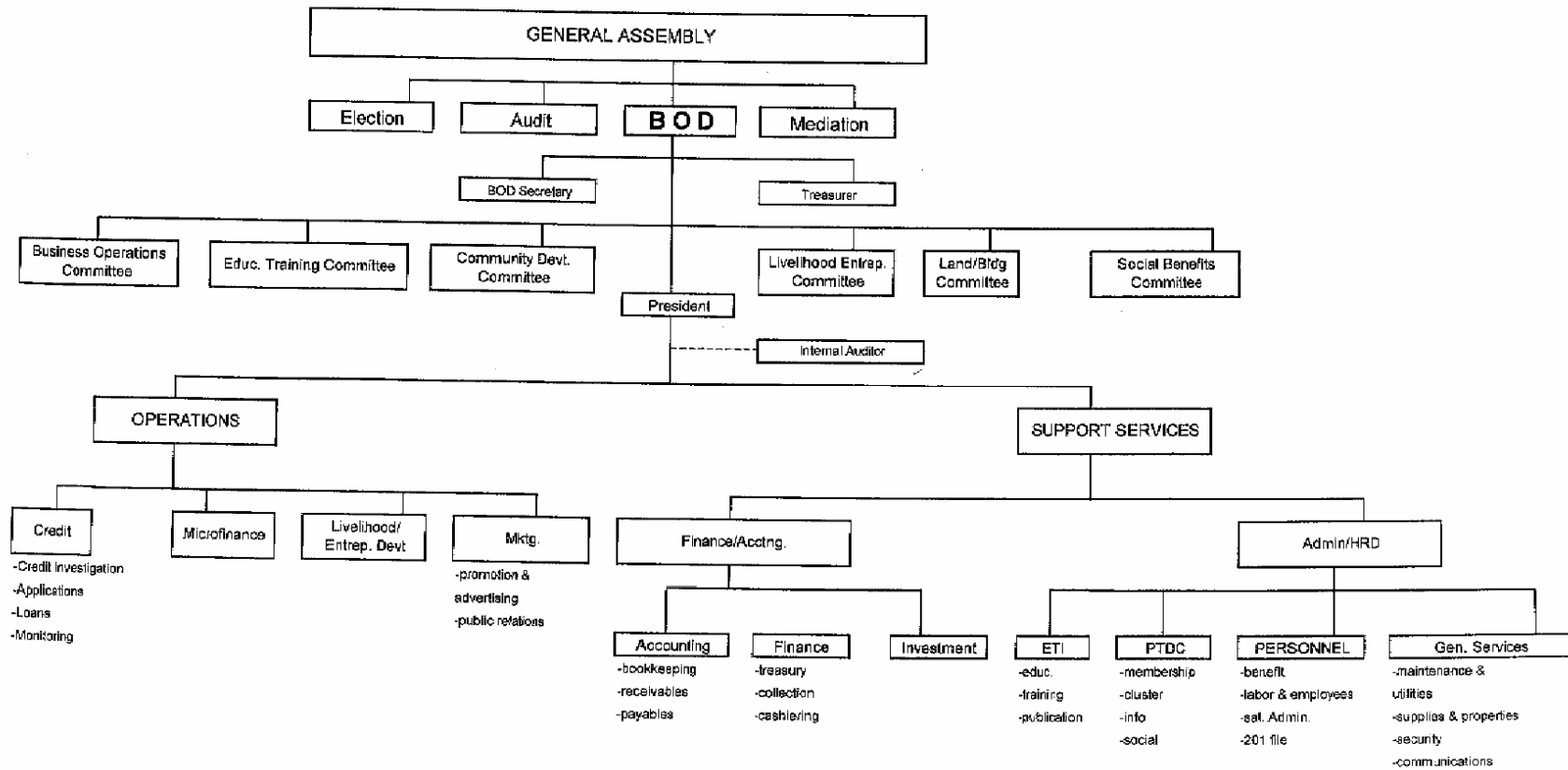
Exhibit 2.2 - Organizational Chart, 2002



