

Trend Lines

THE MICROBANKING BULLETIN

The Premier Source of Industry Benchmarks



Issue No. 10
March 2005

**A publication dedicated to the
performance of organizations
that provide banking services
for the poor**

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A PUBLICATION DEDICATED TO THE PERFORMANCE OF
ORGANIZATIONS THAT PROVIDE BANKING SERVICES FOR THE POOR

We would like to thank the following institutions for their participation in this issue:

Region	Country	# MFIs	Name of Participants
Africa (12 Participants)	Benin	2	PADME, VF
	Kenya	2	EBS, K-REP
	Senegal	1	ACEP SENEGAL
	South Africa	1	SEF - ZAF
	Tanzania	2	PRIDE - TZA, SEDA
	Togo	1	WAGES
	Uganda	3	CERUDEB, Faulu - UGA, FINCA - UGA
Asia (10 Participants)	Bangladesh	2	ASA, BURO Tangail
	Cambodia	3	ACLEDA, EMT, HKL
	India	2	BASIX, SHARE
	Indonesia	1	BRI
	Nepal	1	Nirdhan
	Philippines	1	TSPI
ECA (10 Participants)	Bosnia and Herzegovina	6	EKI, MI-BOSPO, MIKROFIN, Partner, PRIZMA, Sunrise
	Croatia (Hrvatska)	1	NOA
	Georgia	1	Constanta
	Kyrgyzstan	1	FINCA - KGZ
	Mongolia	1	XAC
LAC (23 Participants)	Bolivia	7	Agrocapital, BancoSol BOLIVIA, CRECER, FIE, Los Andes, Pro Mujer - BOL, PRODEM
	Colombia	5	ACTUAR - Tolima, CMM - Medellin, Finamérica, FMM - Popayán, WWB - Cali
	Costa Rica	1	ADRI
	Ecuador	1	Banco Solidario ECUADOR
	Honduras	1	FINSOL
	Mexico	1	Compartamos
	Nicaragua	2	ACODEP, FAMA
	Peru	5	CMAC - Arequipa, CMAC - Sullana, EDPYME Proempresa, FINCA - PER, MiBanco
MENA (5 Participants)	Egypt	1	ABA
	Jordan	1	MFW
	Lebanon	1	Al Majmoua
	Morocco	1	Al Amana
	Palestine	1	FATEN

Abbreviations: ECA = Eastern Europe & Central Asia; MENA = Middle East & North Africa;
LAC = Latin America & the Caribbean.

The *MicroBanking Bulletin* (MBB)

The *MicroBanking Bulletin* is one of the principal outputs of the MIX (Microfinance Information eXchange). The MIX is a non-profit organization that works to support the growth and development of a healthy microfinance sector. The MIX is supported by the Consultative Group to Assist the Poor (CGAP), Citigroup Foundation, Deutsche Bank Americas Foundation, Open Society Institute, Rockdale Foundation and others. To learn more about the MIX, please visit the website at www.themix.org.

MBB Purpose

By collecting financial and portfolio data provided voluntarily by leading microfinance institutions (MFIs), organizing the data by peer groups, and reporting this information, the MIX is building infrastructure that is critical to the development of the microfinance sector. The primary purpose of this database is to help MFI managers and board members understand their performance in comparison to other MFIs. Secondary objectives include establishing industry performance standards, enhancing the transparency of financial reporting, and improving the performance of microfinance institutions.

Benchmarking Services

To achieve these objectives, the MIX provides the following benchmarking services: 1) the *Bulletin* publication; 2) customized financial performance reports; and 3) network services.

MFIs participate in the *MicroBanking Bulletin* on a *quid pro quo* basis. They provide the MIX with information about their financial and portfolio performance, as well as details regarding accounting practices, subsidies, and the structure of their liabilities. Participating MFIs submit substantiating documentation, such as audited financial statements, annual reports, ratings, institutional appraisals, and other materials that help us understand their operations. With this information, we apply adjustments for inflation, subsidies and loan loss provisioning in order to create comparable results. Data are presented in the *Bulletin* anonymously within peer groups. *We do not independently verify the information.*

Neither the MIX nor its funders can accept responsibility for the validity of the information presented or consequences resulting from its use by third parties.

In return, participating institutions receive a comparative performance report. These benchmark reports, which are the primary output of this project, explain the adjustments we made to the data, and compare the institution's performance to that of peer institutions. MFI managers and board members use these tools to understand their institution's performance in a comparative context.

The third core service is to work with networks of microfinance institutions (i.e., affiliate, national, regional) and central banks to enhance their ability to collect and manage performance indicators. The MIX provides this service in a variety of ways, including 1) training these organizations to collect, adjust and report data on retail MFIs at the local level and use the MIX's performance monitoring and benchmarking software, 2) collecting data on behalf of a network, and 3) providing customized data analysis to compare member institutions to peer groups. This service to networks and regulatory agencies allows the MIX to reach a wider range of MFIs in order to improve their financial reporting.

New Participants

Institutions that wish to participate in the *Bulletin* should contact: info@mixmbb.org, Tel +1 202 659 9094, Fax +1 202 659 9095. Currently, the only criterion for participation is the ability to fulfill fairly onerous reporting requirements. We reserve the right to establish minimum performance criteria for participation in the *Bulletin*.

Bulletin Submissions

The *Bulletin* welcomes submissions of articles and commentaries, particularly regarding analytical work on the financial performance of microfinance institutions. Submissions may include reviews or summaries of more extensive work elsewhere. Articles should not exceed 2,500 words. We also encourage readers to submit responses to the content of this *Bulletin*, as well as previous issues.

To Subscribe

You can receive the *Bulletin* by:

- Downloading the current or any past edition in electronic format from www.mixmbb.org;
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- Sending an email to info@mixmbb.org;
- Contacting us by phone at +1 202 659 9094 or by fax at +1 202 659 9095.

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EDITORIAL STAFF

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Didier Thys

Associate Editor:
Blaine Stephens

The MicroBanking Bulletin is housed within the MIX (Microfinance Information eXchange).

To learn more about the MIX, please visit the MIX website at www.themix.org.

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From the Editor

The tenth edition of the *MicroBanking Bulletin* marks the beginning of a new era for our publication. Thanks to the continuing contributions of a number of organizations to our data set and the re-organization of our data management systems, we are now able to incorporate trend analysis into our benchmarks. This might not seem revolutionary, but it is.

While the *MicroBanking Bulletin* has always prided itself on being the premier source of benchmarking in the industry, those benchmarks were derived by looking at any one annual report within the most recent two years, re-classifying the information into accounts that could be compared and adjusting that data to account for subsidies that were not directly observable on the financial statements. Since the data set from one *MicroBanking Bulletin* to another varied with each edition because of the composition of contributing institutions, the *Bulletin* was not always helpful in discerning trends from year to year. Other factors such as low process automation for handling the data and occasional re-interpretations as to how specific accounts needed to be classified as time evolved also made the task of incorporating year to year trends daunting.

Well the mountain has been climbed. With the cooperation of the 60 contributing MFIs in this edition, we were able to organize and clean data from 1999 to 2002 while also investing in the automation of our data processing systems. While both procedures took longer than we ever thought they would, we are happy to report that the new data set, Trend Lines, is now available as an important tool that we will be able to regularly update.

The revolution is not so much in what we are now able to do with the data, however, as how all of us in the community of microfinance practitioners, investors and analysts will be able to use the data; and that is to help us understand the trends relative to the important questions of our day. How long does it take a new MFI to get to financial self-sufficiency? Do we see economies of scale occurring as MFIs grow? What happens to the composition of an MFI's client base as it ages or its services mature? We believe that Trend Lines will be an important tool in exploring these questions and we hope you do too.

Didier Thys
MIX – Microfinance Information eXchange, Inc.

FEATURE ARTICLE

Use Caution When Analyzing Adjusted MFI Performance Data: Adjustment Methodologies May Have Different Impacts

Fabio Malanchini and Alice Nègre

When analyzing the performance of microfinance institutions (MFIs), MFI managers or outside analysts often make a number of adjustments. The goal of such adjustments is to reflect what the performance of an MFI would be without the help of donations or subsidies, to standardize financial information, or to account for an environment with high inflation volatility.

The most common adjustments are for inflation (to account for the erosion of MFI equity), provisioning methodology (to ensure that provisioning is adequate for an MFI's risk level) and subsidies (to account for expenses for which an MFI does not pay). These adjustments are described in detail in this edition of the *MicroBanking Bulletin* (see page 67). While some consensus exists in the microfinance industry as to the main adjustments needed to render the true performance of an MFI, some major differences remain. Indeed, analysts may use different adjustment methodologies, depending on their objectives and the availability of data. These differences can have a considerable influence on an institution's bottom line.¹

When analyzing the performance of an MFI by looking at "adjusted" indicators, it is therefore imperative to dig a little further and understand to what such "adjustments" refer. This article will use concrete examples to illustrate the impact of different adjustment methodologies studied by two of the principal rating agencies specializing in microfinance, Planet Rating and Microfinanza Rating. For analysts, the examples highlight the importance of disclosing the details of adjustment methodologies. For non analysts, the examples encourage caution when comparing "adjusted" performance, as the term "adjusted" alone does not mean much.

¹ The SEEP Network Financial Services Working Group addressed this issue. See "Section on Analytical Adjustments" in *Measuring Performance of Microfinance Institutions: A Framework for Reporting, Analysis and Monitoring* (Washington, DC: SEEP Network, forthcoming).

The Baseline: Unadjusted Financial Performance

In addition to differences in the adjustment methodology used, differences in the effect of adjustments will depend on an MFIs' funding structure and macroeconomic environment. To illustrate such differences, we will apply adjustments to two fictitious MFIs (MFI 1 and MFI 2), whose unadjusted financial performance is highlighted in Figures 1 through 3 below.

MFI 1 is a typical NGO, financed only through donations, and therefore does not incur any financial expenses. MFI 2 is a commercial MFI with a more complex liabilities and equity structure, including deposits and commercial bank loans. It receives no donations.

Figure 1: Portfolio at risk (USD)

Portfolio at Risk	MFI 1	MFI 2
Current Portfolio	415	462
1-30 days	100	70
31-90 days	50	40
91-180 days	25	20
181-365 days	10	8
Written off	5	5

Figure 2: Annual averages (USD)

Annual Averages	MFI 1	MFI 2
Funding liabilities ^a	0	300
Equity	500	220
Fixed assets	100	100
Assets	600	770
Funds needed over the year ^b	400	300

^a All liabilities used to finance an MFI's financial assets.

^b Funds that the MFI needs in order to finance its operations [Average Portfolio – Deposits – (Equity – Donations)].

The overall performance of MFIs 1 and 2 prior to adjustments is summarized in two key performance indicators in Figure 4. Both MFIs are profitable before donations, although MFI 1 is more profitable than MFI 2. The performance of an MFI can in no way be limited to these two indicators; this narrow set was selected simply to illustrate the effect of adjustments on overall performance (i.e., before and after adjustments).

Figure 3: Balance sheet and profit and loss statements (USD)

Balance Sheet			Profit and Loss statement		
	MFI 1	MFI 2		MFI 1	MFI 2
ASSETS	770	770	Financial revenue^a	190	210
Cash and bank deposits	92	100	Revenue from portfolio	180	200
Net loan portfolio	570	570	Revenue from other financial assets	10	10
<i>Gross loan portfolio</i>	<i>600</i>	<i>600</i>	Financial Expense	0	30
<i>(Loan loss reserve)</i>	<i>30</i>	<i>30</i>	Interest expense	0	30
Interest receivable	8	0	Other financial expenses	0	0
Net fixed assets	100	100	Operating expense	150	150
LIABILITIES AND EQUITY	770	770	Net loan loss provision expense	10	20
Liabilities		500	Income taxes	0	0
Deposits	0	200	Net income before donations	30	10
Borrowings	0	300	Donations	50	0
Equity	770	270	Net income	80	10
Paid-in capital	0	370			
Donated equity	820	0			
Reserves (retained earnings without donations)	(50)	(100)			

^a Revenue from the portfolio (interest, fees and penalties) and from other financial assets (interest on deposits, fees from other financial services, etc.)

Figure 4: Overall financial performance

Financial Performance	Unadjusted	
	MFI 1	MFI 2
Net income before donations (USD)	30	10
ROA (Return on Assets) (%)	5.0%	1.3%

The sections that follow briefly describe the rationale for adjustments and the accounts affected by them. They then describe in detail the effect of different adjustment methodologies on an institution's bottom line. As we will see, the impact of adjustments depends on different characteristics of an MFI, especially its financing structure, which significantly influence the effect of inflation and funding cost adjustments.

Inflation Adjustment

Rationale. The rationale behind this adjustment is to maintain the real value of equity. Since most MFIs are not paying any costs associated with equity because their equity originated in donations, their accounts should at least compensate for the effect of inflation on equity (to maintain the real value of equity in term of purchasing power).

Accounts affected. An inflation adjustment² will decrease equity. Fixed assets are, however, first deducted from equity, since they are positively affected by inflation. This adjustment thus affects both the income statement, through a net inflation adjustment expense (financial expense), and the balance sheet, through net fixed assets and equity. If the analysis is performed on consecutive years, the adjustments can be carried over from one year to the next.

² In some countries, inflation adjustments are required by local accounting rules. In this case, the adjustment will be made only if the first adjustment implemented by the MFI is insufficient.

Main differences in adjustment methodologies:

Although the same formula is used by most analysts: [(equity – fixed assets) x inflation rate], the basis for calculation may vary. Some analysts will use the value of equity and fixed assets at the beginning of the period (methodology 1); others will use average amounts, based weighted by month or year (methodology 2); and still others will use values at the end of the period (methodology 3). The inflation rate, moreover, can be calculated either as average or cumulative and may be derived from different sources, e.g, a Central Bank or the statistics of the International Monetary Fund (IMF).

For instance, both Microfinanza Rating and Planet Rating compute inflation adjustments using the average value of equity and fixed assets (methodology 2) and generally use the Consumer Price Index of the IMF's International Financial Statistics as the inflation rate.

Figure 5: Impact of different inflation adjustment methodologies on MFI 1

Financial Performance	Unadj.	Adjusted*		
		Methodology		
		1	2	3
Net income before Donations (USD)	30	17	(10)	(37)
ROA (Return on Assets) (%)	5.0%	2.8%	(1.7%)	(6.1%)

*Assume an inflation rate of ten percent.

In our example, given that MFI 1 is funded solely through donated equity, the impact of the inflation adjustment is important, regardless of the adjustment methodology applied. Yet the methodology selected will affect the bottom line in significantly different ways. As Figure 5 reflects, if methodology 1 is used, MFI 1 remains profitable,

while if methodology 3 is used, it is largely unprofitable.

Funding Costs Adjustment

Rationale. While some MFIs benefit from large and numerous subsidies (in kind or in cash), others borrow funds at concessional or commercial rates. An MFI's capital structure drives its cost of funds and therefore its financial performance. Moreover, it is expected that over the long term, most MFIs should be able to operate without subsidies, relying instead on commercial sources and private investment at market rates. Offsetting the effects of subsidies and applying a commercial funding cost will thus reveal how sustainable an MFI would be in a subsidy-free commercial environment.

Accounts affected. The first step offsets all subsidies that appear in the income statement. The second step applies a commercial rate to the funds that the MFI must borrow to operate. The difference between the interest expense already paid and the commercial interest rate will then be added to the MFI's funding expense.

Main differences in adjustment methodologies:

1. *Interest rate.* Some organizations use the interest rate that banks would grant to MFIs. This rate information is difficult to obtain, however, given that it varies from one MFI to another, based on an MFI's risk profile, negotiation skills, or even external factors (e.g., banks may not yet be ready to on-lend money to MFIs in a particular country). For benchmarking issues, one may use the 90 day deposit rate, but this rate is often much lower the rate that banks offer MFIs. One could also use

more realistic data such as the lending rate (or a fixed percentage of same) reported by IMF's International Financial Statistics, a broad, comparable source of data available for most countries. In the case of loans denominated in foreign currencies, one-year LIBOR plus a spread is often used.

Microfinanza Rating, for example, adjusts funding costs according to 75 percent of the country's average lending rate reported by the IMF. In specific cases where this interest rate is not realistic, given the characteristics of the MFI, an ad-hoc adjustment is used. If local commercial banks do not work with MFIs, Planet Rating uses the interbank lending rate.

2. *Estimating funding needs.* Most often, adjustments are based on an MFI's average borrowings. However, this methodology does not take into account the cost of equity. For MFIs with large subsidies and no need to borrow funds, the adjustment will be zero (MFI 1). Another methodology would compute the commercial cost of funds an MFI would need to borrow during the coming year without subsidies and donated equity. In this case, an adjustment for inflation will not be made because the inflation rate is much lower than the market capital rate in most of countries, meaning that the cost of funds adjustment will be much higher.

If we compare the two MFIs using different methodologies (see Figure 6) but the same interest rate, we see that MFI 1 looks stronger than MFI 2 using the first methodology, while the results are reversed using the second methodology.

Figure 6: Impact on profitability of different adjustment methodologies for funding costs

Financial Performance	Unadjusted data		Adjusted data using methodology 1 (based on loan amounts)		Adjusted data using methodology 2 (based on funding needs)	
	MFI 1	MFI 2	MFI 1	MFI 2	MFI 1	MFI 2
Net income before donations (USD)	30	10	30	4	(18)	4
ROA (Return on Assets) (%)	5.0%	1.3%	5.0%	0.5%	(3.0%)	(0.5%)

* Assume an interest rate of 12 percent.

Loan Loss Provisions and Loan Write-Offs

Rationale. The treatment of delinquent loans impacts an MFI's net income through the provision expense and write-offs. Depending on the accounting methodology, the total expense may vary.

Accounts affected. Adjusting for loan loss provisions and write-offs will affect the loan loss provision expense and, as a consequence, modify the loan loss reserve (allowance), as well as the outstanding loan portfolio. This adjustment will not

generally be performed if an MFI is already provisioning sufficiently (i.e., there are no "negative" adjustments). An adjustment also does not suggest that the MFI should modify its provisioning policy, rather, it determines a *minimum* level of provisioning that should be applied.

Main differences in adjustment methodologies:

1. *Provisioning rates.* Analysts may use provisioning rates based on regulatory agency requirements or the historical loan losses of an individual MFI, or may instead use a standard that

applies to all MFIs for the purposes of benchmarking. Analysts may also write off loans after a different number of days (usually 180 or 360 days). Figure 7 shows that Microfinanza and Planet Rating use different provisioning schedules, with Planet Rating following *MicroBanking Bulletin* provisioning criteria.

Figure 7: Benchmarks for loan loss provision and write-off adjustments

Portfolio at Risk	Microfinanza Rating	Planet Rating
1-30 Days	10%	0%
31-60 Days	30%	0%
61-90 Days	50%	0%
90-180 Days	100%	50%
180-365 Days	Written off	100%
> 365	Written off	Written off
Renegotiated <30 days	50%	50%
Renegotiated >30 days	100%	50%

2. *Balance sheet or income statement as the reference.* One methodology adjusts the loan loss

reserve. The analyst determines the targeted reserve level and adds the necessary loan loss provision expense in order to reach it. Another methodology adjusts only the loan loss expense. The analyst considers the loan loss reserve to be zero and expends all the necessary provisions. Using this methodology makes the total adjustment higher, but it more adequately reflects the provisioning required in light of current year performance. This approach looks at the effect of fully provisioning for current losses and does not assume that some reserves may already exist. When adjusting for several years, analysts can again differ: some carry over the adjustment from one year to the next, while others do not.

Another differentiation in this adjustment involves an adjustment for the quality of the loan portfolio when MFIs provide loans against real collateral and/or with a longer term or lower frequency of repayment (compared to “traditional” microfinance loans).

Figure 8: Impact of different adjustment methodologies for loan loss provisions and loan write-offs

Financial Performance	Unadjusted data		Adjusted data using methodology 1 (based on provision expense)		Adjusted data using methodology 2 (based on loan loss reserve)	
	MFI 1	MFI 2	MFI 1	MFI 2	MFI 1	MFI 2
Net income before donations (USD)	30	10	15	5	(5)	(5)
ROA (return on assets) (%)	5.0%	1.3%	2.5%	0.7%	(0.9%)	(0.7%)

Other Adjustments

In-kind subsidy adjustment

Rationale. MFIs receive not only free funds from donors, but also goods and services at no or below market cost (e.g., management information systems, computers, technical assistance, etc.). The cost of these goods and services does not generally appear in their income statements.

Accounts affected. The difference between what an MFI paid and what it would have had to pay without donations is added to operating expenses. If a donor provides an MFI a service that it would not have purchased otherwise, no adjustment is made.

Main differences in adjustment methodologies:

1. *Valuation of the good or service.* It is quite difficult to value the cost of donated goods and services. For instance, MFIs may receive free foreign technical assistance (some will adjust using the actual cost of the technical assistance; others will use a good local manager’s salary); donors may invite MFIs for training sessions abroad (some will adjust using the price of local training sessions, but local sessions may not be available in some countries).

Microfinanza Rating adjusts according to the estimated local value of goods and services received in kind by an MFI. Alternatively, Planet Rating applies a standard grid of costs: 20,000 EUR/USD per consulting mission, 100 EUR/USD per training day, and no travel costs, as the assumption is that an MFI would not have sent staff to another country if the training had not been subsidized.

2. *Adjustment based on the maturity of the institution.* Some analysts may not adjust in-kind subsidies in the first years of MFI operations, as they believe that without these subsidies, the MFI would not exist. The real cost would be far too heavy for the MFI to bear and the adjusted financial performance would be meaningless.

Accounting basis (cash versus accrual)

Rationale. MFIs using accrual accounting recognize revenues and expenses when they are earned or incurred, rather than when cash is received or paid. It is important to make sure that accrued revenues are not too high in comparison to what is likely to be paid (for instance, to verify that if a loan becomes delinquent, it stops accruing interest income at some point and reverses previously accrued income). For MFIs using cash accounting, it is

important to verify that expenses are all accounted for (for instance, ensuring that rent paid quarterly does not appear in the first two months, therefore distorting the operating expense ratio for those months).

Accounts affected. Expense and revenue accounts are reviewed to make sure that they provide a fair view of current year financial performance. The amount of accrued revenue is adjusted and expenses that have not been accounted for are added.

Main differences in adjustment methodologies:

Most analysts reverse only revenue that has been accrued on loans more than 30 days late or loans that have been written off, if the MFI has not already done so. Others follow a more conservative approach and reverse all accrued revenue in order to reflect only cash income. However, they should also add cash income received in that year on loans granted in previous years. As this information is often not available, this adjustment methodology is hard to apply. In the case of MFIs that offer loans with balloon repayments, such as those specializing in agricultural lending, this approach is particularly penalizing.

Foreign exchange adjustment

MFIs may have assets or liabilities denominated in a foreign currency. In this case, the local currency value of these assets or liabilities fluctuates with the exchange rate, thereby producing a gain or a loss. Although local accounting standards may explain how to recognize this gain (loss), some differences remain: some MFIs or analysts will record the gain/loss on the income statement when the asset is sold or the liability is liquidated; others will record

it as a non operating revenue (expense); and still others will record it only on the balance sheet as an increase (decrease) to the relevant asset and liability accounts, offset by an equal increase (decrease) to equity.

This adjustment is particularly sensible in the case of loans denominated in foreign currencies (either in the portfolio or as funding liabilities) where the variation in the exchange rate increases or decreases the real financial cost associated with the loan (especially compared to loans denominated in local currency). The way in which the effects of foreign exchange variation are adjusted can have an important impact on an MFI's financial results.

Adjustment for amortization and depreciation of fixed assets

MFIs that do not amortize their fixed assets will have important expenses in the year when assets are purchased and none in the years that follow.

Taxes

Taxes on profit, when due, are usually paid at the end of the fiscal year. Not all MFIs accrue taxes during a fiscal exercise; hence, analysis based on mid-term financial statements can overestimate true performance. It may also be useful to adjust NGO financials for taxes that an NGO does not presently pay, but may need to pay in the future if it undergoes an institutional transformation.

Conclusion

A wide range of methodologies are used to calculate financial adjustments. As a consequence, adjusted ratios are strongly influenced by the choices of the analyst.

Figure 9: Impact of different adjustment methodologies on profitability

Financial Performance	Unadjusted Data		Adjusted data (minimum)*		Adjusted data (maximum)*	
	MFI 1	MFI 2	MFI 1	MFI 2	MFI 1	MFI 2
Net income before donations (USD)	30	10	(25)	(13)	(120)	(29)
ROA (Return on Assets) (%)	5.0%	1.3%	(4.2%)	(1.7%)	(20.4%)	(3.8%)

* Minimum and maximum results reflect inflation, loan loss provisioning and write-off, and funding cost adjustments.

Figure 9 shows the range of adjusted results (from minimum to maximum adjustment values) based on the effect of applying all the adjustments described in the previous sections. These results, both unadjusted and adjusted, are compared for the two MFIs. The main conclusions that can be drawn from the comparison are:

- Before adjustments, MFI 1 shows better results than MFI 2.

- After adjustments, using any methodology, the situation is reversed: MFI 2 performs better than MFI 1. As expected, in the case of MFIs with a higher level of subsidy, such as MFI 1, adjustments have a stronger impact.
- The impact of adjustments varies considerably depending on the methodology used to adjust the data. Hence, the adjusted ROA for MFI 1 varies from -4.2 percent to -20 percent, depending on the analyst's choice.

It is difficult to rank the different methodologies and establish a unique approach to each adjustment, given that each methodology has advantages and drawbacks. Depending on the purpose of the analysis, moreover, the approach will differ. While a unique standard has to be applied for benchmarking, a performance evaluation of a single MFI may be justified in customizing the methodology to better fit the specificities of the institution.

Given the impact of different methodologies on an MFI's bottom line, every analyst is encouraged to disclose the details of the methodology used for

each adjustment and to explain how these methodologies were selected. On the other hand, people interested in comparing the true performance of MFIs (after adjustments) should use caution when doing so, and consider the fact that adjusted indicators are not always comparable, given the range of different adjustment methodologies that can be used.

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CASE STUDIES

Enabling Growth: An Analysis of Compartamos' Expansion

Jared Miller

Financiera Compartamos S.A. de C.V., SFOL of Mexico is among the largest, most profitable and fastest growing microfinance institutions (MFIs) in Latin America. Since its inception in 1990, Compartamos has both led and bucked many industry trends. Although traditional features such as joint liability guarantees and village banks are essential parts of its retail capacity, the MFI has consistently remained on the cutting edge of commercial microfinance: from its transformation into a regulated entity and issuance of bonds to cross-selling and rapid client expansion. This case study considers the evolution of Compartamos through the lens of performance analysis, examining how the MFI navigated market and industry trends to reach its flagship position in Latin American microfinance.

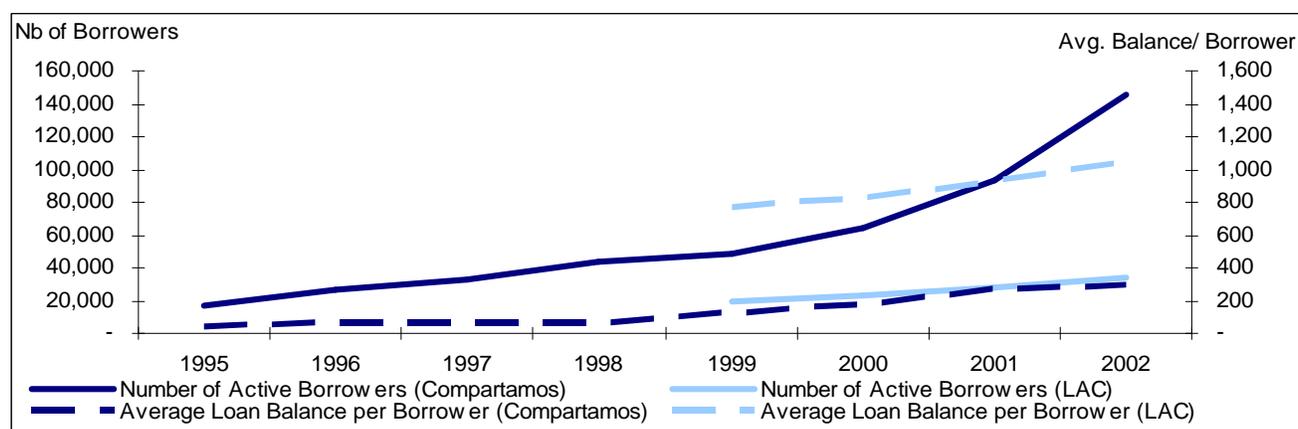
Mexico and Microfinance

Mexico has historically been considered part of the "big country enigma," the purported mystery of lagging microfinance development in the largest countries of Latin America. This enigma can partially be explained by methodological failures in estimating microfinance activity. Local cooperatives, for example, are a critical source of financial services for hundred of thousands of Mexicans—many of whom may be poor—but remain overlooked in many estimations of microfinance supply. Even when cooperatives are included, however, financial service provision falls far short of demand.

The dimensions of demand for microfinance services in Mexico are perhaps unrivaled in Latin America. The country's informal sector employs millions, and certain densely populated regions offer a highly attractive market for financial services. In 2002, for example, Compartamos had almost 90,000 clients in just three states—Chiapas, Oaxaca and Puebla—whose combined population was greater than that of any Central American country, but whose size is merely 70 percent that of Ecuador. The lack of retail financial providers in Mexico, especially in its poorer and southern regions, presents challenges and opportunities for innovative small-scale MFIs. A number of Mexico's largest financial institutions are largely foreign-owned and their distant owners have historically been disinterested in microfinance markets, with their large information asymmetries and high transaction costs.

Against this backdrop of geographic and social imbalance in supply and demand for financial services, a pioneering microfinance provider seized the opportunity for rapid growth. In the early 1990s, Compartamos found that poor people could pay higher interest rates and would repay loans more reliably than the less poor. These two central insights of microfinance, combined with the conditions of a large, underdeveloped market, have been the foundation of its exponential growth.

Figure 1: Compartamos' outreach soars while remaining focused on same clientele



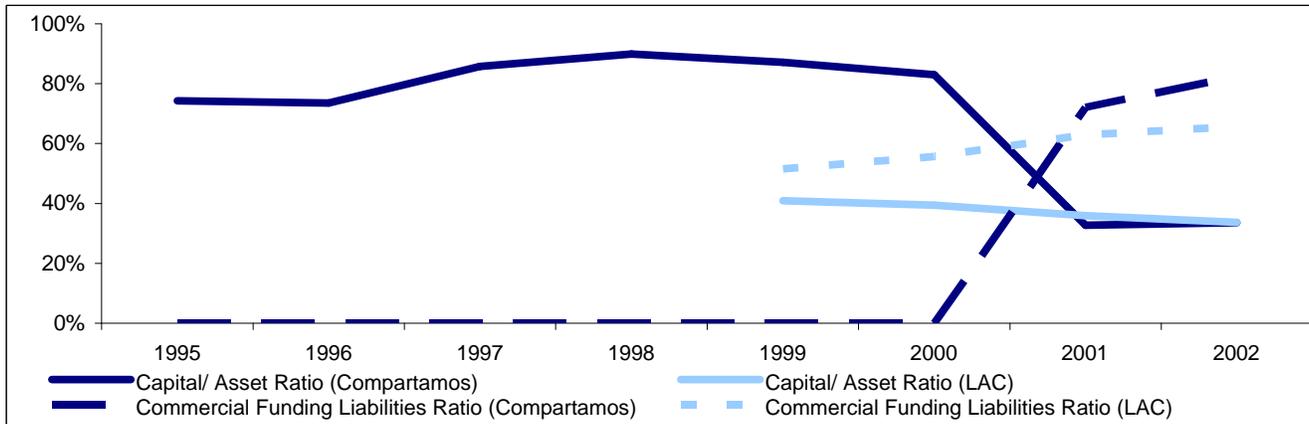
Source: *MicroBanking Bulletin* no. 10 data. LAC is Latin America and the Caribbean. Data for Compartamos shown for the years 1995–2002; LAC data shown only for 1999–2002. See the pages 59 to 66 for a list of institutions included in the LAC peer group.

Financial Structure

When Compartamos was first analyzed by the *MicroBanking Bulletin* in July 1999, it was a briskly growing non-governmental organization. Its loan portfolio was almost completely funded through equity and it did not access commercial funding. Growth of the loan portfolio was therefore dependent on donations and rapid accumulation of retained earnings. The case study of 1999 detailed man-

agement's belief that the only way Compartamos could achieve massive outreach, and thus fulfill its mission, was to become profitable. Capital-funded growth enabled Compartamos to transform in 2001 into a regulated non-bank financial institution. By that time, the MFI was already a clear industry leader, its 150,000 borrowers having exceeded the regional benchmark of 13,755 borrowers many times over.

Figure 2: Compartamos taps into financial markets

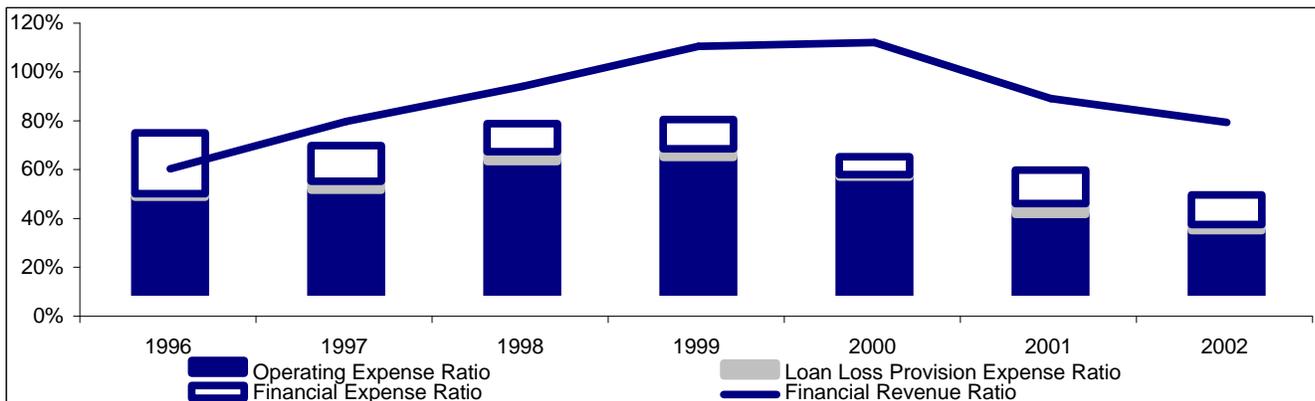


Source: *MicroBanking Bulletin* no. 10 data. LAC is Latin America and the Caribbean. Data for Compartamos shown for the years 1995–2002; LAC data shown only for 1999–2002.

Subsequent changes in the Compartamos balance sheet prepared it for the fastest phase of absolute growth of any Latin American MFI (see figure 1). From a near total dependence on donations and retained earnings, Compartamos used its new legal charter to quickly leverage its equity with commercial debt (see figure 2). In the eight years 1995–2003, its assets grew from just over USD 1 million USD to USD 86.6 million. Compartamos even joined a select group of microfinance institutions that issue bonds, raising the equivalent of USD 20.5 million in bonds on the Mexican Stock Exchange in July 2002. The issue was the largest

ever floated by a microfinance institution and received a rating of “mxA+” from Standard and Poor’s. The stated reasons for the high grade included low levels of competition and experienced management. A larger subsequent issue in 2004, which benefited from a 34 percent guarantee from the International Finance Corporation (IFC), received an even higher grade rating of “mxA.” Despite these achievements, Compartamos is not licensed to mobilize savings, limiting the diversity of financing options available and potential services to clients.

Figure 3: The growth and decline of Compartamos’ revenue and expense



Source: *MicroBanking Bulletin* no. 10 data.

