AMFI

MicroFinanza Rating

2012 Annual Report on Microfinance Sector in Kenya

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FOREWORD

2012 ANNUAL REPORT ON MICROFINANCE SECTOR IN KENYA | FIRST EDITION

AMFI and MicroFinanza Rating are proud to present the "2012 Annual Report on the Microfinance Sector in Kenya". This publication is the first of its kind as it comprises a representative section of the Kenyan microfinance industry[1] developments and trends over 2009-2011, displaying both aggregate quantitative and qualitative information, as well as a directory of individual microfinance institutions operating in the country.

This publication is part of AMFI and MicroFinanza Rating's role to foster transparency in the microfinance sector; AMFI as the national professional association aiming at building the capacity of the microfinance industry to ensure the provision of high quality financial services to the low-income people; and MicroFinanza Rating as a leading international rating agency providing independent ratings and assessments. This publication is a response to the demand of many stakeholders for updated information, both in aggregate and individual terms. This publication is also intended to allow the Kenyan microfinance industry to benefit from increased visibility on domestic and international capital markets as well as provide individual MFIs with benchmarks to set their standards and strategic goals.

AMFI and MicroFinanza Rating would like to gratefully and sincerely thank all participating MFIs, DTMs and Banks that made the issue and the relevance of the publication possible. This publication has raised significant interest among MFIs and in total, 29 MFIs, DTMs and banks[2] - all AMFI members - provided relevant information.

Even if it bears with the imperfections of a first exercise, we believe that the issue of this publication is a very positive step towards transparency. We strongly hope that the publication will be renewed annually and improved, through a strong and successful partnership between AMFI and MicroFinanza Rating and thanks to the lessons learnt during the elaboration of this report.

Benjamin Nkungi
Chief Executive Officer
AMFI Kenya

Aldo Moauro
Executive Director
MicroFinanza Rating

[1] 29 banks and MFIs participated in the study, this sample being considered as representative of the Kenyan microfinance sector.
[2] The detailed list of participants is shown in Annex 1.

The "2012 Annual Report on the Microfinance Sector in Kenya" is based on the analysis of data provided by the 29 participants: their audited financial statements as of 2009, 2010 and 2011, as well as a quantitative and qualitative survey that was administered to them.

It is worth mentioning that we did not use a specific definition of the term "microfinance" to select the participants. We decided to base our decisions on our knowledge of the market and to target AMFI members, taking advantage of the large outreach of the national network of MFIs; and we find the sample to be representative of the sector.

As mentioned before, it is the first time that such an analysis - based on a comprehensive data-set covering 3 years and collected from 29 MFIs, DTMs and Banks – has been conducted. This new exercise was challenging and does not constitute a validated assessment of the sector. We acknowledge in particular that there is some degree of inconsistency in the data collected through the surveys and decided not to use any information that seemed incomplete or incorrect. Furthermore, the sample of participants varies in the survey as some questions were not answered at all/consistently by all participants. Also, it is important to point out that due to the very unequal size of all respondents; some consolidated indicators are very influenced by a few participants.

The publication is intended to show basic indicators and trends in aggregate and individual terms. First, the publication comprises of a general section on the Kenyan microfinance sector, displaying consolidated data over the period 2009-2011, and then it also highlights indicators relevant to certain segments of the participants – DTMs only and all participants without banks. This first part analyses quantitative data and addresses the sectors' size in terms of assets growth and composition; the sector's portfolio quality, the outreach of the sector in terms of portfolio size, number of clients and branches; the sector's financial structure with the composition of equity and liabilities; its solvency and liquidity position as well as its achievements revealed by efficiency and profitability. Then, the narrative shifts towards a more qualitative aggregate analysis, addressing financial products and innovation, the use of mobile banking, competition environment, investments and investment climate, risk perception and expectations from the participants as well as social performance management and transparency.

The second section of the publication consists of a directory of all participants. It shows for each MFI/DTM/Bank a brief background description, standard ratios[3], and trends over the last three years coupled with a brief descriptive analysis, a map presenting the areas of operations and contact information.

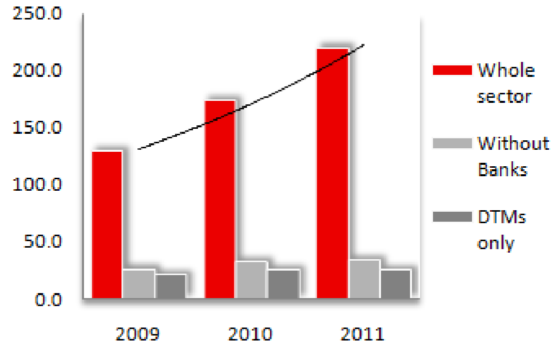
[3] The methodology of calculation of the ratios is explained in Annex 2

FIRST PART: AGGREGATE ANALYSIS

1. Size of the Sector

Total assets for the sector report a steady growth averaging 30.4% over the period under consideration and are worth over KES 220bn (USD 2.59bn) as of Dec 2011, up from KES 129bn (USD 1.71bn) as of Dec 2009[4]. It is worth noting, however, that Equity Bank alone accounts for 80.4% of the sector's total assets. In fact, the sector's asset growth, excluding commercial banks, is less strong, and relatively stagnant in 2011, with DTMs recording a negative growth even with the increased number of deposit-taking licenses granted during the period of analysis. Among other factors, the DTMs performance is explained by transformation costs and a capacity lower than expected to mobilize savings from the public.

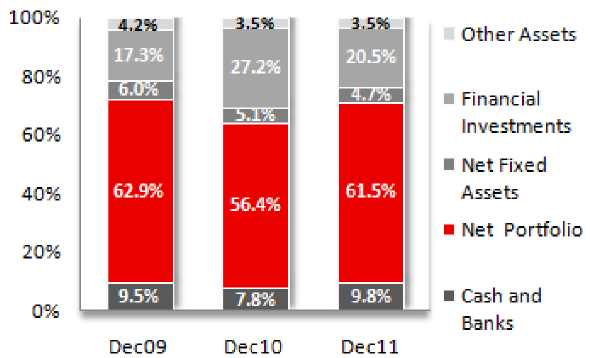
Assets Size (KES, bn)



Assets Growth	2009	2010	2011
Whole sector	na	34.2%	26.7%
Without Banks	na	24.6%	5.2%
DTMs	na	23.8%	-1.7%

In terms of assets structure trends, there is a shift in the allocation of assets from financial investments to the portfolio and to a minor extent to core liquidity (cash and banks) in the last period of analysis.

Whole Sector - Assets Structure - Trends (%)

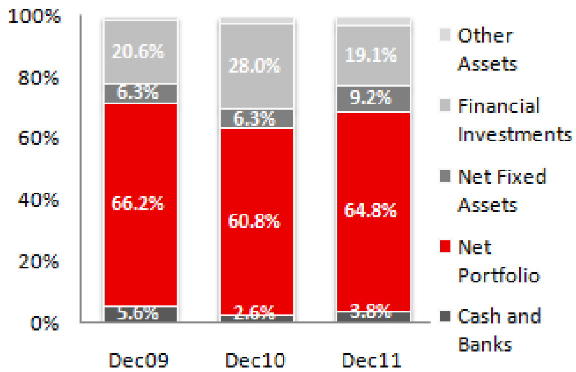


[4] The KES/USD exchange rate used are: Dec 2009: 75.02 , Dec 2010: 80,75, Dec 2011: 85,07 (Source: IFS)

Net Portfolio in fact accounts for 61.5% of the sector's total assets as of December 2011.

If we consider the DTMs group alone, the allocation to Net Portfolio increases to just under 65% of Total Assets in the last period of analysis and the sub-group shows a lower allocation to core liquidity (Cash and Banks) accounting for only 3.8%.

DTMs Assets Structure - Trends (%)



The size of the sector to GDP is 7.33% as of Dec 2011. However this proxy is affected by missing data coming from some important players that did not participate in the study. The trend is positive throughout the three years period under consideration, reflecting the growing importance of the microfinance sector in Kenya.

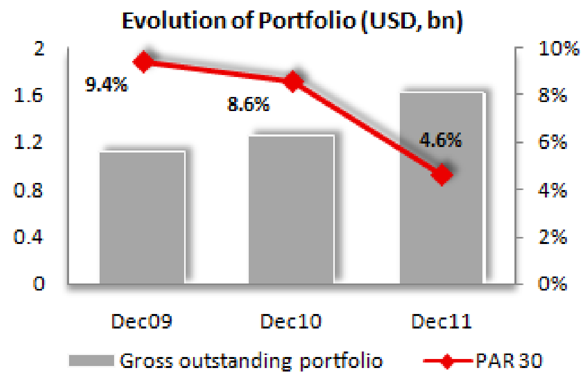
Size of sector	2009	2010	2011
Assets to GDP ratio	5.47%	6.81%	7.33%

2. Portfolio Quality

Gross outstanding portfolio registers sustained growth standing at 36.3% as of the last period of analysis, up from 19.3% as the sector recovers from the 2008 post-elections violence.

Gross Portfolio Growth	2009	2010	2011
Whole sector	na	19.3%	36.3%
Without Banks	na	18.3%	9.4%
DTMs	na	14.9%	1.5%

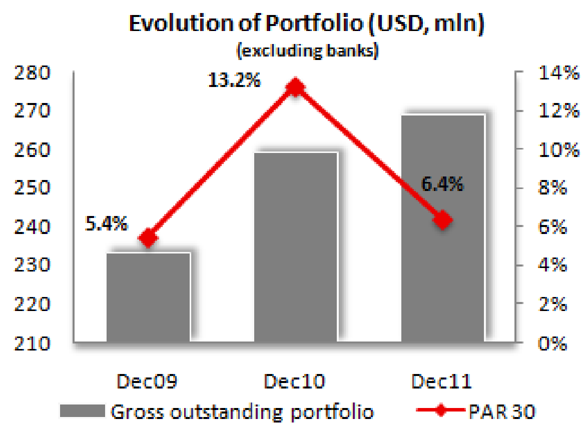
The growth excluding commercial banks is less strong in 2011, a mere 9.4%, as the DTMs subgroup faces challenges in funding their growth and adapting to the new deposit-taking challenges.



In terms of portfolio quality, the microfinance sector displays healthy trends with PAR30 and Write-offs ratios dropping respectively from 9.4% to 4.6% and from 2.7% to 1.7% in the last two years of analysis.

Write-off ratio	2009	2010	2011
Whole sector	na	2.7%	1.7%
Without Banks	na	0.8%	1.4%
DTMs	na	0.7%	1.3%

The performance remains positive in the last two periods of analysis also when excluding commercial banks from the picture, as PAR30 levels drop from a high 13.2% in Dec 2010 to 6.4% as of Dec 2011.



Overall, the portfolio quality of the sector is fair: PAR30 + Write-offs ratio standing at 6.3% in the last period[5]. The lower portfolio quality of the sector excluding banks is expected, as DTMs and Credit Only microfinance institutions engage with lower segments of the socio-economic pyramid.

Portfolio Quality Indicators	Dec 09	Dec 10	Dec 11
PAR 30	9.4%	8.6%	4.6%
Provision expense ratio	na	2.0%	1.4%
Loan loss reserve ratio	4.3%	3.5%	2.1%
Risk coverage ratio (30 days)	45.6%	41.1%	46.2%
Write off ratio	na	2.7%	1.7%

The risk coverage ratio for the whole sector, although displaying improving trends from Dec 2009, stands at a low 46.2%[6]. However it is reasonable to believe that commercial banks and DTMs would show a strong collateralization of the portfolio. The risk coverage ratio drops further when excluding commercial banks from the calculations, to 45.4% in Dec 2011, suggesting that among unregulated credit-only institutions provisioning policies are weak and not adequate to cover for present and future exposure to credit risk. Additionally, the ratio (excluding banks) shows a worryingly negative trend, although improving in 2011.

Portfolio Quality Indicators (excluding Banks)	Dec 09	Dec 10	Dec 11
PAR 30	5.4%	13.2%	6.4%
Provision expense ratio	na	1.1%	-0.4%
Loan loss reserve ratio	5.0%	5.2%	2.9%
Risk coverage ratio (30 days)	92.4%	39.6%	45.4%
Write off ratio	na	0.8%	1.4%

However, the loan loss reserve ratio excluding commercial banks shows a slightly higher coverage of portfolio standing at 2.9% in Dec 2011 when compared to calculation carried out for the whole sector giving a loan loss reserve ratio of 2.1%.

3. Outreach

The sector reaches out to nearly 1.5 million borrowers with the value of the outstanding loan book standing at KES 138.4bn as of Dec 2011 (USD 1.6 bn), and shows positive growth trends. In aggregate terms, the sector has disbursed KES 296bn over the three year period of analysis. However, growth rates in terms of borrowers are lower if compared to assets and portfolio growth, with an average of a mere 2.8% over the period under consideration.

[5] The figure is lower than the figure for Africa according to MFR's internal database (11.1%) and[5] according to the Mix market (8.47%). Source: MFR internal database, ratings from 2008 to 2011 and Mix Market Africa database 2011.

[6] Compared to the figure for the African region (72.2% according to MFR's internal database and 56.2% according to the Mix Market).

Portfolio Features	Dec 09	Dec 10	Dec 11
Gross outstanding portfolio (USD)	1.1bn	1.2bn	1.6bn
Gross outstanding portfolio (KES)	85.1bn	101.5bn	138.4bn
Growth of gross portfolio (KES)	na	19.3%	36.3%
Number of active borrowers	1,395,890	1,433,897	1,475,664
Average disbursed loan size, USD	1,405	1,242	1,649
Average disb. loan size on p.c. GDP	181%	157%	193%

The average disbursed loan size over GDP per capita for the whole sector registers at 193% while it drops to 54% when excluding commercial banks, in line with considerations put forward earlier on the different target markets of the sector if we exclude commercial banks (that on top of their microfinance products also engage in retail banking and SMEs). In absolute terms, the average disbursed loan drops from USD 1,649 for the whole sector to USD 464 when excluding commercial banks.

The sector's network has been expanding during the period under analysis and registers a record high of 382 branches as of Dec 2011, up from 319 in Dec 2009.

Number of branches	Dec 2009	Dec 2010	Dec 2011
Whole sector	319	341	382
Growth rate	*na*	*6.9%*	*12.0%*
Without Banks	179	191	216
Growth rate	*na*	*6.7%*	*13.1%*
DTMs	55	58	65
Growth rate	*na*	*5.5%*	*12.1%*

Branch expansions of the considered subgroups, excluding banks and DTMs, are in line with the sector as of Dec 2011.

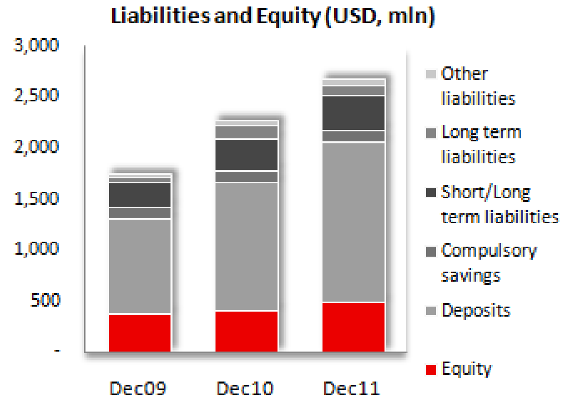
The microfinance sector, with reference to the sample under consideration, employs 10,822 total staff, of which 4,289 are loans officers. The staff allocation ratio stands at 39.6% as of the last period of analysis.

Staff	Dec 09	Dec 10	Dec 11
Total Staff	8,290	9,169	10,822
Loan officers	3,379	3,993	4,289
Staff allocation ratio	40.8%	43.5%	39.6%

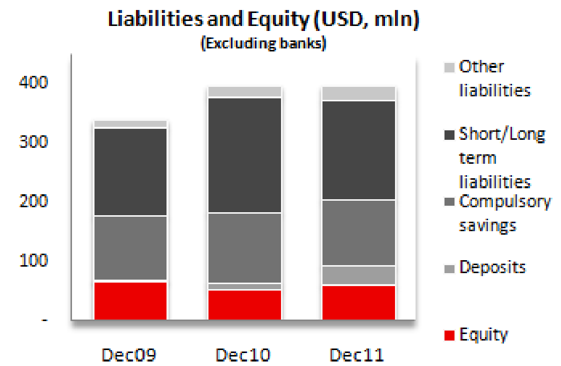
4. Financial Structure (Liabilities & Equity)

Total liabilities amount to KES 178.4bn (USD 2.2bn) as of December 2011 and show steady growth trends of 40% and 27.6% in 2010 and 2011 respectively .The sector largely funds itself with deposits collected from the public, which account for 58.9% of total assets, while total equity accounts for 18.2% of total assets, followed by borrowings accounting for 16.6%. Compulsory savings account for only 4.16% of the funding structure.

Equity & Liabilties composition	Dec 2009	Dec 2010	Dec 2011
Equity	22.2%	18.3%	18.2%
Deposits	52.8%	55.0%	58.9%
Compulsory savings	6.2%	5.1%	4.2%
Short/Long term liab.	16.9%	19.0%	16.6%
Other liabilities	1.8%	2.4%	2.1%



As expected the funding structure is remarkably different when excluding commercial banks from the aggregate figures. For DTMs and credit only microfinance institutions the main source of funding is borrowings, which account for 54.2% of the balance sheet in Dec 2011. Compulsory deposits account for 22.5% of the structure, however they are on a downward trend from 28.8% as of Dec 2009, as voluntary deposits (sight and term) increased their share from 0.33% in 2009 to 6.32% in 2011.



Equity & liabilties composition (excl. banks)	Dec 09	Dec 10	Dec 11
Equity	17.8%	10.3%	12.4%
Deposits	0.3%	2.1%	6.3%
Compulsory savings	28.8%	22.1%	22.5%
Short/Long term liabilities	49.7%	62.1%	54.2%
Other liabilities	3.3%	3.4%	4.5%

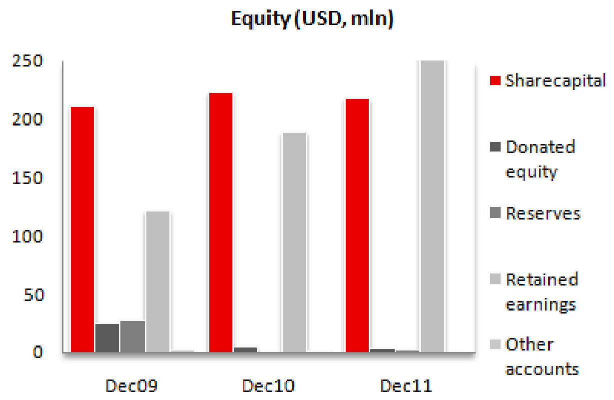
For DTMs alone the share of funding coming from compulsory and voluntary deposits is, as of Dec 2011, 30.2% and 10.5% respectively with positive growth trends in voluntary savings.

% of savings in DTMs' balance sheet	Dec 09	Dec 10	Dec 11
Voluntary	0.4%	3.5%	10.5%
Compulsory savings	33.0%	30.7%	30.2%
Other	66.6%	65.8%	59.3%

Total equity for the sector was worth KES 41.6bn (USD 489 mln) as of Dec 2011, showing in absolute terms a very positive upward trend sustaining the sector's growth in assets.

Equity (KES, bn)	Dec 09	Dec 10	Dec 11
Total equity	29.6	33.9	41.6
Growth	*na*	*14.5%*	*22.9%*

In particular, share capital accounts for 44.7% of the equity structure and the retained earnings reserve represents 53.6%; the latter displaying a steady growth pattern in reflection of the sector's sustained profitability.



The DTMs' equity shows a degree of volatility in the three years period under analysis with a negative growth of 32.4% in 2010. The above is also explained, among other factors, by the process of transformation from NGOs to Private Limited Companies where likely only a share of the grant equity was transformed into share capital while some was accounted for in liabilities (the latter shows a considerable growth rate of 36.2% in the same year).

DTMs equity (KES, bn)	Dec 09	Dec 10	Dec 11
Total equity	3.7	2.5	3.0
Growth	*na*	*-32.4%*	*20.0%*

5. Solvency and Liquidity

In terms of solvency position, the microfinance sector shows a decreasing trend of capital adequacy ratio[7] dropping from 22.8% as of Dec 2009 to 18.9% in the last period of analysis, reflecting a high growth of the assets when compared to the sector's total equity account. As a result the sector shows increased leverage as the debt to equity ratio stands at 4.29 in Dec 2011, up from 3.38 in the first period under consideration. Considering that figures for the whole sector are heavily influenced by the size of commercial banks engaging in microfinance, it is fair to say that the sector shows fair levels of indebtedness, according to industry standards[8].