**Exhibit 2.3**

<b>Board of Directors and Management, 2005</b>	
<b>Fr. Antonio C.T. Pascual</b> Chairperson	Ordained priest of the Archdiocese of Manila Founder/Adviser of Simbayanan ni Maria Foundation President of Radio Veritas Executive Director of Caritas Manila Had a Certificate in Program for Development Management, Asian Institute of Management (AIM) Master in Development Management, AIM
<b>Dir. Andy Buraga</b> Vice-Chairperson Livelihood and Entrepreneurship Committee Head	MTE, PhD. T. E. Dean, College of Engineering, Rizal Technological University
<b>Dir. Amado Santiago</b> Land and Building Committee Head	B.S. Agriculture, Central Luzon State University B.S. I.T., Makati Polytechnic College
<b>Dir. Ricardo Austria</b> Operations Committee Head	B.S. Mechanical Engineering Businessman
<b>Dir. Carmela Cortes</b> Membership Committee Head	Enlisted Woman, WAC, Philippine Navy, AFP B.S. Business Administration, San Sebastian College Secretarial Course, Philippine School of Business Administration
<b>Dir. Helen Ferrer</b> Social Benefits Committee Head	Master in Management/Business Administration, University of Nueva Caceres Unit Manager, CMG of Australia
<b>Dir. May Repelar</b> STERD Committee Head	B.S. Education, Manuel L. Quezon University Master in Education, Marikina Institute Teacher
<b>Ms. Cheryl Cornejo</b> Board Secretary	B.S. Information Management, Asia Pacific College Bachelor in Entrepreneurial Management, Polytechnic University of the Philippines
<b>Ms. Medelyn Mangao</b> Treasurer	B.S. Banking and Finance, Jose Rizal College
<b>Mrs. Tess Cahanding</b> President	B.S. Business Administration, University of the East Certified Public Accountant Director Simbayanan ni Maria Community Foundation Member of Soroptimist International Taguig Chapter Private Consultant Attended seminars and training programs at the Executive Development Academy, Technology, Livelihood and Research Center (TLRC), and Development Management Consultants
<b>Mr. Bernard Orallo</b> Vice President for Operations	B.S. Business Administration, St. Paul University, Tuguegarao
<b>Ms. Liberty Felipe</b> Finance Manager	B.S. Accountancy, University of the East, Manila

Exhibit 2.3 - Organizational Chart, 2005



### Exhibit 3

## Financial Performance, 2000-2004

#### SIMBAYANAN NI MARIA MULTI-PURPOSE COOPERATIVE STATEMENT OF FINANCIAL CONDITION

	1999	2000	2001	2002	2003	2004
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash on Hand [Cash on hand and In banks]	4,137,775.20	5,352,737.09	4,018,556.95	5,744,523.32	194,416.58	314,116.60
Cash in Banks					10,185,165.73	9,650,757.55
Pett Cash Fund				3,000.00	3,000.00	3,000.00
Revolving Fund				20,000.00	20,000.00	20,000.00
Cash Advance to Officers and Employees					-	19,100.00
Loans Receivable					30,825,096.03	32,190,860.80
Current						
Special	38,574,977.60	31,562,415.01				
Productive	24,214,411.52	30,300,120.04				
Providential	2,553,147.94	1,553,202.07				
Character						
Emergency	678,839.28	690,607.70				
Express/Quick loans	446,012.21	721,792.35	700,865.00	583,734.00		
Appliance/furnitures	8,708,457.22					
Business loan			59,708,979.61	56,083,876.65		
Back to Back loan			335,600.33	1,609,529.53		
Housing loans			843,880.46	510,713.08		
