



BlueOrchard[®]

Microfinance Investment Managers

BlueOrchard Loans for Development 2007 - 1, S.A.

Annual Servicer Review 30 June 2009

Attached please find the Annual Servicer Review reports prepared by BlueOrchard Finance, S.A. for the following Borrower MFIs:

1. AccessBank, Azerbaijan (formerly MFBA)
2. Agroinvest, Montenegro
3. Agroinvest, Serbia
4. Amret, Cambodia
5. BancaMia, Colombia
6. Banex, Nicaragua (formerly Findesa)
7. Confianza, Peru
8. Constanta, Georgia
9. Crear Arequipa, Peru
10. CredAgro, Azerbaijan
11. Edyficar, Peru
12. EKI, Bosnia Herzegovina
13. Equity Bank, Kenya
14. FDL Nitalpan, Nicaragua
15. Mikrofin, Bosnia Herzegovina
16. Partner, Bosnia Herzegovina
17. ProCredit Bank Georgia, Georgia
18. WWB Popayan, Colombia
19. XacBank, Mongolia
20. Zao Finca, Russia

Each report contains a written annual review of the MFI, followed by the institution's audited balance sheet and income statement for the past three fiscal years. Unless indicated otherwise, all data dated Dec 2008 refers to audited financial data.

1. AccessBank (formerly MFBA)

STATUS AND HISTORY:

AccessBank, formerly Microfinance Bank of Azerbaijan, was established in October 2002 and is regulated by the National Bank of Azerbaijan. The bank provides credit, savings (since 2005), money transfer and exchange services. AccessBank's corporate mission is to be the leading provider of financial services to privately owned micro, small and medium-sized businesses in Azerbaijan.

MISSION AND MARKET POSITIONING:

AccessBank is the leader in Azerbaijan in micro and SME lending with 75,566 active borrowing clients and 51,520 active savers and depositors as of May 2009. The bank has widened its market coverage through its 21 branches spread over Azerbaijan but the bulk of its portfolio remains in the Absheron region (near the capital, Baku). In 2009, AccessBank plans to grow less aggressively and consolidate its market share since most of the banks had to stop lending due to lack of funding. On the funding side, the needs of AccessBank are more than covered until early 2010 at the current growth rate and deposits are growing rapidly.

ASSET QUALITY:

As of May 2009 AccessBank had total assets of USD 287 million of which 84% represented their loan portfolio. PAR30 was good at 0.8% due to strong lending procedures and high demand from clients who want to maintain a good credit history with the institution. At the same time, the institution maintains an extremely high risk coverage ratio, which was 266.1%. On an absolute basis and when compared to its competitors, AccessBank's portfolio quality is excellent.

FINANCIAL PERFORMANCE:

AccessBank posted impressive results for the year 2008 with a ROA of 7% and ROE of 45%. The Bank's portfolio yield continues to be healthy, at just above 35% range and operational expenses have stabilized around 13%.

SOCIAL PERFORMANCE:

AccessBank is the largest financial service providers to micro and small enterprises in Azerbaijan. While the oil boom has meant that Azerbaijan's GDP is increasing rapidly, only 1% of the population is directly employed by the oil sector, and providing needed financial services to allow the self-employed to grow their businesses in the non-oil sector of the economy is essential to help make a more even distribution of the country's current strong growth.

Additionally, at the beginning of June, the Financial Times named AccessBank one of the top three most sustainable banks in Eastern Europe. The award recognized banks that have shown leadership and innovation in integrating social, environmental and corporate governance considerations into their operations.



BALANCE SHEET

	Year 2008		Year 2007		Year 2006		Growth	Growth
	USD		USD		USD		1 Year	2 Years
	<i>Audited</i>		<i>Audited</i>		<i>Audited</i>			
Assets								
Cash and Cash Equivalents	12,371,858	5.2%	7,647,406	5.8%	3,389,753	6.1%	61.8%	265.0%
Cash in reserve	-	0.0%	-	0.0%	-	0.0%	-	-
Deposits Against Back-to-Back Loan:	-	0.0%	-	0.0%	-	0.0%	-	-
Short Term Investments	16,414,490	6.9%	8,878,538	6.7%	2,817,932	5.1%	84.9%	482.5%
Total Liquidities	28,786,348	12.0%	16,525,943	12.4%	6,207,685	11.2%	74.2%	363.7%
Gross loan portfolio Short term	148,220,798	62.0%	84,069,575	63.3%	38,884,950	70.4%	76.3%	281.2%
Loan loss reserve	-5,071,464	2.1%	-2,343,160	1.8%	-980,101	1.8%	116.4%	417.4%
Other Current Assets	959,832	0.4%	36,557	0.0%	506,633	0.9%	2525.6%	89.5%
Total Current Assets	172,895,515	72.4%	98,288,915	74.0%	44,619,167	80.8%	75.9%	287.5%
Long term outstanding loans	58,512,814	24.5%	29,095,519	21.9%	8,675,663	15.7%	101.1%	574.4%
Property Plant & Equipment Net	7,520,946	3.1%	4,216,981	3.2%	1,825,252	3.3%	78.3%	312.0%
Long term investments	-	0.0%	-	0.0%	-	0.0%	-	-
Total other long term assets	-	0.0%	1,224,057	0.9%	96,066	0.2%	-100.0%	-100.0%
Total Non-Current Assets	66,033,760	27.6%	34,536,557	26.0%	10,596,981	19.2%	91.2%	523.1%
Total Assets	238,929,276	100.0%	132,825,472	100.0%	55,216,148	100.0%	79.9%	332.7%
Total Net Loan Portfolio	201,662,149		110,821,934		46,580,512		82.0%	332.9%
Liabilities								
Sight deposits	5,961,065	2.5%	3,856,132	2.9%	951,510	1.7%	54.6%	526.5%
Short Term Term deposits	20,963,529	8.8%	10,452,830	7.9%	2,792,772	5.1%	100.6%	650.6%
Short Term Compulsory Deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Savings & deposits	26,924,593	11.3%	14,308,962	10.8%	3,744,282	6.8%	88.2%	619.1%
Borrowing short term	19,960,572	8.4%	6,859,670	5.2%	5,677,036	10.3%	191.0%	251.6%
Short term back to back loans	-	0.0%	-	0.0%	-	0.0%	-	-
Other short term Liabilities	3,107,442	1.3%	811,321	0.6%	33,166	0.1%	283.0%	9269.5%
Total Current Liabilities	49,992,607	20.9%	21,979,953	16.5%	9,454,483	17.1%	127.4%	428.8%
Long term Term Deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Long term compulsory savings	-	0.0%	-	0.0%	-	0.0%	-	-
Borrowing long term	147,907,836	61.9%	94,520,047	71.2%	38,947,850	70.5%	56.5%	279.8%
Long term back to back loans	-	0.0%	-	0.0%	-	0.0%	-	-
Subordinated Debt	-	0.0%	-	0.0%	-	0.0%	-	-
Other long term liabilities	-	0.0%	-	0.0%	-	0.0%	-	-
Total Non-Current Liabilities	147,907,836	61.9%	94,520,047	71.2%	38,947,850	70.5%	56.5%	279.8%
Total Liabilities	197,900,444	82.8%	116,500,000	87.7%	48,402,333	87.7%	69.9%	308.9%
Total Deposits	26,924,593		14,308,962		3,744,282		88.2%	619.1%
Total Loans (including Sub-Debt)	167,868,408		101,379,717		44,624,886		65.6%	276.2%
Donations	-	0.0%	-	0.0%	-	0.0%	-	-
Paid in Capital (+ additional Paid)	24,642,681	10.3%	12,971,698	9.8%	7,677,264	13.9%	90.0%	221.0%
Reserves	-	0.0%	-	0.0%	-	0.0%	-	-
Retained earnings	3,504,189	1.5%	3,353,774	2.5%	-863,449	-1.6%	4.5%	-505.8%
Net income for the period	12,881,962	5.4%	-	0.0%	-	0.0%	-	-
Total Equity	41,028,832	17.2%	16,325,472	12.3%	6,813,815	12.3%	151.3%	502.1%
Total Equity & Liabilities	238,929,276	100.0%	132,825,472	100.0%	55,216,148	100.0%	79.9%	332.7%



INCOME STATEMENT

	Year 2008		Year 2007		Year 2006		Growth	
	USD		USD		USD		1 Year	2 Years
	<i>Audited</i>		<i>Audited</i>		<i>Audited</i>			
Income from banking	55,845,244	97.7%	26,350,236	98.0%	9,162,855	94.5%	111.9%	509.5%
Income from investments	-	0.0%	-	0.0%	322,507	3.3%	-	-100.0%
Total Banking Revenue	55,845,244	97.7%	26,350,236	98.0%	9,485,361	97.9%	111.9%	488.8%
Interest and fee expense on Loans	14,005,668	34.5%	8,054,245	38.0%	2,695,563	27.7%	73.9%	419.6%
Interest expense on Deposits	1,696,649	4.2%	-	0.0%	-	0.0%	-	-
Loan loss provision expense	2,607,196	6.4%	1,310,142	6.2%	482,617	5.0%	99.0%	440.2%
Total Banking Expense	18,309,512	45.1%	9,364,387	44.1%	3,178,179	32.6%	95.5%	476.1%
Gross Margin	37,535,732	65.7%	16,985,849	63.2%	6,307,182	65.1%	121.0%	495.1%
Loan recuperation	-	0.0%	-	0.0%	-	0.0%	-	-
Other operating revenue	835,387	1.5%	482,311	1.8%	208,143	2.1%	73.2%	301.4%
Total other operating revenue	835,387	1.5%	482,311	1.8%	208,143	2.1%	73.2%	301.4%
Personnel expense	13,658,206	33.6%	5,221,698	24.6%	2,354,758	24.2%	161.6%	480.0%
Administrative expense	6,570,971	16.2%	5,507,075	26.0%	3,237,649	33.2%	19.3%	103.0%
Depreciation/amortization	1,166,831	2.9%	783,019	3.7%	507,777	5.2%	49.0%	129.8%
Other operating expense	917,940	2.3%	345,519	1.6%	463,175	4.8%	165.7%	98.2%
Total operating expense	22,313,948	54.9%	11,857,311	55.9%	6,563,358	67.4%	88.2%	240.0%
Operating Margin	16,057,171	28.1%	5,610,849	20.9%	-48,033	-0.5%	186.2%	-33529.5%
Consulting and training	-	0.0%	-	0.0%	-	0.0%	-	-
Currency gain/deflation	487,925	0.9%	63,679	0.2%	-	0.0%	666.2%	-
Donations / Grants	-	0.0%	-	0.0%	-	0.0%	-	-
Other non-operating revenue	-	0.0%	-	0.0%	-	0.0%	-	-
Non-operating revenue	487,925	0.9%	63,679	0.2%	-	0.0%	666.2%	-
Currency loss/inflation	-	0.0%	-	0.0%	189,844	1.9%	-	-100.0%
Other non-operating expense	-	0.0%	-	0.0%	-	0.0%	-	-
Non-operating expense	-	0.0%	-	0.0%	189,844	1.9%	-	-100.0%
Taxes	3,663,135	9.0%	1,430,425	6.7%	40,027	0.4%	156.1%	9051.6%
Net Income	12,881,962	22.5%	4,244,104	15.8%	-277,905	-2.9%	203.5%	-4735.4%

2. Agroinvest Montenegro

STATUS AND HISTORY:

AgroInvest VFI (AI VFI) is an LLC registered in Montenegro in 2005 and supervised by the National Bank of Montenegro. AI VFI was created from the microfinance operations of Agroinvest NGO, which still exists but no longer engages in lending operations (the NGO had been operating since 1999).

AI VFI is fully owned by Vision Fund AgroInvest, a holding company registered in Montenegro, which in turn is fully owned by Vision Fund International (VFI is a holding company created by World Vision that owns all the WV NGOs that have transformed into LLCs).

MISSION AND MARKET POSITIONING:

The company, headquartered in Podgorica, has a staff of 82 and a network of 8 branches. As of May 2009 it serves 25,396 active clients. AI VFI uses an individual methodology through Village Associations, who facilitate the work of loan officers in client selection, loan monitoring, repayment collection and delinquency management. AI VFI focuses in rural areas and provides sector-specific loans (agriculture related) in urban areas. AI VFI's primary target market will remain the low income segment of the population, vulnerable groups, marginalized and under-served citizens, mainly in rural areas. A majority of clients have agriculturally related activities (77%), with less representation in trade (4%), manufacturing (2%) and services (17%). The percentage of top ten loans is very low, at 0.2%.

AgroInvest used to be the only MFI serving the rural population in Montenegro, but Opportunity Bank Montenegro (OBM) entered the market in 2006. Despite OBM's entrance, AI VFI's portfolio has continued to grow. There are other small microfinance NGOs that serve the urban population, but these smaller institutions do not pose a competitive threat to AI VFI. Up to now banks have not yet actively engaged in the microfinance market.

Since 2005, AI VFI has shown consistently strong growth. During 2008, its portfolio increased by 60% and number of clients by 30%. However, 2009 growth projections are more conservative and AI VFI plans a portfolio growth of 5%, focusing more on portfolio quality issues (see below).

ASSET QUALITY:

As of April 2009, AI VFI had total assets of USD 75.6 million of which 95% was comprised of their loan portfolio. The portfolio quality has deteriorated in the past several months, with PAR30 at 5.3% in May 2009 versus 2% in December 2008 and 0.2% in December 2007. The risk coverage ratio dropped to 79% from 103% in December 2008. YTD write-offs as of May 09 were 1.3% versus 0.3% in December 08 and 0.1% in December 07.

This decline in portfolio quality over the last few months is due both to external factors (mainly the global crisis and its consequences on decreased salaries and higher unemployment figures affecting guarantors of AI VFI's clients) and internal factors (weak delinquency control process, weak MIS producing an inadequate arrears report and two cases of fraud at the end of 2008, beginning of 2009). The fraud cases are under control and management, supported by external consultants from EFSE, the European Fund for Southeast Europe, is improving its internal processes. Steps taken include establishment of an Arrears Committee, creation of a collection unit, establishment of a loan restructuring policy, and update of the credit analysis principles in response to the new economic situation.

FINANCIAL PERFORMANCE:

In 2008, AI VFI generated net income of USD 2.1 million on total assets of USD 75 million, for an ROA of 3.3% and an ROE of 12.9%. This is down from the very strong 5.4% ROA posted in 2007 and 9.8% in 2006. This decline is mainly due to a decrease in portfolio yield and an increase in banking expenses. Portfolio yield has declined from 26.7% in as of Dec 2006 to 18.5% as of Dec 2008. This is due to a decline in interest rate as clients go from cycle to cycle 2)

As of May 09, despite an excellent operational expense ratio of 6.6%, AI VFI is loss-making (-USD 1.2 million) due to very high provisioning expenses of USD 2.5 million taken since the beginning of the year. Management has taken proactive measures to reverse the portfolio quality deterioration and plans to break even by the end of 2009.

SOCIAL PERFORMANCE:

Since its inception, AI VFI has had the objective to alleviate rural poverty and promote economic development in rural areas. AI VFI invests in the well-being of clients and their businesses with a focus on broader community benefits from economic development, especially on the lives of children. AI closely measures its social performance thanks to the establishment of in-house social performance team. As of December 2008, 62% of AI VFI's borrowers are female, and 94% are based in rural areas.



BALANCE SHEET

	Year 2008		Year 2007		Year 2006		Growth	Growth
	USD		USD		USD		1 Year	2 Years
	<i>Audited</i>		<i>Audited</i>		<i>Audited</i>			
Assets								
Cash and Cash Equivalents	1,762,277	2.4%	377,269	0.7%	696,280	2.3%	367.1%	153.1%
Cash in reserve	-	0.0%	-	0.0%	-	0.0%	-	-
Deposits Against Back-to-Back Loan:	-	0.0%	-	0.0%	-	0.0%	-	-
Short Term Investments	138,843	0.2%	-	0.0%	-	0.0%	-	-
Total Liquidities	1,901,120	2.5%	377,269	0.7%	696,280	2.3%	403.9%	173.0%
Gross loan portfolio Short term	31,625,873	42.3%	52,487,004	98.6%	29,406,646	96.8%	-39.7%	7.5%
Loan loss reserve	-1,495,599	2.0%	-591,918	1.1%	-324,119	1.1%	152.7%	361.4%
Other Current Assets	788,386	1.1%	563,202	1.1%	334,492	1.1%	40.0%	135.7%
Total Current Assets	32,819,779	43.9%	52,835,557	99.2%	30,113,300	99.2%	-37.9%	9.0%
Long term outstanding loans	41,153,377	55.1%	-	0.0%	-	0.0%	-	-
Property Plant & Equipment Net	764,827	1.0%	411,764	0.8%	251,806	0.8%	85.7%	203.7%
Long term investments	-	0.0%	-	0.0%	-	0.0%	-	-
Total other long term assets	-	0.0%	-	0.0%	-	0.0%	-	-
Total Non-Current Assets	41,918,204	56.1%	411,764	0.8%	251,806	0.8%	#####	#####
Total Assets	74,737,983	100.0%	53,247,321	100.0%	30,365,106	100.0%	40.4%	146.1%
Total Net Loan Portfolio	71,283,650		51,895,086		29,082,527		37.4%	145.1%
Liabilities								
Sight deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Short Term Term deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Short Term Compulsory Deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Savings & deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Borrowing short term	7,232,739	9.7%	2,112,118	4.0%	7,600,632	25.0%	242.4%	-4.8%
Short term back to back loans	-	0.0%	-	0.0%	-	0.0%	-	-
Other short term Liabilities	1,246,663	1.7%	636,374	1.2%	487,947	1.6%	95.9%	155.5%
Total Current Liabilities	8,479,402	11.3%	2,748,491	5.2%	8,088,579	26.6%	208.5%	4.8%
Long term Term Deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Long term compulsory savings	-	0.0%	-	0.0%	-	0.0%	-	-
Borrowing long term	49,391,225	66.1%	35,032,482	65.8%	10,446,290	34.4%	41.0%	372.8%
Long term back to back loans	-	0.0%	-	0.0%	-	0.0%	-	-
Subordinated Debt	-	0.0%	-	0.0%	-	0.0%	-	-
Other long term liabilities	-	0.0%	-	0.0%	-	0.0%	-	-
Total Non-Current Liabilities	49,391,225	66.1%	35,032,482	65.8%	10,446,290	34.4%	41.0%	372.8%
Total Liabilities	57,870,627	77.4%	37,780,973	71.0%	18,534,869	61.0%	53.2%	212.2%
Total Deposits	-		-		-		-	-
Total Loans (including Sub-Debt)	56,623,964		37,144,599		18,046,922		52.4%	213.8%
Donations	-	0.0%	-	0.0%	-	0.0%	-	-
Paid in Capital (+ additional Paid)	9,952,651	13.3%	10,409,643	19.5%	9,335,076	30.7%	-4.4%	6.6%
Reserves	-	0.0%	-	0.0%	-	0.0%	-	-
Retained earnings	4,834,712	6.5%	2,782,380	5.2%	252,471	0.8%	73.8%	1815.0%
Net income for the period	2,079,995	2.8%	2,274,325	4.3%	2,242,689	7.4%	-8.5%	-7.3%
Total Equity	16,867,358	22.6%	15,466,348	29.0%	11,830,236	39.0%	9.1%	42.6%
Total Equity & Liabilities	74,737,985	100.0%	53,247,321	100.0%	30,365,106	100.0%	40.4%	146.1%



INCOME STATEMENT

	Year 2008		Year 2007		Year 2006		Growth	Growth
	USD		USD		USD		1 Year	2 Years
	<i>Audited</i>		<i>Audited</i>		<i>Audited</i>			
Income from banking	11,595,034	98.9%	8,654,571	99.0%	5,637,990	95.6%	34.0%	105.7%
Income from investments	20,809	0.2%	28,069	0.3%	-	0.0%	-25.9%	-
Total Banking Revenue	11,615,843	99.1%	8,682,640	99.3%	5,637,990	95.6%	33.8%	106.0%
Interest and fee expense on Loans	4,030,853	42.6%	2,482,201	39.6%	770,462	22.4%	62.4%	423.2%
Interest expense on Deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Loan loss provision expense	1,113,746	11.8%	259,495	4.1%	-	0.0%	329.2%	-
Total Banking Expense	5,144,599	54.4%	2,741,696	43.7%	770,462	22.4%	87.6%	567.7%
Gross Margin	6,471,245	55.2%	5,940,944	67.9%	4,867,528	82.6%	8.9%	32.9%
Loan recuperation	31,879	0.3%	36,265	0.4%	-	0.0%	-12.1%	-
Other operating revenue	76,202	0.6%	17,893	0.2%	256,689	4.4%	325.9%	-70.3%
Total other operating revenue	108,081	0.9%	54,159	0.6%	256,689	4.4%	99.6%	-57.9%
Personnel expense	1,871,323	19.8%	1,742,124	27.8%	1,191,282	34.7%	7.4%	57.1%
Administrative expense	2,278,465	24.1%	1,654,365	26.4%	1,046,543	30.5%	37.7%	117.7%
Depreciation/amortization	156,836	1.7%	136,308	2.2%	98,591	2.9%	15.1%	59.1%
Other operating expense	-	0.0%	-	0.0%	328,481	9.6%	-	-100.0%
Total operating expense	4,306,624	45.6%	3,532,796	56.3%	2,664,898	77.6%	21.9%	61.6%
Operating Margin	2,272,702	19.4%	2,462,307	28.2%	2,459,319	41.7%	-7.7%	-7.6%
Consulting and training	-	0.0%	-	0.0%	-	0.0%	-	-
Currency gain/deflation	-	0.0%	-	0.0%	-	0.0%	-	-
Donations / Grants	-	0.0%	-	0.0%	-	0.0%	-	-
Other/Extraordinary non-operating r	2,673	0.0%	7,185	0.1%	-	0.0%	-62.8%	-
Non-operating revenue	2,673	0.0%	7,185	0.1%	-	0.0%	-62.8%	-
Currency loss/inflation	-	0.0%	-	0.0%	-	0.0%	-	-
Other/Extraordinary non-operating e	-	0.0%	-	0.0%	-	0.0%	-	-
Non-operating expense	-	0.0%	-	0.0%	-	0.0%	-	-
Taxes	195,380	2.1%	195,167	3.1%	216,629	6.3%	0.1%	-9.8%
Net Income	2,079,995	17.7%	2,274,325	26.0%	2,242,689	38.0%	-8.5%	-7.3%

3. Agroinvest Fund Serbia

STATUS AND HISTORY:

AgroInvest Fund Serbia (AFS) was created in February 2005 as a Serbian registered LLC and is a non-bank financial institution supervised by the Ministry of Finance. AFS was created from the lending operations of the NGO, World Vision International Serbia & Montenegro, which had been active since 2000.

AgroInvest Fund Serbia is fully owned by the Montenegro holding company Vision Fund AgroInvest (VFAI) which was created in 2005 to facilitate the fundraising of AFS. Since Serbian law prohibits non-bank entities from borrowing abroad VFAI is the official Borrower in BOLD 2007 and its financials are attached in this report). VFAI in turn is fully owned by Vision Fund International (VFI). Vision Fund International was created by the U.S. NGO World Vision to manage World Vision's for-profit microfinance operations globally.

MISSION AND MARKET POSITIONING:

AFS's primary target market is the low income segment of the Serbian population, vulnerable groups and marginalized citizens who are under-served by traditional financial services companies and those living in remote rural areas. The MFI offers individual loans to clients in villages in rural areas through Village Associations (VA), of which there are 115 nationwide. The VAs participate actively in the credit process from client recommendation, to client visits and client monitoring and collection of payments for the credit officer.

Competition has intensified among the dozen or so banks operating in urban areas, and they are now increasingly targeting the rural sector. Opportunity Bank Serbia, Procredit Bank, and PBB Banka already compete with AIS. Overall, however, the market appears to be still untapped enough in rural areas that competition should not impede AIS' growth. Despite higher interest rates charged by AIS than by banks, AIS remains the leading institution in rural areas in Serbia. 62% of AFS' borrowers are women and 100% are based in rural areas. A majority of the clients have agricultural-related activities (86%), with less representation in trade (3%), manufacturing (6%) and services (5%). The percentage of top ten loans is very low, at 0.4%.

ASSET QUALITY:

As of May 2009, AFS had total assets of USD 21.3 million of which 86% is comprised of its loan portfolio. Growth at the MFI slowed significantly in the past year: During 2008, AIS's portfolio increased by 1.4% in local currency terms, in comparison with 2007's 67% growth, and the number of clients in fact declined by 1.5%, versus positive growth of 73% in 2007. At the same time, PAR30 has increased noticeably, from 0.8% in Dec 07 to 2.5% in Dec 08 and 5.3% in May 09.

Both the decrease in growth and deterioration in portfolio quality can be largely explained by three factors:

- (1) A disruption in lending activities from March until June 2008 that was brought about by a change in operating models. Serbian regulations prohibit non-bank institutions from having direct credit operations with clients and as a result, all non-banks institutions must work with a partner bank. AIS was forced halt disbursements in early 2008 when the National Bank of Serbia (NBS) recommended a new structure for these partnerships.
- (2) A sharp depreciation of the Serbian dinar against the EUR. This impacted both the cost of living for many of the MFI's borrowers, as many costs in Serbia are fixed in EUR terms, and the servicing costs of loans that are denominated in EUR (40% of the MFI's portfolio)

- (3) The global credit crisis has impacted some of the MFI's borrowers' repayment capacity, through a slowdown in the local economy, lower exports and a reduction in remittances received from relatives working abroad.

The MFI's risk coverage ratio remains adequate at 101% as of May 2009. Write-offs during 2008 were 1.1% of the total outstanding portfolio.

FINANCIAL PERFORMANCE:

Note that audited accounts are not yet available from AFS, and the following figures are taken from unaudited management reports.

For 2008, AFS generated net income of USD 100,000 translating to an ROA of 0.4% (vs 4.4% in 2007) and an ROE of 1.7% (vs 14.3%). The drop in AIS profitability over 2008 is mainly due to the disruption of lending activities early in the year, as described above, and foreign exchange losses of USD 920,000 at end of Dec 08. The Serbian dinar depreciated 16% versus the EUR in the last quarter of 2008, and AIS does not hedge its EUR liabilities due to the lack of available hedging instruments. Year-to-date through May 2009, AIS has incurred losses of USD 255,000 mainly due to large FX losses (the dinar depreciated an additional 5%) and increasing loan loss provision expenses. Management aims to bring AIS to profitability by year-end 2009, through increased interest rates and a greater proportion of disbursement of loans indexed to EUR. The open currency position, however, remains the major risk for the institution.