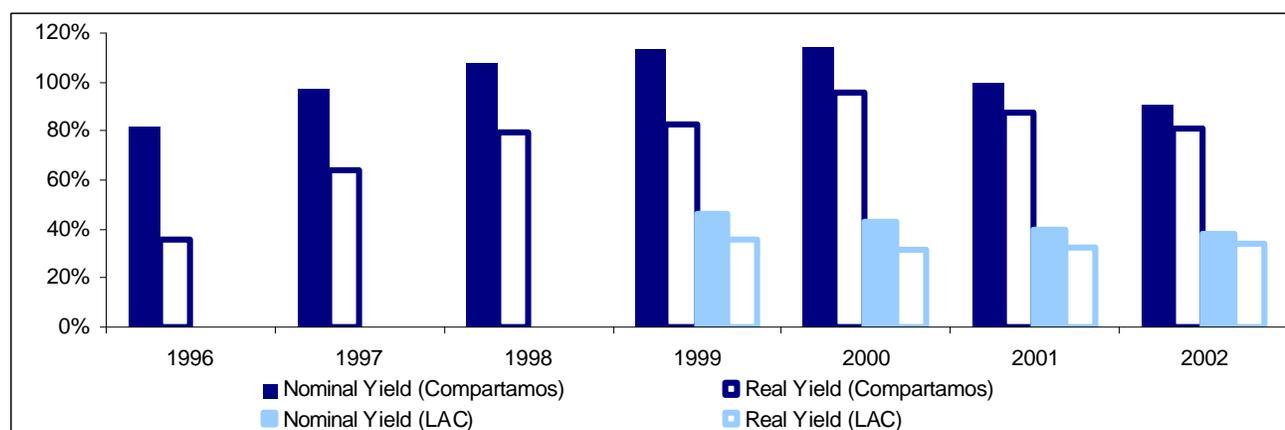
Profitability, Revenue and Expense

Changes in legal and funding structures did not affect Compartamos' consistently high profitability. The MFI remains among the most profitable of all of Latin America's larger microfinance institutions, after adjustments for subsidized debt, loan loss provisioning and inflation (see figure 3). The spread between financial revenues and total expenses, moreover, has remained positive since 1997.

Historically, the remarkable profitability of Compartamos has been due to its record-breaking revenues. In nominal terms, revenue from the gross loan portfolio approached and surpassed the aver-

age of the gross loan portfolio itself for a number of years (see figure 4). This means that, on average, a peso was generated for every outstanding peso in the portfolio. Such high yields have drawn criticism because many poor women clients, by paying very high rates of interest, generate the institution's high profits. Compartamos management, however, justifies the revenues as an integral part of its self-capitalization strategy and the only way to reach a greater number of poorer potential clients. Regardless of differences over its strategy, Compartamos attracts a briskly increasing number of new customers to its financial services every year.

Figure 4: The price of growth in outreach, Compartamos' portfolio yield



Source: *MicroBanking Bulletin* no. 10 data. LAC is Latin America and the Caribbean. Data for Compartamos shown for the years 1995–2002; LAC data shown only for 1999–2002.

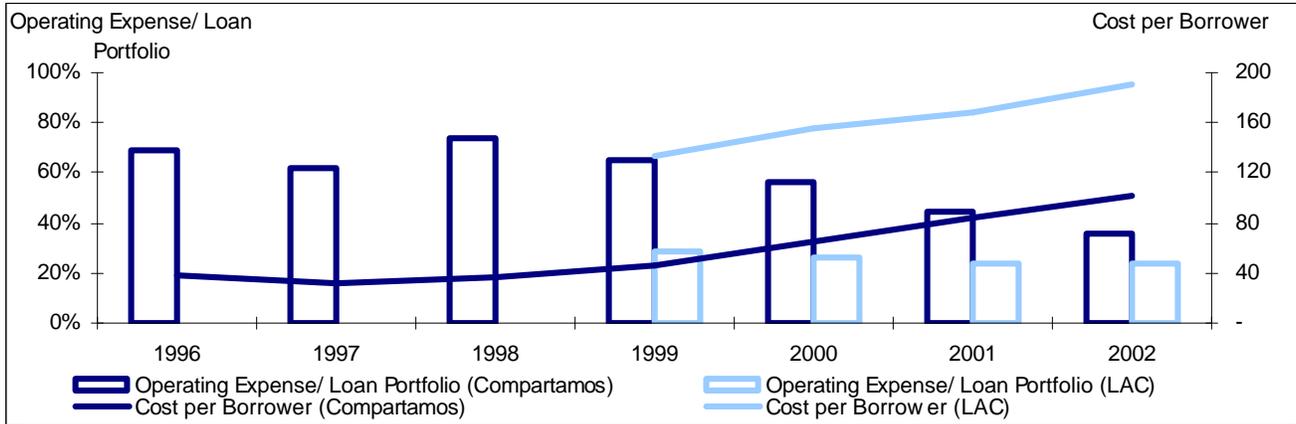
Compartamos' total expenses are largely a function of the cost of administration and personnel (see figure 3). Despite dramatic increases in commercial funding, the financial expense ratio of Compartamos, 12.2 percent (influenced by the IFC guarantee of its second bond issue), is only slightly higher than the regional microfinance industry benchmark of 8.8 percent. Loan loss reserves have consistently been multiple times larger than the portfolio at risk. Compartamos' loan loss provisioning is much more conservative than its peers, especially considering the institution's low portfolio at risk.

The primary village banking methodology and smaller loans used by Compartamos push operational expenses to levels well above the regional average: 35.4 percent of its average portfolio, as compared to an average 18.1 percent for other large Latin American microfinance institutions. However, the efficiency of Compartamos appears to be improving, lowering the cost of every peso extended in loans (see figure 5). Since 1999 Compartamos has streamlined administrative processes

and has gradually increased its average loan size. These actions have improved the institution's "operating expense-to-average gross loan portfolio" ratio. The cost per borrower, however, has risen in absolute terms in conjunction with a slow move towards individual lending over the last few years. The consistent increase in the cost per borrower ratio since 1996 is less worrisome than it appears, however, as this ratio has historically been lower than regional and global MFI averages.

The overall effect remains positive for borrowers as long as portfolio yields continue to decrease. Portfolio yields have been declining since 2000 (see figure 4) and are expected to continue to decline for the foreseeable future as new competitors enter the market. Indeed, it is possible that yields could approach the much lower MFI average in Latin America and the Caribbean. In an increasingly competitive context, efficiency gains will thus become critical to prevent a squeeze on Compartamos' profit margins.

Figure 5: Lower cost per peso, higher cost per client



Source: *MicroBanking Bulletin* no. 10 data. LAC is Latin America and the Caribbean. Data for Compartamos shown for the years 1995–2002; LAC data shown only for 1999–2002.

Conclusion

Compartamos remains among the best-performing MFIs in Latin America and is one of a handful of MFIs worldwide that has driven real market change. Its performance history demonstrates the institution’s ability both to take advantage of market opportunities and lead the profitable trends. The challenges of the next ten years will be different. Compartamos has attracted a formidable group of com-

petitors, such as Banco Azteca of the Elektra Group, Crédito Familiar of Citigroup, FAMSA and GE, plus many others. In the face of competition for customers and pressure on its yields, the MFI will also be challenged to expand its scale.

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PADME: An Analysis of Ten Years of Performance

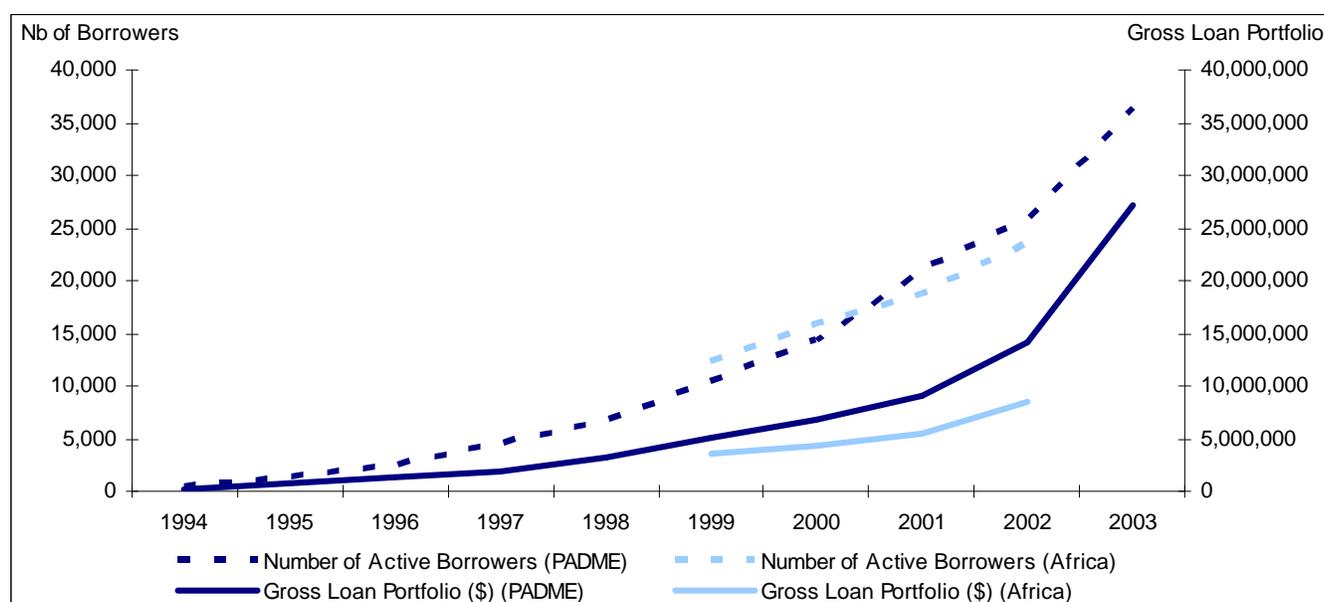
Margot Brandenburg

L'Association pour la Promotion et l'Appui au Développement des MicroEnterprises (PADME), a mature microfinance institution (MFI) in its eleventh year of operation, is among the most profitable MFIs to participate in the *MicroBanking Bulletin*. PADME was created in 1993 by the Government of Benin with funding from the World Bank to mitigate the adverse impact of structural adjustment on microenterprises. PADME transformed from a program into an independent "association" in 1999. Since then, the MFI has attained financial self-sufficiency and is now profitable. This case study analyzes the institution in comparison to its African peers, included in this edition of the *MicroBanking Bulletin*, as well as its performance over time.

Outreach and Impact

PADME has grown significantly over the past ten years and is now larger than the average participant in the *MicroBanking Bulletin*. From December 1994 to June 2003, the institution went from serving 427 borrowers with an outstanding gross loan portfolio of USD 257,990 to serving 26,734 borrowers with an outstanding gross loan portfolio of USD 13,450,366. Its client base grew, on average, 66 percent per year, and the size of its gross loan portfolio, 61 percent per year. The institution's rate of growth has been, unsurprisingly, inversely correlated to its size (see figure 1). PADME ended the comparative period with a total client outreach of 25,836, just above that of its peers in Africa (23,505).

Figure 1: PADME's growing outreach, 1994-2003



Source: *MicroBanking Bulletin* no. 10 data. PADME data shown for the period 1994-2003. Africa data shown only for 1999-2002.

Although PADME's average outstanding loan balance declined from USD 604 in 1994 to USD 503 in 2003, this amount did not change significantly relative to GNP per capita, as incomes in Benin did not fluctuate much during the ten-year period in question. The fact that the average outstanding balance has not changed despite rapid growth shows that PADME is still reaching a broad target market, including a majority of clients below the poverty line. The MFI's average outstanding loan balance is, however, poised to increase in the coming months and years, as the ceiling on individual loans will soon increase from CFA 5,000,000 (USD 7,994) to CFA 10,000,000 (USD 15,987). The increase will

allow the institution to continue to serve a number of clients who now require access to larger amounts of loan capital.

Overall Financial Performance

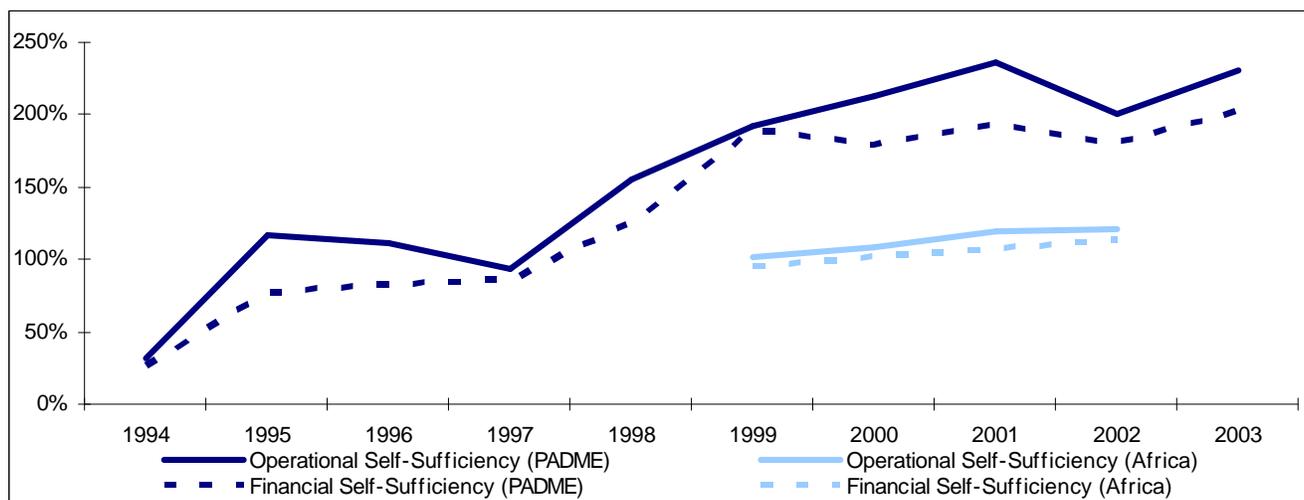
In the first five years of operation, PADME dipped above and below the break-even point of operational self-sufficiency (OSS). The year 1998 represented a distinct turning point in its ability to generate profit and become financially self-sufficient. It first realized a positive adjusted return on assets and equity that year, just as it was transforming into an independent institution. PADME was serving 6,669 borrowers and had a gross loan portfolio of

USD 3,272,480 when it reached financial self-sufficiency (FSS), qualifying it as a medium scale institution under the *MicroBanking Bulletin* definition.

Although the OSS of PADME has tended to vary more over time than its FSS, there has been a rela-

tively small difference in these two rates due to the stable macroeconomic environment in Benin, which is characterized by low levels of inflation and a low market interest rate.

Figure 2: PADME's path towards financial self-sufficiency, 1994–2003



Source: *MicroBanking Bulletin* no. 10 data. PADME data shown for the period 1994-2003. Africa data shown only for 1999-2002.

The institution's AROA doubled in 1999, then hit a relative plateau between 9 and 10 percent thereafter, far exceeding its African peers, which in 2002 had an average AROA of -2 percent. Annual incremental increases in PADME's AROE mirrored similar increases in the capital/asset ratio. Although its AROE exceeds that of its peers by a smaller margin, this performance indicator remains relatively constrained by the institution's funding structure.

Indeed, PADME has historically relied heavily on a combination of donated equity and retained earnings to finance its growth. In 2003, for the first time since its inception, accumulated earnings surpassed donations as the engine of equity growth and will allow PADME to continue growing steadily without accessing further debt.

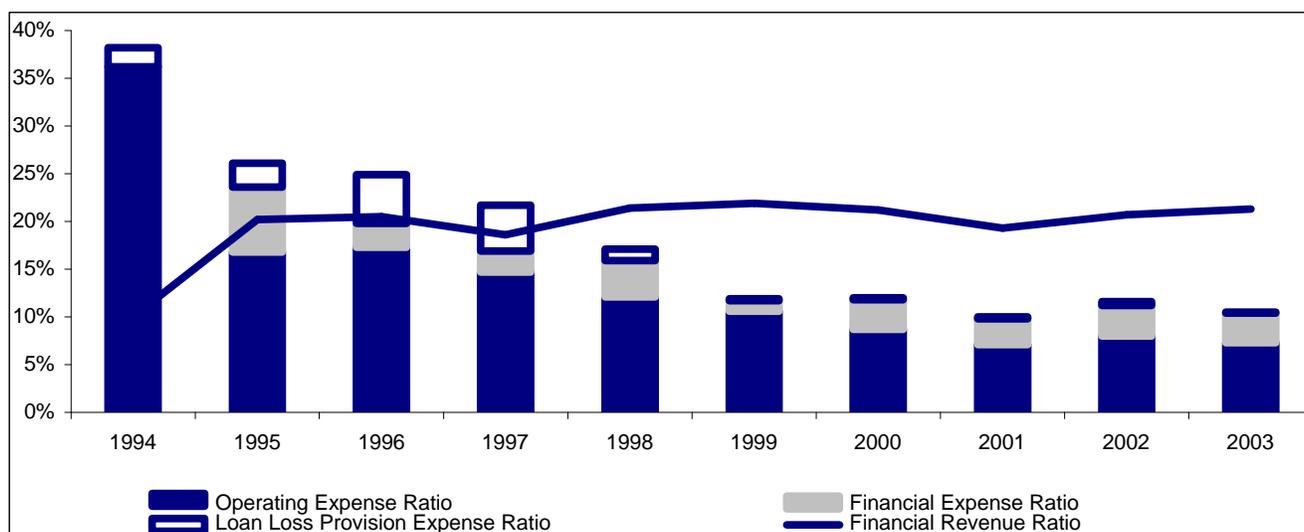
Revenue and Expenses

PADME is subject to an interest rate ceiling imposed by the PARMEC usury laws of the Central Bank of West African States (BCEAO), which prevent it from charging an annual interest rate in excess of 27 percent. Thus the nominal yield on portfolio (which includes interest, fees, commissions and penalties earned on the loan portfolio), has re-

mained relatively constant over time, averaging 23 percent, significantly less than the average nominal yield of the Africa peer group (43.4 percent). In spite of these limitations, PADME makes efficient use of its assets. Its gross loan portfolio averaged 82.4 percent of total assets between 1999 and 2003, compared to an average of 65.7 percent for its peers. As a result, its adjusted financial revenue ratio has tended to slightly exceed that of its peers.

One can explain PADME's positive returns amid imposed interest ceilings by its expense breakout. Since its establishment, all expenses with the exception of financial expenses have fallen steadily. Personnel expenses, the single largest driver of total expenses, declined sixfold in 10 years and administrative expenses also declined precipitously. Loan loss provision expenses fell significantly after 1997, the year when the MFI began to write off bad debts. These expenses have subsequently been very low due to the institution's excellent portfolio quality. In contrast, somewhat constant but low financial expenses (except in 1995, when high inflation rates prevailed) reflect the fact that PADME is heavily financed by equity.

Figure 3: A breakdown of PADME's profitability, 1994–2003



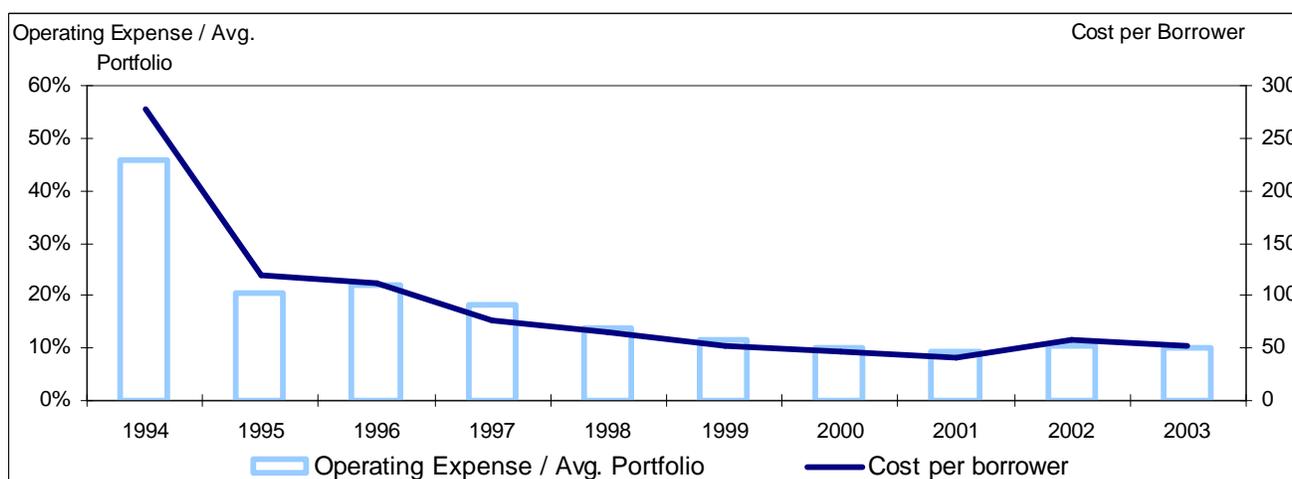
Source: *MicroBanking Bulletin* no. 10 data. PADME data shown for the period 1994-2003. Africa data shown only for 1999-2002.

Efficiency and Productivity

PADME has made significant gains in efficiency over time: operating expenses dropped from 45.8 percent of its gross loan portfolio in 1994 to 20.5 percent in 1995 and 10.1 percent in 2003. Otherwise stated, in 1994 PADME spent 45.8 cents to maintain each dollar of its loan portfolio, whereas in 2003 it spent only 10.1 cents, far less than its peers or even the MFI average worldwide. In parallel,

PADME's cost per borrower fell from USD 277 in 1994 to USD 54 in 1999, at which point it stabilized. Surprisingly, cost per borrower has been significantly lower than that of its peers, although larger loan sizes — which permit lower operating costs as a percentage of gross loan portfolio — are often accompanied by a larger cost per borrower. PADME's remarkable efficiency is largely due to the large size of its loan portfolio relative to total assets.

Figure 4: PADME's gains in efficiency, 1994–2003



Source: *MicroBanking Bulletin* no. 10 data.

PADME's high level of efficiency is also enabled by the strong productivity of its staff. Staff members served an average of 194 borrowers each in 2003, compared with 53 in 1994 and 85 in 1995. This impressive level of productivity results from a highly motivated staff that progresses through a well-developed internship program and is rewarded by

an original incentive system. Staff are highly paid (in 2003, the average staff salary represented 22.2x GNI per capita) and extremely productive. PADME has, in fact, been able to reduce its cost in personnel over time while still investing heavily in human resources. Empirical research indicates that human

resources are among the single greatest contributors to its success.

Portfolio Quality

Overall, PADME's total risk has dropped dramatically. The MFI achieved marked improvement in its portfolio quality between 1995 and 1998, reducing its PAR > 30 days from 5.7 percent to a notable 0.6 percent. It has since consistently demonstrated out-

standing portfolio quality, with an average PAR > 30 days of 0.7 percent. Similarly, PADME's adjusted write-off ratio, which reflects adjustments made to the portion of its loan portfolio at risk more than 365 days, declined sharply between 1998 and 1999. This decline is attributable to the institution's decision to begin writing off bad loans in 1997, as well as to a steady improvement in portfolio quality over time.

Figure 5: PADME's portfolio quality, 1994–2003

Indicator	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
PAR > 30 days	3.50%	5.70%	4.70%	3.00%	1.00%	0.60%	0.30%	0.50%	0.80%	1.10%
PAR 90 > days	2.40%	2.20%	2.70%	1.90%	0.70%	0.20%	0.20%	0.20%	0.40%	0.60%
Write-off ratio	0.00%	1.50%	5.50%	3.80%	4.10%	0.30%	0.30%	0.10%	0.30%	0.00%

Source: *MicroBanking Bulletin* no. 10 data.

Prospects for the Future

PADME has demonstrated a combination of strong profitability and outreach for six consecutive years and is unquestionably a leading provider of microfinance services in West Africa. The microfinance market in Benin is, however, increasingly competitive, and PADME must continue to evolve in order to reach more clients and target new markets. The institution has already developed additional loan products.

One challenge remains: the decision whether and how to transform into a different legal structure. Indeed, the management of PADME has long identified its legal structure as its greatest weakness. As an association (the equivalent of a non-governmental organization, or NGO), it is subject to the restrictive PARMEC laws, which were designed to regulate credit unions, as well as the BCEAO interest rate ceiling of 27 percent. Nevertheless, this ceiling is higher than the 18 percent interest rate permitted banks. The current status of PADME technically permits it to mobilize very limited voluntary savings (it has never chosen to do so), but only provides a five-year license to operate. This restriction prevents the institution from mobilizing long-term finance, including most forms of capital investment. Options for PADME include transforming into a bank, a "société anonyme" or an "établissement financier." Each status has advantages and

limitations, including whether the institution would be subject to PARMEC laws or required to pay taxes.

Conclusion

PADME demonstrates consistent and remarkable profitability, efficiency, outreach, and portfolio quality. A historical review of its performance data suggests that the institution consolidated its financial position after five years of operation and has since been able to maintain or improve its performance. Its strengths — including a strong market position, efficient operations, productive staff, skilled management and outstanding portfolio quality — position it well to expand, possibly transform, and serve an increasing number of microfinance clients in coming years.

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This case study is based on a report prepared for the MIX for PADME's tenth anniversary celebration in September 2003. The MIX thanks the management of PADME for the authorization to publish its performance indicators.

A Review of the Bosnian Microfinance Sector: The Move to Financial Self-Sufficiency

Mark Berryman and Justyna Pytkowska

This case study highlights developments in the dynamic Bosnian sector since the *MicroBanking Bulletin* first documented the sector's emergence in 2000.³ It focuses on data from six institutions: EKI-World Vision, Mi-Bospo, Mikrofin, Partner, Prizma and Sunrise; all of which are participating in this edition of the *Bulletin*. Hereafter, the term "Bosnian MFIs" refers to these six MFIs unless otherwise noted. The case⁴ will provide a brief background of the sector, describe issues facing Bosnian MFIs, illustrate the MFIs' responses to the operating environment of Bosnia and Herzegovina (BiH), and highlight the growth and financial performance of the respective institutions.

Figure 1: Federation of Bosnia and Herzegovina



Source: CIA World Factbook, www.cia.gov.

Background

All MFIs in Bosnia confronted significant challenges when they began providing their first loans. Even before the war broke out in 1992, Bosnia's economy was struggling in its transformation away from a socialist system. Large industry dominated the economic environment in most towns. Although massive factories provided employment and a stable salary, they were poorly run and never market driven. By the time the war ended with the Dayton Peace Agreement in 1995, unemployment had skyrocketed to 85 percent, as most factories had been

destroyed during three years of war. In such an atmosphere, many people became self-employed entrepreneurs for survival.⁵

A microentrepreneur in Bosnia is likely to be a war returnee or demobilized soldier who previously was a factory worker or ran a sophisticated private business and returned home to find it in rubble.⁶ In addition, BiH had many internally displaced persons (groups who have been forced or obliged to flee or to leave their homes or places of habitual residence, in particular as a result of or in order to avoid the effects of armed conflict).⁷

Although most of today's institutions began operating in 1997, the idea of microcredit was introduced within months of the Dayton Peace Agreement. In a post-conflict situation, loans are typically earmarked for larger governmental reconstruction projects and rarely for grassroots, private micro-credit.⁸ The success of microfinance from the beginning and its continual growth has proven it to be an important factor in the post-war economic transition of Bosnia and a key driver of economic growth.

BiH's commitment to microfinance has proved to be a worthwhile investment. It has rapidly created jobs and improved the country's financial infrastructure, especially for smaller borrowers.⁹ By 2003, the Bosnian MFIs studied in this case alone had reached up to 40,000 active borrowers, 61 percent of whom were women, a segment of the population severely affected by the war. At that time, their total active borrowers represented 62 percent of the clients served by the 40 largest MFIs operating in Bosnia.¹⁰

Originally risk-averse and predominantly serving higher-income clients, Bosnian MFIs have recently

³ Isabelle Barrès, "Bosnian MFIs: Performance and Productivity," *MicroBanking Bulletin*, no. 6, Washington, DC, 2000. The case focused on eight MFIs: AMK, Mi-Bospo, LOK, MEB, Partner, Mikrofin, Sunrise, and EKI-World Vision

⁴ This case study originally appeared in May 2004 as a publication of the Microfinance Centre for its annual conference.

⁵ Nataša Goronja, "The Evolution of Microfinance in a Successful Post-Conflict Transition: The Case Study for Bosnia-Herzegovina," ILO/UNHCR Workshop, "Microfinance in Post Conflict Countries," Geneva, Switzerland, 1999.

⁶ Goronja, "The Evolution of Microfinance."

⁷ "Guiding Principles on Internal Displacement," E/CN.4/1998/53/Add.2, United Nations, New York, 1998.

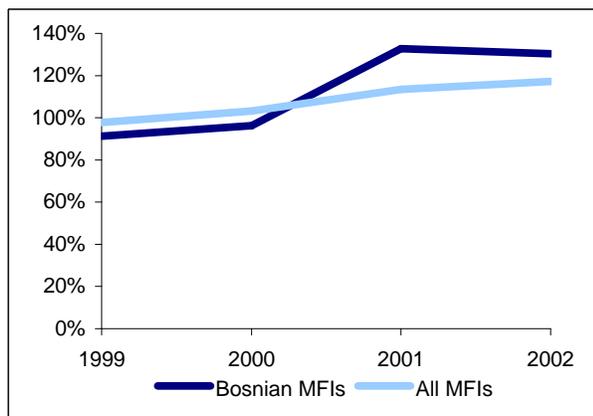
⁸ K. Kuehnast, "Innovative Approaches to Microfinance in Post Conflict Situations: Bosnia Local Initiatives Project," World Bank, Washington, DC, March 2001.

⁹ *Ibid.*

¹⁰ Forty MFIs are estimated to be operating in BiH. The Microfinance Centre for CEE/NIS (MFC) tracks the 17 MFIs that follow international best practices.

attempted to broaden their client base and serve rural clients engaged in agricultural activities. Still, the average loan size relative to GNP per capita is rather high and has, on average, increased slightly among Bosnian MFIs since 2000. The average loan balance as a percentage of per capita income at the end of 1999 was 86 percent, compared to 90 percent at the end of 2002.

Figure 2: Growth in Bosnian self-sufficiency



Source: *MicroBanking Bulletin* no. 10 data.

Even at a young age, the Bosnian MFIs as a group posted impressive results. Each of the MFIs in this case study became financially self-sufficient in less than six years. At the end of 1999, the average Bosnian MFI had yet to achieve self-sufficiency; however, by the end of 2002, it had become 130 percent financially self-sufficient (well above the 117 percent average for all MFIs reporting to the *Bulletin*). In addition to becoming increasingly profitable, the Bosnian MFIs have grown significantly in scale. Average total assets and gross loan portfolio have both increased threefold since the end of 1999, with an almost commensurate increase in the number of active borrowers.

Compared to average ECA MFIs¹¹ over the same period, the Bosnian MFIs showed a greater percentage increase in number of borrowers served, notwithstanding their significantly smaller percentage increase in total assets.

Figure 3: Average indicators of Bosnian MFIs

Scale & Outreach	1999	2002	% ?
Avg. # of Borrowers	2,311	6,657	188%
Avg. Gross Loan Portfolio	2,239,568	7,508,883	235%
Avg. Total Assets	2,737,683	8,416,768	207%

Source: *MicroBanking Bulletin* no. 10 data.

¹¹ The non-Bosnian ECA group includes NOA (Croatia), Constanța (Georgia), FINCA (Kyrgyzstan), and XacBank (Mongolia).

Figure 4: Average indicators of ECA MFIs (without Bosnia)

Scale & Outreach	1999	2002	% ?
Avg. # of Borrowers	5,237	12,038	130%
Avg. Gross Loan Portfolio	1,013,816	3,769,012	272%
Avg. Total Assets	1,324,546	5,705,747	331%

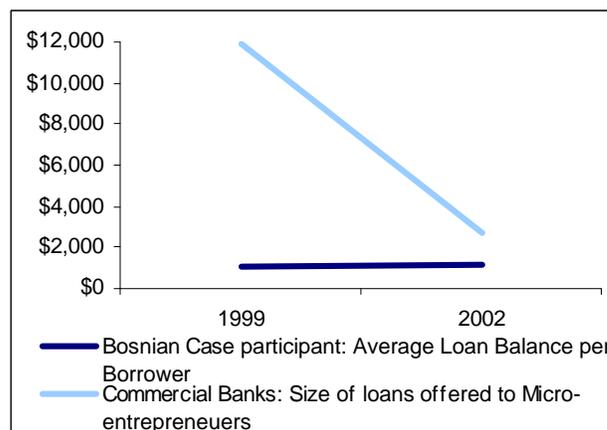
Source: *MicroBanking Bulletin* no. 10 data.

Landscape of Bosnian Microfinance

Competition

Competition continues to play a serious role in MFI operations in Bosnia. Competition has prompted the Bosnian MFIs to significantly grow their portfolios, expand operations into new areas and develop new products. Although these institutions actively seek new clients, clear client segmentation has yet to occur in the industry. MFIs generally target clients who are unable to obtain credit from the traditional financial sector. In many locations, clients have more than one institution from which to choose, so MFIs often compete over the same client.

Figure 5: The closing loan size gap



Source: *MicroBanking Bulletin* no. 10 data and *MicroBanking Bulletin* no. 6 data

Although competition from commercial banks was expected to add to the competitive landscape, it has yet to become a serious factor. However, MFIs will assuredly start to feel the pressure, as the gap in loan sizes offered by MFIs and commercial banks has narrowed dramatically in the last four years. Contributing to this narrowing is the fact that Kreditanstalt für Wiederaufbau (KfW) is currently managing an EU project in which seven participating commercial banks offer loans starting at 5,000 KM¹²

¹² The Convertible Mark, or KM, is the currency of the state of Bosnia and Herzegovina. Convertible Mark banknotes were issued for the first time on 22 June 1998.

(USD 2,673).¹³ As seen in the preceding graph, the loan gap was much wider in 2000, when commercial banks were offering small and medium enterprise (SME) loans starting at 25,000 KM (USD 11,904). To put the comparison in perspective, the average loan balance per borrower for the Bosnian MFIs was then USD 1,146.

Client retention

Many Bosnian microfinance clients, known as “the new poor,” are highly educated individuals who have become unemployed as a result of war and the economy. These clients, however, are becoming more sophisticated in their demands and no longer desire the “one-size-fits-all” loan product. In an increasingly competitive environment, they are able to shop around for a more favorable product.

Client retention is further complicated by the fact that Bosnian MFIs do not “force” clients to take loans in sequence. Individuals can leave a program and re-enter at some other time or borrow from another institution at no additional cost. In addition, clients are neither required to participate in meetings, nor to maintain savings as a condition for receiving a loan.

Business enabling environment

The Bosnian economy is not progressing as quickly as was expected. Unemployment is still high and the privatization process remains slow. Legal barriers continue to create problems for small entrepreneurs, impeding the growth of the country’s micro-enterprises.

The regulatory environment also poses problems for MFIs that are interested in offering additional products. The existing law, which has yet to be amended, forbids MFIs from offering additional financial products, including savings, insurance and leasing. However, donor initiatives are underway to amend the BiH microfinance law.¹⁴

MFIs React to the Bosnian Operating Environment (2000-2003)

Geographic expansion and decentralization

Competition has encouraged Bosnian MFIs to actively seek new clients. With institutions competing for the same clients, many MFIs have opened addi-

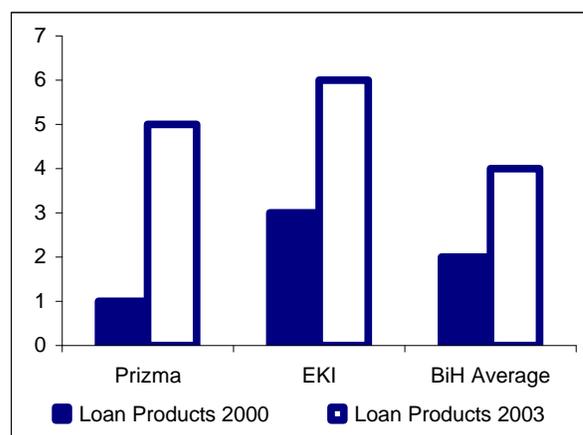
tional branches and sub-branches in new, often distant locations in both the Federation of BiH and the Republic Srpska. EKI, Mikrofin, Partner, Prizma, and Sunrise have all followed this strategy. The average number of offices of an MFI in 2000 was 8; by 2003 the average Bosnian MFI had 19 offices. Sunrise expanded from 4 to 17 offices from 2000 to 2003, while Prizma expanded from 10 to 26 offices.