Asset Liability Management	Dec 09	Dec 10	Dec 11
Portfolio yield	na	23.8%	24.7%
Other financial income	na	3.1%	1.6%
Other products yield	na	5.9%	5.6%
Funding expense ratio	na	3.7%	4.1%
Liquidity over total assets	9.5%	7.8%	9.8%
Liquidity + investments over TA	26.9%	35.0%	30.3%
Loans to deposit ratio	115.9%	96.9%	100.6%
Debt/equity ratio	3.4	4.1	4.3
Capital adequacy ratio	22.8%	19.5%	18.9%

Overall the liquidity of the sector is stable with a loans to deposit and a liquidity over total assets ratio (cash and balances at banks) of 100.6% and 9.8% respectively as of Dec 2011. Specifically, the loans to deposit ratio dropped from a high 115.9% in 2009 to 100.6% in 2011. If we exclude commercial banks, the sector shows lower levels of capitalization, increased leverage and higher levels of portfolio yield. Capital adequacy stands at 15.5% and leverage at 5.4 as of Dec 2011.

Asset Liability Management (excluding banks)	Dec 09	Dec 10	Dec 11
Portfolio yield	na	34.9%	34.2%
Other financial income	na	2.0%	2.3%
Other products yield	na	0.6%	0.6%
Funding expense ratio*	na	7.5%	8.6%
Liquidity over total assets	6.7%	3.3%	4.5%
Liquidity + investments over TA	26.5%	28.6%	22.1%
Debt/equity ratio	4.1	6.3	5.4
Capital adequacy ratio	19.7%	13.8%	15.5%

As expected, portfolio yield of the group comprising of DTMs and credit only MFIs is much higher as portfolio is concentrated in core microfinance methodologies

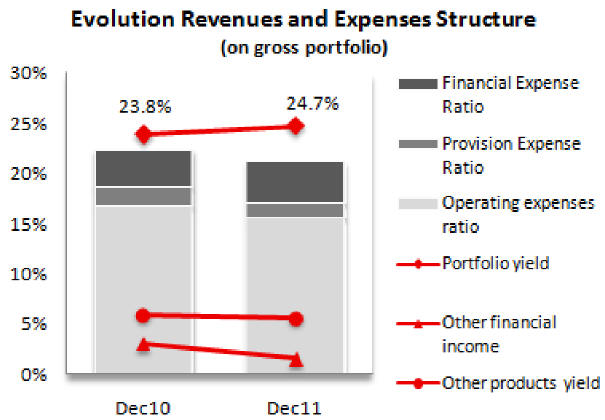
[7]This is to be considered a simple equity to assets ratio as different reporting standard do not allow to calculate a core/total equity risk-weighted ratio

[8] It is slightly higher than the average for the African region, standing at 4.15 according to MFR' internal database, but fairly higher than the figure from the Mix Market (2.59).

(group and individual) increasing the operational costs of the microfinance institutions and hence applying a higher interest rate to their products.

6. Efficiency and Profitability

Portfolio yield of the whole sector shows an upward trend as of Dec 2011, mainly explained by the pressure of an increasing cost of funds and institutions partly shifting these costs onto clients. The portfolio yield increase is small as such dynamics in microfinance have a delayed effect. On the expense side, the financial expense ratio (over gross portfolio) went up in 2011 as a result of the increase of interest rates on borrowings in the context of high inflation; however the operating expenses ratio, standing at a low 15.6% as of the last period of analysis, shows a positive downward trend.

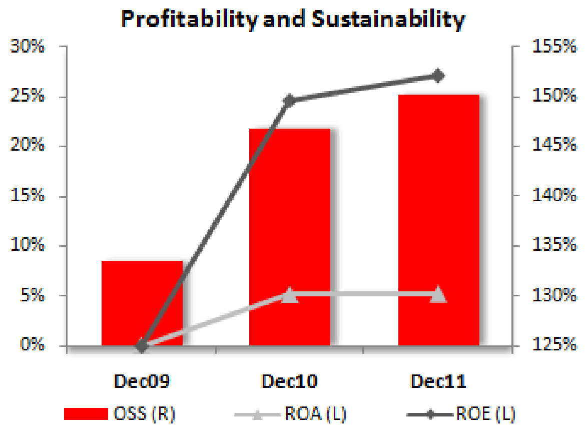


Revenues and expenses structure (whole sector)	Dec 10	Dec 11
Portfolio yield	23.8%	24.7%
Other financial income (gross portfolio)	3.1%	1.6%
Other products yield (gross portfolio)	5.9%	5.6%
Financial Expense Ratio	3.7%	4.1%
Provision Expense Ratio	2.0%	1.4%
Operating expenses ratio	16.7%	15.6%

The picture is different if we exclude commercial banks, as the operating costs, funding costs and portfolio yields of DTMs and credit only institutions together are significantly higher than that of the market including banks. In fact, portfolio yield stands at 34.2% as of Dec 2011, slightly down from the previous year, and the operating expense ratio remains constant over the two year period at a fairly high 26.7%. The funding costs over gross portfolio are over 100% higher for DTMs and credit only microfinance institutions as compared to the figures that include banks, standing at 8.63% in Dec 2011.

Revenues and expenses structure (excluding banks)	Dec 10	Dec 11
Portfolio yield	34.9%	34.2%
Other financial income (gross portfolio)	2.0%	2.3%
Other products yield (gross portfolio)	0.6%	0.6%
Financial Expense Ratio	7.5%	8.6%
Provision Expense Ratio	1.1%	-0.4%
Operating expenses ratio	26.7%	26.7%

The whole sector including banks shows strong levels of profitability recording ROA and ROE of 5.2% and 27.1% respectively with total revenues exceeding 1.5 times financial, provisioning and operating costs summed together.



Profitability and sustainability levels of the sector when excluding banks drop dramatically as a result of higher operating and funding costs resulting from costly lending methodology and higher risk exposure. However, OSS is positively above the 100% full sustainability threshold in all three years under analysis standing at 105% in Dec 2011. ROE positively grew from 4.2% in Dec 2010 to 6% in Dec 2011.

Profitability and Sustainability (excluding banks)	Dec 09	Dec 10	Dec 11
ROA	na	0.7%	0.9%
OSS	110.2%	105.3%	105.0%
ROE	na	4.2%	5.9%

The decreased levels of OSS over the period of analysis of the sector excluding banks are mainly attributable to the decreased performance of the DTMs subgroup as their OSS drops from 114% as of Dec 2009 to 104% in the last period under consideration.

The whole sector reports good efficiency and productivity levels as productivity of loans officers and staff grows in terms of loan portfolio amounts distributed but decreases in terms of number of borrowers. In fact, the average disbursed loan size increases over the period of analysis. As of Dec 2011, loan officers handled on average a portfolio of over USD 379,000 while branch productivity is over USD 4.2mln. Staff allocation ratio stands at a fair 39.5% when considering that commercial banks are included in the sample[9].

Performance Indicators (whole sector)	2009	2010	2011
Operating expenses ratio (assets)	**na**	**10.3%**	**9.5%**
Operating expenses ratio (portf.)	**na**	**16.7%**	**15.6%**
Staff allocation ratio	40.8%	43.5%	39.6%
Loan officer productivity (borrow.)	413	359	344
Loan officer productivity (amount, USD)	332,219	314,868	379,262
Staff productivity (borrowers)	168	156	136
Staff productivity (amount, USD)	135,412	137,121	150,310
Branch productivity (amount, USD)	3,519,025	3,686,999	4,258,262
Average disbursed loan size, USD	1,405	1,242	1,649
Funding expense ratio*	**na**	**3.7%**	**4.1%**
Provision expense ratio	**na**	**2.0%**	**1.4%**
Portfolio yield	na	23.8%	24.7%
Other financial income (gross portfolio)	na	3.1%	1.6%
Other products yield (gross portfolio)	na	5.9%	5.6%

* exchange rate variations are not included in the calculation of the ratio

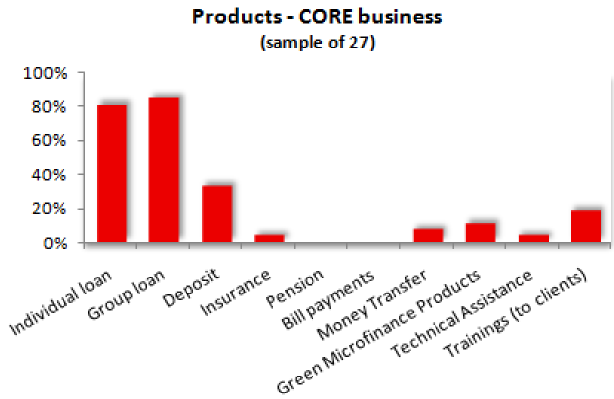
When excluding commercial banks the sector shows decreased levels of efficiency and profitability, as funding and operational costs are higher. The fund costs over average portfolio jump to 8.6% while operating costs over average portfolio jump to 26.7%. In line with the operational model when excluding banks, the staff allocation ratio increases to 53.3% as more core microfinance operations require higher ranks of field staff.

Performance Indicators (excluding banks)	2009	2010	2011
Operating expenses ratio (assets)	**na**	**17.7%**	**17.7%**
Operating expenses ratio (portf.)	**na**	**26.7%**	**26.7%**
Staff allocation ratio	58.8%	57.1%	53.3%
Loan officer productivity (borrow.)	312	337	291
Loan officer productivity (amount, USD)	115,684	116,232	116,026
Staff productivity (borrowers)	184	192	155
Staff productivity (amount, USD)	68,006	66,376	61,861
Branch productivity (amount, USD)	1,301,605	1,354,625	1,243,518
Average disbursed loan size, USD	467	401	464
Funding expense ratio*	**na**	**7.5%**	**8.6%**
Provision expense ratio	**na**	**1.1%**	**-0.4%**
Portfolio yield	na	34.9%	34.2%
Other financial income (gross portfolio)	na	2.0%	2.3%
Other products yield (gross portfolio)	na	0.6%	0.6%

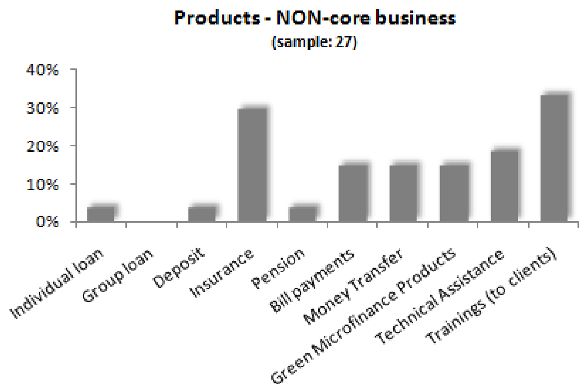
* exchange rate variations are not included in the calculation of the ratio

7. Products and Innovation

85.2% and 81.5% of respondents respectively offer group loans and individual loans as core business (based on size of assets and/ or revenues). Only 3.7% of the sample considers insurance products as part of their core business. This percent is expected to grow in the coming years, especially as young and small microfinance institutions grow and transform, offering an increasing range of financial products. This is confirmed by the fact that 29.6% reported insurance products as non-core business.



Only 18% of participants in the sector offer direct trainings to clients, while 11.1% report the presence of green microfinance products in their product offerings. Quite a variety of products are offered as non-core business as trainings, insurance, money transfer and utility payments filling the ranks of the sector's product offerings.



Ten financial institutions in the microfinance market offer at least one insurance product as an agent for an insurance company. Specifically, 37% and 33.3% of the respondents respectively offer credit and health insurance.

[9] The figure is slightly lower than the average for Africa, standing at 41.3% according to MFR internal database

Insurance products offered	% of sampled insitutions offering the product	Number of institutions offering the products
Health	33.3%	9
Life	18.5%	5
Credit	37.0%	10
Livestock	11.1%	3
House	7.4%	2
Vehicle	11.1%	3
Other	11.1%	3

Housing and livestock are among the least available insurance products on the microfinance market with only 7.4% and 11.1% of institution offering such products.

The majority of participants reported lack of access to technology (38.5%) and costs associated with developing green microfinance products (26.9%) as the main barrier to eco-products development. In terms of explaining the benefits from developing green products, 29.6% and 25.9% of the respondents respectively mentioned to increase market share and to differentiate from competitors. Only 14.8% reported compliance with social mission as the main benefit from adding green microfinance products.

Green Microfinance Products offered	% of sampled insitutions offering the product	Number of institutions offering the product
Solar Home system	40.7%	9
Clean water products	33.0%	5
Solar-water heaters	3.7%	10
Biogas digesters	14.8%	3
Energy-efficient stoves	18.5%	2
Other	22.2%	3

The solar home system (powering different home tools and utensils) seems to be the most popular eco-product offered on the microfinance market with 40.7% of respondents reporting it among their product offerings, followed by clean water and energy-efficient products with shares of 33% and 18.5% respectively.

Average Portfolio breakdown (not weighted)	Individual lending	Group lending
Whole sector	40%	60%
Excluding banks	38%	62%
DTMs	50%	50%

In terms of credit methodology, the average for the sector (not weighted) is to offer 60% of its products under the group lending methodology and 40% by applying an individual credit delivery model. Interestingly, for DTMs there is a perfect 50%-50% split. In weighted terms, because of the sheer size of commercial banks in the sample, the individual methodology is by far the dominant methodology.

Sector financed (sample of 21)	% of respondents	Number of respondents
Trade	90.5%	19
Services	85.7%	18
Agriculture	76.2%	16
Manufacturing	38.1%	8
Housing	28.8%	6
Consumers	67%	14

As for the economic segments that the microfinance sector is tailoring its products to, 90.5% of respondents reported financing trade and 85.5% reported services. Only 28.8% and 6.7% of the sample show housing and consumer products in their portfolio. This percentage is expected to increase in the coming years as microfinance institutions diversify their offerings.

Only 29.6% of the financial institutions participating in the survey offer savings accounts and term-deposits while current accounts are only in the product rack of 7.4% of the selected sample. Total number of deposit accounts as of Dec 2011 amounted to over 7.7mln with an average annual growth rate of 25.1%.

Number of Deposit accounts	Dec 09	Dec 10	Dec 11
Whole sector	4,955,695	6,402,137	7,753,265
Growth rate	*na*	*29.2%*	*21.1%*
DTMs only	604,198	743,337	886,073
Growth rate	*na*	*23.0%*	*19.2%*

The DTMs subgroup accounts for only 11.4% of the total number of deposit accounts amounting to 886,073 as of the last period of analysis.

8. Mobile Banking

Mobile money transactions appear to be on the rise as 81.5% of respondents declared having at least one partnership in place for mobile banking and mobile money transactions. 100% of respondents utilizing a mobile money channel use the M-pesa platform, while 7.4% also use the Zap platform.

Mobile banking based services	Dec 09	Dec 10	Dec 11
Number of clients using the service	139,452	503,501	1,170,269
Growth rates	na	261.1%	132.4%

The number of clients using the mobile services in the microfinance sector is increasing at an impressive rate (an average of 196.7% over the two year period Dec 2009-Dec 2011), reaching about 1.2mln of total customers from the sample under consideration. In terms of means of payments other than cash (and other than mobile money), the sector seems to be innovating at a slow pace (most probably also in relation to weaker demand for such services), as only 14.8% of survey respondents offer debit card (usable in ATMs and merchant outlets) to selected costumers, while 3.7% offer credit cards to its customers. When excluding banks the percentages drop further.

9. Competition Analysis

The sector shows a relatively high degree of concentration as the number of active players is still low and the fastest growing organizations acquire relevant market shares. Specifically, the sector as a whole shows lowering ratios of competition as the Herfindahl index [10] (on portfolio market shares) increases from 0.5514 to 0.6280 and the three largest financial institutions in the market grow their share from 91.2% to 91.8% over the three period of analysis. Although the ratios may be overestimating the competition level in the market (as the sample size of 27 respondents for quantitative data does not cover for the full sector) the trends in the sample are clear.

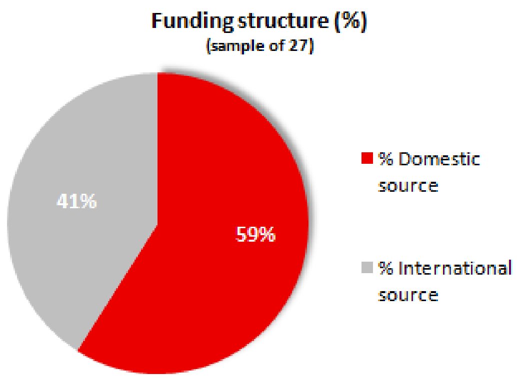
Competition analysis	Dec 09	Dec 10	Dec 11
Sector			
Herfindahl Index	0.5514	0.5597	0.6280
Market share 3 largest	91.2%	91.5%	91.8%
DTMs			
Herfindahl Index	0.5691	0.6054	0.5324
Market share 3 largest	100.0%	99.9%	98.9%

In the DTMs subgroup, however, there are positive signs of increased competition as new actors have recently entered the DTM market segment, and the Herfindahl index dropping to 0.5324 in Dec 2011 from 0.6054 the previous year. However, market share concentrations of the three largest DTMs only slightly fell from 100% to 98.9% in the last period of analysis.

[10] The Herfindahl Index is the sum of the squares of the market shares of all MFIs, DTMs and Banks participating in the study. A higher Herfindahl signifies a less competitive industry.

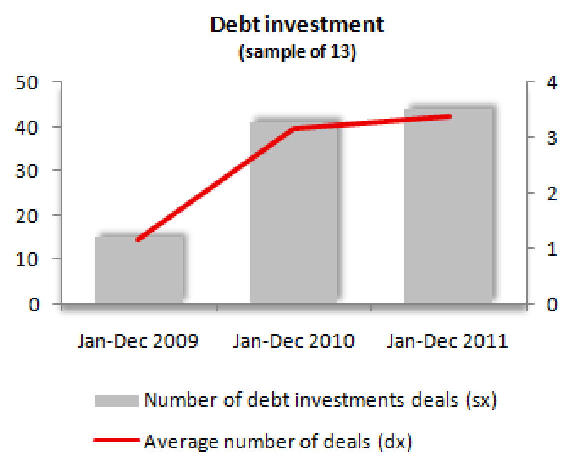
10. Investments and Investment Climate

The investment climate seems to be overall good. In terms of external funding, the sector reports that 59% of its facilities are domestically raised while the remaining 41% is raised on international capital markets. For the DTMs subgroup the share of international funding drops to 21.5% suggesting lower access to international capital markets and foreign exchange risk-adverse financial management (both in terms of risk and hedging costs).

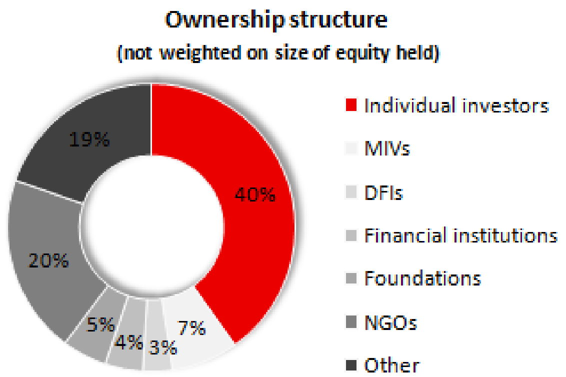


Currency structure (whole sector)	Domestic currency	Foreign currency
% of funding structure	79%	21%

In currency terms the share of funding in KES increases to 79% while only 21% is accounted for in the balance sheet in foreign currency. Debt investments are an important source of funding of the sector, as there are still many not licensed players, and its trend are positive. Out of a sample of 13 respondents, the number of debt deals jumps from 15 in 2009 to 44 in 2011, with the average number of deals per respondent growing from 1.15 to 3.38, confirming Kenya as an attractive microfinance market in the region.

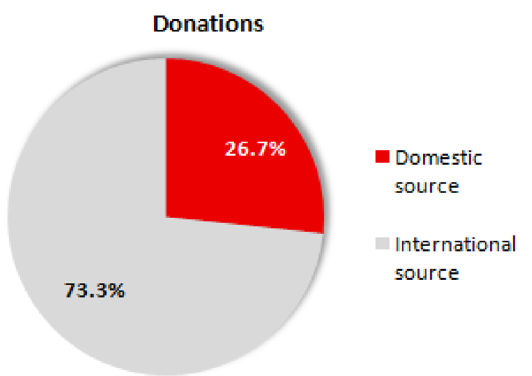


The sector views MIVs (both domestic and international) as important vehicles to address future funding needs. 36% of respondents reported MIVs as the most strategically important funders in the near future. Interestingly, only 4% of respondents views DFIs as important strategic partners for the future of the sector. 28% of respondents see venture capital and private equity funds as important for the development of the sector in terms of funding.



The average ownership structure (not weighted to size of equity held however) appears fairly diversified, with individual investors on average holding 40% of share capital, with NGOs (as the number of credit only organizations is much higher than commercial banks and DTMs) roughly holding 20%. Total number of shareholders as of Dec 2011 is reported at 28,907, up from 26,036 as of Dec 2009 as the sector looks at widening its shareholding to raise additional equity for growth. A positive trend in ownership diversification is also registered when excluding Equity Bank from the picture.