SOCIAL PERFORMANCE:

The Agroinvest group was established in order to alleviate rural poverty and promote economic development in rural areas in both Montenegro and Serbia. AFS has a strong commitment to target remote and rural communities and also to preserve the social orientation of their work. As a financial institution, AFS invests in the well-being of its clients and their businesses with a focus on broader community benefits from economic development. AFS is very keen and careful about measuring its social performance with the establishment of an in-house social performance team that is shared with AI VFI in Montenegro. In 2005, the MFI introduced a "happy child" program in which 3% of profits are returned to the community from where they came. This program has generated good recognition and response from clients

Please note that the financial statements accompanying this report include those of the operating company Agroinvest Fund Serbia, as well as its holding company and funding vehicle, Agroinvest Vision Fund Holding. Both financial statements are unaudited figures; Audited figures will be provided as soon as reports will be available.



UNAUDITED FINANCIAL STATEMENTS

	Dec 2008		Dec 2007		Dec 2006		Growth	Growth
	USD		USD		USD		1 year	2 years
Balance Sheet								
Cash and Cash Equivalents	1,861,012	8.2%	501,112	2.1%	704,325	5.5%	271.4%	164.2%
Gross Loan Portfolio	19,627,600	86.3%	22,462,111	96.3%	11,894,808	92.1%	-12.6%	65.0%
Reserve for bad loans	-724,207	-3.2%	-577,565	-2.5%	-161,353	-1.2%	25.4%	348.8%
Other assets	1,977,003	8.7%	943,810	4.0%	472,745	3.7%	109.5%	318.2%
Total Assets	22,741,407		23,329,467		12,910,526		-2.5%	76.1%
Savings								
Term Deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Sight Deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Cumpulsory Deposits	-	0.0%	-	0.0%	-	0.0%	-	-
<u>Total Savings</u>	-	0.0%	-	0.0%	-	0.0%	-	-
Non-Deposit Debt								
Senior, Secured Debt	-	0.0%	-	0.0%	-	0.0%	-	-
Senior, Unsecured Debt	1,758,625	7.7%	-	0.0%	-	0.0%	-	-
Subordinated Debt	-	0.0%	-	0.0%	-	0.0%	-	-
Other liabilities	15,545,369	68.4%	16,599,228	71.2%	8,521,302	66.0%	-6.3%	82.4%
<u>Total non-Deposit Debt</u>	17,303,994	76.1%	16,599,228	71.2%	8,521,302	66.0%	4.2%	103.1%
<u>Equity</u>	5,437,414	23.9%	6,730,239	28.8%	4,389,223	34.0%	-19.2%	23.9%
Total Equity and Liabilities	22,741,407		23,329,467		12,910,526		-2.5%	76.1%
Income Statement								
Financial income from lending operations	6,451,665		5,165,383		2,047,523		24.9%	215.1%
Other Operating income	-		-		-		-	-
Financial expense from funding liabilities	1,333,416		1,175,105		352,448		13.5%	278.3%
Loan loss provision expense	413,129		483,139		161,353		-14.5%	156.0%
Operating Expenses	3,447,492		2,428,549		1,098,622		42.0%	213.8%
Foreign exchange gain (loss)	-920,747		-91,620		-83,863		905.0%	997.9%
Donations	-		-		-		-	-
Taxes	228,032		130,220		71,778		75.1%	217.7%
Non-Operating Income	51,848		20,748		-		149.9%	-
Non-Operating Expense	57,320		80,125		19,753		-28.5%	190.2%
Net Income	103,378		797,373		259,705		-87.0%	-60.2%



UNAUDITED FINANCIAL STATEMENTS

	Dec 2008		Dec 2007		Dec 2006		Growth	Growth
	USD		USD		USD		1 year	2 years
Balance Sheet								
Cash and Cash Equivalents	5,310,991	5.3%	760,455	1.0%	1,421,701	3.3%	598.4%	273.6%
Gross Loan Portfolio	92,406,849	93.0%	74,949,304	97.3%	41,301,454	95.3%	23.3%	123.7%
Reserve for bad loans	-2,219,805	-2.2%	-948,305	-1.2%	-485,472	-1.1%	134.1%	357.2%
Other assets	3,869,702	3.9%	2,238,025	2.9%	1,080,574	2.5%	72.9%	258.1%
Total Assets	99,367,738		76,999,479		43,318,258		29.0%	129.4%
Savings								
Term Deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Sight Deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Cumpulsory Deposits	-	0.0%	-	0.0%	-	0.0%	-	-
<u>Total Savings</u>	-	0.0%	-	0.0%	-	0.0%	-	-
Non-Deposit Debt								
Senior, Secured Debt	-	0.0%	-	0.0%	-	0.0%	-	-
Senior, Unsecured Debt	74,792,820	75.3%	54,816,711	71.2%	26,568,184	61.3%	-96.4%	-92.5%
Subordinated Debt	-	0.0%	-	0.0%	-	0.0%	-	-
Other liabilities	1,982,072	2.0%	-	0.0%	-	-	-	-
<u>Total non-Deposit Debt</u>	<u>76,774,892</u>	<u>77.3%</u>	<u>54,816,711</u>	<u>71.2%</u>	<u>26,568,184</u>	<u>61.3%</u>	<u>40.1%</u>	<u>189.0%</u>
<u>Equity</u>	<u>22,592,846</u>	<u>22.7%</u>	<u>22,182,768</u>	<u>28.8%</u>	<u>16,750,075</u>	<u>38.7%</u>	<u>1.8%</u>	<u>34.9%</u>
Total Equity and Liabilities	99,367,738		76,999,479		43,318,258		29.0%	129.4%
Income Statement								
Financial income from lending operations	18,094,818		13,999,173		7,898,222		29.3%	129.1%
Other Operating income	580,238		-		-		-	-
Financial expense from funding liabilities	5,035,550		3,262,555		964,687		54.3%	422.0%
Loan loss provision expense	1,534,997		521,454		489,836		194.4%	213.4%
Operating Expenses	7,966,339		6,396,900		3,375,558		24.5%	136.0%
Foreign exchange gain (loss)	-920,753		-		-		-	-
Donations	-		-		-		-	-
Taxes	936,237		-		-		-	-
Non-Operating Income	123,681		86,017		60,625		43.8%	104.0%
Non-Operating Expense	253,383		680,118		687,178		-62.7%	-63.1%
Net Income	2,151,478		3,224,161		2,441,589		-33.3%	-11.9%

4. AMRET

STATUS AND HISTORY:

Amret is a private, limited liability company and regulated microfinance institution. In 2008, the company became a regulated, deposit taking microfinance institution as per the National Bank of Cambodia's new regulations.

The MFI started operations in 1991 as an experimental project of GRET (the French development NGO Groupe de Recherche et d'Echanges Technologiques) and transformed into a stand-alone company in 2000. The initial capital was provided by two shareholders, the French organizations GRET (81%) and SIDI. Amret's current shareholders are: GRET, Proparco, FMO, Oikocredit, LFP, Advans S.A. (formerly La Fayette Investissement) and Botta, a company incorporated by Amret's staff association.

MISSION AND MARKET POSITIONING:

Amret was created to provide financial services to Cambodia's rural poor. As of December 2008, it was the second largest MFI in Cambodia in terms of number of clients and the fourth largest in terms of total assets. Amret's average loan size is among the lowest in the market at USD 241, reflecting its focus on the rural poor. The company has 7 provincial branches serving over 230,000 clients in more than 13 provinces.

Initially, Amret provided exclusively group loans to clients in the rural areas, but it now offers individual loans as well as savings products. It has also expanded into urban areas primarily in attempts to tap urban savings. Currently group loans account for 53% of the portfolio and individual loans (47%). Loans are made in both USD and local currency. Amret's borrowers are predominantly female (83%), and rural based. A majority of the clients are involved in agriculture-related activities (66.2%), with less representation in trade (14.3%), manufacturing (7.7%) and services 4%. The percentage of top ten loans is very low, at 0.2%.

ASSET QUALITY:

As of May 2009, the loan portfolio totaled USD 55.5 million out of total assets of USD 79.2 million. The portfolio grew an impressive 80% during 2008, though year-to-date growth is much lower, at just over 3%. Amret's portfolio quality is still healthy although declining somewhat with the negative impacts of the global financial crisis on the local economy: portfolio at risk (including both PAR30 and restructured loans) has increased to 2.4% from 0.1% from a year earlier, though write-offs were zero in both 2007 and 2008. This is a trend we are observing also in other Cambodian MFIs.

Portfolio quality has been deteriorating mainly in the Siem Reap branches and also in the provinces of Kampong Speu and Kandal due to multi-lending across MFIs and a decline in business activities that are significant sources of repayment, mainly activities linked to construction, tourism and the garment industry.

FINANCIAL PERFORMANCE:

In 2008, Amret generated an ROA of 6.4% and an ROE of 31.3%. Portfolio yield has been steady at about 40.0% but it is expected to decrease due to competition and the increasing percentage of individual loans in the portfolio, which are in USD and bear a lower interest rate.

SOCIAL PERFORMANCE:

Since its inception, Amret has been committed to serving the financial needs of Cambodia's rural poor. Alongside its growth and its expansion into urban areas, the company remains committed to 'contributing to rural development in order to improve the living standards of the population.' It has one of the lowest average loan sizes of the regulated MFIs in Cambodia and continues to target the more remote and poor populations of the country.



BALANCE SHEET

	Year 2008		Year 2007		Year 2006		Growth	Growth
	USD		USD		USD		1 Year	2 Years
	<i>Audited</i>		<i>Audited</i>		<i>Audited</i>			
Assets								
Cash and Cash Equivalents	1,438,249	2.0%	976,321	2.5%	2,195,896	9.7%	47.3%	-34.5%
Cash in reserve	172,425	0.2%	49,766	0.1%	-	0.0%	246.5%	-
Deposits Against Back-to-Back Loan:	9,723,864	13.8%	-	0.0%	-	0.0%	-	-
Short Term Investments	2,237,757	3.2%	5,697,392	14.7%	1,914,907	8.4%	-60.7%	16.9%
Total Liquidities	13,572,296	19.3%	6,723,480	17.4%	4,110,803	18.1%	101.9%	230.2%
Gross loan portfolio Short term	48,522,598	69.1%	26,697,989	69.0%	16,766,528	73.7%	81.7%	189.4%
Loan loss reserve	-363,243	0.5%	-96,820	0.3%	-55,264	0.2%	275.2%	557.3%
Other Current Assets	1,547,435	2.2%	996,109	2.6%	753,621	3.3%	55.3%	105.3%
Total Current Assets	63,279,085	90.1%	34,320,757	88.7%	21,575,689	94.8%	84.4%	193.3%
Long term outstanding loans	6,450,468	9.2%	3,952,158	10.2%	805,545	3.5%	63.2%	700.8%
Property Plant & Equipment Net	483,163	0.7%	383,212	1.0%	275,238	1.2%	26.1%	75.5%
Long term investments	-	0.0%	-	0.0%	-	0.0%	-	-
Total other long term assets	18,273	0.0%	26,152	0.1%	97,502	0.4%	-30.1%	-81.3%
Total Non-Current Assets	6,951,904	9.9%	4,361,523	11.3%	1,178,285	5.2%	59.4%	490.0%
Total Assets	70,230,989	100.0%	38,682,280	100.0%	22,753,974	100.0%	81.6%	208.7%
Total Net Loan Portfolio	54,609,822		30,553,327		17,516,809		78.7%	211.8%
Liabilities								
Sight deposits	68,979	0.1%	36,882	0.1%	-	0.0%	87.0%	-
Short Term Term deposits	571,428	0.8%	853,884	2.2%	330,300	1.5%	-33.1%	73.0%
Short Term Compulsory Deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Savings & deposits	640,406	0.9%	890,766	2.3%	330,300	1.5%	-28.1%	93.9%
Borrowing short term	16,815,533	23.9%	14,619,006	37.8%	7,286,257	32.0%	15.0%	130.8%
Short term back to back loans	-	0.0%	-	0.0%	-	0.0%	-	-
Other short term Liabilities	2,845,138	4.1%	1,799,322	4.7%	979,554	4.3%	58.1%	190.5%
Total Current Liabilities	20,301,077	28.9%	17,309,094	44.7%	8,596,111	37.8%	17.3%	136.2%
Long term Term Deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Long term compulsory savings	-	0.0%	-	0.0%	-	0.0%	-	-
Borrowing long term	35,192,385	50.1%	12,999,305	33.6%	7,943,562	34.9%	170.7%	343.0%
Long term back to back loans	-	0.0%	-	0.0%	-	0.0%	-	-
Subordinated Debt	995,795	1.4%	-	0.0%	-	0.0%	-	-
Other long term liabilities	-	0.0%	-	0.0%	346,999	1.5%	-	-100.0%
Total Non-Current Liabilities	36,188,180	51.5%	12,999,305	33.6%	8,290,561	36.4%	178.4%	336.5%
Total Liabilities	56,489,258	80.4%	30,308,399	78.4%	16,886,672	74.2%	86.4%	234.5%
Total Deposits	640,406		890,766		330,300		-28.1%	93.9%
Total Loans (including Sub-Debt)	53,003,714		27,618,311		15,229,819		91.9%	248.0%
Donations	-	0.0%	-	0.0%	-	0.0%	-	-
Paid in Capital (+ additional Paid)	3,916,277	5.6%	1,485,791	3.8%	1,377,461	6.1%	163.6%	184.3%
Reserves	1,121,961	1.6%	845,676	2.2%	744,504	3.3%	32.7%	50.7%
Retained earnings	5,237,535	7.5%	3,547,808	9.2%	2,408,685	10.6%	47.6%	117.4%
Net income for the period	3,465,959	4.9%	2,494,606	6.4%	1,336,651	5.9%	38.9%	159.3%
Total Equity	13,741,732	19.6%	8,373,882	21.6%	5,867,301	25.8%	64.1%	134.2%
Total Equity & Liabilities	70,230,989	100.0%	38,682,280	100.0%	22,753,974	100.0%	81.6%	208.7%



INCOME STATEMENT

	Year 2008		Year 2007		Year 2006		Growth	Growth
	USD		USD		USD		1 Year	2 Years
	<i>Audited</i>		<i>Audited</i>		<i>Audited</i>			
Income from banking	14,814,941	98.2%	9,656,914	98.2%	5,780,051	97.9%	53.4%	156.3%
Income from investments	216,665	1.4%	130,531	1.3%	84,465	1.4%	66.0%	156.5%
Total Banking Revenue	15,031,606	99.7%	9,787,444	99.5%	5,864,516	99.4%	53.6%	156.3%
Interest and fee expense on Loans	4,711,599	44.3%	3,102,139	46.2%	1,107,469	26.2%	51.9%	325.4%
Interest expense on Deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Loan loss provision expense	280,321	2.6%	44,045	0.7%	1,545	0.0%	536.4%	#####
Total Banking Expense	4,991,920	46.9%	3,146,183	46.9%	1,109,014	26.2%	58.7%	350.1%
Gross Margin	10,039,686	66.6%	6,641,261	67.5%	4,755,502	80.6%	51.2%	111.1%
Loan recuperation	-	0.0%	-	0.0%	-	0.0%	-	-
Other operating revenue	47,387	0.3%	40,784	0.4%	36,018	0.6%	16.2%	31.6%
Total other operating revenue	47,387	0.3%	40,784	0.4%	36,018	0.6%	16.2%	31.6%
Personnel expense	3,008,127	28.3%	1,950,669	29.1%	1,380,211	32.6%	54.2%	117.9%
Administrative expense	2,341,361	22.0%	1,368,260	20.4%	1,640,552	38.7%	71.1%	42.7%
Depreciation/amortization	126,099	1.2%	114,985	1.7%	104,643	2.5%	9.7%	20.5%
Other operating expense	166,838	1.6%	127,629	1.9%	-	0.0%	30.7%	-
Total operating expense	5,642,425	53.1%	3,561,543	53.1%	3,125,406	73.8%	58.4%	80.5%
Operating Margin	4,444,648	29.5%	3,120,503	31.7%	1,666,114	28.2%	42.4%	166.8%
Consulting and training	-	0.0%	-	0.0%	-	0.0%	-	-
Currency gain/deflation	-	0.0%	-	0.0%	-	0.0%	-	-
Donations / Grants	636	0.0%	4,758	0.0%	1,365	0.0%	-86.6%	-53.4%
Other non-operating revenue	-	0.0%	-	0.0%	-	0.0%	-	-
Non-operating revenue	636	0.0%	4,758	0.0%	1,365	0.0%	-86.6%	-53.4%
Currency loss/inflation	22,234	0.2%	49,674	0.7%	2,026	0.0%	-55.2%	997.6%
Other non-operating expense	-	0.0%	-	0.0%	-	0.0%	-	-
Non-operating expense	22,234	0.2%	49,674	0.7%	2,026	0.0%	-55.2%	997.6%
Taxes	957,091	9.0%	580,981	8.7%	331,894	7.8%	64.7%	188.4%
Net Income	3,465,959	23.0%	2,494,606	25.4%	1,333,560	22.6%	38.9%	159.9%

5. BancaMia (formerly WWB Medellin)

STATUS AND HISTORY:

BancaMia was created in October 2008 as the first specialized microfinance bank in Colombia, formed by the merger of two NGOs in the Women's World Banking (WWB) network, WWB Medellín and WWB Bogotá. The BBVA Foundation owns 51% of the bank and the remaining 49% of the shares are split equally between the two WWB affiliates. Both predecessor organizations have long and successful operating histories in Colombia's microfinance market (since 1985 and 1980, respectively).

MISSION AND MARKET POSITIONING:

As of May 2009, BancaMia is positioned nation-wide with a network of 88 branches. The bank shows a portfolio growth YTD of 22.4% due to the aggressive expansion strategy for this year (60%), which has involved doubling its number of loan officers. At the same time, several organizational changes have been introduced in order to position the bank's brand and implement its long-term strategy. The bank is committed to continuously serve the same market niche, amplifying the kind of services provided to the target clientele. Management also expects to begin raising deposits next year.

ASSET QUALITY:

BancaMia has experienced some deterioration in its portfolio quality since last year, due principally to evidence of over-indebtedness that has hit all MFIs and banks across the country, combined with the recessionary macroeconomic environment. Thus while WWB Medellín had a PAR30 of 1.5%, with no restructured loans or YTD write-offs as of May 2008, a year later in May 2009, BancaMia posted a PAR30 of 4.9% plus 0.6% of restructured loans and 0.7% YTD write-offs.

Managing the portfolio was complicated by MIS difficulties resulting from the merger. The bank is currently working with the original IT systems of each WWB affiliate and using parallel systems resulted in a short term negative impact on collections (PAR 30 increased from 3.3% in October 2008 when the bank was created to 4.5% in November 2008). Management expects to operate with a new, integrated, system by late July 2009.

BancaMia's loan loss provisions were increased considerably as a result of the adjustment to regulatory requirements and currently exceed 100% of PAR30.

FINANCIAL PERFORMANCE:

As of December 2008, BancaMia showed losses of USD 1.1 million, explained mainly by the increase in provision expenses and some reduction in its financial revenue (both due to the portfolio deterioration after the merger, and in the case of the provisions, also by regulatory requirements). Thus, gross margin reduced dramatically and was not enough to cover operating expenses. As of May 2009, the bank continues to show losses (now at USD 2.6 million), but management expects to reach its break-even by the end of the year.

SOCIAL PERFORMANCE:

BancaMia has almost 233,000 micro-entrepreneurs clients, mostly belonging to the bottom socio-economic layers and more than 65% of its clients are women. Its average loan is under USD

800, and almost 50% of its portfolio corresponds to loans under USD 1500. By 2013, BancaMia expects to reach more than 1 million clients through an expansion of its network (with more than 130 branches).



BALANCE SHEET

	BancaMia		WWB Medellin Only		WWB Medellin Only		Growth	Growth
	Year 2008		Year 2007		Year 2006		1 Year	2 Years
	USD		USD		USD			
	<i>Audited</i>		<i>Audited</i>		<i>Audited</i>			
Assets								
Cash and Cash Equivalents	4,313,584	2.1%	544,900	0.8%	101,683	0.3%	691.6%	4142.2%
Cash in reserve	-	0.0%	-	0.0%	-	0.0%	-	-
Deposits Against Back-to-Back Loan:	-	0.0%	-	0.0%	-	0.0%	-	-
Short Term Investments	923,799	0.5%	2,396,991	3.3%	840,207	2.6%	-61.5%	9.9%
Total Liquidities	5,237,383	2.6%	2,941,891	4.1%	941,890	2.9%	78.0%	456.1%
Gross loan portfolio Short term	32,602,931	16.1%	20,392,945	28.4%	12,212,756	38.0%	59.9%	167.0%
Loan loss reserve	-6,445,667	3.2%	-1,499,037	2.1%	-686,578	2.1%	330.0%	838.8%
Other Current Assets	4,838,480	2.4%	997,305	1.4%	379,624	1.2%	385.2%	1174.5%
Total Current Assets	36,233,127	17.9%	22,833,104	31.8%	12,847,691	40.0%	58.7%	182.0%
Long term outstanding loans	130,411,903	64.3%	47,583,538	66.2%	18,319,134	57.1%	174.1%	611.9%
Property Plant & Equipment Net	2,486,466	1.2%	931,862	1.3%	439,781	1.4%	166.8%	465.4%
Long term investments	-	0.0%	558	0.0%	-	0.0%	-100.0%	-
Total other long term assets	33,731,791	16.6%	557,051	0.8%	493,805	1.5%	5955.4%	6731.0%
Total Non-Current Assets	166,630,160	82.1%	49,073,009	68.2%	19,252,719	60.0%	239.6%	765.5%
Total Assets	202,863,287	100.0%	71,906,112	100.0%	32,100,410	100.0%	182.1%	532.0%
Total Net Loan Portfolio	156,569,167		66,477,446		29,845,312		135.5%	424.6%
Liabilities								
Sight deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Short Term Term deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Short Term Compulsory Deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Savings & deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Borrowing short term	30,023,685	14.8%	30,739,765	42.7%	358,198	1.1%	-2.3%	8281.9%
Short term back to back loans	-	0.0%	-	0.0%	-	0.0%	-	-
Other short term Liabilities	11,591,783	5.7%	1,486,561	2.1%	229,840	0.7%	679.8%	4943.4%
Total Current Liabilities	41,615,468	20.5%	32,226,326	44.8%	588,038	1.8%	29.1%	6977.0%
Long term Term Deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Long term compulsory savings	-	0.0%	-	0.0%	-	0.0%	-	-
Borrowing long term	95,739,840	47.2%	31,056,698	43.2%	25,765,825	80.3%	208.3%	271.6%
Long term back to back loans	-	0.0%	-	0.0%	-	0.0%	-	-
Subordinated Debt	-	0.0%	-	0.0%	-	0.0%	-	-
Other long term liabilities	4,557,111	2.2%	6,255	0.0%	41,941	0.1%	72759.5%	10765.6%
Total Non-Current Liabilities	100,296,951	49.4%	31,062,953	43.2%	25,807,765	80.4%	222.9%	288.6%
Total Liabilities	141,912,419	70.0%	63,289,279	88.0%	26,395,804	82.2%	124.2%	437.6%
Total Deposits	-		-		-		-	-
Total Loans (including Sub-Debt)	125,763,525		61,796,463		26,124,023		103.5%	381.4%
Donations	-	0.0%	1,101,346	1.5%	713,153	2.2%	-100.0%	-100.0%
Paid in Capital (+ additional Paid)	62,061,474	30.6%	436,159	0.6%	659,742	2.1%	14129.1%	9306.9%
Reserves	-	0.0%	4,810,145	6.7%	3,128,632	9.7%	-100.0%	-100.0%
Retained earnings	-	0.0%	-	0.0%	-	0.0%	-	-
Net income for the period	-1,110,785	-0.5%	2,269,183	3.2%	1,203,080	3.7%	-149.0%	-192.3%
Total Equity	60,950,689	30.0%	8,616,833	12.0%	5,704,607	17.8%	607.3%	968.4%
Total Equity & Liabilities	202,863,109	100.0%	71,906,112	100.0%	32,100,410	100.0%	182.1%	532.0%



INCOME STATEMENT

	BancaMia		WWB Medellin Only		WWB Medellin Only		Growth 1 Year	Growth 2 Years
	Year 2008 USD		Year 2007 USD		Year 2006 USD			
	<u>Audited</u>		<u>Audited</u>		<u>Audited</u>			
Income from banking	13,279,998	73.3%	15,067,917	96.0%	5,228,137	72.1%	-11.9%	154.0%
Income from investments	166,506	0.9%	177,529	1.1%	73,049	1.0%	-6.2%	127.9%
Total Banking Revenue	13,446,504	74.2%	15,245,446	97.2%	5,301,186	73.2%	-11.8%	153.7%
Interest and fee expense on Loans	4,262,831	22.2%	5,207,659	40.1%	1,933,416	32.0%	-18.1%	120.5%
Interest expense on Deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Loan loss provision expense	7,971,382	41.4%	1,244,907	9.6%	590,925	9.8%	540.3%	1249.0%
Total Banking Expense	12,234,213	63.6%	6,452,567	49.7%	2,524,341	41.8%	89.6%	384.6%
Gross Margin	1,212,291	6.7%	8,792,879	56.0%	2,776,845	38.3%	-86.2%	-56.3%
Loan recuperation	-	0.0%	-	0.0%	-	0.0%	-	-
Other operating revenue	4,007	0.0%	-	0.0%	1,766,162	24.4%	-	-99.8%
Total other operating revenue	4,007	0.0%	-	0.0%	1,766,162	24.4%	-	-99.8%
Personnel expense	3,463,244	18.0%	3,900,451	30.0%	1,997,403	33.0%	-11.2%	73.4%
Administrative expense	2,827,492	14.7%	2,264,509	17.4%	1,297,273	21.5%	24.9%	118.0%
Depreciation/amortization	669,142	3.5%	293,806	2.3%	218,967	3.6%	127.7%	205.6%
Other operating expense	17,363	0.1%	62,769	0.5%	-	0.0%	-72.3%	-
Total operating expense	6,977,241	36.3%	6,521,535	50.2%	3,513,643	58.1%	7.0%	98.6%
Operating Margin	-5,760,943	-31.8%	2,271,344	14.5%	1,029,364	14.2%	-353.6%	-659.7%
Consulting and training	-	0.0%	-	0.0%	-	0.0%	-	-
Currency gain/deflation	-	0.0%	334,260	2.1%	66,010	0.9%	-100.0%	-100.0%
Donations / Grants	-	0.0%	16,532	0.1%	-	0.0%	-100.0%	-
Other non-operating revenue	4,671,083	25.8%	95,866	0.6%	113,483	1.6%	4772.5%	4016.1%
Non-operating revenue	4,671,083	25.8%	446,659	2.8%	179,493	2.5%	945.8%	2502.4%
Currency loss/inflation	-	0.0%	338,677	2.6%	-	0.0%	-100.0%	-
Other non-operating expense	20,925	0.1%	20,456	0.2%	5,776	0.1%	2.3%	262.2%
Non-operating expense	20,925	0.1%	359,133	2.8%	5,776	0.1%	-94.2%	262.2%
Taxes	-	0.0%	89,686	0.7%	-	0.0%	-100.0%	-
Net Income	-1,110,785	-6.1%	2,269,183	14.5%	1,203,080	16.6%	-149.0%	-192.3%

6. BANEX (formerly FINDESA)

STATUS AND HISTORY:

Banco del Exito ("Banex") is a bank which operates within the regulatory framework of the Superintendency of Nicaragua. Its regulated status enables it to offer, among other products, term and sight deposits. Banex is headquartered in Managua and operates throughout the country. The MFI has a very strong and diversified shareholder base among local and international owners. Current shareholdings are as follows: the Chairman of the Board: 23.9%, four other members of the Board together: 6.2%, Bex Microfund Corp.: 20.8%, Antares Fund 17.7%, Hivos Triodos 11.1% and five other commercial funds (19.5%).

