



Ahon sa Hirap, Inc.

"Rise from poverty"



2015 ANNUAL REPORT

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PRESIDENT'S MESSAGE

With our strong social mission, it is constantly a balancing act between Social Performance and Sustainability. Clearly, before one can do social missions, one has to be sustainable first.

This year, authority was brought down to every employee as commensurate to his or her station. Learning from feedback coming from the staff, management picked up gems of ideas to improve sustainability.

First, to bring down operating cost. Grameen methodology is essentially expensive to implement. We hear that even Grameen has amended the original procedure and has implemented new methodologies. Taking the cue, ASHI processes were simplified and had to answer the rigorous question: Why are we doing this? Why does it take this long? Then using staff suggestions, "What if we do it this way..."

Second, to provide commensurate human resource to implement the grand plans made in the Strategic Planning Conference of 2014. Between HR and the Training Department, 136 new Development Officers were employed, new Branch and Area Managers hired from the experienced staff.

Area expansion takes time to bring in results that will butter the bottom line, but the prognosis is promising: ASHI now operates in 8 provinces, has 1,347 centers, 29 branches distributed among 7 Areas.

The staff continues to be committed to our mission, are highly motivated and passionate, traits which are our best assets.

We shall overcome.

CHAPTER 1 ASHI'S SUSTAINABILITY STRATEGY

ASHI continued using the Standards for Social Performance Management (its six dimensions) and the 7 Client Protection Principles issued by the Smart Campaign as guides in planning its sustainability strategy. ASHI's 2015 Plans were a furtherance of the following:

1. Effective Client Targeting & Monitoring

ASHI defines its target group as ***marginalized women and their families***. Marginalized, in economic terms, means "not bankable"; no access to financial services; socially outcast because they are too poor, have been in prison, or are victims of human trade; women suffering from domestic violence; and women in hard-to-reach areas.

Over the past four years, ASHI uses the Progress out of Poverty Index (PPI) tool to assess clients' poverty levels at three points in the operation: first, as a targeting tool to ensure that new members come from the bottom 50% poor in their communities; second, as a monitoring tool to assess the growth of members; and third, at point of exit as a final assessment of the impact of ASHI intervention in their lives.

2. Appropriate Product Design

ASHI is faithful to its five-point strategy for appropriate product design:

- a) Ensuring that loan terms meet cash flow needs of members;
- b) Members are subjected to need-driven graduation where they advance through cycles based on their choice or credit rating;
- c) ASHI field staff strictly monitor members' loan use based on the contract, by doing loan utilization checks;
- d) Different products are designed to cater to the different needs of members; and finally,
- e) Providing a response system for members in times of difficulty.

3. Adherence to Client Protection Principles

To protect members from undue risk, a deliberate effort has been made towards avoidance of over-indebtedness by closely monitoring their loans inside and outside the institution. ASHI strictly adheres to the policy of "no to multiple MFI membership". ASHI members are educated on the risks of over-indebtedness. They are properly oriented on the ways of managing debt and the prudent use of income, as well as giving priority to saving for future needs.

4. Governance & Staff Commitment

ASHI continuously improves its governance by adopting an organizational structure that evolves with the growth of ASHI. The new organizational structure, coupled with providing better staff benefits, strengthen the commitment of the entire ASHI Team.

5. Social Responsibility to Staff

Total development of the staff is a continuing ASHI priority. In-house and external trainings have been provided to both the front liners and middle managers. Training modules have undergone thorough refinements and are constantly improved. Last year all Area and Branch Managers took leadership training in Grameen University.

Staff benefits and rights are protected and developed through participatory and consultative dialogues done at least quarterly.

6. Responsible Financial Performance

Both social and financial performance indicators to ensure the realization of ASHI's mission and vision guide period-end assessments and planning. Balance between social and financial performance is constantly protected.

CHAPTER 2 ASHI'S VISION & MISSION

ASHI VISION

WE ARE A COMMUNITY OF SERVANT LEADERS WHO PIONEERED AND CONTINUE TO INNOVATE THE PRINCIPLES OF GRAMEEN BANKING IN THE PHILIPPINES.

WE ARE IN SOLIDARITY WITH THE MARGINALIZED WOMEN AND THEIR FAMILIES FOR POVERTY ALLEVIATION AND ACTIVE PARTICIPATION IN SOCIAL DEVELOPMENT.

The ASHI vision updated in 2014 follows:

ASHI VISION

By 2020, we are a sustainable enterprise managed by an empowered, effective and efficient workforce with extensive quality outreach offering innovative and diversified Grameen-inspired programs and products resulting in resilient ASHI communities.

OUR SOCIAL MISSION

That through Grameen-inspired microfinance credit delivery, we commit and dedicate ourselves to the following undertaking:

Inspire marginalized women and their families to discover their God-given dignity, and enable them to rise above all forms of poverty and respond to social and environmental concerns;

- Members and their families triumph over various forms of poverty (social, financial and spiritual), capitalizing on their inherent talents and business skills in operating microenterprises.
- ASHI conducts various projects and activities that boost members' self-confidence in managing themselves, their



family, and in reaching out to the larger community. Their small pursuits in helping the community and other non-members, such as “bayanihan” initiatives, gift giving, civic action programs/community cleaning and others, are manifestations that they are recognizing their value.



Active participation in community projects for the environment makes ASHI members conscious about being responsible for the world we live in.

Create an environment that enhances the empowerment of women and their families;

- Solidarity with other agencies having expertise in different aspects such as gender awareness and disaster risk management.
- Networking with local government and non-government entities to develop leadership capabilities of ASHI members.
- Involvement of members in the decision making process for improving products and services.
- Training for alternative programs in livelihood, leadership, community participation, environment, gender sensitivity, and enhancement of skills in agriculture.
- Regular conduct of weekly meetings as a venue for open transaction, monthly leaders’ meetings to discuss issues of centers that boost confidence of leaders and members in resolving concerns.
- Observing branch anniversaries to provide a venue for the members to showcase their talents and capabilities.



Deliver excellent quality and professional service with team spirit.

- Staff are trained to become effective community facilitators in the field, showcasing ASHI’s professionalism and values.
- Staff at all levels, including top management, visit the centers to listen to and look into the needs of members





Integrate value formation, living out the ASHI core values of integrity, passion, human dignity, excellence, and solidarity.

- Training and any activity within ASHI, taking into consideration its added value to the members and even to the staff.



- The Compulsory Group Training curriculum for members is continuously improved, integrating topics and activities that help members reflect on and realize their life purpose, the importance of community, and how they could contribute to the community that they are part of.

Share with other antipoverty institutions and organizations our expertise, which is grounded on experience.

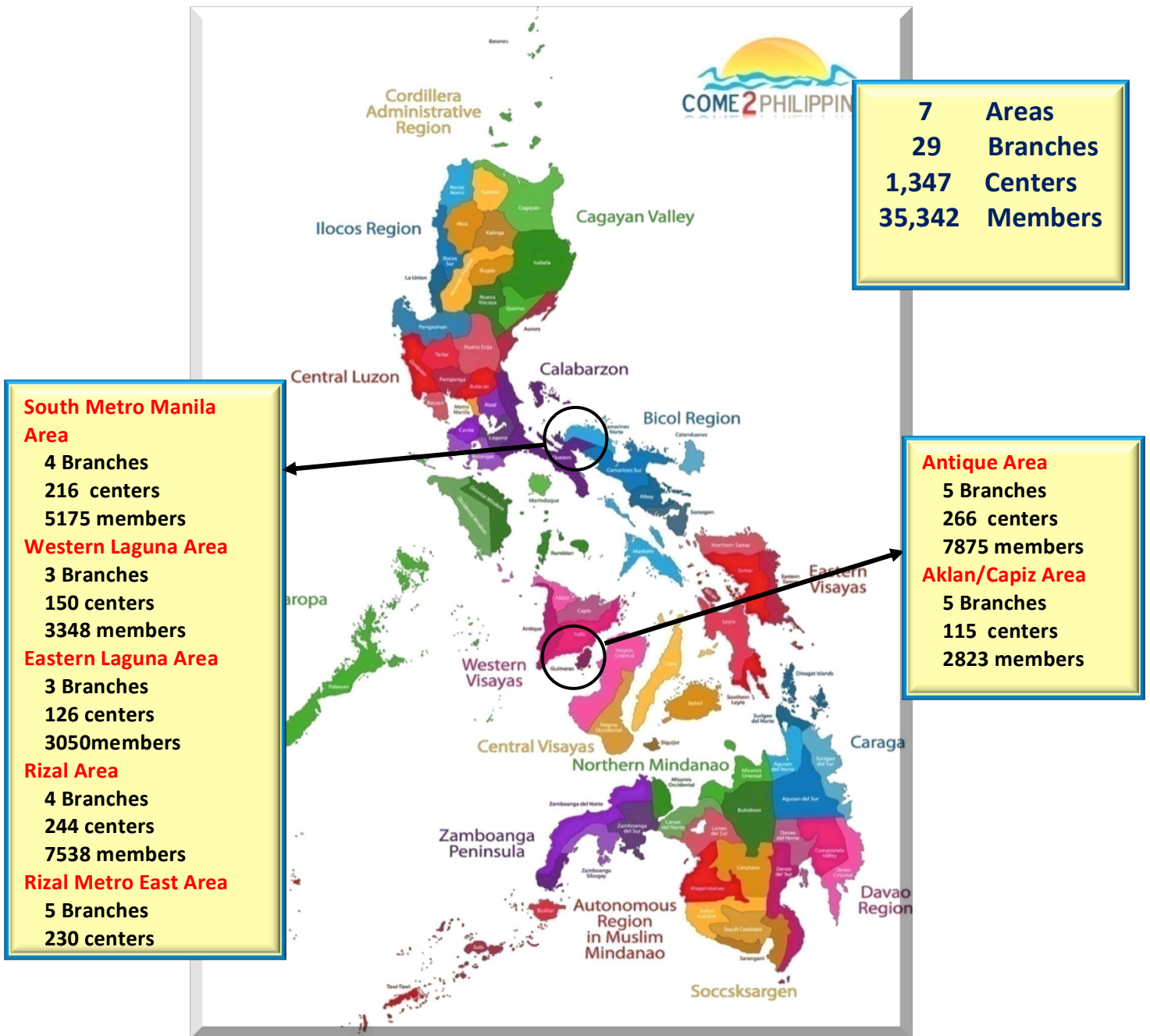
ASHI supports any organization that shares its vision and mission. ASHI aims to assist government and other anti-poverty institutions in whatever way it can contribute. ASHI believes that expertise is sharpened when shared and learning is a two-way process.



CHAPTER 3: ENHANCING ASHI MEMBERS

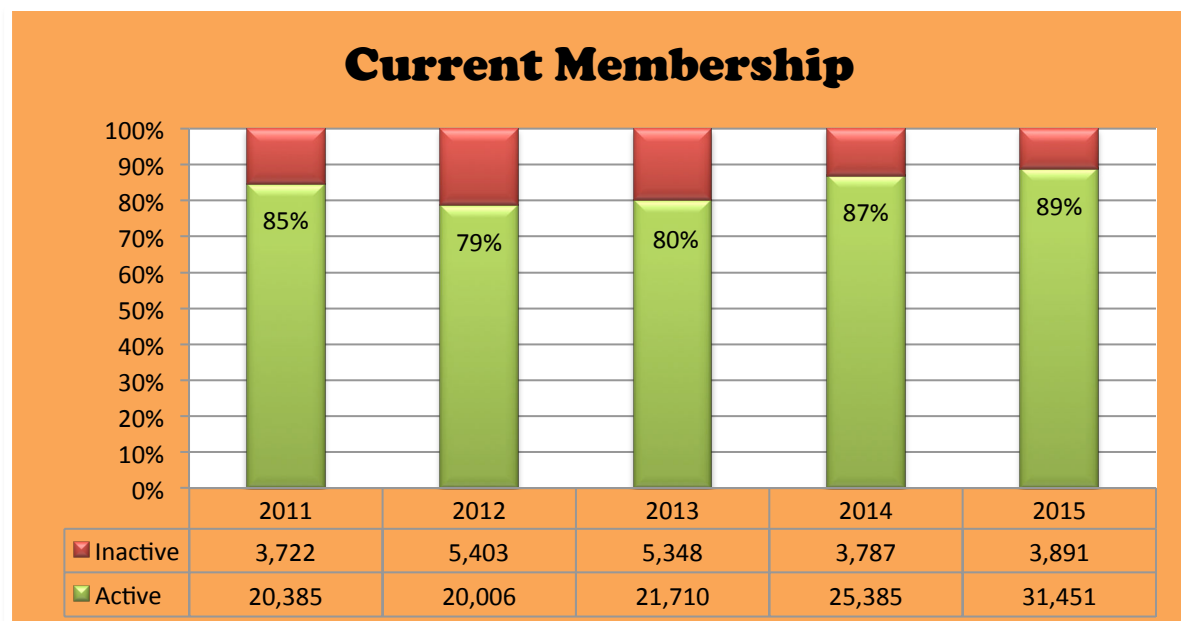
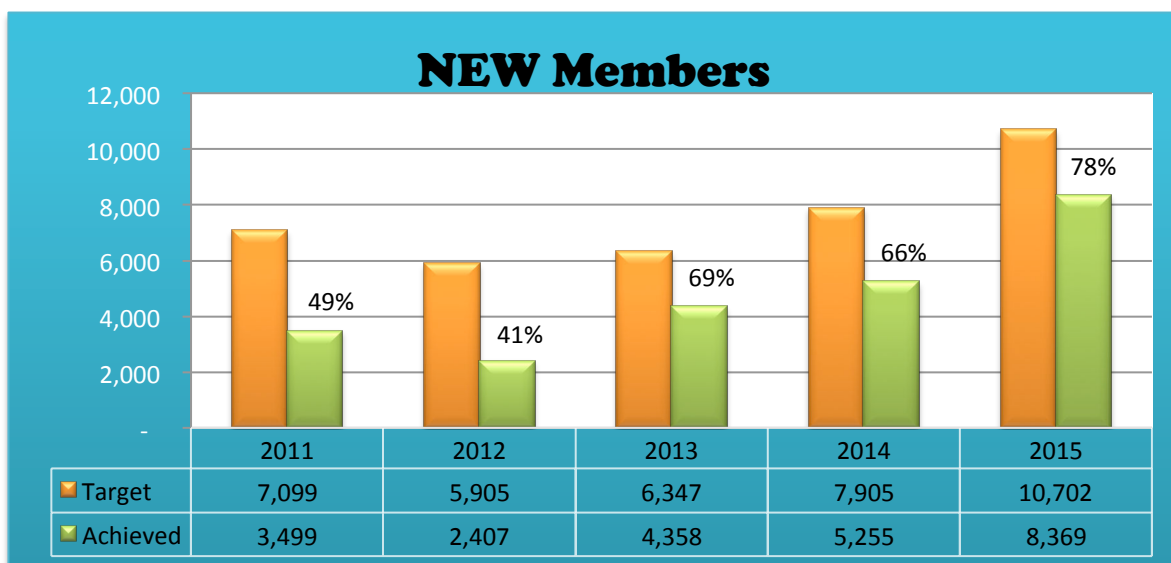
KRA 1: OUTREACH TO THE POOREST AND EXCLUDED

At the close of 2015, ASHI has established 29 branches in Luzon and Visayas. In Luzon these branches are in the provinces of Laguna, Rizal, South of Metro Manila, and Quezon. In the Visayas they are in Antique, Aklan and Capiz.