Geographic expansion encouraged many of the MFIs to re-organize their institutional structure. For example, both Prizma and Partner recently developed and implemented intranets— Internet-based communication systems for employee communication—that has helped assure the institutional integrity of a decentralized system and reduced costs. All MFIs in this study are now highly decentralized. Head offices primarily fulfill a supervisory role, while branch offices are profit centers and individually monitor their own performance. This has translated into branches becoming more responsive to the needs of their clients as operational costs fall. The decentralization strategy has contributed to a decrease in the average total expense ratio from 32 percent of average total assets in 1999 to 20 percent by the end of 2002.

Product diversification and development

Due to increased competition and client demands, five out of six of the participating MFIs have launched new products since the last study. It has become evident that the “one-size-fits-all” product will not work when MFIs compete for the same client. Therefore, all the MFIs now carry out market research when designing new products. For instance, EKI organizes focus groups with its clients, while Partner and Prizma monitor exiting clients through telephone interviews and exit monitoring forms in order to gauge what products their former clients prefer.

Figure 6: Growing loan product diversity



Source: *MicroBanking Bulletin* no. 10 data.

¹³ The European Fund for Bosnia and Herzegovina projects consists of three lending programs: the Housing Loan Programme, Small and Medium Enterprise Loan Programme, and Rural Loan Programme.

¹⁴ The World Bank is attempting to have the BiH law amended to allow MFIs to invest in a fund or for-profit organization, as well as to expand their product lines. The International Fund for Agriculture Development (IFAD) is advocating a new law that would enable the creation of savings and credit associations.

Learning from clients has become a routine activity for Bosnian MFIs when developing new loan products. The process has paid off: clients now have a variety of products from which to choose. In 2000, the average Bosnian MFI offered two products. By 2003 the same group offered, on average, four different products.

As seen in the preceding graph, Prizma has differentiated its products quite extensively. It went from offering only one type of product in 1999 to offering five in 2002. Over the same period, EKI has added one product per year and now offers six different products to current and potential clients: a fixed asset loan, agriculture loan, solidarity group loan, working capital loan, non-registered business loan and a fixed asset/agriculture loan.

In addition to product development, a few MFIs have implemented other programs to ensure that they retain their current client base. Partner, for example, introduced a Consumer Protection Code of Practice. This code established ethical principles and rules of business performance for all Partner staff to guarantee that transparency remains a core value. The goal of the code is to protect clients from inappropriate marketing, pricing and distribution of products and services.

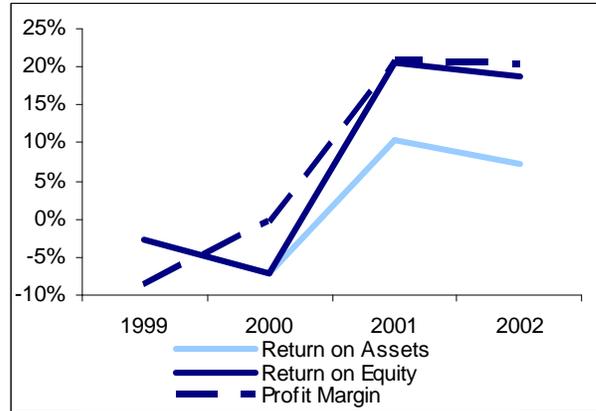
Financial sustainability and efficiency

Since the beginning of the microfinance pilot project in Bosnia, the respective MFIs received a clear message from the BiH's Local Initiative Development (LID) project that each institution would need to rapidly become financially self-sufficient and seek other sources of long-term funding.¹⁵ Five out of the six MFIs in this case study were born out of the LID program and it is evident that each clearly heeded the message. All six Bosnian MFIs are now financially self-sufficient. In 1999 their average Adjusted Return on Equity (AROE) was -3 percent, but by the end of 2002 it had skyrocketed to 21.9 percent.

As seen in the following graph, the average Adjusted Return on Assets (AROA) followed the same positive trend. In 1999, AROA was -3.6 percent, but by 2002 it had risen to 6.1 percent. It is worth mentioning that during the same period, average ECA MFIs (without Bosnia) showed a similar positive trend in AROA, although AROE was not nearly as positive. The ECA average AROE was -27.2 percent in 1999 and grew to only 9.1 percent by the end of 2002.

¹⁵ The LID project is a BiH pilot supported by the World Bank which began with 17 NGOs that knew little about microfinance and now consists of 9 profitable MFIs with a collective outstanding portfolio of 50 million euros (USD 44.1 million). The project is planned to close in 2005.

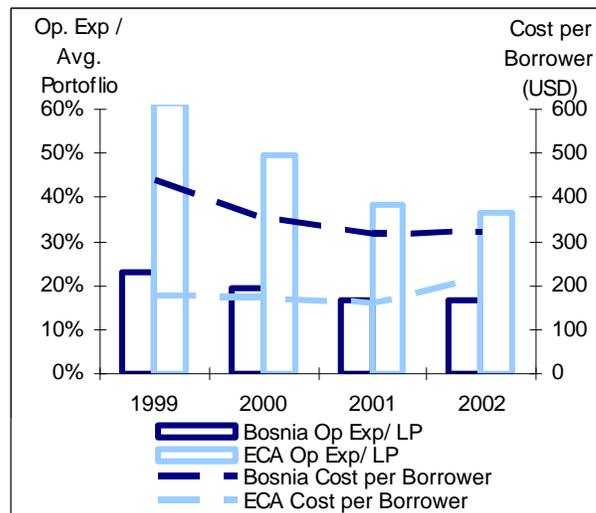
Figure 7: Returns and profit margins in Bosnia



Source: *MicroBanking Bulletin* no. 10 data.

The LID message to rapidly become financially self-sufficient led many MFIs to closely monitor their financial results. Given a strong demand for cheaper products by their respective clients, institutions focused on greater efficiency and sought to make their operations more cost effective. Many of the MFIs have introduced modern management techniques to improve efficiency. Prizma, for example, introduced Activity Based Costing (ABC) to pinpoint inefficiencies and better price its products. The focus on efficiency has obviously paid off, as operating expenses relative to the loan portfolio and average cost per borrower have both significantly decreased since 2000.

Figure 8: Gains in efficiency



Source: *MicroBanking Bulletin* no. 10 data.

The operating expense to loan portfolio ratio for the Bosnian MFIs decreased from 26 percent at the end of 1999 to 19 percent at year-end 2002. Cost per borrower also dropped, from USD 508 to USD 372. Interestingly, over the same period, the

average cost per borrower for ECA MFIs increased from USD 175 to USD 215, despite a strong improvement in operating costs, as shown by the roughly 40 percent reduction in operating expenses as a percentage of loan portfolio.

To control portfolio costs, the Bosnian MFIs have all gradually given up a “zero tolerance for delinquency” policy due to cost, but still closely control portfolio quality.

Integration into the capital market

Although the development of Bosnia’s financial infrastructure remains a challenge for most MFIs, several have embarked on various initiatives to become better integrated into the formal financial sector. For example, both Partner and Mikrofin have recently transferred restricted donations to equity to increase the level of owned equity and thus improved their attractiveness to international investors and commercial banks. However, this type of strategy has not yet proven successful in attracting new funding.

Several Bosnian MFIs have also been able to increase their access to commercially priced funds from local banks and international investors. In 2000, liabilities priced at market rates funded only 2 percent of the average loan portfolio, but by 2003 they had risen to 12.6 percent. Several MFIs, like EKI, are considering transforming into finance companies that would be better positioned to offer a wide range of services and draw on necessary re-

sources to meet client needs. For example, these MFIs are considering introducing savings in the next three years. However, in order to do so, the current law on microcredit organizations must be amended.

Conclusion

Dynamic is the best way to describe the Bosnian microfinance sector. It is a sector that quickly reacts to the operating environment, competition from its peers and changing demands from its clients. Its flexibility and speed have proven successful on almost all fronts, from scale to productivity to even efficiency. However, the most noticeable achievement of MFIs in BiH is the average improvement in financial performance.

The successful Bosnian MFIs are a model for other MFIs that begin as start-ups and quickly find themselves in a competitive environment. It is clear that more lessons can be learned from this case for MFIs operating in Central and Eastern Europe and the Newly Independent States (CEE and NIS), as well as the global industry, through further research and analysis.

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BULLETIN HIGHLIGHTS

Sustainability in Sight: An Analysis of MFIs that Become Sustainable

Blaine Stephens

Enabling Historical Analysis

This tenth edition of the *MicroBanking Bulletin* represents a sea change in benchmarking analysis for the microfinance industry. Over the past eight years and nine data sets, the *Bulletin* has used performance information on a pool of MFIs to answer questions about retail microfinance. Its peer grouping process and the increasing number and diversity of MFIs participating in the *Bulletin* lent the data project a more meaningful framework with which to interpret MFI performance for a given year. What factors drive productivity? How do savings mobilizers perform? And how do large Latin American MFIs differ in either of these areas from medium size African institutions? The *Bulletin* could apply its data set to seek answers to these and other questions of MFI performance.

The focus of analysis shifts. For this edition, the *Bulletin* now trains its lens on retail performance trends over time. As the field of vision widens, the nature of the questions that can be answered also changes. Analysis moves from comparing levels of self-sufficiency between Eastern European and Middle Eastern retail institutions, to questioning how long it takes for an institution in either locale to become self-sufficient. Rather than simply peeling back the layers of financial performance to see what cost structures and revenue streams yield strong returns, this data set sheds light on how these factors have combined and changed over time, returning a more dynamic view of institutional performance. For the first time, the scope of the *Bulletin* database brings this time series approach to bear on global industry benchmarks.

Building the Trend Lines Data Set

This new focus on trends did not come about fortuitously. This historical data set builds on recent industry efforts to harmonize business reporting standards, establish norms for adjustments, and produce commonly understood performance indicators. The result, the product of a year of collaboration between *Bulletin* staff and 60 MFIs around the globe, is this first publication of Trend Lines, a special edition of the *MicroBanking Bulletin* dedicated to the analysis of trends in retail microfinance performance. These 60 MFIs constitute the Trend Lines data set: the Trend Lines MFIs

The *Bulletin* built this new data set on solid foundations. MFIs were invited to participate based on criteria of length, quality and depth of past data. Participation required a minimum of four consecutive years of data submitted to the *Bulletin*. While many institutions already had six or more years on record, this first retrospective data set builds on four core years: 1999 – 2002. Ensuring quality and depth of data allowed for quicker incorporation of past data into the new standards. Audits, annual reports, ratings and other documents provided most of the missing pieces needed to make the transition.

Future editions of this *Bulletin* Trend Lines publication will build on this high quality data set. As more MFIs meet the above base criteria, the data set will grow. With growth will come broader representation, new experiences, and new answers to the questions that we ask ourselves about the dynamics of MFI performance over time.

Characteristics of the Trend Lines Data Set

The MFIs participating in this first Trend Lines edition of the *Bulletin* represent the diversity of characteristics present in retail institutions around the globe. As Figure 1 demonstrates, they are diverse in age, institutional type, credit methodology, and even in level of self-sufficiency. They span the globe and offer financial services from operations of all sizes.

Institutional development, though, is not static, and this data set presents a microcosm of some of the changes underway over the same period in the industry at large. Over the four year period, *many non-profit Trend Lines MFIs have transformed into licensed, regulated financial institutions*. Indeed, just over 30% of the NGOs shed their non-profit status for some regulated institutional model. While the majority of these took up special MFI licenses, classified here as NBFI, a few also became formal sector banks.

A number of associated trends also occurred over the period. As these institutions transformed, *many MFIs started taking deposits from their customers*. More than 10% of these institutions moved from offering no deposit services to amassing customer savings of more than 20% of their total asset base.

This change in services also had repercussions on credit delivery. The period saw a marked decrease in the prevalence of the solidarity credit model as the sole product delivery mechanism. As they broadened their product offering to clients, most *MFIs diversified lending methodologies*, making the use of multiple methodologies, represented here by "Individual/Solidarity", the most common way to extend credit by 2002.

Figure 1: Trend Lines data set by characteristic

Characteristics	1999	2000	2001	2002
All MFIs	57	60	60	60
Age				
New	18	14	9	2
Young	16	18	17	18
Mature	23	28	34	40
Charter Type				
Bank	5	8	9	9
Credit Union	2	2	2	2
NBFi	13	16	22	23
NGO	37	34	27	26
Financial Intermediation (FI)				
High FI	10	13	14	17
Low FI	5	7	8	8
Non FI	42	40	38	35
Methodology				
Individual	23	23	21	21
Individual/Solidarity	17	22	26	27
Solidarity	9	7	4	3
Village Banking	8	8	9	9
Outreach				
Small	27	24	20	17
Medium	16	18	19	17
Large	14	18	21	26
Profit Status				
Not for profit	44	42	38	38
For profit	13	18	22	22
Region				
Africa	11	12	12	12
Asia	8	10	10	10
E. Europe / C. Asia	10	10	10	10
Latin Am. / Carib.	23	23	23	23
Middle East / N. Africa	5	5	5	5
Scale				
Small	24	21	15	9
Medium	21	25	24	26
Large	12	14	21	25
Sustainability				
FSS	26	31	40	45
Non FSS	31	29	20	14
Target				
Low	25	25	22	21
Broad	28	32	32	33
High	2	2	5	5
Small Business	2	1	1	1

Source: *MicroBanking Bulletin* no. 10 data. For more information on peer groups, refer to pages 59 to 66 of this *Bulletin*.

Sustainability also came of age in 2000. The Trend Lines MFIs passed the watermark of 50% of the

institutions covering all costs, including adjustments for subsidy, inflation and minimum provisioning for loss due to loan default. Seventeen MFIs, out of the total 60, joined the ranks of sustainable institutions. This paper explores what we can learn about the dynamics of sustainability from these 17 institutions and their four year journey from 1999 to 2002.

Performance of Trend Lines MFIs

Highlights

This analysis dissects the 60 Trend Lines institutions into three groups, according to sustainability:

1. *Not sustainable*: MFIs that did not reach 100% financial self-sufficiency from 1999-2002;
2. *Became sustainable*: MFIs that reached 100% financial self-sufficiency for the first time between 1999-2002; and
3. *Sustainable*: MFIs that remained above 100% financial self-sufficiency from 1999-2002.

Across these three categories, a number of observations fall out:

- More MFIs become sustainable sooner and at a greater rate than in the past;
- The vast majority of clients are served by sustainable MFIs, and these institutions reach more new clients (in both relative and absolute terms) every year than unsustainable MFIs;
- Of these sustainable institutions, MFIs targeting the poor reach the greatest number of borrowers;
- MFIs that became sustainable over the period showed few signs of moving away from their original client base;
- MFIs that became sustainable did so by reducing costs, while those that never achieved 100% financial self-sufficiency suffered from lower portfolio quality; and
- Clients benefited the most from sustainability, as mature self-sufficient institutions gradually passed on savings in operating costs to lower yields on their loan portfolios.

The following pages explore each of these observations in greater detail.

The road to sustainability

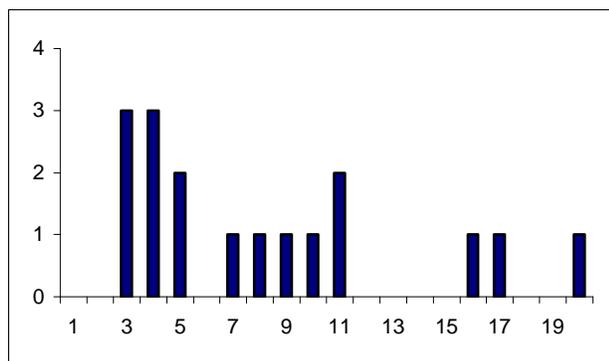
"How long does it take for an MFI to become sustainable?" From chronicles of the development of individual MFIs or whole country sectors, we have narratives of the stages of MFI development, what they look like, and how institutions progress from one stage to another. These stories, however, rarely come coupled with quantitative answers to this question; yet, even rough answers would benefit a myriad of microfinance actors. From a policy

perspective, this information can help donors make more informed investment decisions and formulate realistic expectations as they evaluate their partner institutions' sustainability. The same holds true for private investors. As support institutions, networks and technical service providers can begin to place their affiliate and partner institutions on a spectrum of sustainable growth. The institutions themselves, as they plan for self-sufficiency, can build strategies that learn from the road already traveled by their predecessors and peers.

This first Trend Lines data set offers a glimpse at the answer to this question, but presents certain limitations. The small sample size (60) and the limited number of institutions that achieved financial self-sufficiency over the period (17) mean that the answers may not yet prove robust. Moreover, the narrow window (1999-2002) limits the scope of study for this time sensitive question. Interpretations of 'time to sustainability' are limited to institutions that break through the 100% financial self-sufficiency barrier over the period, without knowledge of those that might have done so before or will do so after. *A true answer to this question will eventually require data from inception, on a broad range of institutions, and over a long time horizon.* Yet, analysis of this data set already yields some striking results.

On average, the 17 Trend Lines MFIs that became sustainable during this period took eight years to cover full, adjusted costs. Not surprisingly, this number does not fall too far from the oft quoted 'five to seven' years to sustainability. In fact, as Figure 2 illustrates, the median age of seven years better represents the norm for these institutions. In other words, *half of all MFIs that became sustainable over the period did so by the age of seven.* Quick observation points out that these MFIs fall into two distinct groups: a significant number (8) reach self-sufficiency in three to five years, while the rest cover all costs between seven and 11 years of age.

Figure 2: Average age at sustainability



Source: *MicroBanking Bulletin* no. 10 data. Data represent 17 MFIs that became sustainable over the period 1999-2002.

From many angles, the data yield few insights into how certain factors might impact an institution's expected course towards sustainability. This holds for charter type, profit status, level of financial intermediation. Indeed, where the results do seem exceptional—a mere three years for banks or more than a decade for institutions mobilizing significant deposits—they are more likely the product of a single outlier. In these instances, the small sample size does not allow for a refinement of the eight year average.

Figure 3: Average age at sustainability by characteristic

Characteristics	Nb of MFIs	Avg. age at FSS	Avg. Yearly Growth in FSS	Avg. age over the period
Total n = 17				
Charter Type				
Bank	1	3	9.9%	4
Credit Union	1	5	3.0%	5
NGO	10	9	25.9%	8
NBFI	5	9	15.2%	9
(FI)				
High FI	1	11	3.5%	12
Low FI	2	12	21.7%	9
Non FI	14	8	23.2%	7
Methodology				
Individual	1	3	4.4%	3
Individual/Solidarity	9	8	21.3%	8
Solidarity	4	8	21.8%	8
Village Banking	3	12	25.2%	12
Outreach				
Small	7	6	26.4%	5
Medium	5	11	22.8%	10
Large	5	9	11.4%	10
Profit Status				
Non-profit	13	8	22.6%	7
Profit	4	9	13.5%	11
Region				
Africa	3	6	32.5%	5
Asia	3	14	9.3%	14
ECA	6	4	23.1%	4
LAC	3	15	13.3%	14
MENA	2	6	24.7%	5
Scale				
Small	4	8	28.4%	6
Medium	13	8	18.7%	9
Target Market				
Low	9	10	18.3%	9
Broad	8	7	23.4%	6

Source: *MicroBanking Bulletin* no. 10 data. Data represent 17 MFIs that became sustainable over the period 1999-2002. This table does not present breakouts by Age or Sustainability because of redundancy with the observations presented (age to sustainability). For more information on peer groups, refer to pages 59 to 66 of this *Bulletin*.

A casual observer might point out one striking, but deceptive, result from the following figure. Age at sustainability seems to vary greatly by region. Asian and Latin American MFIs would seem to require nearly three times the number of years to be-

come sustainable. Here, the scope of this first Trend Lines data set reveals its limitations. Given the recent onset of microfinance in the former Soviet states and Eastern Europe or the land mass stretching from Morocco to Iraq, the average age of institutions in these regions is already lower than that of the rest of the sample, as evidenced by Figure 3. Moreover, many MFIs bound for sustainability in regions such as Latin America or Asia—regions with a longer institutional history in microfinance—would have already achieved it before 1999, the first year in this data set. As a result, one could reasonably argue that institutions in these latter two regions that become sustainable during the period are, by default, older than those in other regions.

Despite the inherent weaknesses in the data set when exploring how long the road is to sustainability, the data do reveal another significant trend. *Younger institutions are becoming sustainable more quickly than did their elder peers.* While they show a more volatile course towards sustainability and as Figure 4 lays out, younger MFIs—those whose microfinance operations began after 1995—have reached sustainability in greater numbers more quickly than institutions started in the 1980s or early 1990s. A comparison of these oldest and youngest cohorts underscores this observation. Two-thirds of MFIs founded prior to 1990 reach sustainability by age thirteen. Among the youngest MFIs, the same percentage achieves the same result by age four, nine years earlier. While the exact timing requires further research, as outlined above, MFIs are clearly achieving sustainability earlier and at a faster rate than before.

Figure 4: Younger MFIs reach sustainability earlier

Founded	Observation	1999	2000	2001	2002
1980s (n = 22)	% of MFIs that are FSS*	64%	82%	86%	95%
	Average age	13	15	15	16
Early 1990s (n = 24)	% of MFIs that are FSS*	33%	42%	42%	63%
	Average age	7	8	9	9
Late 1990s (n = 14)	% of MFIs that are FSS*	29%	21%	79%	64%
	Average age	3	3	4	5

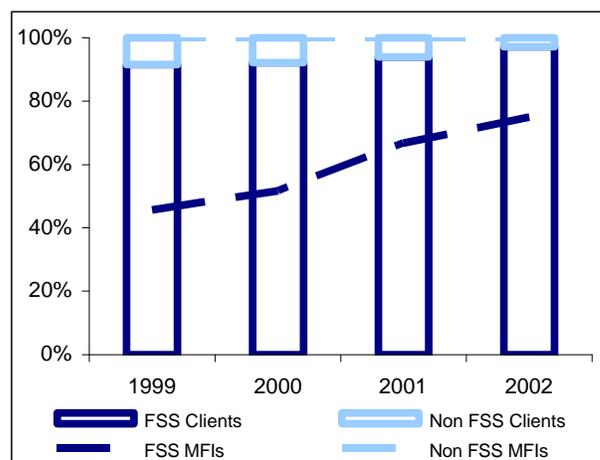
Source: *MicroBanking Bulletin* no. 10 data. *The percentage is representative of sustainable MFIs in this age bracket as a percentage of all MFIs in the same age bracket.

Towards sustainable outreach

The quickening pace of achieving sustainability is not just noteworthy for those microfinance actors who stress the importance of building sustainable institutions. It is heartening for all those who believe that the primary goal of financial systems de-

velopment is to increase access to financial services for all those currently lacking it. As the Trend Lines MFIs demonstrate and as Figure 5 depicts, *sustainable MFIs simply reach more clients, on average and in total, than do unsustainable operations.* From beginning to end of the period, FSS MFIs serve well over 90% of the clients covered in this data set. This result proves robust even when outliers— institutions serving more than one million clients—are removed. Otherwise stated, the Trend Lines MFIs indicate that sustainability holds the key to the door of broad outreach.

Figure 5: Sustainable MFIs serve most clients



Source: *MicroBanking Bulletin* no. 10 data.

Sustainability also clearly proves its importance for growth in client outreach. *MFIs that became sustainable averaged growth rates in borrowers over one and half times those of institutions that were not sustainable over the same period.* More importantly, periods where MFIs become sustainable do not appear simply as bursts of growth; growth rates continue into the years where MFIs have already achieved sustainability. These growth rates combine with the absolute client coverage portrayed in the previous figure to suggest important implications for sustainability in increasing access to microfinance services. Even at healthy 20% average growth rates, non sustainable MFIs extend their services to under 3,000 additional clients per year. Sustainable MFIs embrace nearly another 10,000. Sustainability means more total coverage and more new clients served every year.

Sustainable MFIs may pass the test of mass outreach, but an important public policy concern is whether or not they continue to reach the poor. Any analysis in this area is currently beholden to relative average loan balance (Average Balance per Borrower / GNI per capita) as a proxy for client income levels. For all its simplicity and ease of capture, this indicator suffers from numerous shortcomings dis-

cussed widely in microfinance literature. These include income inequality not represented in measures of Gross National Income and a potential lack of correlation between client income levels and average loan balances. New poverty measurement tools and sampling techniques are underway, and results presented here should undergo further testing once these tools are ready and sufficient institutional data have been collected. Until such indicators become widespread, the *Bulletin* will continue to use the relative average loan balance.

Figure 6: Sustainability boost growth in client outreach

MFI Sustainability*	Weighted avg. annual growth in Borrowers**	Avg nb of Borrowers over the period**
Not Sustainable (n = 11)	22.7%	13,364
Became Sustainable (n = 17)	35.8%	25,551
Sustainable (n = 32)	21.3%	33,398

Source: *MicroBanking Bulletin* no. 10 data. *Sustainability refers to the sustainability of the MFI over the period 1999-2002. Growth in the number of borrowers is the average over the same period. **These results exclude outlier institutions—Institutions serving more than 1,000,000 borrowers. The average number of Borrowers for Sustainable institutions including these outliers is over 150,000.

Figure 7: Outreach by target market

Market	Nb of Borrowers*	1999	2000	2001	2002
Low end Total		263,697	248,180	142,669	95,085
Non FSS Average		15,512	19,091	17,834	19,017
Low end FSS Total		192,303	337,269	654,480	892,517
Average		27,472	30,661	50,345	59,501
Broad FSS Total		326,298	485,194	503,087	682,516
Average		21,753	30,325	22,868	29,675
High end FSS Total		16,173	24,802	56,038	164,281
Average		8,087	12,401	18,679	32,856

Source: *MicroBanking Bulletin* no. 10 data. *These results exclude outlier institutions: Institutions serving more than 1,000,000 borrowers. For more information on peer groups, refer to pages 59 to 66 of this *Bulletin*.

Using this proxy indicator to segment MFIs by target market shows strong results for sustainable outreach to the poor. As Figure 7 demonstrates, *MFIs that serve smaller loans on a sustainable basis demonstrate the highest average and total outreach to borrowers in the Trend Lines sample*. Sustainable low-reaching institutions stand out on two fronts. Compared to sustainable MFIs serving higher average loan balances, these low end MFIs lend to nearly two times as many clients, on average. The results also dissuade any notion that large outreach is correlated to small loan size (many group based lending methodologies have lower credit limits). When compared against institutions serving similar loan sizes but that have not yet covered all their cost (Low end Non FSS), the sus-

tainable MFI (Low end FSS) reaches an average three times as many clients with their services. In a mirror image of the broader pool of institutions, sustainable institutions serve 90% of all clients reached by low-reaching MFIs.

Does this focus on sustainability drive institutions away from poorer clients? Some observe that MFIs seeking sustainability tend to move 'up market' towards clients who require larger loans and who, one imagines, cost less to serve. The data from the Trend Lines MFIs would not support such a claim. As Figure 8 shows, *the 17 institutions that became sustainable over the period served lower average loan balances and remained more focused on poor clients throughout the period*. If institutions were indeed to move up market in search of lower costs, one would imagine that these same institutions would experience the greatest change in average balance—presumably greater than the change in average balance of institutions that have already achieved financial self-sufficiency. This does not hold across the Trend Lines data set. The MFIs that sought and achieved sustainability over these four years experienced the same change in average balance—anywhere from two to ten percentage points—as other institutions, irrespective of the profitability of operations. If anything, the slight increase in average balance, experienced by all MFIs, probably demonstrates growth of loan sizes with existing clients, diversification of loan products, or some combination of both.

Figure 8: Sustainable MFIs show few signs of mission drift

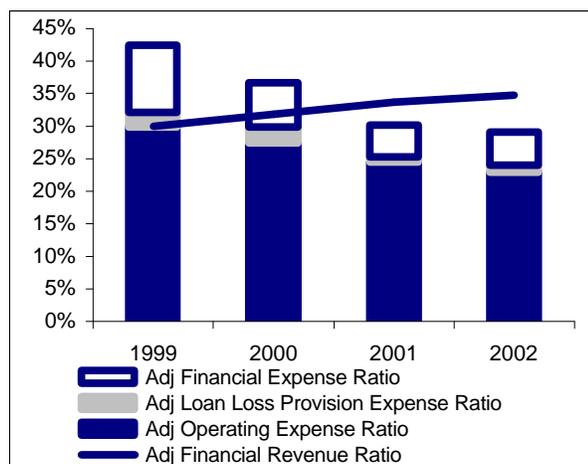
MFI Sustainability*	1999	2000	2001	2002
Not Sustainable (n = 11)				
Average Balance per Borrower / GNI per capita	64.3%	62.9%	64.4%	72.9%
Average absolute change in ABB / GNI per capita	n/a	2.3%	1.5%	8.5%
Became Sustainable (n = 17)				
Average Balance per Borrower / GNI per capita	34.8%	37.1%	42.3%	51.7%
Average absolute change in ABB / GNI per capita	n/a	2.3%	5.1%	9.4%
Sustainable (n = 32)				
Average Balance per Borrower / GNI per capita	73.2%	68.8%	74.0%	84.7%
Average absolute change in ABB / GNI per capita	n/a	-6.0%	5.1%	10.7%

Source: *MicroBanking Bulletin* no. 10 data. *Sustainability refers to the sustainability of the MFI over the period 1999-2002. ABB = Average Balance per Borrower. GNI = Gross National Income.

Trends in sustainable MFI performance

As the levels of sustainability suggest, strong growth in client outreach is not borne of itself, but carried on the back of solid financial performance. Figures 9 and 10 highlight the drivers of this performance.

Figure 9: Cost reduction enables sustainability for MFIs that become sustainable



Source: *MicroBanking Bulletin* no. 10 data. Graph presents data for the 17 institutions that became sustainable over the period 1999-2002.

Institutions that became sustainable over the period did so primarily through cost reduction. While revenues increased five percentage points over the period, this gain would not have been enough to cover costs at their 1999 levels. Rather, *tight cost management at all levels led to breakthrough in sustainability*. Better portfolio management has lowered expenses for loan loss. Write-offs for unrecoverable loans decreased significantly over the period at the same time that these MFIs increased their current portfolio quality. These institutions have also leverage economies of scale in service provision and better process efficiencies to dramatically reduce operating costs.

This level of *portfolio quality* eludes non sustainable institutions and *is the single largest contributor to their overall higher cost structure*. Increasing write-offs in their overall portfolio—approaching nearly 10%—and consistently higher delinquency rates drive up costs. Combined with low revenues, this prevents these institutions from covering costs. Remarkably, low revenues for these MFIs do not stem from untenably low interest rates. As Figure 11 demonstrates, this same group of MFIs earns just as much on its loan portfolio as do the MFIs that became sustainable over the period. Instead, poor asset management and allocation drive down total revenues as a percentage of total assets.

Figure 10: MFI performance drivers by level of sustainability

MFI Sustainability*	Performance Ratios	1999	2000	2001	2002
Not Sustainable (n = 11)	Adj Financial Revenue Ratio	25.2%	26.5%	28.6%	26.9%
	Adj Total Expense Ratio	38.1%	36.1%	37.1%	35.7%
	Adj Financial Expense Ratio	6.0%	5.1%	5.1%	5.6%
	Adj Loan Loss Provision Expense Ratio	2.6%	4.3%	5.2%	4.6%
	Adj Operating Expense Ratio	29.5%	26.8%	26.8%	25.5%
	PAR > 30 days Ratio	7.3%	7.3%	5.6%	7.1%
	Write off Ratio	2.2%	3.2%	5.6%	7.9%
Became Sustainable (n = 17)	Adj Financial Revenue Ratio	29.9%	31.8%	33.7%	34.7%
	Adj Total Expense Ratio	42.4%	36.7%	30.1%	29.1%
	Adj Financial Expense Ratio	10.3%	6.9%	4.9%	5.2%
	Adj Loan Loss Provision Expense Ratio	2.2%	2.4%	0.7%	1.0%
	Adj Operating Expense Ratio	29.9%	27.4%	24.5%	23.0%
	PAR > 30 days Ratio	3.1%	3.8%	2.8%	2.7%
	Write off Ratio	1.8%	1.8%	0.9%	0.5%
Sustainable (n = 32)	Adj Financial Revenue Ratio	35.6%	33.5%	30.8%	29.9%
	Adj Total Expense Ratio	30.8%	28.2%	25.0%	23.6%
	Adj Financial Expense Ratio	9.8%	8.9%	7.3%	6.7%
	Adj Loan Loss Provision Expense Ratio	2.3%	2.1%	1.8%	1.5%
	Adj Operating Expense Ratio	18.7%	17.2%	15.9%	15.3%
	PAR > 30 days Ratio	4.1%	3.1%	2.8%	2.4%
	Write off Ratio	1.3%	1.0%	1.7%	1.5%

Source: *MicroBanking Bulletin* no. 10 data. *Sustainability refers to the sustainability of the MFI over the period 1999-2002.

If these two groups (1/ MFIs that became sustainable and 2/ those that were already sustainable) form a continuum, looking at sustainable MFIs should provide an outlook for what to expect from the former as they consolidate their financial per-

formance. Strikingly, sustainable MFIs reverse the trend in earnings streams that MFIs experience once they achieve sustainability. *Once MFIs are sustainable, overall revenues decrease in relation*

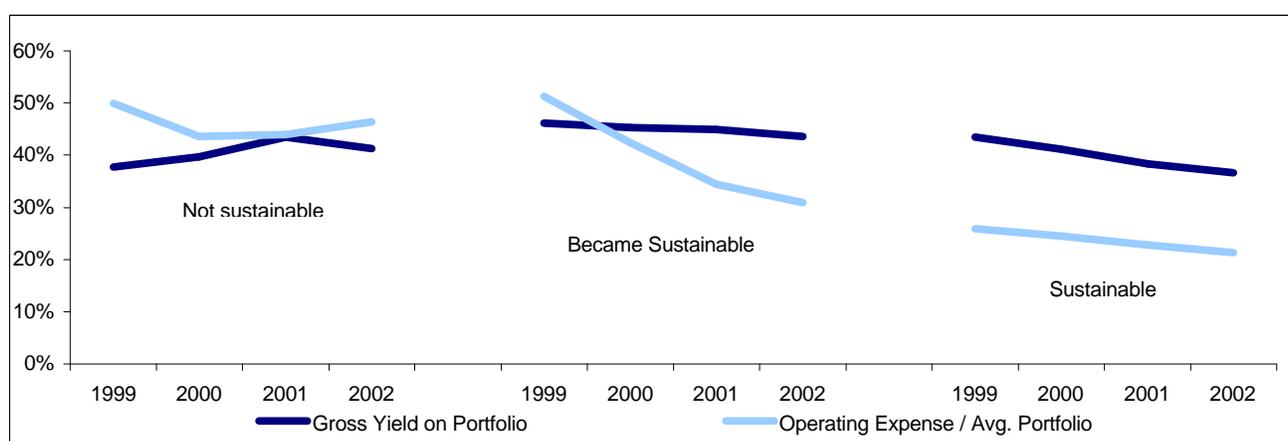
to the asset base, back down to the levels achieved before the former group achieved sustainability.

A number of factors can drive this change. Sustainable MFIs may be delivering services in increasingly competitive markets. These exogenous forces can drive MFIs to reduce their cost to clients in order to retain their customer base. This competition could provide the impetus for seeking the efficiency gains that these MFIs demonstrate over the period, cutting total costs by over 20%. Given the representation of markets in the sustainable MFI sample (Bolivia, Bosnia, Nicaragua, Uganda), it is likely that the competition plays a significant role in cutting yields and reducing costs.

Alternatively, endogenous forces, such as the efficiencies derived from the scale of operations, may also influence cost reduction. Indeed, half of the cost savings realized for this sustainable group came from operating cost reduction.