Hospitalization loan			451,629.25	312,872.00		
Educational loan			283,400.85	272,535.05		
Consumer loan			519,330.28	111,964.71		
Current						
Restructured					8,402,765.83	5,910,711.32
Past Due					18,141,902.26	18,024,842.33
In Litigation					875,439.81	4,245,549.48
Total	79,313,620.97	70,180,874.26	66,862,242.73	65,252,748.34	68,647,786.24	70,378,938.08
Less: Allowance for Probable Losses on Loans	(214,151.12)	(93,065.76)	(354,359.02)	(689,856.18)	(809,804.39)	(1,148,684.88)
Loans Receivable-Net	79,099,469.85	70,087,808.50	66,507,883.71	64,562,892.16	67,837,981.85	69,230,253.20
Account Receivable					5,623,642.28	2,302,768.47
Accounts receivable-trade	-	7,438,197.15	3,701,761.22	3,088,838.44		
Accounts receivable-w/collecting agency					2,235,311.58	
Accrued interest receivable	6,023,509.17	2,832,527.00	2,844,350.59	5,166,834.61		
Notes Receivable	68,000.00	99,791.69				
Interest Receivable					3,674,220.18	3,669,919.48
Receivable from Accountable Employees					-	1,500.00
Other Receivable	67,899.75	104,596.48	187,387.15	83,306.26	180,447.71	147,477.83
Unused Office Supplies [Merchandise Inventory]	355,043.00	128,555.90	18,074.79	60,624.53	178,487.92	142,921.39
Prepaid Expenses [Prepayments & Other current assets]	318,977.74	357,608.56	486,363.03	36,527.97	34,649.16	25,822.30
Total Current Assets	85,932,899.51	81,049,085.28	73,745,820.49	75,234,335.55	77,529,429.10	75,520,662.67
<b>LONG-TERM INVESTMENTS</b>						
Cooperative					11,313,300.00	11,313,300.00
Metro South Cooperative Bank	11,129,300.00	11,129,300.00	11,129,300.00	11,239,300.00		
Cooperative Insurance System of the Phils	24,212.95	24,212.95	24,212.95	27,381.94		
Metro Manila Chamber of Cooperatives	1,000.00	1,000.00	1,000.00	1,000.00		
Others					28,210.87	28,210.87
Total Long-Term Investments	11,154,512.95	11,154,512.95	11,154,512.95	11,267,681.94	11,341,510.87	11,341,510.87
<b>PROPERTY AND EQUIPMENT</b>						
Land	3,607,950.00	3,607,950.00	3,607,950.00	3,607,950.00	3,627,950.00	3,925,800.25
Construction in Progress					187,485.00	15,181,950.72
Furnitures and Fixtures	873,044.05	1,122,809.70	1,102,153.00	1,216,975.49	1,380,962.88	1,538,011.63
Transportation Equipment	483,529.00	997,231.00	561,815.21	573,895.21	612,501.21	631,001.21
Computerization project	26,498.00	43,613.00				
Leasehold Rights & Improvement	82,210.00	82,210.00	137,709.83	142,709.83	120,957.51	120,957.51
Total	5,073,231.05	5,853,813.70	5,409,628.04	5,541,530.53	5,929,856.60	21,397,721.32
Less: Accumulated Depreciation	(810,325.50)	(1,216,338.91)	(1,006,907.84)	(1,267,915.95)	(1,467,307.27)	(1,877,486.11)
Total Property and Equipment-Net	4,262,905.55	4,637,474.79	4,402,720.20	4,273,614.58	4,462,549.33	19,520,235.21
<b>OTHER ASSETS</b>						
Computerization Costs			10,192.83	51,605.67	148,053.28	92,171.66
Other Funds and Deposits			225,214.91	2,282,123.37	4,833,165.12	2,445,188.79
Other Land					923,981.48	4,170,466.21
Assets Acquired in Settlement of Loans			4,668,187.53	7,465,784.11	7,384,962.52	3,543,707.37
Miscellaneous Assets					24,700.00	16,300.00
Total Other Assets		4,489,489.34	4,903,595.27	9,799,513.15	13,314,862.40	10,267,834.03
<b>TOTAL ASSETS</b>	<b>101,350,318.01</b>	<b>101,330,562.36</b>	<b>94,206,648.91</b>	<b>100,575,145.22</b>	<b>106,648,351.70</b>	<b>116,650,242.78</b>