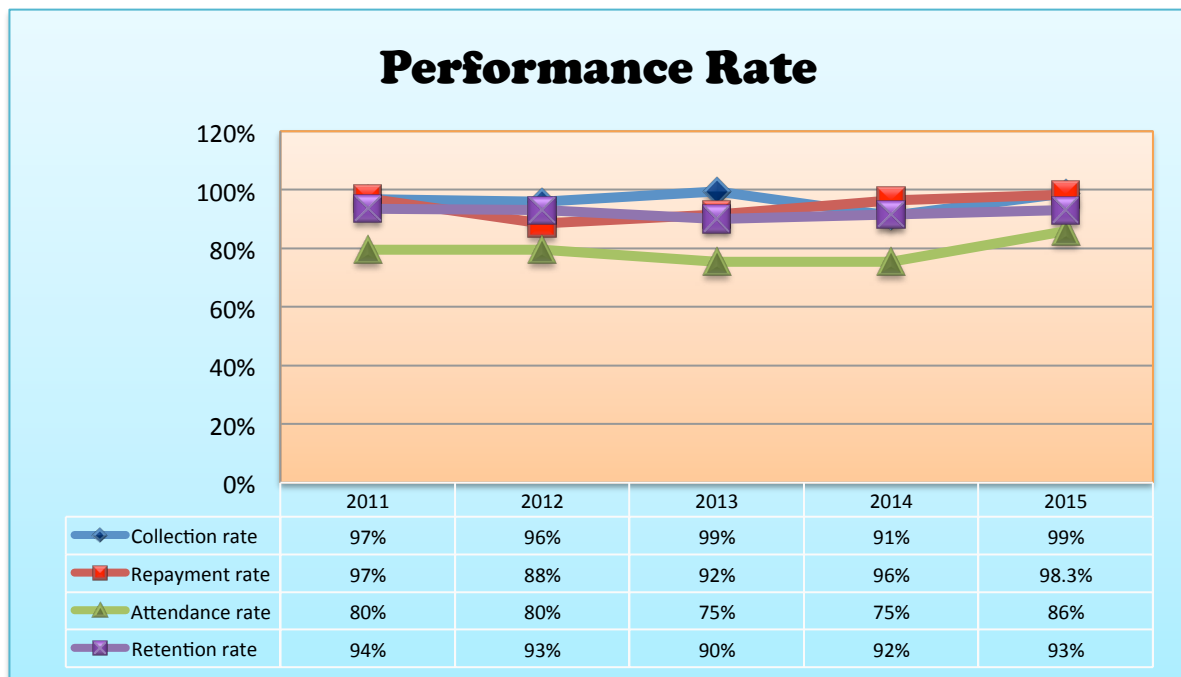


Membership

It has been the experience that in achieving target membership, providing commensurate human resources is key. At the start of 2015, continuous hiring and training of new staff was started to provide Branches with complete staffing. New Branch Managers and Area Managers were appointed for expansion areas, as well as new Department Heads to strengthen support departments. **The consequence of this program is evident in the 2015 ASHI performance, where it scored the highest percentage increase ever, in new members (78%). This increase catapulted total membership by 19%.**



Retention rate, maintained at an average of 92.4% is on an increasing trend in the last 3 years. Collection rate, repayment rate and attendance rate are likewise improving. The biggest factor to this up trending is authority given to the branches and areas guided by updated and improved policies.



PPI Update and Analysis: Are we making a difference?



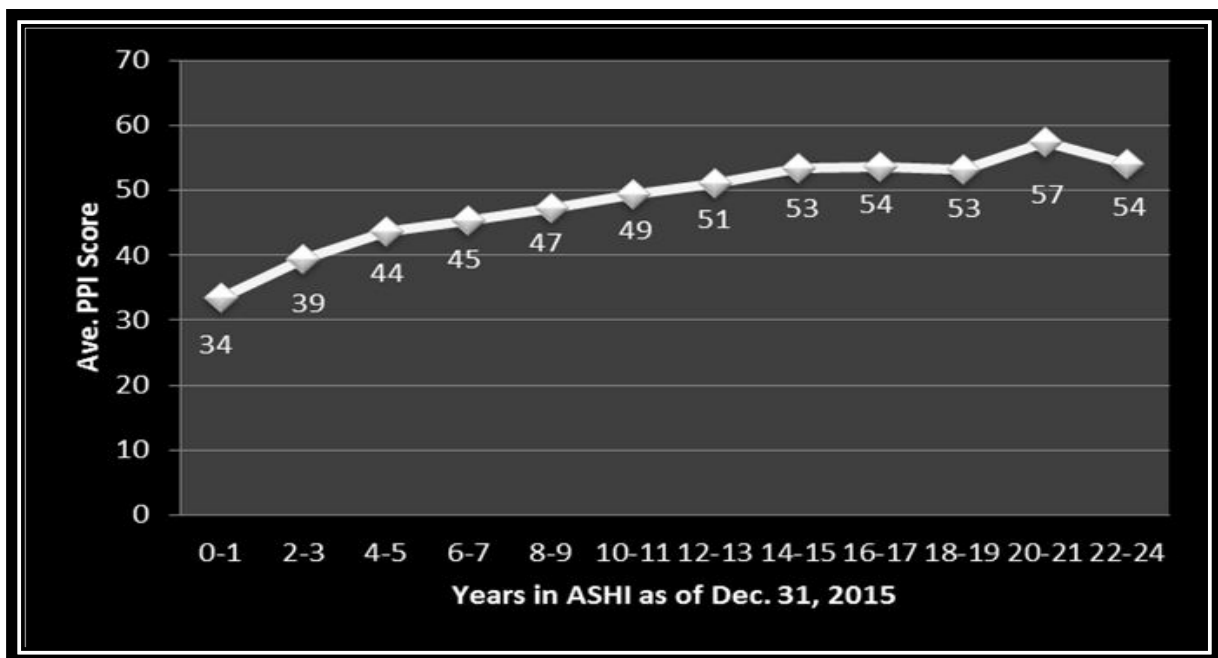
In the 3rd Quarter Planning and Evaluation in 2015, it was resolved that starting November 2015, ASHI will continue using the 2004 PPI Poverty Indicator Survey (Ten Questions) in targeting members but will no longer allow exemptions to the cut-off. A new PPI cut-off was adopted, based on the Total Below the \$5/Day/2005 PPI line: Urban is 64 points, while Rural is 59 points. This ruling widened the ASHI target and eased up the recruitment of new members.



Shown in the graph below is a tracking of PPI scores based on 81% of total membership with complete and clean PPI data at the end of December 2015.

Of the 25,312 ASHI members surveyed, the graph below shows that the average PPI score of members is on the up-trend, as they stay longer with ASHI which shows that ASHI programs improve the quality of life of members, albeit slowly. The ascent is tempered on account of one question in the PPI, which equates children with higher poverty incidence. Most of the families have children who take time to move out of the household and in some instances even bring in more children through marriage or unwanted pregnancy.

Graph 1: Average PPI score as per year of membership in ASHI



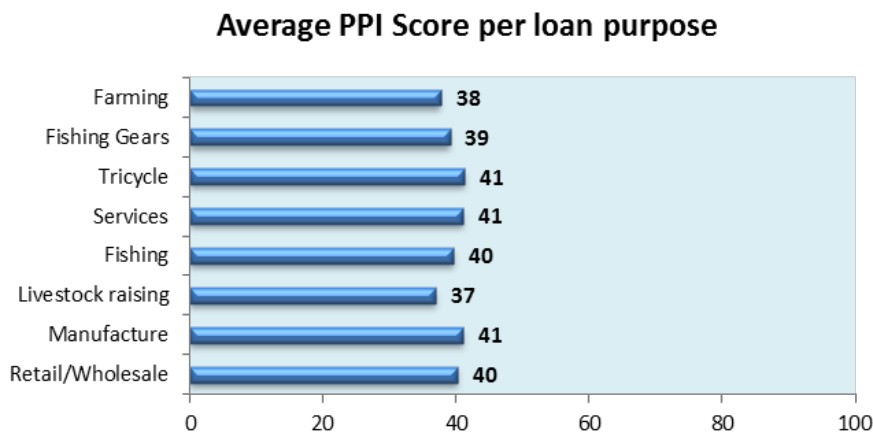
In the table below, the 32 points average PPI score for new members reflect effective targeting; while the 32 average PPI score for exiting members confirms that those who exit from ASHI (usually in their 3rd year) have not achieved notable improvement in economic status.

Table 2: Average PPI score as per status of membership in ASHI

Membership status	Count	Ave PPI Score	Ave. of TB NPL	Ave. of TB\$1.25/day/2005 PPP Line
Current	17,095	43	38%	22%
Exit	171	32	56%	37%
New	8,046	32	58%	35%
Grand Total	25,312	40	45%	26%

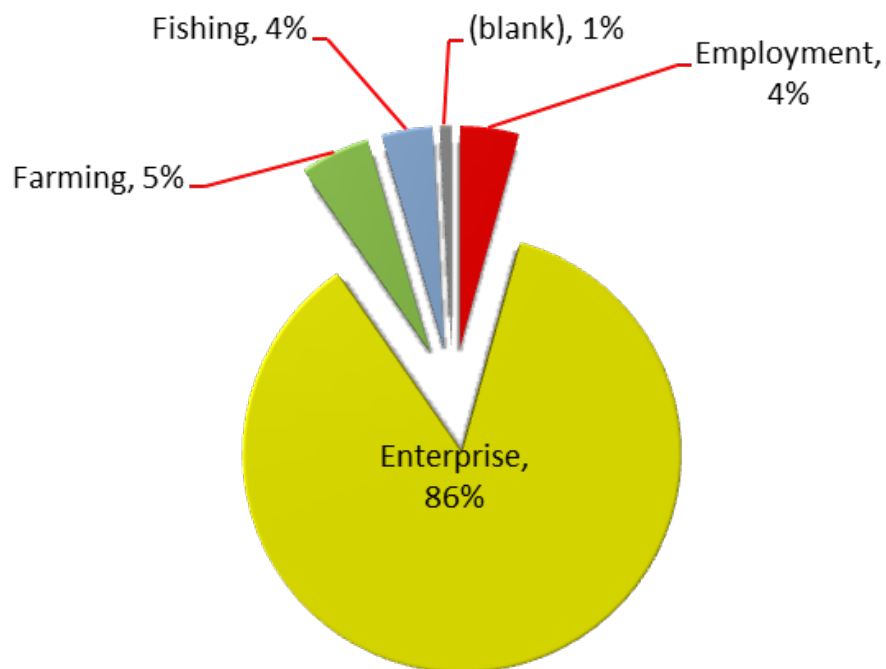
Those into farming and related activities like livestock raising score the lowest PPI as shown in the graph below which bolsters our move to open up membership to the agricultural sector which is known to be among the poorest.

Graph 4: Average PPI Score per Loan Purpose



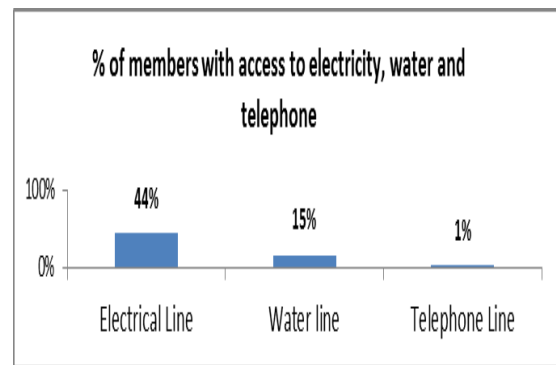
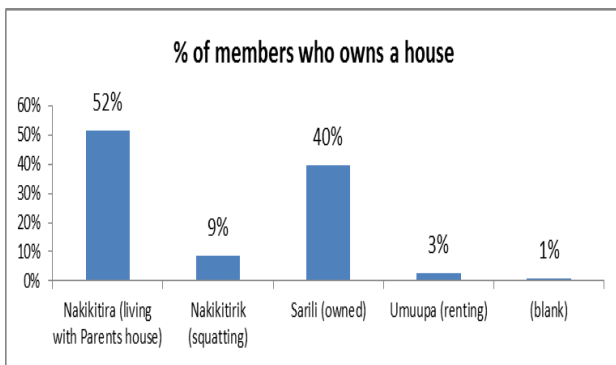
The graph below shows that the main source of income among ASHI member families is enterprise

Graph 3: Main Source of Income



Graph : House Ownership and Utilities

The Filipino culture of expanded families is reflected in the graph, as 52% of members' live with and in the house of parents. Only 40% of members' live in houses owned by them. The majority have no direct access to electricity and water.