The sector still relies on donations and data from the survey reveals that 73.3% of donations are raised from international partners while only 26.7% from local entities and bodies.



11. Risk Perception and Expectations

Portfolio quality seems to be the most pressing issues for 2013 as 59.3% of respondents either ranked credit risk top or second top risk exposure of the sector. If we take into account that over-indebtedness (a risk strictly related to portfolio quality) ranks top in the three, the sector seems to be exposed both financially and from a reputation point of view.

Burning issues for 2013 (sample of 28 respondents)	Overall Ranking	% of respondents giving the risk top exposure	% of respondents giving the risk first or second top
Portfolio Quality	1	33.3%	59.3%
Access to financing/capital	2	25.9%	40.7%
Over-indebtedness	3	18.5%	25.9%
Risk Management Capability	4	3.7%	22.2%
Client retention	5	3.7%	22.2%
Market shares growth	6	18.5%	22.2%
Product diversification	7	0.0%	3.7%
Managerial capacity	8	7.4%	11.1%
Corporate governance	9	3.7%	14.8%
Reputation/Mission Drift	10	0.0%	0.0%
Market Saturation	11	0.0%	7.4%
Over-regulation	12	11.1%	11.1%
Access to talent/labor	13	0.0%	0.0%
Government influence	14	0.0%	7.4%
Lack of regulation&supervision	15	3.7%	7.4%

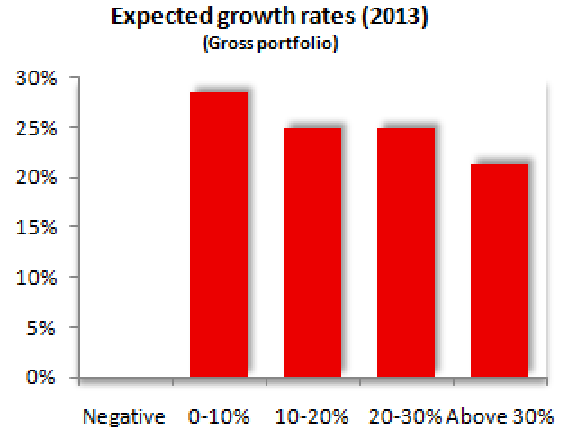
Access to finance is the second highest ranked concern of the sector for 25.9% of respondents. As the picture from the investment side is positive, the concern appears to be more related to the relevant amount of capital needed to fund sustained growth, rather than a general lack of access to funding. Lack of regulation for non-deposit taking entities, government influence, and quality of human resources; account for the lowest perceived exposures of the sector. The respondents seem to have pretty clear ideas on the concentration of over-indebtedness among clients across the country as 72% reported the Nairobi municipality as the main area in terms of exposure to over-indebtedness while 96% reported Nairobi municipality among the first two areas with highest exposure.

Over-indebtedness concentration	Overall Ranking	% of respondents giving the region top exposure	% of respondents giving the region first or second top exposure
Nairobi	1	72.0%	96.0%
Central	2	12.0%	56.0%
Nyanza	3	0.0%	8.0%
Rift Valley	4	12.0%	20.0%
Western	5	0.0%	4.0%
Eastern	6	0.0%	4.0%
North Eastern	7	0.0%	0.0%
Coast	8	4.0%	12.0%

Coast and North-eastern appear to be free from over-indebtedness exposure as the presence of microfinance institutions in the area is lower as compared to the above mentioned municipalities and provinces. Overall, for 44.4% of respondents the above risk exposures to credit risk and over-indebtedness will negatively impact portfolio quality, while the majority believes that portfolio quality will either stay stable or improve.

Portfolio quality	Improve	Stable	decrease
Frequency in %	33.3%	22.2%	44.4%

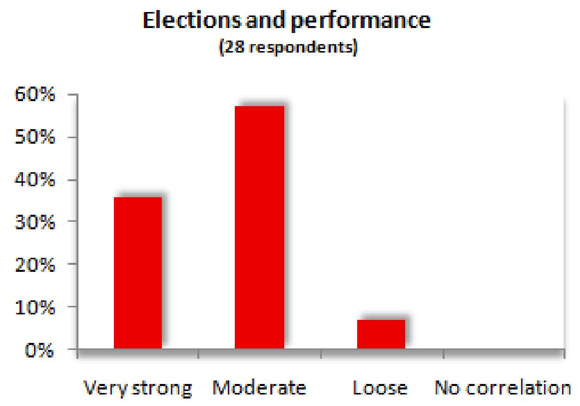
Growth rates forecasts for the sector in terms of outstanding loan portfolio as of Dec 2013 are positive, suggesting that the above results on risk perception, ranking credit risk and over-indebtedness among the highest, are expected to be adequately managed without negatively impacting portfolio growth.



46.4% of surveyed institutions believe that the sector is going to experience growth rates of 20-30%, in line with the sector's past performance. No one reported negative expectations on growth and 71.4% of survey participants believe the market is not saturated, while only 7.1% see the market as very saturated.

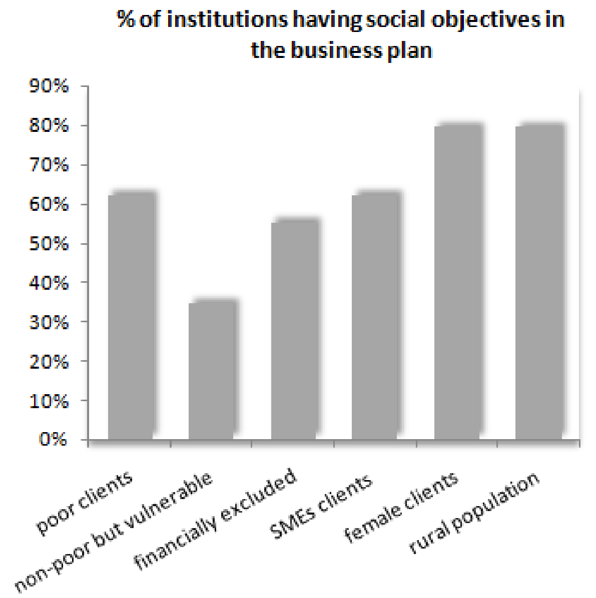
Market's potential	Not saturated	Increasingly saturated	Very saturated
Frequency in %	71.4%	21.4%	7.1%

As 2013 is election year for Kenyans the survey presented one question on the correlation between the sector's performance and the elections. The majority of respondents (57.1%) believe that the correlation is moderate, while 35.7% of the participants think it is very strong..



12. Social Performance Management and Transparency

As the microfinance industry is increasingly under pressure from investors and partners with respect to the **fulfilment of its social mission;** we tried to investigate the situation in Kenya, and results are encouraging.



Every respondent institution declared to have well defined long-term strategic social goals. In particular, 79.3% of surveyed institutions reported having goals in terms of female borrowers and rural population reached, while 62.1% report having targets in terms of outreach to the poor (according to different kinds of definitions). 96.6% reported having a code of conduct aligning and guiding their lending and savings activities to best practices.

55.2% of participants reported to conduct regular clients satisfaction surveys but only 34.5% indicated having adequate systems, tools and structures in place to analyse results and inform decision-making.

Social related tools and indicators (% of frequency)	Yes	No
Sytems to track clients grievances	62.1%	37.9%
Code of ethics	96.6%	3.4%
Social ratings (at least once)	27.6%	72.4%
Sytems to track clients socio-economic status	37.0%	63.0%
Regular clients satisfaction surveys	55.2%	44.8%

Only 37.0% of participants report tracking in some way clients' socio-economic status/progress. Overall, in terms of transparency, 51.7% and 27.6% of respondents respectively reported having ever conducted a financial or social rating exercise. For both independent assessments, the trends look positive as 2011 is a peak year in terms of ratings as 24.1% of reporting institutions conducted a financial rating assessment and 10.3% reported conducting a social rating.

Ratings (sample of 29)	2007 or earlier	2008	2009	2010	2011	2012
Financial rating exercises	1	1	1	3	7	2
as a % of the industry	*3.4%*	*3.4%*	*3.4%*	*10.3%*	*24.1%*	*6.9%*
Social ratings exercises	0	0	0	3	3	2
as a % of the industry	*0.0%*	*0.0%*	*0.0%*	*10.3%*	*10.3%*	*6.9%*

CONCLUSIONS

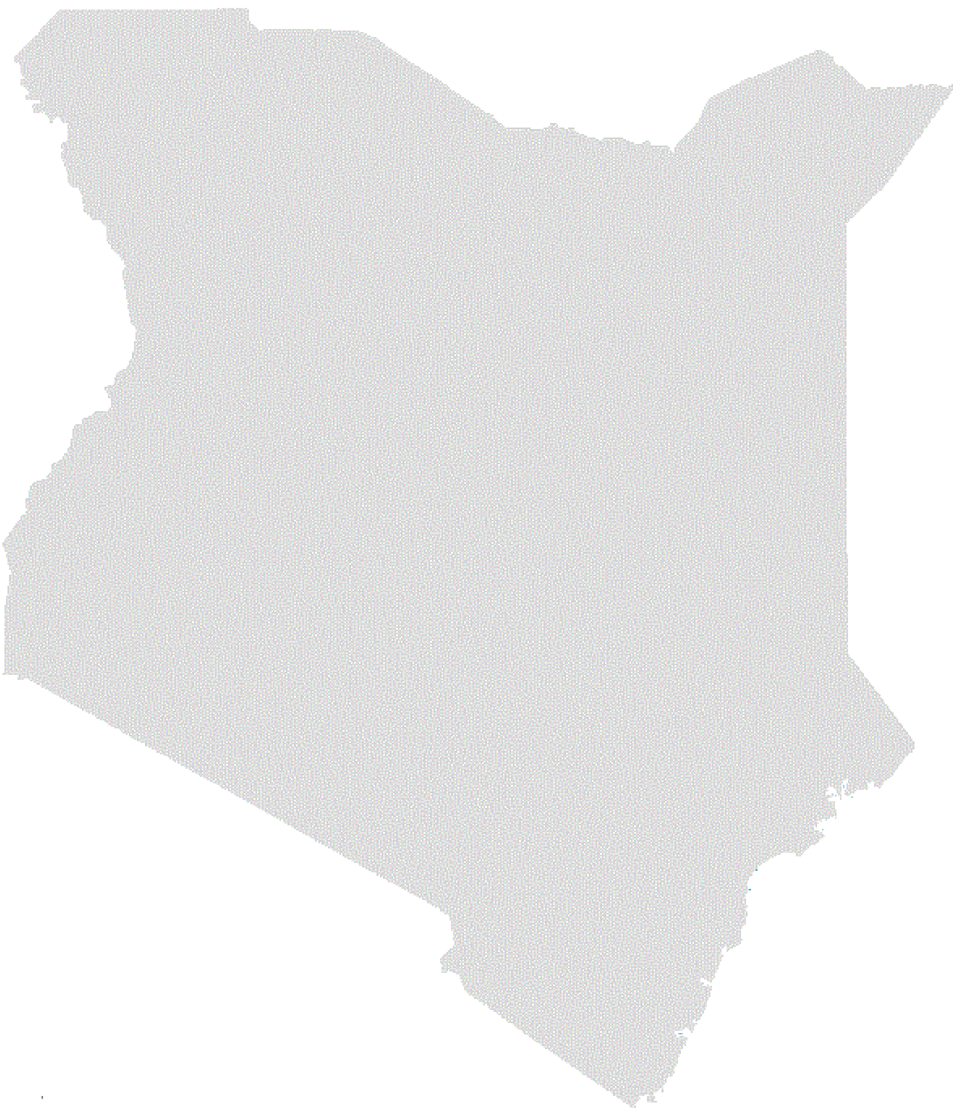
Overall, the Kenyan microfinance sector displays positive growth, strategic developments, and appears to be driven by product innovation. Portfolio shows sustained growth rates throughout the period under analysis, although the DTMs sub group shows reduced growth levels mainly because of transformation costs and their difficulty in attracting savings. The size of the sector over the country's GDP is also growing. Portfolio quality improves during the period 2009-2011, with PAR 30 and write-off ratios standing at 4.6% and 1.7% as of Dec 2011. Quality of portfolio when excluding commercial banks is not quite as strong, but displays positive trends. Risk coverage for the sector is low with DTMs and credit only microfinance institutions reporting an aggregate risk coverage ratio of 46.2%.

The sector reports good profitability and efficiency levels and this is true also when excluding commercial banks from the picture. The sector appears to be fairly concentrated with concentration ratios (portfolio market shares) increasing during the period under analysis. The investment climate seems positive as number of debt deals show a positive growth trend and diversification between domestic and international sources.

Among the most pressing issues, microfinance institutions report credit risk as the main risk exposure of the sector. Over-indebtedness of the client base is also among the top issues for 2013, especially in the Nairobi municipality. Correlation of the sector's performance to the unravelling of elections is predicted to be either moderate or strong for the majority of survey participants. Notwithstanding the concerns, growth rates for the sector are expected to be positive and in line with recent past performance.

SECOND PART: DIRECTORY OF MFIs

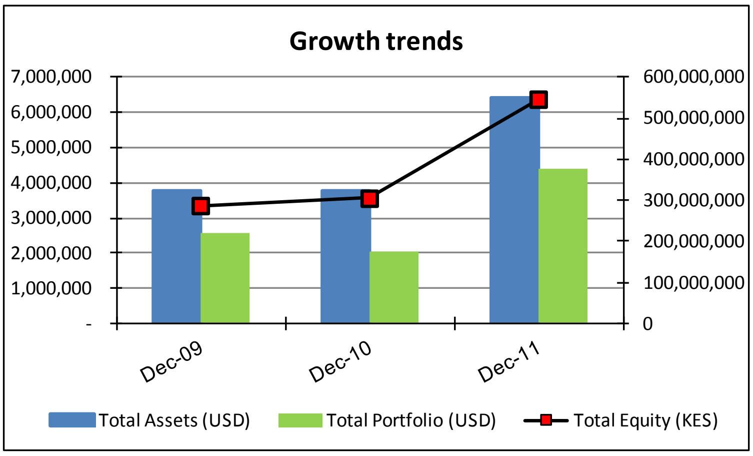
2012 ANNUAL REPORT ON MICROFINANCE SECTOR IN KENYA | FIRST EDITION



AAR CREDIT SERVICES LTD

Legal form	Company Limited by Shares
Year of inception	2000
Networks of reference	AMFI
Area of intervention	Urban, semi-urban, rural
Credit Methodology	Individual
Contact details	Mr. John Kariuki - CEO 1st Floor, Methodist Ministries Oloitokitok Road, Lavington P.O. Box 41766 Nairobi Tel: +254 (0) 20 3861673/5 credit@aar.co.ke www.aarcredit.co.ke

Profile	Dec09	Dec10	Dec11
Active borrowers (#)	5,179	5,704	14,487
Branches (#)	1	1	1
Total staff (#)	9	10	10
Loan officers (#)	3	4	4
Gross outstanding portfolio (USD)	2,580,349	2,028,932	4,389,278
Total assets (USD)	3,796,133	3,784,405	6,430,626
PAR 30	3.9%	10.2%	10.2%
ROE	21.1%	38.4%	15.4%
ROA	1.4%	3.0%	0.9%
Oper. Self-sufficiency (OSS)	108.5%	114.8%	105.7%
Staff productivity (borrow.)	575	570	1,449
LO productivity (borrow.)	1,726	1,901	4,586
Operating expense ratio	26.7%	31.8%	22.7%
Operat. expense ratio (over assets)	18.8%	19.2%	14.5%
Funding expense ratio	12.2%	14.1%	17.0%
Portfolio yield	38.3%	49.5%	40.2%
Risk coverage ratio	49.5%	37.1%	20.8%
Debt/Equity ratio	16.5	11.9	21.3



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Background

AAR Credit Services Ltd was established in 1999 as a division of AAR Health services and then incorporated in 2000 as a separate limited liability company, to serve as a vehicle for providing credit for medical insurance premium financing and other short term financial needs which contribute to alleviating poverty. The company is owned by AAR Holdings Limited, Loita Capital Partners International, the company's Managing Director and Finance Director, with participations of 40.1%, 35.4%, 21.5% and 3.0% respectively.

Overview

AAR Credit Services runs its operations from its office in Nairobi. The Company has a branchless banking business model and the majority of its customer loans are originated by its strategic business partners. It registers a strong growth in 2011. Sustainability of operations is well-maintained over the period. ROE as well as indebtedness level are high. PAR 30 is stable in 2010 and 2011, standing at 10.2%. Efficiency gains are registered with a decline in operating expenses and a strong increase in staff productivity.

[11] **NB**: Equity is shown in local currency because the exchange rate would have reversed the trend.

BIMAS

Legal form	NGO
Year of inception	1997
Networks of reference	AMFI
Area of intervention	Rural and Urban
Credit Methodology	Group and Individual
Contact details	Mr. Patrick Gathondu - ED BIMAS Comlex - Embu PO BOX 2299 - 60100 Embu Tel: +254 203 570169 info@bimaskenya.com http://bimaskenya.com/

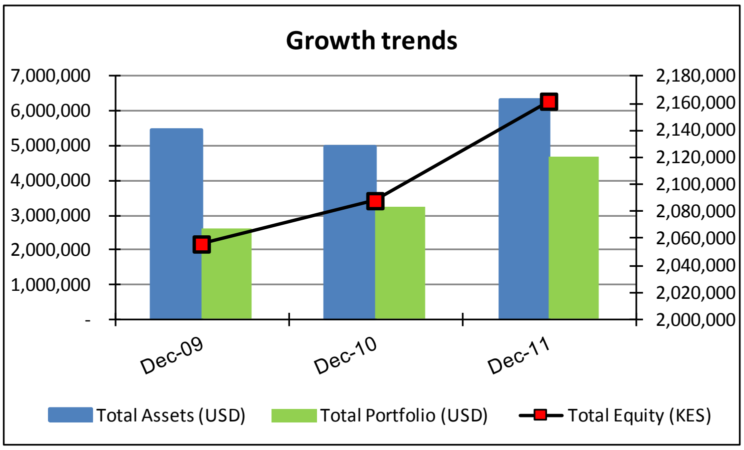
Background

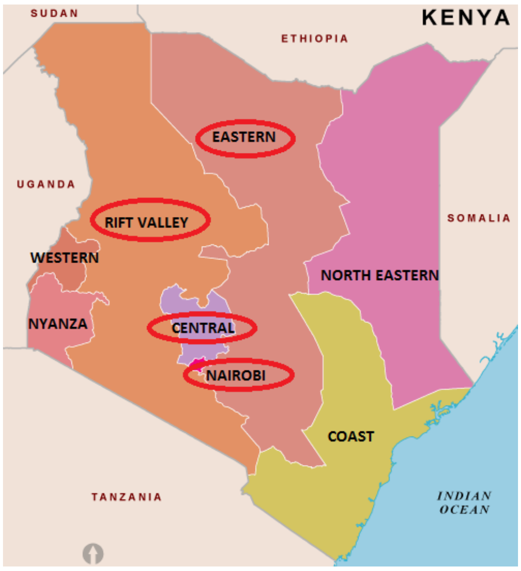
Bimas began as a Micro-enterprise development programme under the auspices of Plan Embu and became operational in the year 1997. Bimas is based in Embu town, Eastern province and is positioned to provide financial services to the rural population mainly employing the group based lending methodology.

Profile	Dec09	Dec10	Dec11
Active borrowers (#)	7,409	8,733	10,398
Branches (#)	4	5	7
Total staff (#)	63	93	101
Loan officers (#)	39	64	80
Gross outstanding portfolio (USD)	2,632,862	3,259,591	4,710,313
Total assets (USD)	5,447,281	4,988,079	6,323,679
PAR 30	21.6%	5.4%	5.9%
ROE	-5.2%	5.9%	8.7%
ROA	-2.5%	2.9%	3.2%
Oper. Self-sufficiency (OSS)	91.3%	123.0%	123.6%
Staff productivity (borrow.)	118	94	103
LO productivity (borrow.)	190	136	130
Operating expense ratio	26.1%	31.4%	27.0%
Funding expense ratio	0.2%	0.4%	2.6%
Provision expense ratio	9.1%	-3.3%	1.7%
Portfolio yield	29.3%	32.1%	38.5%
Risk coverage ratio	81.0%	164.2%	109.6%
Debt/Equity ratio	1.6	1.4	1.9

Overview

Sustained growth trends are perceived in the client base and in portfolio over the period. The network of coverage has expanded to 7 branches extending to Central and Nairobi province recently. Positive returns are posted in the last two periods of analysis alongside a great improvement in asset quality while the equity base continues along a growing path. Sustainability of operations is reached as from 2010 with a slight decrease in operating expenses in the last period while the productivity indicators are relatively stable.