From a public policy perspective, sustainability and the financial performance that underpins it are often considered for their effects on longevity. That is, sustainable institutions have financial performance that increases the likelihood that they will continue to offer services to similar client groups: sustainable service delivery. Sustainable institutions can offer their clients the same—and chances are, more and better—products well into the future.

Figure 11: Sustainable MFIs pass on efficiencies to customers



Source: *MicroBanking Bulletin* no. 10 data. *Sustainability refers to the sustainability of the MFI over the period 1999-2002.

Sustainability has another important client dimension: reducing costs to customers. Figure 11 sums up the experience of the Trend Lines MFIs in a nice continuum of intersecting lines. MFIs that went from unsustainable to sustainable over the period stand out from their unsustainable peers in the direction of both their efficiencies (cost to institution) and yields (cost to client). For those MFIs that became sustainable, costs decreased an average of five percentage points over the four years, enabled by even greater savings to the institution. *The unsustainable crowd finished the period charging their clients more, on average, than they did at the outset.*

What happens to institutions after they reach sustainability? A look at the last group offers the most telling evidence of tangible client benefits from sustainability. Yields decreased over the entire period. On average, *clients of sustainable MFIs paid less for financial services—nearly five percentage points—in 1999 than they did in 2002.*

Conclusion

This first Trend Lines data set opens the door to examining the dynamics of MFI performance over time: trade offs, growth, movement, expansion. Sustainability, as it demonstrates, holds the key to greater client outreach, as well as long term cost savings for clients. Both clients and the sector as a whole benefit from sustainable institutions. These remain two important concerns for financial sector development.

The conclusions reached in the foregoing pages can only reflect the experience of these 60 institutions; yet microfinance is diverse, more so than this small sample can represent. Each year, these pages will reexamine these observations under the light of a new and growing Trend Lines data set. Some may be refined; some may be contradicted. One thing is certain, as more MFIs report according to industry standards and publicly disclose their results, these benchmarks will more accurately reflect the diversity of MFI retail performance.

BULLETIN TABLES

Introduction to the Peer Groups and Tables

Setting up Peer Groups

The *MicroBanking Bulletin* is designed to create performance benchmarks against which managers and directors of microfinance institutions can compare their institution's performance with that of similar institution. Since the microfinance industry consists of a range of institutions and operating environments, some with very different characteristics, an MFI should be compared to similar institutions for the reference points to be useful.

The *Bulletin* addresses this issue with its peer group framework. Peer groups are sets of programs that have similar characteristics—similar enough that their managers find utility in comparing their results with those of other organizations in their peer group. The *Bulletin* forms peer groups on two bases: simple and compound peer groups.

Simple Peer Groups look at MFIs based on a single characteristic. This allows users to analyze performance based on a common factor, such as age, location or scale of operations. MFIs have been grouped according to the following ten characteristics for this edition of the *Bulletin*:

- 1) *Age*: The *Bulletin* classifies MFIs into three categories (new, young, and mature) based on the maturity of their microfinance operations. This is calculated as the difference between the year they started their microfinance operations and the year of data submitted by the institutions.
- 2) *Charter Type*: The charter under which the MFIs are registered is used to classify the MFIs as banks, credit unions/cooperatives, NGOs, and non bank financial institutions.
- 3) *Financial Intermediation*: This classification measures the extent to which an MFI intermediates between savers and borrowers, funding its assets through mobilized deposits. It is calculated as a percentage of total assets funded by voluntary savings.
- 4) *Lending Methodology*: Performance may vary by the way the institution delivers its loan products and serves borrowers. The *Bulletin* classifies MFIs based on the *primary* methodology used, determined by the number and volume of loans outstanding.

- 5) *Outreach*: Scale of outreach is measured as the total number of borrowers served.
- 6) *Profit Status*: According to their registration, MFIs are classified as 'not for profit' and 'for profit' institutions.
- 7) *Region*: MFIs are divided into five main geographic region: Africa, Asia, Eastern Europe and Central Asia (ECA), Latin America, and Middle East and North Africa (MENA).
- 8) *Scale*: Institutional scale is measured by the size of an institution's loan portfolio in U.S. dollars. The measure of scale is regionalized to reflect differences in income levels across regions.
- 9) *Sustainability*: MFIs are grouped according to their level of financial self-sufficiency, representing their ability to cover all costs on an adjusted basis.
- 10) *Target Market*: The *Bulletin* classifies MFIs into three categories—low-end, broad, and high-end—according to the average balance of loans served. For international comparison, this balance is stated as a percentage local income levels (GNI per capita).

Compound Peer Groups use a more complex set of variables to analyze MFI performance. This creates benchmarks where institutions have a greater number of similar factors affecting performance. The *Bulletin* considers three main indicators in forming these groups: 1) *region*; 2) *scale of operations*; and 3) *target market*.

For the purposes of this edition of the *Bulletin*, these compound peer groups are not produced. As the Trend Lines data set grows larger, allowing for more fine-tuned peer groups, the *Bulletin* will return to producing these benchmark results.

Peer Group Composition

The quantitative criteria used to categorize these groups are summarized in Figure 1. The entire sample of institutions that fall into these categories is located in the guide to the peer groups (pages 59 to 66). Confidentiality limits the publication of names of financially self-sufficient MFIs included in the database.

More detailed information about each institution can be found in Appendix II on page 71.

Data Quality and Statistical Issues

Since the *Bulletin* relies primarily on self-reported data, we grade the quality of the information based

on the degree to which we have independent verification of its reliability. The data quality grade is not a rating of the institution's performance. In the statistical tables that follow, the average values are displayed for each indicator. For more details on both Data Quality and Statistical Issues, see Appendix I on page 67.

Figure 1: Simple peer group criteria

Group	Categories	Criteria
Age	New Young Mature	1 to 4 years 5 to 8 years over 8 years
Charter Type	Bank NBFI NGO	
Financial Intermediation	Non FI Low FI High FI	No voluntary savings Voluntary savings < 20% of total assets Voluntary savings = 20 % of total assets
Lending Methodology	Individual Solidarity Group Individual / Solidarity Village Banking	
Outreach	Large Medium Small	Number of Borrowers > 30,000 Number of Borrowers = 10,000 and = 30,000 Number of Borrowers < 10,000
Profit Status	For Profit Not for Profit	Registered as a for profit institution Registered in a non profit status
Region	Africa Asia ECA LAC MENA	Sub-Saharan Africa South & East Asia Europe & Central Asia Latin America & the Caribbean Middle East & North Africa
Scale (Gross Loan Portfolio, in US\$)	Large Medium Small	Africa, Asia, ECA, MENA > 8 million Latin America > 15 million Africa, Asia, ECA, MENA 2 million to 8 million Latin America 4 million to 15 million Africa, Asia, ECA, MENA < 2 million Latin America < 4 million
Sustainability	Non FSS FSS	Financial Self-Sufficiency < 100% Financial Self-Sufficiency = 100%
Target Market (*Depth = Average Loan Balance per Borrower/ GNI per Capita)	Low end Broad High end	depth* < 20% OR average loan size < US\$150 depth* between 20% and 149% depth between 150% and 250%

Abbreviations: ECA = Eastern Europe and Central Asia; FI = Financial Intermediary; FSS = Financially Self-Sufficient; LAC = Latin America and the Caribbean; MENA = Middle East and North Africa; NBFI = Non Bank Financial Institution; NGO = Non Governmental Organization

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These are summary tables and reflect average values only. Tables with full descriptive statistics, including median values, standard deviations, minimum values, maximum values and number of observations can be found on MIX's *MicroBanking Bulletin* website at www.mixmbb.org.

Peer Group	Average Values												INSTITUTIONAL CHARACTERISTICS											
	Number of MFIs						Age						Total Assets											
	Year	2002	2001	2000	1999	2002	nb	2001	nb	2000	nb	1999	nb	2002	US\$	2001	US\$	2000	US\$	1999				
All MFIs	60	60	60	60	57	11	10%	10	11%	9	12%	8	76,734,736	28%	59,536,051	13%	52,860,866	-17%	63,533,149					
Age	n/a	n/a	n/a	n/a	18	n/a	n/a	4	18%	3	23%	3	n/a	n/a	4,794,515	n/a	3,209,031	47%	2,187,940					
New	18	17	18	16	16	6	-7%	7	-4%	7	0%	7	6,178,879	10%	5,601,625	-56%	12,590,069	-38%	20,313,287					
Young	40	34	28	23	14	2%	13	1%	13	1%	13	13	111,945,965	11%	100,993,670	-2%	103,575,154	-27%	141,608,434					
Charter Type	9	9	8	5	12	9%	11	8%	11	-8%	12	12	409,335,014	28%	319,401,003	-3%	327,771,269	-48%	634,014,266					
Bank	23	22	16	13	11	7%	10	-4%	10	6%	10	10	22,201,884	31%	17,009,280	9%	15,562,060	21%	12,845,366					
NBFI	26	27	34	37	11	13%	10	23%	8	14%	7	7	14,955,369	31%	11,373,702	36%	8,338,514	14%	7,283,727					
Financial Intermediation	35	38	40	42	10	13%	9	15%	7	10%	7	7	10,107,921	40%	7,221,005	26%	5,724,722	19%	4,809,446					
Non FI	8	8	7	5	10	11%	9	-10%	10	-7%	11	11	29,192,163	25%	23,369,114	16%	20,134,636	-23%	26,127,489					
Low FI	17	14	13	10	14	-2%	14	10%	13	11%	12	12	236,280,565	6%	222,200,852	3%	215,516,972	-34%	328,875,533					
High FI	21	21	23	23	14	8%	13	16%	11	10%	10	10	181,281,956	28%	141,217,486	20%	117,814,386	-17%	141,588,994					
Methodology	27	26	22	17	9	13%	8	3%	8	10%	7	7	25,021,193	26%	19,813,985	9%	18,188,612	-3%	18,814,833					
Individual	3	4	7	9	7	1%	7	30%	6	22%	5	5	9,281,466	37%	6,773,512	80%	3,767,421	71%	2,199,185					
Individual/Solidarity	9	9	8	8	11	10%	10	10%	9	13%	8	8	10,416,273	46%	7,148,686	62%	4,424,962	40%	3,149,724					
Solidarity	17	20	24	27	8	22%	7	6%	6	13%	6	6	5,996,880	45%	4,135,597	9%	3,782,200	7%	3,535,179					
Village Banking	17	19	18	16	11	-1%	11	4%	11	2%	10	10	13,540,124	-8%	14,734,621	39%	10,582,491	6%	9,956,218					
Outreach	26	21	18	14	13	6%	12	12%	11	9%	10	10	164,312,503	8%	152,833,014	-5%	160,577,463	-33%	240,474,298					
Small (Outreach)	22	22	18	13	13	9%	12	-2%	12	1%	12	12	181,946,925	28%	141,762,184	-8%	154,823,604	-39%	251,866,458					
Medium (Outreach)	38	38	42	44	10	11%	9	16%	8	12%	7	7	15,822,416	33%	11,931,447	30%	9,162,550	16%	7,889,217					
Large (Outreach)	12	12	12	11	10	11%	9	12%	8	16%	7	7	14,739,965	33%	11,089,336	30%	8,515,227	33%	6,405,810					
Profit Status	10	10	10	8	12	9%	11	10%	10	4%	9	9	342,785,356	28%	267,470,131	8%	248,532,141	-35%	382,504,002					
For Profit	10	10	10	10	5	23%	4	29%	3	42%	2	2	7,331,643	79%	4,089,467	36%	3,009,681	39%	2,169,305					
Not for Profit	23	23	23	23	14	8%	13	8%	12	9%	11	11	37,373,362	28%	29,085,550	33%	21,893,071	18%	18,576,819					
Region	5	5	5	5	7	16%	6	19%	5	23%	4	4	13,289,449	22%	10,905,473	8%	10,102,078	20%	8,386,734					
Africa	9	15	21	24	9	15%	8	27%	6	14%	6	6	2,303,676	-6%	2,457,395	5%	2,335,505	19%	1,957,850					
Asia	26	24	25	21	10	15%	9	-8%	9	6%	9	9	7,130,196	10%	6,471,426	-17%	7,817,008	11%	7,049,905					
ECA	25	21	14	12	13	-1%	13	5%	12	6%	12	12	175,918,638	9%	160,951,804	-23%	209,084,369	-27%	285,529,424					
LAC	45	40	31	26	12	13%	10	-9%	11	18%	10	10	100,172,732	24%	80,709,113	-16%	95,797,294	-28%	133,624,561					
MENA	15	20	29	31	9	-6%	9	44%	6	-4%	7	7	6,420,748	-63%	17,189,927	147%	6,963,306	47%	4,746,804					
Scale	21	22	25	25	11	19%	10	10%	9	11%	8	8	18,091,117	53%	11,815,958	42%	8,336,862	-4%	8,642,278					
Small (Scale)	33	32	32	28	10	6%	10	10%	9	11%	8	8	117,619,086	23%	95,872,237	6%	90,489,395	-24%	119,386,363					
Medium (Scale)	5	5	n/a	n/a	14	4%	14	n/a	n/a	n/a	n/a	n/a	65,363,099	44%	45,536,219	n/a	n/a	n/a	n/a					
Large (Scale)																								
Sustainability																								
FSS																								
Non-FSS																								
Target Market																								
Low end																								
Broad																								
High end																								

For definitions of Peer Groups, refer to pages 59 to 66.
 For details on indicator definitions, refer to pages 55 to 58.
 "n/a" denotes results for Peer Groups with less than three observations

Peer Group		Average Values											
		Offices						Personnel					
Year		nb	nb	nb	nb	nb	nb	nb	nb	nb	nb	nb	nb
2002		Δ	2001	Δ	2000	Δ	1999	Δ	2002	Δ	2001	Δ	2000
2002		0%	184	24%	149	2%	147	703	9%	644	7%	603	5%
All MFIs		185	n/a	12	3%	12	-87%	94	n/a	94	55%	61	22%
Age		n/a	176	1%	174	49%	117	101	-27%	139	-17%	168	-65%
New		204	-14%	237	19%	199	-4%	208	1,000	-4%	1,041	-10%	1,154
Mature		561	3%	545	2%	533	-35%	824	2,801	4%	2,706	-11%	3,051
Young		28	18%	24	14%	21	61%	13	216	21%	178	24%	144
Charter Type		215	9%	198	63%	122	24%	98	458	21%	379	37%	276
Bank		130	14%	114	36%	84	32%	64	173	27%	135	19%	114
NBFI		210	11%	188	20%	157	-37%	250	1,141	15%	994	13%	882
NGO		290	-34%	437	30%	337	-20%	420	1,589	-13%	1,823	-7%	1,959
Financial Intermediation		219	-1%	222	18%	189	2%	186	1,232	5%	1,179	9%	1,079
Non FI		75	9%	68	13%	61	-24%	80	500	20%	416	0%	416
Low FI		n/a	n/a	35	114%	17	58%	10	212	-36%	330	135%	140
High FI		446	-4%	465	17%	398	34%	297	240	26%	191	23%	156
Methodology		17	27%	13	22%	11	15%	9	56	-2%	57	15%	49
Individual		164	-32%	240	38%	173	4%	166	162	-7%	174	3%	169
Individual/Solidarity		324	-3%	334	1%	331	-18%	401	1,480	-9%	1,628	-8%	1,776
Solidarity		237	-4%	247	-1%	251	-29%	352	1,327	6%	1,251	-14%	1,456
Village Banking		154	3%	149	46%	102	20%	85	342	17%	292	23%	238
Outreach		143	24%	115	29%	89	7%	83	160	11%	145	22%	119
Small (Outreach)		591	5%	560	8%	518	-18%	635	3,256	6%	3,069	4%	2,944
Medium (Outreach)		259	-1%	261	33%	197	36%	145	104	41%	74	33%	56
Large (Outreach)		19	43%	13	-12%	15	1%	15	244	22%	200	14%	175
Profit Status		14	0%	14	33%	11	5%	10	209	22%	171	14%	150
For Profit		26	-72%	92	76%	52	-48%	101	65	-11%	73	6%	69
Not for Profit		164	28%	128	34%	96	554%	15	170	1%	169	8%	156
Region		274	-21%	346	-13%	397	-15%	466	1,487	-7%	1,594	-28%	2,204
Africa		210	-10%	234	-19%	288	37%	210	896	1%	890	-16%	1,057
Asia		113	40%	81	436%	15	-63%	88	123	-18%	150	27%	119
ECA		161	20%	134	-20%	168	22%	138	609	24%	490	35%	362
LAC		222	-7%	238	62%	147	-16%	175	826	1%	817	-2%	830
MENA		34	19%	29	n/a	n/a	n/a	n/a	414	27%	326	n/a	n/a
Scale		210	-10%	234	-19%	288	37%	210	896	1%	890	-16%	1,057
Small (Scale)		113	40%	81	436%	15	-63%	88	123	-18%	150	27%	119
Medium (Scale)		161	20%	134	-20%	168	22%	138	609	24%	490	35%	362
Large (Scale)		222	-7%	238	62%	147	-16%	175	826	1%	817	-2%	830
Sustainability		34	19%	29	n/a	n/a	n/a	n/a	414	27%	326	n/a	n/a
FSS		210	-10%	234	-19%	288	37%	210	896	1%	890	-16%	1,057
Non-FSS		113	40%	81	436%	15	-63%	88	123	-18%	150	27%	119
Target Market		161	20%	134	-20%	168	22%	138	609	24%	490	35%	362
Low end		222	-7%	238	62%	147	-16%	175	826	1%	817	-2%	830
Broad		34	19%	29	n/a	n/a	n/a	n/a	414	27%	326	n/a	n/a
High end													

For definitions of Peer Groups, refer to pages 59 to 66.
 For details on indicator definitions, refer to pages 55 to 58.
 "n/a" denotes results for Peer Groups with less than three observations

Peer Group	FINANCING STRUCTURE																							
	Average Values			Capital/ Asset Ratio			Commercial Funding Liabilities Ratio			Debt/ Equity Ratio														
	Year	%	Δ	%	%	Δ	%	%	Δ	%	%	Δ	x	x	Δ	x	x							
All MFIs	2002	43.9	-6%	46.9	-6%	50.2	-6%	53.3	2002	50.5	6%	47.6	12%	42.7	6%	40.1	0.2	-95%	3.3	8%	3.0	23%	2.5	
Age																								
New		n/a		65.1	-4%	68.1	-5%	71.7	n/a	n/a		12.7	173%	4.7	-22%	5.9	n/a	n/a	1.0	-23%	1.3	37%	1.0	
Young		59.9	2%	58.9	2%	57.5	7%	54.0	19.7	40%	14.0	-42%	24.4	-31%	35.3	35.3	1.6	-57%	3.7	-5%	3.9	89%	2.1	
Mature		37.1	3%	36.1	-1%	36.5	-5%	38.4	62.5	-15%	73.7	0%	73.4	4%	70.3	(0.6)	-116%	3.6	9%	3.3	-16%	4.0		
Charter Type																								
Bank		20.2	-28%	28.2	8%	26.0	49%	17.5	105.5	3%	102.8	-10%	114.5	-33%	170.7	(11.9)	-225%	9.5	-8%	10.4	20%	8.7		
NBFI		35.7	-1%	35.9	5%	34.1	3%	33.2	59.8	-2%	61.1	-13%	69.9	1%	69.4	3.4	-8%	3.7	-5%	4.0	-18%	4.8		
NGO		56.5	-5%	59.7	-4%	61.9	-3%	64.0	27.1	25%	21.6	42%	15.2	7%	14.3	1.4	37%	1.0	-1%	1.0	12%	0.9		
Financial Intermediation																								
Non FI		55.9	-3%	57.4	-6%	61.4	-2%	62.5	26.9	11%	24.2	32%	18.2	9%	16.7	1.4	-1%	1.4	13%	1.2	13%	1.1		
Low FI		43.3	-9%	47.8	6%	45.0	-23%	58.4	32.6	28%	25.4	7%	23.7	-11%	26.7	(18.2)	-397%	6.1	-15%	7.2	737%	0.9		
High FI		19.5	9%	17.9	-3%	18.4	53%	12.0	107.6	-13%	124.1	-3%	128.0	-12%	145.4	6.3	-7%	6.7	6%	6.4	-31%	9.1		
Methodology																								
Individual		27.2	-9%	29.9	-7%	32.2	-8%	34.8	82.6	5%	78.8	15%	68.6	3%	66.4	4.4	-2%	4.5	9%	4.1	-6%	4.4		
Individual/Solidarity		48.1	-6%	51.3	0%	51.5	-10%	57.4	38.9	14%	34.1	-5%	35.7	10%	32.4	(3.5)	-204%	3.3	-6%	3.6	104%	1.7		
Solidarity		63.3	9%	58.4	-22%	75.2	3%	73.1	9.9	-63%	27.0	54%	17.5	30%	13.5	1.1	-43%	2.0	171%	0.7	2%	0.7		
Village Banking		63.6	-7%	68.7	-10%	76.2	1%	75.1	24.1	3%	23.4	154%	9.2	-17%	11.1	0.8	4%	0.8	72%	0.5	3%	0.4		
Outreach																								
Small (Outreach)		53.9	-2%	54.8	-10%	60.6	1%	53.8	24.5	25%	19.6	-11%	22.2	-8%	24.0	2.0	25%	1.6	7%	1.5	-22%	1.9		
Medium (Outreach)		42.1	-20%	52.5	11%	47.4	-12%	59.8	57.4	-3%	58.9	31%	44.9	11%	40.5	(6.7)	-364%	2.5	-44%	4.5	107%	2.2		
Large (Outreach)		38.5	12%	34.3	-12%	38.9	-3%	40.0	63.1	-2%	64.1	-5%	67.8	-4%	70.9	3.5	-38%	5.6	52%	3.6	-8%	4.0		
Profit Status																								
For Profit		25.5	-12%	28.8	18%	24.3	26%	19.4	91.6	2%	90.0	-10%	100.5	-14%	117.2	(2.4)	-137%	6.4	-11%	7.2	2%	7.0		
Not for Profit		54.5	-5%	57.4	-6%	61.2	-3%	63.3	26.8	16%	23.1	29%	17.9	3%	17.4	1.6	10%	1.5	14%	1.3	12%	1.1		
Region																								
Africa		44.0	-13%	50.3	-8%	55.0	-1%	55.7	63.4	10%	57.5	9%	52.9	7%	49.6	2.9	43%	2.1	12%	1.8	-47%	3.5		
Asia		37.2	-1%	37.5	-2%	38.4	-21%	48.3	53.5	-15%	62.6	2%	61.6	-9%	67.9	(12.5)	-273%	7.2	-3%	7.4	156%	2.9		
ECA		53.1	-6%	56.3	-8%	61.4	-5%	64.8	20.4	121%	9.2	297%	2.3	69%	1.4	1.6	-14%	1.9	8%	1.7	28%	1.4		
LAC		34.0	-5%	35.9	-9%	39.5	-4%	40.9	65.7	4%	62.9	13%	55.6	8%	51.6	3.6	3%	3.5	17%	3.0	4%	2.9		
MENA		84.0	-6%	89.3	0%	88.9	-1%	89.6	4.8	485%	0.8	-26%	1.1	n/a	-	0.2	52%	0.1	-16%	0.2	-1%	0.2		
Scale																								
Small (Scale)		57.7	-19%	71.6	11%	64.7	-5%	68.0	39.6	79%	22.1	47%	15.1	-7%	16.1	2.0	217%	0.6	-79%	3.0	239%	0.9		
Medium (Scale)		52.7	17%	44.9	-11%	50.7	0%	50.9	30.9	11%	27.9	-19%	34.4	4%	33.1	(4.8)	-233%	3.6	103%	1.8	-27%	2.4		
Large (Scale)		29.7	-6%	31.5	16%	27.3	-3%	28.0	74.9	-15%	88.4	-10%	98.8	-2%	100.5	4.6	-4%	4.8	-10%	5.3	-7%	5.8		
Sustainability																								
FSS		41.6	-9%	45.9	0%	46.0	7%	43.0	53.6	6%	50.8	-14%	59.1	-3%	60.7	3.0	11%	2.7	-7%	2.9	-15%	3.4		
Non-FSS		50.7	4%	48.8	-11%	54.6	-12%	61.9	41.4	0%	41.4	65%	25.1	10%	22.9	(8.4)	-290%	4.4	38%	3.2	89%	1.7		
Target Market																								
Low end		57.6	-3%	59.5	-11%	66.6	-1%	67.3	27.7	9%	25.4	39%	18.2	-21%	23.1	(6.3)	-311%	3.0	24%	2.4	146%	1.0		
Broad		39.6	-7%	42.5	7%	39.7	-8%	43.0	52.5	8%	48.7	-3%	50.5	11%	45.4	3.1	1%	3.1	-8%	3.4	11%	3.0		
High end		11.9	-38%	19.2	n/a	n/a	n/a	n/a	142.0	-3%	146.0	n/a	n/a	n/a	n/a	7.6	25%	6.0	n/a	n/a	n/a	n/a		

For definitions of Peer Groups, refer to pages 59 to 66.
For details on indicator definitions, refer to pages 55 to 58.
"n/a" denotes results for Peer Groups with less than three observations

Peer Group	FINANCING STRUCTURE																														
	Average Values				Deposits to Loans				Deposits to Total Assets				Gross Loan Portfolio/ Total Assets																		
	Year	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%														
All MFIs	2002	26.3	4%	2001	25.2	3%	2000	24.3	13%	1999	21.5	16.1	12%	2001	14.4	12%	2000	12.8	18%	1999	10.8	73.8	2%	2001	72.3	0%	2000	72.6	4%	1999	70.1
Age																															
New	n/a	n/a	-	n/a	-	n/a	-	n/a	n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	n/a	76.0	-2%	77.2	15%	67.2		
Young	2.9	48%	2.0	-74%	7.7	-37%	12.1	12.1	2.0	51%	1.3	-78%	6.2	-29%	8.7	-	8.7	6.2	-29%	8.7	-	8.7	75.2	4%	72.5	1%	71.7	-2%	73.5		
Mature	35.1	-19%	43.4	-8%	47.2	5%	44.9	44.9	21.8	-12%	24.7	5%	23.5	14%	20.6	-	20.6	23.5	14%	20.6	-	20.6	73.6	3%	71.3	0%	70.9	1%	70.1		
Charter Type																															
Bank	90.5	6%	85.3	-13%	98.2	-30%	140.4	140.4	47.8	23%	38.9	-5%	41.0	-26%	55.2	-	55.2	41.0	-26%	55.2	-	55.2	63.7	2%	62.2	12%	55.5	6%	52.5		
NBFI	29.5	-7%	31.7	-15%	37.6	2%	36.8	36.8	20.3	-6%	21.7	-12%	24.5	5%	23.4	-	23.4	24.5	5%	23.4	-	23.4	76.4	3%	74.6	2%	73.2	7%	68.6		
NGO	3.2	96%	1.6	-23%	2.1	76%	1.2	1.2	2.6	108%	1.2	-11%	1.4	63%	0.9	-	0.9	1.4	63%	0.9	-	0.9	73.8	1%	72.9	-3%	75.4	5%	71.8		
Financial Intermediation																															
Non FI	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	73.9	2%	72.7	-3%	74.8	5%	70.9	
Low FI	9.4	6%	8.9	-38%	14.4	1%	14.2	14.2	7.2	19%	6.1	-17%	7.3	-27%	10.0	-	10.0	7.3	-27%	10.0	-	10.0	79.8	8%	73.8	7%	68.9	-11%	77.8		
High FI	88.4	-14%	102.8	-2%	104.5	-9%	115.4	115.4	53.4	-8%	58.1	5%	55.2	-2%	56.3	-	56.3	55.2	-2%	56.3	-	56.3	70.7	0%	70.4	3%	68.0	8%	63.1		
Methodology																															
Individual	54.0	3%	52.2	13%	46.1	2%	45.1	45.1	30.1	13%	26.5	19%	22.2	4%	21.2	-	21.2	22.2	4%	21.2	-	21.2	72.3	0%	72.5	-3%	74.4	5%	71.1		
Individual/Solidarity	16.4	3%	15.9	-12%	18.1	65%	11.0	11.0	12.4	5%	11.8	0%	11.8	60%	7.3	-	7.3	11.8	60%	7.3	-	7.3	76.1	5%	72.5	0%	72.3	-2%	73.8		
Solidarity	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	85.0	6%	80.2	18%	68.0	7%	63.6	
Village Banking	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	66.4	-2%	67.7	-6%	72.3	8%	66.8	
Outreach																															
Small (Outreach)	1.6	66%	1.0	-90%	9.5	5%	9.0	9.0	1.2	89%	0.7	-92%	3.7	-21%	4.7	-	4.7	3.7	-21%	4.7	-	4.7	74.2	0%	74.3	4%	71.5	5%	68.0		
Medium (Outreach)	34.6	-13%	39.7	62%	24.5	9%	22.4	22.4	21.3	6%	20.2	86%	10.8	1%	10.7	-	10.7	10.8	1%	10.7	-	10.7	72.7	8%	67.0	-3%	69.3	-2%	70.5		
Large (Outreach)	37.0	5%	35.1	-20%	43.9	-1%	44.5	44.5	22.4	1%	22.2	-18%	26.9	20%	22.5	-	22.5	26.9	20%	22.5	-	22.5	74.1	-1%	75.2	-3%	77.4	5%	73.8		
Profit Status																															
For Profit	60.4	3%	58.4	-14%	68.0	-14%	79.1	79.1	35.4	11%	31.9	-5%	33.4	-9%	36.9	-	36.9	33.4	-9%	36.9	-	36.9	72.0	3%	69.9	2%	68.5	3%	66.7		
Not for Profit	6.6	11%	5.9	6%	5.6	26%	4.5	4.5	5.0	17%	4.3	7%	4.0	31%	3.0	-	3.0	4.0	31%	3.0	-	3.0	74.8	1%	73.7	-1%	74.4	5%	71.2		
Region																															
Africa	41.2	-7%	44.2	-4%	46.1	15%	40.0	40.0	18.9	20%	15.8	1%	15.7	-1%	15.9	-	15.9	15.7	-1%	15.9	-	15.9	68.3	5%	65.3	-1%	66.1	4%	63.7		
Asia	26.9	-5%	28.2	-6%	29.9	-28%	41.3	41.3	14.4	11%	13.0	5%	12.4	-12%	14.1	-	14.1	12.4	-12%	14.1	-	14.1	75.9	9%	69.5	-3%	72.0	0%	71.7		
ECA	12.3	n/a	-	n/a	-	n/a	-	n/a	5.8	n/a	-	n/a	-	n/a	-	-	-	n/a	-	n/a	-	n/a	-	81.7	1%	80.5	1%	79.8	7%	74.5	
LAC	30.1	-1%	30.3	15%	26.4	34%	19.8	19.8	23.4	-1%	23.6	19%	19.8	40%	14.1	-	14.1	19.8	40%	14.1	-	14.1	77.5	0%	77.8	-2%	79.2	5%	75.7		
MENA	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	-	-	n/a	-	n/a	-	n/a	-	49.4	-7%	53.2	18%	44.9	-5%	47.2	
Scale																															
Small (Scale)	5.8	348%	1.3	-8%	1.4	6643%	0.0	0.0	4.1	367%	0.9	23%	0.7	4157%	0.0	-	0.0	0.7	4157%	0.0	-	0.0	63.4	-8%	68.6	2%	67.5	5%	64.3		
Medium (Scale)	7.5	143%	3.1	-78%	13.8	-12%	15.7	15.7	4.6	92%	2.4	-64%	6.6	-26%	8.8	-	8.8	6.6	-26%	8.8	-	8.8	75.7	-1%	76.5	-3%	78.5	-1%	79.1		
Large (Scale)	53.3	-21%	67.5	-13%	77.5	4%	74.5	74.5	32.4	-14%	37.7	-10%	42.1	18%	35.6	-	35.6	42.1	18%	35.6	-	35.6	75.4	7%	70.2	1%	69.8	6%	66.1		
Sustainability																															
FSS	29.8	7%	27.9	-25%	38.6	8%	35.8	35.8	18.3	25%	14.2	-29%	19.9	15%	17.4	-	17.4	19.9	15%	17.4	-	17.4	76.2	3%	73.8	-1%	74.3	-1%	74.8		
Non-FSS	15.9	-13%	19.6	118%	9.0	-5%	9.5	9.5	9.7	-35%	14.8	184%	5.2	0%	5.2	-	5.2	5.2	0%	5.2	-	5.2	66.3	-4%	69.3	-2%	70.8	7%	66.2		
Target Market																															
Low end	2.5	10%	2.3	-25%	3.1	-34%	4.7	4.7	2.1	19%	1.8	-14%	2.0	-26%	2.8	-	2.8	2.0	-26%	2.8	-	2.8	70.9	-2%	72.1	5%	68.6	1%	67.6		
Broad	27.3	12%	24.5	-13%	28.1	19%	23.8	23.8	17.6	10%	16.0	-9%	17.5	32%	13.2	-	13.2	17.5	32%	13.2	-	13.2	76.9	3%	74.9	-4%	78.1	6%	73.6		
High end	124.5	-8%	135.0	n/a	n/a	n/a	n/a	n/a	68.2	9%	62.5	n/a	n/a	n/a	n/a	-	n/a	n/a	n/a	n/a	-	n/a	65.6	11%	59.2	n/a	n/a	n/a	n/a	n/a	

For definitions of Peer Groups, refer to pages 59 to 66.
 For details on indicator definitions, refer to pages 55 to 58.
 "n/a" denotes results for Peer Groups with less than three observations

Peer Group	OUTREACH INDICATORS																				
	Average Values				Number of Active Borrowers				Percent of Women Borrowers				Number of Loans Outstanding								
	Year	nb	Δ	%	nb	Δ	%	nb	Δ	%	nb	Δ	%	nb	Δ	%	nb	Δ	%		
All MFIs	68,195	31%	51,863	26%	41,116	12%	36,795	66.9	-1%	67.6	-1%	68.5	-2%	69.9	83,999	9%	77,052	14%	67,401		
Age																					
New	n/a		12,560	79%	7,000	51%	4,633	n/a	n/a	64.2	-2%	65.6	-10%	72.7	n/a		13,408	87%	7,186	49%	4,834
Young	12,385	-35%	19,128	-5%	20,091	-79%	93,657	70.4	-13%	80.5	-5%	84.5	4%	81.6	14,173	1%	14,024	-26%	19,050	-24%	25,052
Mature	97,842	21%	80,864	9%	74,112	265%	20,287	64.8	6%	61.0	5%	58.0	-1%	58.5	148,252	1%	146,089	-16%	173,698	5%	164,843
Charter Type																					
Bank	52,265	26%	41,591	15%	36,114	21%	29,736	52.3	8%	48.3	2%	47.4	35%	35.1	478,715	10%	435,254	-11%	487,220	-8%	527,241
NBFI	28,161	22%	23,039	21%	19,059	26%	15,094	65.2	-9%	71.7	3%	69.7	-4%	72.6	34,670	28%	27,052	13%	23,853	54%	15,517
NGO	102,799	40%	73,505	42%	51,592	15%	44,867	73.6	1%	72.5	-2%	73.7	0%	73.9	28,036	30%	21,538	53%	14,121	13%	12,535
Financial Intermediation																					
Non FI	26,937	37%	19,604	24%	15,764	37%	11,513	72.3	-1%	72.9	-1%	73.5	0%	73.4	27,603	43%	19,310	56%	12,388	36%	9,131
Low FI	422,811	10%	385,674	30%	296,200	-24%	391,648	77.9	37%	56.8	-7%	61.1	n/a	n/a	46,870	4%	45,215	14%	39,789	-24%	52,374
High FI	39,709	5%	37,698	8%	34,790	47%	23,703	47.7	7%	44.7	3%	43.2	5%	41.3	260,528	-4%	272,662	-3%	282,104	-6%	300,684
Methodology																					
Individual	26,438	25%	21,203	31%	16,131	29%	12,553	47.1	-3%	48.3	-4%	50.6	-1%	51.0	197,789	12%	177,040	17%	151,719	17%	130,075
Individual/Solidarity	116,714	31%	89,308	1%	88,802	-15%	104,715	70.7	5%	67.4	1%	66.4	-2%	67.6	35,448	38%	25,761	1%	25,430	6%	24,104
Solidarity	44,676	-9%	49,246	118%	22,543	65%	13,700	75.0	-6%	79.8	-10%	86.3	-1%	89.6	44,995	-17%	53,969	116%	24,963	83%	13,636
Village Banking	40,944	31%	31,137	27%	24,459	31%	18,612	95.2	1%	94.6	1%	93.5	-2%	95.9	39,130	36%	28,727	101%	14,261	31%	10,868
Outreach																					
Small (Outreach)	4,951	9%	4,531	4%	4,346	13%	3,847	65.3	-2%	66.9	-3%	69.3	-3%	71.4	5,179	6%	4,885	5%	4,662	16%	4,009
Medium (Outreach)	17,235	-6%	18,282	-6%	19,504	10%	17,763	70.8	12%	63.4	-8%	68.9	1%	68.4	17,506	-1%	17,670	-3%	18,232	1%	17,973
Large (Outreach)	159,557	13%	140,791	9%	128,777	-17%	154,829	64.7	-12%	73.5	10%	66.6	-3%	68.7	230,626	3%	223,141	-8%	242,193	-9%	266,662
Profit Status																					
For Profit	48,793	25%	39,105	29%	30,415	33%	22,832	58.5	1%	57.7	8%	53.4	0%	53.5	217,492	13%	192,140	-15%	225,879	-1%	229,308
Not for Profit	76,818	34%	57,179	26%	44,778	12%	40,017	70.8	-1%	71.4	-2%	73.2	-1%	74.0	25,645	21%	21,207	34%	15,770	17%	13,431
Region																					
Africa	23,505	26%	18,711	18%	15,924	30%	12,241	68.6	-1%	69.3	-1%	70.2	-13%	81.1	28,788	15%	25,034	28%	19,592	41%	13,866
Asia	395,411	37%	288,556	29%	224,165	-24%	295,643	94.2	3%	91.8	1%	91.2	-3%	93.6	500,057	12%	446,362	5%	424,511	-4%	440,947
ECA	8,809	28%	6,864	28%	5,363	54%	3,481	62.0	0%	62.0	-3%	63.6	-4%	66.2	8,839	28%	6,889	28%	5,398	53%	3,533
LAC	34,428	26%	27,323	19%	22,961	20%	19,113	63.2	-2%	64.5	2%	62.9	0%	62.6	39,772	25%	31,931	32%	24,218	17%	20,714
MENA	25,503	24%	20,573	41%	14,562	47%	9,892	66.7	-1%	67.3	-8%	72.8	0%	72.8	29,499	22%	24,126	58%	15,240	23%	12,389
Scale																					
Small (Scale)	6,680	-34%	10,106	8%	9,396	43%	6,548	78.5	-7%	84.8	-4%	87.9	5%	83.8	6,738	-22%	8,636	9%	7,957	4%	7,645
Medium (Scale)	22,880	8%	21,216	-3%	21,768	21%	17,944	75.2	11%	67.5	15%	58.5	-7%	62.8	26,235	4%	25,281	8%	23,381	40%	16,651
Large (Scale)	147,178	15%	127,931	-11%	143,952	-11%	160,962	51.9	3%	50.4	3%	48.8	2%	47.7	215,698	-7%	232,628	-32%	340,472	10%	308,330
Sustainability																					
FSS	87,013	27%	68,287	-1%	68,827	3%	67,118	65.3	-1%	66.1	0%	65.8	17%	56.1	125,705	3%	121,856	-16%	144,445	9%	132,424
Non-FSS	11,738	-26%	15,936	10%	14,472	10%	13,210	71.3	2%	70.2	-1%	70.9	-12%	80.9	14,189	-25%	18,799	25%	15,050	22%	12,380
Target Market																					
Low end	145,713	43%	102,058	44%	71,117	15%	61,803	82.7	-4%	86.1	0%	86.5	2%	84.7	57,947	36%	42,755	69%	25,328	29%	19,669
Broad	23,272	15%	20,268	19%	16,967	36%	12,493	61.4	3%	59.7	10%	54.4	-4%	56.8	127,154	8%	117,585	-4%	122,654	8%	113,509
High end	33,230	85%	17,947	n/a	n/a	n/a	n/a	38.9	37%	28.3	n/a	n/a	n/a	n/a	37,538	20%	31,313	n/a	n/a	n/a	n/a

For definitions of Peer Groups, refer to pages 59 to 66.