Expansion Updates:



Capiz North Branch: Established in April 2015, now with 15 centers, 310 members covering 6 barangays in Roxas City with a loan portfolio of 1,215,243.00. Future expansion will be the municipalities of Sapián, Ivisan, Panay and Panitan. It has complete staffing, with a Branch Manager, Accounts Officer, 4 Regular Development Officers and 1 Probationary DO. The branch office is located at Bato, Pan-ay, Capiz.



Capiz Central Branch: Started in four barangays of Pontevedra, Capiz last September 2015. In only three months of operations, it brought in 105 new members, exceeding its target of 90. Staffing consists of a Branch Manager, 2 Regular DOs and a Probationary DO. At the end of December 2015 loan portfolio is at P373, 007.00. Expansion will be in the municipalities of Maayon and President Roxas. Branch office is located at Pontevedra, Capiz.



Quezon Northwest Branch: Started operation in May 2015 with the first GRT on June 19, 2015. Currently, it has 18 centers with 280 members covering the 17 barangays of Tayabas City, Quezon. Total loan portfolio is

at P1,059,980.00. The branch office is currently located in Brgy. Matiuna, Tayabas City, Quezon. The branch staffing consists of a Branch Manager, Trainee- Accounts Officer, 2 Regular DO's and 2 Probationary DO's. Future expansion is in the municipalities of Pagbilao and Lucena City.



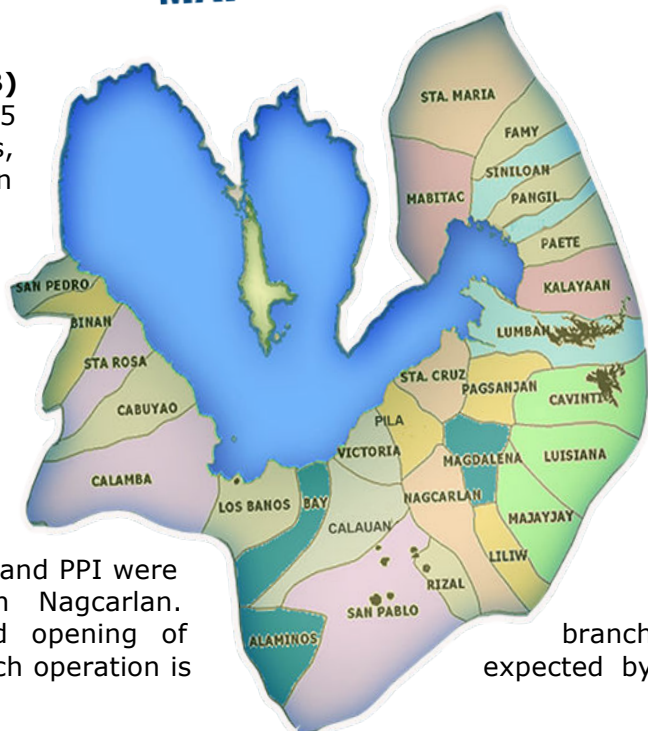
Quezon North Branch: Started in August 2015 as a satellite office of Laguna East Branch, was declared an independent branch in October 2015. Staffing composed of a Branch Manager, Accounts Officer, 3 regular Development Officers and 2 probationary DO's. The branch office is situated in Infanta, Quezon, it has established 15 centers with 220 active members with a Loan portfolio of 898,428.00. Its future expansion includes the municipalities of Real, Gen. Nakar and the Islands Municipality of Polilio.

MAP OF LAGUNA

Laguna South West Branch (LSWB) operations started in February 2015 covering the municipalities of Alaminos, Calauan and San Pablo City. Completion of Data gathering and documentation by the Western Laguna Area Manager- Joey Panesa are expected by January 2016 in preparation for further expansion.

Laguna South East Branch (LSEB)

To cover the municipalities of Magdalena, Nagcarlan and Rizal, Peter Alising was appointed as Branch Manager in December 2015. Initial Request Letters to conduct Area Survey and PPI were distributed to selected barangays in Nagcarlan. Survey of possible branch office and opening of bank account was facilitated. A full branch operation is January 2016.



branch expected by

MIDAS CREDIT Bureau Updates:

ASHI, one of the 7 Founding/Investor-members of the MIDAS Credit Bureau in 2012, has been actively reporting and using both BARIS (Borrowers at Risk) and MPODS (Members Positive Data Sharing) data. For 2015 alone ASHI has reported 490 BARIS (making it a total of 2,386 BARIS type available data as of 2015); has made a total inquiry of 11,349 with 1,581 hits. These hits, have guided operations to further investigate thereby

ensuring quality of membership. These inquiries have also guided us in effectively evaluating members’ subsequent general loan applications.

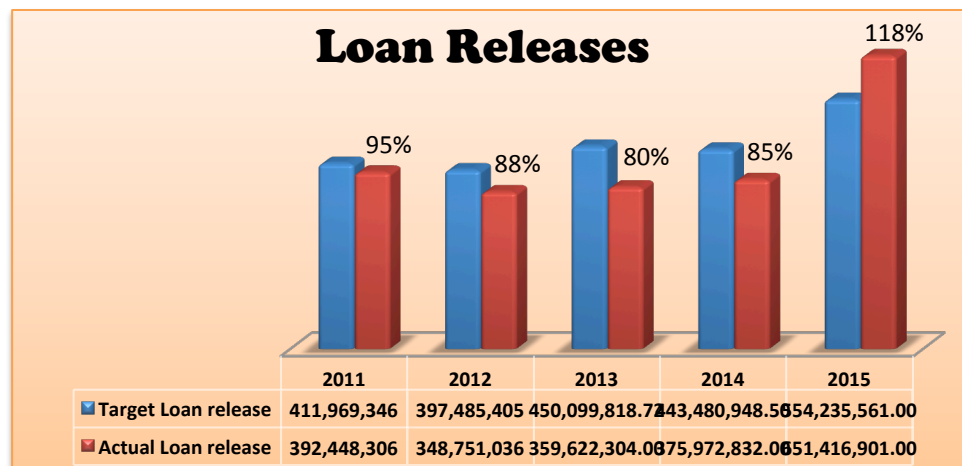
KRA 2: ADAPTATION OF PRODUCTS AND SERVICES

To improve the effectiveness of ASHI programs and strategies as well as institutional sustainability, innovations in products and services were adopted, such as:

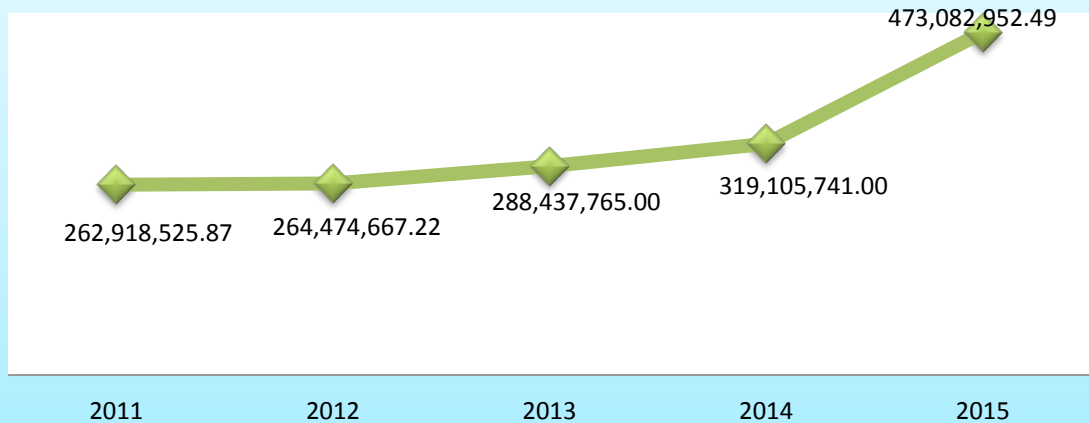
- forging new partnerships with Cebuana Lhuillier and Palawan Express for releases of benefits for micro-insurance and loans for new members;
- combining house repair and educational loans into one (Incentive Loan);
- increasing the maximum amount of general loan to P100,000.00
- adding a 75-week loan term;
- inclusion of Pure-it Loan (water filter that provides clean drinking water);
- integrating the ASHI Grameen Agricultural Program(AGAP) to branch operations
- introduced the Farmers Enterprise Program (FEP) and Farmers Livelihood Resiliency Program (FLRP);
- provision of lump sum payment and renewal of loans strategies;
- expanding the Center Loan purpose to include Center Hall construction, repairs and insurance.

Consultation with members regarding the proposal to replace the Group Fund Loan with an Emergency Loan window is on-going.

For the first time in 5 years, target loan releases was exceeded by 18%. Loan outstanding increased by 156%, which reflect the deepening relationship with members as well as expansion efforts.

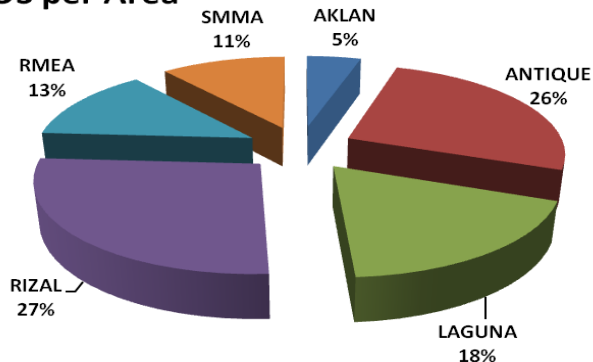


COMPARATIVE LOAN OUTSTANDING

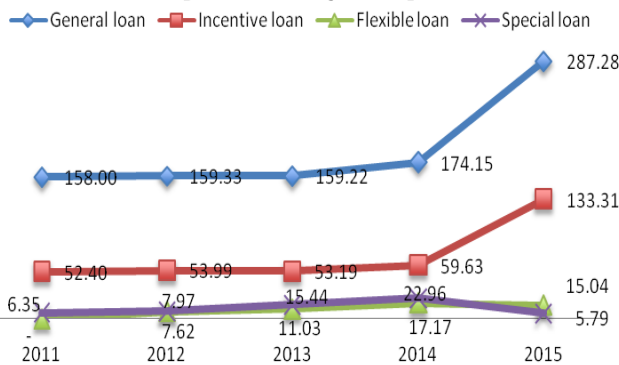


RIZAL Province with 9 branches has the biggest contribution to the ASHI portfolio (40%); ANTIQUE with 5 branches, has overshot LAGUNA/QUEZON with 6 branches (18%); SMMA with 4 branches is rising from its bad years (11%), while contribution of newly started AKLAN/CAPIZ with 5 branches is noteworthy (5%).

LOS per Area



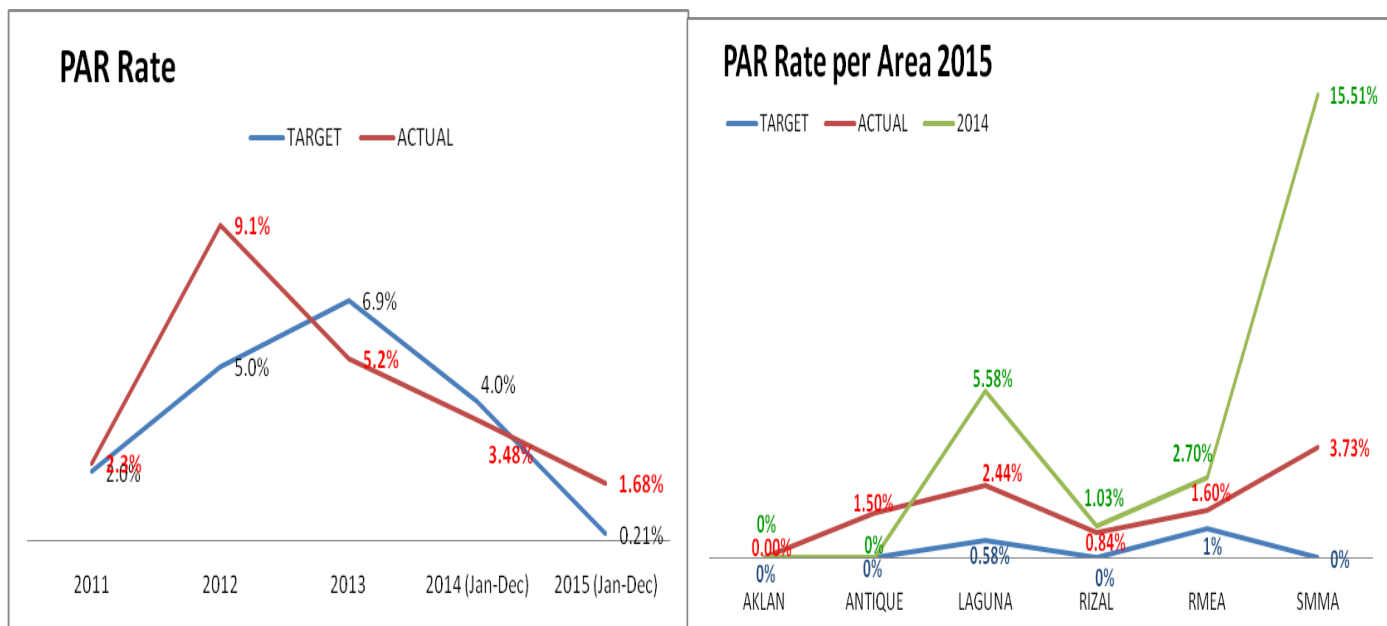
LOS as of December 2015 [in million pesos]



The decreasing trend of Flexible Loans and Special Loans is a sign that members who have experienced crisis in repayment in the past years have started to recover. The increasing trends of general loans and incentive loans indicate that members are now focusing on the growth of their business enterprises which improves members' capacity to pay.