Banex began as the NGO FINDE (Asociación Fondo del Instituto Nicaragüense de Desarrollo), which started operations in 1993 as a program of the Nicaraguan Institute of Development (INDE) with additional funding from private Nicaraguan investors and from a German Agency for Development. FINDE provided financial services in urban and rural areas, with a focus on micro, small and medium entrepreneurs. In July 1998, FINDE became a legal entity, and FINDESA, Financiera Nicaragüense de Desarrollo S.A., was created in February 2002 by acquiring the assets, liabilities and equity of FINDE enabling it to offer, among other products, savings and deposits. In September 2008, FINDESA obtained the authorisation to transform into a bank and renamed itself Banco del Exito ("Banex").

MISSION AND MARKET POSITIONING:

Banex's mission is to be a world-class bank servicing the micro, small and medium enterprise sector in the region with timely, long-term, profitable financial services. In an increasingly competitive market, Banex is in a position of strength. The size of its resources – total portfolio was USD 134mm as of year-end 2008 -- enables it to develop competitive advantages which are too costly for most MFIs, for example remote banking with portable machines and cards. When consolidation occurs in the coming years, Banex will likely be one of the institutions to absorb smaller, more regional MFIs.

Banex operates 28 branches and provides loans to 31,000 clients, with more than half of its clientele in rural sectors. In the face of strong pressure to reduce its loan interest rates, Banex has sought to diversify its revenues through the introduction of commissions linked to new services and products (such as foreign exchange transactions).

ASSET QUALITY:

Nicaragua's entire microfinance sector has suffered in the past year from a series of negative, unrelated local events – including a local transport strike, a fire in the largest Central American market in Managua, a "no-pay" movement in the North of the country in late 2008 -- as well as negative impacts from the global financial crisis which have lowered remittances sent home by Nicaraguans living abroad, lowered world meat prices, etc). Banex has seen the effects of this in a sharp decline in its portfolio quality.

Portfolio at risk, including both PAR30 and refinanced loans, stood at 15.6% as of April 2009, as compared with April 2008's 3.3%. Note however, that two-thirds of this figure is comprised of restructured and extended loans: Banex has granted borrowers a grace period (on average 2.5 months) for principal payments ("extended loans") to support clients impacted by the different economic crises and whose repayment capacity has not been permanently reduced. The performance of the extended loans is relatively healthy as 70% of them are making normal interest and principal payments. Once these extended loans pay the original amounts of interest

and principal for three consecutive months they are no longer considered “extended”, thus the PAR is expected to decrease significantly over the coming months.

Actions taken to reduce PAR include: lowered maximum loan amounts, more specialized loan officers, and new loan officer incentives with emphasis on quality rather than growth. Loans are well diversified in terms of activities: livestock, commerce, services each at approximately 25% of the portfolio. Banex's national reach also provides good diversification between rural (60%) and urban/semi-urban (40%) clients.

FINANCIAL PERFORMANCE:

Banex's returns were lower in 2008 compared to 2007, with an ROA and ROE of 1.6% and 17.5% respectively compared to 2.6% and 26.1% obtained the previous year. Performance was lower mainly because Banex's growth in assets, principally through short-term loan placements, did not generate a proportional increase in earnings. Portfolio yield declined to around 22% from 28% last year due to a larger SME portfolio and increased PAR. Also, Banex booked less significant positive currency impacts compared to the prior fiscal year. However, Banex managed its operating costs well, maintaining its operating expense ratio at 10.9%, the same as in 2007. Banex was rated BBB+ (local Nicaraguan scale) by Fitch in December 2008.

SOCIAL PERFORMANCE:

As of May 2009, Banex had 31,200 microentrepreneur clients with loans who otherwise have limited, little or no access to capital. These entrepreneurs create jobs and stimulate local economic activity. Estimating that each microentrepreneur supports a family of four members, Banex helps almost 125,000 people to obtain better access to basic human needs such as food, housing, education and medical services. In regards to the conditions of the local economy, the support brought to these people constitutes progress in the poorest country of Central America where the GDP per capita (PPP) reached only USD 3,200 at the end of 2008. Furthermore, by encouraging the informal economy, Banex supports the livelihood of the active poor, who would otherwise face extreme difficulty finding a job in a country suffering from high unemployment.



BALANCE SHEET

	Year 2008		Year 2007		Year 2006		Growth	Growth
	USD		USD		USD		1 Year	2 Years
	<i>Audited</i>		<i>Audited</i>		<i>Audited</i>			
Assets								
Cash and Cash Equivalents	30,703,833	17.0%	19,886,259	17.1%	12,297,334	16.1%	54.4%	149.7%
Cash in reserve	-	0.0%	-	0.0%	-	0.0%	-	-
Deposits Against Back-to-Back Loan:	-	0.0%	-	0.0%	-	0.0%	-	-
Short Term Investments	127,967	0.1%	-	0.0%	731,275	1.0%	-	-82.5%
Total Liquidities	30,831,801	17.1%	19,886,259	17.1%	13,028,609	17.0%	55.0%	136.6%
Gross loan portfolio Short term	25,171,941	13.9%	23,299,131	20.1%	7,524,602	9.8%	8.0%	234.5%
Loan loss reserve	-5,938,269	3.3%	-2,243,022	1.9%	-1,100,355	1.4%	164.7%	439.7%
Other Current Assets	14,079,344	7.8%	4,685,075	4.0%	2,726,894	3.6%	200.5%	416.3%
Total Current Assets	64,144,816	35.5%	45,627,444	39.3%	22,179,751	29.0%	40.6%	189.2%
Long term outstanding loans	114,345,881	63.3%	65,129,035	56.1%	50,320,101	65.8%	75.6%	127.2%
Property Plant & Equipment Net	2,133,068	1.2%	1,584,779	1.4%	1,196,229	1.6%	34.6%	78.3%
Long term investments	-	0.0%	648,353	0.6%	1,699,043	2.2%	-100.0%	-100.0%
Total other long term assets	-	0.0%	3,194,616	2.7%	1,047,054	1.4%	-100.0%	-100.0%
Total Non-Current Assets	116,478,949	64.5%	70,556,783	60.7%	54,262,428	71.0%	65.1%	114.7%
Total Assets	180,623,765	100.0%	116,184,226	100.0%	76,442,178	100.0%	55.5%	136.3%
Total Net Loan Portfolio	133,579,553		86,185,145		56,744,348		55.0%	135.4%
Liabilities								
Sight deposits	4,354,828	2.4%	11,033,216	9.5%	6,472,893	8.5%	-60.5%	-32.7%
Short Term Term deposits	33,374,233	18.5%	15,569,445	13.4%	14,776,131	19.3%	114.4%	125.9%
Short Term Compulsory Deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Savings & deposits	37,729,061	20.9%	26,602,661	22.9%	21,249,024	27.8%	41.8%	77.6%
Borrowing short term	22,862,958	12.7%	874,107	0.8%	1,977,846	2.6%	2515.6%	1056.0%
Short term back to back loans	-	0.0%	-	0.0%	-	0.0%	-	-
Other short term Liabilities	6,211,695	3.4%	3,672,635	3.2%	1,351,341	1.8%	69.1%	359.7%
Total Current Liabilities	66,803,714	37.0%	31,149,403	26.8%	24,578,211	32.2%	114.5%	171.8%
Long term Term Deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Long term compulsory savings	-	0.0%	-	0.0%	-	0.0%	-	-
Borrowing long term	89,708,218	49.7%	72,022,636	62.0%	43,607,899	57.0%	24.6%	105.7%
Long term back to back loans	-	0.0%	-	0.0%	-	0.0%	-	-
Subordinated Debt	7,231,066	4.0%	-	0.0%	-	0.0%	-	-
Other long term liabilities	-	0.0%	212,471	0.2%	-	0.0%	-100.0%	-
Total Non-Current Liabilities	96,939,284	53.7%	72,235,107	62.2%	43,607,899	57.0%	34.2%	122.3%
Total Liabilities	163,742,997	90.7%	103,384,511	89.0%	68,186,110	89.2%	58.4%	140.1%
Total Deposits	37,729,061		26,602,661		21,249,024		41.8%	77.6%
Total Loans (including Sub-Debt)	119,802,242		72,896,743		45,585,745		64.3%	162.8%
Donations	195,419	0.1%	-	0.0%	-	0.0%	-	-
Paid in Capital (+ additional Paid)	12,220,506	6.8%	8,442,478	7.3%	5,585,963	7.3%	44.8%	118.8%
Reserves	1,671,407	0.9%	1,270,241	1.1%	789,424	1.0%	31.6%	111.7%
Retained earnings	-	0.0%	3,086,997	2.7%	-331,885	-0.4%	-100.0%	-100.0%
Net income for the period	2,793,436	1.5%	-	0.0%	2,212,565	2.9%	-	26.3%
Total Equity	16,880,768	9.3%	12,799,716	11.0%	8,256,068	10.8%	31.9%	104.5%
Total Equity & Liabilities	180,623,765	100.0%	116,184,226	100.0%	76,442,178	100.0%	55.5%	136.3%



INCOME STATEMENT

	Year 2008		Year 2007		Year 2006		Growth	Growth
	USD		USD		USD		1 Year	2 Years
	<i>Audited</i>		<i>Audited</i>		<i>Audited</i>			
Income from banking	31,221,113	79.6%	22,297,422	76.8%	14,159,835	76.9%	40.0%	120.5%
Income from investments	1,984,981	5.1%	268,903	0.9%	158,544	0.9%	638.2%	1152.0%
Total Banking Revenue	33,206,094	84.7%	22,566,325	77.8%	14,318,379	77.7%	47.1%	131.9%
Interest and fee expense on Loans	9,941,050	28.3%	6,885,188	34.9%	4,145,825	32.5%	44.4%	139.8%
Interest expense on Deposits	1,936,601	5.5%	-	0.0%	-	0.0%	-	-
Loan loss provision expense	5,109,582	14.6%	3,130,342	15.9%	1,549,640	12.1%	63.2%	229.7%
Total Banking Expense	16,987,234	48.4%	10,015,530	50.7%	5,695,465	44.6%	69.6%	198.3%
Gross Margin	16,218,860	41.4%	12,550,794	43.2%	8,622,914	46.8%	29.2%	88.1%
Loan recuperation	-	0.0%	-	0.0%	-	0.0%	-	-
Other operating revenue	4,945,052	12.6%	1,985,798	6.8%	1,435,622	7.8%	149.0%	244.5%
Total other operating revenue	4,945,052	12.6%	1,985,798	6.8%	1,435,622	7.8%	149.0%	244.5%
Personnel expense	5,655,696	16.1%	4,856,216	24.6%	3,401,968	26.6%	16.5%	66.2%
Administrative expense	6,926,881	19.7%	3,153,963	16.0%	2,398,362	18.8%	119.6%	188.8%
Depreciation/amortization	1,743,079	5.0%	530,241	2.7%	470,334	3.7%	228.7%	270.6%
Other operating expense	3,783,459	10.8%	1,186,519	6.0%	804,814	6.3%	218.9%	370.1%
Total operating expense	18,109,115	51.6%	9,726,939	49.3%	7,075,478	55.4%	86.2%	155.9%
Operating Margin	3,054,797	7.8%	4,809,654	16.6%	2,983,058	16.2%	-36.5%	2.4%
Consulting and training	-	0.0%	-	0.0%	-	0.0%	-	-
Currency gain/deflation	1,055,139	2.7%	4,327,829	14.9%	2,627,686	14.3%	-75.6%	-59.8%
Donations / Grants	-	0.0%	-	0.0%	-	0.0%	-	-
Other non-operating revenue	-	0.0%	142,011	0.5%	39,431	0.2%	-100.0%	-100.0%
Non-operating revenue	1,055,139	2.7%	4,469,840	15.4%	2,667,117	14.5%	-76.4%	-60.4%
Currency loss/inflation	-	0.0%	4,104,625	20.8%	2,482,766	19.4%	-100.0%	-100.0%
Other/ non-operating expense	-	0.0%	-	0.0%	-	0.0%	-	-
Non-operating expense	-	0.0%	4,104,625	20.8%	2,482,766	19.4%	-100.0%	-100.0%
Taxes	1,316,501	3.8%	1,543,107	7.8%	954,843	7.5%	-14.7%	37.9%
Net Income	2,793,436	7.1%	3,631,762	12.5%	2,212,565	12.0%	-23.1%	26.3%

7. Edpyme Confianza

STATUS AND HISTORY:

Edpyme Confianza is a non-deposit taking financial institution (an EDPYME - Empresa de Desarrollo de la Pequeña y Micro Empresa) regulated by the Peruvian banking superintendency. It began operations as the microcredit program of the Peruvian NGO SEPAR and transformed into a regulated institution in 1998. Currently, it is in the process of upgrading into a financial company (Financiera) in order to be able to raise deposits. They expect to receive this authorization in the second semester of 2009.

Shareholding in Edpyme Confianza is diverse among local and international groups. The original NGO SEPAR holds the largest share, though this continues to decline with the entrance of new shareholders. SEPAR's holding as of December 2008 was 21.4%, followed by Oikocredit (14.9%), Incofin (12.0%), Volksvermogen (9.1%), ASN Novib Fonds (8.3%), Rural Impulse Fund (7.4%), ResponsAbility (6.6%) and CAF (3.1%), among other minority shareholders. It is expected that new shareholders would enter after its transformation into a Financiera is completed.

MISSION AND MARKET POSITIONING:

Confianza has been primarily a player in the Huancayo department and surrounding regions in the Peru sierra, although since three years ago they have increased their presence in Lima, in particular in the eastern suburbs where migrants from Huancayo tend to live. As of December 2008, it has 34 branches (from which 10 are local agencies shared with Banco de la Nacion, a public-owned bank). Its main competitor is the Caja Municipal de Huancayo, though it also faces growing competition from MiBanco, Cajas Municipales and EDPYMEs, due to the fact that 31% of its portfolio belongs to its Lima offices.

ASSET QUALITY:

As of May 2009, Edpyme Confianza is the leader of the EDPYMEs sector and has a loan portfolio of about USD 95mm which constitutes 78% of its total assets and shows a growth of 12% YTD. The MFI's PAR 30 and restructured loans total 4.0% of the portfolio, which shows a minor increase since December 08 (3.4%), but remains quite strong and below the EDPYME sector average of 5.1% as of December 2008. Edpyme Confianza has a very good risk coverage ratio of 124% of PAR 30.

Nearly a quarter (23%) of Confianza's assets are denominated in USD, however, and this carries with it some credit-related currency risk related to USD loans as most clients earn revenue in Peruvian Soles. Although this is a potential risk to oversee within the Peruvian financial system, it has not been a current threat this year as the Peruvian Sol has been appreciating.

FINANCIAL PERFORMANCE:

In December 2008 EDPYME Confianza was the most profitable EDPYME with net income of USD 3.4 million, which translated to an ROA of 3.8%, (up from 3% in 2007) and an ROE 24.7% (up from 20.3%). Confianza's operational efficiency indicators have been improving since last periods: Operational expenses as a percentage of portfolio declined from 15% in 2007 to 14% by end 2008.

SOCIAL PERFORMANCE:

Edpyme Confianza boasts a strong social impact given that it lends to over 64,000 micro-entrepreneurs, many of whom live in relatively remote areas of the Peruvian sierra. Its average loan size of 1,350 USD is lower than most of its competitors, suggesting that it is supporting people less likely to be served by banks and Cajas Municipales.



BALANCE SHEET

	Year 2008		Year 2007		Year 2006		Growth	Growth
	USD		USD		USD		1 Year	2 Years
	<i>Audited</i>		<i>Audited</i>		<i>Audited</i>			
Assets								
Cash and Cash Equivalents	9,507,800	9.4%	10,998,998	14.2%	967,722	1.8%	-13.6%	882.5%
Cash in reserve	-	0.0%	-	0.0%	-	0.0%	-	-
Deposits Against Back-to-Back Loan:	893,664	0.9%	-	0.0%	-	0.0%	-	-
Short Term Investments	49,029	0.0%	-	0.0%	10,751,385	20.2%	-	-99.5%
Total Liquidities	10,450,493	10.3%	10,998,998	14.2%	11,719,107	22.0%	-5.0%	-10.8%
Gross loan portfolio Short term	26,647,947	26.3%	14,121,607	18.2%	29,087,067	54.6%	88.7%	-8.4%
Loan loss reserve	-3,797,517	3.7%	-2,361,723	3.0%	-1,488,056	2.8%	60.8%	155.2%
Other Current Assets	848,774	0.8%	446,894	0.6%	521,900	1.0%	89.9%	62.6%
Total Current Assets	34,149,698	33.7%	23,205,775	29.9%	39,840,018	74.8%	47.2%	-14.3%
Long term outstanding loans	62,178,542	61.3%	50,134,238	64.7%	9,737,954	18.3%	24.0%	538.5%
Property Plant & Equipment Net	5,155,683	5.1%	4,183,701	5.4%	3,649,854	6.9%	23.2%	41.3%
Long term investments	-	0.0%	-	0.0%	-	0.0%	-	-
Total other long term assets	-	0.0%	-	0.0%	-	0.0%	-	-
Total Non-Current Assets	67,334,225	66.3%	54,317,939	70.1%	13,387,809	25.2%	24.0%	403.0%
Total Assets	101,483,922	100.0%	77,523,714	100.0%	53,227,826	100.0%	30.9%	90.7%
Total Net Loan Portfolio	85,028,972		61,894,122		37,336,965		37.4%	127.7%
Liabilities								
Sight deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Short Term Term deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Short Term Compulsory Deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Savings & deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Borrowing short term	20,822,429	20.5%	16,192,719	20.9%	17,467,831	32.8%	28.6%	19.2%
Short term back to back loans	-	0.0%	-	0.0%	-	0.0%	-	-
Other short term Liabilities	2,012,735	2.0%	1,229,125	1.6%	501,550	0.9%	63.8%	301.3%
Total Current Liabilities	22,835,164	22.5%	17,421,844	22.5%	17,969,381	33.8%	31.1%	27.1%
Long term Term Deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Long term compulsory savings	-	0.0%	-	0.0%	-	0.0%	-	-
Borrowing long term	62,467,287	61.6%	48,578,156	62.7%	27,337,278	51.4%	28.6%	128.5%
Long term back to back loans	-	0.0%	-	0.0%	-	0.0%	-	-
Subordinated Debt	-	0.0%	-	0.0%	-	0.0%	-	-
Other long term liabilities	-	0.0%	-	0.0%	311,199	0.6%	-	-100.0%
Total Non-Current Liabilities	62,467,287	61.6%	48,578,156	62.7%	27,648,477	51.9%	28.6%	125.9%
Total Liabilities	85,302,451	84.1%	66,000,000	85.1%	45,617,858	85.7%	29.2%	87.0%
Total Deposits	-		-		-		-	-
Total Loans (including Sub-Debt)	83,289,717		64,770,875		44,805,109		28.6%	85.9%
Donations	-	0.0%	-	0.0%	-	0.0%	-	-
Paid in Capital (+ additional Paid)	12,269,659	12.1%	9,263,527	11.9%	6,650,700	12.5%	32.5%	84.5%
Reserves	485,833	0.5%	315,297	0.4%	221,972	0.4%	54.1%	118.9%
Retained earnings	-	0.0%	-	0.0%	-	0.0%	-	-
Net income for the period	3,425,979	3.4%	1,944,890	2.5%	737,297	1.4%	76.2%	364.7%
Total Equity	16,181,471	15.9%	11,523,714	14.9%	7,609,968	14.3%	40.4%	112.6%
Total Equity & Liabilities	101,483,922	100.0%	77,523,714	100.0%	53,227,826	100.0%	30.9%	90.7%



INCOME STATEMENT

	Year 2008 USD		Year 2007 USD		Year 2006 USD		Growth 1 Year	Growth 2 Years
	<i>Audited</i>		<i>Audited</i>		<i>Audited</i>			
Income from banking	24,247,692	96.4%	16,370,741	94.2%	9,515,983	94.1%	48.1%	154.8%
Income from investments	246,100	1.0%	345,691	2.0%	254,532	2.5%	-28.8%	-3.3%
Total Banking Revenue	24,493,792	97.4%	16,716,433	96.2%	9,770,514	96.6%	46.5%	150.7%
Interest and fee expense on Loans	6,747,851	34.6%	5,294,589	36.8%	3,060,956	34.2%	27.4%	120.4%
Interest expense on Deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Loan loss provision expense	2,245,145	11.5%	1,294,923	9.0%	682,821	7.6%	73.4%	228.8%
Total Banking Expense	8,992,996	46.1%	6,589,512	45.8%	3,743,778	41.8%	36.5%	140.2%
Gross Margin	15,500,796	61.6%	10,126,921	58.3%	6,026,737	59.6%	53.1%	157.2%
Loan recuperation	99,013	0.4%	-	0.0%	144,642	1.4%	-	-31.5%
Other operating revenue	241,961	1.0%	197,729	1.1%	5,635	0.1%	22.4%	4193.6%
Total other operating revenue	340,974	1.4%	197,729	1.1%	150,277	1.5%	72.4%	126.9%
Personnel expense	6,169,373	31.7%	4,349,365	30.3%	2,686,203	30.0%	41.8%	129.7%
Administrative expense	3,722,381	19.1%	2,935,872	20.4%	2,179,957	24.4%	26.8%	70.8%
Depreciation/amortization	480,739	2.5%	388,444	2.7%	232,303	2.6%	23.8%	106.9%
Other operating expense	61,127	0.3%	67,802	0.5%	54,162	0.6%	-9.8%	12.9%
Total operating expense	10,433,620	53.5%	7,741,483	53.9%	5,152,625	57.6%	34.8%	102.5%
Operating Margin	5,408,150	21.5%	2,583,166	14.9%	1,024,389	10.1%	109.4%	427.9%
Consulting and training	-	0.0%	-	0.0%	-	0.0%	-	-
Currency gain/deflation	-	0.0%	-	0.0%	-	0.0%	-	-
Donations / Grants	100,923	0.4%	45,090	0.3%	-	0.0%	123.8%	-
Other non-operating revenue	211,716	0.8%	423,848	2.4%	192,229	1.9%	-50.0%	10.1%
Non-operating revenue	312,639	1.2%	468,938	2.7%	192,229	1.9%	-33.3%	62.6%
Currency loss/inflation	-	0.0%	-	0.0%	-	0.0%	-	-
Other non-operating expense	59,854	0.3%	42,084	0.3%	54,789	0.6%	42.2%	9.2%
Non-operating expense	59,854	0.3%	42,084	0.3%	54,789	0.6%	42.2%	9.2%
Taxes	2,234,957	11.5%	1,065,130	7.4%	424,533	4.7%	109.8%	426.5%
Net Income	3,425,979	13.6%	1,944,890	11.2%	737,297	7.3%	76.2%	364.7%

8. Constanta

STATUS AND HISTORY:

Constanta Bank is a for-profit regulated Microfinance Organization, registered as a bank since July 2008. It transformed from an NGO to a Joint-Stock Company in November 2007 in line with the new 2006 law on microfinance. It is owned by its founding NGO, Constanta Foundation (77.45%) and management (22.55%).

Constanta started its operations in 1997 and was registered as a Microfinance Organization in March 2005. Initial funding was provided by UNHCR and subsequently USAID.

MISSION AND MARKET POSITIONING:

With its 20-branch network Constanta currently covers the main urban areas and the main rural centers of Georgia. The number of borrowers decreased by 21% during 2008 to 11,552 due to a change in lending methodology from group to individual lending and the scarcity of external funding during 2008. The shift towards individual loans was in part caused by the demand of new clients, but also to a large extent by group loan clients who have shifted to individual loans as their businesses have expanded.

During 2009, the total number of clients has continued to decrease, standing at 9,473 as at May 2009. This reflects lower demand from final borrowers in the context of a slowdown of economic activity and Constanta's need to build up liquidity to repay due debts during the first half of the year. Thanks to new funding totaling USD 3.75 million received in April and May 2009, Constanta resumed lending activity in May 2009.

ASSET QUALITY:

As of May 2009, Constanta reported total assets of USD 36.4 million of which 75% was comprised of its loan portfolio. The bank had USD 4.4 million in cash. Total assets were down by 25% year-on-year in USD, not only due to the slowdown of portfolio growth but also to the 20% devaluation of the Lari in November 2008.

Despite the war between Georgia and Russia in August 2008, Constanta managed to maintain good portfolio quality levels. The institution did not have large exposures in the Gori region or near the Black Sea coast where the Russian army was present. Portfolio quality slightly deteriorated in line with the economic crisis but remains at much better levels than Constanta's peers. As at May 2009, PAR 30 stood at 2.5%, year-to-date write-offs at 1% and reprogrammed loans at 1.8%. The risk coverage ratio is good at 102%.

FINANCIAL PERFORMANCE:

Due to decreased portfolio growth, a high provisioning level and significant operating expenses related to the transformation into a for-profit entity and a bank, Constanta posted a significant loss of USD 2.5 million as of December 2008. This was the MFI's second consecutive year of losses, bringing total losses over the two years to almost USD 3mm, or 39% of Dec 2006 equity. These losses, combined with a significant upcoming debt maturities, and non-compliance with various financial loan covenants prompted the external auditors, Deloitte & Touche, to include in their 2008 auditor's opinion that the "existence of material uncertainty . . . may cast doubt about the bank's ability to continue as a going concern". It is important to note that waivers were received by the MFI for breached covenants (one waiver is still under process with the EBRD but should be shortly obtained). The bank is also in full compliances of the capital ratio as of April 2009.