For details on indicator definitions, refer to pages 55 to 58.

"n/a" denotes results for Peer Groups with less than three observations

Peer Group	OUTREACH INDICATORS											
	Gross Loan Portfolio				Average Loan Balance per Borrower				Average Loan Balance per Borrower/ GNI per Capita			
	Year	US\$ 2002	US\$ 2001	US\$ 2000	US\$ 2002	US\$ 2001	US\$ 2000	US\$ 1999	US\$ 2002	US\$ 2001	US\$ 2000	%
Average Values	40,062,923	28,863,346	23,626,609	23,163,906	766	663	626	651	71.7	62.3	56.0	6%
Age												
New	n/a	3,783,699	2,490,564	1,522,004	n/a	575	845	813	n/a	n/a	55.1	-1%
Young	4,898,595	4,079,613	10,459,170	15,917,978	890	61%	554	471	63.7	27%	50.3	-26%
Mature	57,672,759	47,893,942	42,659,413	45,141,691	729	-2%	747	603	73.8	5%	70.6	46%
Charter Type												
Bank	188,055,156	134,493,259	125,363,800	195,711,056	610	9%	561	482	111.5	6%	104.9	23%
NBFI	17,164,899	13,012,775	12,163,829	9,709,910	886	12%	794	635	78.7	19%	65.9	24%
NGO	11,493,709	8,201,306	6,013,009	5,478,767	558	14%	489	540	54.6	14%	48.0	-5%
Financial Intermediation												
Non FI	7,409,584	5,010,754	4,088,937	3,375,156	808	27%	637	644	58.4	15%	50.9	-3%
Low FI	24,778,096	17,926,065	14,694,300	21,430,230	214	-12%	244	215	60.9	-20%	76.2	68%
High FI	114,483,245	99,855,968	88,552,228	107,143,491	870	-6%	929	733	110.7	12%	98.9	32%
Methodology												
Individual	85,263,006	61,087,173	47,023,294	45,446,076	1,183	16%	1,024	1,001	100.2	12%	89.3	8%
Individual/Solidarity	19,283,654	14,673,549	13,179,271	14,287,794	758	11%	682	597	74.9	14%	65.5	16%
Solidarity	8,297,893	5,586,434	2,789,574	1,532,449	206	33%	155	190	29.3	31%	22.3	5%
Village Banking	7,522,213	5,012,456	3,323,723	2,299,790	138	8%	127	126	21.0	12%	18.8	-2%
Outreach												
Small (Outreach)	4,578,128	2,967,700	2,531,746	2,468,863	1,461	35%	1,078	980	87.3	21%	71.9	13%
Medium (Outreach)	10,120,694	8,953,959	6,404,494	6,224,793	529	4%	509	355	78.2	1%	77.5	32%
Large (Outreach)	82,842,131	71,539,119	68,975,208	82,434,758	400	11%	361	407	54.0	53%	35.3	-12%
Profit Status												
For Profit	88,338,662	63,811,753	63,188,107	81,811,954	763	2%	747	654	99.3	8%	92.3	23%
Not for Profit	12,113,811	8,630,057	6,671,681	5,836,073	767	22%	629	616	59.4	19%	49.8	1%
Region												
Africa	8,419,021	5,507,347	4,424,623	3,522,854	282	7%	263	248	90.9	10%	82.9	11%
Asia	154,696,084	109,119,858	92,554,184	115,959,797	122	16%	106	113	37.2	22%	30.5	-3%
ECA	6,012,935	3,429,591	2,551,812	1,749,267	1,280	28%	1,001	1,008	85.0	25%	67.9	7%
LAC	28,930,519	22,466,536	17,064,354	13,869,183	1,042	14%	916	822	78.9	12%	70.6	16%
MENA	6,050,999	4,697,550	4,192,187	3,485,794	322	2%	317	329	17.5	2%	17.1	-1%
Scale												
Small (Scale)	1,250,165	1,617,170	1,492,499	1,252,861	776	74%	445	414	45.6	70%	26.8	-11%
Medium (Scale)	5,369,173	4,869,501	5,822,317	5,398,336	709	-7%	766	780	62.0	-7%	66.7	-2%
Large (Scale)	90,117,016	75,746,436	88,621,153	98,075,742	831	19%	700	687	93.7	10%	85.0	9%
Sustainability												
FSS	52,002,114	37,129,997	41,473,885	46,894,575	588	2%	575	605	67.8	16%	58.7	8%
Non-FSS	4,245,350	12,330,043	4,548,486	3,260,763	1,301	52%	858	645	83.2	19%	70.1	22%
Target Market												
Low end	13,754,553	9,016,154	6,150,888	6,256,614	187	16%	160	181	17.2	-10%	19.0	5%
Broad	56,874,685	42,999,152	38,616,507	40,426,863	969	10%	882	915	79.1	19%	66.4	-8%
High end	45,369,419	29,518,417	n/a	n/a	1,486	35%	1,098	n/a	230.5	10%	209.8	10%

For definitions of Peer Groups, refer to pages 59 to 66.
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 "n/a" denotes results for Peer Groups with less than three observations

Peer Group	OUTREACH INDICATORS																						
	Average Outstanding Balance				Average Outstanding Balance / GNI per Capita				Number of Voluntary Savers														
	Year	US\$	US\$	US\$	%	%	%	%	nb	%	nb	%	nb	%									
All MFIs	772	19%	649	-1%	652	-4%	680	72.5	18%	61.2	0%	61.0	-6%	64.7	17,602	33%	13,241	27%	10,467	16%	9,005		
Age																							
New	n/a	n/a	581	-28%	809	15%	706	n/a	n/a	60.4	2%	59.0	5%	56.4	n/a	n/a	-	-100%	7	n/a	-	-	
Young	817	57%	519	1%	512	-4%	533	64.8	30%	50.0	-29%	70.9	13%	62.8	422	-82%	2,288	-29%	3,227	174%	1,180		
Mature	771	4%	744	12%	663	-14%	774	75.1	10%	68.0	25%	54.2	-27%	74.4	30,735	12%	27,414	8%	25,468	2%	25,028		
Charter Type																							
Bank	840	20%	703	9%	645	-7%	695	117.1	21%	97.1	16%	83.6	-9%	92.3	68,640	8%	63,407	40%	45,235	-30%	64,343		
NBFI	667	18%	564	2%	551	-14%	641	63.3	18%	53.7	-3%	55.4	-25%	75.3	16,743	40%	11,998	-11%	13,487	-3%	13,965		
NGO	667	16%	573	-3%	594	3%	576	66.4	17%	56.6	-4%	58.7	7%	55.0	5,813	38%	4,197	60%	2,620	13%	2,323		
Financial Intermediation																							
Non FI	870	27%	685	-2%	702	4%	672	64.2	16%	55.2	-3%	57.0	5%	54.5	-	n/a	-	-100%	3	n/a	-	-	
Low FI	130	15%	113	-32%	167	-13%	191	44.7	17%	38.2	10%	34.7	49%	23.2	9,290	12%	8,262	-17%	9,977	-56%	22,919		
High FI	791	2%	773	6%	729	-21%	925	100.3	15%	87.1	3%	84.7	-31%	122.5	68,539	-11%	77,328	54%	50,159	10%	45,495		
Methodology																							
Individual	1,172	16%	1,007	1%	998	-2%	1,020	102.8	14%	90.4	5%	86.2	-10%	96.0	36,357	31%	27,798	41%	19,671	11%	17,693		
Individual/Solidarity	694	18%	586	3%	567	-14%	660	66.7	21%	55.1	-2%	56.2	5%	53.4	9,580	32%	7,255	8%	6,732	17%	5,730		
Solidarity	196	36%	144	-21%	183	4%	177	28.7	35%	21.2	4%	20.5	-25%	27.2	-	n/a	-	n/a	-	n/a	-	-	
Village Banking	144	12%	128	24%	103	14%	90	24.8	14%	21.8	-19%	27.0	14%	23.8	-	n/a	-	n/a	-	n/a	-	-	
Outreach																							
Small (Outreach)	1,423	41%	1,006	10%	913	0%	913	90.3	22%	73.8	3%	71.7	-6%	76.2	256	959%	24	-89%	3,418	23%	2,790		
Medium (Outreach)	353	-1%	357	6%	338	-4%	351	67.7	-2%	68.8	9%	63.2	7%	58.9	14,297	-42%	24,850	32%	18,786	10%	17,152		
Large (Outreach)	532	13%	471	0%	471	3%	457	61.0	47%	41.4	-1%	41.8	-3%	43.2	35,628	104%	17,454	31%	13,334	-18%	16,347		
Profit Status																							
For Profit	607	10%	551	-11%	620	-20%	776	83.1	14%	72.6	-4%	75.7	-27%	103.5	50,747	18%	43,038	19%	36,213	-7%	38,824		
Not for Profit	867	23%	705	6%	665	3%	647	66.3	21%	54.6	-1%	55.0	6%	51.7	5,903	32%	4,477	35%	3,315	3%	3,207		
Region																							
Africa	293	24%	236	-13%	272	-23%	352	91.7	23%	74.5	-8%	80.5	-20%	100.9	40,560	20%	33,885	20%	28,243	19%	23,696		
Asia	150	13%	132	-1%	133	-16%	160	35.4	11%	31.8	-6%	33.9	-13%	39.2	29,040	33%	21,810	33%	16,457	-2%	16,839		
ECA	1,276	28%	998	0%	995	-7%	1,071	84.7	25%	67.6	8%	62.7	-6%	66.5	296	n/a	-	n/a	-	n/a	-	-	
LAC	1,117	14%	976	-1%	988	5%	940	77.6	13%	68.5	2%	67.0	12%	59.9	11,211	70%	6,584	28%	5,146	13%	4,555		
MENA	225	-5%	237	11%	213	-23%	278	17.2	4%	16.6	23%	13.5	-25%	18.7	-	n/a	-	n/a	-	n/a	-	-	
Scale																							
Small (Scale)	712	68%	425	4%	409	-11%	459	48.5	48%	32.8	-9%	36.0	-3%	37.3	844	2569%	32	-88%	1,416	n/a	-	-	
Medium (Scale)	743	-6%	788	-2%	806	-14%	939	66.8	-4%	69.8	-6%	74.4	-18%	91.1	7,886	12%	7,034	-19%	8,700	-11%	9,826		
Large (Scale)	831	24%	671	-14%	778	15%	677	90.1	18%	76.5	-4%	79.8	5%	75.7	37,903	8%	35,045	9%	32,298	8%	29,978		
Sustainability																							
FSS	600	0%	603	-11%	674	-13%	774	68.0	17%	58.0	-11%	64.9	-2%	66.5	23,411	31%	17,810	8%	16,522	24%	13,297		
Non-FSS	1,247	71%	728	15%	632	5%	600	85.0	27%	66.9	16%	57.5	-9%	63.1	2,855	22%	2,345	-47%	4,411	-21%	5,607		
Target Market																							
Low end	152	12%	136	-15%	161	-18%	195	17.4	-12%	19.7	-5%	20.7	11%	18.7	10,447	31%	7,980	46%	5,480	46%	3,742		
Broad	942	13%	830	-8%	905	2%	884	71.5	15%	62.0	-9%	67.7	4%	65.1	5,497	65%	3,330	13%	2,950	8%	2,744		
High end	1,123	25%	895	n/a	n/a	n/a	n/a	200.9	8%	186.2	n/a	n/a	n/a	n/a	166,356	34%	123,891	n/a	n/a	n/a	n/a		

For definitions of Peer Groups, refer to pages 59 to 66.

For details on indicator definitions, refer to pages 55 to 58.

"n/a" denotes results for Peer Groups with less than three observations

Average Values		OUTREACH INDICATORS											
Peer Group	Number of Voluntary Savings Accounts					Voluntary Savings							
	Year	nb	Δ	nb	Δ	nb	Δ	US\$	Δ	US\$	Δ	US\$	Δ
All MFIs	725,645	12%	649,872	11%	585,674	-3%	606,746	23%	48,928,422	10%	44,464,443	-21%	56,261,608
Age													
New	n/a	n/a	-	-100%	7	n/a	-	n/a	n/a	-	26	n/a	-
Young	422	-85%	2,783	-20%	3,475	-95%	147,870	-71%	142,988	-97%	4,853,249	-36%	7,634,047
Mature	1,299,797	-7%	1,390,595	-9%	1,526,357	-7%	1,640,759	2%	95,886,988	-4%	99,767,613	-36%	155,549,460
Charter Type													
Bank	9,536,304	39%	6,838,814	31%	5,217,971	-36%	8,143,539	25%	322,352,310	-3%	266,591,694	-47%	502,960,651
NBFI	20,489	45%	14,134	-5%	14,854	-4%	15,476	21%	11,470,743	-4%	9,450,622	32%	7,479,591
NGO	102,905	47%	69,830	63%	42,882	-16%	51,150	65%	945,429	0%	570,358	33%	429,755
Financial Intermediation													
Non FI	-	n/a	-	-100%	3	n/a	-	n/a	-	-	11	n/a	-
Low FI	434,541	34%	324,438	5%	310,075	-19%	383,975	30%	3,077,506	-20%	2,965,158	-19%	3,678,468
High FI	3,225,557	-7%	3,452,756	18%	2,920,696	-23%	4,092,362	-6%	194,720,286	19%	173,068,867	-38%	285,515,737
Methodology													
Individual	2,062,140	20%	1,719,435	25%	1,379,608	1%	1,364,135	26%	161,484,073	21%	106,436,609	-19%	131,567,435
Individual/Solidarity	116,638	35%	86,664	12%	77,301	-40%	127,971	21%	9,337,253	12%	6,947,719	10%	6,303,765
Solidarity	-	n/a	-	n/a	-	n/a	-	n/a	-	-	-	n/a	-
Village Banking	-	n/a	-	n/a	-	n/a	-	n/a	-	-	-	n/a	-
Outreach													
Small (Outreach)	256	-61%	649	-82%	3,633	30%	2,790	68%	20,423	-88%	604,897	-7%	652,032
Medium (Outreach)	18,511	-32%	27,364	25%	21,850	16%	18,868	-6%	6,327,565	94%	3,484,444	15%	3,034,519
Large (Outreach)	1,936,047	-13%	2,219,189	6%	2,091,117	-35%	3,226,945	-3%	144,695,107	2%	146,847,804	-36%	230,818,683
Profit Status													
For Profit	3,203,455	17%	2,749,335	-5%	2,908,954	-29%	4,084,856	19%	168,521,513	-3%	146,924,983	-48%	282,488,776
Not for Profit	69,754	39%	50,025	41%	35,423	-17%	42,728	30%	3,139,923	37%	1,772,551	44%	1,233,378
Region													
Africa	43,787	26%	34,625	20%	28,952	21%	23,872	25%	7,018,957	53%	3,676,439	15%	3,209,321
Asia	4,364,773	6%	4,107,368	21%	3,390,863	-21%	4,295,065	24%	294,680,430	6%	223,184,688	-35%	345,909,654
ECA	-	n/a	-	n/a	-	n/a	-	n/a	584,890	n/a	-	n/a	-
LAC	15,242	64%	9,315	49%	6,253	20%	5,190	31%	24,871,524	41%	13,431,695	43%	9,383,134
MENA	-	n/a	-	n/a	-	n/a	-	n/a	-	-	-	n/a	-
Scale													
Small (Scale)	844	1%	834	-53%	1,770	n/a	-	399%	82,407	9%	15,196	3255%	453
Medium (Scale)	8,591	22%	7,034	-22%	9,032	-8%	9,826	404%	431,116	-94%	1,322,436	-8%	1,438,309
Large (Scale)	1,940,031	-13%	2,238,919	-18%	2,733,045	-16%	3,242,835	-3%	142,288,615	-8%	160,163,340	-38%	256,501,198
Sustainability													
FSS	974,022	0%	972,931	-15%	1,142,490	-16%	1,366,079	16%	82,149,224	-17%	85,095,862	-30%	122,214,351
Non-FSS	3,094	-18%	3,754	-19%	4,648	-17%	5,607	-86%	1,319,579	323%	2,207,766	156%	861,304
Target Market													
Low end	143,304	43%	100,415	53%	65,587	-19%	80,763	46%	1,189,702	-7%	876,352	-50%	1,751,684
Broad	1,233,709	14%	1,086,163	5%	1,036,257	-10%	1,156,863	17%	83,156,181	13%	73,643,735	-30%	104,980,043
High end	133,636	5%	127,701	n/a	n/a	n/a	n/a	39%	42,641,392	n/a	n/a	n/a	n/a

For definitions of Peer Groups, refer to pages 59 to 66.
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Peer Group		OUTREACH INDICATORS												
		Average Savings Balance per Saver				Average Savings Account Balance				Average Savings Account Balance				
Year	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	
All MFIs	958	-48%	1,839	-51%	3,789	-86%	27,128	331	-26%	444	-87%	3,526	54%	2,293
Age														
New	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Young	74	-59%	181	-96%	4,462	n/a	n/a	74	314%	18	-94%	320	n/a	n/a
Mature	1,084	-56%	2,461	-38%	3,985	28%	3,107	401	-32%	586	-88%	4,840	77%	2,736
Charter Type														
Bank	698	180%	249	-92%	3,095	-96%	80,554	85	14%	74	-87%	583	-91%	6,797
NBFI	942	-71%	3,202	-52%	6,739	1016%	604	592	-18%	726	-92%	9,384	1430%	614
NGO	1,800	n/a	n/a	n/a	n/a	n/a	n/a	39	n/a	n/a	n/a	13	n/a	n/a
Financial Intermediation														
Non FI	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Low FI	972	340%	221	-21%	280	-96%	6,743	51	232%	15	-40%	25	-98%	5,060
High FI	951	-66%	2,763	-49%	5,379	-86%	37,320	486	-26%	659	-88%	5,473	1120%	449
Methodology														
Individual	1,665	-46%	3,221	-37%	5,135	36%	3,785	528	-1%	535	-24%	701	-79%	3,264
Individual/Solidarity	163	-9%	180	-92%	2,218	-97%	73,814	182	-48%	354	-94%	6,351	22634%	28
Solidarity	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Village Banking	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Outreach														
Small (Outreach)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Medium (Outreach)	1,707	-58%	4,039	-49%	7,883	n/a	n/a	348	-57%	804	n/a	n/a	n/a	n/a
Large (Outreach)	660	-2%	673	-73%	2,506	-94%	40,565	391	-5%	410	-92%	5,449	72%	3,167
Profit Status														
For Profit	767	-65%	2,223	-62%	5,902	-88%	48,564	365	-19%	453	-93%	6,825	58%	4,310
Not for Profit	1,308	61%	815	100%	408	23%	333	284	-33%	426	88%	227	-18%	276
Region														
Africa	218	-8%	237	-16%	284	161%	109	131	1%	129	35%	96	-12%	108
Asia	84	-40%	140	1779%	7	n/a	n/a	28	2%	27	21%	22	-44%	40
ECA	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
LAC	2,112	-55%	4,739	-41%	8,016	-84%	48,763	959	-20%	1,202	-88%	9,774	74%	5,621
MENA	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Scale														
Small (Scale)	74	n/a	n/a	n/a	n/a	n/a	n/a	74	n/a	n/a	n/a	10	n/a	n/a
Medium (Scale)	1,822	n/a	n/a	n/a	374	77%	211	n/a	n/a	n/a	n/a	241	14%	211
Large (Scale)	878	-65%	2,522	-63%	6,822	-83%	40,586	487	-26%	658	-89%	6,077	91%	3,185
Sustainability														
FSS	743	-67%	2,244	-58%	5,384	-86%	37,310	411	2%	404	-92%	4,932	1209%	377
Non-FSS	1,475	n/a	n/a	n/a	199	-97%	6,764	36	-93%	524	4731%	11	-100%	6,764
Target Market														
Low end	45	n/a	n/a	n/a	n/a	n/a	n/a	35	287%	9	-30%	13	n/a	n/a
Broad	1,324	-59%	3,249	-40%	5,437	-87%	40,646	299	-38%	482	-92%	6,127	62%	3,774
High end	534	125%	237	n/a	n/a	n/a	n/a	674	-16%	804	n/a	n/a	n/a	n/a

For definitions of Peer Groups, refer to pages 59 to 66.

For details on indicator definitions, refer to pages 55 to 58.

"n/a" denotes results for Peer Groups with less than three observations

Average Values		MACROECONOMIC INDICATORS													
Peer Group	Year	GNI per Capita				GDP Growth Rate				Deposit Rate					
		US\$ 2002	US\$ 2001	US\$ 2000	US\$ 1999	% 2002	% 2001	% 2000	% 1999	% 2002	% 2001	% 2000	% 1999		
All MFIs		1,221	1,223	1,247	1,358	3.0	6%	2.9	3.6	18%	3.0	6.1	7.1	9.8	11.6
Age															
New	n/a	1,296	1,372	1,226	1,226	n/a	n/a	4.1	4.2	-33%	6.2	n/a	5.9	10.9	10.4
Young	1,267	942	878	1,213	1,213	2.7	-20%	3.4	3.5	53%	2.3	5.1	5.4	8.4	9.0
Mature	1,241	1,345	1,422	1,563	1,563	3.1	36%	2.3	3.4	228%	1.0	6.5	8.3	10.2	14.4
Charter Type															
Bank	741	761	881	1,940	1,940	3.3	7%	3.1	3.8	457%	0.7	6.9	8.2	9.1	14.1
NBFI	1,310	1,307	1,175	1,274	1,274	2.7	13%	2.4	3.3	19%	2.8	5.3	6.2	10.6	12.9
NGO	1,206	1,219	1,294	1,246	1,246	3.2	5%	3.0	3.7	5%	3.5	6.8	7.8	10.0	11.2
Financial Intermediation															
Non FI	1,535	1,445	1,399	1,370	1,370	2.9	7%	2.7	3.6	2%	3.6	6.0	7.0	10.0	11.4
Low FI	358	320	411	716	716	3.3	-36%	5.1	4.8	14%	4.2	4.6	5.6	8.4	8.9
High FI	982	1,137	1,232	1,628	1,628	3.3	52%	2.2	3.0	1131%	0.2	7.0	8.3	10.0	13.7
Methodology															
Individual	1,432	1,428	1,434	1,437	1,437	3.2	69%	1.9	3.2	16%	2.8	7.2	8.7	12.1	14.2
Individual/Solidarity	954	985	1,013	1,458	1,458	2.6	-21%	3.3	3.8	39%	2.8	5.7	6.0	7.6	8.8
Solidarity	1,077	920	1,224	1,019	1,019	5.1	-8%	5.5	3.6	-15%	4.2	4.1	5.5	8.8	8.7
Village Banking	1,578	1,570	1,375	1,303	1,303	3.3	23%	2.7	4.1	40%	2.9	5.5	7.4	10.1	13.5
Outreach															
Small (Outreach)	1,800	1,577	1,479	1,527	1,527	2.4	-1%	2.4	3.4	-20%	4.3	5.3	6.3	10.7	11.1
Medium (Outreach)	804	859	918	1,004	1,004	2.7	-5%	2.8	3.2	106%	1.6	7.2	8.0	9.6	13.1
Large (Outreach)	1,116	1,216	1,268	1,436	1,436	3.7	10%	3.4	4.2	87%	2.3	5.9	7.2	18%	11.0
Profit Status															
For Profit	1,010	1,007	916	1,380	1,380	3.3	10%	3.0	3.5	212%	1.1	6.3	7.4	9.3	13.3
Not for Profit	1,344	1,348	1,389	1,352	1,352	2.9	3%	2.8	3.6	2%	3.6	6.0	7.0	10.0	11.1
Region															
Africa	511	531	558	593	593	4.4	9%	4.1	3.3	-28%	4.5	4.9	6.0	7.0	7.0
Asia	448	450	434	469	469	3.9	-25%	5.2	5.8	22%	4.8	6.1	7.2	8.0	10.2
ECA	1,364	1,332	1,346	1,311	1,311	3.7	-11%	4.2	4.5	-33%	6.7	5.8	5.5	13.7	13.3
LAC	1,717	1,712	1,747	1,901	1,901	2.6	115%	1.2	2.7	-775%	(0.4)	6.7	8.3	10.7	14.5
MENA	1,904	1,968	2,030	2,064	2,064	(1.1)	-348%	0.5	2.6	-53%	5.4	7.0	7.5	8.3	7.5
Scale															
Small (Scale)	1,419	1,324	1,335	1,332	1,332	1.4	-34%	2.2	3.3	-21%	4.2	6.3	7.4	9.8	12.1
Medium (Scale)	1,139	1,120	1,238	1,355	1,355	3.2	-7%	3.5	3.7	55%	2.4	6.4	6.9	10.2	11.1
Large (Scale)	1,236	1,270	1,134	1,417	1,417	3.4	27%	2.7	3.9	111%	1.8	5.8	7.2	9.2	11.5
Sustainability															
FSS	1,137	1,198	1,320	1,601	1,601	3.5	16%	3.0	3.9	41%	2.8	5.9	7.1	10.3	12.2
Non-FSS	1,474	1,274	1,169	1,155	1,155	1.6	-37%	2.5	3.3	2%	3.3	6.8	7.3	9.3	11.1
Target Market															
Low end	1,428	1,270	1,348	1,582	1,582	3.2	-11%	3.6	3.8	74%	2.2	6.3	7.0	9.4	12.1
Broad	1,184	1,301	1,235	1,251	1,251	2.9	14%	2.6	3.6	2%	3.5	6.1	7.6	10.2	11.5
High end	662	572	n/a	n/a	n/a	3.1	70%	1.8	n/a	n/a	n/a	5.5	5.7	n/a	n/a

For definitions of Peer Groups, refer to pages 59 to 66.
 For details on indicator definitions, refer to pages 55 to 58.
 "n/a" denotes results for Peer Groups with less than three observations

Average Values		MACROECONOMIC INDICATORS												
Peer Group	Inflation Rate						Financial Depth							
	Year	% 2002	Δ	% 2001	Δ	% 2000	% 2002	Δ	% 2001	Δ	% 2000	Δ	% 1999	
All MFIs	3.1	-31%	4.5	-33%	6.6	-6%	7.1	36.7	0%	36.7	3%	35.8	1%	35.3
Age														
New	n/a	n/a	3.4	-22%	4.3	-35%	6.6	n/a	n/a	41.0	34%	30.5	17%	26.0
Young	2.3	-21%	2.9	-36%	4.5	-35%	6.9	37.1	21%	30.7	-15%	36.1	-7%	38.7
Mature	3.5	-37%	5.6	-40%	9.2	22%	7.6	36.9	-4%	38.6	1%	38.2	-5%	40.3
Charter Type														
Bank	3.8	-52%	7.9	-48%	15.2	-10%	16.9	32.2	-7%	34.6	-8%	37.6	0%	37.6
NBFI	2.1	-30%	3.1	-40%	5.1	0%	5.1	30.7	-3%	31.8	-22%	40.6	-10%	45.0
NGO	3.8	-16%	4.5	-19%	5.6	-17%	6.7	42.9	5%	40.8	23%	33.1	4%	31.8
Financial Intermediation														
Non FI	3.2	-27%	4.4	-19%	5.4	-17%	6.5	39.4	6%	37.2	8%	34.5	-1%	34.8
Low FI	2.7	59%	1.7	-57%	3.9	-6%	4.1	22.9	-12%	25.9	-25%	34.4	29%	26.7
High FI	3.2	-50%	6.4	-46%	11.9	9%	10.9	37.8	-10%	41.8	3%	40.6	-3%	41.9
Methodology														
Individual	2.9	-41%	4.9	-22%	6.3	-2%	6.4	32.8	-1%	33.1	11%	29.8	-4%	31.0
Individual/Solidarity	3.3	-26%	4.5	-43%	7.9	6%	7.4	35.2	2%	34.6	-12%	39.1	1%	38.6
Solidarity	3.1	10%	2.8	-27%	3.8	-29%	5.4	76.7	9%	70.6	52%	46.5	19%	39.1
Village Banking	2.9	-31%	4.2	-39%	6.8	-33%	10.2	37.2	2%	36.4	5%	34.7	-5%	36.7
Outreach														
Small (Outreach)	2.3	-33%	3.4	-29%	4.8	-10%	5.4	37.2	6%	35.0	10%	31.9	-1%	32.2
Medium (Outreach)	3.7	-25%	4.9	-28%	6.8	-13%	7.8	30.3	-14%	35.3	-9%	39.0	0%	39.1
Large (Outreach)	3.3	-36%	5.1	-43%	8.9	-6%	9.5	40.6	2%	39.7	5%	37.8	2%	37.1
Profit Status														
For Profit	3.3	-37%	5.3	-47%	9.8	-2%	10.0	36.9	-2%	37.7	-10%	41.7	-5%	44.0
Not for Profit	3.0	-26%	4.0	-24%	5.3	-15%	6.2	36.6	1%	36.2	9%	33.3	2%	32.8
Region														
Africa	2.7	-34%	4.0	-15%	4.7	10%	4.3	29.9	7%	28.0	-1%	28.4	12%	25.4
Asia	4.2	41%	3.0	49%	2.0	-72%	7.1	41.5	4%	39.7	-1%	40.0	1%	39.7
ECA	1.4	-68%	4.3	-37%	6.9	-23%	8.8	12.6	8%	11.7	24%	9.4	11%	8.5
LAC	3.6	-42%	6.1	-43%	10.8	24%	8.7	34.2	-8%	37.0	2%	36.4	-5%	38.4
MENA	3.4	168%	1.3	17%	1.1	-47%	2.0	103.8	3%	100.5	6%	95.1	6%	89.9
Scale														
Small (Scale)	4.6	15%	4.0	-9%	4.4	-34%	6.6	27.9	-9%	30.7	-20%	38.5	17%	33.0
Medium (Scale)	2.8	-32%	4.2	-36%	6.5	-2%	6.7	40.5	12%	36.1	18%	30.6	-7%	32.9
Large (Scale)	2.9	-45%	5.2	-49%	10.3	17%	8.7	36.0	-14%	41.8	2%	40.9	-8%	44.3
Sustainability														
FSS	2.8	-28%	3.9	-26%	5.3	-32%	7.8	33.8	6%	31.8	-14%	36.8	18%	31.1
Non-FSS	4.0	-28%	5.6	-31%	8.1	24%	6.5	45.7	-2%	46.6	34%	34.8	-11%	38.9
Target Market														
Low end	3.5	1%	3.4	-29%	4.8	-49%	9.5	55.1	14%	48.3	12%	43.2	3%	42.0
Broad	3.3	-40%	5.5	-33%	8.1	55%	5.3	23.8	-13%	27.3	-8%	29.7	-1%	30.2
High end	0.9	-73%	3.3	n/a	n/a	n/a	n/a	42.6	1%	42.3	n/a	n/a	n/a	n/a

For definitions of Peer Groups, refer to pages 59 to 66.
 For details on indicator definitions, refer to pages 55 to 58.
 "n/a" denotes results for Peer Groups with less than three observations