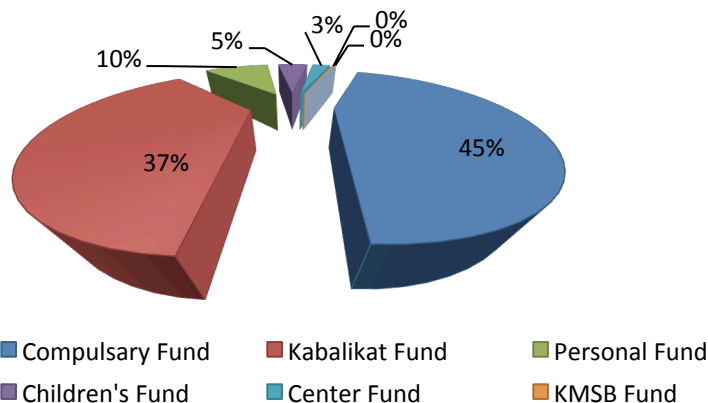
Although the targeted PAR of 0.21% has not been achieved, which perhaps may have been too ambitious, the decreasing trend implies that collective effort to lessen the portfolio at risk is effectively working. With the positive outlook and the commitment of everyone the achievement in target membership has remarkably increased and disbursement have exceeded the target supported by the effective maintenance of the centers. The effective implementation of Renewal of loans and lump sum payment and the approval of general loan up to P100, 000.00 has contributed well in the releases, not disregarding the inclusion of Pure- it loan.

AKLAN and ANTIQUE AREAS have consistently maintained a 100% repayment rate, same with REB, RNEB, RWB and RSB in RIZAL, LNEB, LCB, QNB and QNWB in LAGUNA and MSEB in SMMA. Over all a 1.68% Portfolio at Risk is already an exemplary achievement, especially with the consistent decreasing trend. Amount of PAR has been consistently on a decreasing trend for the last 4 years, from 26.2 M in 2012 to 7.2 M in 2015.



Portfolio Aging Report	2010	2011	2012	2013	2014	2015
0-4 weeks	199,093	477,634	2,300,832	2,225,921	1,866,091	1,417,562
5-12 weeks	470,149	901,474	4,653,426	1,391,818	1,415,818	2,149,887
13-25 weeks	375,512	588,221	5,249,378	4,092,405	829,774	889,392
Greater than 25 Weeks	3,276,324	4,414,598	13,995,632	12,766,376	5,905,335	2,802,614
Total	4,321,078	6,381,926	26,199,268	20,476,520	10,017,018	7,259,455
Total LOS	227,404,653	221,905,206	227,744,238	244,944,900	276,682,807	432,429,623
PAR1 (%)	1.90%	2.88%	11.50%	8.36%	3.62%	1.68%
PAR30 (%)	1.8%	2.7%	10.5%	7.5%	2.9%	1.35%

2015 Savings Distribution



The importance of savings is continuously communicated to members during weekly center meetings which has garnered a robust response from members. In some instances when the balances in the wecap does not agree with the members' passbook, the Branch actively acts on it with the assistance of the IT Dept and Internal Audit Unit.

MEMBERS PROTECTION:

Guided by the result of Cerise SPI4- Social Performance Audit in November 2015, both on Social Performance Management (SPM) and Client Protection (CP), ASHI submitted an action plan to improve performance on Dimension 4: Treat Client Responsibly.

DIMENSION 4: TREAT CLIENTS RESPONSIBLY					
Noted deficiencies in the loan documents:	6. Refine Disclosure Statement to include:	High Value / Medium Effort	Operations Dept./IT Dept.	Staff time	Dec 2015
-Repayment capacity analysis does not include loans from other sources and loans that are guaranteed.	6.1 Refine tool for assessing capacity to pay to include loans from all sources and those that are guaranteed.	High Value / Medium Effort	Operations Dept./IT Dept.	Staff time and Capacity to pay Form	Dec 2015
-Disclosure of credit costs is in separate and different documents.	6.2 Disclose total cost of credit in a single document that can be easily understood and seen by clients.	High Value / Medium Effort	Operations Dept./IT Dept.	Staff time and Disclosure Statement Form	Dec 2015

Policies related to rights of clients and privacy of client data not fully understood by clients.	7. Formulate policies on rights and privacy of clients and ensure client awareness and comprehension.	High Value / Medium Effort	MPD/TDD	Staff time	Nov 2015
Lack of formal, structured and various channels to submit and resolve complaints.	8. Formalize procedures in monitoring and resolving client complaints.	High Value / Medium Effort	MPD/TDD	Staff time	Nov-Dec 2015

The concerned departments have acted upon all the stated action plans with the support from the Operations Division Head and the Program Manager. Finalization of the results will be in January 2016. All results will be consolidated into an ASHI SPM Guide.

Update of Partnership from January 1 2015 to December 31, 2015

Total Payout of Pioneer Insurance	15,012,810.00
• Death claim	13,630,550.00
• Calamity, hospitalization, Fire	1,382,260.00

Self-Administered Program- Death Benefit for Members who are not qualified in Pioneer Insurance due to over age:

A total of forty eight (48) claims from members were released under this program amounting to four hundred eighty seven thousand seven hundred pesos (P487, 700).

Kabalikat Fund: A fund used to cover the loan balances of an active member upon death. The fund is released to the family if the member has no loan balance upon death.

In 2015, a total of six million six hundred eight thousand six hundred eighty two pesos (P6, 608,682) has been collected with a withdrawal of P1, 888,868.50 and a net balance of four million seven hundred nineteen thousand eight hundred thirteen and fifty centavos (P4, 719,813.50)

SSS_and Phil Health enrolment enhanced member benefits. So far 64 members have been enrolled in Phil Health while 170 in SSS.

Continuous Water and Health Awareness Campaign. Under the partnership with Unilever (PWE), water sanitation and health concerns are discussed during center meetings. Pure-IT water purifiers are availed by members through the Pure-IT loan.

Free Medical benefits: Assisted 344 members and relatives to undergo medical check up with ASHI contact volunteer doctors. While 120 has undergone eye cataract operation and 3 cleft lip operation.

MEMBERS ACHIEVEMENTS:

Mrs. Laarni Ditolan* of Rizal Southwest Branch won a **CITI-MICRO ENTREPRENEURSHIP AWARD 2015 -Special Award for Agri- Micro Business.*

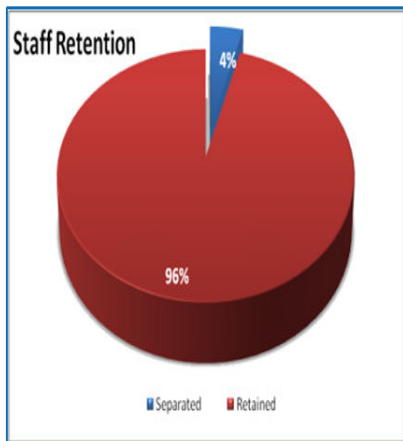


***100 SUCCESS STORIES* have been collected and written for a book project that will be launched on 2016 during 25th Jubilee Celebration.**



CHAPTER 4 INSPIRING AND ENGAGING THE ASHI TEAM

KRA 3: Empowerment and Participation



Staff retention at an annual rate is 96%. As of December 31, 2015, Sixteen (16) out of 357 staff were separated for these reasons:

- Three (3) Development Officers went AWOL. Two due to unhealthy relation within the branch, and one due to misappropriation of funds.
- Seven (7) were TERMINATED –One Branch Manager due to willful violation of ASHI accounting policy; three (3) Accounts Officers, one (1) Cashier and two (2) Development Officers for negligence of duties and malversation of funds.

- Six (6) employees tendered their RESIGNATION- two (2) BMs and one (1) AO for other job opportunities; three (3) from Head Office, due to poor job performance.

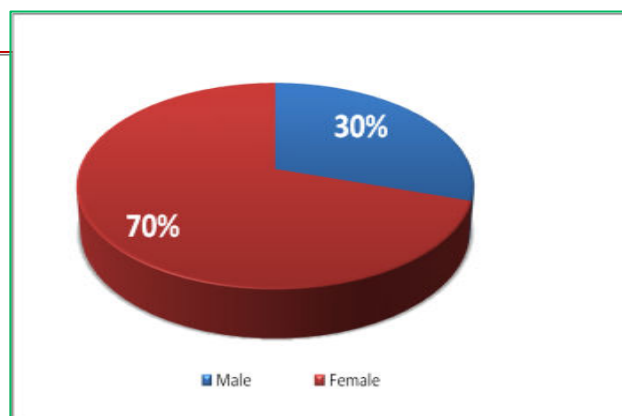
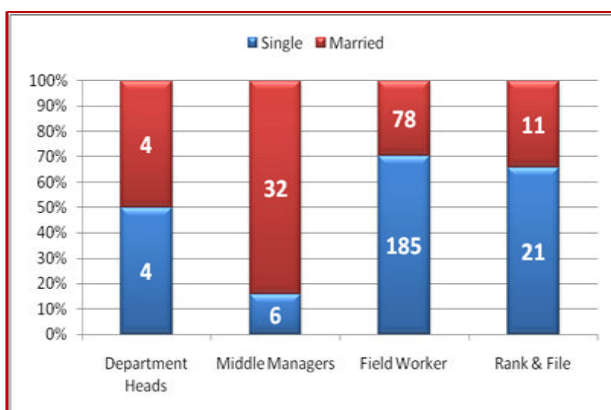
To strengthen staff retention, compensation based on Job Rating was implemented. The staff was made aware that salary adjustment would be based on merit. DO and Manager Score Cards for monitoring job performance have been devised and implemented as basis of reward or disciplinary sanction.

In December 2015, incentive pay based on performance was implemented as the basis of bonus computation, over and above the 13th month pay.

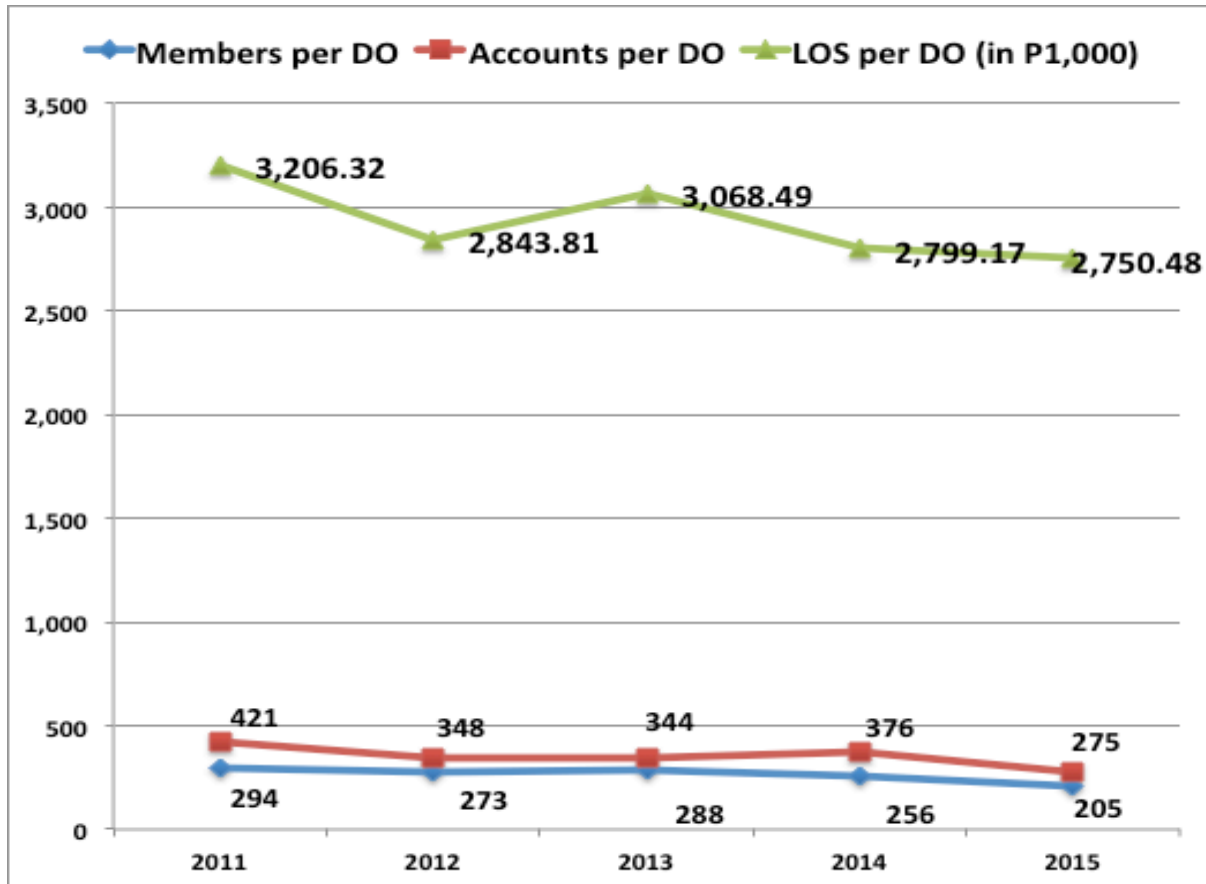
An Employee Satisfaction Survey is being formulated to be conducted on the 2nd Semester of 2016.

