

### **PFI Assessment: Qualitative Parameters**

1. Adheres to the elements of sound rural and microfinance practices:
  - Priority of savings mobilization
  - Linking credits with savings
  - Cost-covering interest rates
  - Subsidy-free environment in the medium term
  - Reduction of transaction costs for both savers and borrowers
  - Service-orientation
  - Demand-driven approach
  - Participatory approach
  - Development of alternative risk-reducing measures
2. Believes in financial intensification market presence approach: intensify “banking presence” in the uplands through a comprehensive market penetration and sectoral linkages.
3. Promotes upland banking, which is geared towards social reform and change within the new framework of financial policy reforms – with minimal government subsidies and interest rate caps.
4. Develops appropriate financial schemes geared towards creating new projects, new products, new added values for a more vibrant upland economy.
5. Exerts extra efforts to promote and develop entrepreneurial skills among upland clients.
6. Commits to form Savings and Loan Groups (SLGs) in the upland communities.
7. Intends to install and strengthen secondary structures among SLGs as mechanism, among others, for self-administration, self-regulation and self-responsibility.
8. Commits to hold more training to sharpen skills, upgrade capabilities and know-how, not only of the staff but also of top management and key officers.

### **PFI Assessment: Quantitative Parameters**

1. Capital adequacy: 10% for rural banks (risk-asset ratio); 15% for cooperatives
2. Share capital for cooperatives: about 60% of regular members have P 5,000 capital share and on increasing trend
3. With past due ratio of 25% and below
4. ROE – 10% or more
5. Borrowing operation – no outstanding past due with LANDBANK; Debt-to-Equity ratio of 4:1
6. Earning capacity – Net Income to Members Equity and Reserves – 15% and above
7. Outreach – increasing number of upland clients; average size of loans; percent women clients