Peer Group	OVERALL FINANCIAL PERFORMANCE																												
	Return on Assets				Return on Equity				Operational Self-Sufficiency				Financial Self-Sufficiency																
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%													
Year	2002	2001	2000	1999	2002	2001	2000	1999	2002	2001	2000	1999	2002	2001	2000	1999													
Average Values	2.7	38%	2.0	-431%	-0.6	-84%	-3.7	1.8	-51%	3.6	-236%	-2.6	-15%	-3.1	125.8	3%	121.7	8%	113.2	5%	107.5	117.2	3%	113.4	10%	103.2	6%	97.7	
Age	n/a	n/a	5.1	-193%	(5.5)	-57%	(12.8)	n/a	n/a	12.8	-213%	(11.4)	-31%	(16.4)	n/a	n/a	130	27%	103	13%	91	n/a	n/a	122	42%	86	13%	76	
New	2.5	86%	1.4	-147%	(2.9)	15%	(2.5)	3.3	-155%	(6.1)	-61%	(15.7)	517%	(2.5)	120	2%	118	12%	105	-2%	107	110	1%	109	14%	95	-5%	101	
Young	2.8	97%	1.4	-57%	3.3	32%	2.5	1.1	-81%	6.0	-41%	10.1	47%	6.9	129	6%	121	-2%	123	2%	120	121	6%	113	-3%	117	4%	112	
Mature	1.2	-20%	1.5	-27%	2.1	22%	1.7	(33.9)	6680%	(0.5)	-111%	4.5	-84%	29.0	114	1%	112	1%	111	0%	111	109	1%	108	1%	107	-2%	109	
Bank	2.9	108%	1.4	-170%	(2.0)	-66%	(6.0)	13.5	196%	4.6	-170%	(6.5)	-47%	(12.2)	123	5%	117	9%	108	9%	99	117	6%	110	13%	97	10%	89	
NBFI	3.0	23%	2.4	-400%	(0.8)	-80%	(4.1)	3.5	-11%	3.9	-233%	(2.9)	-38%	(4.7)	131	4%	125	10%	114	7%	106	119	3%	116	13%	103	7%	96	
NGO	3.3	29%	2.5	-355%	(1.0)	-82%	(5.6)	8.8	58%	5.6	-230%	(4.3)	-42%	(7.4)	128	3%	124	9%	113	11%	102	118	3%	114	14%	100	10%	92	
Non FI	2.4	130%	1.1	-135%	0.0	-100%	3.5	(51.4)	300%	(12.8)	-41%	(21.7)	-430%	6.6	133	6%	125	2%	123	-17%	147	119	3%	116	-1%	117	-12%	133	
Low FI	1.6	56%	1.0	240%	0.3	-19%	0.4	12.2	62%	7.5	-41%	12.8	25%	10.2	118	3%	114	5%	109	-2%	111	114	4%	109	5%	105	-1%	106	
High FI	3.5	16%	3.0	165%	1.2	-34%	1.7	17.8	49%	11.9	54%	7.7	8%	7.2	129	4%	125	3%	122	2%	119	121	3%	117	8%	109	0%	109	
Individual	1.9	94%	1.0	-135%	(2.8)	-25%	(3.7)	(13.1)	310%	(3.2)	-78%	(14.8)	172%	(5.4)	125	3%	122	14%	107	-6%	114	114	2%	112	12%	99	-4%	103	
Individual/Solidarity	5.6	3656%	0.2	-102%	(6.5)	-49%	(12.7)	9.4	3330%	0.3	-103%	(9.5)	-47%	(17.8)	128	20%	107	13%	95	25%	76	120	20%	101	18%	86	24%	69	
Solidarity	1.9	-38%	3.1	-45%	5.7	-160%	(9.4)	6.5	22%	5.3	-25%	7.1	-163%	(11.2)	119	-1%	120	0%	121	26%	96	115	0%	115	3%	112	29%	87	
Village Banking	0.5	47%	0.4	-106%	(5.8)	-26%	(7.8)	1.8	-39%	3.0	-128%	(10.6)	-17%	(12.8)	115	1%	113	15%	98	3%	95	105	0%	106	23%	86	3%	84	
Outreach	1.1	-27%	1.6	568%	0.2	-103%	(2.7)	(24.0)	4366%	(0.5)	-96%	(12.3)	-971%	0.1	121	-5%	127	6%	120	5%	114	112	-1%	114	5%	108	2%	105	
Small (Outreach)	5.1	31%	3.9	-29%	5.5	79%	3.1	18.5	136%	7.9	-56%	17.8	50%	11.9	136	9%	125	-1%	127	2%	125	128	7%	120	-1%	121	4%	116	
Medium (Outreach)	1.7	315%	0.4	-5%	0.4	-130%	(1.5)	(8.7)	169%	(3.2)	26%	(2.6)	-185%	3.0	116	5%	110	1%	109	2%	107	111	6%	105	2%	103	4%	99	
Large (Outreach)	3.2	12%	2.9	-377%	(1.0)	-76%	(4.4)	7.8	3%	7.5	-383%	(2.7)	-46%	(4.9)	131	2%	128	12%	115	7%	108	121	2%	118	15%	103	6%	97	
For Profit	(1.9)	43%	(3.4)	-39%	(5.5)	-51%	(11.2)	(3.3)	-22%	(4.2)	-9%	(4.6)	-72%	(16.8)	121	2%	119	9%	109	7%	102	112	4%	107	5%	102	8%	95	
Not for Profit	2.5	52%	1.6	9%	1.5	-276%	(0.9)	(30.5)	3042%	(1.0)	24%	(0.8)	-109%	8.8	127	9%	116	1%	115	1%	114	115	4%	110	3%	107	6%	100	
Africa	7.6	-15%	9.0	-544%	(2.0)	-77%	(8.7)	15.7	-23%	20.4	-314%	(9.5)	-5%	(10.0)	136	-6%	145	21%	120	9%	110	128	-5%	134	44%	94	5%	89	
Asia	3.9	57%	2.5	8%	2.3	-3%	2.3	13.0	293%	3.3	337%	0.8	-80%	3.8	125	6%	118	3%	115	2%	112	120	7%	112	3%	109	2%	107	
ECA	(1.3)	48%	(0.9)	-75%	(3.5)	-65%	(10.0)	(1.2)	49%	(0.8)	-77%	(3.4)	-67%	(10.4)	118	7%	111	10%	101	20%	84	100	0%	100	8%	93	20%	77	
LAC	(7.5)	138%	(3.1)	-56%	(7.1)	-31%	(10.4)	(16.5)	134%	(7.1)	-67%	(21.4)	76%	(12.2)	89	-12%	101	13%	90	2%	88	83	-13%	95	15%	83	3%	81	
MENA	4.0	-4%	4.2	36%	3.1	1929%	0.2	(9.8)	-306%	4.7	49%	3.2	-163%	(5.0)	124	-1%	125	0%	125	6%	118	116	-1%	116	5%	110	7%	103	
Scale	4.9	61%	3.1	17%	2.6	-6%	2.8	20.4	106%	9.9	-35%	15.2	-18%	18.5	141	6%	133	5%	127	-2%	129	131	7%	123	2%	120	-2%	122	
Small (Scale)	6.0	2%	5.8	-11%	6.6	23%	5.4	17.7	7%	16.5	-12%	18.7	18%	15.8	137	0%	137	1%	135	2%	132	130	1%	128	1%	126	3%	123	
Medium (Scale)	(7.2)	24%	(5.8)	-30%	(8.3)	-27%	(11.4)	(46.0)	106%	(22.3)	-12%	(25.4)	34%	(19.0)	92	0%	92	2%	90	4%	87	80	-5%	84	8%	78	2%	77	
Large (Scale)	2.8	109%	1.3	-1248%	(0.1)	-98%	(6.4)	(13.8)	256%	(3.9)	-43%	(6.7)	-16%	(8.0)	133	11%	120	10%	109	13%	97	122	8%	113	9%	103	15%	90	
Sustainability	3.0	3%	2.9	-427%	(0.9)	-54%	(1.9)	10.4	14%	9.1	-1246%	(0.8)	-187%	0.9	124	-1%	125	7%	117	1%	116	117	0%	116	13%	103	-1%	104	
FSS	1.4	103%	0.7	n/a	n/a	n/a	n/a	12.1	130%	5.3	n/a	n/a	n/a	n/a	113	-1%	114	n/a	n/a	n/a	n/a	110	3%	107	n/a	107	n/a	n/a	
Non-FSS																													
Target Market																													
Low end																													
Broad																													
High end																													

For definitions of Peer Groups, refer to pages 59 to 66.
 For details on indicator definitions, refer to pages 55 to 58.
 'n/a' denotes results for Peer Groups with less than three observations

Peer Group		EXPENSES																										
		Total Expense Ratio				Financial Expense Ratio				Loan Loss Provision Expense Ratio				Operating Expense Ratio														
Year	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%										
2002	27.2	-5%	28.7	-10%	32.1	-10%	35.5	6.0	-4%	6.2	-19%	7.6	-18%	9.3	1.9	-10%	2.1	-17%	2.6	10%	2.3	19.2	-6%	20.4	-7%	21.9	-9%	23.9
2001	24.6	-25%	30.0	-17%	36.2	11%	32.5	3.9	0%	3.9	-34%	5.9	1%	5.9	2.6	0%	2.6	0%	3.1	54%	2.0	2.1	-10%	23.4	-14%	27.2	11%	24.6
2000	29.2	0%	29.0	0%	29.0	0%	34.2	7.0	-13%	8.0	-13%	9.3	23%	12.1	1.7	-27%	2.3	-3%	2.4	-12%	2.7	18.5	-2%	18.8	8%	17.4	-10%	19.4
1999	27.8	-5%	24.9	-11%	27.8	-5%	27.8	5.9	-10%	6.6	-23%	8.6	-28%	11.9	1.7	-6%	1.8	2%	1.8	12%	1.6	14.2	-7%	15.2	5%	14.6	1%	14.3
1998	28.4	-7%	30.4	-14%	35.4	-11%	35.4	6.0	-11%	6.7	-20%	8.4	-18%	10.3	2.4	-18%	2.9	-16%	3.4	-5%	3.6	17.4	-7%	18.8	1%	18.6	-14%	21.6
1997	32.0	-2%	32.0	-10%	35.6	-5%	37.7	6.1	3%	5.9	-20%	7.4	-18%	9.0	1.7	-5%	1.8	-24%	2.4	29%	1.8	23.4	-4%	24.3	-6%	25.9	-4%	26.9
Age																												
New	n/a	n/a	24.6	-25%	32.7	-18%	39.9	n/a	n/a	3.5	-46%	6.5	-25%	8.7	n/a	n/a	0.6	-74%	2.3	6%	2.2	n/a	n/a	20.5	-14%	23.9	-18%	29.0
Young	27.7	-7%	30.0	-17%	36.2	11%	32.5	3.9	0%	3.9	-34%	5.9	1%	5.9	2.6	0%	2.6	-15%	3.1	54%	2.0	2.1	-10%	23.4	-14%	27.2	11%	24.6
Mature	27.2	-7%	29.2	0%	29.0	0%	34.2	7.0	-13%	8.0	-13%	9.3	23%	12.1	1.7	-27%	2.3	-3%	2.4	-12%	2.7	18.5	-2%	18.8	8%	17.4	-10%	19.4
Charter Type																												
Bank	21.9	-8%	23.6	-5%	24.9	-11%	27.8	5.9	-10%	6.6	-23%	8.6	-28%	11.9	1.7	-6%	1.8	2%	1.8	12%	1.6	14.2	-7%	15.2	5%	14.6	1%	14.3
NBFI	25.8	-9%	28.4	-7%	30.4	-14%	35.4	6.0	-11%	6.7	-20%	8.4	-18%	10.3	2.4	-18%	2.9	-16%	3.4	-5%	3.6	17.4	-7%	18.8	1%	18.6	-14%	21.6
NGO	31.2	-2%	32.0	-10%	35.6	-5%	37.7	6.1	3%	5.9	-20%	7.4	-18%	9.0	1.7	-5%	1.8	-24%	2.4	29%	1.8	23.4	-4%	24.3	-6%	25.9	-4%	26.9
Financial Intermediation																												
Non FI	29.2	-4%	30.5	-12%	34.8	-10%	38.5	5.9	1%	5.9	-20%	7.3	-19%	9.0	1.5	-11%	1.7	-38%	2.8	27%	2.2	21.7	-5%	22.9	-7%	24.7	-10%	27.3
Low FI	26.5	4%	25.5	-5%	26.8	4%	25.8	5.2	18%	4.4	-7%	4.7	-14%	5.5	2.7	14%	2.4	37%	1.7	11%	1.6	18.7	-1%	18.8	-8%	20.4	9%	18.7
High FI	23.3	-9%	25.6	-3%	26.4	-5%	27.8	6.5	-20%	8.1	-19%	10.1	-18%	12.2	2.4	-23%	3.1	29%	2.4	-28%	3.4	14.4	0%	14.4	3%	13.9	13%	12.3
Methodology																												
Individual	23.1	-9%	25.5	-14%	29.6	-7%	31.8	7.3	-12%	8.4	-25%	11.1	-5%	11.7	1.7	-32%	2.5	-15%	3.0	11%	2.7	14.0	-4%	14.6	-6%	15.5	-11%	17.5
Individual/Solidarity	24.2	0%	24.3	-12%	27.7	-7%	29.6	5.2	12%	4.6	-12%	5.2	-20%	6.5	2.4	18%	2.1	-36%	3.2	32%	2.4	16.6	-6%	17.6	-8%	19.2	-7%	20.6
Solidarity	31.8	-5%	33.5	-11%	37.8	-4%	39.5	3.2	-36%	5.0	46%	3.4	-23%	4.4	0.5	52%	0.4	-63%	0.9	-36%	1.5	28.0	0%	28.1	-16%	33.4	0%	33.6
Village Banking	43.9	-6%	46.8	2%	46.1	-15%	54.3	6.1	-3%	6.3	-19%	7.8	-43%	13.7	1.4	-38%	2.2	110%	1.1	-50%	2.1	36.4	-5%	38.3	3%	37.2	-3%	38.6
Outreach																												
Small (Outreach)	26.5	-2%	27.0	-20%	33.8	-9%	37.2	5.4	15%	4.7	-33%	7.1	-9%	7.8	2.5	23%	2.0	-37%	3.2	5%	3.0	18.5	-8%	20.2	-14%	23.5	-11%	26.3
Medium (Outreach)	30.8	-4%	32.0	-4%	33.2	-9%	36.6	6.0	-4%	6.3	-20%	7.8	-35%	12.1	2.1	-16%	2.5	-6%	2.7	80%	1.5	22.7	-2%	23.2	2%	25.7	-2%	29.0
Large (Outreach)	25.2	-8%	27.4	-4%	28.6	-8%	31.0	6.3	-16%	7.5	-7%	8.1	-8%	8.8	1.5	-23%	1.9	18%	1.6	-17%	1.9	17.4	-3%	18.0	-5%	18.9	-6%	20.2
Profit Status																												
For Profit	26.2	-9%	28.7	5%	27.2	-11%	30.5	6.8	-9%	7.4	-13%	8.6	-25%	11.4	2.5	-16%	3.0	3%	3.0	-14%	3.4	16.8	-8%	18.2	16%	15.7	0%	15.7
Not for Profit	27.7	-3%	28.7	-16%	34.1	-8%	37.0	5.5	1%	5.5	-24%	7.2	-17%	8.6	1.6	-2%	1.6	-33%	2.4	20%	2.0	20.6	-4%	21.6	-12%	24.5	-7%	26.3
Region																												
Africa	31.8	-8%	34.7	1%	34.4	-8%	37.2	3.8	-6%	4.1	20%	3.4	-4%	3.5	1.9	3%	1.8	48%	1.2	-17%	1.5	26.1	-10%	28.8	-3%	29.8	-8%	32.2
Asia	25.7	-1%	26.0	-3%	26.7	-2%	27.3	6.8	5%	6.5	-10%	7.3	-1%	7.4	2.6	3%	2.5	-2%	2.5	3%	2.5	16.2	-4%	16.9	0%	16.9	-3%	17.5
ECA	24.8	-1%	24.9	-29%	34.9	-13%	40.4	3.9	-10%	4.3	-58%	10.1	-21%	12.9	1.2	123%	0.5	-75%	2.1	-21%	2.7	19.8	-2%	20.1	-11%	22.7	-9%	24.8
LAC	27.5	-9%	30.1	-11%	33.9	-8%	36.9	8.2	-9%	9.0	-12%	10.2	-20%	12.7	2.1	-32%	3.0	-18%	3.7	31%	2.9	17.2	-5%	18.0	-9%	19.9	-6%	21.3
MENA	22.2	6%	20.9	-9%	23.0	-21%	29.1	3.5	126%	1.5	3%	1.5	-23%	2.0	1.8	30%	1.4	-8%	1.5	53%	1.0	16.9	-6%	18.0	-10%	20.0	-23%	26.2
Scale																												
Small (Scale)	39.7	5%	37.8	0%	37.7	-14%	43.7	7.1	34%	5.3	-15%	6.2	-38%	10.0	3.1	26%	2.4	6%	2.3	21%	1.9	29.6	-2%	30.0	3%	29.2	-8%	31.8
Medium (Scale)	28.9	5%	27.6	-14%	32.1	-3%	33.1	5.3	-9%	5.8	-28%	8.1	-6%	8.6	1.9	14%	1.6	-44%	2.9	-2%	3.0	21.7	8%	20.1	-4%	21.1	-2%	21.5
Large (Scale)	20.8	-11%	23.5	0%	23.5	1%	23.3	6.2	-14%	7.2	-18%	8.8	-1%	8.9	1.6	-36%	2.5	6%	2.4	15%	2.1	12.9	-5%	13.7	11%	12.3	0%	12.3
Sustainability																												
FSS	24.9	-2%	25.6	-13%	29.5	-3%	30.3	5.8	-6%	6.2	-28%	8.5	-15%	10.0	1.4	0%	1.4	-26%	1.9	-15%	2.2	17.8	-1%	18.0	-6%	19.1	5%	18.1
Non-FSS	33.8	-3%	35.0	1%	34.8	-13%	39.9	6.6	6%	6.3	-6%	6.7	-23%	8.7	3.6	-2%	3.6	10%	3.3	36%	2.4	23.6	-6%	25.1	1%	24.8	-14%	28.8
Target Market																												
Low end	30.7	-10%	34.0	-7%	36.6	-11%	41.0	6.1	11%	5.5	-11%	6.1	-38%	9.9	1.4	-17%	1.6	7%	1.5	-20%	1.9	23.3	-13%	26.8	-7%	29.0	-1%	29.2
Broad	26.1	-1%	26.3	-10%	29.4	-10%	32.5	6.2	-11%	6.9	-24%	9.1	-5%	9.6	2.1	-11%	2.3	-28%	3.2	26%	2.6	17.9	5%	17.1	0%	17.1	-16%	20.4
High end	20.1	-6%	21.3	n/a	n/a	n/a	4.5	-11%	5.0	n/a	n/a	n/a	n/a	n/a	2.9	74%	1.7	n/a	n/a	n/a	n/a	12.7	-14%	14.7	n/a	n/a	n/a	n/a

For definitions of Peer Groups, refer to pages 59 to 66.
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 "n/a" denotes results for Peer Groups with less than three observations

Peer Group		EXPENSES																				
		Personnel Expense Ratio				Administrative Expense Ratio				Adjustment Expense Ratio												
Year	%	%	%	%	%	%	%	%	%	%	%	%	%									
All MFIs	11.1	-4%	11.5	-4%	12.0	-12%	13.7	8.1	-8%	8.8	-10%	9.9	-3%	10.2	1.7	1%	1.6	-41%	2.8	-18%	3.4	
Age																						
New	n/a		12.6	-13%	14.5	-19%	17.8	n/a	n/a	7.9	-16%	9.4	-16%	11.2	n/a	n/a	1.6	-68%	4.9	-19%	6.1	
Young	13.3	-7%	14.3	-10%	15.8	10%	14.4	7.9	-13%	9.1	-20%	11.4	12%	10.2	2.5	54%	1.6	-50%	3.2	58%	2.0	
Mature	10.3	5%	9.9	18%	8.3	-17%	10.0	8.2	-9%	9.0	-1%	9.1	-4%	9.4	1.3	-21%	1.7	13%	1.5	-33%	2.2	
Charter Type																						
Bank	7.5	-3%	7.7	9%	7.1	-11%	7.9	6.7	-10%	7.5	0%	7.5	17%	6.4	0.8	14%	0.7	-24%	0.9	74%	0.5	
NBFI	9.9	-6%	10.6	8%	9.8	-17%	11.8	7.5	-9%	8.2	-6%	8.8	-11%	9.8	1.4	-20%	1.7	-43%	3.0	-18%	3.7	
NGO	13.8	-1%	14.0	-4%	14.6	-7%	15.6	9.5	-7%	10.3	-9%	11.3	1%	11.2	2.2	15%	1.9	-40%	3.2	-13%	3.7	
Financial Intermediation																						
Non FI	13.2	0%	13.2	-4%	13.7	-14%	15.9	8.5	-13%	9.7	-11%	11.0	-4%	11.4	1.9	2%	1.9	-47%	3.6	-10%	4.0	
Low FI	9.7	-11%	10.9	-1%	11.0	3%	10.7	9.0	15%	7.8	-16%	9.3	17%	8.0	1.6	120%	0.7	-19%	0.9	-63%	2.5	
High FI	7.4	1%	7.4	3%	7.2	22%	5.9	7.0	0%	7.0	4%	6.7	5%	6.4	1.1	-23%	1.4	12%	1.3	7%	1.2	
Methodology																						
Individual	7.1	-4%	7.4	-8%	8.1	-13%	9.3	6.9	-4%	7.2	-3%	7.4	-9%	8.2	1.2	-26%	1.6	-55%	3.5	37%	2.6	
Individual/Solidarity	9.7	-7%	10.4	-5%	10.9	-10%	12.1	6.9	-4%	7.2	-13%	8.3	-2%	8.5	2.1	35%	1.5	-12%	1.7	-39%	2.9	
Solidarity	16.9	1%	16.8	-21%	21.2	1%	20.9	11.1	-2%	11.3	-7%	12.2	-4%	12.7	1.6	-2%	1.7	-45%	3.0	-17%	3.6	
Village Banking	22.8	4%	22.0	21%	18.1	-16%	21.6	13.6	-17%	16.3	-14%	19.1	13%	17.0	1.6	-22%	2.1	-38%	3.3	-49%	6.5	
Outreach																						
Small (Outreach)	11.5	-5%	12.1	-13%	13.9	-12%	15.9	7.0	-13%	8.1	-15%	9.6	-9%	10.5	2.3	44%	1.6	-57%	3.6	-1%	3.7	
Medium (Outreach)	12.4	-2%	12.6	9%	11.6	-5%	12.1	10.3	-3%	10.6	-5%	11.1	2%	10.9	2.1	-24%	2.7	-17%	3.3	-16%	3.9	
Large (Outreach)	10.0	0%	10.0	1%	9.9	-13%	11.4	7.4	-7%	7.9	-12%	9.0	2%	8.8	1.0	39%	0.7	-39%	1.1	-47%	2.2	
Profit Status																						
For Profit	8.9	-7%	9.6	24%	7.8	-3%	8.0	7.9	-9%	8.6	9%	7.9	3%	7.7	1.2	-13%	1.4	-17%	1.7	-31%	2.5	
Not for Profit	12.4	-2%	12.6	-9%	13.8	-10%	15.4	8.3	-8%	9.0	-16%	10.7	-3%	11.0	1.9	8%	1.8	-45%	3.3	-11%	3.7	
Region																						
Africa	14.7	-6%	15.6	-4%	16.1	-9%	17.7	11.4	-14%	13.3	-3%	13.6	-6%	14.5	1.9	5%	1.8	7%	1.7	-31%	2.5	
Asia	9.8	-5%	10.3	5%	9.7	-7%	10.5	6.5	-3%	6.7	-7%	7.2	3%	7.0	2.0	114%	1.0	-46%	1.8	-46%	3.3	
ECA	11.9	-3%	12.2	-13%	14.0	-10%	15.5	7.9	0%	7.9	-9%	8.7	-6%	9.3	1.3	-30%	1.9	-75%	7.6	-11%	8.6	
LAC	9.4	-1%	9.5	-2%	9.8	-13%	11.2	7.8	-8%	8.5	-16%	10.2	1%	10.1	1.2	-31%	1.8	-13%	2.0	-2%	2.1	
MENA	11.5	-5%	12.1	-7%	13.1	-27%	17.9	5.4	-8%	5.9	-15%	7.0	-16%	8.3	3.0	99%	1.5	10%	1.4	6%	1.3	
Scale																						
Small (Scale)	18.2	1%	18.0	9%	16.6	-11%	18.6	11.4	-6%	12.1	-4%	12.6	-4%	13.2	3.1	64%	1.9	-29%	2.6	-36%	4.1	
Medium (Scale)	12.0	9%	11.0	-3%	11.3	-6%	12.1	9.7	6%	9.1	-6%	9.7	3%	9.5	1.8	-1%	1.9	-51%	3.8	-7%	4.0	
Large (Scale)	7.6	1%	7.5	19%	6.3	-7%	6.8	5.4	-14%	6.2	3%	6.0	8%	5.6	1.0	-22%	1.2	-1%	1.3	65%	0.8	
Sustainability																						
FSS	10.5	3%	10.2	0%	10.2	2%	10.0	7.3	-6%	7.8	-12%	8.9	10%	8.1	1.0	-12%	1.2	-29%	1.7	-13%	1.9	
Non-FSS	13.1	-8%	14.2	2%	13.9	-17%	16.8	10.5	-4%	10.9	0%	10.9	-9%	12.0	3.5	38%	2.5	-36%	4.0	-13%	4.6	
Target Market																						
Low end	14.6	-7%	15.7	-5%	16.5	-6%	17.5	8.6	-23%	11.2	-10%	12.5	6%	11.8	1.8	23%	1.5	-25%	1.9	-48%	3.7	
Broad	9.7	2%	9.5	6%	9.0	-20%	11.2	8.1	8%	7.5	-7%	8.1	-12%	9.2	1.6	-4%	1.7	-51%	3.5	6%	3.3	
High end	6.3	-8%	6.9	n/a	n/a	n/a	n/a	6.4	-18%	7.8	n/a	n/a	n/a	n/a	0.4	-64%	1.1	n/a	n/a	n/a	n/a	

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Peer Group		EFFICIENCY																					
		Operating Expense/ Loan Portfolio				Personnel Expense/ Loan Portfolio				Average Salary/ GNP per Capita													
Year	%	%	%	%	%	%	%	%	%	%	%	%	%										
All MFIs	28.4	-5%	30.0	-9%	33.0	-13%	37.7	16.6	-2%	17.0	-7%	18.3	-16%	21.9	9.1	8%	8.4	10%	7.6	-2%	7.8		
Age																							
New	n/a		30.0	-18%	36.4	-29%	51.5	n/a		18.5	-16%	22.1	-30%	31.6	n/a		n/a		7.5	-14%	8.7	-11%	9.8
Young	32.4	-5%	34.2	-19%	42.1	13%	37.2	20.7	-2%	21.2	-14%	24.7	12%	22.1	10.3	0%	10.3	0%	10.3	2%	10.1	13%	8.9
Mature	26.7	-4%	27.9	10%	25.4	-7%	27.3	15.0	4%	14.5	19%	12.2	-14%	14.1	8.4	10%	7.7	38%	5.6	-1%	5.6	5.6	
Charter Type																							
Bank	24.3	-15%	28.6	1%	28.4	3%	27.5	12.6	-12%	14.3	2%	14.1	-6%	15.0	10.1	-2%	10.3	83%	5.6	-33%	8.4	8.4	
NBFI	26.0	-4%	27.1	-5%	28.4	-16%	33.7	15.2	-2%	15.5	1%	15.3	-18%	18.5	8.8	8%	8.1	21%	6.7	25%	5.3	5.3	
NGO	33.5	-3%	34.4	-9%	37.6	-11%	42.0	20.1	1%	20.0	-7%	21.4	-14%	24.9	8.8	10%	8.0	-6%	8.5	0%	8.5	8.5	
Financial Intermediation																							
Non FI	32.6	-2%	33.1	-8%	36.0	-17%	43.3	20.2	5%	19.2	-6%	20.4	-20%	25.6	8.5	14%	7.4	-3%	7.6	-4%	8.0	8.0	
Low FI	24.2	-10%	26.8	-21%	34.0	37%	24.8	12.7	-18%	15.5	-15%	18.3	27%	14.4	10.7	-7%	11.5	42%	8.1	22%	6.7	6.7	
High FI	21.9	-7%	23.5	2%	23.0	11%	20.7	11.1	-6%	11.8	1%	11.6	18%	9.9	9.5	3%	9.3	25%	7.4	-3%	7.6	7.6	
Methodology																							
Individual	20.5	-7%	22.0	-3%	22.5	-12%	25.7	10.2	-7%	11.0	-5%	11.6	-15%	13.6	9.1	1%	9.0	13%	7.9	5%	7.6	7.6	
Individual/Solidarity	24.8	-6%	26.4	-11%	29.7	-6%	31.6	14.9	-6%	15.9	-6%	16.9	-9%	18.7	8.7	10%	7.9	7%	7.4	-4%	7.6	7.6	
Solidarity	33.7	-7%	36.4	-32%	53.9	-13%	61.9	20.4	-7%	21.9	-37%	34.8	-12%	39.4	10.1	16%	8.7	8%	8.1	-13%	9.3	9.3	
Village Banking	56.2	0%	56.3	5%	53.6	-8%	58.2	35.2	10%	32.0	20%	26.6	-18%	32.6	9.8	17%	8.3	16%	7.2	3%	7.0	7.0	
Outreach																							
Small (Outreach)	29.5	-2%	30.0	-21%	38.2	-16%	45.4	18.9	4%	18.2	-20%	22.7	-18%	27.6	8.0	4%	7.7	-12%	8.7	5%	8.2	8.2	
Medium (Outreach)	33.2	-10%	36.9	7%	34.5	2%	34.0	18.1	-9%	19.8	12%	17.8	-1%	17.9	11.0	-2%	11.3	54%	7.3	-3%	7.6	7.6	
Large (Outreach)	24.6	4%	23.7	-3%	24.5	-9%	27.1	14.1	7%	13.2	3%	12.9	-16%	15.3	8.5	31%	6.5	-2%	6.6	-8%	7.1	7.1	
Profit Status																							
For Profit	24.6	-12%	28.0	13%	24.7	1%	24.5	12.9	-11%	14.5	19%	12.2	-2%	12.5	9.3	-2%	9.5	45%	6.5	1%	6.5	6.5	
Not for Profit	30.6	-2%	31.1	-15%	36.5	-12%	41.6	18.7	2%	18.4	-12%	20.9	-15%	24.6	8.9	15%	7.8	-4%	8.1	0%	8.2	8.2	
Region																							
Africa	41.7	-12%	47.4	-4%	49.3	-17%	59.1	23.2	-7%	24.9	-5%	26.1	-20%	32.6	18.6	7%	17.4	19%	14.7	-7%	15.7	15.7	
Asia	21.6	-6%	23.1	-1%	23.4	-3%	24.1	13.2	-7%	14.2	4%	13.7	-7%	14.6	6.0	-1%	6.0	26%	4.8	2%	4.7	4.7	
ECA	26.1	-4%	27.1	-19%	33.5	-18%	40.7	15.2	-8%	16.5	-21%	20.9	-19%	25.7	10.1	26%	8.0	0%	8.1	-6%	8.6	8.6	
LAC	22.9	-3%	23.6	-9%	26.0	-9%	28.5	12.7	2%	12.4	-2%	12.8	-15%	15.1	6.0	2%	5.9	-2%	6.0	10%	5.4	5.4	
MENA	40.2	8%	37.2	-16%	44.1	-10%	49.2	28.2	11%	25.3	-12%	28.7	-14%	33.5	4.1	18%	3.5	8%	3.2	5%	3.1	3.1	
Scale																							
Small (Scale)	52.7	11%	47.3	-2%	48.3	-12%	54.9	33.7	15%	28.7	3%	28.0	-15%	32.8	9.1	9%	8.3	9%	7.6	-3%	7.8	7.8	
Medium (Scale)	30.0	13%	26.5	-4%	27.6	-3%	28.4	16.7	15%	14.5	-2%	14.8	-6%	15.8	8.8	13%	7.8	-1%	7.9	1%	7.8	7.8	
Large (Scale)	18.1	-16%	21.5	10%	19.5	-1%	19.7	10.4	-10%	11.5	15%	10.0	-7%	10.8	9.3	2%	9.1	26%	7.3	-6%	7.7	7.7	
Sustainability																							
FSS	24.3	-6%	25.8	-5%	27.2	11%	24.5	14.2	-1%	14.4	-1%	14.5	7%	13.5	9.2	11%	8.3	17%	7.1	-5%	7.4	7.4	
Non-FSS	40.7	6%	38.3	-2%	39.1	-20%	48.8	23.8	8%	22.1	-1%	22.3	-23%	28.9	8.7	1%	8.6	4%	8.3	2%	8.1	8.1	
Target Market																							
Low end	34.5	-11%	39.0	-15%	46.0	-2%	46.9	21.8	-5%	22.9	-14%	26.7	-6%	28.6	6.4	-10%	7.1	8%	6.6	10%	6.0	6.0	
Broad	25.5	8%	23.7	4%	22.8	-26%	30.9	14.3	6%	13.4	13%	11.9	-30%	17.1	9.6	25%	7.7	4%	7.4	-10%	8.2	8.2	
High end	23.7	-29%	33.5	n/a	n/a	n/a	n/a	11.3	-26%	15.4	n/a	n/a	n/a	n/a	14.8	-10%	16.4	n/a	n/a	n/a	n/a	n/a	

For definitions of Peer Groups, refer to pages 59 to 66.
 For details on indicator definitions, refer to pages 55 to 58.
 "n/a" denotes results for Peer Groups with less than three observations