Listening to staff feedback and learning from their experiences through branch visits and family time is a continuing program with management, the Personnel Department, and the Operations Division.

Out of the total 341 current employees, 63% are single most of whom are DO's. The 37% married are mostly in the level of middle managers. Females dominate ASHI employees (70%).



The standard of staff productivity is being reviewed and adjusted to allow for work-life balance. As of end of 2015 productivity is seen in the graph below:



STAFF TRAINING:

Leadership Training



Batch 2 of LEADERS FOR THE FIELD (LTF) PROGRAM through Grameen Foundation-Center for Creative Leadership.

All 25 participants from, new branch managers, new area managers, department heads and invited staff have satisfactorily finished the course this December 2015. Two with Grade A+, 18 with Grade A and 5 with Grade B. Same as with the first batch, the training brought about palpable changes in attitude and management style of senior and middle managers.

Competency Trainings

Training of New DOs:

Out of 156 Trainees only 137 (88%) passed and completed the requirements for Development Officer position. This is a 99% achievement of target new DOs (138) for 2015.



Two (2) sessions of Orientation Training on Mentoring (OTM) were conducted in Luzon and attended by 40 DO participants who are currently mentoring the Batch 5 trainees.

Center Performance Management Workshop were conducted to 10 probationary and 32 Phase 2 Trainee DOs.

Job Awareness Training for Accounts Officers and Branch Managers was conducted in separate occasions all over Luzon and Panay areas on their role, importance and accountabilities both for the

expansion and maintenance of the branch where they are assigned.

“Accounting for Non-accountants” was conducted for all Accounts Officers of Panay and Luzon Branches in collaboration with the Internal Audit Unit.

Pre-GOT Workshops were conducted to all AOs and qualified staff in response to the need of conducting more Pre-GOTs to hasten our expansion.

GRT Certification training was also conducted both in Luzon and Panay for all newly appointed Branch Managers to capacitate them in conducting quality Group Recognition Test.

GROUP ORIENTATION WORKSHOP (GOT) was conducted in all areas, attended by field and support department staff. GOT a 1-day training is implemented to replace the 3 day CGT.



Training on Client Protection Principles

This year this was conducted in all areas and included in the GOT curriculum for members' pre-entry training.

Training of Facilitators for GCs and CCs was conducted in the areas of Aklan, Antique and South Metro Manila Areas as a response to a TNA conducted in Panay Areas.

Spiritual Training



Active Non-violence (ANV) Training was conducted in separate schedules for all staff from Areas to Head Office facilitated by AKKAPKA Foundation, Inc.

NVC (Non-violent communication) training conducted for Department Heads, AMs and BMs in Luzon, and all the staff in Antique, Rizal and South Metro Manila Areas, facilitated by Ms. Amina and Mr. Nathaniel Mambuay from Cagayan de Oro.



KRA 4 : Corporate Social Responsibility



Tree Planting Activities conducted by Laguna East Area at specified areas in 5 covered municipalities and Rizal Metro East Area in collaboration with PWE and Local Government Unit of Cardona, Rizal.



Green Project initiated by the branch and centers. A backyard gardening of crops and vegetables for daily consumption.



Continuous Center beautification and Practice of Proper Waste Segregation: ASHI's environmental concern activities implemented at center level.



Feeding Program and Gift Giving Activities.



Continuing linkage with LGUs and other entities via symposium, environment-friendly campaigns and activities.



Blood Letting and Donation was initiated by Metro South West Branch staff in coordination with Philippine National Red Cross



ASHI Talents Unlimited- a showcase of Staff Talents to entertain the members and community as an income generating project in preparation for the Silver Jubilee.



KRA 5: Sustainable Enterprise



Social Performance of Ahon sa Hiras, Inc. - Cerise SPI4 Social Audit

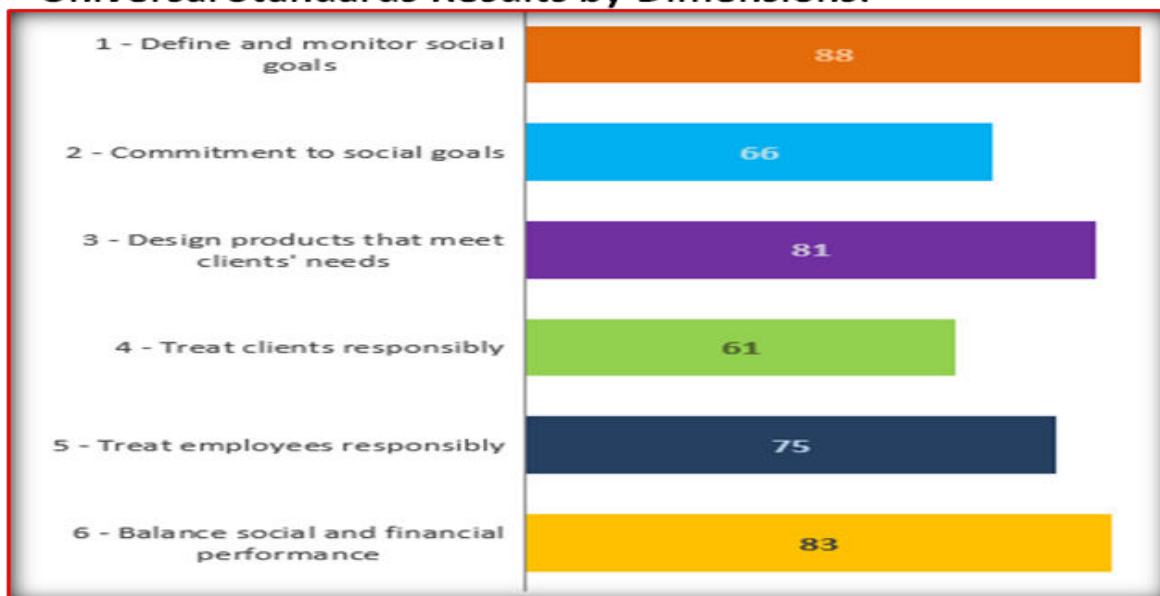


The social audit of ASHI was conducted using SPI4, a comprehensive social audit tool that allows MFIs to evaluate their level of implementation of the Universal Standards of Social Performance (Universal Standards). The SPI4 assesses an MFI's strengths and weaknesses both on Social Performance Management (SPM) and on Client Protection (CP), with the goal of using this information to help the MFI improve its management systems and practices over time. The SPI4 includes a "core" module that consists of:

- The Universal Standards for Social Performance Management- a comprehensive manual of best practices created by and for people in microfinance as a resource to help financial institutions achieve their social goals.
- Smart Campaign Client Protection Certification Standards - the minimum standards that clients should expect to receive when doing business with a financial institution. All of the Smart certification standards and their associated indicators are incorporated into the USSPM.
- Green microfinance: A set of additional indicators for institutions with an environmental focus (developed by the members of the European Microfinance Platform).

This report summarizes the findings of the SPI4 audit, conducted by *Microfinance Council of the Philippines, Inc.* from November 2, 2015 to November 6, 2015.

Universal Standards Results by Dimensions:



ASHI's main areas of strength lie in Dimensions 1, 3, and 6—all three exhibiting a score higher than 80%. ASHI has mechanisms and practices that are already in place for these dimensions. However, further definition or description of its social goals remain a gap, which affects the overall results of its social performance management.

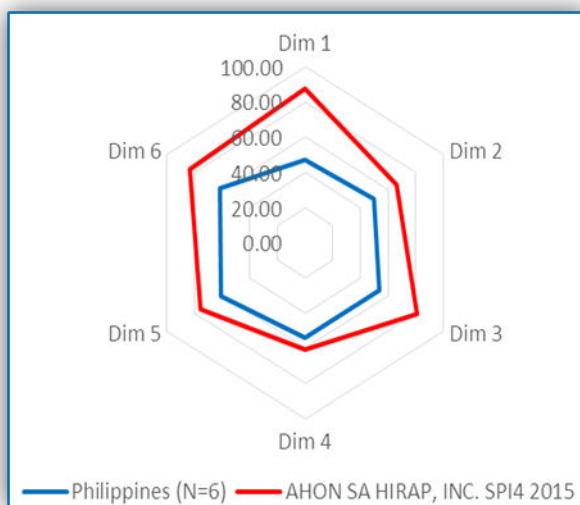
Green Microfinance



Green Microfinance considers the role of MFIs to their clients in an environmental perspective. The indicators to green microfinance performance depend on three standards – formal environmental strategy, green opportunities, and environmental risks management. ASHI’s commitment to environmental consciousness is instilled from the top management down the ranks to the clients.

Apprised by the findings, it is concluded that the general areas of improvement include compliance and monitoring systems of their environmental program achievements and progress, comprehensiveness of the scope and sweep of their incentive structures, and full utilization of current programs and opportunities that may supply the operational demands of the environmental framework ASHI wants to further commit to.

SPI IV Peer Group Comparison



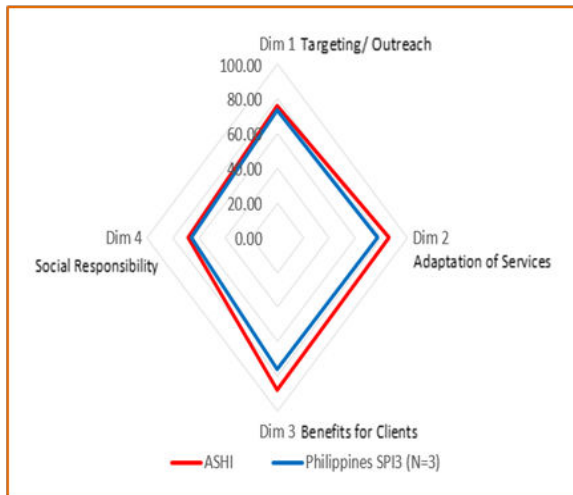
Using SPI4, ASHI has fared well overall compared to its peers in the Philippines. ASHI is strongest in Dimension 1, which, in contrast, is the lowest for its peers. This means that ASHI has been able to establish a clear strategy to achieve its social goals.

On the other hand, its peers are strongest in Dimensions 5 and 6 although ASHI fares higher on these dimensions too. It can be deduced that there are conscious efforts among Philippine MFIs to establish good HR systems and policies, and to install a mechanism of balancing social and financial performance. Interestingly, ASHI scored the lowest in Dimension 4 but

performed slightly better than its peers. This could mean that ASHI is one of the MFIs in the country

that has been more diligent in adopting the client protection principles.

Results by Dimension



Results by Criteria



Of the four SPI dimensions, ASHI demonstrated strength in adaptation of services and benefits for clients. The range of traditional services ASHI offers is complemented with the quality of service and other non-financial services that are adapted to the needs of the clients. In terms of benefits for clients, clients are heard and have influence in strategic decisions of the organization through its representation to the board.

ASHI chooses to primarily serve the poor and excluded communities and individuals at lower poverty levels, and have mechanisms in place to ensure the fit between its target clients and methodologies used (delivery mechanism, loan size, etc.). ASHI offers a wide range of financial products and services with the goal of meeting its current and potential clients' diverse (financial and social) and changing needs. However, there is a need to improve on the social responsibility dimension – specifically on a grievance mechanism and privacy policy.

Compared to its peers, ASHI has performed well in the following dimensions: targeting, adaptation of services and benefits for clients. It stands out from its peers on these dimensions due to certain practices and processes that are unique to ASHI, such as the PPI Bayanihan and client representation to the board.

These conclusion and recommendations made by the assessors based on these criteria has guided us in ASHI to establish our short term and long-term action plans starting the year 2016 to develop and improve our Social Performance Management in line with our Financial Management.

CHAPTER 5 - ENGAGING WITH EXTERNAL STAKEHOLDERS

ASHI believes that the success of its operations involves the support of both internal and external partnerships. Complementation of staff at all levels, the support of members and external stakeholders are very important elements in realizing its social mission for the poor.

Local Government and Non-Government Players: Linkages and Networks

ASHI greatly values the support of external stakeholders in its operations. Linking up and building partnerships with like-minded institutions have contributed much to preserving the quality and loyalty of members. To establish resilient communities in 2015, ASHI focused on increasing member's capacities for enterprise development,



gender awareness, disaster risk reduction management and leadership. As a result, members are better able to cope

with the challenges of life, enjoy better economic stability and are able to reach out to their communities as empowered citizens of the country.



Funding and Banking Partners

In line with its efforts to utilize financial resources more efficiently, ASHI shifted to a new banking partner with no maintaining balance for depository accounts. This allowed funds to be freed up and reallocated to the pre-termination of previously borrowed funds that had high interest costs, as well as to purchase the building next to its office.



Its improved performance in 2015 also qualified ASHI for more advantageous terms with funding partners (People's Credit Financing Corporation and OIKOCREDIT), resulting in lower interest costs.

The specifics of ASHI's engagements with the various stakeholders are presented in Appendix 4.



WITH INTERNATIONAL VOLUNTEERS

ASHI is fortunate to be accepted by big institutions whose CSR is to share their expertise to those who need assistance.