### Exhibit 3 Financial Performance, 2000-2004

LIABILITIES AND EQUITY	1999	2000	2001	2002	2003	2004
<b>LIABILITIES</b>						
<b>CURRENT LIABILITIES</b>						
Savings Deposits	1,919,283.19	2,739,459.31	2,817,927.98	3,557,043.29	6,141,459.80	9,185,449.72
Time Deposits	9,381,631.98	12,768,543.07	15,965,344.50	18,572,436.81	32,680,307.12	36,760,591.65
Customers deposit						
interest on savings/capital	3,218,302.04	3,011,886.06				
Loans payable						
Insurance						
SSS, ECC & Philhealth Premium Payable				2,200.59	-	12,591.70
SSS Salary Loan Payable				4,526.67	-	8,972.71
Expanded Tax Payable					8,207.02	1,161.99
Withholding Tax Payable					-	1,550.00
Accrued Expenses Payable	1,618,452.33	1,840,577.29	807,184.95	372,015.91	243,514.57	352,680.70
Due to CETF				126,594.56	185,588.97	172,680.11
Interest on Share Capital and Patronage Refund Payable			1,345,450.60	1,772,323.88	1,859,777.69	1,642,614.65
Unearned Income	7,073,488.98	5,112,168.95	4,739,094.53	8,192,619.69	7,565,574.26	6,790,061.58
Rent payable						
Other Payable				27,638.91	463,560.94	72,863.16
Current portion of loan	32,052,699.72	25,171,781.30	14,957,574.40	12,500,729.21		
<b>Total Current Liabilities</b>	<b>55,263,858.24</b>	<b>50,644,415.98</b>	<b>40,632,576.96</b>	<b>45,128,129.52</b>	<b>49,147,990.37</b>	<b>55,001,217.97</b>
<b>LONG-TERM LIABILITIES</b>						
Retirement Benefit Fund Payable					50,000.00	100,000.00
Land Bank of the Philippines	21,854,837.61	14,794,027.31	11,640,419.45	6,969,093.68		
Metro South Cooperative Bank	9,997,862.11	10,165,838.58	3,317,154.95	6,531,635.53		
Others	4,200,000.00	3,211,915.41	2,000,000.00			
Less: Current portion of loan	(32,052,699.72)	(25,171,781.30)	(14,957,574.40)	(12,500,729.21)		
<b>Total Long-Term Payable</b>	<b>4,000,000.00</b>	<b>3,000,000.00</b>	<b>2,000,000.00</b>	<b>1,000,000.00</b>	<b>50,000.00</b>	<b>100,000.00</b>
<b>OTHER LIABILITIES</b>						
Mutual Benefits Fund Payable			1,702,524.53	2,048,565.71	2,336,075.68	2,712,523.06
Livelihood Fund Payable					77,880.08	69,485.96
Damayan Trust Fund			901,929.83	719,944.84	551,487.85	286,267.17
Other Fund			22,800.00			
<b>Total Other Liabilities</b>			<b>2,627,254.36</b>	<b>2,768,510.55</b>	<b>2,965,443.61</b>	<b>3,068,276.19</b>
<b>TOTAL LIABILITIES</b>	<b>59,263,858.24</b>	<b>53,644,415.98</b>	<b>45,259,831.32</b>	<b>48,896,640.07</b>	<b>52,163,433.98</b>	<b>58,169,494.16</b>
<b>EQUITY</b>						
(599.70)						
<b>MEMBERS' EQUITY</b>						
Subscribed and Paid up Share Capital	35,542,345.95	40,773,707.02	44,244,799.01	44,642,024.03	47,032,664.86	50,627,624.82
Stock Dividend				1,129,300.00	1,129,300.00	1,129,300.00
<b>Total Members' Equity</b>	<b>35,542,345.95</b>	<b>40,773,707.02</b>	<b>44,244,799.01</b>	<b>45,771,324.03</b>	<b>48,161,964.86</b>	<b>51,756,924.82</b>
<b>DONATION/GRANTS</b>						
	1,800,000.00	2,200,000.00	2,500,000.00	3,200,000.00	3,200,000.00	3,200,000.00
<b>STATUTORY FUNDS</b>						
Reserve Fund	1,279,055.35	1,389,769.59	1,613,350.24	1,897,219.10	2,201,068.05	2,472,321.20
Loan guarantee fund	1,107,009.74	1,367,858.25				
Damayan Fund	748,140.51	1,151,109.86				
Education and Training Fund	603,031.51	496,705.74	184,929.58	199,295.64	151,633.90	120,292.22
Optional Fund	986,127.60	306,995.89	403,738.75	610,666.38	770,250.91	931,210.40
Reserve for annotation	20,750.00	-				
<b>Total Statutory Funds</b>	<b>4,744,114.71</b>	<b>4,712,439.33</b>	<b>2,202,018.57</b>	<b>2,707,181.12</b>	<b>3,122,952.86</b>	<b>3,523,823.82</b>
<b>TOTAL EQUITY</b>	<b>42,086,460.66</b>	<b>47,686,146.35</b>	<b>48,946,817.58</b>	<b>51,678,505.15</b>	<b>54,484,917.72</b>	<b>58,480,748.64</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>101,350,318.90</b>	<b>101,330,562.33</b>	<b>94,206,648.90</b>	<b>100,575,145.22</b>	<b>106,648,351.70</b>	<b>116,650,242.80</b>