ECLOF KENYA

Legal form	Company Limited by guarantee
Year of inception	1994
Networks of reference	AMFI
Area of intervention	Urban and Rural
Credit Methodology	Group and Individual
Contact details	Mary Munyiri - CEO 2nd Floor, Royal Offices Mogotio Rd. Westlands PO Box 34889-00100 Tel: +254 20 3742817/778 info@eclof-kenya.org www.eclof.org

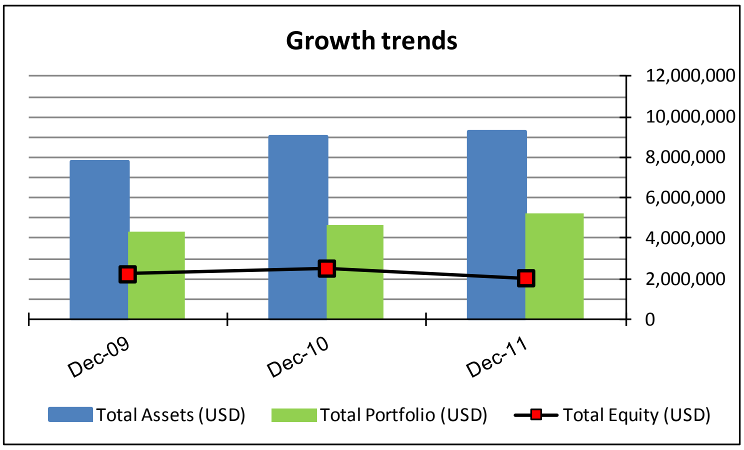
Background

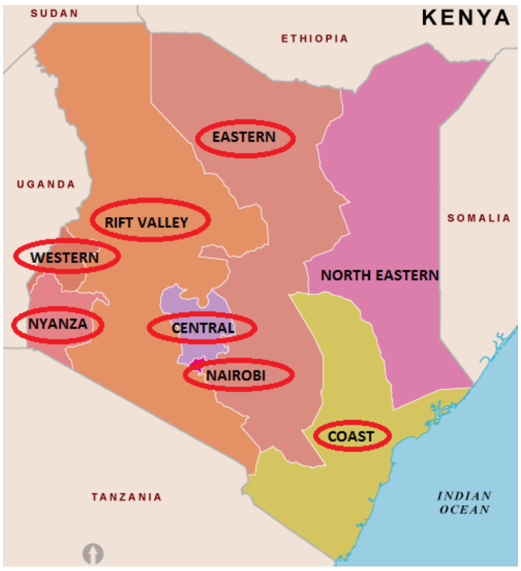
ECLOF Kenya was set up in 1994 and is an affiliate of the ECLOF International Network. ECLOF Kenya provides both financial and non financial services to micro, small and medium entrepreneurs predominantly under the group lending with recent introduction of individual lending.

Profile	Dec09	Dec10	Dec11
Active borrowers (#)	17,378	17,741	18,156
Branches (#)	16	16	17
Total staff (#)	123	124	140
Loan officers (#)	84	82	80
Gross outstanding portfolio (USD)	4,354,884	4,656,779	5,269,548
Total assets (USD)	7,780,828	9,020,177	9,275,149
PAR 30	8.7%	13.8%	11.1%
ROE	12.1%	4.8%	1.3%
ROA	3.7%	1.4%	0.3%
Oper. Self-sufficiency (OSS)	116.2%	106.2%	101.4%
Staff productivity (borrow.)	141	143	130
LO productivity (borrow.)	207	216	227
Operating expense ratio	31.3%	32.0%	33.3%
Funding expense ratio	10.3%	6.6%	6.9%
Provision expense ratio	-1.0%	4.0%	2.7%
Portfolio yield	36.8%	36.7%	36.6%
Risk coverage ratio	84.4%	72.5%	80.6%
Debt/Equity ratio	2.5	2.6	3.5

Overview

Stable trends are registered in the borrowers' base over the period and the portfolio growth rate is steady. ECLOF Kenya counts on a network of 17 branches and is operational in 5 out of 8 provinces in Kenya. The margins display a negative trend impacting on the equity growth. In terms of efficiency, the operational self sustainability decreases on account of slightly increased operating expenses. Improved portfolio performance has seen a decrease in the provisioning expense.

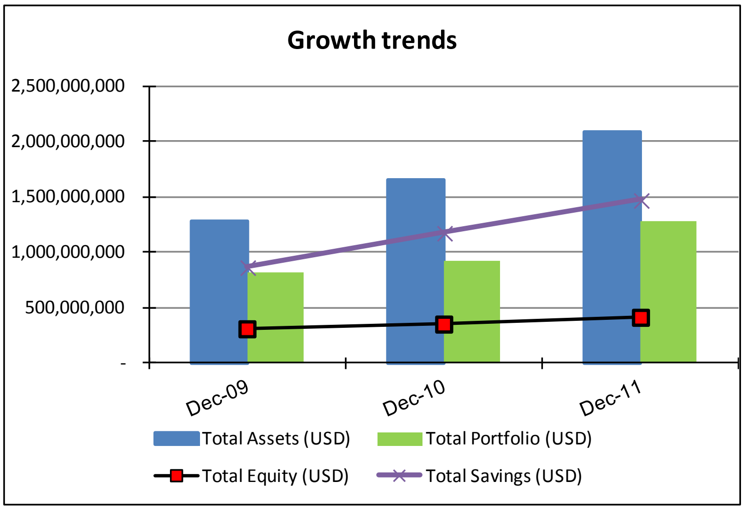




EQUITY BANK

Legal form	Commercial Bank
Year of inception	1984
Regulator / Supervisor	CBK
Networks of reference	AMFI
Area of intervention	Urban and Rural
Credit Methodology	Predominantly Individual & Group
Contact details	Dr. James Mwangi - MD Equity Centre Hospital Hill Road, Upperhill P.O.Box 75104-00200 Tel: +254 (0) 20 226 2000 info@equitybank.co.ke http://www.equitybank.co.ke

Profile	Dec09	Dec10	Dec11
Active borrowers (#)	715,969	619,561	744,544
Branches (#)	111	120	131
Total staff (#)	4,291	4,809	5,565
Loan officers (#)	1,110	1,539	1,802
Gross outstanding portfolio (USD)	818,425,218	924,398,793	1,278,657,922
Total savings (USD)	868,174,624	1,178,968,515	1,475,194,579
Total assets (USD)	1,272,909,523	1,658,040,570	2,079,639,724
PAR 30	9.1%	6.2%	3.5%
ROE	19.6%	29.3%	30.9%
ROA	4.7%	6.6%	6.3%
Oper. Self-sufficiency (OSS)	155.1%	173.3%	174.8%
Staff productivity (borrow.)	167	129	134
LO productivity (borrow.)	645	403	413
Operating expense ratio	12.6%	13.6%	12.9%
Funding expense ratio	2.3%	2.7%	3.1%
Provision expense ratio	1.4%	2.3%	1.7%
Portfolio yield	17.6%	21.1%	22.3%
Risk coverage ratio	38.7%	38.0%	60.7%
Debt/Equity ratio	3.1	3.7	4.0

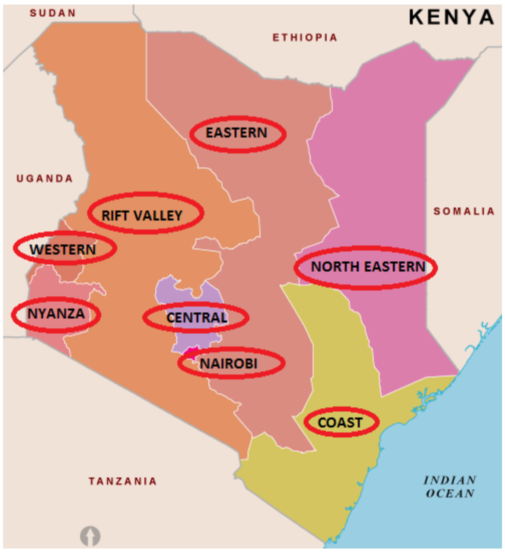


Background

Equity Bank was founded in 1984 and began operations as Equity Building Society before successively transforming into a rapidly growing MFI and later into a commercial bank. Equity Bank caters to diversified target clients profiles with a wide array of products including financial and non-financial services. Equity bank is at the front line in developing accredited innovative services that have revolutionalized the payment system with the use of integrated mobile banking platform.

Overview

Equity Bank is the largest bank in the region in terms of customer base and counts 744,544 borrowers as of December 2011. The extensive branch network sums up all the Kenyan provinces and has extended to the East African region. Assets, Deposits and Equity register sustained growth in all the periods and the asset quality has improved overall. Economies of scale are achieved as revealed by the efficiency indicators and productivity indicators.



FAULU KENYA DTM

Legal form	Deposit Taking Microfinance
Year of inception	1991
Regulator / Supervisor	CBK
Networks of reference	AMFI
Area of intervention	Urban and Rural
Credit Methodology	Group and Individual
Contact details	John Mwara Kibochi - MD Ngong Lane, Off Ngong Road P O Box 60240 - 00200 Tel:+254 (0) 20 387 7290/3/7 customerservice@faulukenya.com www.faulukenya.com

Background

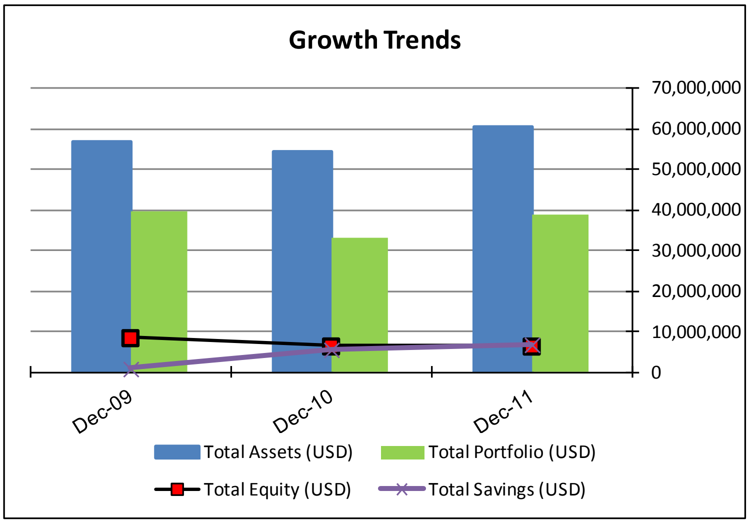
Faulu Kenya began as a programme of Food for the Hungry International (FHI) and started microfinance operations in 1991. In May 2009, Faulu Kenya became the first microfinance institution to be credited as a deposit taking institution after receiving the licence from CBK. Faulu Kenya offers both savings and credit services targeting the low income people in both rural and urban areas.

Profile	Dec09	Dec10	Dec11
Active borrowers (#)	102,375	96,238	82,328
Branches (#)	26	26	26
Total staff (#)	832	679	679
Loan officers (#)	513	367	367
Gross outstanding portfolio (USD)	39,659,180	33,154,112	38,892,523
Total savings (USD)	1,079,557	5,806,746	7,039,736
Total assets (USD)	56,807,966	54,364,994	60,428,950
PAR 30	9.0%	10.8%	5.2%
ROE	-0.8%	-22.0%	2.0%
ROA	-0.1%	-3.0%	0.2%
Oper. Self-sufficiency (OSS)	91.1%	87.7%	100.1%
Staff productivity (borrow.)	123	142	121
LO productivity (borrow.)	200	262	224
Operating expense ratio	30.0%	38.4%	32.9%
Funding expense ratio	4.3%	5.7%	7.9%
Provision expense ratio	0.1%	2.8%	1.4%
Portfolio yield	30.2%	37.6%	39.4%
Risk coverage ratio	30.8%	44.2%	41.4%
Debt/Equity ratio	5.6	7.3	8.2

na: not available

Overview

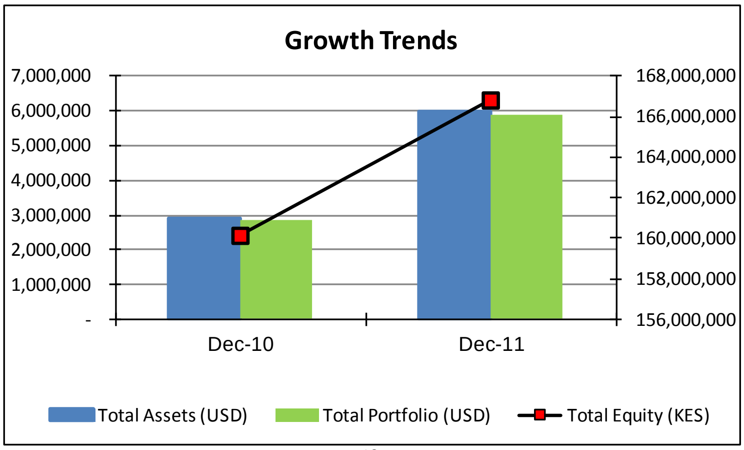
Faulu has an outreach to 82,328 borrowers as of December 2011 and counts on a network of 25 branches extending to 7 out of the 8 provinces. The portfolio growth rebound in the last period while the customer base scaled down from 2009. Positive trends are registered in the deposits base. The organization structure has been rationalized translating to a reduction in the total staffing. Breakeven was reached in the last period, with a decline in operating expenses and increase in yields. The asset quality registers improvements as of the last period.



GREENLAND FEDHA

Legal form	Private Limited Company
Year of inception	2009
Networks of reference	AMFI
Area of intervention	Rural and Urban
Credit methodology	Individual
Contact details	KTDA Farmers Building P.O Box 30213 - 00100, Nairobi Tel: 020 - 32277000 info@ktdateas.com www.ktdateas.com

Profile	Jun10	Jun11
Active borrowers (#)	18,948	39,352
Branches (#)	3	4
Total staff (#)	59	91
Loan officers (#)	25	36
Gross outstanding portfolio (USD)	2,836,601	5,905,743
Total assets (USD)	2,913,643	6,008,164
PAR 30	0.9%	1.0%
ROE	-11.6%	-15.7%
ROA	-7.8%	-6.6%
Oper. Self-sufficiency (OSS)	51.7%	72.1%
Staff productivity (borrow.)	321	432
LO productivity (borrow.)	758	1,093
Operating expense ratio	14.4%	17.3%
Operat. expense ratio (over assets)	14.0%	16.9%
Funding expense ratio	0.2%	3.1%
Provision expense ratio	2.0%	1.1%
Portfolio yield	6.6%	14.8%
Other products yield	0.2%	0.7%
Risk coverage ratio	214.6%	168.6%



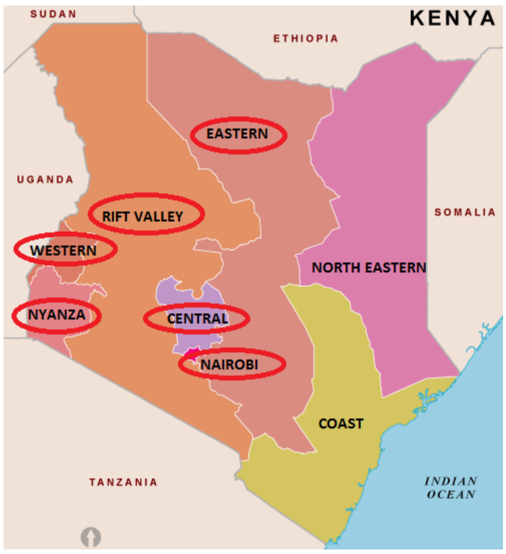
[12]

Background

Greenland Fedha Ltd is a Microfinance Subsidiary of Kenya Tea Development Agency (KTDA) Holdings incorporated in August 2009. Greenland Fedha provides credit services mainly employing the individual lending methodology and also serves to create linkages through financial support in the tea industry value chain.

Overview

Greenland Fedha has managed to recruit 39,352 borrowers in two years of operation and relies on a network of 4 branches. Positive growth trends are registered in the portfolio while asset quality is sound. Although the net income is positive for both years thanks to a profit not from the operations, self-sufficiency is not reached yet. However, profitability ratios follow a growing trend. The productivity levels are high, having nearly doubled in the second period.



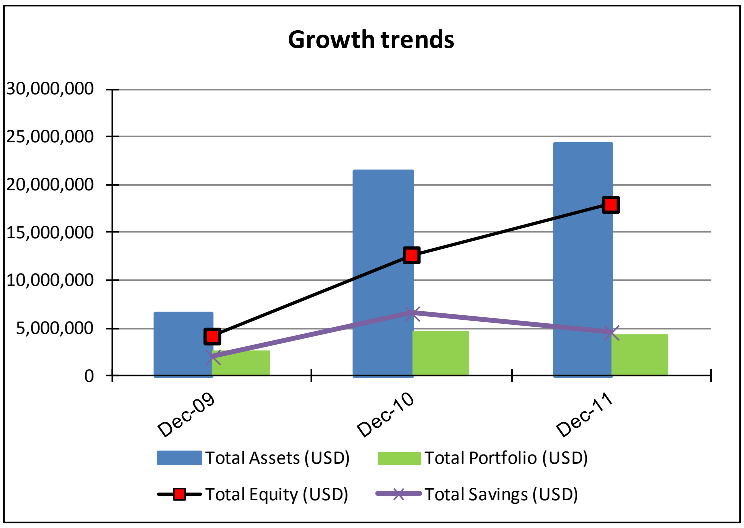
[12] **NB**: Equity is shown in local currency in the graph because the unfavourable exchange rate would have reversed the trend.

JAMII BORA BANK

Legal form	Commercial Bank
Year of inception	1999
Regulator / Supervisor	CBK
Area of intervention	Urban and Rural
Credit methodology	Individual and Group
Contact details	Samuel Kimani - MD Jamii Bora House, Koinange Street. P. O. Box 22741 – 00400, Nairobi Tel: +254 (20) 2224238 - 9 www.jamiiborabank.co.ke

Profile	Dec09	Dec10	Dec11
Active borrowers (#)	5,000	9,000	13,000
Branches (#)	na	na	11
Total staff (#)	na	na	150
Loan officers (#)	na	na	70
Gross outstanding portfolio (USD)	2,675,851	4,733,595	4,361,964
Total savings (USD)	2,044,487	6,592,857	4,615,914
Total assets (USD)	6,474,413	21,381,256	24,333,552
PAR 30	na	na	na
ROE	-2.4%	-11.6%	-3.0%
ROA	-1.6%	-7.0%	-2.0%
Oper. Self-sufficiency (OSS)	91.8%	74.0%	81.0%
Staff productivity (borrow.)	na	na	87
LO productivity (borrow.)	na	na	186
Operating expense ratio	26.9%	76.7%	43.5%
Funding expense ratio	3.1%	3.2%	1.5%
Provision expense ratio	9.9%	12.0%	5.2%
Portfolio yield	19.5%	50.5%	27.3%
Debt/Equity ratio	0.6	0.7	0.4

nb: PAR data not provided

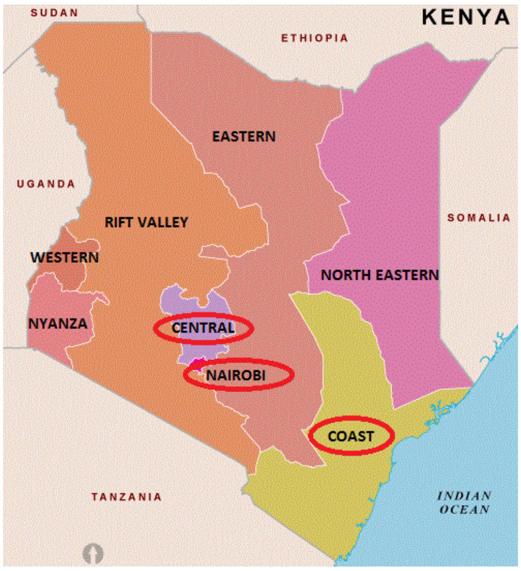


Background

Jamii Bora Trust that was founded as a charitable trust in 1999 to provide microfinance solutions to low income earners. It later transitioned to Jamii Bora Kenya to act as a microfinance vehicle, and thereafter the acquisition by City Finance Bank in March 2010, it transformed into Jamii Bora Bank. The bank focuses on the bottom end market.

Overview

The transformation into a bank in 2010 translated to portfolio growth. Jamii Bora Bank has successively acquired a portfolio of investors for funding in the local and international scene but its indebtedness level remains low. Exponential growth is registered in the capital base and it is worth noting that Jamii Bora most recently announced a rights issue that will foresee an increase in the core capital. Operational self-sustainability is not achieved yet but profitability ratios rebounded in 2011. The Bank has embarked on development of its network and foresees the conversion of its 40 outlets to fully fledged branches.