*Consultants from **Pepsi Corps** assisted us in developing the Modules on Financial Literacy for members. The consultants, outstanding members of Pepsi Corporation, came from Russia, US, and UK.*



Bankers Without Borders (BWB)– in cooperation with **Wells Fargo** and **Grameen Foundation**- provided consultancy on Human Resource, Information & Technology, Operations and Finance.

University of Munich- Germany has an on-going research on AGAP and Recovery Program. The team is headed by Dr. Czura who is highly regarded in the academic circles.

APPENDICES

Appendix 1: Objectives and performance in 2015

Appendix 2: Independent Assurance Report (with Audited FS)

Appendix 3: Basis for reporting

Appendix 4: Stakeholder dialogue

Appendix 5: Glossary

APPENDIX 1: OBJECTIVES & PERFORMANCE IN 2015

For Year 1 of the 6-year strategic plan crafted in 2014, ASHI achieved the following:

Recruitment of new members is at 78.2% of target. This is the first time in so many years that we have achieved this far, for the past five years our best achievement is only around 60- 64% of our target. To remedy the gap, we devised our strategies and improved member recruitment during the year-end.

PAR 1 at 1.68% though missing an ambitious target of 0.21% is our biggest achievement so far, compared to previous years, with decreasing trend for the last three years. Eighteen (18) out of 29 branches have maintained zero PAR 1.

Other targets were almost realized or exceeded at lower operating cost.



- ▶ Loan disbursements reached 118% of target while collections remained at 99%.
- ▶ Despite more stringent criteria in center classification, the percentage of very good centers continuously increased from 46% in 2014 to 53% this 2015.
- ▶ Attendance and Repayment Rates show an improving trend, while exit rate is continuously decreasing since 2013.
- ▶ Revenue improved in amount despite cost increases, especially in personnel cost.

	Jan-Dec Target	Actual	% Achieved
New Members	10,702	8,369	78.20%
Exits	1,491	2,498	167.54%
Total Membership	37,454	35,342	94.36%
Active Members	34,768	31,451	90.46%
% Active Members	93%	89%	96%
Loan Releases	554,235,561	651,416,901	117.53%
Collections -Principal	536,940,967	530,330,750	99%
PAR 1	0.21%	1.68%	Under-achieved
Productivity Ratios:			
Members/DO	228	207	91%
LOS per DO (P'000)	1,842	2,529	137%

	2013	2014	2015	% Growth	
				2014	2015
Branches	26	26	29	0.00%	11.5%
Current Members	27,058	29,172	35,342	7.8%	21.2%
Loan Disbursement	359,622,304.00	375,972,832.00	651,416,901.00	4.5%	73.3%
Loan Portfolio (LOS) GB only	244,944,900.00	276,682,806.75	432,429,623.00	13%	56.3%
Exits	2,708	2,463	2,498	-9%	1.4%
Attendance Rate	75%	75%	86%	0%	15%
Collection Rate	99%	91%	99%	-8%	8.8%
Repayment Rate	92%	96%	98.3%	4.3%	2.3%
Exit Rate	10%	8%	7%	-20%	-12.5%
PAR 1 Rate	8%	4%	1.7%	-50%	-57.5%

Budget Performance	FOR THE YEAR 2015				FOR THE YEAR 2014			
	Budget	Actual	% of Budget	% to Total Rev.	Budget	Actual	% of Budget	% to Total Rev.
SAC- Loan Portfolio	173,562,073	130,476,842	75%	80%	136,168,939	102,997,906	76%	78%
SAC - Salamat Fund	23,378,302	28,231,130	121%	17%	18,795,961	20,191,744	107%	15%
Other Income	273,868	5,013,671	1831%	3%	983,468	8,909,425	906%	7%
Total Revenues	197,214,243	163,721,643	83%	100%	155,948,368	132,099,075	85%	100%
Financial Cost	28,651,212	23,507,026	82%	14%	28,867,919	27,516,073	95%	21%
Personnel Cost	88,573,128	85,632,093	97%	52%	73,045,004	64,328,329	88%	49%
Admin. Cost	38,715,521	38,266,968	99%	23%	35,727,961	33,791,463	95%	26%
Prog. Cost	11,456,723	4,921,796	43%	3%	10,736,172	3,668,208	34%	3%
Total Expenses	167,396,583	152,327,883	91%	93%	148,377,056	129,304,073	87%	98%
Excess of Revenues over Expenses	29,817,660	11,393,760	38%	7%	7,571,312	2,795,002	37%	2%

ANNEX A

[Based on Unaudited 2015 Financial Statements)

Balance Sheet (Statement of Financial Condition)

Profit and Loss (Statement of Revenues and Expenses)

Performance Indicators

Graphs

Details of SCALE Rating & Peso Rating (Used by Funder)

MFI FACTSHEET

NAME OF INSTITUTION **ASHI**

REPORT IN **1.00 PHP**

Table A: Balance Sheet at period's end

PLEASE FILL IN ALL YELLOW-COLOURED CELLS

	Year 2011	Year 2012	Year 2013	Year 2014	Year-to-date 2015-12
ASSETS					
CURRENT ASSETS	180,154,869.05	214,045,683.44	223,177,281.60	210,270,081.47	109,829,649.62
Cash on hand	0.00	0.00	0.00	0.00	0.00
Non-interest bearing deposits and clearing accounts	0.00	0.00	0.00	0.00	0.00
Interest bearing deposits and investments < 1 year	123,112,680.71	151,030,775.41	142,774,357.00	146,851,575.94	69,211,878.94
Prepaid expenses	2,481,078.77	2,300,597.94	3,047,154.00	3,080,335.24	2,428,012.74
Accounts receivable	14,778,189.66	5,346,053.31	16,372,700.00	12,343,176.24	4,607,967.11
Interests receivable	0.00	0.00	2,105,616.00	5,750,866.23	1,293,461.00
Other current assets	39,782,919.91	55,368,256.78	58,877,454.60	42,244,127.82	32,288,329.83
NET LOAN PORTFOLIO	215,248,050.18	215,501,051.56	231,842,655.40	264,085,290.13	423,560,323.66
Gross Loan Portfolio (principal outstanding)	221,905,206.38	227,316,449.92	244,044,900.00	276,682,806.75	440,794,622.66
(Loan Loss reserves)	-6,657,156.20	-11,815,398.36	-12,202,244.60	-12,597,516.62	-17,234,299.00
LONG TERM ASSETS	69,505,696.92	50,887,344.97	37,448,003.00	39,574,945.47	30,961,030.32
Investments > 1 year	8,290,066.28	9,706,058.15	10,169,622.00	10,795,749.09	400,000.00
Net Property and Equipment	14,461,793.83	17,201,626.86	16,411,153.00	22,190,664.91	23,964,266.22
Other long term assets	46,753,836.81	23,979,659.96	10,867,228.00	6,588,531.47	6,596,764.10
TOTAL ASSETS	464,908,616.15	480,434,079.97	492,467,940.00	513,930,317.07	564,351,003.60
LIABILITIES					
CURRENT LIABILITIES	190,294,634.32	194,073,381.79	134,486,780.00	182,138,621.58	288,844,908.33
Demand deposits	58,324,252.38	65,827,797.79	10,072,337.00	13,926,318.00	90,387,556.13
Short term Time Deposits (< 1 year)	0.00	0.00	0.00	0.00	0.00
Short term Borrowed Funds (< 1 year)	108,502,676.70	116,404,995.18	112,812,243.00	161,002,506.22	182,347,377.46
Interests payable	2,841,477.29	2,831,972.71	3,431,377.00	2,831,972.71	3,137,930.78
Other short term liabilities	20,626,227.95	9,008,616.11	8,170,823.00	4,377,824.65	12,972,043.96
LONG TERM LIABILITIES	149,381,851.27	146,806,816.14	232,042,992.00	202,587,589.29	136,971,347.20
Long term Time Deposits (> 1 year)	0.00	0.00	62,801,469.00	59,508,779.00	0.00
Long term Borrowed Funds (> 1 year)	147,430,851.27	144,756,816.14	156,679,573.00	130,788,865.29	111,876,320.07
Quasi Capital Accounts	0.00	0.00	0.00	0.00	0.00
Other long term liabilities	1,951,000.00	2,050,000.00	12,561,950.00	12,289,945.00	25,095,027.13
TOTAL LIABILITIES	339,676,485.59	340,880,197.93	366,529,772.00	384,726,210.87	425,816,255.53
EQUITY					
Paid-up share capital	0.00	0.00	0.00	0.00	0.00
Donated equity	17,837,387.20	17,837,387.20	8,201,771.00	8,201,771.00	8,201,770.75
Current year profit/loss	20,040,275.97	14,627,085.34	3,097,773.00	2,795,002.00	11,393,760.21
Reserves / retained earnings / accumulated losses	86,230,620.89	106,235,005.81	113,356,432.00	116,454,205.00	115,720,169.61
Other capital accounts	1,123,846.50	1,282,191.50	1,282,192.00	1,753,128.00	3,219,047.50
TOTAL EQUITY	125,232,130.56	139,981,669.85	125,938,168.00	129,204,106.00	138,534,748.07
TOTAL EQUITY AND LIABILITIES	464,908,616.15	480,861,867.78	492,467,940.00	513,930,316.87	564,351,003.60

MFI FACTSHEET

NAME OF INSTITUTION **ASHI**

REPORT IN **1.00 PHP**

Table B: Profit and Loss statement of the period

PLEASE FILL IN ALL YELLOW-COLOURED CELLS

	Year 2011	Year 2012	Year 2013	Year 2014	Year-to-date 2015-12
TOTAL FINANCIAL INCOME	106,301,730.91	103,796,281.23	115,012,113.00	124,168,686.81	158,993,349.95
Interest and fee income from loan portfolio	87,342,586.22	86,208,265.93	87,788,292.00	102,997,906.31	130,476,841.82
Cash Interest and fee income	87,342,586.22	86,208,265.93	85,682,676.00	97,247,040.08	129,183,380.82
Accruals (Interest receivable)	0.00	0.00	2,105,616.00	5,750,866.23	1,293,461.00
Interest and fee income from investments	416,112.69	1,015,991.87	463,564.00	979,037.00	285,378.13
Other income from financial services	18,543,032.00	16,572,023.43	26,760,257.00	20,191,743.50	28,231,130.00
TOTAL FINANCIAL EXPENSES	23,455,905.36	25,275,210.41	26,008,785.00	27,516,072.93	20,478,663.26
Interest and fee expense	21,001,691.40	23,002,522.31	22,817,942.00	24,137,415.05	19,073,108.01
for Client Deposits	650.55	0.00	0.00	120,320.82	307,103.32
for Borrowed Funds	21,001,040.85	23,002,522.31	22,817,942.00	24,017,094.23	18,766,004.69
Other financial expenses	2,454,213.96	2,272,688.10	3,190,843.00	3,378,657.88	1,405,555.25
GROSS FINANCIAL MARGIN	82,845,825.55	78,521,070.82	89,003,328.00	96,652,613.88	138,514,686.69
Net loan loss provision expenses	1,140,776.18	7,325,112.56	3,302,994.00	0.00	3,028,362.42
Exchange differences: gain/(loss)	0.00	0.00	0.00	0.00	-439,302.42
NET FINANCIAL MARGIN (after provisions)	81,705,049.37	71,195,958.26	85,700,334.00	96,652,613.88	135,047,021.85
Other operating income (non-extraordinary)	1,933,432.30	662,643.47	655,317.00	7,594,700.00	4,650,361.05
Operating expenses	64,174,730.09	74,656,215.49	80,971,324.00	98,119,791.77	123,899,061.50
Personnel expenses	43,336,185.58	47,283,890.12	56,313,521.00	64,328,328.77	85,632,093.42
Administrative Expenses	20,838,544.51	27,372,325.37	24,657,803.00	33,791,463.00	38,266,968.08
NET OPERATING MARGIN	19,463,751.58	-2,797,613.76	5,384,327.00	6,127,522.11	15,798,321.40
Non-operating income (non-extraordinary)	0.00	0.00	0.00	0.00	0.00
Non-operating expenses	5,760,488.50	9,375,968.40	6,909,576.00	3,668,208.00	4,921,795.67
Inflation adjustment (if included in financial statements)	0.00	0.00	0.00	0.00	0.00
Other non-extraordinary expenses	5,760,488.50	9,375,968.40	6,909,576.00	3,668,208.00	4,921,795.67
NET INCOME (non-extraordinary)	13,703,263.08	-12,173,582.16	-1,525,249.00	2,459,314.11	10,876,525.73
Extraordinary income	0.00	23,267,165.13	0.00	0.00	0.00
Extraordinary expenses	1,243,990.56	0.00	1,497,799.00	0.00	0.00
NET INCOME (before donations and income-taxes)	12,459,272.52	11,093,582.97	-3,023,048.00	2,459,314.11	10,876,525.73
Donations	7,581,003.45	3,533,502.37	6,120,821.00	335,688.00	517,234.48
Taxation on income and profits	0.00	0.00	0.00	0.00	0.00
NET INCOME	20,040,275.97	14,627,085.34	3,097,773.00	2,795,002.11	11,393,760.21