**SIMBAYANAN NI MARIA MULTI-PURPOSE COOPERATIVE  
STATEMENT OF INCOME AND EXPENSES**

	1999	2000	2001	2002	2003	2004
<b>INCOME</b>						
Interest and service fees	14,913,436.72	15,365,789.99	11,927,182.43	11,840,914.22	12,130,044.23	12,649,470.52
Income from Sales	1,807,318.77	1,456,452.67	328,633.35	-		
Fines, Penalties and surcharges			1,917,591.69	1,052,940.38	955,489.31	773,685.43
Miscellaneous	799,817.31	508,207.90				
	<b>17,520,572.80</b>	<b>17,330,450.56</b>	<b>14,173,407.47</b>	<b>12,893,854.60</b>	<b>13,085,533.54</b>	<b>13,423,155.95</b>
<b>Less: Expenses</b>						
Financing cost					3,313,792.85	4,593,696.33
Interest expense	7,962,687.01	6,817,817.87	5,656,458.85	4,273,395.79		
Interest expense on deposits					599,781.72	-
interest expense on borrowing					31,460.13	-
Total financing Cost	7,962,687.01	6,817,817.87	5,656,458.85	4,273,395.79	3,945,034.70	4,593,696.33
<b>GROSS REVENUES</b>	<b>9,557,885.79</b>	<b>10,512,632.69</b>	<b>8,516,948.62</b>	<b>8,620,458.81</b>	<b>9,140,498.84</b>	<b>8,829,459.62</b>
<b>Less: Administrative Cost</b>						
Salaries, wages and allowances	3,581,698.62	3,647,660.51	3,048,460.86	2,801,462.09	2,253,959.16	2,367,760.61
Employees' Benefits Expense					748,685.12	805,375.61
Retirement Benefit Expense					50,000.00	50,000.00
Officers' honorarium and allowances			256,709.18	418,765.80	377,481.08	329,150.30
Rent	441,960.00	517,729.35	362,399.20	387,100.00	402,875.00	411,075.00
General assembly expenses	398,326.00	263,570.64	345,739.75	220,012.89	473,841.90	420,730.85
Commissions	351,079.81	390,729.96				
Depreciation and amortization	281,936.80	484,328.86	368,783.09	350,481.56	485,448.72	496,559.46
Office supplies	247,574.26	269,552.08	194,429.68	185,640.33	288,361.56	214,803.23
Utilities	170,602.02					
SSS, Medicare and Pag-ibig	143,680.00	148,680.58	142,410.85	119,733.25	153,000.50	170,980.80
Provision for doubtful accounts	120,000.00	200,194.41	556,397.55	500,000.00	500,000.00	500,000.00
Board and committee expenses	105,543.69					
Meetings and conferences		86,735.29	119,497.70	83,772.20	80,851.35	149,363.62
Damayan fund						
Membership Sangkot						
KB guarantee fund						
Communications	96,340.88	119,199.04	111,524.31	106,675.94	106,906.69	96,607.30
Power, light and water		284,559.76	229,640.39	189,076.46	258,474.74	265,859.66
Repairs and maintenance	79,344.50	70,363.38	51,022.00	48,008.00	84,810.79	78,473.03
Spoilage and breakages		52,000.00				
Advertising and promotions	73,746.39	24,849.91	81,010.59	75,413.39	102,351.53	136,766.84
Audit and Professional fees	71,000.00	106,300.00	100,500.00	84,000.00	112,000.00	116,000.00
Affiliation fees					6,880.00	6,918.00
Transportation and travel	66,885.20	28,865.98	55,667.23	55,709.74	60,997.03	114,338.71
Gasoline and oil	39,836.47					
Representation and entertainment	36,188.85	48,359.52	45,835.75	123,819.30	71,685.50	98,185.35
Printing and publications	10,232.13	234,035.35				
Periodicals, magazines and subscription			130,262.00	10,675.00	61,311.50	107,965.00
Collection expenses			133,405.75	68,861.10	32,276.59	25,479.00
Insurance expense			50,304.55	59,615.82	63,195.67	58,724.41
Litigation expenses		471,031.88	321,259.94	273,741.42	320,393.39	196,837.00
Taxes and licenses	2,596.82		11,859.43	9,600.80	15,556.33	21,556.53
Bank Charges					1,231.50	1,155.00
Miscellaneous	98,209.21	374,474.52	49,902.90	65,935.40	19,669.11	30,116.04
<b>Total Operating &amp; Administrative Expenses</b>	<b>14,379,468.66</b>	<b>14,641,038.89</b>	<b>12,423,481.55</b>	<b>10,511,496.28</b>	<b>11,077,279.46</b>	<b>11,864,477.68</b>
<b>NET SURPLUS ON OPERATIONS</b>					<b>2,008,254.08</b>	<b>1,558,678.27</b>
<b>Add: Other Income</b>						
Membership fees						20,846.90
Interest income on deposits and placements			109,380.98	68,941.60	176,967.18	576,901.23
Miscellaneous income			62,765.39	80,591.34	58,095.00	190,165.95
<b>Total other income</b>	-	-	<b>172,146.37</b>	<b>149,532.94</b>	<b>235,062.18</b>	<b>767,067.18</b>
<b>Less: Other Expense</b>						
Loss on Discontinued Consumer Service					(45,228.13)	-
<b>NET SURPLUS BEFORE EXTRAORDINARY ITEMS</b>					<b>2,198,088.13</b>	<b>2,325,745.45</b>
Less: Gain on Sale of Acquired Assets					458,737.14	
<b>NET SURPLUS FOR DISTRIBUTION</b>	<b>3,141,104.14</b>	<b>2,689,411.67</b>	<b>1,922,072.29</b>	<b>2,531,891.26</b>	<b>2,243,316.26</b>	<b>2,325,745.45</b>
<b>DISTRIBUTION</b>						
Cooperative guarantee fund	175,205.72					
Education and training fund	296,589.84	268,940.87	192,207.23	253,189.13	265,682.53	234,659.24
General reserve fund	296,589.84	268,940.87	192,207.23	253,189.13	265,682.52	234,659.24
Optional fund	296,589.84	268,940.87	192,207.23	253,189.13	265,682.53	234,659.24
Interest and patronage refunds payable	2,076,128.90	1,882,586.06	1,345,450.60	1,772,323.88	1,859,777.69	1,642,614.65
<b>Distribution</b>	<b>3,141,104.14</b>	<b>2,689,408.67</b>	<b>1,922,072.29</b>	<b>2,531,891.27</b>	<b>2,656,825.27</b>	<b>2,346,592.37</b>