JITEGEMEA CREDIT SCHEME

Legal form	Company Limited by Guarantee
Year of inception	1998
Networks of reference	AMFI
Area of intervention	Urban and Rural
Credit methodology	Group and Individual
Contact details	Dr. Francis Kihiko - CEO 2nd Floor, Office A/2C, KCB Bldg Jogoo Road, Nairobi Tel: +254-020-2365951 info@jitegemea.co.ke www.jitegemea.co.ke

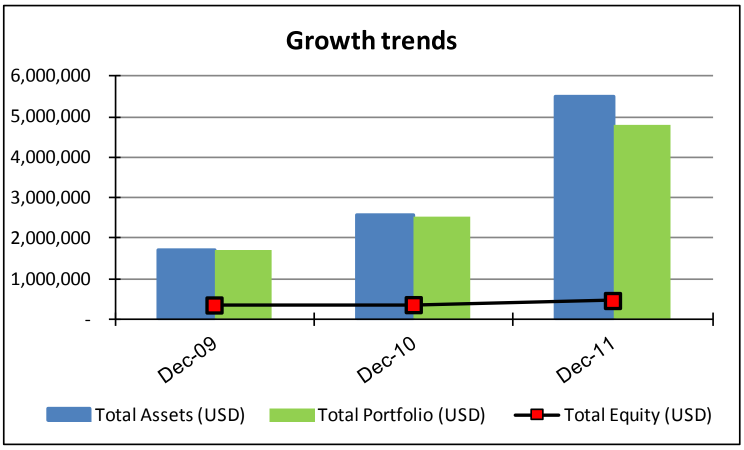
Background

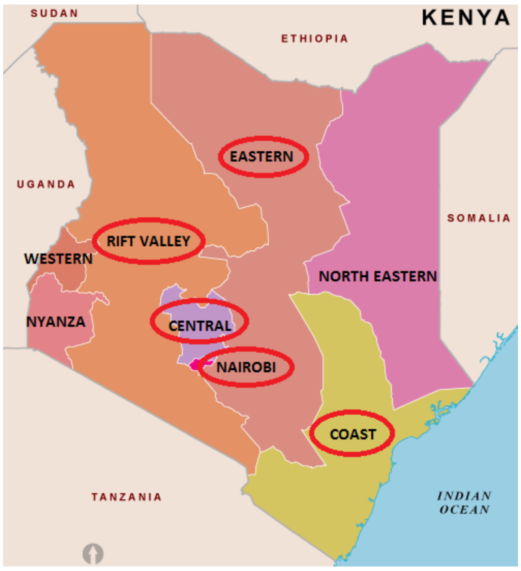
Jitegemea Credit Scheme (JCS) started in 1998 as a programme of the Presbyterian Church of East Africa (PCEA) and was registered as a separate company limited by guarantee in 2003. JCS provides financial services and trainings to clients through the Jitegemea Advisory Services wing and its target profile includes the micro and small enterprises.

Profile	Dec09	Dec10	Dec11
Active borrowers (#)	4,160	5,714	9,842
Branches (#)	3	10	16
Total staff (#)	30	60	92
Loan officers (#)	20	42	77
Gross outstanding portfolio (USD)	1,705,311	2,529,346	4,807,457
Total assets (USD)	1,699,626	2,591,500	5,496,771
PAR 30	13.4%	7.5%	5.6%
ROE	4.8%	8.5%	28.4%
ROA	1.0%	1.4%	2.9%
Oper. Self-sufficiency (OSS)	105.1%	104.7%	110.2%
Staff productivity (borrow.)	139	95	107
LO productivity (borrow.)	208	136	128
Operating expense ratio	17.9%	19.8%	20.1%
Funding expense ratio	7.4%	8.3%	9.4%
Provision expense ratio	2.1%	2.1%	1.6%
Portfolio yield	29.4%	31.2%	33.2%
Risk coverage ratio	30.7%	45.1%	36.3%
Debt/Equity ratio	3.8	6.1	10.8

Overview

JCS has embarked on a recruitment drive that has seen growth in the client base in line with the expansion of the network of operations to 16 branches opening up to Central, Coast and Eastern province. Positive portfolio growth is registered with improved asset quality trends. The increased margins have strengthened the equity structure. Sustainability of operations is attained with increased productivity and the increased operating expenses reflect the network expansion. The gearing ratio is on an upward trend.





JUHUDI KILIMO

Legal form	Private Limited Company
Year of inception of the operations	2009
Networks of reference	AMFI
Area of intervention	Rural
Credit methodology	Group
Contact details	Nat Robinson - CEO Mucai Road, off Mucai Drive near P.O. Box 10528 – 00100 Nairobi Telephone: +254 715 446614 info@juhudikilimo.com www.juhudikilimo.com

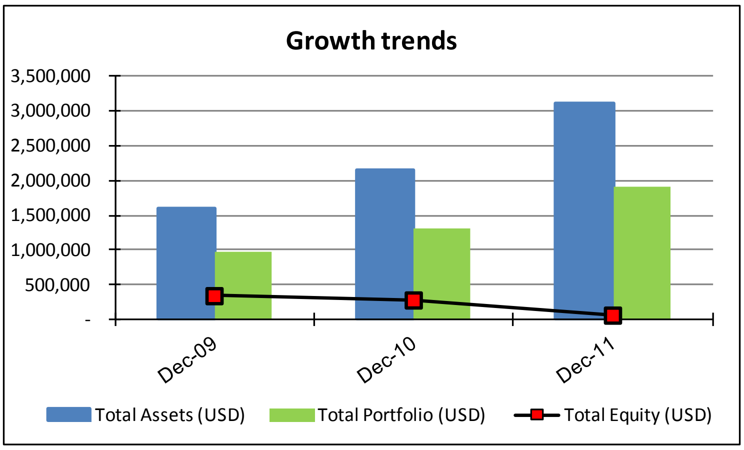
Background

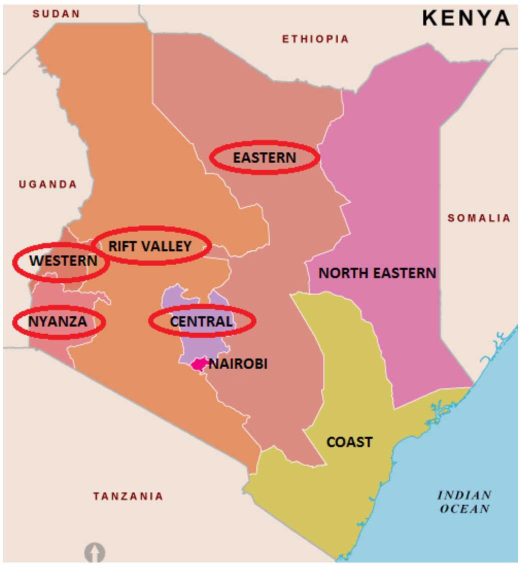
Juhudi Kilimo began as an initiative of K-Rep Development Agency and later became an independent for-profit company in April 2009. Juhudi Kilimo provides asset financing and technical assistance to small holder farmers and small-to-medium agro-businesses with an outreach in the rural areas.

Profile	Dec09	Dec10	Dec11
Active borrowers (#)	3,562	3,571	4,795
Branches (#)	7	7	8
Total staff (#)	38	42	50
Loan officers (#)	19	19	25
Gross outstanding portfolio (USD)	983,789	1,302,252	1,915,292
Total assets (USD)	1,601,924	2,161,492	3,118,446
PAR 30	5.0%	2.0%	4.0%
ROE	-39.0%	-74.0%	-123.4%
ROA	-8.4%	-12.2%	-7.9%
Oper. Self-sufficiency (OSS)	60.5%	59.1%	61.0%
Staff productivity (borrow.)	94	85	96
LO productivity (borrow.)	187	188	192
Operating expense ratio	38.2%	50.7%	38.7%
Funding expense ratio	1.3%	4.9%	7.7%
Provision expense ratio	2.7%	4.1%	1.7%
Portfolio yield	22.1%	29.9%	30.8%
Risk coverage ratio	56.6%	197.1%	25.0%

Overview

Juhudi Kilimo is operational in 8 branches in Central, Rift valley, Western, Eastern and Nyanza provinces. The portfolio and number of active borrowers follow a growing trend over the period. Negative margins weigh on the equity structure and Juhudi Kilimo is yet to reach break-even point to allow for sustainability of operations even as the operating expenses went down from the peak in 2010. The risk coverage ratio has dropped with a decrease in the loan loss reserve in 2011.





KENYA AGENCY for the DEVELOPMENT of ENTERPRISE and TECHNOLOGY (KADET)

Legal form	Private Limited Company
Year of inception of the operations	2001
Networks of reference	AMFI
Area of intervention	Rural
Credit methodology	Group and Individual
Contact details	Peter Mugendi - CEO 2nd Floor, Capitol Hill Towers Cathedral Road, Off Haile Selassie P.O Box 1676-00200 Nairobi communications@kadet.co.ke www.kadet.co.ke

Background

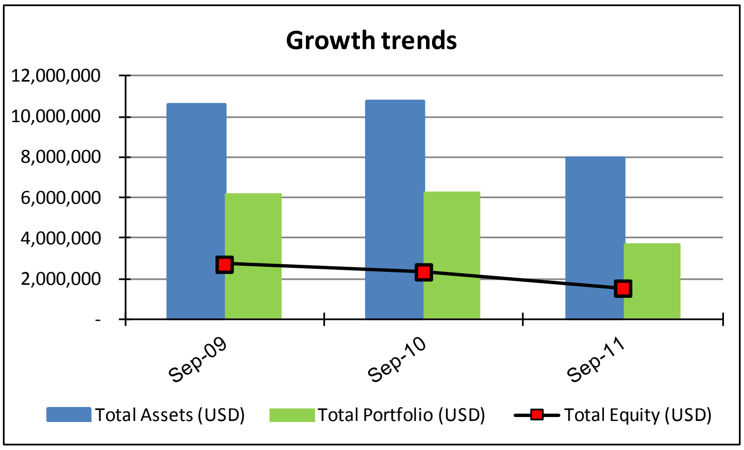
KADET was established by World Vision in 2000 providing credit services for small and micro entrepreneurs as well as to the marginalized community members located in the Integrated Program Areas (IPAs) of World Vision Kenya and has overall deepened rural outreach.

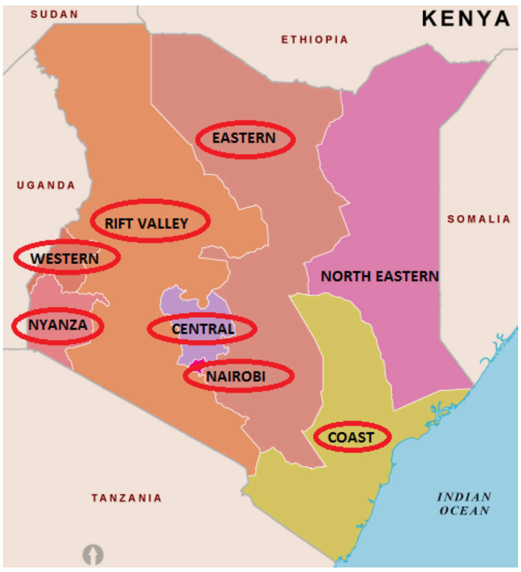
Profile	**Sep09**	**Sep10**	**Sep11**
Active borrowers (#)	18,551	18,384	14,439
Branches (#)	17	11	11
Total staff (#)	153	146	156
Loan officers (#)	95	93	87
Gross outstanding portfolio (USD)	6,250,423	6,327,077	3,761,904
Total assets (USD)	10,589,911	10,790,554	7,956,855
PAR 30*	25.4%	29.9%	15.7%
ROE	-34.8%	-26.7%	-43.0%
ROA	-8.9%	-6.3%	-8.9%
Oper. Self-sufficiency (OSS)	70.6%	78.5%	69.9%
Staff productivity (borrow.)	121	126	93
LO productivity (borrow.)	195	198	166
Operating expense ratio	47.5%	43.3%	46.6%
Funding expense ratio	3.9%	4.8%	3.8%
Portfolio yield	25.1%	27.9%	27.2%
Risk coverage ratio	33.1%	21.1%	23.8%
Debt/Equity ratio	2.9	3.6	4.2

* PAR as of Dec 09, Dec 10, Dec 11 calculated on portfolio as of Sept 09, Sept 10 and Sept 11

Overview

Portfolio growth slumped in the last period and accounts for a lower asset base. KADET downsized its operational zones relying on a network of 11 branches translating to a declining client base. The equity structure is burdened by accumulated negative earnings from the past. The field service delivery in the IPAs partially translates in high operating expenses and sustainability of operations is not realized. The asset quality deteriorated in 2010 but improved in 2011.





KENYA ENTREPRENEURSHIP EMPOWERMENT FOUNDATION (KEEF)

Legal form	NGO
Year of inception of the operations	2007
Networks of reference	AMFI
Area of intervention	Rural
Credit methodology	Group and Individual
Contact details	info@keefkenya.org http://www.keefkenya.org/

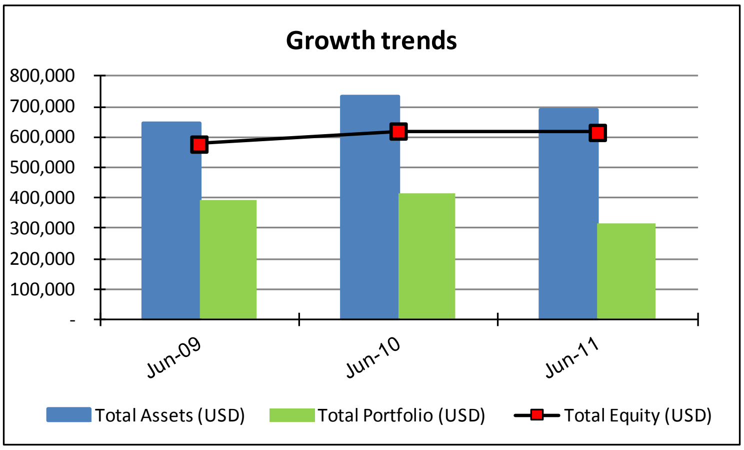
Background

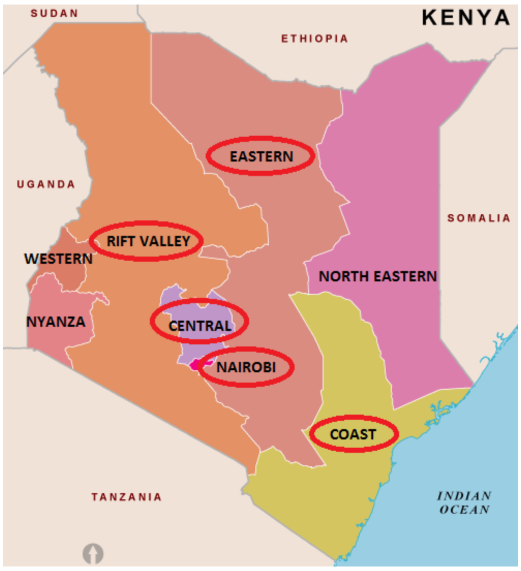
KEEF is a non profit organization operational in marginalized areas targeting women and youth entrepreneurs managed under two distinct programs namely the Women Entrepreneurship Empowerment Program (WEEP) and the Youth Enterprise Development Program.

Profile	Jun09	Jun10	Jun11
Active borrowers (#)	1,355	2,382	3,377
Branches (#)	10	10	10
Total staff (#)	15	18	25
Loan officers (#)	9	12	18
Gross outstanding portfolio (USD)	391,998	412,942	317,917
Total assets (USD)	645,142	732,778	687,234
PAR 30	4.7%	4.3%	4.5%
ROE	13.2%	11.9%	21.8%
ROA	11.8%	10.3%	19.0%
Oper. Self-sufficiency (OSS)	144.3%	139.8%	167.7%
Staff productivity (borrow.)	90	132	135
LO productivity (borrow.)	151	199	188
Operating expense ratio	42.8%	42.7%	50.2%
Operat. expense ratio (over assets)	26.0%	24.9%	25.7%
Funding expense ratio	0.7%	1.7%	4.4%
Provision expense ratio	0.0%	0.0%	0.0%
Portfolio yield	63.3%	62.1%	91.7%
Debt/Equity ratio	0.1	0.2	0.1

Overview

The client membership base is on a downward trend over the period of analysis and as well as the productivity indicators. The portfolio growth displays a fluctuating trend with a decline in the year ending June 2011. The portfolio yield is overall high and increased significantly between June 2010 and June 2011. Profitability is high and increasing, with an ROA at 19% as of June 2012. The asset quality has been steady throughout the period but the institution does not provision bad debts.





KENYA POST OFFICE SAVINGS BANK (POSTBANK)

Legal form	Savings Bank
Regulator / Supervisor	Ministry of Finance
Area of intervention	Urban and Rural
Contacts	Dr. Nyambura Koigi - MD Postbank House, Banda St, Nairobi P.O. Box 30311 00100 Tel: +254 (0) 20 2803333/341 info@postbank.co.ke www.postbank.co.ke

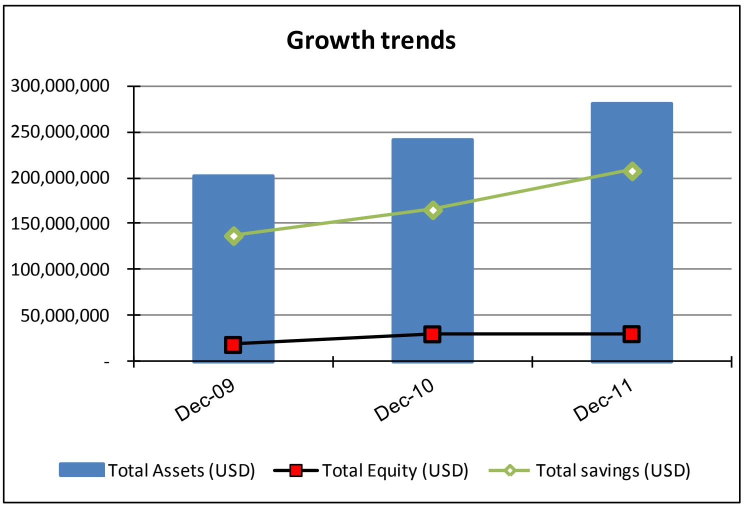
Background

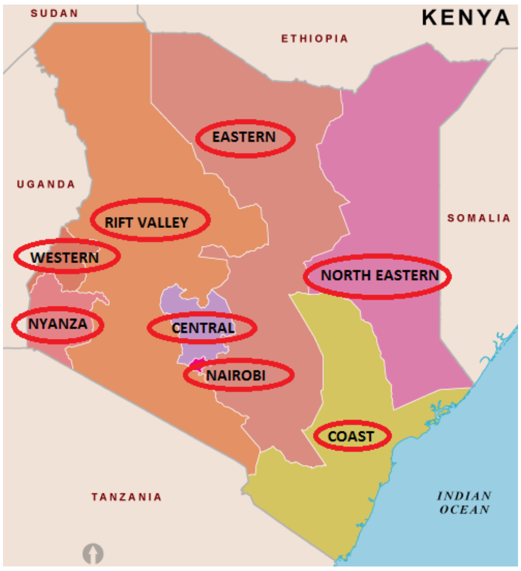
Postbank was established in 1910 and is wholly owned by the Government of Kenya. It primarily engages in the mobilization of savings for national development operating under the Kenya Post Office Savings Bank Act Cap 493(B). Postbank has designed savings accounts for businessmen, salary payments, the youth, pensioners and children to instil the savings culture nationwide.

Profile	Dec09	Dec10	Dec11
Total savings (USD)	137,995,660	166,126,778	208,611,422
Total assets (USD)	202,123,382	240,993,214	280,536,020
ROE	-43.9%	5.6%	5.7%
ROA	-4.0%	0.6%	0.7%
Oper. Self-sufficiency (OSS)	75.7%	104.7%	106.0%
Operat. expense ratio (over assets)	14.4%	11.1%	8.5%
Debt/Equity ratio	9.9	7.0	8.3

Overview

The balance sheet structure registers a positive growth in the asset base and in the deposit base over the three year period. Positive margins are posted from 2010 allowing for sustainability of operations. The equity base was strengthened by the build up of capital reserves and increase in the revenue reserves. The operating expenses over assets have been reduced over the period.