Peer Group	PRODUCTIVITY																														
	Borrowers per Staff Member				Loans per Staff Member				Borrowers per Loan Officer				Loans per Loan Officer																		
	Year	nb	Δ	%	nb	Δ	%	nb	Δ	%	nb	Δ	%	nb	Δ	%	nb	Δ	%												
All MFIs	2002	140	4%	134	3%	131	3%	127	164	4%	159	5%	151	8%	140	289	3%	280	7%	262	-2%	266	359	3%	348	7%	326	7%	303		
Age		n/a			n/a				n/a						93	n/a		249	n/a		226	28%	176	n/a		250	1%	248	40%	177	
New		121	-7%	131	2%	128	-16%	153	122	-2%	124	4%	120	-26%	162	226	-15%	266	229	6%	251	-25%	336	229	7%	246	5%	233	-34%	356	
Young		149	7%	140	-3%	145	6%	136	190	1%	189	-8%	205	22%	168	319	7%	298	435	1%	293	4%	281	435	0%	437	-6%	466	24%	375	
Mature		116	12%	103	-7%	111	17%	94	110	-2%	112	0%	112	8%	104	289	8%	267	276	-4%	278	-15%	328	276	1%	274	11%	246	-16%	292	
Bank		117	3%	114	-9%	126	10%	115	142	4%	137	-12%	155	33%	117	244	3%	236	236	6%	224	1%	222	259	2%	254	-10%	282	25%	226	
NBFI		166	5%	158	14%	138	2%	136	171	7%	160	18%	136	-3%	140	326	4%	313	313	13%	276	-1%	278	346	8%	322	12%	288	-1%	292	
NGO		147	6%	139	9%	128	2%	125	152	9%	139	9%	128	5%	122	294	7%	276	276	7%	257	0%	258	303	11%	274	3%	265	4%	256	
Non FI		161	11%	145	3%	141	-2%	144	351	1%	347	14%	303	-6%	321	274	5%	262	262	-3%	270	5%	257	945	-2%	965	32%	733	6%	694	
Low FI		113	1%	112	-18%	137	1%	135	124	-6%	132	-10%	147	14%	129	281	-8%	304	304	9%	279	-13%	322	269	-7%	289	-3%	299	0%	298	
High FI		129	0%	130	1%	129	2%	125	144	3%	140	-1%	141	9%	129	292	5%	277	277	9%	254	-1%	257	307	8%	285	3%	278	8%	258	
Individual		132	7%	124	8%	115	6%	108	180	2%	178	9%	163	2%	161	283	1%	281	281	7%	263	1%	260	437	-2%	444	8%	412	-1%	417	
Individual/Solidarity		187	27%	147	6%	138	-2%	141	192	22%	157	5%	149	7%	139	312	36%	229	229	-8%	248	-12%	280	319	31%	243	-9%	267	-1%	270	
Solidarity		165	2%	162	1%	160	10%	146	154	2%	151	1%	149	22%	122	290	-4%	304	304	4%	293	4%	282	249	-7%	269	-8%	293	13%	260	
Village Banking		97	1%	96	-4%	100	0%	100	97	1%	96	-3%	99	2%	97	213	9%	196	196	-13%	225	9%	207	222	8%	205	-10%	228	15%	199	
Outreach		134	1%	132	-2%	135	-14%	157	140	3%	136	-2%	138	-20%	173	270	-7%	292	292	3%	283	-11%	318	269	-3%	278	-5%	292	-16%	348	
Small (Outreach)		180	0%	180	4%	173	21%	144	239	-3%	246	1%	245	19%	206	363	0%	362	362	19%	303	-3%	312	541	-4%	562	5%	535	12%	476	
Medium (Outreach)		115	7%	108	-9%	119	15%	103	133	3%	128	-6%	136	36%	100	273	1%	271	271	-1%	273	1%	270	274	-1%	277	3%	268	13%	238	
Large (Outreach)		151	4%	146	8%	135	1%	133	183	4%	177	13%	157	3%	153	296	5%	283	283	10%	258	-3%	265	408	5%	389	11%	352	8%	327	
Profit Status		170	9%	156	5%	148	-1%	150	237	3%	230	16%	198	10%	180	334	6%	315	315	0%	316	-4%	331	604	3%	586	20%	489	18%	413	
For Profit		151	7%	141	1%	140	11%	126	175	6%	165	0%	164	7%	154	251	4%	242	242	-3%	251	21%	208	273	-3%	281	-5%	294	13%	260	
Not for Profit		103	4%	99	5%	94	3%	92	103	4%	99	4%	95	2%	93	229	16%	198	198	-2%	202	14%	177	230	16%	199	-2%	203	13%	181	
Region		148	0%	147	0%	148	2%	144	155	2%	152	-2%	156	8%	145	344	0%	345	345	10%	315	-2%	321	342	1%	338	-2%	346	1%	344	
Africa		108	4%	104	20%	87	-6%	92	135	13%	120	19%	101	1%	101	157	-11%	178	178	30%	137	-9%	150	196	5%	186	17%	159	-4%	166	
Asia		106	-16%	127	0%	128	5%	122	102	-14%	118	-1%	120	-4%	124	196	-26%	264	264	0%	263	11%	238	197	-22%	251	-7%	270	10%	246	
Asia		149	12%	132	-3%	137	0%	137	162	12%	144	-6%	153	10%	140	307	19%	258	258	2%	252	-11%	284	325	20%	271	3%	264	-5%	278	
ECA		143	0%	143	17%	122	2%	120	197	-9%	216	5%	206	18%	175	307	-5%	324	324	15%	282	-3%	291	474	-12%	541	-4%	561	20%	468	
LAC		152	4%	146	-1%	148	3%	145	187	1%	185	-3%	190	6%	179	322	10%	294	294	2%	287	-6%	305	418	4%	403	-2%	413	4%	397	
MENA		104	-5%	109	-4%	113	0%	114	102	-11%	114	0%	114	8%	106	186	-25%	248	248	3%	240	2%	236	196	-22%	252	4%	242	10%	221	
Scale		173	3%	168	9%	154	2%	152	257	10%	235	39%	168	1%	166	305	-6%	324	324	15%	280	-10%	313	559	6%	527	68%	314	-10%	348	
Small (Scale)		128	6%	121	4%	116	6%	109	131	5%	125	-16%	149	12%	133	284	10%	259	259	2%	253	12%	227	280	7%	262	-26%	353	19%	296	
Medium (Scale)		72	12%	64	n/a	n/a	n/a	n/a	93	7%	87	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	242	22%	198	n/a	n/a	n/a	n/a	
Large (Scale)																															
Sustainability		152	4%	146	-1%	148	3%	145	187	1%	185	-3%	190	6%	179	322	10%	294	294	2%	287	-6%	305	418	4%	403	-2%	413	4%	397	
FSS		104	-5%	109	-4%	113	0%	114	102	-11%	114	0%	114	8%	106	186	-25%	248	248	3%	240	2%	236	196	-22%	252	4%	242	10%	221	
Target Market		173	3%	168	9%	154	2%	152	257	10%	235	39%	168	1%	166	305	-6%	324	324	15%	280	-10%	313	559	6%	527	68%	314	-10%	348	
Non-FSS		128	6%	121	4%	116	6%	109	131	5%	125	-16%	149	12%	133	284	10%	259	259	2%	253	12%	227	280	7%	262	-26%	353	19%	296	
Low end		72	12%	64	n/a	n/a	n/a	n/a	93	7%	87	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	242	22%	198	n/a	n/a	n/a	n/a	
Broad																															
High end																															

For definitions of Peer Groups, refer to pages 59 to 66.
 For details on indicator definitions, refer to pages 55 to 58.
 "n/a" denotes results for Peer Groups with less than three observations

Peer Group	RISK AND LIQUIDITY																					
	Portfolio at Risk > 30 Days				Portfolio at Risk > 90 Days				Write-off Ratio													
	Year	2002	Δ	%	2001	Δ	%	2000	Δ	%	1999	Δ	%	2000	Δ	%	1999	Δ	%			
All MFIs	3.4	1%	3.3	-18%	4.1	-7%	4.4	1.7	-3%	1.7	-24%	2.3	3%	2.2	2.4	9%	2.2	35%	1.6	4%	1.6	
Age																						
New	n/a		1.4	-53%	2.9	-36%	4.6	n/a		0.5	-68%	1.6	5%	1.5	n/a	n/a	0.7	-46%	1.3	34%	1.0	
Young	4.6	15%	4.0	-18%	4.9	132%	2.1	1.5	-23%	2.0	-24%	2.6	79%	1.5	4.1	37%	3.0	121%	1.4	-17%	1.6	
Mature	2.9	-17%	3.5	-15%	4.1	-30%	5.9	1.8	-7%	1.9	-20%	2.4	-28%	3.3	1.7	-21%	2.2	12%	2.0	-2%	2.0	
Charter Type																						
Bank	3.1	-9%	3.4	6%	3.2	-25%	4.3	2.0	-7%	2.1	13%	1.9	-38%	3.0	1.7	50%	1.1	1%	1.1	-44%	2.0	
NBFI	4.3	-1%	4.4	-36%	6.9	-21%	8.7	1.9	-7%	2.0	-39%	3.3	-24%	4.3	3.0	5%	2.9	98%	1.5	-32%	2.1	
NGO	2.4	10%	2.2	-23%	2.8	8%	2.6	1.3	4%	1.2	-28%	1.7	38%	1.2	2.2	7%	2.0	10%	1.8	40%	1.3	
Financial Intermediation																						
Non FI	2.8	7%	2.6	-36%	4.0	5%	3.8	1.1	-9%	1.2	-45%	2.1	33%	1.6	2.3	1%	2.2	15%	1.9	21%	1.6	
Low FI	3.6	-9%	4.0	12%	3.6	75%	2.0	2.3	-4%	2.4	34%	1.8	54%	1.1	3.5	102%	1.8	271%	0.5	81%	0.3	
High FI	4.4	-11%	5.0	10%	4.5	-43%	7.9	2.6	-8%	2.8	-4%	2.9	-43%	5.2	2.2	-9%	2.4	80%	1.3	-37%	2.1	
Methodology																						
Individual	2.7	-16%	3.3	-6%	3.5	-25%	4.6	1.7	-13%	2.0	-8%	2.2	-18%	2.6	2.2	-17%	2.6	63%	1.6	1%	1.6	
Individual/Solidarity	4.8	8%	4.5	-30%	6.4	-4%	6.7	2.1	0%	2.1	-35%	3.3	4%	3.1	3.1	39%	2.2	10%	2.0	54%	1.3	
Solidarity	0.1	33%	0.1	-95%	1.4	46%	1.0	0.0	33%	0.0	-98%	1.4	152%	0.5	0.2	-27%	0.3	-53%	0.6	-68%	1.8	
Village Banking	1.6	-7%	1.7	-4%	1.7	-39%	2.8	0.7	-6%	0.7	10%	0.6	-36%	1.0	1.6	-24%	2.1	27%	1.6	-14%	1.9	
Outreach																						
Small (Outreach)	4.9	39%	3.5	-32%	5.1	-14%	6.0	1.6	1%	1.6	-38%	2.6	-3%	2.7	4.3	81%	2.4	-2%	2.4	8%	2.3	
Medium (Outreach)	3.2	-19%	3.9	-12%	4.5	71%	2.6	1.9	6%	1.8	-32%	2.6	61%	1.6	2.4	-31%	3.6	137%	1.5	43%	1.1	
Large (Outreach)	2.5	-5%	2.6	16%	2.3	-30%	3.2	1.5	-13%	1.8	23%	1.4	-23%	1.9	1.2	39%	0.8	16%	0.7	-18%	0.9	
Profit Status																						
For Profit	4.2	-12%	4.8	-11%	5.4	-32%	7.9	2.4	-4%	2.5	-16%	3.0	-38%	4.8	2.5	-4%	2.6	57%	1.7	-10%	1.8	
Not for Profit	2.9	15%	2.5	-29%	3.5	3%	3.4	1.2	-3%	1.3	-36%	2.0	32%	1.5	2.4	19%	2.0	22%	1.6	9%	1.5	
Region																						
Africa	2.4	-4%	2.5	-20%	3.1	-35%	4.8	1.0	-5%	1.0	-42%	1.8	-36%	2.8	3.1	10%	2.8	81%	1.5	28%	1.2	
Asia	4.2	-10%	4.7	12%	4.2	-25%	5.6	2.3	-17%	2.7	20%	2.3	-3%	2.4	3.2	51%	2.1	31%	1.6	37%	1.2	
ECA	1.7	-4%	1.8	6%	1.7	-35%	2.6	0.8	0%	0.8	-38%	1.3	-4%	1.3	0.6	-34%	0.9	-13%	1.0	2%	1.0	
LAC	3.6	-9%	4.0	-17%	4.8	-1%	4.8	2.2	-1%	2.2	-23%	2.9	11%	2.6	1.5	-36%	2.3	4%	2.2	11%	2.0	
MENA	6.0	120%	2.7	-65%	7.7	137%	3.3	1.3	53%	0.9	-66%	2.6	288%	0.7	7.1	130%	3.1	638%	0.4	-81%	2.2	
Scale																						
Small (Scale)	7.1	105%	3.5	-14%	4.1	27%	3.2	1.9	20%	1.6	-10%	1.7	66%	1.0	6.7	127%	2.9	34%	2.2	14%	1.9	
Medium (Scale)	2.9	-13%	3.4	-26%	4.5	-24%	5.9	1.7	6%	1.6	-42%	2.8	-19%	3.5	1.9	-8%	2.1	73%	1.2	-14%	1.4	
Large (Scale)	2.5	-23%	3.2	-4%	3.4	-21%	4.2	1.5	-22%	1.9	-8%	2.1	-14%	2.5	1.4	-24%	1.9	17%	1.6	30%	1.2	
Sustainability																						
FSS	2.3	-1%	2.4	-28%	3.3	-3%	3.4	1.3	0%	1.3	-31%	1.9	11%	1.7	1.1	-25%	1.5	45%	1.1	-7%	1.1	
Non-FSS	6.4	22%	5.3	7%	4.9	-6%	5.2	2.6	5%	2.5	-5%	2.6	1%	2.6	6.2	74%	3.6	58%	2.3	16%	2.0	
Target Market																						
Low end	2.1	24%	1.7	-42%	2.9	-15%	3.4	1.2	20%	1.0	-13%	1.1	-20%	1.4	1.6	1%	1.6	-13%	1.8	-3%	1.9	
Broad	4.2	-1%	4.2	-11%	4.7	4%	4.5	1.9	-7%	2.0	-31%	2.9	32%	2.2	2.9	20%	2.4	68%	1.4	13%	1.3	
High end	3.8	-27%	5.2	n/a	n/a	n/a	n/a	2.5	-18%	3.0	n/a	n/a	n/a	n/a	1.9	-17%	2.2	n/a	n/a	n/a	n/a	

For definitions of Peer Groups, refer to pages 59 to 66.
 For details on indicator definitions, refer to pages 55 to 58.
 "n/a" denotes results for Peer Groups with less than three observations

Peer Group	Average Values																					
	Loan Loss Rate						RISK AND LIQUIDITY															
	Loan Loss Rate			Risk Coverage			Non-earning Liquid Assets as a % of Total Assets															
Year	%	%	%	X	X	X	X	X	%	%	%	%	%									
2002	2001	2000	1999	2002	2001	2000	1999	2002	2001	2000	1999	2002	2001	2000	1999							
All MFIs	1.9	10%	1.8	69%	1.1	-16%	1.3	12.3	272%	3.3	-87%	24.9	381%	5.2	10.3	4%	9.9	-1%	10.0	-12%	11.4	
Age																						
New	n/a	n/a	0.6	-42%	1.1	26%	0.9	n/a	n/a	3.0	-39%	5.0	-30%	7.1	n/a	n/a	10.6	-19%	13.1	-30%	18.7	
Young	3.5	32%	2.7	137%	1.1	-25%	1.5	32.9	528%	5.2	-93%	76.7	2927%	2.5	14.9	15%	13.0	20%	10.9	27%	8.5	
Mature	1.3	-19%	1.6	45%	1.1	-29%	1.6	3.3	39%	2.4	25%	1.9	-64%	5.3	7.9	-4%	8.2	3%	8.0	3%	7.8	
Charter Type																						
Bank	1.4	63%	0.9	-4%	0.9	-52%	1.9	1.6	-40%	2.7	-28%	3.8	144%	1.6	6.5	9%	6.0	4%	5.8	26%	4.6	
NBFI	2.1	-1%	2.1	33718%	0.0	-100%	1.8	27.4	673%	3.5	84%	1.9	64%	1.2	10.4	3%	10.1	-4%	10.5	-21%	13.2	
NGO	2.0	11%	1.8	10%	1.7	56%	1.1	4.2	18%	3.5	-92%	42.5	483%	7.3	12.0	6%	11.3	3%	11.0	-10%	12.2	
Financial Intermediation																						
Non FI	1.9	-6%	2.0	17%	1.7	31%	1.3	19.7	403%	3.9	-41%	6.7	1%	6.6	13.2	9%	12.1	3%	11.7	-9%	12.9	
Low FI	3.4	105%	1.7	250%	0.5	81%	0.3	4.2	63%	2.6	-98%	163.8	7466%	2.2	5.6	-22%	7.1	4%	6.8	20%	5.7	
High FI	1.4	15%	1.2	-414%	(0.4)	-120%	1.9	1.4	-35%	2.1	3%	2.0	54%	1.3	6.7	20%	5.6	-15%	6.6	-20%	8.2	
Methodology																						
Individual	2.0	-19%	2.4	67%	1.5	1%	1.5	2.8	8%	2.6	-26%	3.5	-48%	6.7	8.5	9%	7.8	1%	7.8	-27%	10.6	
Individual/Solidarity	2.3	64%	1.4	67%	0.8	16%	0.7	20.6	706%	2.6	-95%	53.0	2786%	1.8	10.0	4%	9.6	-10%	10.7	5%	10.2	
Solidarity	0.2	-11%	0.2	-48%	0.4	-74%	1.6	28.7	68%	17.2	-42%	29.4	178%	10.6	10.2	-8%	11.1	-13%	12.6	-7%	13.5	
Village Banking	1.4	-27%	1.9	34%	1.4	-23%	1.9	5.2	110%	2.5	-37%	3.9	6%	3.7	15.8	4%	15.1	22%	12.4	-13%	14.2	
Outreach																						
Small (Outreach)	3.6	83%	2.0	-5%	2.1	2%	2.0	35.5	634%	4.8	-91%	51.8	512%	8.5	15.5	18%	13.1	7%	12.2	-12%	13.9	
Medium (Outreach)	1.7	-36%	2.7	88%	1.4	44%	1.0	1.3	0%	1.3	-87%	10.5	401%	2.1	9.7	-8%	10.6	5%	10.1	-15%	11.9	
Large (Outreach)	1.0	38%	0.7	-245%	(0.5)	-240%	0.4	4.1	11%	3.7	46%	2.5	14%	2.2	7.4	18%	6.2	-12%	7.1	15%	6.2	
Profit Status																						
For Profit	1.8	1%	1.8	290%	0.5	-73%	1.7	1.4	-25%	1.9	-28%	2.7	108%	1.3	5.7	-1%	5.7	8%	5.3	-9%	5.9	
Not for Profit	2.0	15%	1.7	25%	1.4	15%	1.2	18.3	350%	4.1	-88%	34.4	462%	6.2	13.0	6%	12.3	2%	12.1	-8%	13.1	
Region																						
Africa	3.0	11%	2.7	95%	1.4	22%	1.1	1.7	-54%	3.7	-97%	114.5	1311%	8.1	11.6	0%	11.5	10%	10.4	-33%	15.5	
Asia	3.0	52%	2.0	28%	1.6	36%	1.2	3.7	44%	2.6	-32%	3.8	102%	1.9	5.2	-19%	6.4	3%	6.2	2%	6.1	
ECA	0.4	-25%	0.5	-41%	0.8	-14%	0.9	51.8	1290%	3.7	-48%	7.1	28%	5.6	8.8	13%	7.7	-37%	12.2	-26%	16.5	
LAC	0.8	-44%	1.5	27%	1.2	-28%	1.6	3.3	32%	2.5	-1%	2.5	-55%	5.6	5.8	1%	5.8	0%	5.8	0%	5.8	
MENA	5.5	87%	3.0	-2567%	(0.1)	-108%	1.5	16.0	135%	6.8	686%	0.9	-52%	1.8	41.5	14%	36.3	14%	31.8	18%	27.0	
Scale																						
Small (Scale)	5.5	112%	2.6	39%	1.9	9%	1.7	1.2	-72%	4.3	-93%	62.7	559%	9.5	23.8	42%	16.8	19%	14.2	-14%	16.5	
Medium (Scale)	1.8	-5%	1.9	73%	1.1	-16%	1.3	6.3	91%	3.3	3%	3.2	86%	1.7	9.0	27%	7.1	6%	6.6	-4%	6.9	
Large (Scale)	0.8	-21%	1.0	-7100%	(0.0)	-103%	0.6	23.0	780%	2.6	15%	2.3	33%	1.7	6.9	-17%	8.2	-17%	9.9	6%	9.3	
Sustainability																						
FSS	0.7	-45%	1.3	346%	0.3	-61%	0.8	15.9	528%	2.5	-28%	3.5	-43%	6.1	8.0	-3%	8.3	-8%	9.0	4%	8.7	
Non-FSS	5.5	111%	2.6	33%	2.0	10%	1.8	1.9	-59%	4.8	-91%	50.5	1091%	4.2	17.3	32%	13.1	18%	11.1	-19%	13.8	
Target Market																						
Low end	1.5	-4%	1.5	-2%	1.6	-8%	1.7	7.8	55%	5.0	-91%	57.5	2304%	2.4	13.7	24%	11.0	-14%	12.8	8%	11.8	
Broad	2.5	19%	2.1	216%	0.7	-28%	0.9	16.8	635%	2.3	-25%	3.1	-63%	8.2	9.1	-8%	9.9	25%	7.9	-31%	11.5	
High end	(0.6)	-30%	(0.9)	n/a	n/a	n/a	n/a	1.2	-5%	1.2	n/a	n/a	n/a	n/a	6.4	4%	6.2	n/a	n/a	n/a	n/a	

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For details on indicator definitions, refer to pages 55 to 58.
"n/a" denotes results for Peer Groups with less than three observations

Index of Terms and Definitions (Balance Sheet)

Terms	Definitions
Cash and Due from Banks	Cash, petty cash, balances in banks, including non-interest bearing deposits
Reserves from Central Bank	Cash reserves in a central bank
Short Term Financial Assets	Treasury bills and other short term investments, including interest-bearing deposits, convertible to cash within 12 months. Usually used in liquidity management.
Net Loan Portfolio	Gross Loan Portfolio minus Loan Loss Reserve
Gross Loan Portfolio	All outstanding principal for all outstanding client loans, including current, delinquent and restructured loans, but not loans that have been written off. It does not include interest receivable. It does not include employee loans.
(Loss Reserve)	The portion of the gross loan portfolio that has been expensed (provisioned for) in anticipation of losses due to default. This item represents the cumulative value of the loan loss provision expense, less the cumulative value of loans written off.
Interest Receivable	Interest receivable on all asset accounts. Recorded by institutions using accrual accounting.
Accounts Receivable and Other Assets	Accounts receivable, notes receivables and other receivables. This includes all receivables other than client loan accounts, including employee loans.
Long Term Financial Assets	Long term investments not convertible to cash within 12 months
Net Fixed Assets	The purchase value of property, plant and equipment, less accumulated depreciation. This includes intangibles, such as MIS development or goodwill, less accumulated amortization.
TOTAL ASSETS	Total of all net asset accounts
Demand Deposits	Total of Voluntary and Compulsory Savings
Voluntary Savings	Demand deposits from the general public and members that are not maintained as a condition for accessing a current or future loan and are held with the institution
Compulsory Savings	Client savings accounts that are maintained as a condition for a current or future loan and are held with the institution
Time Deposits	Certificates of deposit or other fixed term deposits
Borrowings	Total of Commercial and Concessional Borrowings
Borrowings at concessional interest rates	Principal balance of all borrowings, including overdraft accounts, for which the institution pays a nominal rate of interest that is less than the local commercial interest rate
Borrowings at commercial interest rates	Principal balance of all borrowings, including overdraft accounts, for which the institution pays a nominal rate of interest that is greater than to or equal to the local commercial interest rate
Interest Payable	Interest payable on all liability accounts. Recorded by institutions using accrual accounting.
Accounts Payable and Other Liabilities	Other liabilities including tax and salary liabilities, social withholdings, deferred income, other accounts payable, including liabilities that do not fund the portfolio, such as mortgages on real estate.
TOTAL LIABILITIES	Total of all liability accounts
Paid-in Capital	Capital paid by shareholders or members
Donated Equity	Accumulated donations
Prior Years	Accumulated donations from prior periods
Current Year	Donations from the current year
Retained Earnings	Accumulated net income after taxes and before donations
Prior Years	Accumulated net income after taxes and before donations from prior periods
Current Year	Net income after taxes and before donations from the current year
Adjustments	Value of all adjustments, including inflation adjustment
Inflation Adjustment	Value of inflation adjustment expense
Subsidized Costs of Funds Adjustment	Value of subsidized cost of funds adjustment expense
In-Kind Subsidy Adjustment	Value of in-kind subsidy adjustment
Reserves	Reserves such as those imposed by law or statute.
Other Equity Accounts	Other equity accounts not included elsewhere
TOTAL EQUITY	Total of all equity accounts
TOTAL LIABILITIES AND EQUITY	Total of Total Liabilities and Total Equity

Index of Terms and Definitions (Income Statement)

Terms	Definitions
<u>Financial Revenue</u>	Total of revenue from loan portfolio and other financial assets, as well as other financial revenue from financial services
Financial Revenue from Loan Portfolio	Total interest, fees and commission on loan portfolio
Interest on Loan Portfolio	Interest earned on loan portfolio
Fees and Commissions on Loan Portfolio	Penalties, commissions and other fees charged on loan portfolio
Financial Revenue from Other Financial Assets	Net gains on other financial assets
Other Revenue Related to Financial Services	Other revenue from provision of financial services, including revenue from insurance or transfer services or non-financial revenue from the provision of financial services, such as the sale of passbooks or SmartCards. This account also includes net exchange gains.
<u>Financial Expense</u>	Total of financial expense on liabilities, net inflation adjustment, cost-of-funds adjustment and other expenses from financial services
Financial Expense on Liabilities	Total of interest and fees paid on deposits and borrowings
Interest and Fess Expense on Deposits	Interest and fees paid on demand or term deposits.
Interest and Fee Expense on Borrowings	Interest and fees paid on borrowings.
Net Inflation Adjustment Expense	Reserved for institutions that use inflation based accounting. Net amount of inflation adjustment.
Inflation Adjustment Expense	Cost of maintaining the value of the institution's equity
Inflation Adjustment Revenue	Gain on the value of fixed assets due to inflation
Subsidized Cost-of-Funds Adjustment Expense	Adjustment expense for difference between market rate and concessional rate on borrowings.
Other Financial Expenses	Other expenses from provision of financial services, including non-financial expenses on financial products, as well as net exchange depreciation.
NET FINANCIAL INCOME	Financial Revenue minus Financial Expense
<u>Net Loan Loss Provision Expense</u>	Sum of loan loss provision expense and recovery on loans written off.
Loan Loss Provision Expense	Loan Loss Provision Expense for the period
Recovery on Loans Written-Off	Total recovery on loans written off
<u>Operating Expense</u>	Total of Personnel Expense and Administrative Expense
Personnel Expense	Salaries, withholdings, fringe benefits and personnel taxes paid on all those who work for the institution
Administrative Expense	Total of Rent and Utilities, Transportation, Office Supplies, Depreciation and Other Administrative Expenses
Rent and Utilities	Rent and utility charges
Transportation	Transportation of staff to attend to clients and to manage operations
Office Supplies	Printed matter, supplies, photocopies, books, etc.
Depreciation and Amortization	Allowance for deterioration, eventual replacement of equipment
Other Administrative Expenses	Other non-personnel administrative expenses
NET OPERATING INCOME	Financial Revenue less Financial Expense, Net Loan Loss Provision Expense and Operating Expense
<u>Net Non-Operating Income</u>	Non-operating Revenue less Non-operating Expense
Non-Operating Revenue	Revenue from activity unrelated to the MFI's core activity of providing financial services. This could include consulting income, sale of IT products, or fees for business development services (BDS).
Non-Operating Expense	Expenses from activity unrelated to the MFIs core activity of providing financial services, such as BDS development costs or consulting expenses
NET INCOME (BEFORE TAXES AND DONATIONS)	Net Operating Income less Net Non-operating Income
Taxes	Includes all taxes paid on Net Income or other measure of profits as defined by local tax authorities.
NET INCOME (AFTER TAXES AND BEFORE DONATIONS)	Net Income (before Taxes and Donations) less Taxes
Donations to Subsidize Financial Services	Donations made to the MFI to subsidize its operations
NET INCOME (AFTER TAXES AND DONATIONS)	Net Income (after Taxes and before Donations) plus Donations.

Index of Indicators and Definitions

Indicators	Definitions	
INSTITUTIONAL CHARACTERISTICS		
Number of MFIs	Sample size of group	(number)
Age	Years functioning as an MFI	(years)
Total Assets	Total Assets, adjusted for Inflation and standardized loan portfolio	(US \$)
Offices	Number, including head office	(number)
Personnel	Total number of employees	(number)
FINANCING STRUCTURE		
Capital/ Asset Ratio	Adjusted Total Equity/ Adjusted Total Assets	(%)
Commercial Funding Liabilities Ratio	All liabilities with "market" price/ Adjusted Gross Loan Portfolio	(%)
Debt/ Equity Ratio	Adjusted Total Liabilities/ Adjusted Total Equity	(x)
Deposits to Loans	Voluntary Savings/ Adjusted Gross Loan Portfolio	(%)
Deposits to Total Assets	Voluntary Savings/ Adjusted Total Assets	(%)
Gross Loan Portfolio/ Total Assets	Adjusted Gross Loan Portfolio/ Adjusted Total Assets	(%)
OUTREACH INDICATORS		
Number of Active Borrowers	Number of borrowers with loans outstanding, adjusted for standardized write-offs	(number)
Percent of Women Borrowers	Number of active women borrowers/ Adjusted Number of Active Borrowers	(%)
Number of Loans Outstanding	Number of loans outstanding, adjusted for standardized write-offs	(number)
Gross Loan Portfolio	Gross Loan Portfolio, adjusted for standardized write-offs	(US \$)
Average Loan Balance per Borrower	Adjusted Gross Loan Portfolio/ Adjusted Number of Active Borrowers	(US \$)
Average Loan Balance per Borrower/ GNI per Capita	Adjusted Average Loan Balance per Borrower/ GNI per Capita	(%)
Average Outstanding Balance	Adjusted Gross Loan Portfolio/ Adjusted Number of Loans Outstanding	(US \$)
Average Outstanding Balance/ GNI per Capita	Adjusted Average Outstanding Balance/ GNI per Capita	(%)
Number of Voluntary Savers	Number of savers with voluntary savings demand deposit and time deposit accounts	(number)
Number of Voluntary Savings Accounts	Number of voluntary savings demand deposit and time deposit accounts	(number)
Voluntary Savings	Total value of voluntary savings demand deposit and time deposit accounts	(US \$)
Average Savings Balance per Saver	Voluntary Savings/ Number of Voluntary Savers	(US \$)
Average Savings Account Balance	Voluntary Savings/ Number of Voluntary Savings Accounts	(US \$)
MACROECONOMIC INDICATORS		
GNI per Capita	US Dollars	(US \$)
GDP Growth Rate	Annual Average	(%)
Deposit Rate	%	(%)
Inflation Rate	%	(%)
Financial Depth	M3/ GDP	(%)
OVERALL FINANCIAL PERFORMANCE		
Return on Assets	Adjusted Net Operating Income, net of taxes/ Adjusted Average Total Assets	(%)
Return on Equity	Adjusted Net Operating Income, net of taxes/ Adjusted Average Total Equity	(%)
Operational Self-Sufficiency	Financial Revenue/ (Financial Expense + Net Loan Loss Provision Expense + Operating Expense)	(%)
Financial Self-Sufficiency	Adjusted Financial Revenue/ Adjusted (Financial Expense + Net Loan Loss Provision Expense + Operating Expense)	(%)

Index of Indicators and Definitions (continued)

Indicators	Definitions	
REVENUES		
Financial Revenue Ratio	Adjusted Financial Revenue/ Adjusted Average Total Assets	(%)
Profit Margin	Adjusted Net Operating Income/ Adjusted Financial Revenue	(%)
Yield on Gross Portfolio (nominal)	Adjusted Financial Revenue from Loan Portfolio/ Adjusted Average Gross Loan Portfolio	(%)
Yield on Gross Portfolio (real)	(Adjusted Yield on Gross Portfolio (nominal) - Inflation Rate)/ (1 + Inflation Rate)	(%)
EXPENSES		
Total Expense Ratio	Adjusted (Financial Expense + Net Loan Loss Provision Expense + Operating Expense)/ Adjusted Average Total Assets	(%)
Financial Expense Ratio	Adjusted Financial Expense/ Adjusted Average Total Assets	(%)
Loan Loss Provision Expense Ratio	Adjusted Net Loan Loss Provision Expense/ Adjusted Average Total Assets	(%)
Operating Expense Ratio	Adjusted Operating Expense/ Adjusted Average Total Assets	(%)
Personnel Expense Ratio	Adjusted Personnel Expense/ Adjusted Average Total Assets	(%)
Administrative Expense Ratio	Adjusted Administrative Expense/ Adjusted Average Total Assets	(%)
Adjustment Expense Ratio	(Adjusted Net Operating Income - Unadjusted Net Operating Income)/ Adjusted Average Total Assets	(%)
EFFICIENCY		
Operating Expense/ Loan Portfolio	Adjusted Operating Expense/ Adjusted Average Gross Loan Portfolio	(%)
Personnel Expense/ Loan Portfolio	Adjusted Personnel Expense/ Adjusted Average Gross Loan Portfolio	(%)
Average Salary/ GNI per Capita	Adjusted Average Personnel Expense/ GNI per capita	(%)
Cost per Borrower	Adjusted Operating Expense/ Adjusted Average Number of Active Borrowers	(x)
Cost per Loan	Adjusted Operating Expense/ Adjusted Average Number of Loans	(x)
PRODUCTIVITY		
Borrowers per Staff Member	Adjusted Number of Active Borrowers/ Number of Personnel	(number)
Loans per Staff Member	Adjusted Number of Loans Outstanding/ Number of Personnel	(number)
Borrowers per Loan Officer	Adjusted Number of Active Borrowers/ Number of Loan Officers	(number)
Loans per Loan Officer	Adjusted Number of Loans Outstanding/ Number of Loan Officers	(number)
Voluntary Savers per Staff Member	Number of Voluntary Savers/ Number of Personnel	(number)
Savings Accounts per Staff Member	Number of Saving Accounts/ Number of Personnel	(number)
Personnel Allocation Ratio	Number of Loan Officers/ Number of Personnel	(%)
RISK AND LIQUIDITY		
Portfolio at Risk > 30 Days	Outstanding balance, loans overdue > 30 Days/ Adjusted Gross Loan Portfolio	(%)
Portfolio at Risk > 90 Days	Outstanding balance, loans overdue > 90 Days/ Adjusted Gross Loan Portfolio	(%)
Write-off Ratio	Value of loans written-off/ Adjusted Average Gross Loan Portfolio	(%)
Loan Loss Rate	Adjusted Write-offs, net of recoveries/ Adjusted Average Gross Loan Portfolio	(%)
Risk Coverage	Adjusted Loan Loss Reserve/ PAR > 30 Days	(%)
Non-earning Liquid Assets as % Total Assets	Adjusted Cash and banks/ Adjusted Total Assets	(%)

Guide to the Peer Groups

Peer Groups - 2002	n	Data Quality †			Participating Institutions
		***	**	*	
All MFIs	60	21	38	1	ACEP SENEGAL, ACLEDA, ACODEP, ACTUAR - Tolima, ADRI, ASA, Agrocapital, Al Majmoua, ABA, Al Amana, BURO Tangail, Banco Solidario ECUADOR, BancoSol BOLIVIA, BRI, BASIX, CERUDEB, CMAC - Arequipa, CMAC - Sullana, CMM - Medellin, CRECER, Compartamos, Constanta, EBS, EDPYME Proempresa, EKI, EMT, FAMA, FATEN, FIE, FINCA - KGZ, FINCA - PER, FINCA - UGA, FINSOL, FMM - Popayán, Faulu - UGA, Finamérica, HKL, K-Rep, Los Andes, MI-BOSPO, MIKROFIN, MiBanco, MFW, NOA, Nirdhan, PADME, PRIDE - TZA, PRIZMA, PRODEM, Partner, Pro Mujer - BOL, SEDA, SEF - ZAF, SHARE, Sunrise, TSPI, VF, WAGES, WWB - Cali, XAC.
Age: Young (5 to 8 Years)	18	4	14	0	Al Majmoua, Al Amana, BASIX, Constanta, EKI, FATEN, FINCA - KGZ, Faulu - UGA, HKL, MI-BOSPO, MIKROFIN, MFW, NOA, PRIZMA, Partner, SEDA, Sunrise, WAGES.
Age: Mature (> 8 Years)	40	17	22	1	ACEP SENEGAL, ACLEDA, ACODEP, ACTUAR - Tolima, ADRI, ASA, Agrocapital, ABA, BURO Tangail, Banco Solidario ECUADOR, BancoSol BOLIVIA, BRI, CERUDEB, CMAC - Arequipa, CMAC - Sullana, CMM - Medellin, CRECER, Compartamos, EBS, EDPYME Proempresa, EMT, FAMA, FIE, FINCA - PER, FINCA - UGA, FINSOL, FMM - Popayán, Finamérica, K-Rep, Los Andes, MiBanco, Nirdhan, PADME, PRIDE - TZA, PRODEM, Pro Mujer - BOL, SEF - ZAF, SHARE, TSPI, WWB - Cali.
Charter Type: Bank (Bank)	9	2	6	1	ACLEDA, Banco Solidario ECUADOR, BancoSol BOLIVIA, BRI, CERUDEB, K-Rep, MiBanco, Nirdhan, XAC.
Charter Type: NBFi (Non Bank Financial Institution)	23	10	13	0	BASIX, CMAC - Arequipa, CMAC - Sullana, Compartamos, EBS, EDPYME Proempresa, EKI, EMT, FATEN, FIE, FINSOL, Faulu - UGA, Finamérica, HKL, Los Andes, MI-BOSPO, MIKROFIN, MFW, PRIZMA, PRODEM, Partner, SHARE, Sunrise.
Charter Type: NGO (Non Government Organization)	26	9	17	0	ACODEP, ACTUAR - Tolima, ADRI, ASA, Agrocapital, Al Majmoua, ABA, Al Amana, BURO Tangail, CMM - Medellin, CRECER, Constanta, FAMA, FINCA - KGZ, FINCA - PER, FINCA - UGA, FMM - Popayán, PADME, PRIDE - TZA, Pro Mujer - BOL, SEDA, SEF - ZAF, TSPI, VF, WAGES.
Intermediation: High FI (Voluntary Savings/ Total Assets = 20%)	17	7	9	1	BURO Tangail, Banco Solidario - ECUADOR, BancoSol - BOLIVIA, BRI, CERUDEB, CMAC - Arequipa, CMAC - Sullana, EBS, FIE, FINSOL, Finamérica, K-REP, Los Andes, MiBanco, PRODEM, WAGES, XAC.
Intermediation: Low FI (Voluntary Savings/ Total Assets > 0 and < 20%)	8	1	7	0	ACEP - SENEGAL, ACLEDA, ACODEP, ASA, EMT, Faulu - UGA, HKL, Nirdhan.
Intermediation: Non FI (Voluntary Savings/ Total Assets = 0)	35	13	22	0	ACTUAR - Tolima, ADRI, Agrocapital, Al Majmoua, ABA, Al Amana, BASIX, CMM - Medellin, CRECER, Compartamos, Constanta, EDPYME Proempresa, EKI, FAMA, FATEN, FINCA - KGZ, FINCA - PER, FINCA - UGA, FMM - Popayán, MI-BOSPO, MIKROFIN, MFW, NOA, PADME, PRIDE - TZA, PRIZMA, Partner, Pro Mujer - BOL, SEDA, SEF - ZAF, SHARE, Sunrise, TSPI, VF, WWB - Cali.
Methodology: Individual	21	9	11	1	ACODEP, ADRI, Agrocapital, ABA, BRI, CERUDEB, CMAC - Arequipa, CMAC - Sullana, CMM - Medellin, EBS, EDPYME Proempresa, EKI, FIE, FMM - Popayán, Finamérica, Los Andes, MiBanco, Partner, Sunrise, WWB - Cali, XAC.
Methodology: Individual/ Solidarity (Individual & Solidarity; or Individual, Solidarity & Village Banking)	27	6	21	0	ACEP SENEGAL, ACLEDA, ACTUAR - Tolima, ASA, Al Majmoua, BURO Tangail, Banco Solidario ECUADOR, BancoSol BOLIVIA, BASIX, Constanta, EMT, FAMA, FATEN, FINSOL, Faulu - UGA, HKL, K-Rep, MI-BOSPO, MIKROFIN, NOA, Nirdhan, PADME, PRIZMA, PRODEM, SHARE, VF, WAGES.
Methodology: Solidarity	3	2	1	0	Al Amana, MFW, PRIDE - TZA.
Methodology: Village Banking	9	4	5	0	CRECER, Compartamos, FINCA - KGZ, FINCA - PER, FINCA - UGA, Pro Mujer - BOL, SEDA, SEF - ZAF, TSPI.
Outreach: Small (Number of Borrowers < 10,000)	17	3	14	0	ACTUAR - Tolima, ADRI, Agrocapital, Al Majmoua, EDPYME Proempresa, EKI, FATEN, FINCA - PER, HKL, MI-BOSPO, MIKROFIN, MFW, NOA, PRIZMA, Partner, Sunrise, WAGES.
Outreach: Medium (Number of Borrowers = 10,000 and = 30,000)	17	5	12	0	ACODEP, CMM - Medellin, Constanta, EBS, FAMA, FIE, FINCA - KGZ, FINSOL, Faulu - UGA, Finamérica, Nirdhan, PADME, PRODEM, SEDA, SEF - ZAF, VF, XAC.