## Exhibit 4 - COOP PESOS Standards

### I. Administrative Compliance and Management Structure (COOP Indicators)

	Maximum Raw Score <sup>1</sup>
<b>Compliance With (20%)</b>	
<b>1. Cooperative Development Authority</b>	<b>9</b>
a. Updated Bond of Accountable Officers	1
b. Registration of Amendments, if any	1
c. Allocation of Net Surplus	1
d. Issuance of Share Capital Certificates	1
e. Submission of Annual Report, Audited Financial Statements and Information Sheet within the prescribed period	5
<b>2. Bureau of Internal Revenue (BIR)</b>	<b>5</b>
a. Registration as Non-EVAT	1
b. Filing of Account Information	1
c. Withholding of Appropriate Taxes (includes taxes on honorarium)	1
d. Certificate of Tax Exemption <sup>2</sup>	1
e. Registration of Books of Accounts	1
<b>3. Local Government Unit (LGU)</b>	<b>1</b>
a. Business Permit/License	1
<b>4. Department of Labor and Employment (DOLE)</b>	<b>5</b>
a. Minimum Wage & 13 <sup>th</sup> Month Pay	1
b. SSS	1
c. Philhealth	1
d. HDMF (Pag-ibig)	1
e. Retirement Benefits	1

<sup>1</sup> The credit and other types of cooperative get the maximum raw score for every positive answer and zero for every negative answer.

<sup>2</sup> Excludes cooperatives who are no longer eligible and those applications are still in process.

	Maximum Raw Score <sup>1</sup>
<b>Organization (26%)</b>	
<b>1. Governance and Membership Participation</b>	<b>15</b>
a. Gender Integration (availability of sex-disaggregated data on officers and staff, loan borrowers, depositors)	1
b. Attendance of the majority of members in:	
– Annual General Assembly (GA)	2
– Membership Education/Consultation	2
c. Capital Build-up and Savings Mobilization	
– 70% of members (regular and associate) regularly contribute to share capital	2
– at least 70% of the total members are depositors	2
d. Acceptance of Audited Financial Statements by the GA	2
e. Approval of Development Plan by the General Assembly	2
f. Adoption of proper procedures for the election of the Board of Directors	2
<b>2. Conduct of regular pre-membership education</b>	<b>2</b>
<b>3. Affiliation/Linkages</b>	<b>9</b>
a. – Laboratory Cooperative <sup>3</sup>	1
– Community Services/Involvement	3
b. Participated actively in federation/union activities/programs	1
c. Paid annual due, CETE, loans and other accounts to the federation/union	1
d. Business alliance with	
– Federation	1
– Other Cooperatives	1
e. Submission of Audited Financial Statements using SCA and Annual Report to the federation/union	1
<b>Operation And Management (40%)</b>	
<b>1. Manual of Operational Policies with specific provisions on the following:</b>	<b>24</b>
a. Membership	2

<sup>3</sup> Those with laboratory cooperatives may qualify for points under this category.

	Maximum Raw Score <sup>1</sup>
b. Loaning	4
c. Savings/Time Deposits	4
d. Financial Management	
– Asset/Liability	2
– Accounting	3
– Internal Control	4
e. Human Resource Development	
– Hiring, Promotion and Firing	1
– Staff Development	1
– Compensation/Benefits	1
– Performance Appraisal	1
– Job Description	1
<b>2. Board of Directors/Committee</b>	<b>8</b>
a. Board composition in accordance with by-laws	2
b. Meetings of the Directors	1
c. Meetings of the Committees	1
d. Periodic Review of Policies	2
e. Updated Minutes of Meetings	1
f. Updated Committee Reports	1
<b>3. Management</b>	<b>8</b>
a. Full-time qualified manager	3
b. Policy on succession of manager and other top positions	3
c. Personnel File	1
d. Organization Structure	1
<b><i>Plans/Programs And Performance (14%)</i></b>	
<b>1. Presence of</b>	<b>7</b>
a. Vision, Mission and Goal	1
b. Developmental Plan	2
c. Approved Annual Plan and Budget	2
d. Code of Ethics	2
<b>2. Performance Review vis-à-vis Projections</b>	<b>7</b>