Constanta's financial situation has improved during 2009 with operating expenses decreasing to a more reasonable level of 20% of portfolio as at May 2009 (from 29% a year ago). Owing to reversals of loan loss provisions, the bank posted a net profit of USD 343,000 as at May 2009.

SOCIAL PERFORMANCE:

Constanta has a natural geographic diversification in both rural and urban areas as it is working on a national level. Constanta also has a good social impact operating in rural areas providing micro loans with average loan size of USD 2,875 as of May 2009.



BALANCE SHEET

	Year 2008		Year 2007		Year 2006		Growth	Growth
	USD		USD		USD		1 Year	2 Years
	<i>Audited</i>		<i>Audited</i>		<i>Audited</i>			
Assets								
Cash and Cash Equivalents	1,470,995	3.5%	1,177,470	2.9%	139,312	0.4%	24.9%	955.9%
Cash in reserve	12,624	0.0%	-	0.0%	-	0.0%	-	-
Deposits Against Back-to-Back Loan:	-	0.0%	-	0.0%	-	0.0%	-	-
Short Term Investments	1,238,954	2.9%	5,858,402	14.7%	9,872,981	31.4%	-78.9%	-87.5%
Total Liquidities	2,722,573	6.4%	7,035,872	17.6%	10,012,292	31.8%	-61.3%	-72.8%
Gross loan portfolio Short term	23,344,154	55.1%	13,509,125	33.8%	13,286,116	42.2%	72.8%	75.7%
Loan loss reserve	-1,095,882	2.6%	-534,298	1.3%	-560,173	1.8%	105.1%	95.6%
Other Current Assets	-	0.0%	312,146	0.8%	822,407	2.6%	-100.0%	-100.0%
Total Current Assets	24,970,845	59.0%	20,322,845	50.9%	23,560,642	74.8%	22.9%	6.0%
Long term outstanding loans	11,369,402	26.8%	13,479,547	33.8%	6,819,246	21.7%	-15.7%	66.7%
Property Plant & Equipment Net	5,088,668	12.0%	4,709,880	11.8%	1,091,079	3.5%	8.0%	366.4%
Long term investments	-	0.0%	-	0.0%	-	0.0%	-	-
Total other long term assets	923,956	2.2%	1,402,769	3.5%	12,292	0.0%	-34.1%	7416.6%
Total Non-Current Assets	17,382,026	41.0%	19,592,196	49.1%	7,922,618	25.2%	-11.3%	119.4%
Total Assets	42,352,870	100.0%	39,915,041	100.0%	31,483,259	100.0%	6.1%	34.5%
Total Net Loan Portfolio	33,617,674		26,454,374		19,545,188		27.1%	72.0%
Liabilities								
Sight deposits	674,482	1.6%	-	0.0%	-	0.0%	-	-
Short Term Term deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Short Term Compulsory Deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Savings & deposits	674,482	1.6%	-	0.0%	-	0.0%	-	-
Borrowing short term	29,397,054	69.4%	10,698,553	26.8%	13,088,855	41.6%	174.8%	124.6%
Short term back to back loans	-	0.0%	-	0.0%	-	0.0%	-	-
Other short term Liabilities	154,494	0.4%	353,052	0.9%	534,418	1.7%	-56.2%	-71.1%
Total Current Liabilities	30,226,029	71.4%	11,051,605	27.7%	13,623,273	43.3%	173.5%	121.9%
Long term Term Deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Long term compulsory savings	-	0.0%	-	0.0%	-	0.0%	-	-
Borrowing long term	5,195,071	12.3%	19,197,609	48.1%	10,100,094	32.1%	-72.9%	-48.6%
Long term back to back loans	-	0.0%	-	0.0%	-	0.0%	-	-
Subordinated Debt	-	0.0%	-	0.0%	-	0.0%	-	-
Other long term liabilities	-	0.0%	244,179	0.6%	-	0.0%	-100.0%	-
Total Non-Current Liabilities	5,195,071	12.3%	19,441,787	48.7%	10,100,094	32.1%	-73.3%	-48.6%
Total Liabilities	35,421,100	83.6%	30,493,392	76.4%	23,723,367	75.4%	16.2%	49.3%
Total Deposits	674,482		-		-		-	-
Total Loans (including Sub-Debt)	34,592,125		29,896,161		23,188,949		15.7%	49.2%
Donations	-	0.0%	-	0.0%	-	0.0%	-	-
Paid in Capital (+ additional Paid)	9,422,904	22.2%	9,104,468	22.8%	-	0.0%	3.5%	-
Reserves	-	0.0%	784,770	2.0%	-	0.0%	-100.0%	-
Retained earnings	-	0.0%	-	0.0%	6,765,395	21.5%	-	-100.0%
Net income for the period	-2,491,133	-5.9%	-467,590	-1.2%	994,498	3.2%	432.8%	-350.5%
Total Equity	6,931,770	16.4%	9,421,649	23.6%	7,759,892	24.6%	-26.4%	-10.7%



INCOME STATEMENT

	Year 2008		Year 2007		Year 2006		Growth	Growth
	USD		USD		USD		1 Year	2 Years
	<i>Audited</i>		<i>Audited</i>		<i>Audited</i>			
Income from banking	9,240,156	93.7%	8,841,410	86.4%	5,619,878	86.3%	4.5%	64.4%
Income from investments	177,938	1.8%	-	0.0%	440,178	6.8%	-	-59.6%
Total Banking Revenue	9,418,094	95.5%	8,841,410	86.4%	6,060,056	93.0%	6.5%	55.4%
Interest and fee expense on Loans	3,084,460	24.8%	3,089,364	30.5%	1,336,923	25.5%	-0.2%	130.7%
Interest expense on Deposits	71,536	0.6%	-	0.0%	-	0.0%	-	-
Loan loss provision expense	1,289,450	10.4%	157,961	1.6%	376,376	7.2%	716.3%	242.6%
Total Banking Expense	4,445,446	35.7%	3,247,325	32.0%	1,713,299	32.7%	36.9%	159.5%
Gross Margin	4,972,648	50.4%	5,594,084	54.6%	4,346,757	66.7%	-11.1%	14.4%
Loan recuperation	90,772	0.9%	-	0.0%	-	0.0%	-	-
Other operating revenue	-	0.0%	561,359	5.5%	-	0.0%	-100.0%	-
Total other operating revenue	90,772	0.9%	561,359	5.5%	-	0.0%	-83.8%	-
Personnel expense	3,943,493	31.7%	2,716,803	26.8%	2,048,115	39.1%	45.2%	92.5%
Administrative expense	2,538,022	20.4%	3,285,085	32.4%	1,005,034	19.2%	-22.7%	152.5%
Depreciation/amortization	936,580	7.5%	498,427	4.9%	170,920	3.3%	87.9%	448.0%
Other operating expense	575,894	4.6%	238,515	2.4%	304,378	5.8%	141.5%	89.2%
Total operating expense	7,993,989	64.2%	6,738,829	66.4%	3,528,448	67.3%	18.6%	126.6%
Operating Margin	-2,930,568	-29.7%	-583,386	-5.7%	818,310	12.6%	402.3%	-458.1%
Consulting and training	-	0.0%	-	0.0%	-	0.0%	-	-
Currency gain/deflation	343,853	3.5%	-	0.0%	58,534	0.9%	-	487.4%
Donations / Grants	-	0.0%	796,728	7.8%	378,717	5.8%	-100.0%	-100.0%
Other/Extraordinary non-operating r	11,422	0.1%	38,389	0.4%	16,975	0.3%	-70.2%	-32.7%
Non-operating revenue	355,275	3.6%	835,116	8.2%	454,226	7.0%	-57.5%	-21.8%
Currency loss/inflation	221,821	1.8%	193,833	1.9%	-	0.0%	14.4%	-
Other/Extraordinary non-operating e	18,635	0.1%	157,332	1.6%	-	0.0%	-88.2%	-
Non-operating expense	240,457	1.9%	351,164	3.5%	-	0.0%	-31.5%	-
Taxes	-324,617	-2.6%	368,156	3.6%	278,038	5.3%	-188.2%	-216.8%
Net Income	-2,491,133	-25.3%	-467,590	-4.6%	994,498	15.3%	432.8%	-350.5%

9. Edpyme Crear Arequipa

STATUS AND HISTORY:

Crear Arequipa is a non-deposit taking financial institution (an EDPYME -- Empresa de Desarrollo de la Pequeña y Micro Empresa) regulated by the Peruvian banking superintendency. It began operations as the microcredit program of the Peruvian NGO Habitat Peru and in 1992 and become a regulated institution under the form of an EDPYME in 1998 with the involvement of local entrepreneurs. The MFI is in the final stage of its process of transformation into a Financiera.

The majority of the capital belongs to 13 individuals (75.4%), of whom two own more than 15% of the shares. The distribution of shareholding has not changed since the entrance at the end of 2007 of NOVIB (6.79%), IADB (with 6.76%), and CAF (5.81%). Habitat, the original NGO, therefore still maintains the remaining 5.22% of the shares.

MISSION AND MARKET POSITIONING:

Originally, a primarily a regional player in Arequipa Crear Arequipa currently is also positioned strongly in Lima with 7 from a total of 13 branches. Arequipa is one of the most competitive microfinance markets in Peru and the largest market share belongs to CMAC Arequipa, BCP and MiBanco. As of May 2009, Crear Arequipa is one of the largest EDPYME in the country in terms of total assets (USD 84.7 million) with a 17% of participation in the credit market shared by the EDPYMEs.

ASSET QUALITY:

As of May 2009, the outstanding portfolio of Crear Arequipa was USD 73 million, from which 85% corresponds to microcredit loans, and has grown 20% YTD. The figures for portfolio quality are still strong with a PAR 30 of 4.4%, although it has increased from 3.0% in December 08, as a consequence of the slowing economy. It should be noted that most of the arrears come from refinanced loans. On the other hand, the risk coverage ratio is adequate at 123% as of May 2009, despite a decrease since December 2008's level of 145%.

FINANCIAL PERFORMANCE:

Even with a reduction of its operational margin, Crear Arequipa shows consistently strong returns, with a net income of USD 3.4 million at the end of 2008, which translates into a ROA and ROE levels of 4.1% and 28.6% respectively. Eighty percent of net income is capitalized each year, allowing the institution to continue to expand. Operational efficiency is quite strong for an institution of its size at 13%.

SOCIAL PERFORMANCE:

Edpyme Crear Arequipa boasts over 62,923 clients, over 50% of which are unique to them. With an average loan size of USD 905 (for its total portfolio) and just USD 652 for first time clients, Crear Arequipa reaches a lower market niche than its competitors and plays an important role in financial inclusion.



BALANCE SHEET

	Year 2008		Year 2007		Year 2006		Growth	Growth
	USD		USD		USD		1 Year	2 Years
	<i>Audited</i>		<i>Audited</i>		<i>Audited</i>			
Assets								
Cash and Cash Equivalents	9,330,150	12.9%	2,541,750	5.0%	2,096,678	5.6%	267.1%	345.0%
Cash in reserve	-	0.0%	956,580	1.9%	-	0.0%	-100.0%	-
Deposits Against Back-to-Back Loan:	1,045,845	1.4%	-	0.0%	-	0.0%	-	-
Short Term Investments	-	0.0%	-	0.0%	6,166,027	16.4%	-	-100.0%
Total Liquidities	10,375,995	14.4%	3,498,330	6.9%	8,262,705	22.0%	196.6%	25.6%
Gross loan portfolio Short term	43,740,751	60.5%	32,526,800	64.5%	27,124,386	72.1%	34.5%	61.3%
Loan loss reserve	-2,677,491	3.7%	-1,807,949	3.6%	-1,261,701	3.4%	48.1%	112.2%
Other Current Assets	296,084	0.4%	84,502	0.2%	34,752	0.1%	250.4%	752.0%
Total Current Assets	51,735,339	71.6%	34,301,683	68.0%	34,160,141	90.8%	50.8%	51.4%
Long term outstanding loans	18,746,036	25.9%	15,130,180	30.0%	2,656,147	7.1%	23.9%	605.8%
Property Plant & Equipment Net	1,622,732	2.2%	934,870	1.9%	713,190	1.9%	73.6%	127.5%
Long term investments	-	0.0%	-	0.0%	9,108	0.0%	-	-100.0%
Total other long term assets	141,356	0.2%	99,866	0.2%	64,494	0.2%	41.5%	119.2%
Total Non-Current Assets	20,510,124	28.4%	16,164,916	32.0%	3,442,939	9.2%	26.9%	495.7%
Total Assets	72,245,463	100.0%	50,466,600	100.0%	37,603,081	100.0%	43.2%	92.1%
Total Net Loan Portfolio	59,809,296		45,849,031		28,518,832		30.4%	109.7%
Liabilities								
Sight deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Short Term Term deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Short Term Compulsory Deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Savings & deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Borrowing short term	9,327,921	12.9%	8,533,400	16.9%	3,371,842	9.0%	9.3%	176.6%
Short term back to back loans	-	0.0%	-	0.0%	-	0.0%	-	-
Other short term Liabilities	821,394	1.1%	635,939	1.3%	432,673	1.2%	29.2%	89.8%
Total Current Liabilities	10,149,316	14.0%	9,169,339	18.2%	3,804,515	10.1%	10.7%	166.8%
Long term Term Deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Long term compulsory savings	-	0.0%	-	0.0%	-	0.0%	-	-
Borrowing long term	52,478,828	72.6%	33,434,536	66.3%	28,255,847	75.1%	57.0%	85.7%
Long term back to back loans	-	0.0%	-	0.0%	-	0.0%	-	-
Subordinated Debt	-	0.0%	-	0.0%	-	0.0%	-	-
Other long term liabilities	-	0.0%	-	0.0%	-	0.0%	-	-
Total Non-Current Liabilities	52,478,828	72.6%	33,434,536	66.3%	28,255,847	75.1%	57.0%	85.7%
Total Liabilities	62,628,144	86.7%	42,603,874	84.4%	32,060,361	85.3%	47.0%	95.3%
Total Deposits	-		-		-		-	-
Total Loans (including Sub-Debt)	61,806,749		41,967,936		31,627,689		47.3%	95.4%
Donations	-	0.0%	-	0.0%	-	0.0%	-	-
Paid in Capital (+ additional Paid)	6,493,155	9.0%	5,209,753	10.3%	3,849,911	10.2%	24.6%	68.7%
Reserves	619,866	0.9%	427,522	0.8%	257,349	0.7%	45.0%	140.9%
Retained earnings	-	0.0%	-	0.0%	-	0.0%	-	-
Net income for the period	2,504,298	3.5%	2,225,451	4.4%	1,435,459	3.8%	12.5%	74.5%
Total Equity	9,617,319	13.3%	7,862,725	15.6%	5,542,719	14.7%	22.3%	73.5%
Total Equity & Liabilities	72,245,463	100.0%	50,466,600	100.0%	37,603,081	100.0%	43.2%	92.1%



INCOME STATEMENT

	Year 2008		Year 2007		Year 2006		Growth	Growth
	USD		USD		USD		1 Year	2 Years
	<i>Audited</i>		<i>Audited</i>		<i>Audited</i>			
Income from banking	18,018,784	99.0%	12,828,323	94.9%	8,176,951	97.0%	40.5%	120.4%
Income from investments	-	0.0%	553,774	4.1%	163,113	1.9%	-100.0%	-100.0%
Total Banking Revenue	18,018,784	99.0%	13,382,098	99.0%	8,340,064	98.9%	34.6%	116.1%
Interest and fee expense on Loans	5,039,160	35.2%	3,785,237	37.1%	2,354,028	37.4%	33.1%	114.1%
Interest expense on Deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Loan loss provision expense	2,063,356	14.4%	1,178,357	11.5%	845,622	13.4%	75.1%	144.0%
Total Banking Expense	7,102,515	49.7%	4,963,594	48.7%	3,199,649	50.8%	43.1%	122.0%
Gross Margin	10,916,269	60.0%	8,418,504	62.3%	5,140,415	61.0%	29.7%	112.4%
Loan recuperation	-	0.0%	111,556	0.8%	73,260	0.9%	-100.0%	-100.0%
Other operating revenue	318	0.0%	-	0.0%	-	0.0%	-	-
Total other operating revenue	318	0.0%	111,556	0.8%	73,260	0.9%	-99.7%	-99.6%
Personnel expense	4,284,304	30.0%	3,285,571	32.2%	1,892,239	30.0%	30.4%	126.4%
Administrative expense	2,715,696	19.0%	1,772,545	17.4%	1,066,654	16.9%	53.2%	154.6%
Depreciation/amortization	166,507	1.2%	136,941	1.3%	80,774	1.3%	21.6%	106.1%
Other operating expense	27,698	0.2%	30,728	0.3%	25,672	0.4%	-9.9%	7.9%
Total operating expense	7,194,206	50.3%	5,225,785	51.2%	3,065,339	48.7%	37.7%	134.7%
Operating Margin	3,722,381	20.4%	3,304,275	24.5%	2,148,336	25.5%	12.7%	73.3%
Consulting and training	-	0.0%	-	0.0%	-	0.0%	-	-
Currency gain/deflation	-	0.0%	-	0.0%	-	0.0%	-	-
Donations / Grants	-	0.0%	-	0.0%	-	0.0%	-	-
Other non-operating revenue	186,246	1.0%	17,702	0.1%	17,845	0.2%	952.1%	943.7%
Non-operating revenue	186,246	1.0%	17,702	0.1%	17,845	0.2%	952.1%	943.7%
Currency loss/inflation	-	0.0%	-	0.0%	-	0.0%	-	-
Other non-operating expense	-	0.0%	13,026	0.1%	33,812	0.5%	-100.0%	-100.0%
Non-operating expense	-	0.0%	13,026	0.1%	33,812	0.5%	-100.0%	-100.0%
Taxes	1,404,330	9.8%	1,083,500	10.6%	696,910	11.1%	29.6%	101.5%
Net Income	2,504,298	13.8%	2,225,451	16.5%	1,435,459	17.0%	12.5%	74.5%

10. Credagro

STATUS AND HISTORY:

CredAgro, a non-bank credit organization, was established in May 2000 by USAID and ACDI/VOCA was granted the ownership of CredAgro by USAID in 2005. With a widespread network of branches, CredAgro targets the upper end of the rural microfinance market, offering a well diversified range of individual products.

MISSION AND MARKET POSITIONING:

Credagro focuses on the rural regions of Azerbaijan servicing 15,566 clients all over the country through its network of 21 branches. In 2009, following very rapid growth in the last three years, Credagro plans to downscale its portfolio and to consolidate its existing assets. Therefore, growth should be relatively slow in 2009. The transformation into a bank, previously planned for 2008, has been postponed to 2010.

ASSET QUALITY:

As of May 2009, CredAgro had a total portfolio of USD 50 million, representing 80% of total assets. Portfolio quality has declined sharply in recent months and PAR30 stood at 6.5% at end-May 2009, versus 1.4% 12 months earlier. The loan loss reserve had not been increased sufficiently to cover the increase in past due loans, and stood at 97.1% as of May 2009.

The decline in portfolio quality is due largely to fraud committed by a group of CredAgro employees, and discovered in 2008. These employees were identified and fired including part of the top management in the summer and fall 2008. By October 2008 strong measures were taken to review and revise all of CredAgro's lending procedures and processes and new, well-qualified managers were hired. Today, CredAgro still has some portfolio quality issues linked to this fraud but management feels that all necessary, including legal, actions have been taken. PAR30 is expected to rise somewhat, though to no higher than 10-12%, in the coming months, and the MFI is confident that 80% to 90% of the portfolio at risk will be repaid. CredAgro is under very close monitoring by all its lenders and provides progress reports on a regular basis.

FINANCIAL PERFORMANCE:

CredAgro posted strong results for 2008 with an ROA of 8.9% and ROE of 46.3% as of December 2008, though the impact of the fraud mentioned above had not yet impacted the MFI's results, as provisions had not yet been significantly increased. Year-to-date results through the end of May 2009 do incorporate a larger provisioning expense, however, and net income is slightly negative (-USD 5,000).

With continuing low operating expenses (under 10%) and a stable to increasing portfolio yield management expects a positive net income for the year as a whole, though profits in 2009 will most probably not reach the 2008 level because of the fraud and the slowdown in portfolio.

SOCIAL PERFORMANCE:

Credagro's wide network of branches covers many rural areas of Azerbaijan that do not have any other provider of financial services and the strategy is to keep the focus on rural areas in the future.



BALANCE SHEET

	Year 2008		Year 2007		Year 2006		Growth	Growth
	USD		USD		USD		1 Year	2 Years
	<i>Audited</i>		<i>Audited</i>		<i>Audited</i>			
Assets								
Cash and Cash Equivalents	876,287	1.5%	941,460	2.4%	83,502	0.8%	-6.9%	949.4%
Cash in reserve	-	0.0%	-	0.0%	-	0.0%	-	-
Deposits Against Back-to-Back Loan:	-	0.0%	-	0.0%	-	0.0%	-	-
Short Term Investments	5,147,988	8.6%	4,555,139	11.7%	-	0.0%	13.0%	-
Total Liquidities	6,024,275	10.1%	5,496,599	14.1%	83,502	0.8%	9.6%	7114.5%
Gross loan portfolio Short term	17,508,843	29.3%	32,682,554	83.8%	2,378,037	23.7%	-46.4%	636.3%
Loan loss reserve	-959,131	1.6%	-448,609	1.1%	-126,902	1.3%	113.8%	655.8%
Other Current Assets	503,630	0.8%	250,481	0.6%	115,111	1.1%	101.1%	337.5%
Total Current Assets	23,077,617	38.6%	37,981,026	97.3%	2,449,749	24.4%	-39.2%	842.0%
Long term outstanding loans	34,154,439	57.1%	-	0.0%	7,387,508	73.5%	-	362.3%
Property Plant & Equipment Net	2,282,356	3.8%	1,039,371	2.7%	145,628	1.4%	119.6%	1467.3%
Long term investments	-	0.0%	-	0.0%	-	0.0%	-	-
Total other long term assets	325,856	0.5%	-	0.0%	62,315	0.6%	-	422.9%
Total Non-Current Assets	36,762,651	61.4%	1,039,371	2.7%	7,595,450	75.6%	3437.0%	384.0%
Total Assets	59,840,268	100.0%	39,020,396	100.0%	10,045,199	100.0%	53.4%	495.7%
Total Net Loan Portfolio	50,704,151		32,233,945		9,638,643		57.3%	426.1%
Liabilities								
Sight deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Short Term Term deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Short Term Compulsory Deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Savings & deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Borrowing short term	16,939,417	28.3%	-	0.0%	-	0.0%	-	-
Short term back to back loans	-	0.0%	-	0.0%	-	0.0%	-	-
Other short term Liabilities	1,634,566	2.7%	563,064	1.4%	197,377	2.0%	190.3%	728.1%
Total Current Liabilities	18,573,983	31.0%	563,064	1.4%	197,377	2.0%	3198.7%	9310.4%
Long term Term Deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Long term compulsory savings	-	0.0%	-	0.0%	-	0.0%	-	-
Borrowing long term	29,634,458	49.5%	31,338,559	80.3%	4,500,000	44.8%	-5.4%	558.5%
Long term back to back loans	-	0.0%	-	0.0%	-	0.0%	-	-
Subordinated Debt	-	0.0%	-	0.0%	-	0.0%	-	-
Other long term liabilities	375,059	0.6%	31,814	0.1%	55,119	0.5%	1078.9%	580.4%
Total Non-Current Liabilities	30,009,517	50.1%	31,370,373	80.4%	4,555,119	45.3%	-4.3%	558.8%
Total Liabilities	48,583,500	81.2%	31,933,437	81.8%	4,752,496	47.3%	52.1%	922.3%
Total Deposits	-		-		-		-	-
Total Loans (including Sub-Debt)	46,573,875		31,338,559		4,500,000		48.6%	935.0%
Donations	-	0.0%	-	0.0%	-	0.0%	-	-
Paid in Capital (+ additional Paid)	5,647	0.0%	5,351	0.0%	5,191	0.1%	5.5%	8.8%
Reserves	3,238,412	5.4%	3,068,695	7.9%	-	0.0%	5.5%	-
Retained earnings	8,012,709	13.4%	4,012,914	10.3%	4,837,144	48.2%	99.7%	65.6%
Net income for the period	-	0.0%	-	0.0%	450,370	4.5%	-	-100.0%
Total Equity	11,256,768	18.8%	7,086,960	18.2%	5,292,704	52.7%	58.8%	112.7%
Total Equity & Liabilities	59,840,268	100.0%	39,020,396	100.0%	10,045,200	100.0%	53.4%	495.7%



INCOME STATEMENT

	Year 2008		Year 2007		Year 2006		Growth	Growth
	USD		USD		USD		1 Year	2 Years
	<i>Audited</i>		<i>Audited</i>		<i>Audited</i>			
Income from banking	13,432,363	99.6%	5,500,027	97.9%	1,695,522	97.4%	144.2%	692.2%
Income from investments	-	0.0%	-	0.0%	-	0.0%	-	-
Total Banking Revenue	13,432,363	99.6%	5,500,027	97.9%	1,695,522	97.4%	144.2%	692.2%
Interest and fee expense on Loans	4,457,573	52.1%	1,429,484	41.5%	204,251	21.2%	211.8%	2082.4%
Interest expense on Deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Loan loss provision expense	497,336	5.8%	365,514	10.6%	65,124	6.8%	36.1%	663.7%
Total Banking Expense	4,954,909	58.0%	1,794,998	52.1%	269,375	28.0%	176.0%	1739.4%
Gross Margin	8,477,454	62.9%	3,705,029	65.9%	1,426,148	82.0%	128.8%	494.4%
Loan recuperation	-	0.0%	-	0.0%	-	0.0%	-	-
Other operating revenue	-	0.0%	16,348	0.3%	3,361	0.2%	-100.0%	-100.0%
Total other operating revenue	-	0.0%	16,348	0.3%	3,361	0.2%	-100.0%	-100.0%
Personnel expense	2,543,479	29.8%	1,097,188	31.8%	396,657	41.3%	131.8%	541.2%
Administrative expense	812,311	9.5%	475,053	13.8%	247,773	25.8%	71.0%	227.8%
Depreciation/amortization	147,499	1.7%	79,713	2.3%	47,502	4.9%	85.0%	210.5%
Other operating expense	89,688	1.0%	-	0.0%	-	0.0%	-	-
Total operating expense	3,592,977	42.0%	1,651,953	47.9%	691,931	72.0%	117.5%	419.3%
Operating Margin	4,884,477	36.2%	2,069,424	36.8%	737,577	42.4%	136.0%	562.2%
Consulting and training	-	0.0%	-	0.0%	-	0.0%	-	-
Currency gain/deflation	50,722	0.4%	51,565	0.9%	-	0.0%	-1.6%	-
Donations / Grants	4,705	0.0%	51,945	0.9%	41,097	2.4%	-90.9%	-88.6%
Other/Extraordinary non-operating r	-	0.0%	-	0.0%	-	0.0%	-	-
Non-operating revenue	55,427	0.4%	103,510	1.8%	41,097	2.4%	-46.5%	34.9%
Currency loss/inflation	-	0.0%	-	0.0%	194,285	20.2%	-	-100.0%
Other/Extraordinary non-operating e	-	0.0%	-	0.0%	-	0.0%	-	-
Non-operating expense	-	0.0%	-	0.0%	194,285	20.2%	-	-100.0%
Taxes	1,162,046	13.6%	501,566	14.6%	134,020	13.9%	131.7%	767.1%
Net Income	3,777,858	28.0%	1,671,368	29.7%	450,370	25.9%	126.0%	738.8%

11. Financiera Edyficar

STATUS AND HISTORY:

Edyficar was created in 1997 as an EDPYME (Entidad para el Desarrollo de la Pequeña y Micro Empresa) – by Care Perú and Care International and stemmed from a lending program that was initiated by Care Perú in 1992. Over the past few years, Edyficar emerged as the largest EDPYME and became the first EDPYME to convert into a Financiera in February 2008, a status which will allow Edyficar to capture deposits from the public. In late 2008 Edyficar obtained its license to issue CDs sold into public auctions and is in the process of receiving final approval to offer savings products to the general public. The main shareholder is Care Peru, but Microvest and the IFC also have some shares.