K-REP BANK

Legal form	Commercial Bank
Year of inception	1999
Regulator / Supervisor	CBK
Networks of reference	AMFI
Area of intervention	Urban and Rural
Credit methodology	Individual and Group
Contact details	Albert Ruturi - MD K-Rep Center- Kilimani P.O. Box 25363-00603 Nairobi Tel: +254 (0) 20 390 6000/1-7 enquiries@k-repbank.com www.k-repbank.com

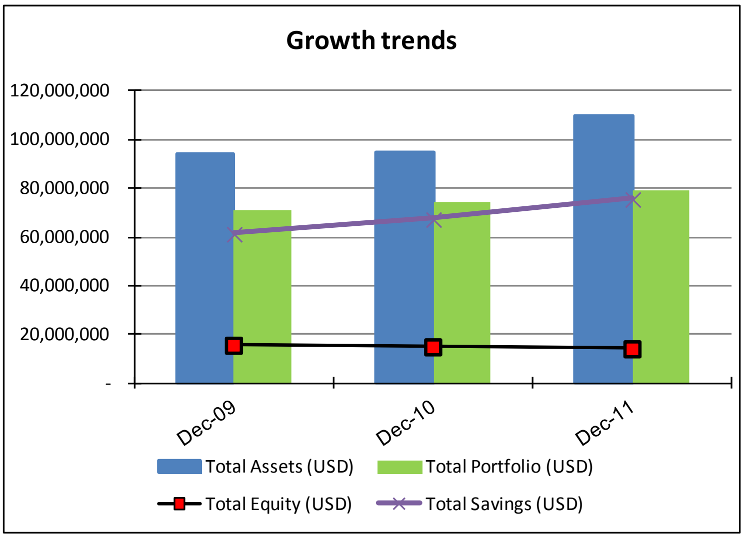
Background

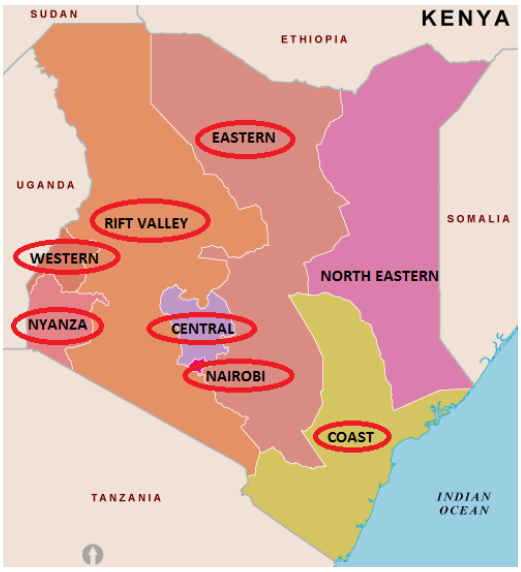
K-Rep Bank was formed by the K-Rep Group (Kenya Rural Enterprise Programme) and in 1987, K-Rep Ltd took form as a local NGO to run its micro-credit lending program. With growth of operations, K-Rep Bank was established in 1999 to concentrate on microcredit lending activities serving small and micro enterprises.

Profile	Dec09	Dec10	Dec11
Active borrowers (#)	56,534	65,073	57,917
Branches (#)	29	30	35
Total staff (#)	573	462	515
Loan officers (#)	255	228	172
Gross outstanding portfolio (USD)	71,156,252	74,134,574	85,412,445
Total savings (USD)	58,483,180	67,527,740	75,774,773
Total assets (USD)	94,121,947	94,982,815	109,544,177
PAR 30	26.0%	22.4%	15.9%
ROE	-18.8%	4.5%	13.9%
ROA	-2.9%	0.7%	2.0%
Oper. Self-sufficiency (OSS)	84.4%	106.7%	116.3%
Staff productivity (borrow.)	99	141	112
LO productivity (borrow.)	222	285	337
Operating expense ratio	25.2%	19.1%	16.8%
Funding expense ratio	5.5%	3.1%	3.3%
Provision expense ratio	4.9%	1.0%	4.6%
Portfolio yield	24.1%	19.5%	26.9%
Other products yield	4.9%	4.3%	0.0%
Risk coverage ratio	41.3%	54.8%	44.3%
Debt/Equity ratio	5.4	5.6	6.0

Overview

K-Rep Bank has an outreach to 57,917 clients as of December 2011 and services are dispensed through the network of 35 branches countrywide. The portfolio growth follows an upward trend and savings mobilization has gained momentum in 2011. The asset quality gradually improved. Operational sustainability is realized in the last two periods with contained operating expenses. The current shareholders of K-Rep Bank injected additional capital most recently to support growth, hence foreseen strengthening of the equity base.

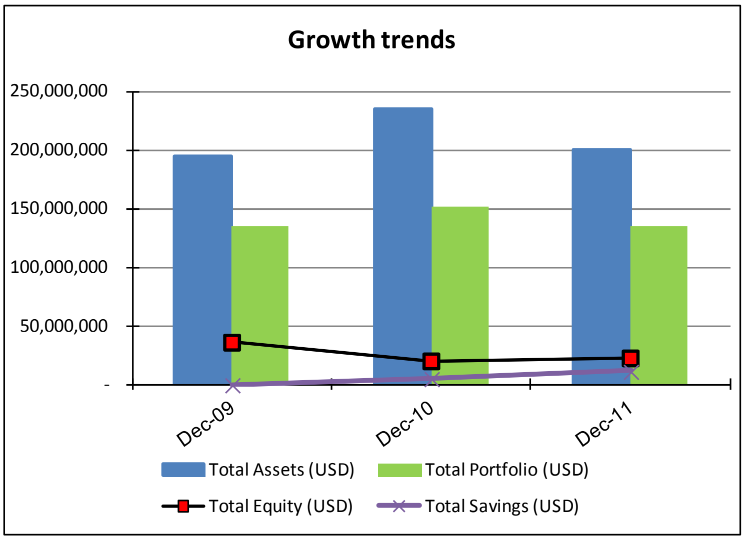




KENYA WOMEN FINANCE TRUST LIMITED (KWFT)

Legal form	Deposit Taking Microfinance
Year of inception	1981
Regulator / Supervisor	CBK
Networks of reference	AMFI
Area of intervention	Urban and Rural
Credit methodology	Group and Individual
Area of intervention	Urban and Rural
Contact details	Mwangi Githaiga - MD Kiambere Road, Upper Hill Nairobi P.O. Box 4179 -00506 Nyayo Stadium, Nairobi Tel: 2715334 info@kwftdtm.com www.kwftdtm.com

Profile	Dec09	Dec10	Dec11
Active borrowers (#)	334,188	416,813	432,136
Branches (#)	-	7	14
Total staff (#)	1,317	1,699	2,000
Loan officers (#)	756	958	1,035
Gross outstanding portfolio (USD)	134,293,682	152,038,345	134,675,901
Total savings (USD)	56,490,438	76,317,840	83,190,526
Total assets (USD)	194,533,975	234,773,220	200,260,556
PAR 30	1.5%	15.5%	6.1%
ROE	23.3%	12.6%	15.7%
ROA	4.3%	1.6%	1.5%
Oper. Self-sufficiency (OSS)	124.6%	111.9%	107.9%
Staff productivity (borrow.)	254	245	216
LO productivity (borrow.)	442	435	418
Operating expense ratio	18.7%	22.0%	24.5%
Funding expense ratio	5.4%	8.2%	9.6%
Provision expense ratio	1.8%	1.0%	-1.9%
Portfolio yield	30.9%	33.9%	32.3%
Debt/Equity ratio	4.4	10.7	7.9

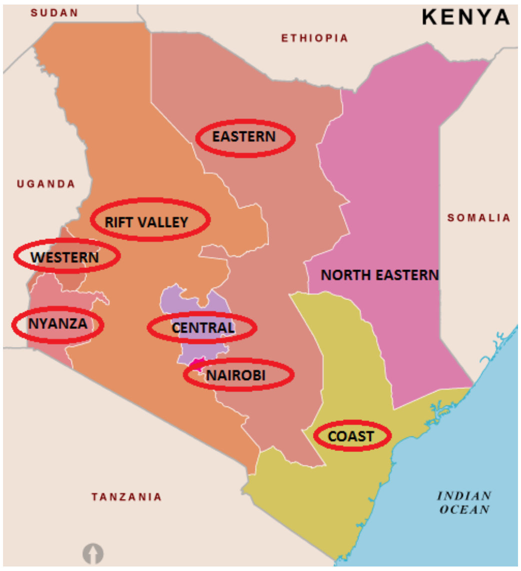


Background

KWFT was founded by a group of professional women in the year 1981 to address the financial needs of women exclusively and to bridge the gap in outreach to the financially excluded. KWFT has since then grown, building on an extensive network coverage deepening outreach in the urban and rural set up targeting women entrepreneurs. The CBK awarded the deposit-taking license to KWFT in 2010, to become the second MFI licensed in Kenya.

Overview

The customer base constantly increased over the period of analysis although portfolio growth decelerated in the last period. KWFT's has strengthened its territorial coverage in 2011 with 7 new approved branches. The portfolio quality rebounds from the lows registered in 2010 as well as the equity base. KWFT is self sufficient, with an OSS standing at 107.9% in 2011. The operating expense ratio has increased a little throughout the periods while productivity indicators have slightly decreased. Savings mobilization has seen growth in the deposit base.



MICROAFRICA LTD KENYA

Legal form	Private Limited Company
Year of inception	2000
Networks of reference	AMFI
Area of intervention	Predominantly Urban and Rural
Credit methodology	Group and Individual
Contact details	Tim Carson - CEO 2nd Floor, Cape Office Park Ring Road, Kilimani P.O Box 52926 - 00200 Tel: +254 (0) 20 386 1681-4 www.microafricagroup.com

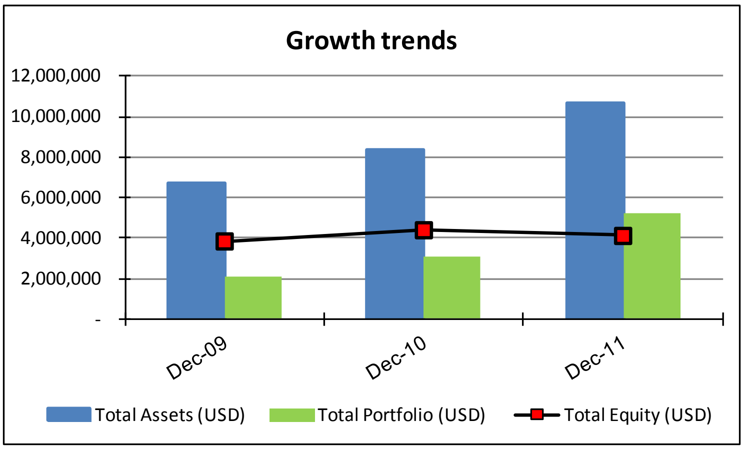
Background

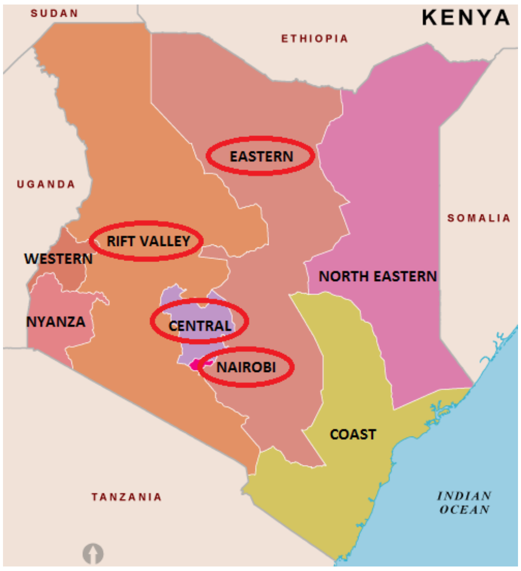
Micro Africa Ltd. Kenya is an affiliate of the Micro Africa Limited (MAL) Group network and was founded in September 2000 to provide customer focused credit services. The diversified product offer targets the low income individuals and the micro entrepreneurs.

Profile	Dec09	Dec10	Dec11
Active borrowers (#)	3,212	5,765	9,540
Branches (#)	5	6	7
Total staff (#)	25	50	67
Loan officers (#)	13	28	58
Gross outstanding portfolio (USD)	2,125,020	3,060,186	5,199,822
Total assets (USD)	6,690,965	8,353,508	10,638,594
PAR 30	10.0%	4.4%	3.54%
ROE	-1.6%	8.1%	0.6%
ROA	-0.9%	4.5%	0.3%
Oper. Self-sufficiency (OSS)	89.8%	122.6%	102.2%
Staff productivity (borrow.)	128	115	142
LO productivity (borrow.)	247	206	164
Operating expense ratio	35.4%	31.3%	29.6%
Funding expense ratio	8.1%	7.7%	10.1%
Portfolio yield	36.1%	33.8%	38.4%
Risk coverage ratio	62.8%	55.3%	95.5%
Debt/Equity ratio	0.7	0.9	1.6

Overview

Sustained client growth is portrayed over the periods reaching out to 9,540 clients as of December 2011. Positive trends in portfolio growth are delineated. The asset quality registers improvements while the risk coverage ratio has been enhanced. The operating expenses have been contained allowing for sustainability of operations in line with the positive margins posted in the last two periods. There is room for increased leveraging capacity.





MOLYN CREDIT LTD

Legal form	Private Limited Company
Year of inception	2006
Networks of reference	AMFI
Area of intervention	Urban and Rural
Credit methodology	Group and Individual
Contact details	Lydia Anyangu - CEO 9th floor, Bruce Hse, Standard St. P.O. Box 10144 - 00100, Nairobi Tel: +254 (0) 20 310726 info@molyn.co.ke www.molyn.co.ke

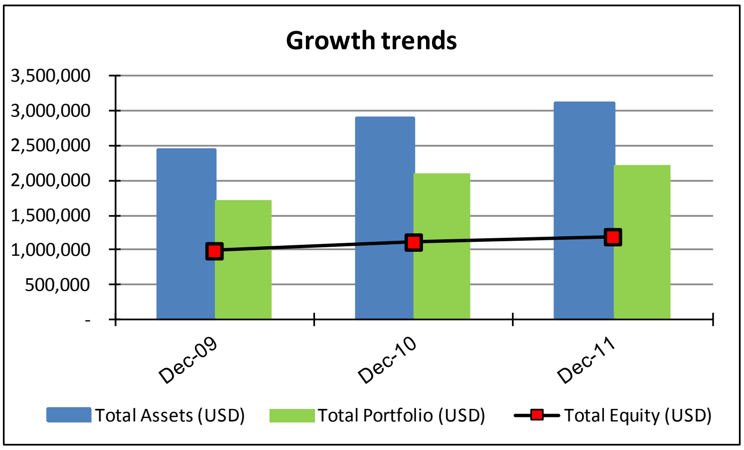
Background

Molyn Credit Limited (MCL) was established in 2006 with a view to provide financial services to the low income population catering for the needs of self help groups, micro and small enterprises, low income employees of state corporations, low cadre civil servants and selected private entities. Provision of specialized business training is undertaken through the Credit and Financial Advisory Services unit.

Profile	Dec09	Dec10	Dec11
Active borrowers (#)	14,500	17,550	15,865
Branches (#)	4	4	5
Total staff (#)	40	55	56
Loan officers (#)	18	25	27
Gross outstanding portfolio (USD)	1,708,399	2,095,903	2,230,944
Total savings (USD)	46,293	38,395	61,533
Total assets (USD)	2,443,175	2,898,337	3,120,950
PAR 30	1.2%	1.9%	1.6%
ROE	13.1%	18.2%	11.9%
ROA	5.3%	7.2%	4.6%
Oper. Self-sufficiency (OSS)	135.9%	152.8%	141.0%
Staff productivity (borrow.)	363	319	283
LO productivity (borrow.)	806	702	588
Operating expense ratio	22.7%	19.6%	15.8%
Funding expense ratio	4.5%	4.4%	4.2%
Provision expense ratio	3.0%	3.3%	2.2%
Portfolio yield	35.1%	38.9%	30.7%
Risk coverage ratio	257.1%	151.8%	132.4%
Debt/Equity ratio	1.5	1.6	1.6

Overview

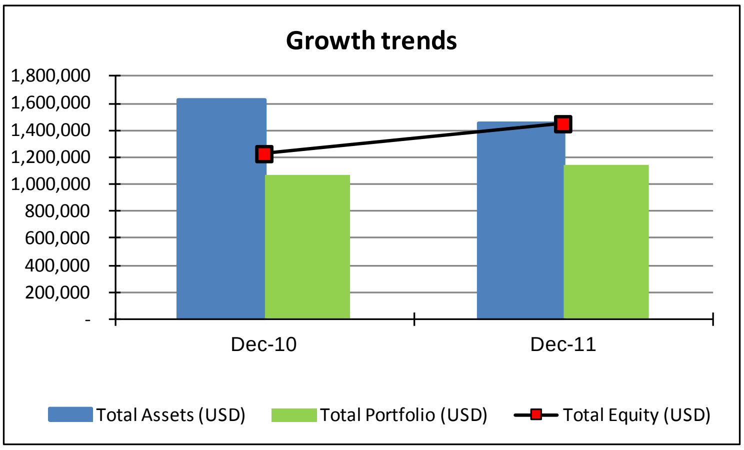
The clientele base reaches 15,865 clients as of December 2011 with a decline from the prior period. Molyn is operational though a network of 5 branches that recently opened up to Western region. The portfolio registers steady growth rates in the periods and the asset quality is maintained within sound levels. Gradual increases in equity are seen with increased earnings. In terms of efficiency, the operating expenses have been contained with sustainability of operations in all the periods while the productivity indicators account for a lower level in the last period.



MUSONI KENYA LTD

Legal form	Private Limited Company
Year of inception	2010
Networks of reference	AMFI
Area of intervention	Urban and Rural
Credit methodology	Group
Contact details	David James - CEO Cape Office Park, Ring Road Kilimani, Nairobi P.O. Box 25351-00100, Nairobi Tel: +254 (0) 20 260 9355 info@musoni.co.ke www.musoni.co.ke

Profile	Dec10	Dec11
Active borrowers (#)	3,093	4,012
Branches (#)	2	5
Total staff (#)	39	81
Loan officers (#)	20	51
Gross outstanding portfolio (USD)	1,074,273	1,143,162
Total assets (USD)	1,628,956	1,449,589
PAR 30	0.4%	3.1%
Staff productivity (borrow.)	79	50
LO productivity (borrow.)	155	79
Operating expense ratio	21.7%	56.6%
Operat. expense ratio (over assets)	33.1%	57.8%
Funding expense ratio	0.0%	0.9%
Debt/Equity ratio	0.3	1.2



Background

Musoni Kenya was established in 2010 by Musoni BV to become the first microfinance institution to provide financial services exclusively via mobile technology to serve the poor and reach out to the unbanked population. Musoni Kenya positions itself to be an integral part of the mobile future employing a convenient and flexible service delivery system and is internationally recognized in use of innovative technology.

Overview

The active client base expanded in the second year of operations to reach 4,012. The network coverage has extended outreach in Central and Rift Valley region with the opening up of 3 additional branches in the last period that has translated to increased operating expenses. The portfolio growth is relatively steady. It is worth noting that most recently Musoni has been able to source 3 new equity partners[13].

[13] Grameen Foundation, KfW and Access Africa Fund have newly acquired an equity stake in Musoni Kenya (May 2012) after purchasing 25% each.

OPPORTUNITY KENYA

Legal form	Private Limited Company
Year of inception	2006
Networks of reference	AMFI
Area of intervention	Rural and Urban
Credit methodology	Group
Contact details	Lydia Njoroge - CEO 1st floor Geomaps Center Matumbato Road, Upper Hill P.O. Box 19497-00202 KNH , Nairobi Tel: +254 (0) 20 272 0159/69 info@opportunitykenya.com opportunity.net/kenya/

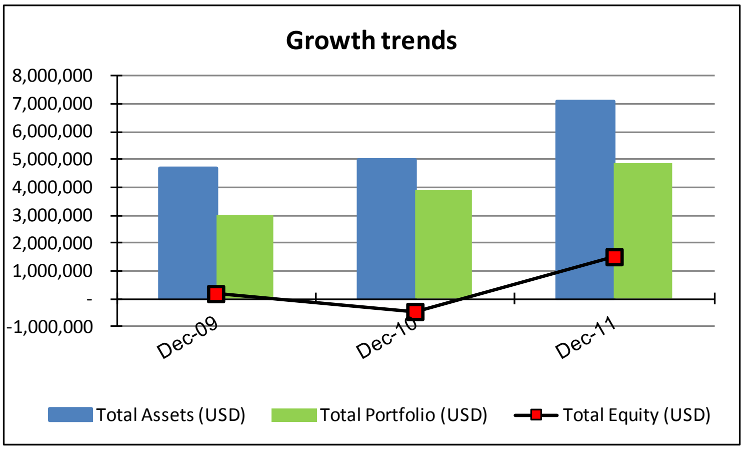
Background

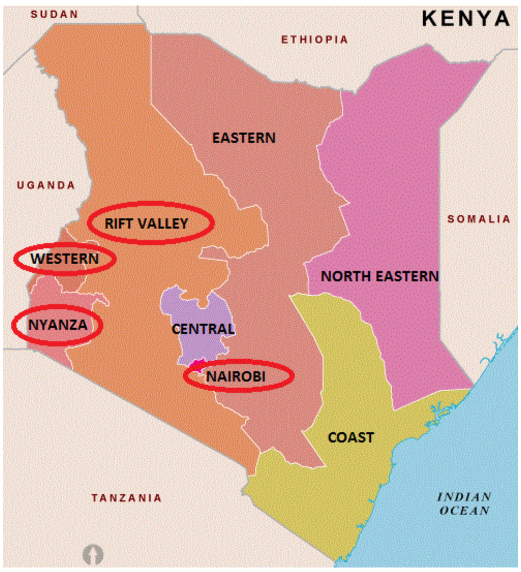
Opportunity Kenya was incorporated in July 2006 and is a member of the Opportunity International Network. Opportunity Kenya provides credit services to the economically active poor with the goal of bridging the gap to ensure access to microfinance by the low income bracket.