## II. Financial Performance (PESOS Indicators)

Ratios	Formula	Purpose	Standard	Score	Equivalent Points
<b>Portfolio Quality (25%)</b>					
Portfolio at Risk	$\frac{\text{Balance of Loans with one day missed payments}}{\text{Total Loans Outstanding}}$	Measures the risk of default in the portfolio.	5% or less	<ul style="list-style-type: none"> <li>• 5% or less</li> <li>• &gt; 5% to 10%</li> <li>• &gt; 10% to 15%</li> <li>• &gt; 15% to 20%</li> <li>• &gt; 20% to 25%</li> <li>• &gt; 25%</li> </ul>	15 12 9 6 3 0
Allowance for Probable Losses on Loans		Measures the adequacy of the allowance for expected losses on loans.			
<ul style="list-style-type: none"> <li>• APLL (over 12 months past due)</li> </ul>	<p>If total amount of allowance &gt; total outstanding balance of loans over 12 months past due using PAR = 100%</p> <p>If total amount of allowance &lt; total outstanding balance of loans over 12 months past due using PAR then:</p> $\frac{\text{Total Amount of Allowance}}{\text{Total Outstanding balance of loans over 12 months past due using PAR}}$		100%	APLL (100%) <sup>4</sup> <ul style="list-style-type: none"> <li>• 100%</li> <li>• 80% to &lt; 100%</li> <li>• 60% to &lt; 80%</li> <li>• 35% to &lt; 60%</li> <li>• 10% to &lt; 35%</li> <li>• &lt; 10%</li> </ul>	5 4 3 2 1 0
<ul style="list-style-type: none"> <li>• APLL (1 to 12 months past due)</li> </ul>	$\frac{\text{Total Amount of Allowance - Required Amount of Allowance for loans over 12 months past due using PAR}}{\text{Total Outstanding balance of loans 1 to 12 months past due using PAR}}$		35%	APLL (35%) <sup>5</sup> <ul style="list-style-type: none"> <li>• 35%</li> <li>• 25% to &lt; 35%</li> <li>• 17% to &lt; 25%</li> <li>• 9% to &lt; 17%</li> <li>• 1% to &lt; 9%</li> <li>• &lt; 1%</li> </ul>	5 4 3 2 1 0
<b>Efficiency (20%)</b>					
Asset Yield	$\frac{\text{Undivided Net Surplus}}{\text{Average Total Assets}}$	Measures the ability of the coop's assets to generate income.	At least inflation rate	<ul style="list-style-type: none"> <li>• At least inflation rate</li> <li>• 1 to 2 percentage points below inflation rate</li> <li>• 3 to 4 percentage points below inflation rate</li> <li>• more than 4 percentage points below inflation rate</li> <li>• 0 or negative asset yield</li> </ul>	4 3 2 1

<sup>4</sup> Coops without loans over 12 months past due will automatically be given 5 points.

<sup>5</sup> Coops without loans 1 to 12 months past due will automatically be given 5 points.

Ratios	Formula	Purpose	Standard	Score	Equivalent Points
<b>Operational Self-Sufficiency</b>	$\frac{\text{Interest Income from Loans + Service Fees + Filing Fees + Fines, Penalties, Surcharges}}{\text{Financing Costs + Admin Costs}}$	Measures the ability of the cooperatives to sustain its operations.	> 100%	<ul style="list-style-type: none"> <li>• 120% and above</li> <li>• 110% to &lt; 120%</li> <li>• 100% to &lt; 110%</li> <li>• 100%</li> <li>• &lt; 100%</li> </ul>	4 3 2 1 0
<b>Rate of Return on Member's Share</b>	$\frac{\text{Interest on Share Capital}}{\text{Average Member's Share}}$	Measures the earning power of member's share capital.	Higher than inflation rate	<ul style="list-style-type: none"> <li>• higher than inflation</li> <li>• inflation rate</li> <li>• 1 to 2 percentage points below inflation rate</li> <li>• more than 2 percentage points below inflation rate</li> <li>• 0 or negative ROR</li> </ul>	4 3 2 1 0
<b>Loan Portfolio Profitability</b>	$\frac{\text{Interest Income from Loans + Service Fees + Filing Fees + Fines, Penalties and Surcharges}}{\text{Average Total Loans Outstanding}}$	Measures how profitable the loan portfolio is.	More than 20%	<ul style="list-style-type: none"> <li>• 20% and above</li> <li>• 15% to &lt; 20%</li> <li>• 10 to &lt; 15%</li> <li>• 5% to &lt; 10%</li> <li>• &lt; 5% or negative surplus ratio</li> </ul>	4 3 2 1 0
<b>Cost per Peso Loan</b>	$\frac{\text{Financing Costs + (Admin Costs - Members' Benefit Expense)}}{\text{Average Total Loans Outstanding}}$	Measures efficiency in managing the coop's loan portfolio.	PhP 0.10 per PhP1.00 loan	<ul style="list-style-type: none"> <li>• 0.10 and below</li> <li>• &gt; 0.10 and 0.15</li> <li>• &gt; 0.15 to 0.20</li> <li>• above 0.20</li> </ul>	2 1.5 1 0
<b>Administrative Efficiency</b>	$\frac{\text{Administrative Costs}}{\text{Average Total Assets}}$	Measures the cost of managing the coop's assets.	3 to 10%	<ul style="list-style-type: none"> <li>• 10% and below</li> <li>• &gt; 10% to 15%</li> <li>• &gt; 15% to 20%</li> <li>• above 20%</li> </ul>	2 1.5 1 0
<b>Stability (30%)</b>					
<b>Solvency</b>	$\frac{(\text{Assets + Allowances}) - (\text{Total Liabilities} - \text{Deposits + Past Due Loans + Loans Restructured + Loans Under Litigation})}{\text{Deposits + Share Capital}}$	Measures the degree of protection that the coop has for member savings and shares in the event of liquidation of the coop's assets and liabilities.	At least 110%	<ul style="list-style-type: none"> <li>• 110% and above</li> <li>• 100% to &lt; 110%</li> <li>• 90% to &lt; 100%</li> <li>• 80% to &lt; 90%</li> <li>• 70% to &lt; 80%</li> <li>• below 70%</li> </ul>	10 8 6 4 2 0
<b>Liquidity</b>	$\frac{\text{Liquid Assets - Short Term Payables}}{\text{Total Deposits}}$	Measures the coop's ability to service its member's deposit on time.	Not less than 15%	<ul style="list-style-type: none"> <li>• 15% and above</li> <li>• 12% to &lt; 15%</li> <li>• 9% to &lt; 12%</li> <li>• 6% to &lt; 9%</li> <li>• 1% to &lt; 6%</li> <li>• below 1%</li> </ul>	10 8 6 4 2 0
<b>Net Institutional Capital</b>	$\frac{(\text{Reserves + Allowance from Probable Loan Losses}) - (\text{Past Due Loans + Loans Under Litigation + Problem Assets})}{\text{Total Assets}}$	Measures the level of institutional capital after subtracting the losses.	At least 10%	<ul style="list-style-type: none"> <li>• 10% and above</li> <li>• 7% to &lt; 10%</li> <li>• 5% to &lt; 7%</li> <li>• 3% to &lt; 5%</li> <li>• 1% to &lt; 3%</li> <li>• below 1%</li> </ul>	10 8 6 4 2 0