MFI FACTSHEET: PERFORMANCE INDICATORS

NAME OF INSTITUTION **ASHI**

AUTOMATICALLY GENERATED

Factor of annualization

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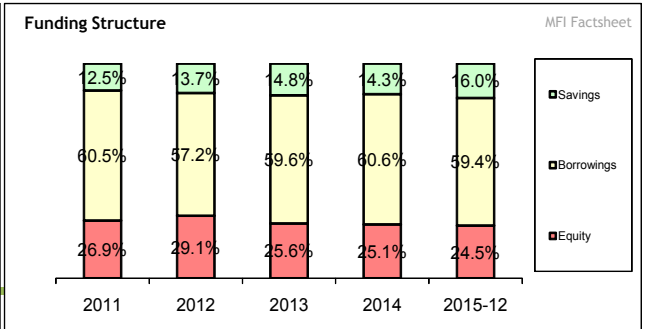
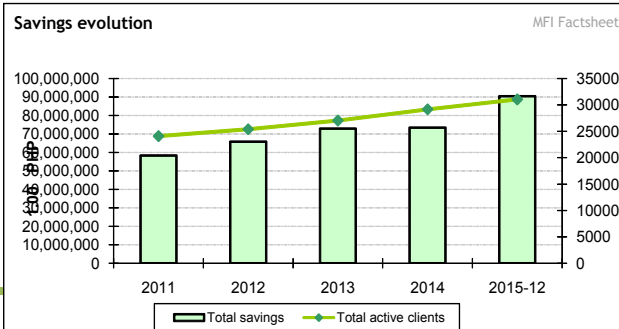
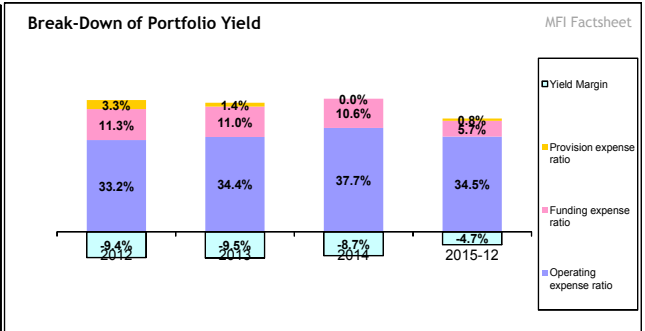
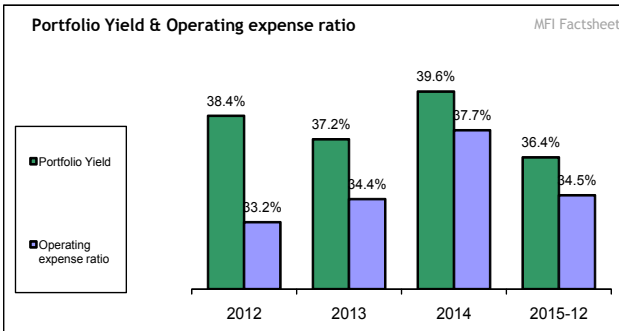
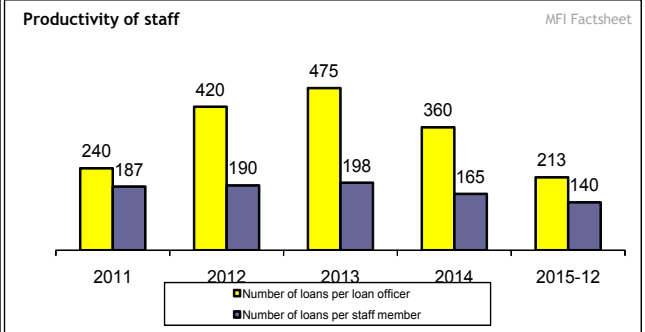
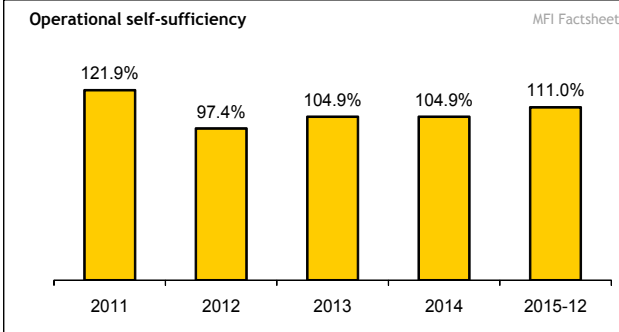
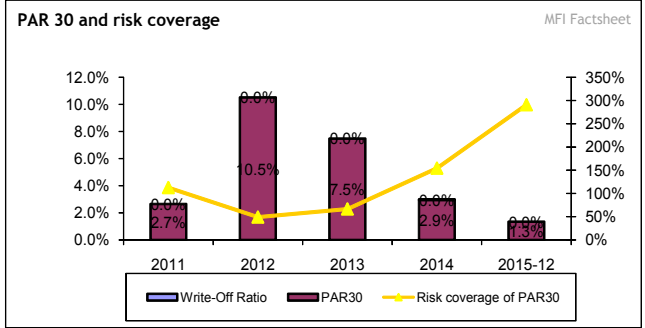
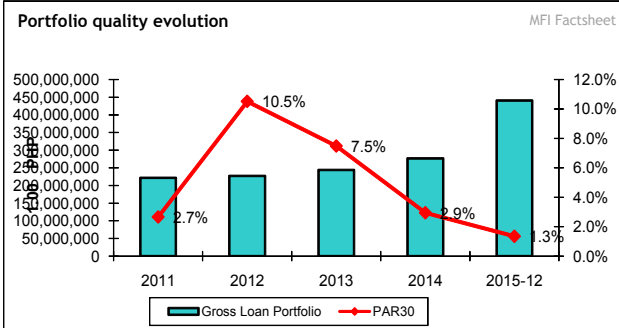
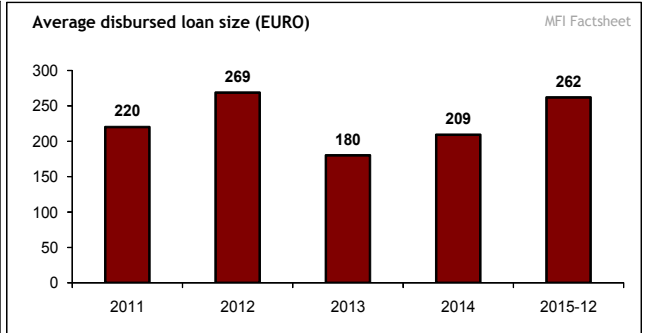
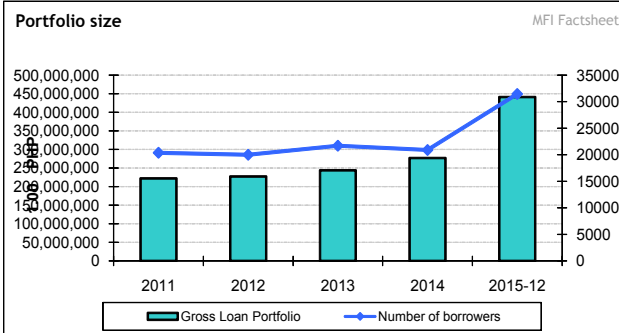
	Year 2011	Year 2012	Year 2013	Year 2014	Year-to-date 2015-12
Variations to previous year					
in Total Assets	20.6%	3.3%	2.5%	4.4%	9.8%
in Net Portfolio	10.9%	0.1%	7.6%	13.9%	60.4%
in value of loans disbursed	13.0%	6.8%	-14.2%	4.5%	74.0%
in Equity	18.2%	11.8%	-10.0%	2.6%	7.2%
in Total Deposits	16.3%	12.9%	10.7%	0.8%	23.1%
in Total Borrowed Funds	24.4%	2.0%	3.2%	8.3%	0.8%
in Operational Income	23.0%	-3.5%	10.7%	13.9%	24.2%
in Operating Expenses	19.2%	16.3%	8.5%	21.2%	26.3%
in Nbr. of Staff	12.1%	7.6%	11.1%	17.6%	30.0%
in Nbr. of Clients	9.3%	5.4%	6.5%	7.8%	6.5%
Currency Variation	-2.3%	-4.1%	12.4%	-11.3%	-4.8%
Portfolio Quality					
Portfolio at risk					
1-30 days	0.2%	1.0%	0.9%	0.7%	0.3%
31-60 days	0.4%	2.0%	0.6%	0.4%	0.4%
61-90 days	0.3%	0.0%	0.4%	0.1%	0.1%
91-180 days	0.0%	2.3%	1.3%	0.3%	0.2%
181-365 days	0.0%	0.0%	1.8%	0.3%	0.2%
+ 365 days	2.0%	6.2%	3.5%	1.8%	0.5%
Rescheduled (no current arrears)	0.0%	0.0%	0.0%	0.0%	0.0%
Total > 1 day (PAR1-rescheduled)	2.9%	11.5%	8.4%	3.6%	1.6%
Total > 30 days (PAR30-rescheduled)	2.7%	10.5%	7.5%	2.9%	1.3%
Total > 30 days + rescheduled (PAR30)	2.7%	10.5%	7.5%	2.9%	1.3%
Protection					
Loan loss reserve ratio	3.0%	5.2%	5.0%	4.6%	3.9%
Risk coverage ratio (of PAR30 + rescheduled)	113%	49%	67%	155%	291%
Provision expense ratio	0.5%	3.3%	1.4%	0.0%	0.8%
Write-Off					
Write-off Ratio	0.0%	0.0%	0.0%	0.0%	0.0%
Portfolio at risk write-off index	0.0%	0.0%	0.0%	1.5%	0.0%
Financial Structure					
Earning capacity of assets					
Gross Loan Portfolio / Total Assets	48%	47%	50%	54%	78%
Non-earning assets / Total Assets	15%	17%	20%	17%	11%
Solvency					
Capital Adequacy	37%	41%	34%	34%	33%
Leverage	2.7	2.4	2.9	3.0	3.1
Working Capital	50%	54%	45%	39%	26%
Liability Composition					
Total Client Deposits / Total Liabilities	17%	19%	20%	19%	21%
Borrowed funds / Total Liabilities	75%	77%	74%	76%	69%
ST Liabilities / Total Liabilities	56%	57%	37%	47%	68%
Gross Loan Portfolio / Total Clients Deposits	380%	345%	335%	377%	488%
Donated equity / Total equity	14%	13%	7%	6%	6%
Efficiency & Productivity					
Portfolio Yield	36.6%	38.4%	37.2%	39.6%	36.4%
Operating expense ratio	26.0%	33.2%	34.4%	37.7%	34.5%
Portfolio Rotation	164.0%	187%	153%	144%	182%
Average disbursed loan size	12,515	14,651	11,037	11,364	13,549
Cost per loan	1933	2065	1988	2269	2748
Number of loans per loan officer	240	420	475	360	213
Number of loans per staff member	187	190	198	165	140
Credit staff as % of staff	78%	45%	42%	46%	66%
Sustainability					
Return on Equity (ROE)	17.7%	11.0%	2.3%	2.2%	8.5%
Return on Equity (ROE) excluding donations	13.8%	8.4%	-2.3%	1.9%	8.1%
Return on Assets (ROA)	4.7%	3.1%	0.6%	0.6%	2.1%
Return on Assets (ROA) excluding donations	3.7%	2.3%	-0.6%	0.5%	2.0%
Operational self-sufficiency (OSS)	121.9%	97.4%	104.9%	104.9%	111.0%
Profitability Analysis					
Net Margin	18.9%	14.1%	2.7%	2.3%	7.2%
Interest Margin	27.0%	28.1%	27.6%	30.3%	31.1%
Operating Margin	18.3%	-2.7%	4.7%	4.9%	9.9%
Net Financial Margin	76.9%	68.6%	74.5%	77.8%	84.9%
Cost ratio	76.7%	103.9%	93.8%	94.1%	88.7%
Cost of funds					
Cost of Client Deposits	0.0%	0.0%	0.0%	0.2%	0.4%
Cost of Borrowed Funds	9.9%	8.9%	8.6%	8.6%	6.3%
Funding expense ratio	9.7%	11.3%	10.1%	10.1%	5.7%

BRS05 MFI FACTSHEET: GRAPHS

NAME OF INSTITUTION **ASHI**

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AHON SA HIRAP, INC.
S.C.A.L.E. RATING
As of December 31, 2015

Best Characteristics	Actual Characteristics				Weight	Rating 4th Qtr (December) 2015	Rating 3rd qtr (Oct)2015	Rating 2nd qtr (June)2016	Rating 1stqtr (May)2015	Rating Dec 2014
	Dec 2015	2014	2013	2012						
STABILITY					15.00%	7.67%	7.00%	7.00%	8.33%	7.00%
Fund Balance Growth $\geq 20\%$	7.22%	2.59%	-10.48%	12.34%	8.00%	0.67%	0.00%	0.00%	1.33%	0.00%
Fund Balance to Risk Assets Ratio $\geq 14\%$	29.55%	28.70%	29.09%	30.78%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
COMPETENCE					30.00%	26.62%	26.62%	26.62%	26.62%	26.57%
Management and Human Resources					12.00%	10.85%	10.85%	10.85%	10.85%	11.05%
Compliance										
Systems and Procedures					4.00%	3.27%	3.27%	3.27%	3.27%	3.26%
Risk Management					8.00%	7.04%	7.04%	7.04%	7.04%	7.12%
Others					6.00%	5.45%	5.45%	5.45%	5.45%	5.14%
ASSET QUALITY					25.00%	24.33%	24.33%	24.33%	25.00%	24.33%
Net Past Due Rate (Overall) $< 3\%$	-2.37%	4.34%	2.89%	-0.02%	12.00%	11.33%	11.33%	11.33%	12.00%	11.33%
Loan Loss Provision $\geq 100\%$	130.73%				4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Non-performing Assets/Total Assets $< 15\%$	1.27%	5.33%	4.54%	2.91%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Fixed Assets/ Fund Balance $< 20\%$	17.30%	17.06%	13.03%	12.23%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Acquired Assets/Total Loans $< 5\%$	0.00%				2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
LIQUIDITY					15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
Quick Assets / Total Deposits $> 25\%$	296.71%	1129.14%	210.58%	243.57%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Current Ratio > 2	2.39	2.51	2.19	2.14	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
EARNINGS					15.00%	11.33%	11.33%	11.33%	9.67%	10.33%
Financial Self-Sufficiency $> 90\%$	106.33%	98.54%	95.84%	86.77%	2.00%	2.00%	2.00%	2.00%	1.33%	2.00%
Operational Self-Sufficiency $> 120\%$	107.43%	101.92%	98.70%	89.56%	5.00%	3.00%	3.00%	3.00%	2.67%	2.66%
Spread $> 60\%$	84.30%	73.28%	70.37%	70.68%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Return on Assets <i>More than 3 of</i>	-0.66%	-1.13%	-1.68%	-4.15%	3.00%	1.33%	1.33%	1.33%	0.67%	0.67%
Score					100.00%	84.95%	84.28%	84.28%	84.62%	83.23%
Classification					'Above Satisfactory'					

AHON SA HIRAP, INC.