MISSION AND MARKET POSITIONING:

As of December 2008, Edyficar was the 7th largest micro and small business in Peru with 4.8% of the market. Ahead of Edyficar are Mibanco, Banco de Credito, ScotiaBank CMAC Arequipa and CMAC Trujillo. This percentage share understates Edyficar's market position because it tends to compete in a lower end of this category. Most full-scale banks and CMACs compete in the upper segment of microfinance and small business loans (banks especially) while Edyficar competes more on the lower to middle, and upper segment of microfinance. The CMACs have average loans of over USD 3,000 and MiBanco's average loan size is close to USD 2,000 compared to Edyficar's USD 975. In terms of geographic concentration, Edyficar has about 50% of its volume in Lima and presence in 11 of Peru's 25 departments (Provinces). Edyficar has 20 full scale branches and 30 offices (17 mini-branches) and 13 offices shared with Banco La Nacion. Banco La Nacion has by far the largest branch network in Peru and this has allowed Edyficar to service various remote areas with no or few alternative lenders.

ASSET QUALITY:

As of May 2009, the outstanding portfolio of Edyficar was USD 204 million of which microcredit loans account for 85%. The portfolio has grown 11% YTD. Portfolio quality remains strong with a PAR 30 of 4.0%, although it has increased from 2.7% in December 2008, as a consequence of a slowing local economy. Refinanced loans are only 0.5% and the MFI's risk coverage ratio is considered still adequate (125% as of May 09).

FINANCIAL PERFORMANCE:

Edyficar shows consistently robust ROAs, although in 2008 the returns decreased slightly from 2007's 5.5% ROA to 4.9%. The ROA is still significant, however, particularly given the maturity of the Peruvian microfinance market.

SOCIAL PERFORMANCE:

Financiera Edyficar boasts over 193,000 clients, over 50% of which are unique to them. With an average loan size of USD 975 (for its total portfolio) and its presence in many areas where there is no competition, Edyficar reaches a lower market niche than its competitors and plays an important role in financial inclusion.



BALANCE SHEET

	Year 2008 USD <i>Audited</i>		Year 2007 USD <i>Audited</i>		Year 2006 USD <i>Audited</i>		Growth 1 Year	Growth 2 Years
Assets								
Cash and Cash Equivalents	1,695,957	0.8%	15,150,301	10.1%	1,705,332	1.8%	-88.8%	-0.5%
Cash in reserve	-	0.0%	-	0.0%	-	0.0%	-	-
Deposits Against Back-to-Back Loan:	18,686,406	8.4%	-	0.0%	-	0.0%	-	-
Short Term Investments	8,016,555	3.6%	-	0.0%	12,761,028	13.4%	-	-37.2%
Total Liquidities	28,398,918	12.7%	15,150,301	10.1%	14,466,360	15.2%	87.4%	96.3%
Gross loan portfolio Short term	157,508,755	70.6%	88,721,009	59.2%	53,875,896	56.7%	77.5%	192.4%
Loan loss reserve	7,567,972	3.4%	4,868,069	3.2%	3,565,637	3.8%	55.5%	112.2%
Net loan portfolio Short term	149,940,783	67.2%	83,852,939	55.9%	50,310,260	53.0%	78.8%	198.0%
Other Current Assets	-	0.0%	1,587,842	1.1%	-	0.0%	-100.0%	-
Total Current Assets	178,339,701	79.9%	100,591,082	67.1%	64,776,619	68.2%	77.3%	175.3%
Long term outstanding loans	31,414,518	14.1%	41,300,701	27.6%	26,938,105	28.4%	-23.9%	16.6%
Property Plant & Equipment Net	8,536,453	3.8%	7,981,630	5.3%	2,019,661	2.1%	7.0%	322.7%
Long term investments	-	0.0%	-	0.0%	-	0.0%	-	-
Total other long term assets	4,874,881	2.2%	-	0.0%	1,251,683	1.3%	-	289.5%
Total Non-Current Assets	44,825,852	20.1%	49,282,331	32.9%	30,209,449	31.8%	-9.0%	48.4%
Total Assets	223,165,552	100.0%	149,873,413	100.0%	94,986,068	100.0%	48.9%	134.9%
Liabilities								
Sight deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Short Term Term deposits	6,581,980	2.9%	-	0.0%	-	0.0%	-	-
Short Term Compulsory Deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Savings & deposits	6,581,980	2.9%	-	0.0%	-	0.0%	-	-
Borrowing short term	76,174,785	34.1%	44,984,636	30.0%	30,354,717	32.0%	69.3%	150.9%
Short term back to back loans	-	0.0%	-	0.0%	-	0.0%	-	-
Other short term Liabilities	5,998,408	2.7%	4,844,021	3.2%	3,161,141	3.3%	23.8%	89.8%
Total Current Liabilities	88,755,174	39.8%	49,828,657	33.2%	33,515,857	35.3%	78.1%	164.8%
Long term Term Deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Long term compulsory savings	-	0.0%	-	0.0%	-	0.0%	-	-
Borrowing long term	102,752,308	46.0%	74,685,705	49.8%	44,957,265	47.3%	37.6%	128.6%
Long term back to back loans	-	0.0%	-	0.0%	-	0.0%	-	-
Subordinated Debt	-	0.0%	-	0.0%	-	0.0%	-	-
Other long term liabilities	-	0.0%	-	0.0%	12,523	0.0%	-	-100.0%
Total Non-Current Liabilities	102,752,308	46.0%	74,685,705	49.8%	44,969,788	47.3%	37.6%	128.5%
Total Liabilities	191,507,482	85.8%	124,514,362	83.1%	78,485,645	82.6%	53.8%	144.0%
Donations	-	0.0%	-	0.0%	-	0.0%	-	-
Paid in Capital (+ additional Paid)	19,936,644	8.9%	16,599,198	11.1%	11,123,008	11.7%	20.1%	79.2%
Reserves	2,542,184	1.1%	1,989,980	1.3%	1,474,594	1.6%	27.7%	72.4%
Retained earnings	-	0.0%	-	0.0%	3,902,821	4.1%	-	-100.0%
Net income for the period	9,179,242	4.1%	6,769,873	4.5%	-	0.0%	35.6%	-
Total Equity	31,658,071	14.2%	25,359,051	16.9%	16,500,423	17.4%	24.8%	91.9%
Total Equity & Liabilities	223,165,552	100.0%	149,873,413	100.0%	94,986,068	100.0%	48.9%	134.9%



INCOME STATEMENT

	Year 2008		Year 2007		Year 2006		Growth	Growth
	USD		USD		USD		1 Year	2 Years
	<i>Audited</i>		<i>Audited</i>		<i>Audited</i>			
Income from banking	52,777,141	92.9%	37,337,675	92.9%	23,786,356	91.6%	41.4%	121.9%
Income from investments	722,063	1.3%	594,188	1.5%	559,156	2.2%	21.5%	29.1%
Total Banking Revenue	53,499,204	94.2%	37,931,864	94.4%	24,345,512	93.7%	41.0%	119.7%
Interest and fee expense on Loans	11,510,665	24.2%	7,741,817	23.2%	4,842,366	21.9%	48.7%	137.7%
Interest expense on Deposits	70,678	0.1%	-	0.0%	-	0.0%	-	-
Loan loss provision expense	6,602,038	13.9%	3,958,918	11.8%	2,717,197	12.3%	66.8%	143.0%
Total Banking Expense	18,183,381	38.2%	11,700,735	35.0%	7,559,563	34.3%	55.4%	140.5%
Gross Margin	35,315,823	62.2%	26,231,129	65.3%	16,785,949	64.6%	34.6%	110.4%
Loan recuperation	2,460,045	4.3%	2,007,348	5.0%	1,396,324	5.4%	22.6%	76.2%
Other operating revenue	419,612	0.7%	120,240	0.3%	70,129	0.3%	249.0%	498.3%
Total other operating revenue	2,879,656	5.1%	2,127,589	5.3%	1,466,454	5.6%	35.3%	96.4%
Personnel expense	17,523,719	36.8%	12,561,122	37.6%	8,361,041	37.9%	39.5%	109.6%
Administrative expense	6,682,267	14.0%	4,850,701	14.5%	3,510,222	15.9%	37.8%	90.4%
Depreciation/amortization	1,147,405	2.4%	861,055	2.6%	525,031	2.4%	33.3%	118.5%
Other operating expense	317,733	0.7%	163,661	0.5%	123,352	0.6%	94.1%	157.6%
Total operating expense	25,671,124	53.9%	18,436,540	55.2%	12,519,646	56.7%	39.2%	105.0%
Operating Margin	12,524,355	22.0%	9,922,178	24.7%	5,732,757	22.1%	26.2%	118.5%
Consulting and training	-	0.0%	-	0.0%	-	0.0%	-	-
Currency gain/deflation	-	0.0%	-	0.0%	-	0.0%	-	-
Donations / Grants	-	0.0%	-	0.0%	-	0.0%	-	-
Other non-operating revenue	434,575	0.8%	122,912	0.3%	157,478	0.6%	253.6%	176.0%
Non-operating revenue	434,575	0.8%	122,912	0.3%	157,478	0.6%	253.6%	176.0%
Currency loss/inflation	-	0.0%	-	0.0%	-	0.0%	-	-
Other non-operating expense	357,529	0.8%	85,504	0.3%	83,905	0.4%	318.1%	326.1%
Non-operating expense	357,529	0.8%	85,504	0.3%	83,905	0.4%	318.1%	326.1%
Taxes	3,422,159	7.2%	3,189,713	9.5%	1,903,510	8.6%	7.3%	79.8%
Net Income	9,179,242	16.2%	6,769,873	16.8%	3,902,821	15.0%	35.6%	135.2%

12. EKI

STATUS AND HISTORY:

EKI is a credit-only, not-for-profit Microcredit Foundation formed under the terms of the 2007 Microfinance Law of the Federation of Bosnia and Herzegovina and regulated by the Banking Agency of Bosnia and Herzegovina. It is a member of the international U.S. based network World Vision International (World Vision). The MFI began operations in February 1996 in Tuzla, Bosnia-Herzegovina as a project of World Vision and funded by the World Bank's Local Initiatives Project. Over the years, EKI extended its operations throughout the country and registered as a local microcredit organization in March 2001, with its subsequent registration as a foundation in 2008.

EKI plans to transform to a for-profit Microcredit Company in order to better meet its clients' needs with loan amounts up to EUR 25,000 (vs. EUR 5,000 under its current status) and to better attract international lenders and investors. Vision Fund, a fully owned subsidiary of World Vision, will be introduced as shareholder by converting its current senior loan to equity and the expected initial capital structure will be 40% for the Foundation and 60% for Vision Fund. EKI might at a later stage seek other international investors.

MISSION AND MARKET POSITIONING:

EKI's mission is "to reduce the economic causes of poverty". EKI loans and services aim to start up and improve small businesses, crafts, services and agricultural activities. The targeted clients are low income households, women, invalids, returnees and individuals whose businesses create or sustain jobs. EKI is one of the market leaders in Bosnia and ranks third in number of clients with 55,553 active borrowers as of May 2009.

EKI is well-positioned in the medium- and low-end of the market and focuses on individual and rural lending. It operates through a large network of 15 branches and over 60 satellites offices covering almost all Bosnia's territory and offers a well diversified range of products.

ASSET QUALITY:

As of May 2009 EKI had total assets of USD 147 million, of which 95% are allocated to the loan portfolio. At year end 2008, EKI displayed a 26% year on year growth, much slower than the 70% increase recorded in 2007. Indeed, the last quarter of 2008 saw a drop in disbursements and an increase in portfolio in arrears. While portfolio quality was excellent over the past years, (PAR 30 has been consistently below 1%), EKI has seen this ratio rise to 5.8% as of May 2009. The international financial crisis has hit Bosnia severely and the aggressive growth across the sector throughout the last five years has resulted in high over-indebtedness of clients. EKI is active in mitigating risk by slowing down disbursements, introducing rescheduling of loans and more stringent control of the portfolio. EKI is also the first Bosnian MFI to have created a proper risk management department.

FINANCIAL PERFORMANCE:

EKI has historically been a highly profitable institution with consistent outstanding profitability over the past five years (ROE over 22% and ROA over 5%). While the MFI's net income was lower by almost 30% in 2008, EKI posted a net income of USD 6 million, which translated to a still healthy ROA of 3.67% and ROE of 19.25%. The first quarter of 2009 showed a deepening trend of weaker profitability, however, with ROA of 1.6% in May 2009 due to high provision expenses amounting to USD 6mm. EKI is also suffering from the increased pressure on interest rates charged to clients as well as the increasing financial expenses resulting from higher rates from both local banks and international lenders. Overall, EKI plans zero growth and no profit for 2009.

Its action plan for the second part of the year focuses on cleaning the portfolio, hiring and training collection officers, increasing quality control and cutting non-salary costs.

SOCIAL PERFORMANCE:

EKI's end statement policy seeks "to maintain 100% FSS by providing financial services to 40% of low-income households resulting in 5% having improvement in period of 12 months". The institution targets an allocation of 40% of its portfolio to microloans (less than EUR 2,500). EKI measures its social impact through the use of a balance scorecard evaluating seven indicators of well-being. Results for 2007 show that half of the sample population saw an improvement in these indicators thanks to an EKI loan.



BALANCE SHEET

	Year 2008		Year 2007		Year 2006		Growth	Growth
	USD		USD		USD		1 Year	2 Years
	<i>Audited</i>		<i>Audited</i>		<i>Audited</i>			
Assets								
Cash and Cash Equivalents	965,231	0.6%	723,495	0.6%	289,976	0.5%	33.4%	232.9%
Cash in reserve	-	0.0%	-	0.0%	-	0.0%	-	-
Deposits Against Back-to-Back Loan:	-	0.0%	-	0.0%	-	0.0%	-	-
Short Term Investments	410,241	0.3%	418,977	0.3%	396,405	0.6%	-2.1%	3.5%
Total Liquidities	1,375,473	0.9%	1,142,472	0.9%	686,381	1.1%	20.4%	100.4%
Gross loan portfolio Short term	70,754,340	47.5%	57,544,151	46.5%	33,762,406	53.7%	23.0%	109.6%
Loan loss reserve	-3,417,952	2.3%	-433,543	0.4%	-132,766	0.2%	688.4%	2474.4%
Other Current Assets	-1,673,698	-1.1%	-1,601,924	-1.3%	-953,674	-1.5%	4.5%	75.5%
Total Current Assets	67,038,163	45.0%	56,651,157	45.8%	33,362,347	53.1%	18.3%	100.9%
Long term outstanding loans	77,463,582	52.0%	63,703,152	51.5%	27,412,455	43.6%	21.6%	182.6%
Property Plant & Equipment Net	4,430,463	3.0%	3,405,675	2.8%	2,081,844	3.3%	30.1%	112.8%
Long term investments	-	0.0%	-	0.0%	-	0.0%	-	-
Total other long term assets	-	0.0%	673	0.0%	916	0.0%	-100.0%	-100.0%
Total Non-Current Assets	81,894,045	55.0%	67,109,500	54.2%	29,495,215	46.9%	22.0%	177.7%
Total Assets	148,932,208	100.0%	123,760,657	100.0%	62,857,562	100.0%	20.3%	136.9%
Total Net Loan Portfolio	144,799,971		120,813,760		61,042,095		19.9%	137.2%
Liabilities								
Sight deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Short Term Term deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Short Term Compulsory Deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Savings & deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Borrowing short term	28,394,676	19.1%	19,385,892	15.7%	8,649,922	13.8%	46.5%	228.3%
Short term back to back loans	-	0.0%	-	0.0%	-	0.0%	-	-
Other short term Liabilities	1,539,133	1.0%	898,037	0.7%	371,192	0.6%	71.4%	314.6%
Total Current Liabilities	29,933,809	20.1%	20,283,929	16.4%	9,021,113	14.4%	47.6%	231.8%
Long term Term Deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Long term compulsory savings	-	0.0%	-	0.0%	-	0.0%	-	-
Borrowing long term	90,440,791	60.7%	79,522,262	64.3%	38,490,122	61.2%	13.7%	135.0%
Long term back to back loans	-	0.0%	-	0.0%	-	0.0%	-	-
Subordinated Debt	-	0.0%	-	0.0%	-	0.0%	-	-
Other long term liabilities	576,811	0.4%	-	0.0%	-	0.0%	-	-
Total Non-Current Liabilities	91,017,603	61.1%	79,522,262	64.3%	38,490,122	61.2%	14.5%	136.5%
Total Liabilities	120,951,411	81.2%	99,806,191	80.6%	47,511,236	75.6%	21.2%	154.6%
Total Deposits	-		-		-		-	-
Total Loans (including Sub-Debt)	118,835,467		98,908,154		47,140,044		20.1%	152.1%
Donations	754,292	0.5%	5,010,688	4.0%	2,257,126	3.6%	-84.9%	-66.6%
Paid in Capital (+ additional Paid)	-	0.0%	-	0.0%	-	0.0%	-	-
Reserves	-	0.0%	-	0.0%	-	0.0%	-	-
Retained earnings	22,227,233	14.9%	11,908,272	9.6%	6,844,328	10.9%	86.7%	224.8%
Net income for the period	4,999,273	3.4%	7,035,507	5.7%	6,244,872	9.9%	-28.9%	-19.9%
Total Equity	27,980,797	18.8%	23,954,466	19.4%	15,346,326	24.4%	16.8%	82.3%
Total Equity & Liabilities	148,932,208	100.0%	123,760,657	100.0%	62,857,562	100.0%	20.3%	136.9%



INCOME STATEMENT

	Year 2008		Year 2007		Year 2006		Growth	Growth
	USD		USD		USD		1 Year	2 Years
	<i>Audited</i>		<i>Audited</i>		<i>Audited</i>			
Income from banking	26,971,923	95.5%	20,153,086	97.0%	10,807,254	81.0%	33.8%	149.6%
Income from investments	10,911	0.0%	19,881	0.1%	9,011	0.1%	-45.1%	21.1%
Total Banking Revenue	26,982,834	95.5%	20,172,967	97.1%	10,816,265	81.0%	33.8%	149.5%
Interest and fee expense on Loans	7,946,610	34.2%	4,871,624	35.5%	1,551,811	21.8%	63.1%	412.1%
Interest expense on Deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Loan loss provision expense	4,968,723	21.4%	583,229	4.2%	261,222	3.7%	751.9%	1802.1%
Total Banking Expense	12,915,333	55.6%	5,454,853	39.7%	1,813,033	25.5%	136.8%	612.4%
Gross Margin	14,067,501	49.8%	14,718,114	70.8%	9,003,232	67.5%	-4.4%	56.2%
Loan recuperation	137,475	0.5%	94,753	0.5%	70,413	0.5%	45.1%	95.2%
Other operating revenue	54,553	0.2%	255,517	1.2%	100,364	0.8%	-78.6%	-45.6%
Total other operating revenue	192,028	0.7%	350,270	1.7%	170,776	1.3%	-45.2%	12.4%
Personnel expense	6,506,401	28.0%	5,488,700	40.0%	3,429,751	48.3%	18.5%	89.7%
Administrative expense	3,223,742	13.9%	2,391,599	17.4%	1,610,433	22.7%	34.8%	100.2%
Depreciation/amortization	587,722	2.5%	395,740	2.9%	249,907	3.5%	48.5%	135.2%
Other operating expense	-	0.0%	-	0.0%	-	0.0%	-	-
Total operating expense	10,317,864	44.4%	8,276,039	60.3%	5,290,091	74.5%	24.7%	95.0%
Operating Margin	3,941,664	14.0%	6,792,345	32.7%	3,883,918	29.1%	-42.0%	1.5%
Consulting and training	-	0.0%	-	0.0%	-	0.0%	-	-
Currency gain/deflation	162,933	0.6%	-	0.0%	73,141	0.5%	-	122.8%
Donations / Grants	851,033	3.0%	157,397	0.8%	2,287,814	17.1%	440.7%	-62.8%
Other/Extraordinary non-operating r	51,644	0.2%	93,041	0.4%	-	0.0%	-44.5%	-
Non-operating revenue	1,065,610	3.8%	250,437	1.2%	2,360,955	17.7%	325.5%	-54.9%
Currency loss/inflation	8,001	0.0%	7,276	0.1%	-	0.0%	10.0%	-
Other/Extraordinary non-operating e	-	0.0%	-	0.0%	-	0.0%	-	-
Non-operating expense	8,001	0.0%	7,276	0.1%	-	0.0%	10.0%	-
Taxes	-	0.0%	-	0.0%	-	0.0%	-	-
Net Income	4,999,273	17.7%	7,035,507	33.9%	6,244,872	46.8%	-28.9%	-19.9%

13. EQUITY BANK

STATUS AND HISTORY:

Equity Bank (EBS) is a full service commercial bank regulated by the Kenyan Central Bank, with a listing on the Nairobi stock exchange since August 2006. As of 31 December 2008, the largest three shareholders were Helios Eb Investors (24.45%), British American Investments Company (Kenya) Ltd (11.32%) and Nelson Muguku Njoroge (6.09%). EBS is a member of AMFI, Kenya Bankers' Association, Women's World Banking, GNBI, and the Microfinance Network.

The MFI was founded as Equity Building Society in 1984, providing mortgage financing to low and middle income earners. In 1993, EBS was declared technically insolvent by the Central Bank and the bank's Board of Director's responded with a turnaround strategy oriented on moving away from mortgages towards savings mobilization and microcredit. On 31 December 2004, the institution transferred its assets and liabilities into the newly registered commercial bank.

MISSION AND MARKET POSITIONING:

EBS is the largest national microfinance provider in Kenya in terms of total assets, number of branches, and number of clients. EBS is the only bank and the only MFI with a nationwide network and it operates out of 129 branches, 500 ATMs and 2500 points of service covering Western, Central, North Eastern and Coastal Kenya. The Bank has 3.4 million depositors, which together equal more than 49% of all bank accounts in Kenya. 45% of its clients are urban, down from 55% last year as the Bank expands outside of its urban footprint, 30% rural, and 25% peri-urban. Its clients are involved primarily in trade (39%), manufacturing (17%) and services (10%). In 2008, the Bank also introduced insurance to its product line through its wholly owned subsidiary, Equity Insurance Agency.

In 2008, the Bank acquired 100% of Uganda Microfinance Ltd a first step in its regional expansion plans. The MFI, now operating as Equity Bank Uganda Limited, became a fully licensed bank in Uganda in December 2008. The Bank is planning to open its next regional affiliate in Juba in Southern Sudan in 2009.

ASSET QUALITY:

As of April 2008, the loan portfolio accounted for 60% of total assets (\$1.03 billion). Over the past 12 months, the bank has grown its portfolio 11% in local currency terms, and client outreach by 30%. This has been achieved despite a series of negative local factors: political turbulence in the aftermath of the disputed presidential elections of December 2007, an increase in inflation to 26% and the depreciation of the Kenyan shilling by 23% against the USD. The bank grew by refocusing its efforts on its credit operations as its successful deposit mobilization continued.

The bank's portfolio quality has been relatively stable, and its portfolio at risk ratio (PAR 30 plus reprogrammed loans) was 4.7% as of April 2009 compared with 3.9% a year earlier. This compares favorably with the local bank average of 9.0%. Write-offs in 2008 of 1.5% were in line with 2007 and year-to-date 2009 stand at 0%. Nevertheless one concern is that top ten loans are relatively high at 14.5% of portfolio.

FINANCIAL PERFORMANCE:

In 2008, EBS generated net income of USD 50.5 million, an ROA of 5.4%, compared to 5.3% in 2007, and an ROE of 22.3%, compared to 20.7%. ROA has been improving steadily from 3.9% in

2005 and 4.9% in 2006. Portfolio yield improved slightly from 15.4% to 17.0%, as the Bank expanded into more remote areas where clients can pay higher interest rates. EBS continues to derive more than 50% of its revenues from non-credit activities such as check clearing, money transfers, bank guarantees, remittances, foreign exchange transactions and trade finance which has helped to drive its strong ROA.

SOCIAL PERFORMANCE:

With a client base of over 3.4 million people and the largest branch network of any financial institution in Kenya, Equity Bank is very much seen as the 'poor peoples' bank. It penetrates into rural villages and has a 'mobile banking' service composed of computer equipped vehicles for reaching even the most remote areas. At the same time, the bank is developing other services like trade finance, electronic banking and other services to meet its customer base's evolving financial needs.