Ratios	Formula	Purpose	Standard	Score	Equivalent Points
<b>Operations (10%)</b>					
<b>Growth in Membership</b>	$\frac{\text{Actual Increase in the Number of Members}}{\text{Target Increase in the Number of Members}^6}$	Determines the performance of change in membership vis-à-vis target.	Target set in the development plan	• 75% to < 100% of target	5
				• 50% to < 75% of target	4
				• 25% to < 50% of target	3
				• 1% to < 25% of target	2
				• status quo	1
				• decreasing or without development plan	0
<b>Trend in External Borrowings</b>	$\frac{\text{Ending External Borrowings} - \text{Beginning External Borrowings}}{\text{Beginning External Borrowings}}$	Determines the percentage of change in external borrowings.	Decreasing towards zero	• no external borrowings	5
				• decreasing compared to previous period	3
				• status quo	2
				• increasing compared to previous period	0
<b>Structure of Assets (15%)</b>					
<b>Asset Quality</b>	$\frac{\text{Non-earning Assets}}{\text{Total Assets}}$	Measures the percentage of total assets that are not producing income.	Not more than 5%	• 5% and below	5
				• > 6% to 8%	4
				• > 8% to 10%	3
				• > 10% to 12%	2
				• > 12 to 14%	1
				• 14% and above	0
<b>Asset Structure</b>	$\frac{\text{Total Deposits}}{\text{Total Assets}}$	Measures the percentage of total assets financed by deposits.	55 to 65%	• > 55% to 65%	5
				• > 45% to 55%	3
				• > 65% to 70%	
				• > 35% to 44%	1
				• > 70% to 75%	
	• 35% & below	0			
	• 75% & above				
	$\frac{\text{Net Loans Receivables}}{\text{Total Assets}}$	Measures the percentage of total assets invested in the loan portfolio.	70 to 80%	• > 70% to 80%	2
				• > 60% to 70%	1.5
				• > 80% to 85%	
				• > 50% to 60%	1
				• > 85% to 90%	
	• > 40% to 50%	0.5			
	• > 90% to 95%				
	• 40% and below	0			
	• 95% and above				
	$\frac{\text{Total Members' Share Capital}}{\text{Total Assets}}$	Measures the percentage of total assets financed by members' share capital.	35 to 45%	• > 35% to 45%	3
				• > 30% to 35%	2
				• > 45% to 55%	
				• > 25% to 30%	1
				• above 55%	
	• below 25%	0			

<sup>6</sup> If target is in growth rate, compute for the nominal amount using the following:

-(Target Growth Rate) Beginning Number of Members = Target Increase in the Number of Members