Profile	Dec09	Dec10	Dec11
Active borrowers (#)	6,758	7,374	8,998
Branches (#)	12	11	11
Total staff (#)	88	88	86
Loan officers (#)	39	34	34
Gross outstanding portfolio (USD)	3,028,291	3,938,023	4,865,490
Total assets (USD)	4,718,082	4,964,463	7,101,322
PAR 30	2.0%	0.6%	0.8%
ROE	1104.5%	470.5%	-89.9%
ROA	-24.5%	-13.6%	-8.3%
Oper. Self-sufficiency (OSS)	54.8%	65.6%	76.3%
Staff productivity (borrow.)	77	84	105
LO productivity (borrow.)	173	217	265
Operating expense ratio	66.4%	53.3%	43.1%
Funding expense ratio	5.0%	2.7%	4.1%
Provision expense ratio	9.8%	-4.1%	0.5%
Portfolio yield	40.3%	33.6%	34.4%
Risk coverage ratio	526.0%	247.1%	158.1%
Debt/Equity ratio	23.7	-12.0	3.7

Overview

The customer base has continually expanded over the period reaching 8,998 as of December 2011. The geographical coverage spans 4 out of the 8 regions. Positive trends are revealed in the portfolio growth with improved portfolio quality. Additional capital was raised in the last period, partially offsetting the effects of the accumulated negative earnings. Sustainability is not yet achieved but shows a positive trend. Higher levels of personnel productivity are reached in the last period and the operating expenses continue on a downward path.





PAMOJA WOMEN DEVELOPMENT PROGRAMME (PAWDEP)

Legal form	NGO
Year of inception	2003
Networks of reference	AMFI
Area of intervention	Predominantly Rural and Urban
Credit methodology	Group and Individual
Contact details	Mrs. Mary Chege - CEO Kikinga House, Biashara St.,Kiambu. P.O. Box 2472 00100, Nairobi Tel: +254 (0) 66 202 2205 info@pawdep.org www.pawdep.org

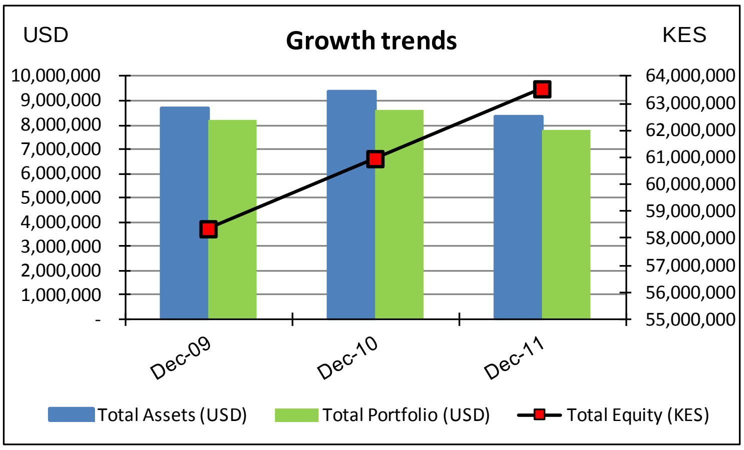
Background

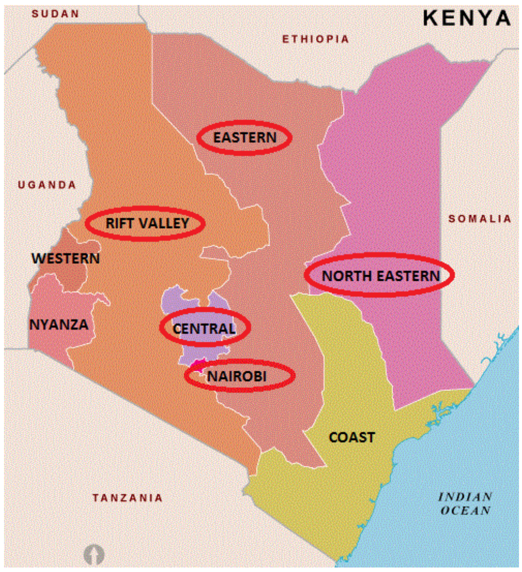
PAWDEP is a Financial NGO founded in 2003 and duly registered in 2004. PAWDEP provides microfinance solutions mainly focusing on the economically disadvantaged women in rural and urban areas and mostly uses group lending with recent diversification in its target to include men. The head quarters are based in Kiambu.

Profile	Dec09	Dec10	Dec11
Active borrowers (#)	27,624	40,147	39,147
Branches (#)	8	8	9
Total staff (#)	72	105	91
Loan officers (#)	43	77	63
Gross outstanding portfolio (USD)	8,211,084	8,606,707	7,798,788
Total assets (USD)	8,698,732	9,392,552	8,344,968
PAR 30	3.4%	9.6%	8.6%
ROE	2.2%	3.3%	4.2%
ROA	0.2%	0.4%	0.4%
Oper. Self-sufficiency (OSS)	103.8%	103.3%	102.6%
Staff productivity (borrow.)	384	382	430
LO productivity (borrow.)	642	521	621
Operating expense ratio	17.7%	19.7%	18.4%
Funding expense ratio	1.9%	2.4%	1.7%
Provision expense ratio	0.8%	0.3%	-0.1%
Portfolio yield	21.1%	21.8%	19.8%
Risk coverage ratio	70.3%	28.0%	30.4%
Debt/Equity ratio	10.3	11.4	10.2

Overview

The clientele base has been increasing throughout the periods while portfolio growth was weak in 2010 and negative in 2011. PAWDEP has been operating through a network of 9 branches with activities concentrated in the Central region. Constant growth in the equity base is displayed[14] but the leverage remains very high over the period. Efficiency levels remain stable. The drop in staff in 2011 accounts for higher productivity gains in the last period. PAR 30 has been following an increasing trend but provision expense ratio has been decreasing.





[14] **NB**: Equity is shown in local currency in the graph because the unfavourable exchange rate would have reversed the trend.

RAFIKI DTM

Legal form	Company Limited by Shares
Year of inception of the operations	2011
Regulator / Supervisor	CBK
Networks of reference	AMFI
Area of intervention	Urban
Credit methodology	Individual and Group
Contact details	Daniel Mavindu - CEO El-roi Plaza, Tom Mboya St. P.O. Box 12755-00400 Tel: +254 (0) 20 216 6401 www.rafiki.co.ke

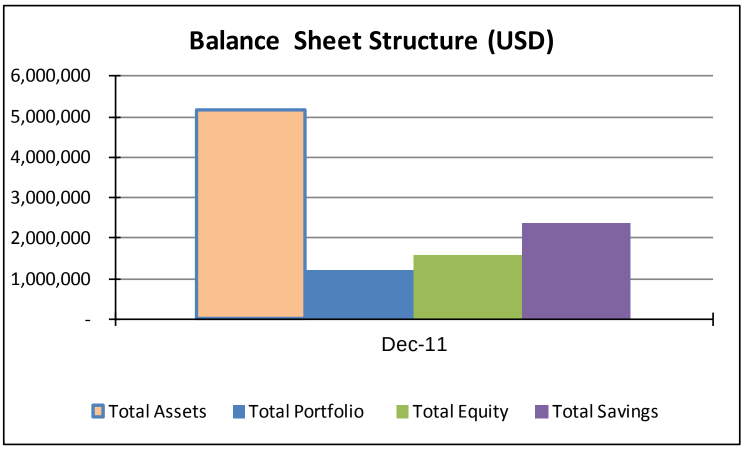
Background

Rafiki DTM, a low end deposit taking microfinance was established in 2011 to become the sixth licensed DTM. Rafiki DTM is wholly owned by Chase Bank. The Company offers financing solutions targeting the economically active low income market with a specific focus on the youth segment. The product offer is diversified with the most recent introduction of the housing microfinance facility.

Profile	Dec11
Active borrowers (#)	790
Branches (#)	2
Total staff (#)	70
Loan officers (#)	15
Gross outstanding portfolio (USD)	1,226,641
Total savings (USD)	2,374,462
Total assets (USD)	5,180,097
ROE	-11.4%
ROA	-3.5%
Oper. Self-sufficiency (OSS)	47.6%
Staff productivity (borrow.)	11
LO productivity (borrow.)	53
Operating expense ratio	38.8%
Funding expense ratio	0.9%
Portfolio yield	7.4%
Other products yield	1.4%
Debt/Equity ratio	2.3

Overview

Rafiki DTM counts on 790 customers with services dispensed through its two branches located in Nairobi and Mombasa. The gross outstanding portfolio is worth USD 1.226 mln as of December 2011 and the savings mobilization has realized USD 2.374 mln within the first year of operations. The portfolio yield has not yet the capacity to cover operating expenses to allow for breakeven, which is typical of an institution in its early stages of development.



REMU DTM LIMITED

Legal form	Deposit Taking Microfinance
Year of inception of operations	2011
Regulator / Supervisor	CBK
Networks of reference	AMFI
Area of intervention	Urban and Rural
Credit methodology	Individual and Group
Contact details	Lydia Kibaara - General Manager 14th Floor, Finance Hse, Loita St. P.O. Box 20833 00100 Tel: +254 (0) 20 - 2214483 info@remultd.co.ke http://www.remultd.co.ke/

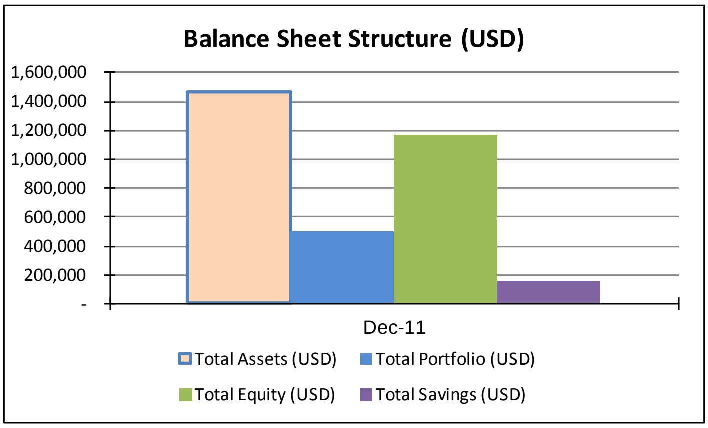
Background

REMU DTM acquired the deposit taking license from CBK in January, 2011 as a start up to become the fifth deposit taking microfinance to provide financial solutions targeting small and medium enterprises with a view to bridge the gap for financial inclusion.

Profile	Dec11
Active borrowers (#)	310
Branches (#)	2
Total staff (#)	20
Loan officers (#)	8
Gross outstanding portfolio (USD)	498,939
Total savings (USD)	162,956
Total assets (USD)	1,461,657
PAR 30	6.5%
ROE	-13.6%
ROA	-11.6%
Oper. Self-sufficiency (OSS)	56.3%
Staff productivity (borrow.)	16
LO productivity (borrow.)	39
Operating expense ratio	65.2%
Operat. expense ratio (over assets)	17.1%
Portfolio yield	23.2%
Risk coverage ratio	58.0%

Overview

The active borrowers' base comprises 310 clients and is operational through a network of two branches located in Nairobi and Eastern province. The portfolio registers positive growth rates. The deposits base accounts for USD 162,956 as at the close of 2011. The operating expenses (over portfolio and assets) are high and partially attributed to the set up of operations where sustainability is yet to be reached.



SISDO

Legal form	NGO
Year of inception	1991
Networks of reference	AMFI
Area of intervention	Rural and Urban
Credit methodology	Predominantly Group & Individual
Contact details	Stephen Njiri - Ag. CEO Ngong Lane, off Ngong Road P.O. Box 76622-00508 Nairobi Tel: +254 (0) 20 3870280 info@sisdo.org www.sisdo.org

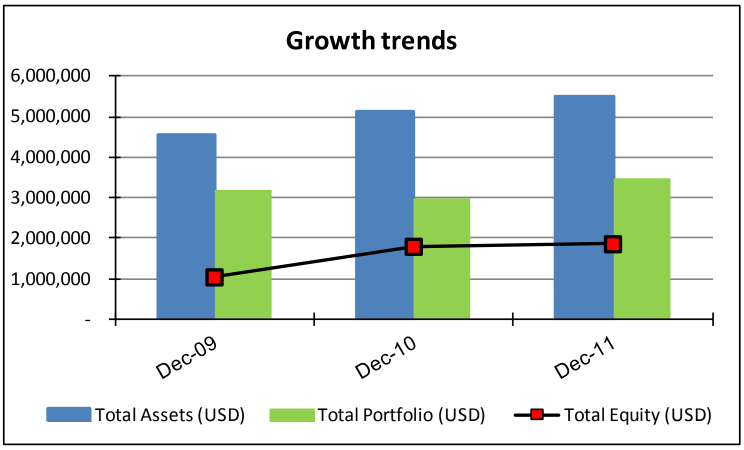
Background

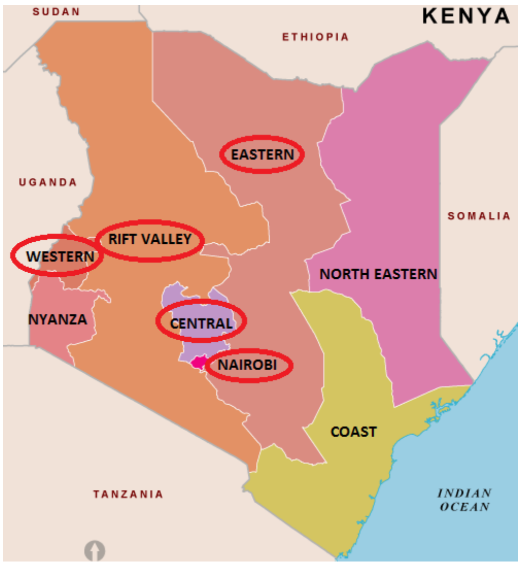
SISDO was initially established in 1991 as a Smallholder Irrigation Schemes Development Organization and became a fully fledged microfinance institution and is registered as an NGO. SISDO provides financial services targeting the small holder crop and dairy farmers and agribusiness and other micro-entrepreneurs with a focus on the rural and urban low income communities.

Profile	Dec09	Dec10	Dec11
Active borrowers (#)	11,621	8,331	8,006
Branches (#)	12	8	9
Total staff (#)	86	81	78
Loan officers (#)	47	48	46
Gross outstanding portfolio (USD)	3,183,286	2,974,694	3,467,226
Total assets (USD)	4,542,468	5,133,448	5,494,703
PAR 30	32.4%	12.6%	14.8%
ROE	25.1%	16.7%	7.9%
ROA	5.8%	5.0%	2.7%
Oper. Self-sufficiency (OSS)	129.3%	130.4%	114.9%
Staff productivity (borrow.)	135	103	116
LO productivity (borrow.)	247	174	197
Operating expense ratio	25.7%	27.3%	26.3%
Funding expense ratio	3.5%	2.5%	2.7%
Provision expense ratio	0.0%	-4.1%	1.1%
Portfolio yield	34.8%	29.7%	31.8%
Risk coverage ratio	42.7%	73.0%	57.5%
Debt/Equity ratio	3.3	1.8	1.9

Overview

SISDO registered a decrease in total number of borrowers and loan outstanding portfolio in 2010 as efforts seem to have been focused on PAR reduction. Portfolio quality indeed achieved a good improvement over the period. Portfolio growth resumed in 2011. The NGO remained sustainable over the period even if profitability margins decreased. Operating expense ratio remained quite stable while staff productivity overall declined.





SMEP DTM

Legal form	Company Limited by Guarantee
Year of inception	1999
Regulator / Supervisor	CBK
Networks of reference	AMFI
Area of intervention	Urban and Rural
Credit methodology	Group and Individual
Contact details:	Phyllis Mbungu - CEO Kirichwa Rd. Off Argwings Kodhek Rd. Tel: +254 20 2673327-8 info@smep.co.ke www.smep.co.ke

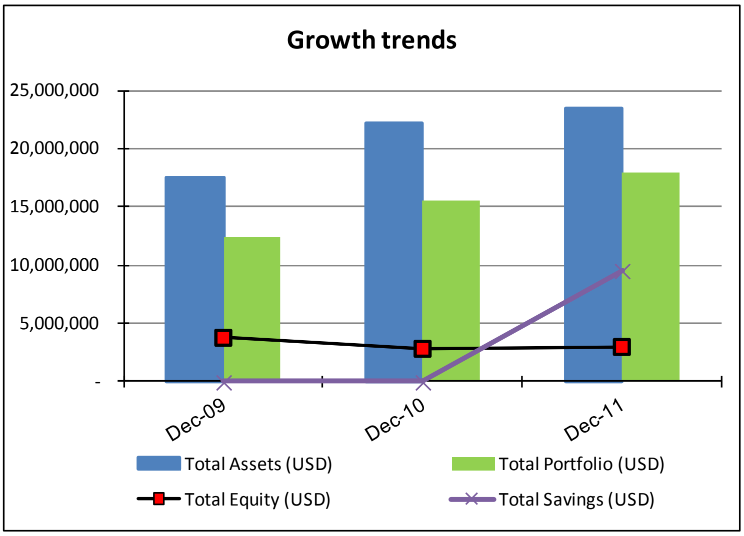
Background

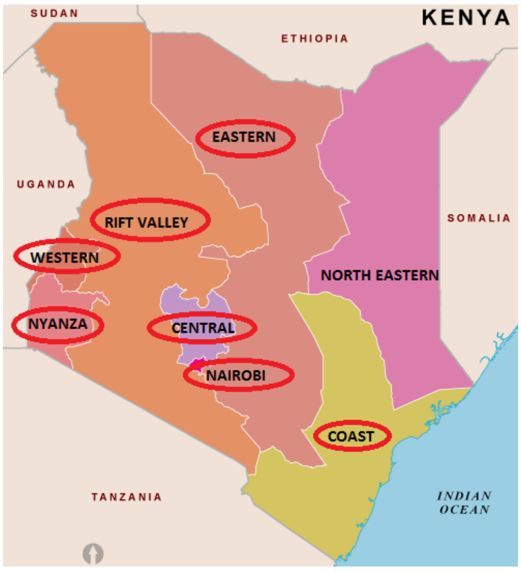
SMEP DTM began as a programme of the National Council of Churches of Kenya (NCCK) to offer microcredit services and was incorporated as SMEP Ltd. by Guarantee in 1999. SMEP was awarded the deposit-taking nationwide license in December 2010 to become the third deposit taking MFI in Kenya.

Profile	Dec09	Dec10	Dec11
Active borrowers (#)	41,181	45,234	51,870
Branches (#)	20	21	20
Total staff (#)	210	227	263
Loan officers (#)	109	130	136
Gross outstanding portfolio (USD)	12,389,970	15,605,767	18,010,135
Total savings (USD)	0	0	9,567,546
Total assets (USD)	17,492,975	22,161,262	23,489,651
PAR 30	20.7%	13.8%	15.0%
ROE	23.1%	1.8%	7.0%
ROA	5.0%	0.3%	0.9%
Oper. Self-sufficiency (OSS)	106.0%	103.6%	105.1%
Fin. Self-sufficiency (FSS)	101.3%	103.6%	105.1%
Staff productivity (borrow.)	196	199	197
LO productivity (borrow.)	378	348	381
Operating expense ratio	21.7%	22.9%	24.1%
Funding expense ratio	5.3%	4.8%	5.7%
Provision expense ratio	3.4%	2.5%	3.8%
Portfolio yield	29.1%	28.6%	31.7%
Other products yield	1.2%	1.1%	1.9%
Risk coverage ratio	23.3%	45.1%	37.8%
Debt/Equity ratio	3.6	6.8	6.8

Overview

Since 2009, SMEP shows a steady growth, both in terms of number of borrowers and loan portfolio. The institution started collecting deposits in 2011 as it was granted the deposit-taking license. SMEP remains sustainable over the period of analysis and profitability indicators seem to rebound in 2011. An increase of the indebtedness level is noted from 2010. Productivity and efficiency levels remain stable.