BALANCE SHEET

	Year 2008		Year 2007		Year 2006		Growth	
	USD		USD		USD		1 Year	2 Years
	<i>Audited</i>		<i>Audited</i>		<i>Audited</i>			
Assets								
Cash and Cash Equivalents	61,548,387	6.0%	96,866,142	11.6%	25,741,553	8.9%	-36.5%	139.1%
Cash in reserve	30,025,806	3.0%	28,110,236	3.4%	-	0.0%	6.8%	-
Deposits Against Back-to-Back Loan:	-	0.0%	-	0.0%	-	0.0%	-	-
Short Term Investments	178,606,452	17.5%	189,763,780	22.7%	37,830,870	13.1%	-5.9%	372.1%
Total Liquidities	270,180,645	26.5%	314,740,157	37.7%	63,572,423	22.1%	-14.2%	325.0%
Gross loan portfolio Short term	349,896,774	34.4%	183,322,835	21.9%	125,246,039	43.5%	90.9%	179.4%
Loan loss reserve	-14,516,129	1.4%	-6,173,228	0.7%	-7,176,017	2.5%	135.1%	102.3%
Other Current Assets	29,251,613	2.9%	38,062,992	4.6%	15,653,861	5.4%	-23.1%	86.9%
Total Current Assets	634,812,903	62.4%	529,952,756	63.4%	197,296,305	68.5%	19.8%	221.8%
Long term outstanding loans	233,264,516	22.9%	166,724,409	19.9%	39,077,081	13.6%	39.9%	496.9%
Property Plant & Equipment Net	61,883,871	6.1%	41,055,118	4.9%	21,128,138	7.3%	50.7%	192.9%
Long term investments	52,477,419	5.2%	94,582,677	11.3%	15,148,368	5.3%	-44.5%	246.4%
Total other long term assets	35,354,839	3.5%	3,527,559	0.4%	15,265,047	5.3%	902.2%	131.6%
Total Non-Current Assets	382,980,645	37.6%	305,889,764	36.6%	90,618,634	31.5%	25.2%	322.6%
Total Assets	1,017,793,548	100.0%	835,842,520	100.0%	287,914,939	100.0%	21.8%	253.5%
Total Net Loan Portfolio	568,645,161		343,874,016		157,147,103		65.4%	261.9%
Liabilities								
Sight deposits	563,290,323	55.3%	92,204,724	11.0%	234,891,862	81.6%	510.9%	139.8%
Short Term Term deposits	86,180,645	8.5%	404,425,197	48.4%	-	0.0%	-78.7%	-
Short Term Compulsory Deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Savings & deposits	649,470,968	63.8%	496,629,921	59.4%	234,891,862	81.6%	30.8%	176.5%
Borrowing short term	8,480,645	0.8%	-	0.0%	-	0.0%	-	-
Short term back to back loans	-	0.0%	-	0.0%	-	0.0%	-	-
Other short term Liabilities	32,283,871	3.2%	13,606,299	1.6%	14,240,043	4.9%	137.3%	126.7%
Total Current Liabilities	690,235,484	67.8%	510,236,220	61.0%	249,131,905	86.5%	35.3%	177.1%
Long term Term Deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Long term compulsory savings	-	0.0%	-	0.0%	-	0.0%	-	-
Borrowing long term	74,912,903	7.4%	71,196,850	8.5%	6,979,871	2.4%	5.2%	973.3%
Long term back to back loans	-	0.0%	-	0.0%	-	0.0%	-	-
Subordinated Debt	-	0.0%	-	0.0%	-	0.0%	-	-
Other long term liabilities	-	0.0%	19,496,063	2.3%	156,966	0.1%	-100.0%	-100.0%
Total Non-Current Liabilities	74,912,903	7.4%	90,692,913	10.9%	7,136,837	2.5%	-17.4%	949.7%
Total Liabilities	765,148,387	75.2%	600,929,134	71.9%	256,268,742	89.0%	27.3%	198.6%
Total Deposits	649,470,968		496,629,921		234,891,862		30.8%	176.5%
Total Loans (including Sub-Debt)	83,393,548		71,196,850		6,979,871		17.1%	1094.8%
Donations	-	0.0%	-	0.0%	-	0.0%	-	-
Paid in Capital (+ additional Paid)	180,800,000	17.8%	194,551,181	23.3%	16,021,769	5.6%	-7.1%	1028.5%
Reserves	-529,032	-0.1%	4,188,976	0.5%	17,311	0.0%	-112.6%	-3156.0%
Dividends paid to shareholders (curr)	14,335,484	1.4%	-	0.0%	-	0.0%	-	-
Retained earnings	7,587,097	0.7%	6,409,449	0.8%	4,775,111	1.7%	18.4%	58.9%
Net income for the period	50,451,613	5.0%	29,763,780	3.6%	10,832,006	3.8%	69.5%	365.8%
Total Equity	252,645,161	24.8%	234,913,386	28.1%	31,646,197	11.0%	7.5%	698.3%
Total Equity & Liabilities	1,017,793,548	100.0%	835,842,520	100.0%	287,914,939	100.0%	21.8%	253.5%



INCOME STATEMENT

	Year 2008		Year 2007		Year 2006		Growth	Growth
	USD		USD		USD		1 Year	2 Years
	<i>Audited</i>		<i>Audited</i>		<i>Audited</i>			
Income from banking	79,264,516	43.9%	39,590,551	39.7%	20,901,021	41.6%	100.2%	279.2%
Income from investments	23,690,323	13.1%	10,094,488	10.1%	2,599,856	5.2%	134.7%	811.2%
Total Banking Revenue	102,954,839	57.0%	49,685,039	49.8%	23,500,877	46.7%	107.2%	338.1%
Interest and fee expense on Loans	10,748,387	9.3%	7,795,276	12.5%	1,820,949	5.3%	37.9%	490.3%
Interest expense on Deposits	6,825,806	5.9%	-	0.0%	-	0.0%	-	-
Loan loss provision expense	13,161,290	11.4%	-393,701	-0.6%	1,914,220	5.6%	-3443.0%	587.6%
Total Banking Expense	30,735,484	26.5%	7,401,575	11.9%	3,735,169	10.8%	315.3%	722.9%
Gross Margin	72,219,355	40.0%	42,283,465	42.4%	19,765,708	39.3%	70.8%	265.4%
Loan recuperation	-	0.0%	984,252	1.0%	-	0.0%	-100.0%	-
Other operating revenue	77,264,516	42.8%	49,031,496	49.2%	26,794,896	53.3%	57.6%	188.4%
Total other operating revenue	77,264,516	42.8%	50,015,748	50.2%	26,794,896	53.3%	54.5%	188.4%
Personnel expense	38,116,129	32.9%	23,133,858	37.2%	13,783,652	40.0%	64.8%	176.5%
Administrative expense	37,341,935	32.2%	2,866,142	4.6%	12,895,600	37.4%	1202.9%	189.6%
Depreciation/amortization	9,664,516	8.3%	6,661,417	10.7%	4,024,083	11.7%	45.1%	140.2%
Other operating expense	-	0.0%	22,188,976	35.6%	-	0.0%	-100.0%	-
Total operating expense	85,122,581	73.5%	54,850,394	88.1%	30,703,336	89.2%	55.2%	177.2%
Operating Margin	64,361,290	35.6%	37,448,819	37.6%	15,857,268	31.5%	71.9%	305.9%
Consulting and training	-	0.0%	-	0.0%	-	0.0%	-	-
Currency gain/deflation	-	0.0%	-	0.0%	-	0.0%	-	-
Donations / Grants	-	0.0%	-	0.0%	-	0.0%	-	-
Other/Extraordinary non-operating r	438,710	0.2%	-	0.0%	-	0.0%	-	-
Non-operating revenue	438,710	0.2%	-	0.0%	-	0.0%	-	-
Currency loss/inflation	-	0.0%	-	0.0%	-	0.0%	-	-
Other/Extraordinary non-operating e	-	0.0%	-	0.0%	-	0.0%	-	-
Non-operating expense	-	0.0%	-	0.0%	-	0.0%	-	-
Taxes	14,348,387	12.4%	7,685,039	12.3%	5,025,262	14.6%	86.7%	185.5%
Net Income	50,451,613	27.9%	29,763,780	29.9%	10,832,006	21.5%	69.5%	365.8%

14. FDL NITLAPAN

STATUS AND HISTORY:

The Fondo de Desarrollo Local (FDL) is a microfinance NGO created in 1993 under the auspices of the Development Institute of the Central American University Nitlapan of Managua. This university entity formally transformed into an independent NGO in 1997. Six of its ten founders are Jesuit priests. The institution evolved from a research department into an NGO, with a market oriented approach that nevertheless adhered to its initial development and Christian values. Today, FDL is the largest NGO microfinance institution in the country.

MISSION AND MARKET POSITIONING:

The institution's main focus continues to be the support of rural development, even as FDL diversified its activities in urban areas to benefit from their strong growth. Its close relation with the university allows FDL to test new methodologies, without bearing all the development costs of these new approaches.

FDL is one of the MFIs in Nicaragua with the strongest network of branches, reaching far into otherwise uncovered, hard to reach regions of the country. In total, FDL operates out of 36 branches with a concentration in rural areas, reaching over 80,000 active borrowers. FDL offers a large array of lending products which can be roughly divided into the following categories: Micro company, small company, medium company and entrepreneur loans; Agricultural and cattle-related loans; Housing improvement loans; Short term group loans to rural women. Consumer loans represent only 4.5% of the portfolio.

ASSET QUALITY:

As with other participants in the microfinance sector in Nicaragua, FDL has seen a sharp deterioration in its portfolio quality in the past year (see above the write-up on Banex). PAR30 plus restructured and extended loans reached 9.2% of the gross portfolio in April 2009 as compared with 3.4% in April 2008. Management expects the situation to start improving in the second semester of 2009 thanks to the host of measures taken: the announcement that FDL will refinance clients who pay on time; strengthened collection efforts (hired external "gestores de cobro"); credit bureau checks not only of clients but also of their partners, guarantors and people they have guaranteed; and marking livestock collateral to prevent clients from selling them. The loan loss provision amounts to 80% of PAR30.

The loan portfolio grew 22% in the twelve months to April 2009 and stands at USD 70.5 million. FDL loans currently fund the following activities: agriculture and livestock (62%), trade (20%), housing (8%), and others. FDL is quite concentrated in livestock loans, but this category can be further divided into meat (mostly exported) and milk production (for domestic consumption) which provides reasonable diversification of ultimate repayment sources. Within its agriculture portfolio, FDL also plans to replace some of its exposure to the cattle sector with exposure to crops. Crops are mainly coffee, bananas and basic grains such as rice, corn and beans. The majority of FDL's clients are women (56%). The average maturity of its portfolio is 29 months.

FINANCIAL PERFORMANCE:

FDL's net income was stable at USD 2.5 million in 2008 versus USD 2.4 million in 2007, though due to the larger size of the organization, ROA and ROE declined from 5.4% and 30% respectively to 3.7% and 21%. The decrease is mostly due to higher provision expenses and the reduction in portfolio yield (higher PAR and reduction in interest rates in the agricultural and commercial sectors). The operating expense ratio has remained stable at 14% in the past year

thanks to effective cost control. The operating expense ratio is unlikely to decrease in 2009-10 due to expenses associated with a potential transformation.

SOCIAL PERFORMANCE:

As of April 2009, FDL had approximately 80,000 micro-entrepreneurs clients who would otherwise have little or no access to capital. These entrepreneurs create jobs and stimulate local economic activity. Estimating that each micro-entrepreneur supports a family of four members, FDL helps some 320,000 people to obtain better access to basic human needs such as food, housing, education and medical services. With regard to local economic conditions, the support brought to people, especially in remote rural areas, constitutes progress in the poorest country of Central America where GDP per capita (in PPP terms) reached only USD 3,200 at the end of 2008. Furthermore, by encouraging the informal economy, FDL supports the livelihood of the active poor, who would otherwise face extreme difficulty finding a job in a country suffering from high unemployment.



BALANCE SHEET

	Year 2008		Year 2007		Year 2006		Growth	Growth
	USD		USD		USD		1 Year	2 Years
	<i>Audited</i>		<i>Audited</i>		<i>Audited</i>			
Assets								
Cash and Cash Equivalents	5,590,238	6.7%	3,709,177	6.7%	3,266,458	7.7%	50.7%	71.1%
Cash in reserve	-	0.0%	-	0.0%	-	0.0%	-	-
Deposits Against Back-to-Back Loan:	-	0.0%	-	0.0%	-	0.0%	-	-
Short Term Investments	1,829,960	2.2%	1,618,053	2.9%	1,233,541	2.9%	13.1%	48.4%
Total Liquidities	7,420,199	8.9%	5,327,230	9.7%	4,499,999	10.6%	39.3%	64.9%
Gross loan portfolio Short term	19,636,101	23.6%	9,652,447	17.5%	9,590,672	22.7%	103.4%	104.7%
Loan loss reserve	-2,308,115	2.8%	-1,106,330	2.0%	-889,130	2.1%	108.6%	159.6%
Other Current Assets	2,504,599	3.0%	2,207,816	4.0%	1,397,240	3.3%	13.4%	79.3%
Total Current Assets	27,252,783	32.8%	16,081,163	29.2%	14,598,781	34.5%	69.5%	86.7%
Long term outstanding loans	54,179,880	65.2%	37,474,243	68.1%	26,795,748	63.3%	44.6%	102.2%
Property Plant & Equipment Net	1,640,910	2.0%	1,051,317	1.9%	858,175	2.0%	56.1%	91.2%
Long term investments	-	0.0%	288,476	0.5%	-	0.0%	-100.0%	-
Total other long term assets	-	0.0%	153,005	0.3%	57,312	0.1%	-100.0%	-100.0%
Total Non-Current Assets	55,820,790	67.2%	38,967,041	70.8%	27,711,236	65.5%	43.3%	101.4%
Total Assets	83,073,573	100.0%	55,048,204	100.0%	42,310,016	100.0%	50.9%	96.3%
Total Net Loan Portfolio	71,507,866		46,020,360		35,497,289		55.4%	101.4%
Liabilities								
Sight deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Short Term Term deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Short Term Compulsory Deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Savings & deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Borrowing short term	20,103,645	24.2%	8,098,824	14.7%	5,877,116	13.9%	148.2%	242.1%
Short term back to back loans	-	0.0%	-	0.0%	-	0.0%	-	-
Other short term Liabilities	1,878,401	2.3%	2,645,387	4.8%	2,047,666	4.8%	-29.0%	-8.3%
Total Current Liabilities	21,982,046	26.5%	10,744,211	19.5%	7,924,782	18.7%	104.6%	177.4%
Long term Term Deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Long term compulsory savings	-	0.0%	-	0.0%	-	0.0%	-	-
Borrowing long term	46,908,504	56.5%	34,526,565	62.7%	26,773,528	63.3%	35.9%	75.2%
Long term back to back loans	-	0.0%	-	0.0%	-	0.0%	-	-
Subordinated Debt	-	0.0%	-	0.0%	-	0.0%	-	-
Other long term liabilities	-	0.0%	-	0.0%	-	0.0%	-	-
Total Non-Current Liabilities	46,908,504	56.5%	34,526,565	62.7%	26,773,528	63.3%	35.9%	75.2%
Total Liabilities	68,890,550	82.9%	45,270,776	82.2%	34,698,311	82.0%	52.2%	98.5%
Total Deposits	-		-		-		-	-
Total Loans (including Sub-Debt)	67,012,148		42,625,389		32,650,644		57.2%	105.2%
Donations	2,115,967	2.5%	1,621,440	2.9%	1,566,509	3.7%	30.5%	35.1%
Paid in Capital (+ additional Paid)	506	0.0%	559	0.0%	608	0.0%	-9.4%	-16.7%
Reserves	-	0.0%	-	0.0%	-	0.0%	-	-
Retained earnings	9,500,247	11.4%	5,554,943	10.1%	3,882,166	9.2%	71.0%	144.7%
Net income for the period	2,566,302	3.1%	2,600,487	4.7%	2,162,423	5.1%	-1.3%	18.7%
Total Equity	14,183,023	17.1%	9,777,429	17.8%	7,611,706	18.0%	45.1%	86.3%
Total Equity & Liabilities	83,073,573	100.0%	55,048,204	100.0%	42,310,016	100.0%	50.9%	96.3%



INCOME STATEMENT

	Year 2008		Year 2007		Year 2006		Growth	Growth
	USD		USD		USD		1 Year	2 Years
	<i>Audited</i>		<i>Audited</i>		<i>Audited</i>			
Income from banking	16,278,187	92.5%	10,515,191	89.7%	7,992,078	87.5%	54.8%	103.7%
Income from investments	-	0.0%	201,378	1.7%	-	0.0%	-100.0%	-
Total Banking Revenue	16,278,187	92.5%	10,716,569	91.5%	7,992,078	87.5%	51.9%	103.7%
Interest and fee expense on Loans	4,596,661	30.6%	3,056,980	33.5%	2,002,830	29.2%	50.4%	129.5%
Interest expense on Deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Loan loss provision expense	1,388,715	9.2%	482,423	5.3%	427,885	6.2%	187.9%	224.6%
Total Banking Expense	5,985,376	39.8%	3,539,402	38.8%	2,430,715	35.5%	69.1%	146.2%
Gross Margin	10,292,810	50.2%	7,177,166	61.3%	5,561,363	60.9%	43.4%	85.1%
Loan recuperation	-	0.0%	20,861	0.2%	-	0.0%	-100.0%	-
Other operating revenue	1,074,843	6.1%	594,530	5.1%	822,038	9.0%	80.8%	30.8%
Total other operating revenue	1,074,843	6.1%	615,391	5.3%	822,038	9.0%	74.7%	30.8%
Personnel expense	5,266,077	35.0%	3,315,243	36.4%	2,215,311	32.4%	58.8%	137.7%
Administrative expense	3,291,637	21.9%	1,557,783	17.1%	2,201,802	32.2%	111.3%	49.5%
Depreciation/amortization	-	0.0%	-	0.0%	-	0.0%	-	-
Other operating expense	408,954	2.7%	704,637	7.7%	-	0.0%	-42.0%	-
Total operating expense	8,966,667	59.6%	5,577,662	61.2%	4,417,113	64.5%	60.8%	103.0%
Operating Margin	2,400,986	11.7%	2,214,895	18.9%	1,966,288	21.5%	8.4%	22.1%
Consulting and training	-	0.0%	-	0.0%	-	0.0%	-	-
Currency gain/deflation	246,816	1.4%	385,592	3.3%	317,715	3.5%	719.3%	894.4%
Donations / Grants	-	0.0%	-	0.0%	-	0.0%	-	-
Other/Extraordinary non-operating r	-	0.0%	-	0.0%	-	0.0%	-	-
Non-operating revenue	246,816	1.4%	385,592	3.3%	317,715	3.5%	719.3%	894.4%
Currency loss/inflation	-	0.0%	-	0.0%	-	0.0%	-	-
Other/Extraordinary non-operating e	81,501	0.5%	-	0.0%	-	0.0%	-	-
Non-operating expense	81,501	0.5%	-	0.0%	-	0.0%	-	-
Taxes	-	0.0%	-	0.0%	-	0.0%	-	-
Net Income	2,566,302	14.6%	2,600,487	22.2%	2,284,003	25.0%	-1.3%	12.4%

15. Mikrofin

STATUS AND HISTORY:

Mikrofin is a credit-only, for profit limited liability company formed under the terms of the 2007 Microfinance Law of the Republika Srpska and regulated by the Banking Agency of Bosnia and Herzegovina. Currently its sole shareholder is its predecessor organization Mikrofin NGO. The shareholding structure will include a number of new institutional investors once the MFI continues its transformation into a Joint Stock Company, likely by the last quarter of 2009.

The MFI was originally founded in 1997 as an NGO under the World Bank's Local Initiatives Project. Mikrofin officially registered as a not-for-profit Microcredit Organization in 2002 and transformed into a for-profit Microcredit Company in August 2007 to offer a wider range of products to its clients and to increase its capital base in order to attract more funding.

MISSION AND MARKET POSITIONING:

Mikrofin focuses on economically active people with profitable businesses in urban and rural areas. It is the market leader in the sector with an estimated 21% of market share by portfolio volume as of May 2009. It offers individual credit to 57,050 active clients and enjoys a competitive advantage because its microcredit company status allows it to offer loans up to EUR 25,000.

Mikrofin's strategy is to be the pre-eminent provider of microfinance in Bosnia and the institution planned on rolling out new services in 2008 and 2009 such as insurance, credit cards and an open investment fund to test the deposit potential of SME clients. However, the current economic crisis has affected the entire Bosnian economy as well as Mikrofin. As such, Mikrofin will continue to focus on the quality of its loans and does not expect to compete with banks as Mikrofin's loans remain smaller and more expensive.

ASSET QUALITY:

As of May 2009, Mikrofin had a total loan portfolio of USD 160 million representing 94% of total assets. The portfolio grew 20% in local currency terms in 2008 but has declined slightly (by 2.5%) year-to-date in 2009. The institution projects no more than 5% growth for 2009. While Mikrofin has historically had excellent portfolio quality indicators with PAR 30 under 0.6%, PAR tripled in the first three months of the year and reached 4.6% in May 2009. The risk coverage ratio dropped considerably at the end of 2007 due to a new policy, and it stood at 87% (of PAR30) as of May 2009. Mikrofin expects repayments will resume strongly after the summer holiday period and will target to keep portfolio at risk over 30 days below 5%.

FINANCIAL PERFORMANCE:

Mikrofin ended 2008 with a strong 3.6% ROA and 16% ROE, down slightly lower than 2007's performance (5.4% and 23.2% respectively). However, with problems affecting the Bosnian microfinance sector related to overindebtedness among clients, Mikrofin has seen a sharp drop in its financial performance, booking a USD 1.3m year-to-date loss as of May 2009 due to a USD 7.5mm loan loss provision expense. Mikrofin is already an extremely efficient institution (disciplined cost management, fast loan approval processes and a high percentage of productive assets): its operating expense ratio is 5.8% so there is little room to cut costs. Mikrofin will focus therefore on quality credits to reduce provisioning expenses and recovery of bad loans to reach a positive bottom line.

SOCIAL PERFORMANCE:

As with most MFIs in Bosnia, Mikrofin works with all ethnic groups in the country, and serves in this fashion as a unifying force after the terrible divisions and violence of the country's civil war. Many of its clients are returnees from abroad or from other regions of the country that have no access to regular employment and must rely on running small businesses to make a living.



BALANCE SHEET

	Year 2008		Year 2007		Year 2006		Growth	Growth
	USD		USD		USD		1 Year	2 Years
	<i>Audited</i>		<i>Audited</i>		<i>Audited</i>			
Assets								
Cash and Cash Equivalents	4,034,041	2.3%	3,680,465	2.4%	7,210,484	9.6%	9.6%	-44.1%
Cash in reserve	-	0.0%	-	0.0%	-	0.0%	-	-
Deposits Against Back-to-Back Loan:	-	0.0%	-	0.0%	-	0.0%	-	-
Short Term Investments	-	0.0%	-	0.0%	-	0.0%	-	-
Total Liquidities	4,034,041	2.3%	3,680,465	2.4%	7,210,484	9.6%	9.6%	-44.1%
Gross loan portfolio Short term	87,642,651	50.7%	13,392,330	8.8%	56,646,568	75.6%	554.4%	54.7%
Loan loss reserve	-1,703,521	1.0%	-335,203	0.2%	-122,926	0.2%	408.2%	1285.8%
Other Current Assets	-1,680,244	-1.0%	-998,246	-0.7%	-403,075	-0.5%	68.3%	316.9%
Total Current Assets	88,292,928	51.1%	15,739,347	10.3%	63,331,050	84.6%	461.0%	39.4%
Long term outstanding loans	78,107,276	45.2%	131,839,769	86.5%	9,498,637	12.7%	-40.8%	722.3%
Property Plant & Equipment Net	4,055,863	2.3%	3,661,624	2.4%	2,045,833	2.7%	10.8%	98.2%
Long term investments	2,384,347	1.4%	1,186,559	0.8%	-	0.0%	100.9%	-
Total other long term assets	-	0.0%	18,768	0.0%	22,840	0.0%	-100.0%	-100.0%
Total Non-Current Assets	84,547,485	48.9%	136,706,721	89.7%	11,567,310	15.4%	-38.2%	630.9%
Total Assets	172,840,413	100.0%	152,446,067	100.0%	74,898,360	100.0%	13.4%	130.8%
Total Net Loan Portfolio	164,046,407		144,896,897		66,022,278		13.2%	148.5%
Liabilities								
Sight deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Short Term Term deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Short Term Compulsory Deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Savings & deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Borrowing short term	6,553,681	3.8%	1,895,462	1.2%	12,310,756	16.4%	245.8%	-46.8%
Short term back to back loans	-	0.0%	-	0.0%	-	0.0%	-	-
Other short term Liabilities	1,813,355	1.0%	1,254,703	0.8%	1,022,212	1.4%	44.5%	77.4%
Total Current Liabilities	8,367,035	4.8%	3,150,165	2.1%	13,332,969	17.8%	165.6%	-37.2%
Long term Term Deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Long term compulsory savings	-	0.0%	-	0.0%	-	0.0%	-	-
Borrowing long term	127,446,174	73.7%	116,069,002	76.1%	41,623,090	55.6%	9.8%	206.2%
Long term back to back loans	-	0.0%	-	0.0%	-	0.0%	-	-
Subordinated Debt	-	0.0%	-	0.0%	-	0.0%	-	-
Other long term liabilities	-	0.0%	-	0.0%	-	0.0%	-	-
Total Non-Current Liabilities	127,446,174	73.7%	116,069,002	76.1%	41,623,090	55.6%	9.8%	206.2%
Total Liabilities	135,813,209	78.6%	119,219,167	78.2%	54,956,059	73.4%	13.9%	147.1%
Total Deposits	-		-		-		-	-
Total Loans (including Sub-Debt)	133,999,855		117,964,464		53,933,846		13.6%	148.5%
Donations	-	0.0%	9,531,340	6.3%	13,775,601	18.4%	-100.0%	-100.0%
Paid in Capital (+ additional Paid)	29,095,141	16.8%	379,092	0.2%	-	0.0%	7574.9%	-
Reserves	1,742,072	1.0%	1,777,827	1.2%	802,892	1.1%	-2.0%	117.0%
Dividends paid to shareholders (curr	-	0.0%	-	0.0%	-	0.0%	-	-
Net income for the period	5,623,363	3.3%	6,169,388	4.0%	5,363,809	7.2%	-8.9%	4.8%
Total Equity	37,027,204	21.4%	33,226,900	21.8%	19,942,301	26.6%	11.4%	85.7%
Total Equity & Liabilities	172,840,413	100.0%	152,446,067	100.0%	74,898,360	100.0%	13.4%	130.8%



INCOME STATEMENT

	Year 2008		Year 2007		Year 2006		Growth	Growth
	USD		USD		USD		1 Year	2 Years
	<i>Audited</i>		<i>Audited</i>		<i>Audited</i>			
Income from banking	29,631,219	98.3%	22,396,702	98.6%	10,049,104	82.3%	32.3%	194.9%
Income from investments	6,546	0.0%	56,340	0.2%	2,981	0.0%	-88.4%	119.6%
Total Banking Revenue	29,637,765	98.3%	22,453,042	98.9%	10,052,085	82.3%	32.0%	194.8%
Interest and fee expense on Loans	9,301,717	40.6%	6,426,379	39.5%	2,452,522	35.8%	44.7%	279.3%
Interest expense on Deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Loan loss provision expense	1,969,014	8.6%	296,963	1.8%	98,099	1.4%	563.1%	1907.2%
Total Banking Expense	11,270,730	49.2%	6,723,341	41.3%	2,550,621	37.2%	67.6%	341.9%
Gross Margin	18,367,035	60.9%	15,729,700	69.3%	7,501,464	61.4%	16.8%	144.8%
Loan recuperation	29,095	0.1%	64,295	0.3%	8,430	0.1%	-54.7%	245.1%
Other operating revenue	40,006	0.1%	12,991	0.1%	11,785	0.1%	208.0%	239.5%
Total other operating revenue	69,101	0.2%	77,286	0.3%	20,215	0.2%	-10.6%	241.8%
Personnel expense	4,631,219	20.2%	5,336,649	32.8%	2,565,835	37.5%	-13.2%	80.5%
Administrative expense	6,124,527	26.7%	3,575,705	22.0%	1,390,477	20.3%	71.3%	340.5%
Depreciation/amortization	870,672	3.8%	629,731	3.9%	293,089	4.3%	38.3%	197.1%
Other operating expense	-	0.0%	-	0.0%	49,241	0.7%	-	-100.0%
Total operating expense	11,626,418	50.8%	9,542,085	58.7%	4,298,640	62.8%	21.8%	170.5%
Operating Margin	6,809,718	22.6%	6,264,901	27.6%	3,223,039	26.4%	8.7%	111.3%
Consulting and training	-	0.0%	-	0.0%	-	0.0%	-	-
Currency gain/deflation	440,064	1.5%	182,271	0.8%	-	0.0%	141.4%	-
Donations / Grants	-	0.0%	-	0.0%	2,140,770	17.5%	-	-100.0%
Other non-operating revenue	-	0.0%	-	0.0%	-	0.0%	-	-
Non-operating revenue	440,064	1.5%	182,271	0.8%	2,140,770	17.5%	141.4%	-79.4%
Currency loss/inflation	917,224	4.0%	-	0.0%	-	0.0%	-	-
Other/ non-operating expense	-	0.0%	-	0.0%	-	0.0%	-	-
Non-operating expense	917,224	4.0%	-	0.0%	-	0.0%	-	-
Taxes	709,194	3.1%	277,784	1.7%	-	0.0%	155.3%	-
Net Income	5,623,363	18.7%	6,169,388	27.2%	5,363,809	43.9%	-8.9%	4.8%

16. Partner

STATUS AND HISTORY:

Partner was established in 1997 in Tuzla (Federation of Bosnia Herzegovina) by Mercy Corps, as an NGO under the World Bank's Local Initiatives Project. Partner registered as a not-for-profit Microcredit Organization in 2001, acquired BosVita in 2004 and transformed into a Microcredit Foundation in 2008 according to new Bosnian legislation.