P.E.S.O RATING

As of December 31, 2015

	<i>Best Characteristics</i>	<i>Actual Characteristics</i>	<i>Weight</i>	<i>Score 4th Qrt 2015</i>	<i>Score 3rd Qrt 2015</i>	<i>Score 2nd Qrt 2015</i>	<i>Score 1st Qrt 2015</i>	<i>Score 2014</i>	<i>Score 2013</i>
<i>P</i>ortfolio Quality									
Portfolio-at-Risk (PAR)	≤ 5.00%	1.85%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	15.00%
Loan Loss Reserve Ratio	≥ 100.00%	241.97%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	10.00%
			40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	25.00%
<i>E</i>fficiency									
Administrative Efficiency	≤ 10.00%	37.14%	10.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Operational Self-Sufficiency	≥ 120.00%	111.02%	10.00%	6.00%	4.00%	2.00%	2.00%	2.00%	0.00%
Loan Officer Productivity	> 300/>150	/	10.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
			30.00%	12.00%	10.00%	8.00%	8.00%	8.00%	6.00%
<i>S</i>ustainability									
Financial Self-Sufficiency	≥ 100.00%	109.84%	10.00%	10.00%	10.00%	10.00%	10.00%	8.00%	6.00%
Loan Portfolio Profitability	> Inf Rate 1.425%	4.99%	5.00%	5.00%	5.00%	0.00%	0.00%	0.00%	0.00%
			15.00%	15.00%	15.00%	10.00%	10.00%	8.00%	6.00%
<i>O</i>utreach									
Growth in Number of Active Clients	≥ 5.00%	27.05%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Growth in Loan Portfolio	≥ 5.00%	32.04%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Depth of Outreach	≤ 20.00%	13.79%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
			15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
Total Score			100.00%	82.00%	80.00%	73.00%	73.00%	71.00%	52.00%
Over-all Adjectival Rating -	2		'Very Satisfactory'						

	Rating	Weight	Average
SCALE RATING	84.95%	70.00%	59.50%
PESO RATING	82.00%	30.00%	25.00%
PCFC Credit Risk Rating (B)			84.50%

APPENDIX 2 – INDEPENDENT ASSURANCE REPORT with Audited Financial Statements
[Please refer to ANNEX B in the Annual Meeting Materials]

APPENDIX 3: BASIS FOR REPORTING

This report covers the period from January 1 to December 31, 2014. The physical data shows comparative figures and trends for the past five years.

The Global Reporting Initiative (GRI) and the Social Performance Management (SPM) Framework, as well as the Smart Campaign Principles guide the report. The contents are organized around the main issues of sustainability and social performance management.

It follows the GRI 3 guidelines at a C level.

Report Application Level	C	C+	B	B+	A	A+
Standard Disclosures	Profile Disclosures Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15	Report Externally Assured	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17	Report Externally Assured	Same as requirement for Level B	
	Disclosures on Management Approach Not Required		Management Approach Disclosures for each Indicator Category		Management Approach disclosed for each Indicator Category	
	Performance Indicators & Sector Supplement Performance Indicators Report fully on a minimum of any 10 Performance Indicators, including at least one from each of: social, economic, and environment.**		Report fully on a minimum of any 20 Performance Indicators, at least one from each of: economic, environment, human rights, labor, society, product responsibility.***		Respond on each core and Sector Supplement* indicator with due regard to the materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission.	

* Sector supplement in final version

** Performance Indicators may be selected from any finalized Sector Supplement, but 7 of the 10 must be from the original GRI Guidelines

*** Performance Indicators may be selected from any finalized Sector Supplement, but 14 of the 20 must be from the original GRI Guidelines

Standard Disclosures	Sustainability Dimension	Disclosure in this report
Profile Disclosures	1.1	President's Message, Ch. 4
	2.1, 2.2, 2.3, 2.4, 2.5, 2.6	Ch 1, 2, 3
	3.1, 3.3, 3.4	Ch 4, Appendix 1,2
Disclosure on Management Approach	Not required	
Performance Indicators & Sector Supplement Performance Indicators	EC1, EC3	Appendix 1, 2, 4
	LA1, LA2, LA8, LA10, LA13, LA14	Ch 2, 5
	PR3, PR5	Ch 5, 6, 7

Appendix 4 –Stakeholders’ Dialogue

Stakeholder	Form of engagement	Issues discussed	Outcome
Members	-Regular weekly meeting	-Group and center concerns -Institutional information or announcements -New programs	-Immediate resolutions to issues and concerns -Awareness and updates on institutional direction or policy changes
	-Monthly leaders meeting	-member and staff issues and concerns, including programs for implementation	-Exposure of members to improve leadership -Participatory approach in resolving problems and conflicts
	-Internal trainings/workshops	-Leadership -Managing conflicts -Member participation	-Capacity building of leaders and giving of voluntary support -Developed values and good credit discipline
	-Member representation to the Board	-Deliberation for policy making -Feedback from general membership	-Members’ voices heard at the highest level of governance
Staff	-Regular branch meeting	-member and center performance -issues encountered within the week -branch staff relationship -programs and activities for implementation	-Immediate responses to issues and challenges -Awareness on the common issues of the branch and how everyone will resolve to support -Planning to organize and implement activities and programs -Actual exposure to leadership challenges
	-Area-wide staff meeting	-performance of staff and the branch -uniformity of policy implementation Common issues and concerns of the area	-Updating and awareness of staff of the overall branch and of area performance to improve strategies on what needs improvement

Management	-Regular Department Heads meeting	-complementation issues -updating of institutional performance -activities and programs to be conducted	-Discussion and resolution of operational issues and concerns -Planning to improve strategies
	-Conduct of Quarterly Evaluation and Planning	-branch and institutional performance	-Assessed progress of branch and the whole institution; planned and decided on alternative strategies to correct underachievement
	-Regular Board meeting	-institutional direction; decision points	-On time resolutions to important institutional concerns and policies

Stakeholder	Form of engagement	Issues discussed	Outcome
Local Government Units (LGU)	-written agreement on partnership through MOA	-support for farmers	-Provision of technical support to farmers and access to other benefits for farmers
	-participation in various activities and programs	-involvement of members -impact of ASHI	-Recognition of ASHI as an existing and functional organization in the community
Other National Government Agencies (DSWD, SSS, PHIC, DOST, DTI)	-coordination	-duplication of services and benefits to the people	-Provision of clear processes and strategies to ensure spread out of benefits and support to communities
Private institutions (JGF-FEP, Accenture)	-provision of grants and technical assistance	-bouncing back of members from the effect of disaster; sustainability of ASHI as an institution	-Support to non-financial services of ASHI and helps in risk mitigation
Academe	-formal and written partnership	-documentation of best practices in Agricultural program	-Assistance in documentation and technical inputs
Non-ASHI members	-informal discussion and feedback	-impact of ASHI's programs and services on the members and the community	-Awareness of others regarding ASHI -Source of input for improvement of ASHI's programs and services
Other NGO's (MCPI, AFON, AKKAPKA, MOM, Medical Foundations)	-partnership in network and federation	-complementation of services	-Potential support on other programs and services not covered by ASHI
Funding Partners (PCFC, OIKOCREDIT, NLDC, TRIAS)	-provision of loan and operating funds under a financing agreement	-terms of financing and minimizing risk exposure	-ASHI sustainability and a balanced financial and social performance
Banking Partners (RCBC, EWB, Union Bank, UCPB, ABC, PNB, LBP, BPI)	- banking and centralized treasury management	-effective ways of speeding up releases to members and strategies of mobile financial services	Minimized need for bank depository maintaining balance (ADB) and therefore brought down costs of borrowed funds

APPENDIX 5 : GLOSSARY OF TERMS

AGAP	ASHI Grameen Agricultural program
BDS	Business development services
CGAP	Consultative Group to Assist the Poor
CTM	Centralized Treasury Management
DH	Department Head
FAD	Finance & Administrative Department
HRD	Human Resource Division
IAU	Internal Audit Unit
ITD	Information & Technology Department
KRA	Key Result Area
LED	Local Economic Development
LGUs	Local Government Units
MDD	Members' Desk Department
MIDAS	Microfinance Data Sharing System
MIS	Management Information System
MOM	Mothers Overcoming Malnutrition
MPD	Members Protection Department
OD	Operations Division
OIKOCREDIT	European Funding Agency, ASHI funder
OM	Operarions Manager, Head of Operations Department
PAR	Portfolio at Risk
PAR 1	PAR with 1-day missed payments
PAR 30	PAR with past 30 days missed payments
PCFC	People's Credit & Finance Corporation
PD	Personnel Department
PPI	Progress out of Poverty Index
RDD	Research & Development Department
SDP	Social Development Program
SPM	Social Performance Management
TDD	Training and Development Department
TRIAS	Belgian Funding agency, ASHI donor

ASHI SILVER JUBILEE CELEBRATION ACTIVITIES:			
MONTH/DATE	ACTIVITY	FOCUS	VENUE/LOCATION
JANUARY			
8	Formal opening of the Silver Jubilee Year Celebration	Morning- Mass per area, formal opening, branch awards 2015, Afternoon -simultaneous branch meeting	Per area and in HO for the over-all
15	Meeting of the Committee Heads with Area Managers	Final Plans and Budget	Head Office
21-22	Lakbay Aral of the Management Team (2 days)	Rapid expansion, saturation, etc.	ASA Philippines
25	Fund raising Committee Meeting		San Pedro, Laguna
FEBRUARY			
1	Food Committee Meeting		Bay/UPLB
1	After Care Committee Meeting		UPLB
1	Program Committee Meeting		Head Office
1	Physical Arrangement Committee Meeting		UPLB
8	Photo Exhibit Committee Meeting		RSWB
19	LCB Anniversary	Thanksgiving Mass, Tree Planting	Laguna
26	Calabarzon 3 Fund Raising Show		
Every Saturday	Practice of Talents	startin February 6	MSB
MARCH			
8	Participaton to the International Womens' Month Celebration	by area/branch	
11	Calabarzon 4&5 Fund Raising Show		Antipolo
18	ASB Anniversary	Kasalang bayan/Cultural Show	Antique
APRIL			
1	Contest and Awards Committee Meeting		Head Office
7 to 8	Calabarzon 1 Areawide meeting		LCB
7 to 8	Calabarzon 6 Areawide Meeting		QNWB
11 to 12	Western Visayas 1 Area Wide meeting		
14-15	Western Visayas 3 Areawide Meeting		
15	RSB Fund Raising Show		Janosa
18-19	Western Visayas 2 -Areawide Meeting		Aklan
21-22	Calabarzon 5 Areawide Meeting		
22	Calabarzon 1&2 Fund Raising Show		Laguna
22	1st CNB Anniversary	Linis dagat	Capiz
25	LNEB Anniversary	Sportsfest	Laguna
26-29	1st Quarterl Evaluation and Planning	Area managers/Heads	Head Office
MAY			
6	Silver Jubilee: General Meeting	all committees and Mngrs.	HO
12 to 13	Calabarzon 2 Areawide Meeting		Laguna
23	Calabarzon 3 Areawide Meeting		South Metro Manila

JUNE			
17	AKNWB Anniversary	symposium	Aklan
18	AKNB Anniversary	symposium	Aklan
19	1st QNWB Anniversary	Thanksgiving Mass and Linis Ilog	
JULY			
8	ACB Anniversary		Antique
16	ASHI SILVER JUBILEE CELEBRATION		UP Los Banos
18-22	2nd Quarter Evaluation and Planning	All BM's/AM's/DH	
AUGUST			
19	LEB Anniversary	Center Visit	
25-26	Calabarzon 5 Areawide meeting		
26	1st QNB Anniversary	Kaslang Bayan	
26	RNEB Anniversary	Sportsfest	
SEPTEMBER			
5 to 6	Western Visayas 2 Areawide Meeting		
8 to 9	Calabarzon 2 Areawide Meeting		Laguna
12 to 13	Western Visayas 3 Areawide Meeting		
16	ANB Anniversary		Antique
19 to 20	Western Visayas 1 Areawide Meeting		Antique
22 to 23	Calabarzon 1&6 Areawide Meeting		Laguna
23	RSB Anniversary		
26	AKEB Anniversary	Coastal Cleaning	Aklan
29	Calabarzon 4 Areawide Meeting		Rizal
30	RCPB Anniversary	Thanks Giving mass	
OCTOBER			
13 to 14	Calabarzon 4 Areawide Meeting		Rizal
14	1st CCB Anniversary		Capiz
21	PISTAHAN sa Calabarzon 3		South Metro Manila
24-27	3rd Quarterl Evaluation and Planning	AM's and Dep't. Heads	
NOVEMBER			
18	ASWB Foundation Day		Antique
25	REB 26th Foundation Day		Rizal
25	ANWB Anniversary		Antique
DECEMBER			