SUMAC DTM LIMITED

Legal form	Company Limited by Shares
Year of inception	2004
Regulator / Supervisor	CBK
Networks of reference	AMFI
Area of intervention	Urban
Credit methodology	Individual
Contact details	Josphat Kibandi Wanyoike - Finance and IT Manager Consolidated Bank House, 2nd Floor, Koinange Street, Nairobi Tel: +254 20 2212587 jkibandi@sumacdtm.co.ke www.sumaccredit.co.ke

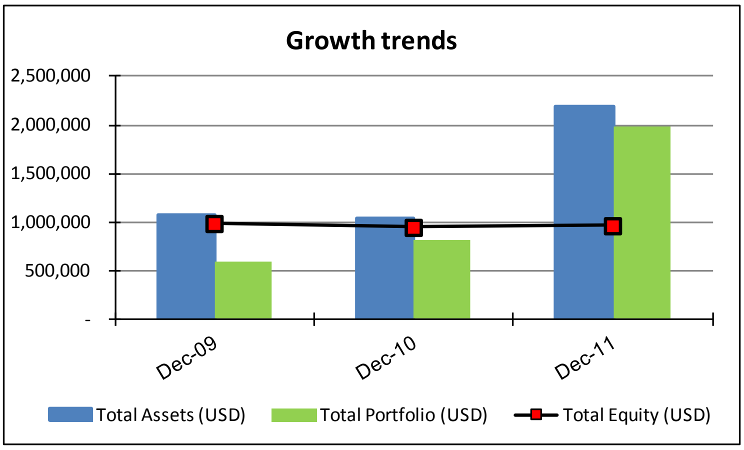
Background

Sumac DTM Limited is a financial institution registered under the Companies Act. Sumac specializes in providing bridging finances to both individuals and companies, by offering asset financing, personal and business loans as well as insurance services. Sumac DTM was granted the deposit-taking license in October 2012 and became the 8th DTM in Kenya.

Profile	Dec09	Dec10	Dec11
Active borrowers (#)	164	294	248
Branches (#)	1	1	1
Total staff (#)	10	12	12
Loan officers (#)	1	1	1
Gross outstanding portfolio (USD)	599,000	823,242	1,975,787
Total assets (USD)	1,072,072	1,045,254	2,187,165
PAR 30	8.1%	7.6%	5.0%
ROE	3.6%	5.9%	10.3%
ROA	3.3%	5.3%	6.0%
Oper. Self-sufficiency (OSS)	120.3%	130.4%	124.9%
Staff productivity (borrow.)	16	25	21
LO productivity (borrow.)	164	294	248
Operating expense ratio	44.3%	32.8%	27.3%
Funding expense ratio	2.3%	4.5%	9.9%
Portfolio yield	48.0%	41.9%	37.6%
Risk coverage ratio	0.0%	19.4%	41.4%
Debt/Equity ratio	0.1	0.1	1.3

Overview

Sumac DTM registers a strong growth in terms of loan portfolio but the number of active borrowers decreases in 2011, indicating an increase in average loan outstanding. Profitability and sustainability remain achieved over the period and follow an increasing trend. Asset quality improves over the three years but portfolio yield decreases significantly. The institution reaches economies of scale as the operating expense ratio drops and staff productivity overall improves.



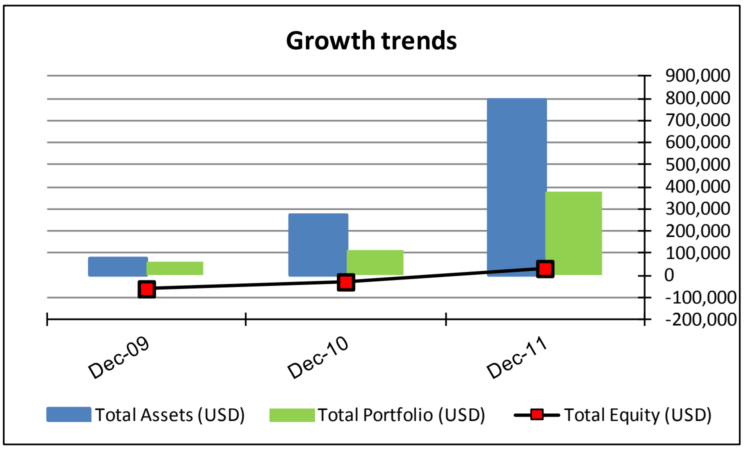
TAIFA OPTION MICROFINANCE LIMITED

Legal form	Company Limited by Shares
Year of inception	2005
Networks of reference	AMFI
Area of intervention	Semi-urban, rural
Credit methodology	Individual and Group
Contact details	Rawlings Thuo - General Manager Finance House Ground Floor Kenyatta Ave. Ruiru, Nairobi Tel: +254 724 453 535 rawlingsthuo@yahoo.com

Profile	**Dec09**	**Dec10**	**Dec11**
Active borrowers (#)	na	156	974
Branches (#)	1	1	1
Total staff (#)	na	9	9
Loan officers (#)	na	2	2
Gross outstanding portfolio (USD)	60,424	111,137	375,167
Total savings (USD)	132,081	292,014	751,442
Total assets (USD)	77,606	270,482	790,113
ROE	4.8%	25.9%	
ROA	-3.8%	-6.6%	
Oper. Self-sufficiency (OSS)	83.8%	54.5%	
Staff productivity (borrow.)	na	17	108
LO productivity (borrow.)	na	78	487
Operating expense ratio	30.1%	29.4%	
Funding expense ratio	0.2%	0.3%	
Portfolio yield	5.1%	7.1%	

na: not available

[15]

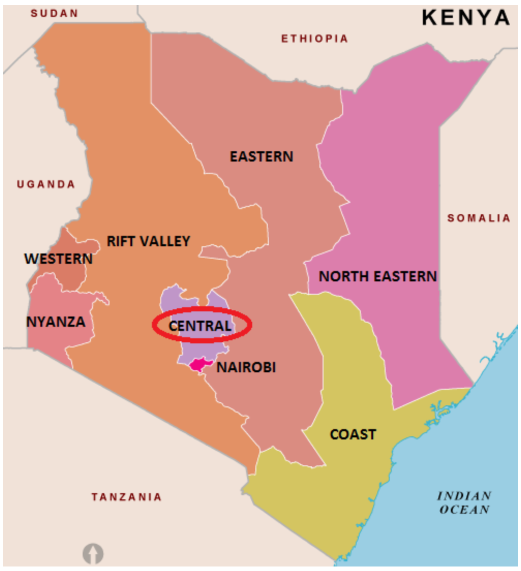


Background

Taifa Option Microfinance Ltd was incorporated in 2005 as a Company Limited by Shares. It is a member based Company in which members buy shares and are part owners. It exclusively operates in the Ruiru area (central province), offering both individual and group loans as well as savings services to its members.

Overview

Both the loan portfolio and number of clients show an increasing trend over the last three years. Equity became positive in 2011. Productivity and efficiency indicators also improved significantly in 2011. Precise data on asset quality was not available but the PAR 30 as of December 2011 is estimated by the institution to stand at 18%.



[15] Some ratios in 2011 are not shown as they need to be checked, which has not been possible yet.

UWEZO DTM

Legal form	Company Limited by Shares
Year of inception	2010
Regulator / Supervisor	CBK
Networks of reference	AMFI
Area of intervention	Urban
Credit methodology	Individual and Group
Contact details	Samuel Chege - Finance Assistance Park Plaza,Ground Floor, Moktar Daddah Street, Nairobi Tel: +254 20 221 2917/9 schege@uwezodtm.com http://www.uwezodtm.com

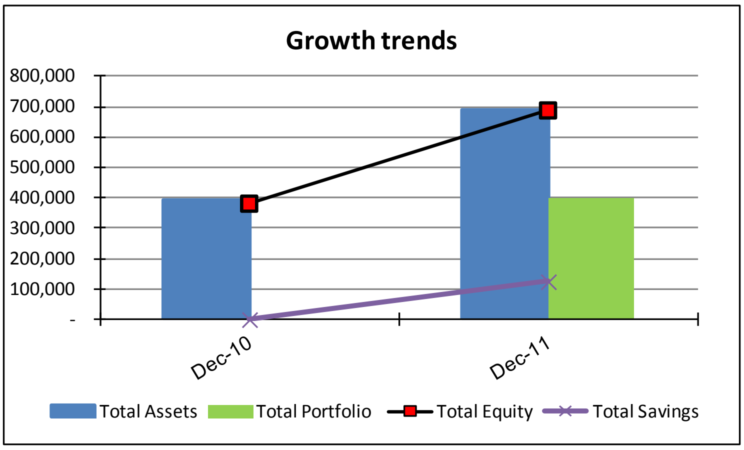
Background

UWEZO DTM obtained the deposit-taking license in November 2010. The MFI operates exclusively in Nairobi, focusing on the provision of financial and savings solutions to the SMEs, savings and investment groups, professionals and individuals.

Profile	Dec11
Active borrowers (#)	148
Branches (#)	1
Total staff (#)	7
Loan officers (#)	2
Gross outstanding portfolio (USD)	397,346
Total savings (USD)	126,564
Total assets (USD)	689,669
PAR 30	0.03%
ROE	-15.7%
ROA	-13.6%
Oper. Self-sufficiency (OSS)	52.7%
Staff productivity (borrow.)	21
LO productivity (borrow.)	74
Operat. expense ratio (over assets)	34.3%
Provision expense ratio	9.2%
Portfolio yield	47.1%

Overview

UWEZO started its lending activities in 2011 and has reached an outstanding portfolio of 397,346 USD as of December 2011. The young institution has not yet reached profitability and the OSS stands at 52.7%. Staff productivity is still low. Portfolio quality is very sound.



YEHU

Legal form	Company Limited by Shares
Year of inception	1998
Networks of reference	AMFI
Area of intervention	Urban and Rural
Credit methodology	Group lending
Contact details	Mr Adet Kachi - CEO PO Box 82120 - 80100 Buxton Behind Cool Breeze, Mombasa Tel: +254 41 2492598 info@yehu.org http://www.yehu.org

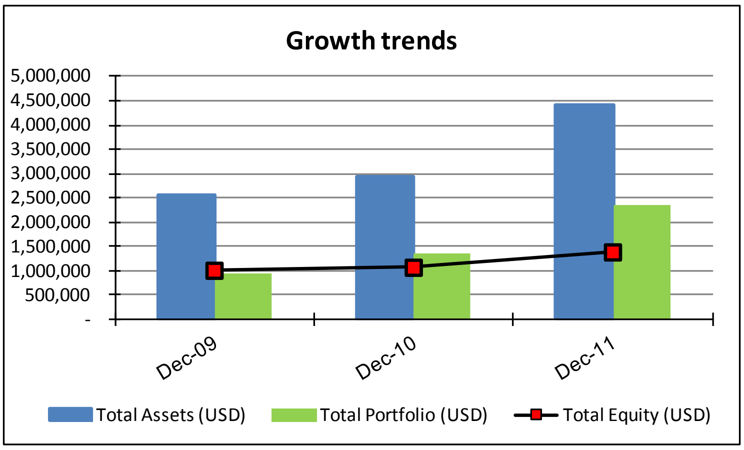
Background

Yehu was founded in 1998 as a project of Choice Humanitarian Kenya, an international NGO based in the US. In July 2007, it was transformed into a Trust company and in April 2011 into a private company limited by shares. Yehu covers 7 of the 13 Coastal districts and mostly serves women through the group lending methodology.

Profile	Dec09	Dec10	Dec11
Active borrowers (#)	4,750	7,310	11,749
Branches (#)	6	6	7
Total staff (#)	59	58	69
Loan officers (#)	20	24	33
Gross outstanding portfolio (USD)	773,875	1,295,391	2,345,599
Total assets (USD)	2,115,043	2,814,079	4,411,307
PAR 30	5.5%	1.9%	3.3%
ROE	0.3%	0.1%	2.4%
ROA	0.2%	0.0%	0.8%
Oper. Self-sufficiency (OSS)	100.7%	107.9%	105.5%
Staff productivity (borrow.)	81	126	170
LO productivity (borrow.)	238	305	356
Operating expense ratio	36.1%	35.4%	21.9%
Funding expense ratio	3.5%	6.8%	6.6%
Provision expense ratio	1.9%	0.9%	0.6%
Portfolio yield	40.6%	39.8%	28.7%
Other products yield	1.3%	2.7%	2.3%
Risk coverage ratio	196.0%	367.6%	113.8%
Debt/Equity ratio	1.5	1.7	2.2

Overview

Yehu achieves a strong growth over the period of analysis. The institution is sustainable over the last three years with profitability indicators following an increasing trend in overall. Efficiency gains are achieved as revealed by the decrease of the operating expense ratio combined with better productivity indicators. Portfolio quality is relatively good and portfolio yield drops in 2011.



YIKE

Legal form	NGO
Year of inception	2009
Networks of reference	AMFI
Area of intervention	Urban slums
Credit methodology	Individual and group lending
Contact details	Benedict Kariuki - Youth Desk Coordinator Kariobangi North Estate Po Box 50622-00200 Tel: +254 20 2303065 benedict@yike.org www.yike.org

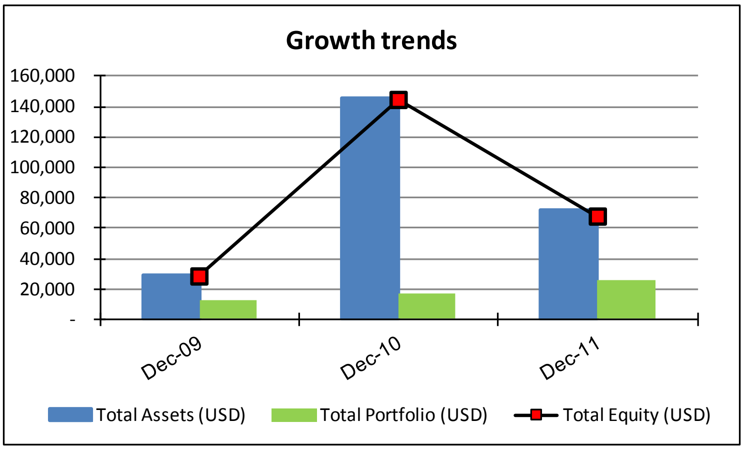
Background

Youth Initiatives-Kenya, (YIKE) is a non-profit organization registered with NGO Council of Kenya, which works with the youth in the urban informal settlements. One of the programs (Youth Desk) has a lending scheme – started in 2009 - where it provides micro loans to support youth for both individual and group businesses. The loans are also accompanied by training in business skills development. YIKE has been working with the youth since 2003 and other programs it offers include: Training and Research builds capacity on livelihoods skills as well research on issues affecting the youth ;Youth Information Centre offers ICT training, internet access and library services; Behavior Change Project focuses on reduction of new HIV infections by increasing awareness about prevention; Gender and Governance program deals with advocacy on gender issues; Plastic Recycling Program focuses on recycling as a business and Girls Empowerment through Micro-Franchising (GEM) works with girls in micro-franchising as a livelihood.

Profile	Dec09	Dec10	Dec11
Active borrowers (#)	5	23	75
Branches (#)	1	1	1
Total staff (#)	3	3	3
Loan officers (#)	2	2	2
Gross outstanding portfolio (USD)	12,662	16,958	25,645
Total assets (USD)	29,644	145,773	72,495
PAR 30	na	24.1%	36.5%
ROE	-714.0%	-293.4%	-274.7%
ROA	-690.2%	-290.1%	-267.7%
Oper. Self-sufficiency (OSS)	2.1%	2.1%	1.6%
Staff productivity (borrow.)	2	8	25
LO productivity (borrow.)	3	12	38
Operating expense ratio	1646.0%	1780.2%	1371.8%
Operat. expense ratio (over assets)	703.1%	295.8%	271.5%
Portfolio yield	0.0%	0.0%	0.0%

Overview

YIKE registers a regular growth in terms of portfolio and number of borrowers. This MFI is socially-oriented and is not looking for profitability: the company relies on donations to finance its activities as it offers low-interest loans to young people. As a consequence, profitability and sustainability ratios are very low.



ANNEX 1: LIST OF PARTICIPANTS

ALL PARTICIPANTS

1. AAR Credit Services
2. BIMAS
3. ECLOF Kenya
4. Equity Bank
5. Faulu Kenya DTM
6. Greenland Fedha
7. Jamii Bora Bank
8. Jitegemea Credit Scheme
9. Juhudi Kilimo
10. Kenya Agency for the Development of Enterprise and Technology (KADET)
11. Kenya Entrepreneurship Empowerment Foundation (KEEF)
12. Kenya Post Office Savings Bank (Postbank)
13. K-REP Bank
14. Kenya Women Finance Trust Limited (KWFT)
15. Microafrica Kenya Ltd
16. Molyn Credit Ltd
17. Musoni Kenya Ltd
18. Opportunity Kenya
19. Pamoja Women Development Programme (PAWDEP)
20. Platinum Credit
21. Rafiki DTM
22. Remu DTM Limited
23. SISDO
24. SMEP DTM
25. SUMAC DTM Limited
26. Taifa Option Microfinance Limited
27. UWEZO DTM
28. Yehu
29. Youth Initiatives-Kenya (YIKE)

COMPOSITION OF THE CATEGORIES USED IN THE DATA ANALYSIS

DTMs only[16]

1. Faulu
2. Kenya Women Finance Trust (KWFT)
3. Rafiki DTM
4. Remu DTM
5. SMEP DTM
6. UWEZO DTM

Without banks

1. AAR Credit Services
2. BIMAS
3. ECLOF Kenya
4. Faulu Kenya DTM
5. Greenland Fedha
6. Jitegemea Credit Scheme
7. Juhudi Kilimo
8. Kenya Agency for the Development of Enterprise and Technology (KADET)
9. Kenya Entrepreneurship Empowerment Foundation (KEEF)
10. Kenya Women Finance Trust Limited (KWFT)
11. Microafrica Kenya Ltd
12. Molyn Credit Ltd
13. Musoni Kenya Ltd
14. Opportunity Kenya
15. Pamoja Women Development Programme (PAWDEP)
16. Platinum Credit
17. Rafiki DTM
18. Remu DTM Limited
19. SISDO
20. SMEP DTM
21. SUMAC DTM Limited
22. Taifa Option Microfinance Limited
23. UWEZO DTM
24. Yehu
25. Youth Initiatives-Kenya (YIKE)

[16] SUMAC DTM obtained the deposit taking license in 2012 so is not considered as a DTM in the data analysis covering 2009-2011.

Annex 2: Definitions of the Ratios

Ratio	Formula
PROFITABILITY	
ROE (before donations)	Net income before donations / Average equity
ROA (before donations)	Net income before donations / Average assets
Operational Self-sufficiency (OSS)	(Financial revenues + Other operating revenues) / (Financial expenses + Provision expenses + Operating expenses)
Portfolio Yield	Interest and fee revenues on loan portfolio / Average gross outstanding portfolio
Other Products' Yield	Other operating revenues / Average gross outstanding portfolio
Placements income ratio	Interest and fee revenues on financial assets not from loan portfolio / Average gross outstanding portfolio
Funding Expense Ratio	Interest and fee expenses on funding liabilities / Average gross outstanding portfolio
Provision Expense Ratio	Loan loss provision expenses / Average gross outstanding portfolio
ASSETS QUALITY	
Portfolio at Risk 30 (PAR 30)	Outstanding balance on loans with arrears > 30 days / Gross outstanding portfolio
Write-off Ratio	Value of loans written-off during the period / Average gross outstanding portfolio
Loan Loss Reserve Ratio	Loan loss reserve / Gross outstanding portfolio
Risk Coverage Ratio (PAR 30)	Loan loss reserve / Portfolio at risk >30 days
EFFICIENCY & PRODUCTIVITY	
Portfolio to Assets Ratio	Net outstanding portfolio / Total assets
Average Outstanding Loan Amount.	Total outstanding loan amount / Number of active loans
Average Disbursed Loan Amount	Total loan amount disbursed in the period / Number of disbursed loans
Avg. Disbursed Loan on p.c. GDP	Average disbursed loan amount / Per capita GDP
Staff Allocation Ratio	Number of loan officers / Number of staff
Loan Officer Productivity – Borrowers	Number of active borrowers / Number of loan officers
Loan Officer Productivity – Amount	Gross outstanding portfolio / Number of loan officers
Staff Productivity – Borrowers (Clients)	Number of active borrowers (clients) / Number of staff
Operating Expenses Ratio	Operating expenses / Average gross outstanding portfolio
CAPITAL ADEQUACY & ALM	
Loans to Deposits Ratio	Net outstanding portfolio / Demand deposits
Cost of Funds Ratio	Interest and fee expenses on funding liabilities / Average funding liabilities
Liquidity over Total Assets Ratio	Cash and cash equivalents / Total assets
Liquidity over Demand Deposits	Cash and cash equivalents / Total demand deposits
Liquidity over Total Deposits	Cash and cash equivalents / (Demand deposits + Short Term Deposits)
Debt to Equity Ratio	Total liabilities / Total equity
Equity to Asset Ratio	Total equity / Total assets
Capital Adequacy Ratio	Total adjusted capital / Total assets