In 2010, Partner Foundation will found a for-profit Microcredit Company in which Mercy Corps will become one of the largest shareholders. The foundation will continue to exist and will focus on non-financial services such as training, mentoring, market research and eventually a guarantee fund in partnership with Mercy Corps. The long term plan for Partner is to transform into a bank.

Partner was the first MFI in Bosnia to be rated by a mainstream rating agency (B- stable by S&P in May 2008

MISSION AND MARKET POSITIONING:

Partner's mission is "to provide financial services to the economically active population with no access to commercial financing sources necessary for the start-up of new and improvement of existing business and improvement of the quality of life." Through its 55 branches and sub-offices, Partner covers about 80% of the country, with a slight concentration on the Tuzla province and North-East regions. As of May 2009, Partner offers individual loans to 62,649 active clients, the largest outreach of any Bosnian institution and representing 17% market share. In 2007, Partner launched on-site cash operations for three branches instead of using banks for disbursements and repayments, providing the institution with a competitive advantage over other MFIs for which cash management is usually done through banks.

ASSET QUALITY:

As of May 2009 Partner has total assets of USD 134 million of which 90% is comprised of its loan portfolio. The portfolio grew 15% during 2008 in local currency terms but shrunk 8% between January 2009 and May 2009. Indeed, Partner is directly affected by the current economic crisis in Bosnia. PAR 30 increased from 1.6% in December 08 to 3.5% at May 09. Management forecasts that PAR30 could reach 7% by year end.

Portfolio at risk is concentrated in large business loans and much less in rural areas where competition is weaker and credit quality is higher. Partner has improved its risk coverage ratio from 85% to 92% at end of May 2009. Overall, Partner displays sound risk management and intends on reinforcing it by strengthening the risk and credit management departments and systematically using the recently created credit bureau. Furthermore it launched a special bad debt collection team in early May 2009.

FINANCIAL PERFORMANCE:

Partner posted a 6.8% ROA and 28.9% ROE in 2008. The higher arrears seen in the first half of 2009 have affected Partner's bottom line this year, however, and the MFI had net losses of USD 623,000 as of May 2009, due to provisioning expenses. Partner has countered this by increasing interest rates on loan products in January and March 2009, aiming to achieve profitability by year-end. Partner outshines its peers with excellent productivity (348 clients per loan officer).

SOCIAL PERFORMANCE:

Partner targets a more rural and lower income population than its competitors EKI and Mikrofin, with an average loan size of USD 1,883 (vs USD 2,362 for EKI, and USD 2,765 for Mikrofin) by focusing on providing small loans (< EUR 5,000). Partner is well aware of the risk of social mission drift (more so than other MFIs in Bosnia) and clearly wants to maintain its social mission despite the competition of its peers and the pressure for growth.



BALANCE SHEET

	Year 2008		Year 2007		Year 2006		Growth	Growth
	USD		USD		USD		1 Year	2 Years
	<i>Audited</i>		<i>Audited</i>		<i>Audited</i>			
Assets								
Cash and Cash Equivalents	7,321,361	5.0%	3,206,502	4.8%	1,536,191	4.0%	128.3%	376.6%
Cash in reserve	-	0.0%	-	0.0%	-	0.0%	-	-
Deposits Against Back-to-Back Loan:	-	0.0%	-	0.0%	-	0.0%	-	-
Short Term Investments	-	0.0%	-	0.0%	36,481	0.1%	-	-100.0%
Total Liquidities	7,321,361	5.0%	3,206,502	4.8%	1,572,672	4.1%	128.3%	365.5%
Gross loan portfolio Short term	7,784,358	5.3%	13,317,230	20.1%	9,617,564	25.2%	-41.5%	-19.1%
Loan loss reserve	-1,800,215	1.2%	-1,338,915	2.0%	-877,776	2.3%	34.5%	105.1%
Other Current Assets	141,239	0.1%	43,435	0.1%	43,671	0.1%	225.2%	223.4%
Total Current Assets	13,446,744	9.2%	15,228,252	23.0%	10,356,131	27.1%	-11.7%	29.8%
Long term outstanding loans	123,990,935	84.7%	47,547,623	71.8%	25,304,600	66.2%	160.8%	390.0%
Property Plant & Equipment Net	8,940,815	6.1%	3,429,698	5.2%	2,577,674	6.7%	160.7%	246.9%
Long term investments	-	0.0%	-	0.0%	-	0.0%	-	-
Total other long term assets	-	0.0%	-	0.0%	-	0.0%	-	-
Total Non-Current Assets	132,931,751	90.8%	50,977,321	77.0%	27,882,274	72.9%	160.8%	376.8%
Total Assets	146,378,494	100.0%	66,205,573	100.0%	38,238,405	100.0%	121.1%	282.8%
Total Net Loan Portfolio	129,975,079		59,525,937		34,044,387		118.4%	281.8%
Liabilities								
Sight deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Short Term Term deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Short Term Compulsory Deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Savings & deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Borrowing short term	25,243,730	17.2%	4,622,305	7.0%	7,336,798	19.2%	446.1%	244.1%
Short term back to back loans	-	0.0%	-	0.0%	-	0.0%	-	-
Other short term Liabilities	941,722	0.6%	1,827,623	2.8%	335,256	0.9%	-48.5%	180.9%
Total Current Liabilities	26,185,452	17.9%	6,449,927	9.7%	7,672,054	20.1%	306.0%	241.3%
Long term Term Deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Long term compulsory savings	-	0.0%	-	0.0%	-	0.0%	-	-
Borrowing long term	88,849,399	60.7%	41,336,873	62.4%	19,152,362	50.1%	114.9%	363.9%
Long term back to back loans	-	0.0%	-	0.0%	-	0.0%	-	-
Subordinated Debt	-	0.0%	-	0.0%	-	0.0%	-	-
Other long term liabilities	-	0.0%	-	0.0%	-	0.0%	-	-
Total Non-Current Liabilities	88,849,399	60.7%	41,336,873	62.4%	19,152,362	50.1%	114.9%	363.9%
Total Liabilities	115,034,852	78.6%	47,786,800	72.2%	26,824,417	70.2%	140.7%	328.8%
Total Deposits	-		-		-		-	-
Total Loans (including Sub-Debt)	114,093,129		45,959,177		26,489,160		148.2%	330.7%
Donations	24,142,509	16.5%	5,607,248	8.5%	9,736,641	25.5%	330.6%	148.0%
Paid in Capital (+ additional Paid)	-	0.0%	-	0.0%	-	0.0%	-	-
Reserves	-	0.0%	-	0.0%	-	0.0%	-	-
Retained earnings	-	0.0%	9,398,453	14.2%	-	0.0%	-100.0%	-
Net income for the period	7,201,133	4.9%	3,413,071	5.2%	1,677,347	4.4%	111.0%	329.3%
Total Equity	31,343,642	21.4%	18,418,772	27.8%	11,413,988	29.8%	70.2%	174.6%
Total Equity & Liabilities	146,378,494	100.0%	66,205,573	100.0%	38,238,405	100.0%	121.1%	282.8%



INCOME STATEMENT

	Year 2008		Year 2007		Year 2006		Growth	Growth
	USD		USD		USD		1 Year	2 Years
	<i>Audited</i>		<i>Audited</i>		<i>Audited</i>			
Income from banking	24,593,750	98.5%	10,966,918	81.7%	7,023,010	94.3%	124.3%	250.2%
Income from investments	-	0.0%	-	0.0%	-	0.0%	-	-
Total Banking Revenue	24,593,750	98.5%	10,966,918	81.7%	7,023,010	94.3%	124.3%	250.2%
Interest and fee expense on Loans	7,416,038	41.8%	1,898,911	24.0%	1,103,531	20.1%	290.5%	572.0%
Interest expense on Deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Loan loss provision expense	963,254	5.4%	964,530	12.2%	1,066,329	19.4%	-0.1%	-9.7%
Total Banking Expense	8,379,292	47.2%	2,863,441	36.2%	2,169,861	39.4%	192.6%	286.2%
Gross Margin	16,214,458	65.0%	8,103,477	60.4%	4,853,150	65.2%	100.1%	234.1%
Loan recuperation	244,188	1.0%	96,796	0.7%	386,210	5.2%	152.3%	-36.8%
Other operating revenue	99,967	0.4%	72,351	0.5%	37,593	0.5%	38.2%	165.9%
Total other operating revenue	344,156	1.4%	169,147	1.3%	423,803	5.7%	103.5%	-18.8%
Personnel expense	5,457,021	30.7%	3,158,229	39.9%	1,996,645	36.3%	72.8%	173.3%
Administrative expense	3,003,376	16.9%	1,466,462	18.5%	985,703	17.9%	104.8%	204.7%
Depreciation/amortization	864,489	4.9%	393,280	5.0%	303,968	5.5%	119.8%	184.4%
Other operating expense	-	0.0%	31,146	0.4%	44,178	0.8%	-100.0%	-100.0%
Total operating expense	9,324,885	52.5%	5,049,117	63.8%	3,330,494	60.6%	84.7%	180.0%
Operating Margin	7,233,729	29.0%	3,223,507	24.0%	1,946,459	26.1%	124.4%	271.6%
Consulting and training	-	0.0%	-	0.0%	-	0.0%	-	-
Currency gain/deflation	-	0.0%	189,564	1.4%	-	0.0%	-100.0%	-
Donations / Grants	-	0.0%	2,095,595	15.6%	-	0.0%	-100.0%	-
Other non-operating revenue	26,565	0.1%	-	0.0%	-	0.0%	-	-
Non-operating revenue	26,565	0.1%	2,285,159	17.0%	-	0.0%	-98.8%	-
Currency loss/inflation	5,724	0.0%	-	0.0%	269,112	4.9%	-	-97.9%
Other non-operating expense	53,438	0.3%	-	0.0%	-	0.0%	-	-
Non-operating expense	59,161	0.3%	-	0.0%	269,112	4.9%	-	-78.0%
Taxes	-	0.0%	-	0.0%	-	0.0%	-	-
Net Income	7,201,133	28.8%	5,508,666	41.0%	1,677,347	22.5%	30.7%	329.3%

17. Pro Credit Bank Georgia

STATUS AND HISTORY:

ProCredit Bank Georgia is a full service commercial bank regulated by the Central Bank of Georgia, and fully owned by ProCredit Holdings, an international microfinance network based in Frankfurt, Germany.

The bank was established in 1999 under the name of Microfinance Bank of Georgia. In September 2003, following a shareholders' decision, it was renamed to ProCredit as part of a group rebranding exercise. ProCredit group is led by the German-based ProCredit Holding AG which acts as a strategic investor (it became the major shareholder in network banks in 2005/6) and, together with IPC, provides intra-group coordination as well as extensive administrative, management and consulting advice. The primary aim of the group is financing of micro and SME customers in emerging markets.

MISSION AND MARKET POSITIONING:

With its 58-branch network, ProCredit Georgia is one of the largest banks in Georgia. The bank currently covers the main urban and rural areas of Georgia serving 57,200 active borrowers and 292,255 active depositors as of May 2009. ProCredit Georgia's core clientele is comprised of individual entrepreneurs and SMEs, engaged mainly in trade, service and agro-business. ProCredit Georgia aims to continue to operate according to its existing business model: expanding service range but retaining focus on the core clientele.

Relatively easy access to long-term funding sources and strong support from its shareholders remain strong advantages for ProCredit Georgia. Following the war between Russia and Georgia in August 2008, the consequent deposit outflow, and during the liquidity crunch in the autumn 2008, ProCredit Georgia was the only bank in Georgia which did not interrupt operations.

ASSET QUALITY:

Like many other financial institutions in Georgia, ProCredit had to restructure a portion of its portfolio located near the conflict zones following the August 2008 war with Russia. As of May 2009, restructured loans represented 5.8% of total portfolio, out of which 4% was related to the war. Overall portfolio quality deteriorated slightly during 2009 in line with the economic crisis. PAR 30 stood at 2.5% as at May 2009 but written off loans were very low at 0.2%. Total portfolio remained more or less stable over the first five months of the year at USD 308.5 million.

FINANCIAL PERFORMANCE:

Despite substantial loan loss provisions of USD 4 million, ProCredit Georgia posted strong financial results for the year 2008 with a net profit of USD 8.16 million, with ROA of 2.3% and ROE of 17%. Operational margins decreased slightly due to continued pressure on pricing and network expansion; however, the bank posted significant revenues of USD 8 million from non-credit operations such as money transfer and currency exchange operations. As of May 2009, ROA for the prior 12 month period had declined somewhat, to 1.4%.

SOCIAL PERFORMANCE:

Average loan outstanding at PCBG is USD 4,637, which is amongst the highest of BOLD MFI Borrowers. The bank is slightly moving from a micro bank to a SME bank as its initial clientele's grows. ProCredit Georgia is however committed in continuing expanding its micro segment portfolio, with most of this type of clients being also depositors.



BALANCE SHEET

	Year 2008		Year 2007		Year 2006		Growth	Growth
	USD		USD		USD		1 Year	2 Years
	<i>Audited</i>		<i>Audited</i>		<i>Audited</i>			
Assets								
Cash and Cash Equivalents	40,282,537	9.8%	37,288,861	10.7%	28,718,099	11.4%	8.0%	40.3%
Cash in reserve	6,940,787	1.7%	-	0.0%	-	0.0%	-	-
Deposits Against Back-to-Back Loan:	-	0.0%	-	0.0%	-	0.0%	-	-
Short Term Investments	31,807,635	7.7%	57,066,079	16.4%	29,644,697	11.7%	-44.3%	7.3%
Total Liquidities	79,030,959	19.2%	94,354,940	27.2%	58,362,796	23.1%	-16.2%	35.4%
Gross loan portfolio Short term	152,314,397	37.0%	235,838,892	67.9%	105,552,564	41.8%	-35.4%	44.3%
Loan loss reserve	-12,392,546	3.0%	-9,806,167	2.8%	-7,330,251	2.9%	26.4%	69.1%
Other Current Assets	2,858,431	0.7%	4,337,319	1.2%	3,675,369	1.5%	-34.1%	-22.2%
Total Current Assets	221,811,241	53.9%	324,724,984	93.5%	160,260,478	63.4%	-31.7%	38.4%
Long term outstanding loans	163,928,464	39.8%	7,016,362	2.0%	80,778,506	32.0%	2236.4%	102.9%
Property Plant & Equipment Net	25,601,443	6.2%	15,251,731	4.4%	11,555,256	4.6%	67.9%	121.6%
Long term investments	-	0.0%	91,252	0.0%	83,119	0.0%	-100.0%	-100.0%
Total other long term assets	439,435	0.1%	124,607	0.0%	108,874	0.0%	252.7%	303.6%
Total Non-Current Assets	189,969,342	46.1%	22,483,952	6.5%	92,525,755	36.6%	744.9%	105.3%
Total Assets	411,780,583	100.0%	347,208,936	100.0%	252,786,233	100.0%	18.6%	62.9%
Total Net Loan Portfolio	303,850,316		233,049,087		179,000,819		30.4%	69.7%
Liabilities								
Sight deposits	33,924,857	8.2%	44,108,874	12.7%	31,984,313	12.7%	-23.1%	6.1%
Short Term Term deposits	129,723,475	31.5%	129,247,325	37.2%	97,190,939	38.4%	0.4%	33.5%
Short Term Compulsory Deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Savings & deposits	163,648,332	39.7%	173,356,199	49.9%	129,175,252	51.1%	-5.6%	26.7%
Borrowing short term	52,176,736	12.7%	25,054,751	7.2%	18,429,525	7.3%	108.3%	183.1%
Short term back to back loans	-	0.0%	-	0.0%	-	0.0%	-	-
Other short term Liabilities	3,048,392	0.7%	4,597,860	1.3%	685,437	0.3%	-33.7%	344.7%
Total Current Liabilities	218,873,460	53.2%	203,008,811	58.5%	148,290,213	58.7%	7.8%	47.6%
Long term Term Deposits	12,844,605	3.1%	-	0.0%	-	0.0%	-	-
Long term compulsory savings	-	0.0%	-	0.0%	-	0.0%	-	-
Borrowing long term	124,285,543	30.2%	94,660,164	27.3%	61,377,312	24.3%	31.3%	102.5%
Long term back to back loans	-	0.0%	-	0.0%	-	0.0%	-	-
Subordinated Debt	-	0.0%	-	0.0%	-	0.0%	-	-
Other long term liabilities	-	0.0%	3,606,042	1.0%	2,271,716	0.9%	-100.0%	-100.0%
Total Non-Current Liabilities	137,130,147	33.3%	98,266,205	28.3%	63,649,028	25.2%	39.5%	115.4%
Total Liabilities	356,003,607	86.5%	301,275,016	86.8%	211,939,241	83.8%	18.2%	68.0%
Total Deposits	176,492,937		173,356,199		129,175,252		1.8%	36.6%
Total Loans (including Sub-Debt)	176,462,278		119,714,915		79,806,837		47.4%	121.1%
Donations	-	0.0%	-	0.0%	-	0.0%	-	-
Paid in Capital (+ additional Paid)	42,346,258	10.3%	34,754,563	10.0%	32,325,568	12.8%	21.8%	31.0%
Reserves	-	0.0%	-	0.0%	-	0.0%	-	-
Retained earnings	13,430,718	3.3%	11,179,358	3.2%	8,521,424	3.4%	-62.7%	-51.0%
Net income for the period	-	0.0%	-	0.0%	-	0.0%	-	-
Total Equity	55,776,976	13.5%	45,933,921	13.2%	40,846,991	16.2%	21.4%	36.6%
Total Equity & Liabilities	411,780,583	100.0%	347,208,936	100.0%	252,786,233	100.0%	18.6%	62.9%



INCOME STATEMENT

	Year 2008		Year 2007		Year 2006		Growth	Growth
	USD		USD		USD		1 Year	2 Years
	<i>Audited</i>		<i>Audited</i>		<i>Audited</i>			
Income from banking	60,103,396	87.8%	49,674,009	89.1%	36,791,150	86.2%	21.0%	63.4%
Income from investments	2,881,876	4.2%	2,611,076	4.7%	1,378,483	3.2%	10.4%	109.1%
Total Banking Revenue	62,985,272	92.0%	52,285,085	93.8%	38,169,632	89.4%	20.5%	65.0%
Interest and fee expense on Loans	12,998,497	22.1%	19,056,010	40.0%	13,848,045	37.0%	-31.8%	-6.1%
Interest expense on Deposits	10,982,266	18.7%	-	0.0%	-	0.0%	-	-
Loan loss provision expense	3,960,926	6.7%	2,723,096	5.7%	3,777,218	10.1%	45.5%	4.9%
Total Banking Expense	27,941,689	47.6%	21,779,106	45.7%	17,625,263	47.1%	28.3%	58.5%
Gross Margin	35,043,583	51.2%	30,505,979	54.7%	20,544,369	48.1%	14.9%	70.6%
Loan recuperation	-	0.0%	-	0.0%	-	0.0%	-	-
Other operating revenue	-	0.0%	1,032,725	1.9%	2,272,887	5.3%	-100.0%	-100.0%
Total other operating revenue	-	0.0%	1,032,725	1.9%	2,272,887	5.3%	-100.0%	-100.0%
Personnel expense	16,239,856	27.7%	10,998,741	23.1%	7,463,709	19.9%	47.7%	117.6%
Administrative expense	9,541,930	16.2%	11,260,541	23.6%	8,476,352	22.7%	-15.3%	12.6%
Depreciation/amortization	2,777,878	4.7%	2,254,877	4.7%	1,682,276	4.5%	23.2%	65.1%
Other operating expense	2,231,440	3.8%	1,260,541	2.6%	2,133,575	5.7%	77.0%	4.6%
Total operating expense	30,791,103	52.4%	25,774,701	54.1%	19,755,912	52.8%	19.5%	55.9%
Operating Margin	4,252,480	6.2%	5,764,003	10.3%	3,061,344	7.2%	-26.2%	38.9%
Consulting and training	-	0.0%	-	0.0%	-	0.0%	-	-
Currency gain/deflation	4,191,764	6.1%	2,227,816	4.0%	1,564,622	3.7%	88.2%	167.9%
Donations / Grants	-	0.0%	49,717	0.1%	649,731	1.5%	-100.0%	-100.0%
Other non-operating revenue	1,266,005	1.8%	150,409	0.3%	19,316	0.0%	741.7%	6454.1%
Non-operating revenue	5,457,770	8.0%	2,427,942	4.4%	2,233,669	5.2%	124.8%	144.3%
Currency loss/inflation	-	0.0%	-	0.0%	-	0.0%	-	-
Other non-operating expense	-	0.0%	78,037	0.2%	34,535	0.1%	-100.0%	-100.0%
Non-operating expense	-	0.0%	78,037	0.2%	34,535	0.1%	-100.0%	-100.0%
Taxes	1,547,941	2.6%	1,691,001	3.6%	1,161,321	3.1%	-8.5%	33.3%
Net Income	8,162,308	11.9%	6,422,907	11.5%	4,099,157	9.6%	27.1%	99.1%

18. WWB Popayan, Colombia

STATUS AND HISTORY:

WWB Popayan, founded 1985, is a Colombian non-profit organization headquartered in the city of Popayan. The principal activity of the foundation is lending to micro and small businesses. It also offers non-financial services to assist the integration of women into household economic activity. The Foundation is an affiliate of the Women's World Banking (WWB) network. They have decided to transform into a regulated bank and are starting to work towards that goal, which they expect should be accomplished in about 3 years.

MISSION AND MARKET POSITIONING:

The mission of WWB Popayan is to help low income microentrepreneurs in Colombia, through the provision of high quality and efficient financial services. In 2008 they became the largest MFI in Colombia in terms of numbers of clients, and now serve 261,000 people through a network of 38 branches and sales points. It is the second largest MFI in terms of portfolio size, after WWB Cali.

The Colombian market used to be regionally segmented, with each of the WWBs agreeing to cover their own specific regions. This changed completely in 2007 and now there is strong competition, not just amongst specialized MFIs, but also because of the aggressive entrance of downscaling banks and the microfinance specialized Procredit Bank. However, WWB Popayan continues to perform well, with strong portfolio growth and increasing its geographic reach to the northern and southern extremes of the country, mostly in small municipalities in semi-rural areas.

ASSET QUALITY:

The loan portfolio of WWB Popayan amounts to USD 172 mm as of May 2009, which represents 96% of the institution's assets. PAR30 is good at 4.4% of outstanding portfolio as of May 2009 (0% restructured loans and 0% write-offs YTD). Although these are very good indicators, they nevertheless show a slight deterioration from 2008, due to an overindebtedness crisis that has hit all MFIs and banks across the country, combined with a recessionary macroeconomic environment. WWB Popayan's loan loss provision is very good, however, amounting to 117% of PAR 30.

FINANCIAL PERFORMANCE:

WWB Popayan continues to show strong financial returns. In 2008 ROA was 9.1% and ROE was 27%, only slightly below the 11% and 32% respectively for the previous year. Higher provisioning costs in 2008 were largely, though not entirely, offset by operational efficiency gains, as the operational expense ratio is at less than 9%.

SOCIAL PERFORMANCE:

WWB Popayan has more than 250,000 micro-entrepreneurs clients who otherwise have little or no access to capital. Estimating conservatively that each micro-entrepreneur supports a family of four members, WWB Popayan helps approximately 1 million people to obtain better access to basic human needs such as food, housing, education and medical services. Additionally, it is important to highlight that WWB Popayan maintains a strong mission focus in serving the poorest Colombians. It has one of the lowest average loan sizes in the country at USD 616 per client.



BALANCE SHEET

	Year 2008		Year 2007		Year 2006		Growth	Growth
	USD		USD		USD		1 Year	2 Years
	<i>Audited</i>		<i>Audited</i>		<i>Audited</i>			
Assets								
Cash and Cash Equivalents	2,476,025	1.6%	3,106,589	2.0%	1,065,641	1.2%	-20.3%	132.4%
Cash in reserve	-	0.0%	-	0.0%	-	0.0%	-	-
Deposits Against Back-to-Back Loan:	-	0.0%	-	0.0%	-	0.0%	-	-
Short Term Investments	1,984,700	1.3%	5,164,413	3.4%	1,758,661	2.1%	-61.6%	12.9%
Total Liquidities	4,460,725	2.9%	8,271,002	5.4%	2,824,301	3.3%	-46.1%	57.9%
Gross loan portfolio Short term	107,403,166	69.4%	107,030,133	69.9%	74,792,005	87.5%	0.3%	43.6%
Loan loss reserve	-6,185,141	4.0%	-2,614,986	1.7%	-1,134,817	1.3%	136.5%	445.0%
Other Current Assets	17,896	0.0%	1,793,635	1.2%	101,493	0.1%	-99.0%	-82.4%
Total Current Assets	105,696,646	68.3%	114,479,783	74.8%	76,582,982	89.6%	-7.7%	38.0%
Long term outstanding loans	46,029,928	29.8%	35,676,711	23.3%	6,061,523	7.1%	29.0%	659.4%
Property Plant & Equipment Net	2,560,182	1.7%	2,218,779	1.4%	2,056,069	2.4%	15.4%	24.5%
Long term investments	-	0.0%	-	0.0%	-	0.0%	-	-
Total other long term assets	376,987	0.2%	727,972	0.5%	752,598	0.9%	-48.2%	-49.9%
Total Non-Current Assets	48,967,098	31.7%	38,623,462	25.2%	8,870,190	10.4%	26.8%	452.0%
Total Assets	154,663,744	100.0%	153,103,245	100.0%	85,453,172	100.0%	1.0%	81.0%
Total Net Loan Portfolio	147,247,953		140,091,857		79,718,711		5.1%	84.7%
Liabilities								
Sight deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Short Term Term deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Short Term Compulsory Deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Savings & deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Borrowing short term	16,418,198	10.6%	19,071,654	12.5%	13,228,966	15.5%	-13.9%	24.1%
Short term back to back loans	-	0.0%	-	0.0%	-	0.0%	-	-
Other short term Liabilities	3,110,662	2.0%	2,167,810	1.4%	876,918	1.0%	43.5%	254.7%
Total Current Liabilities	19,528,859	12.6%	21,239,463	13.9%	14,105,883	16.5%	-8.1%	38.4%
Long term Term Deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Long term compulsory savings	-	0.0%	-	0.0%	-	0.0%	-	-
Borrowing long term	78,099,390	50.5%	83,627,136	54.6%	39,310,156	46.0%	-6.6%	98.7%
Long term back to back loans	-	0.0%	-	0.0%	-	0.0%	-	-
Subordinated Debt	-	0.0%	-	0.0%	-	0.0%	-	-
Other long term liabilities	340,090	0.2%	672,348	0.4%	464,148	0.5%	-49.4%	-26.7%
Total Non-Current Liabilities	78,439,479	50.7%	84,299,484	55.1%	39,774,304	46.5%	-7.0%	97.2%
Total Liabilities	97,968,339	63.3%	105,538,948	68.9%	53,880,187	63.1%	-7.2%	81.8%
Total Deposits	-		-		-		-	-
Total Loans (including Sub-Debt)	94,517,587		102,698,790		52,539,122		-8.0%	79.9%
Donations	300,204	0.2%	334,727	0.2%	301,434	0.4%	-10.3%	-0.4%
Paid in Capital (+ additional Paid)	5,919,945	3.8%	6,526,901	4.3%	5,877,713	6.9%	-9.3%	0.7%
Reserves	36,817,732	23.8%	28,285,865	18.5%	10,568,025	12.4%	30.2%	248.4%
Retained earnings	-	0.0%	-	0.0%	10,853,904	12.7%	-	-100.0%
Net income for the period	13,657,524	8.8%	12,416,804	8.1%	3,971,908	4.6%	10.0%	243.9%
Total Equity	56,695,405	36.7%	47,564,297	31.1%	31,572,984	36.9%	19.2%	69.6%
Total Equity & Liabilities	154,663,744	100.0%	153,103,245	100.0%	85,453,172	100.0%	1.0%	81.0%



INCOME STATEMENT

	Year 2008		Year 2007		Year 2006		Growth	Growth
	USD		USD		USD		1 Year	2 Years
	<i>Audited</i>		<i>Audited</i>		<i>Audited</i>			
Income from banking	45,344,944	97.4%	36,205,655	93.0%	19,107,821	96.4%	25.2%	137.3%
Income from investments	-	0.0%	-	0.0%	158,891	0.8%	-	-100.0%
Total Banking Revenue	45,344,944	97.4%	36,205,655	93.0%	19,266,712	97.2%	25.2%	135.4%
Interest and fee expense on Loans	14,715,044	44.9%	12,030,231	45.7%	4,799,602	32.8%	22.3%	206.6%
Interest expense on Deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Loan loss provision expense	4,776,360	14.6%	1,795,961	6.8%	1,052,645	7.2%	166.0%	353.7%
Total Banking Expense	19,491,404	59.4%	13,826,193	52.5%	5,852,246	39.9%	41.0%	233.1%
Gross Margin	25,853,540	55.5%	22,379,462	57.5%	13,414,466	67.6%	15.5%	92.7%
Loan recuperation	-	0.0%	30,941	0.1%	48,359	0.2%	-100.0%	-100.0%
Other operating revenue	1,159,067	2.5%	879,549	2.3%	470,868	2.4%	31.8%	146.2%
Total other operating revenue	1,159,067	2.5%	910,490	2.3%	519,227	2.6%	27.3%	123.2%
Personnel expense	7,135,940	21.8%	6,748,510	25.6%	3,784,447	25.8%	5.7%	88.6%
Administrative expense	5,325,712	16.2%	4,444,370	16.9%	3,210,449	21.9%	19.8%	65.9%
Depreciation/amortization	535,868	1.6%	546,003	2.1%	357,910	2.4%	-1.9%	49.7%
Other operating expense	-	0.0%	-	0.0%	165,138	1.1%	-	-100.0%
Total operating expense	12,997,521	39.6%	11,738,884	44.6%	7,517,943	51.3%	10.7%	72.9%
Operating Margin	14,015,086	30.1%	11,551,069	29.7%	6,415,750	32.4%	21.3%	118.4%
Consulting and training	-	0.0%	-	0.0%	-	0.0%	-	-
Currency gain/deflation	-	0.0%	-	0.0%	-	0.0%	-	-
Donations / Grants	-	0.0%	-	0.0%	-	0.0%	-	-
Other non-operating revenue	51,583	0.1%	1,800,826	4.6%	45,340	0.2%	-97.1%	13.8%
Non-operating revenue	51,583	0.1%	1,800,826	4.6%	45,340	0.2%	-97.1%	13.8%
Currency loss/inflation	-	0.0%	-	0.0%	1,105,878	7.5%	-	-100.0%
Other non-operating expense	312,974	1.0%	747,855	2.8%	1,284,203	8.8%	-58.2%	-75.6%
Non-operating expense	312,974	1.0%	747,855	2.8%	2,390,081	16.3%	-58.2%	-86.9%
Taxes	96,242	0.3%	187,236	0.7%	99,100	0.7%	-48.6%	-2.9%
Net Income	13,657,453	29.3%	12,416,804	31.9%	3,971,908	20.0%	10.0%	243.9%

19. Xac Bank

STATUS AND HISTORY:

XacBank is a full service commercial bank, operating under the Banking Law of Mongolia and is regulated by the National Bank of Mongolia. It was established as a commercial bank in October 2001 and obtained its banking license in December 2001. The Bank is also a member of the Mercy Corps Network of MFIs.

XacBank was created after the merger of two local NBFIs (Golden Fund for Development and Govin Ekeel), leading institutions in the local micro and SME lending industry. Shareholders of the bank as of May 2009 were: MercyCorps 15.78%, Tuushin¹ 14.51%, EIT LLC² 24.31%, IFC 11.81%, EBRD 11.15%, Triodos 15%, and other remaining shareholders owning not more than 4% each which includes NGOs and local companies / individuals. In the most recent Board meeting held in May 2009 the shareholders have agreed to inject an additional USD 5mm in the capital base of the bank.

Xac Bank was recently downgraded by Moody's Investor Service in February 2009. Moody's downgraded Xacbank's BFSR from D to D- with a stable outlook and the baseline credit assessment to Ba3 from Ba2. Overall the LT Bank Deposits (Foreign) remains B2.

MISSION AND MARKET POSITIONING:

Xacbank's mission is "First, to contribute to the socio-economic development of the country by providing access to comprehensive financial services to all citizens and legal entities, including those who are normally excluded, e.g. low-income and remote rural households. Second, but equally important, to maximize the value of shareholders' investment, while creating a profitable and sustainable financial institution."

Xac Bank targets mainly individual clients living in urban and rural areas: 44.2% of its clients are rural, 46.6% urban and 9.2% semi urban. The Bank's primary target market will remain the low income segment of the population, vulnerable groups, marginalized citizens, under-served and those living in remote areas. Approximately 60% of branches are in rural. As of today, Xac Bank is one of the leading providers of microfinance services in Mongolia together with Khan Bank, the largest and most profitable bank in Mongolia.

With a network of 71 branches, a client base of 54,000 clients and a constant focus on product innovation through the use of technology and e-banking platforms, the bank plans to remain one of the leading banking groups in Mongolia. The bank's SME exposure is decreasing due to the overall slowdown in the economy. While the bank has the intention to develop this business line further, it is at very early stage and no serious exposure has been taken so far.

ASSET QUALITY:

As of May 2009 Xac Bank had total assets of USD 160 million of which 68.3% is comprised of their loan portfolio. Effects of the global financial crisis on the local economy have led to some deterioration of Xac Bank's portfolio quality and PAR30 reached 3.4% as of May 2009 up from 0.9% in May 2008 mainly due to inflationary pressures that reduced the consumption levels of the bank's borrowers and the depreciation of the local currency against the USD (45% from November 2008 to March 2009), which has negatively affected the USD loan portfolio.

¹ A freight and transport company

² Group of employees set up a special purpose company called Employee Investment Trust (EIT) which is owned by the employees, capitalized with the shares that they currently hold in the Bank and the Group. BlueOrchard Investments Sarl is part of the EIT group.

performance. Economic slowdown coupled with an unprecedented sharp depreciation of MNT resulted in sudden increase of loan restructuring requests.

This increase in PAR was a factor in Moody's downgrade of bank's rating mentioned above. Nevertheless, Xac Bank's portfolio quality remains far better than the banking sector average in Mongolia (Xac Bank's PAR1, for instance was at 4.9% in March 2009, compared to 16.6% percent for the banking industry on average).

Measures taken to offset Xacbank asset quality deterioration are as follows:

- Loan authorizations for some branches have been revised.
- The Bank adopted appropriate changes in its loan classification regulations aiming to fully comply with recently amended Bank of Mongolia regulations.
- Loan loss reserve was increased from MNT1.5 billion MNT1.9 billion.
- Detailed assessment of USD loans and mortgage portfolio is being conducted regularly with corrective actions taken immediately.
- Risk Management Committee (RMC), and Asset Liability Management Committee (ALCO) meetings are now held bi-weekly, and Credit Committee (CC) and Business Development Committee (BDC) meetings are held on weekly basis to discuss the market environment and risk mitigation actions.

In May 2009 the Mongolian economy has witnessed some signs of improvements, which should help stop the decline in portfolio quality: the inflation rate has gone down to 8% in May 2009 from 12.5% April 09, the local currency has stabilized.

Xac's risk coverage ratio is 35.7%, in compliance with the regulation of Bank of Mongolia. Write-offs for the year 2008 were minimal, at 0.1% The bank actively monitors its portfolio mix, and sets maximum exposure by product and by branch, also as an instrument to project revenue. The Risk Management Department monitors that such targets are respected.

The Bank's liquidity ratio is at a comfortable level of 23% as of May 09 and another indicator of the confidence that the Bank has in Mongolia, is given by an increase in the Bank's time deposits by 2.6% in May 2009. Deposit to loan ratio improved from 55.2% in April to 56.1% in May 2009.

FINANCIAL PERFORMANCE:

Profitability levels have been strong for several years, including the 2008 fiscal year for which XacBank reported a net income after tax and net of donations of 2.4mm USD (in line with the USD 2.4mm net income of 2007) translating to an ROA of 1.7% and ROE of 16.8%. (Unaudited ROA and ROE were 1.3% and 14.5% respectively as of May 09). Portfolio yield has been stable at a level of 22-24% while the operational expense ratio is in its usual range of 10%.

Although the Bank made profits since the beginning of the year it has suffered some losses from volatile movements in foreign exchange rates, deteriorating quality of USD loans. Therefore delinquency prevention and management continued to be under special attention of the Bank's Management

SOCIAL PERFORMANCE:

Xac Bank covers essentially all the major areas of Mongolia and has a natural geographic diversification in both rural and urban areas. As May 09, average outstanding loan per client was USD 1784. To be noted also is Xac Bank's interest and good will in supporting the nomadic Mongolian population through its herder loan product in order to also ease the transition of livestock herders to living in urban centres.



INCOME STATEMENT

	Year 2008		Year 2007		Year 2006		Growth	Growth
	USD		USD		USD		1 Year	2 Years
	<i>Audited</i>		<i>Audited</i>		<i>Audited</i>			
Income from banking	22,248,711	88.2%	15,590,779	88.2%	11,913,241	86.8%	42.7%	86.8%
Income from investments	937,329	3.7%	521,678	3.0%	625,543	4.6%	79.7%	49.8%
Total Banking Revenue	23,186,039	91.9%	16,112,457	91.2%	12,538,784	91.3%	43.9%	84.9%
Interest and fee expense on Loans	11,474,172	52.0%	7,470,503	50.3%	5,331,519	46.3%	53.6%	115.2%
Interest expense on Deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Loan loss provision expense	851,718	3.9%	291,095	2.0%	341,442	3.0%	192.6%	149.4%
Total Banking Expense	12,325,890	55.8%	7,761,598	52.3%	5,672,961	49.2%	58.8%	117.3%
Gross Margin	10,860,149	43.0%	8,350,859	47.3%	6,865,823	50.0%	30.0%	58.2%
Loan recuperation	-	0.0%	-	0.0%	-	0.0%	-	-
Other operating revenue	1,959,380	7.8%	1,498,324	8.5%	1,119,007	8.2%	30.8%	75.1%
Total other operating revenue	1,959,380	7.8%	1,498,324	8.5%	1,119,007	8.2%	30.8%	75.1%
Personnel expense	4,640,841	21.0%	3,332,079	22.5%	2,556,110	22.2%	39.3%	81.6%
Administrative expense	3,807,248	17.2%	3,060,940	20.6%	2,696,116	23.4%	24.4%	41.2%
Depreciation/amortization	790,594	3.6%	625,583	4.2%	524,809	4.6%	26.4%	50.6%
Other operating expense	507,956	2.3%	59,110	0.4%	71,996	0.6%	759.3%	605.5%
Total operating expense	9,746,640	44.2%	7,077,713	47.7%	5,849,031	50.8%	37.7%	66.6%
Operating Margin	3,072,889	12.2%	2,771,470	15.7%	2,135,799	15.6%	10.9%	43.9%
Consulting and training	-	0.0%	-	0.0%	-	0.0%	-	-
Currency gain/deflation	-	0.0%	-	0.0%	-	0.0%	-	-
Donations / Grants	93,098	0.4%	59,110	0.3%	71,996	0.5%	57.5%	29.3%
Other non-operating revenue	-	0.0%	-	0.0%	-	0.0%	-	-
Non-operating revenue	93,098	0.4%	59,110	0.3%	71,996	0.5%	57.5%	29.3%
Currency loss/inflation	-	0.0%	-	0.0%	-	0.0%	-	-
Other non-operating expense	-	0.0%	-	0.0%	-	0.0%	-	-
Non-operating expense	-	0.0%	-	0.0%	-	0.0%	-	-
Taxes	675,765	3.1%	356,869	2.4%	684,210	5.9%	89.4%	-1.2%
Net Income	2,490,222	9.9%	2,473,712	14.0%	1,523,584	11.1%	0.7%	63.4%

20. ZAO Finca

STATUS AND HISTORY:

Finca Closed Joint-Stock Company (CJSC) or ZAO Finca was incorporated in September 2005 in the city of Samara as a non-banking credit institution (NBCI). It is a wholly-owned subsidiary of Finca International Inc. which has its headquarters in Washington, DC. Finca International ultimately plans to transform the institution into a bank.

The MFI stems from the merger and transformation of Finca Samara, Finca Tomsk and Finca Novosibirsk, three non-resident, not-for-profit branches of Finca International that were registered in 1999, 2000 and 2003, respectively.

MISSION AND MARKET POSITIONING:

ZAO Finca's mission is to provide loan capital to lower income micro- and small- entrepreneurs in the Russian regions. The loans are made to entrepreneurs who would otherwise usually be unable to access credit through the traditional financial sector. These loans help them to grow and develop their businesses and thereby raise their household income and standard of living.

As of December 2008, ZAO Finca serves 12,220 clients in more than 40 cities, towns and villages in the Russian regions. The company's Russian headquarters is in the city of Samara in the Samara oblast, which is located 1,000 km southeast of Moscow on the Volga River.

ASSET QUALITY:

As of May 2009 ZAO Finca had total assets of USD 31.3 million of which 76% is comprised of its loan portfolio. The sharp economic slowdown in Russia has reduced demand for credit among Finca's clients, and total portfolio decreased by 31% over the first 5 months of the year 2009. A significant amount of cash of USD 7.5 million is kept on the MFI's balance sheet, partly in USD, to provide a buffer against potential devaluation of the local currency. In February 2009, ZAO Finca repaid in advance a RUR-denominated loan with floating rates to an international investor to reduce its financial expenses. ZAO Finca expects to see a resumption in client demand by September 2009 and does not plan to prepay other long-term loans.

Since the autumn 2008, portfolio quality has slightly deteriorated in line with the worsening macroeconomic environment in Russia (rising unemployment, lower salaries and lower turnover). Portfolio quality remains superior to the industry average, however. As of May 2009, PAR30 is at 5.3%, reprogrammed loans at 0.7% and write offs at 1.8%. Part of the increase in the PAR30 figure (approx. 2%) is due to the fact that the portfolio has decreased, thus making the portfolio at risk a larger proportion of a smaller portfolio of loans.

FINANCIAL PERFORMANCE:

Despite higher financial expenses of USD 538,000 and loan loss provisions of USD 1 million, ZAO Finca posted a small surplus in 2008, equal to an ROA of 0.17% and ROE of 1.15%. In 2009, financial results continue to be under pressure with the institution reporting a net loss of USD 583,740 through May 2009 due to loan loss provision expense of USD 707,150. Operational expenses are under control despite the slowdown of activity: 13% of the staff has been laid off since December 2008 and two branches merged to reduce rental costs. Net income for year-end 2009 is expected to be breakeven thanks to increased disbursements during the last quarter of the year, higher recoveries and the effect of higher interest rates introduced during the first quarter.

SOCIAL PERFORMANCE:

Zao Finca's average loan outstanding stood at USD 2,820 at the end of 2008 which is relatively low for Russia where GDP per capita equals approximately USD 7,500 (not PPP-adjusted). This shows the continuous commitment of the institution to serve the lower income micro- and small-entrepreneurs in the Russian regions. The share of individual loans has decreased in line with the lower demand for such products during the current economic crisis and group loans now constitute around 47% of the total number of loans (and 33% in volume terms).



BALANCE SHEET

	Year 2008		Year 2007		Year 2006		Growth	
	USD		USD		USD		1 Year	2 Years
	<i>Audited</i>		<i>Audited</i>		<i>Audited</i>			
Assets								
Cash and Cash Equivalents	1,128,823	3.0%	5,961,302	13.5%	1,644,842	6.7%	-81.1%	-31.4%
Cash in reserve	-	0.0%	-	0.0%	-	0.0%	-	-
Deposits Against Back-to-Back Loan:	-	0.0%	-	0.0%	-	0.0%	-	-
Short Term Investments	1,000,000	2.6%	4,555,139	10.3%	3,500,000	14.2%	-78.0%	-71.4%
Total Liquidities	2,128,823	5.6%	5,961,302	13.5%	5,144,842	20.9%	-64.3%	-58.6%
Gross loan portfolio Short term	28,264,281	74.7%	31,992,279	72.5%	19,196,982	78.0%	-11.7%	47.2%
Loan loss reserve	-771,137	2.0%	-605,850	1.4%	-284,297	1.2%	27.3%	171.2%
Other Current Assets	1,087,353	2.9%	548,360	1.2%	429,155	1.7%	98.3%	153.4%
Total Current Assets	30,709,320	81.2%	37,896,091	85.9%	24,486,682	99.5%	-19.0%	25.4%
Long term outstanding loans	6,190,223	16.4%	5,457,816	12.4%	7,387,508	30.0%	13.4%	-16.2%
Property Plant & Equipment Net	356,249	0.9%	398,140	0.9%	61,579	0.3%	-10.5%	478.5%
Long term investments	-	0.0%	-	0.0%	-	0.0%	-	-
Total other long term assets	565,314	1.5%	363,243	0.8%	62,315	0.3%	55.6%	807.2%
Total Non-Current Assets	7,111,786	18.8%	6,219,199	14.1%	126,277	0.5%	14.4%	5531.9%
Total Assets	37,821,106	100.0%	44,115,290	100.0%	24,612,959	100.0%	-14.3%	53.7%
Total Net Loan Portfolio	33,683,367		36,844,245		26,300,193		-8.6%	28.1%
Liabilities								
Sight deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Short Term Term deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Short Term Compulsory Deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Savings & deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Borrowing short term	8,501,411	22.5%	4,394,621	10.0%	250,000	1.0%	93.5%	3300.6%
Short term back to back loans	-	0.0%	-	0.0%	-	0.0%	-	-
Other short term Liabilities	1,904,992	5.0%	2,000,294	4.5%	531,010	2.2%	-4.8%	258.7%
Total Current Liabilities	10,406,403	27.5%	6,394,915	14.5%	781,010	3.2%	62.7%	1232.4%
Long term Term Deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Long term compulsory savings	-	0.0%	-	0.0%	-	0.0%	-	-
Borrowing long term	21,938,317	58.0%	31,143,361	70.6%	17,612,861	71.6%	-29.6%	24.6%
Long term back to back loans	-	0.0%	-	0.0%	-	0.0%	-	-
Subordinated Debt	-	0.0%	-	0.0%	-	0.0%	-	-
Other long term liabilities	64,922	0.2%	84,197	0.2%	55,119	0.2%	-22.9%	17.8%
Total Non-Current Liabilities	22,003,239	58.2%	31,227,558	70.8%	17,612,861	71.6%	-29.5%	24.9%
Total Liabilities	32,409,642	85.7%	37,622,473	85.3%	18,393,871	74.7%	-13.9%	76.2%
Total Deposits	-		-		-		-	-
Total Loans (including Sub-Debt)	30,439,728		35,537,982		17,862,861		-14.3%	70.4%
Donations	-	0.0%	-	0.0%	-	0.0%	-	-
Paid in Capital (+ additional Paid)	4,738,321	12.5%	4,738,321	10.7%	4,738,321	19.3%	0.0%	0.0%
Reserves	-209,487	-0.6%	3,068,695	7.0%	-	0.0%	-106.8%	-
Retained earnings	882,631	2.3%	903,494	2.0%	1,480,767	6.0%	-2.3%	-40.4%
Net income for the period	-	0.0%	851,000	1.9%	450,370	1.8%	-100.0%	-100.0%
Total Equity	5,411,465	14.3%	6,492,815	14.7%	6,219,088	25.3%	-16.7%	-13.0%
Total Equity & Liabilities	37,821,107	100.0%	44,115,288	100.0%	24,612,959	100.0%	-14.3%	53.7%



INCOME STATEMENT

	Year 2008		Year 2007		Year 2006		Growth 1 Year	Growth 2 Years
	USD		USD		USD			
	<i>Audited</i>		<i>Audited</i>		<i>Audited</i>			
Income from banking	12,680,352	99.0%	8,740,609	95.9%	6,100,867	82.8%	45.1%	107.8%
Income from investments	109,223	0.9%	97,593	1.1%	-	0.0%	11.9%	-
Total Banking Revenue	12,789,575	99.8%	8,838,202	97.0%	6,100,867	82.8%	44.7%	109.6%
Interest and fee expense on Loans	4,092,580	33.8%	2,569,989	30.4%	902,934	17.2%	59.2%	353.3%
Interest expense on Deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Loan loss provision expense	1,023,253	8.4%	475,102	5.6%	267,280	5.1%	115.4%	282.8%
Total Banking Expense	5,115,833	42.2%	3,045,091	36.0%	1,170,214	22.3%	68.0%	337.2%
Gross Margin	7,673,742	59.9%	5,793,111	63.6%	4,930,653	66.9%	32.5%	55.6%
Loan recuperation	-	0.0%	-	0.0%	-	0.0%	-	-
Other operating revenue	17,351	0.1%	16,348	0.2%	3,361	0.0%	6.1%	416.2%
Total other operating revenue	17,351	0.1%	16,348	0.2%	3,361	0.0%	6.1%	416.2%
Personnel expense	3,847,363	31.7%	2,895,085	34.2%	2,431,525	46.3%	32.9%	58.2%
Administrative expense	2,999,382	24.7%	2,254,315	26.7%	1,415,744	27.0%	33.1%	111.9%
Depreciation/amortization	133,810	1.1%	57,747	0.7%	11,031	0.2%	131.7%	1113.0%
Other operating expense	22,584	0.2%	204,862	2.4%	223,492	4.3%	-89.0%	-89.9%
Total operating expense	7,003,139	57.8%	5,412,009	64.0%	4,081,792	77.7%	29.4%	71.6%
Operating Margin	687,954	5.4%	396,480	4.4%	878,022	11.9%	73.5%	-21.6%
Consulting and training	-	0.0%	-	0.0%	-	0.0%	-	-
Currency gain/deflation	50,722	0.4%	255,708	2.8%	1,198,978	16.3%	-80.2%	-95.8%
Donations / Grants	4,705	0.0%	51,945	0.6%	41,097	0.6%	-90.9%	-88.6%
Other/Extraordinary non-operating r	6,645	0.1%	-	0.0%	64,698	0.9%	-	-89.7%
Non-operating revenue	6,645	0.1%	255,708	2.8%	1,263,676	17.2%	-97.4%	-99.5%
Currency loss/inflation	493,270	4.1%	-	0.0%	194,285	3.7%	-	153.9%
Other/Extraordinary non-operating e	-	0.0%	-	0.0%	-	0.0%	-	-
Non-operating expense	493,270	4.1%	-	0.0%	194,285	3.7%	-	153.9%
Taxes	132,719	1.1%	346,073	4.1%	508,946	9.7%	-61.6%	-73.9%
Net Income	68,610	0.5%	306,115	3.4%	1,632,752	22.2%	-77.6%	-95.8%