Peer Groups - 2002	n	Data Quality †			Participating Institutions
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Outreach: Large (Number of Borrowers > 30,000)	26	13	12	1	ACEP SENEGAL, ACLEDA, ASA, ABA, Al Amana, BURO Tangail, Banco Solidario ECUADOR, BancoSol BOLIVIA, BRI, BASIX, CERUDEB, CMAC - Arequipa, CMAC - Sullana, CRECER, Compartamos, EMT, FINCA - UGA, FMM - Popayán, K-Rep, Los Andes, MiBanco, PRIDE - TZA, Pro Mujer - BOL, SHARE, TSPI, WWB - Cali.
Profit Status: Profit	22	8	13	1	ACLEDA, Banco Solidario ECUADOR, BancoSol BOLIVIA, BRI, BASIX, CERUDEB, Compartamos, EBS, EDPYME Proempresa, EMT, FIE, FINSOL, Faulu - UGA, Finamérica, HKL, K-Rep, Los Andes, MiBanco, Nirdhan, PRODEM, SHARE, XAC.
Profit Status: Not for Profit	38	13	25	0	ACEP SENEGAL, ACODEP, ACTUAR - Tolima, ADRI, ASA, Agrocapital, Al Majmoua, ABA, Al Amana, BURO Tangail, CMAC - Arequipa, CMAC - Sullana, CMM - Medellin, CRECER, Constanta, EKI, FAMA, FATEN, FINCA - KGZ, FINCA - PER, FINCA - UGA, FMM - Popayán, MI-BOSPO, MIKROFIN, MFW, NOA, PADME, PRIDE - TZA, PRIZMA, Partner, Pro Mujer - BOL, SEDA, SEF - ZAF, Sunrise, TSPI, VF, WAGES, WWB - Cali.
Region: Africa (Sub - Saharan Africa)	12	0	12	0	ACEP SENEGAL, CERUDEB, EBS, FINCA - UGA, Faulu - UGA, K-Rep, PADME, PRIDE - TZA, SEDA, SEF - ZAF, VF, WAGES.
Region: Asia (South & East Asia)	10	2	7	1	ACLEDA, ASA, BURO Tangail, BRI, BASIX, EMT, HKL, Nirdhan, SHARE, TSPI.
Region: ECA (Eastern Europe & Central Asia)	10	2	8	0	Constanta, EKI, FINCA - KGZ, MI-BOSPO, MIKROFIN, NOA, PRIZMA, Partner, Sunrise, XAC.
Region: LAC (Latin America & the Caribbean)	23	15	8	0	ACODEP, ACTUAR - Tolima, ADRI, Agrocapital, Banco Solidario ECUADOR, BancoSol BOLIVIA, CMAC - Arequipa, CMAC - Sullana, CMM - Medellin, CRECER, Compartamos, EDPYME Proempresa, FAMA, FIE, FINCA - PER, FINSOL, FMM - Popayán, Finamérica, Los Andes, MiBanco, PRODEM, Pro Mujer - BOL, WWB - Cali.
Region: MENA (Middle East & North Africa)	5	2	3	0	Al Majmoua, ABA, Al Amana, FATEN, MFW.
Scale: Small (GLP in USD, LAC < 4,000,000; Others < 2,000,000)	9	0	9	0	ACTUAR - Tolima, ADRI, FATEN, FINCA - PER, Faulu - UGA, HKL, SEDA, SEF - ZAF, WAGES.
Scale: Medium (GLP in USD, LAC = 4,000,000 and = 15,000,000; Others = 2,000,000 and = 8,000,000)	26	10	16	0	ACODEP, Agrocapital, Al Majmoua, BURO Tangail, BASIX, CMM - Medellin, CRECER, Constanta, EDPYME Proempresa, EMT, FAMA, FINCA - KGZ, FINCA - UGA, FINSOL, FMM - Popayán, MI-BOSPO, MFW, NOA, Nirdhan, PRIDE - TZA, PRIZMA, Pro Mujer - BOL, Sunrise, TSPI, VF, XAC.
Scale: Large (GLP in USD, LAC > 15,000,000; Others > 8,000,000)	25	11	13	1	ACEP SENEGAL, ACLEDA, ASA, ABA, Al Amana, Banco Solidario ECUADOR, BancoSol BOLIVIA, BRI, CERUDEB, CMAC - Arequipa, CMAC - Sullana, Compartamos, EBS, EKI, FIE, Finamérica, K-Rep, Los Andes, MIKROFIN, MiBanco, PADME, PRODEM, Partner, SHARE, WWB - Cali.
Target Market: Low End (Avg. Balance per Borrower/ GNI per Capita < 20% and Avg. Balance per Borrower < USD 150)	21	9	12	0	ACEP SENEGAL, ACTUAR - Tolima, ASA, Al Majmoua, ABA, Al Amana, BURO Tangail, CMM - Medellin, CRECER, Compartamos, EMT, FINCA - PER, FINCA - UGA, FMM - Popayán, MFW, Nirdhan, Pro Mujer - BOL, SEDA, SEF - ZAF, SHARE, TSPI.
Target Market: Broad (Avg. Balance per Borrower/ GNI per Capita = 20% and = 150%)	33	9	23	1	ACLEDA, ACODEP, ADRI, Banco Solidario ECUADOR, BRI, BASIX, CMAC - Arequipa, CMAC - Sullana, Constanta, EDPYME Proempresa, EKI, FAMA, FATEN, FIE, FINCA - KGZ, FINSOL, Faulu - UGA, Finamérica, HKL, K-Rep, MI-BOSPO, MIKROFIN, MiBanco, NOA, PADME, PRIDE - TZA, PRIZMA, Partner, Sunrise, VF, WAGES, WWB - Cali, XAC.
Target Market: High End (Avg. Balance per Borrower/ GNI per Capita > 150% and = 275%)	5	3	2	0	BancoSol BOLIVIA, CERUDEB, EBS, Los Andes, PRODEM.

Peer Groups - 2001	n	Data Quality †			Participating Institutions
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All MFIs	60	22	37	1	ACEP SENEGAL, ACLEDA, ACODEP, ACTUAR - Tolima, ADRI, ASA, Agrocapital, Al Majmoua, ABA, Al Amana, BURO Tangail, Banco Solidario ECUADOR, BancoSol BOLIVIA, BRI, BASIX, CERUDEB, CMAC - Arequipa, CMAC - Sullana, CMM - Medellin, CRECER, Compartamos, Constanta, EBS, EDPYME Proempresa, EKI, EMT, FAMA, FIE, FINCA - KGZ, FINCA - PER, FINCA - UGA, FINSOL, FMM - Popayán, Faulu - UGA, Finamérica, HKL, K-Rep, Los Andes, MI-BOSPO, MIKROFIN, MiBanco, MFW, NOA, Nirdhan, PADME, PRIDE - TZA, PRIZMA, PRODEM, FATEN, Partner, Pro Mujer - BOL, SEDA, SEF - ZAF, SHARE, Sunrise, TSPI, VF, WAGES, WWB - Cali, XAC.
Age: New (< 5 Years)	9	4	5	0	Al Majmoua, Al Amana, Constanta, MIKROFIN, PRIZMA, Partner, Sunrise, VF, XAC.
Age: Young (5 to 8 Years)	17	2	15	0	ACLEDA, BASIX, EKI, FINCA - KGZ, FINCA - PER, Faulu - UGA, HKL, MI-BOSPO, MFW, NOA, Nirdhan, PADME, PRIDE - TZA, FATEN, Pro Mujer - BOL, SEDA, WAGES.
Age: Mature (> 8 Years)	34	16	17	1	ACEP SENEGAL, ACODEP, ACTUAR - Tolima, ADRI, ASA, Agrocapital, ABA, BURO Tangail, Banco Solidario ECUADOR, BancoSol BOLIVIA, BRI, CERUDEB, CMAC - Arequipa, CMAC - Sullana, CMM - Medellin, CRECER, Compartamos, EBS, EDPYME Proempresa, EMT, FAMA, FIE, FINCA - UGA, FINSOL, FMM - Popayán, Finamérica, K-Rep, Los Andes, MiBanco, PRODEM, SEF - ZAF, SHARE, TSPI, WWB - Cali.
Charter Type: Bank (Bank)	9	1	7	1	ACLEDA, Banco Solidario ECUADOR, BancoSol BOLIVIA, BRI, CERUDEB, K-Rep, MiBanco, Nirdhan, XAC.
Charter Type: NBFi (Non Bank Financial Institution)	22	12	10	0	BASIX, CMAC - Arequipa, CMAC - Sullana, Compartamos, EBS, EDPYME Proempresa, EKI, EMT, FIE, FINSOL, Faulu - UGA, Finamérica, HKL, Los Andes, MI-BOSPO, MFW, PRIZMA, PRODEM, FATEN, Partner, SHARE, Sunrise.
Charter Type: NGO (Non Government Organization)	27	9	18	0	ACODEP, ACTUAR - Tolima, ADRI, ASA, Agrocapital, Al Majmoua, ABA, Al Amana, BURO Tangail, CMM - Medellin, CRECER, Constanta, FAMA, FINCA - KGZ, FINCA - PER, FINCA - UGA, FMM - Popayán, MIKROFIN, PADME, PRIDE - TZA, Pro Mujer - BOL, SEDA, SEF - ZAF, TSPI, VF, WAGES, WWB - Cali.
Intermediation: High FI (Voluntary Savings/ Total Assets = 20%)	14	6	7	1	BURO Tangail, Banco Solidario ECUADOR, BancoSol BOLIVIA, BRI, CERUDEB, CMAC - Arequipa, CMAC - Sullana, EBS, FIE, FINSOL, Finamérica, Los Andes, MiBanco, PRODEM.
Intermediation: Low FI (Voluntary Savings/ Total Assets > 0 and < 20%)	8	1	7	0	ACEP SENEGAL, ACLEDA, ASA, EMT, Faulu - UGA, HKL, K-Rep, Nirdhan.
Intermediation: Non FI (Voluntary Savings/ Total Assets = 0)	38	15	23	0	ACODEP, ACTUAR - Tolima, ADRI, Agrocapital, Al Majmoua, ABA, Al Amana, BASIX, CMM - Medellin, CRECER, Compartamos, Constanta, EDPYME Proempresa, EKI, FAMA, FINCA - KGZ, FINCA - PER, FINCA - UGA, FMM - Popayán, MI-BOSPO, MIKROFIN, MFW, NOA, PADME, PRIDE - TZA, PRIZMA, FATEN, Partner, Pro Mujer - BOL, SEDA, SEF - ZAF, SHARE, Sunrise, TSPI, VF, WAGES, WWB - Cali, XAC.
Methodology: Individual	21	9	11	1	ACODEP, ADRI, Agrocapital, ABA, BRI, CERUDEB, CMAC - Arequipa, CMAC - Sullana, CMM - Medellin, EBS, EDPYME Proempresa, EKI, FIE, FMM - Popayán, Finamérica, Los Andes, MiBanco, Partner, Sunrise, WWB - Cali, XAC.
Methodology: Individual/ Solidarity (Individual & Solidarity; or Individual, Solidarity & Village Banking)	26	6	20	0	ACEP SENEGAL, ACLEDA, ACTUAR - Tolima, ASA, Al Majmoua, BURO Tangail, Banco Solidario ECUADOR, BancoSol BOLIVIA, BASIX, Constanta, EMT, FAMA, FINSOL, Faulu - UGA, HKL, K-Rep, MI-BOSPO, MIKROFIN, NOA, Nirdhan, PADME, PRIZMA, PRODEM, FATEN, VF, WAGES.
Methodology: Solidarity	4	3	1	0	Al Amana, MFW, PRIDE - TZA, SHARE.
Methodology: Village Banking	9	4	5	0	CRECER, Compartamos, FINCA - KGZ, FINCA - PER, FINCA - UGA, Pro Mujer - BOL, SEDA, SEF - ZAF, TSPI.
Outreach: Small (Number of Borrowers < 10,000)	20	4	16	0	ACTUAR - Tolima, ADRI, Agrocapital, Al Majmoua, EDPYME Proempresa, EKI, FINCA - PER, Faulu - UGA, HKL, MI-BOSPO, MIKROFIN, MFW, NOA, PRIZMA, FATEN, Partner, Sunrise, VF, WAGES, XAC.

Peer Group - 2001	n	Data Quality †			Participating Institutions
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Outreach: Medium (Number of Borrowers = 10,000 and = 30,000)	19	6	13	0	ACODEP, ABA, BASIX, CERUDEB, CMM - Medellin, Constanta, EBS, FAMA, FIE, FINCA - KGZ, FINCA - UGA, FINSOL, Finamérica, K-Rep, PADME, PRODEM, Pro Mujer - BOL, SEDA, SEF - ZAF.
Outreach: Large (Number of Borrowers > 30,000)	21	12	8	1	ACEP SENEGAL, ACLEDA, ASA, Al Amana, BURO Tangail, Banco Solidario ECUADOR, BancoSol BOLIVIA, BRI, CMAC - Arequipa, CMAC - Sullana, CRECER, Compartamos, EMT, FMM - Popayán, Los Andes, MiBanco, Nirdhan, PRIDE - TZA, SHARE, TSPI, WWB - Cali.
Profit Status: Profit	22	8	13	1	ACLEDA, Banco Solidario ECUADOR, BancoSol BOLIVIA, BRI, BASIX, CERUDEB, Compartamos, EBS, EDPYME Proempresa, EMT, FIE, FINSOL, Faulu - UGA, Finamérica, HKL, K-Rep, Los Andes, MiBanco, Nirdhan, PRODEM, SHARE, XAC.
Profit Status: Not for Profit	38	14	24	0	ACEP SENEGAL, ACODEP, ACTUAR - Tolima, ADRI, ASA, Agrocapital, Al Majmoua, ABA, Al Amana, BURO Tangail, CMAC - Arequipa, CMAC - Sullana, CMM - Medellin, CRECER, Constanta, EKI, FAMA, FINCA - KGZ, FINCA - PER, FINCA - UGA, FMM - Popayán, MI-BOSPO, MIKROFIN, MFW, NOA, PADME, PRIDE - TZA, PRIZMA, FATEN, Partner, Pro Mujer - BOL, SEDA, SEF - ZAF, Sunrise, TSPI, VF, WAGES, WWB - Cali.
Region: Africa (Sub - Saharan Africa)	12	0	12	0	ACEP SENEGAL, CERUDEB, EBS, FINCA - UGA, Faulu - UGA, K-Rep, PADME, PRIDE - TZA, SEDA, SEF - ZAF, VF, WAGES.
Region: Asia (South & East Asia)	10	3	6	1	ACLEDA, ASA, BURO Tangail, BRI, BASIX, EMT, HKL, Nirdhan, SHARE, TSPI.
Region: ECA (Eastern Europe & Central Asia)	10	3	7	0	Constanta, EKI, FINCA - KGZ, MI-BOSPO, MIKROFIN, NOA, PRIZMA, Partner, Sunrise, XAC.
Region: LAC (Latin America & the Caribbean)	23	14	9	0	ACODEP, ACTUAR - Tolima, ADRI, Agrocapital, Banco Solidario ECUADOR, BancoSol BOLIVIA, CMAC - Arequipa, CMAC - Sullana, CMM - Medellin, CRECER, Compartamos, EDPYME Proempresa, FAMA, FIE, FINCA - PER, FINSOL, FMM - Popayán, Finamérica, Los Andes, MiBanco, PRODEM, Pro Mujer - BOL, WWB - Cali.
Region: MENA (Middle East & North Africa)	5	2	3	0	Al Majmoua, ABA, Al Amana, MFW, FATEN.
Scale: Small (GLP in USD, LAC < 4,000,000; Others < 2,000,000)	15	5	10	0	ACTUAR - Tolima, ADRI, CMM - Medellin, Constanta, FINCA - PER, FINCA - UGA, Faulu - UGA, HKL, MFW, PRIZMA, FATEN, Pro Mujer - BOL, SEDA, SEF - ZAF, WAGES.
Scale: Medium (GLP in USD, LAC = 4,000,000 and = 15,000,000; Others = 2,000,000 and = 8,000,000)	24	8	16	0	ACODEP, Agrocapital, Al Majmoua, BURO Tangail, BASIX, CRECER, EDPYME Proempresa, EKI, EMT, FAMA, FINCA - KGZ, FINSOL, FMM - Popayán, MI-BOSPO, MIKROFIN, NOA, Nirdhan, PRIDE - TZA, Partner, SHARE, Sunrise, TSPI, VF, XAC.
Scale: Large (GLP in USD, LAC > 15,000,000; Others > 8,000,000)	21	9	11	1	ACEP SENEGAL, ACLEDA, ASA, ABA, Al Amana, Banco Solidario ECUADOR, BancoSol BOLIVIA, BRI, CERUDEB, CMAC - Arequipa, CMAC - Sullana, Compartamos, EBS, FIE, Finamérica, K-Rep, Los Andes, MiBanco, PADME, PRODEM, WWB - Cali.
Target Market: Low End (Avg. Balance per Borrower/ GNI per Capita < 20% and Avg. Balance per Borrower < USD 150)	22	11	11	0	ACEP SENEGAL, ASA, Al Majmoua, Al Amana, BURO Tangail, CMM - Medellin, CRECER, Compartamos, Constanta, EMT, FINCA - PER, FINCA - UGA, FMM - Popayán, MFW, Nirdhan, PRIDE - TZA, Pro Mujer - BOL, SEDA, SEF - ZAF, SHARE, TSPI, WAGES.
Target Market: Broad (Avg. Balance per Borrower/ GNI per Capita = 20% and = 150%)	32	9	22	1	ACLEDA, ACODEP, ACTUAR - Tolima, ADRI, ABA, Banco Solidario ECUADOR, BRI, BASIX, CMAC - Arequipa, CMAC - Sullana, EDPYME Proempresa, EKI, FAMA, FIE, FINCA - KGZ, FINSOL, Faulu - UGA, Finamérica, HKL, Los Andes, MI-BOSPO, MIKROFIN, MiBanco, NOA, PADME, PRIZMA, FATEN, Partner, Sunrise, VF, WWB - Cali, XAC.
Target Market: High End (Avg. Balance per Borrower/ GNI per Capita > 150% and = 275%)	5	2	3	0	BancoSol BOLIVIA, CERUDEB, EBS, K-Rep, PRODEM.

Peer Group - 2000	n	Data Quality †			Participating Institutions
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All MFIs	60	20	39	1	ACEP SENEGAL, ACLEDA, ACODEP, ACTUAR - Tolima, ADRI, ASA, Agrocapital, Al Majmoua, ABA, Al Amana, BURO Tangail, Banco Solidario ECUADOR, BancoSol BOLIVIA, BRI, BASIX, CERUDEB, CMAC - Arequipa, CMAC - Sullana, CMM - Medellin, CRECER, Compartamos, Constanta, EBS, EDPYME Proempresa, EKI, EMT, FAMA, FIE, FINCA - KGZ, FINCA - PER, FINCA - UGA, FINSOL, FMM - Popayán, Faulu - UGA, Finamérica, HKL, K-Rep, Los Andes, MI-BOSPO, MIKROFIN, MiBanco, MFW, NOA, Nirdhan, PADME, PRIDE - TZA, PRIZMA, PRODEM, FATEN, Partner, Pro Mujer - BOL, SEDA, SEF - ZAF, SHARE, Sunrise, TSPI, VF, WAGES, WWB - Cali, XAC.
Age: New (< 5 Years)	14	5	9	0	Al Majmoua, Al Amana, Constanta, EKI, HKL, MI-BOSPO, MIKROFIN, NOA, PRIZMA, Partner, SEDA, Sunrise, VF, XAC.
Age: Young (5 to 8 Years)	18	3	15	0	ACLEDA, Agrocapital, BancoSol BOLIVIA, BASIX, FAMA, FINCA - KGZ, FINCA - PER, FINCA - UGA, Faulu - UGA, Los Andes, MFW, Nirdhan, PADME, PRIDE - TZA, FATEN, Pro Mujer - BOL, SEF - ZAF, WAGES.
Age: Mature (> 8 Years)	28	12	15	1	ACEP SENEGAL, ACODEP, ACTUAR - Tolima, ADRI, ASA, ABA, BURO Tangail, Banco Solidario ECUADOR, BRI, CERUDEB, CMAC - Arequipa, CMAC - Sullana, CMM - Medellin, CRECER, Compartamos, EBS, EDPYME Proempresa, EMT, FIE, FINSOL, FMM - Popayán, Finamérica, K-Rep, MiBanco, PRODEM, SHARE, TSPI, WWB - Cali.
Charter Type: Bank (Bank)	8	2	5	1	ACLEDA, Banco Solidario ECUADOR, BancoSol BOLIVIA, BRI, CERUDEB, K-Rep, MiBanco, Nirdhan.
Charter Type: NBF1 (Non Bank Financial Institution)	16	10	6	0	BASIX, CMAC - Arequipa, CMAC - Sullana, EBS, EDPYME Proempresa, EMT, FIE, FINSOL, Finamérica, Los Andes, MFW, PRODEM, FATEN, Partner, SHARE, XAC.
Charter Type: NGO (Non Government Organization)	34	8	26	0	ACODEP, ACTUAR - Tolima, ADRI, ASA, Agrocapital, Al Majmoua, ABA, Al Amana, BURO Tangail, CMM - Medellin, CRECER, Compartamos, Constanta, EKI, FAMA, FINCA - KGZ, FINCA - PER, FINCA - UGA, FMM - Popayán, Faulu - UGA, HKL, MI-BOSPO, MIKROFIN, PADME, PRIDE - TZA, PRIZMA, Pro Mujer - BOL, SEDA, SEF - ZAF, Sunrise, TSPI, VF, WAGES, WWB - Cali.
Intermediation: High FI (Voluntary Savings/ Total Assets = 20%)	13	8	4	1	BURO Tangail, Banco Solidario ECUADOR, BancoSol BOLIVIA, BRI, CERUDEB, CMAC - Arequipa, CMAC - Sullana, EBS, FIE, Finamérica, Los Andes, MiBanco, PRODEM.
Intermediation: Low FI (Voluntary Savings/ Total Assets > 0 and < 20%)	7	1	6	0	ACEP SENEGAL, ASA, EMT, FINSOL, Faulu - UGA, K-Rep, Nirdhan.
Intermediation: Non FI (Voluntary Savings/ Total Assets = 0)	40	11	29	0	ACLEDA, ACODEP, ACTUAR - Tolima, ADRI, Agrocapital, Al Majmoua, ABA, Al Amana, BASIX, CMM - Medellin, CRECER, Compartamos, Constanta, EDPYME Proempresa, EKI, FAMA, FINCA - KGZ, FINCA - PER, FINCA - UGA, FMM - Popayán, HKL, MI-BOSPO, MIKROFIN, MFW, NOA, PADME, PRIDE - TZA, PRIZMA, FATEN, Partner, Pro Mujer - BOL, SEDA, SEF - ZAF, SHARE, Sunrise, TSPI, VF, WAGES, WWB - Cali, XAC.
Methodology: Individual	23	9	13	1	ACODEP, ADRI, Agrocapital, ABA, BRI, CERUDEB, CMAC - Arequipa, CMAC - Sullana, CMM - Medellin, EBS, EDPYME Proempresa, EKI, FIE, FMM - Popayán, Finamérica, Los Andes, MI-BOSPO, MIKROFIN, MiBanco, Partner, Sunrise, WWB - Cali, XAC.
Methodology: Individual/ Solidarity (Individual & Solidarity; or Individual, Solidarity & Village Banking)	22	6	16	0	ACEP SENEGAL, ACLEDA, ACTUAR - Tolima, ASA, Al Majmoua, BURO Tangail, Banco Solidario ECUADOR, BancoSol BOLIVIA, BASIX, EMT, FAMA, FINSOL, Faulu - UGA, HKL, K-Rep, NOA, Nirdhan, PADME, PRODEM, FATEN, VF, WAGES.
Methodology: Solidarity	7	4	3	0	Al Amana, Constanta, MFW, PRIDE - TZA, PRIZMA, SEF - ZAF, SHARE.
Methodology: Village Banking	8	1	7	0	CRECER, Compartamos, FINCA - KGZ, FINCA - PER, FINCA - UGA, Pro Mujer - BOL, SEDA, TSPI.
Outreach: Small (Number of Borrowers < 10,000)	24	7	17	0	ACTUAR - Tolima, ADRI, Agrocapital, Al Majmoua, CMM - Medellin, Constanta, EBS, EDPYME Proempresa, EKI, FINCA - PER, Faulu - UGA, HKL, MI-BOSPO, MIKROFIN, MFW, NOA, PRIZMA, FATEN, Partner, SEDA, Sunrise, VF, WAGES, XAC.

Peer Group - 2000	n	Data Quality †			Participating Institutions
		***	**	*	
Outreach: Medium (Number of Borrowers = 10,000 and = 30,000)	18	2	16	0	ACODEP, ABA, BASIX, CERUDEB, CRECER, FAMA, FIE, FINCA - KGZ, FINCA - UGA, FINSOL, FMM - Popayán, Finamérica, K-Rep, Nirdhan, PADME, Pro Mujer - BOL, SEF - ZAF, TSPI.
Outreach: Large (Number of Borrowers > 30,000)	18	11	6	1	ACEP SENEGAL, ACLEDA, ASA, AI Amana, BURO Tangail, Banco Solidario ECUADOR, BancoSol BOLIVIA, BRI, CMAC - Arequipa, CMAC - Sullana, Compartamos, EMT, Los Andes, MiBanco, PRIDE - TZA, PRODEM, SHARE, WWB - Cali.
Profit Status: Profit	18	8	9	1	ACLEDA, Banco Solidario ECUADOR, BancoSol BOLIVIA, BRI, BASIX, CERUDEB, EBS, EDPYME Proempresa, EMT, FIE, FINSOL, Finamérica, K-Rep, Los Andes, MiBanco, Nirdhan, PRODEM, SHARE.
Profit Status: Not for Profit	42	12	30	0	ACEP SENEGAL, ACODEP, ACTUAR - Tolima, ADRI, ASA, Agrocapital, AI Majmoua, ABA, AI Amana, BURO Tangail, CMAC - Arequipa, CMAC - Sullana, CMM - Medellin, CRECER, Compartamos, Constanta, EKI, FAMA, FINCA - KGZ, FINCA - PER, FINCA - UGA, FMM - Popayán, Faulu - UGA, HKL, MI-BOSPO, MIKROFIN, MFW, NOA, PADME, PRIDE - TZA, PRIZMA, FATEN, Partner, Pro Mujer - BOL, SEDA, SEF - ZAF, Sunrise, TSPI, VF, WAGES, WWB - Cali, XAC.
Region: Africa (Sub - Saharan Africa)	12	1	11	0	ACEP SENEGAL, CERUDEB, EBS, FINCA - UGA, Faulu - UGA, K-Rep, PADME, PRIDE - TZA, SEDA, SEF - ZAF, VF, WAGES.
Region: Asia (South & East Asia)	10	3	6	1	ACLEDA, ASA, BURO Tangail, BRI, BASIX, EMT, HKL, Nirdhan, SHARE, TSPI.
Region: ECA (Eastern Europe & Central Asia)	10	2	8	0	Constanta, EKI, FINCA - KGZ, MI-BOSPO, MIKROFIN, NOA, PRIZMA, Partner, Sunrise, XAC.
Region: LAC (Latin America & the Caribbean)	23	11	12	0	ACODEP, ACTUAR - Tolima, ADRI, Agrocapital, Banco Solidario ECUADOR, BancoSol BOLIVIA, CMAC - Arequipa, CMAC - Sullana, CMM - Medellin, CRECER, Compartamos, EDPYME Proempresa, FAMA, FIE, FINCA - PER, FINSOL, FMM - Popayán, Finamérica, Los Andes, MiBanco, PRODEM, Pro Mujer - BOL, WWB - Cali.
Region: MENA (Middle East & North Africa)	5	3	2	0	AI Majmoua, ABA, AI Amana, MFW, FATEN.
Scale: Small (GLP in USD, LAC < 4,000,000; Others < 2,000,000)	21	6	15	0	ACTUAR - Tolima, ADRI, AI Majmoua, CMM - Medellin, CRECER, Constanta, FINCA - PER, FINCA - UGA, Faulu - UGA, HKL, MI-BOSPO, MFW, Nirdhan, PRIZMA, FATEN, Pro Mujer - BOL, SEDA, SEF - ZAF, VF, WAGES, XAC.
Scale: Medium (GLP in USD, LAC = 4,000,000 and = 15,000,000; Others = 2,000,000 and = 8,000,000)	25	8	17	0	ACODEP, Agrocapital, AI Amana, BURO Tangail, BASIX, CMAC - Sullana, Compartamos, EBS, EDPYME Proempresa, EKI, EMT, FAMA, FINCA - KGZ, FINSOL, FMM - Popayán, K-Rep, MIKROFIN, NOA, PADME, PRIDE - TZA, Partner, SHARE, Sunrise, TSPI, WWB - Cali.
Scale: Large (GLP in USD, LAC > 15,000,000; Others > 8,000,000)	14	6	7	1	ACEP SENEGAL, ACLEDA, ASA, ABA, Banco Solidario ECUADOR, BancoSol BOLIVIA, BRI, CERUDEB, CMAC - Arequipa, FIE, Finamérica, Los Andes, MiBanco, PRODEM.
Target Market: Low End (Avg. Balance per Borrower/ GNI per Capita < 20% and Avg. Balance per Borrower < USD 150)	25	9	16	0	ACTUAR - Tolima, ASA, AI Majmoua, AI Amana, BURO Tangail, CMM - Medellin, CRECER, Compartamos, Constanta, EMT, FINCA - KGZ, FINCA - PER, FINCA - UGA, FMM - Popayán, Faulu - UGA, MFW, Nirdhan, PRIDE - TZA, FATEN, Pro Mujer - BOL, SEDA, SEF - ZAF, SHARE, TSPI, WWB - Cali.
Target Market: Broad (Avg. Balance per Borrower/ GNI per Capita = 20% and = 150%)	32	10	21	1	ACEP SENEGAL, ACLEDA, ACODEP, ADRI, ABA, Banco Solidario ECUADOR, BancoSol BOLIVIA, BRI, BASIX, CMAC - Arequipa, CMAC - Sullana, EDPYME Proempresa, EKI, FAMA, FIE, FINSOL, Finamérica, HKL, K-Rep, Los Andes, MI-BOSPO, MIKROFIN, MiBanco, NOA, PADME, PRIZMA, PRODEM, Partner, Sunrise, VF, WAGES, XAC.

Peer Group - 1999	n	Data Quality †			Participating Institutions
		***	**	*	
All MFIs	57	15	38	4	ACEP SENEGAL, ACODEP, ACTUAR - Tolima, ADRI, ASA, Agrocapital, Al Majmoua, ABA, Al Amana, BURO Tangail, Banco Solidario ECUADOR, BancoSol BOLIVIA, BRI, BASIX, CERUDEB, CMAC - Arequipa, CMAC - Sullana, CMM - Medellin, CRECER, Compartamos, Constanta, EBS, EDPYME Proempresa, EKI, EMT, FAMA, FIE, FINCA - KGZ, FINCA - PER, FINCA - UGA, FINSOL, FMM - Popayán, Faulu - UGA, Finamérica, HKL, Los Andes, MI-BOSPO, MIKROFIN, MiBanco, MFW, NOA, PADME, PRIDE - TZA, PRIZMA, PRODEM, FATEN, Partner, Pro Mujer - BOL, SEDA, SEF - ZAF, SHARE, Sunrise, TSPI, VF, WAGES, WWB - Cali, XAC.
Age: New (< 5 Years)	18	5	11	2	Al Majmoua, Al Amana, BASIX, Constanta, EKI, FINCA - KGZ, Faulu - UGA, HKL, MI-BOSPO, MIKROFIN, NOA, PRIZMA, FATEN, Partner, SEDA, Sunrise, VF, XAC.
Age: Young (5 to 8 Years)	16	4	11	1	ASA, Agrocapital, Banco Solidario ECUADOR, BancoSol BOLIVIA, EMT, FAMA, FINCA - PER, FINCA - UGA, Los Andes, MFW, PADME, PRIDE - TZA, Pro Mujer - BOL, SEF - ZAF, SHARE, WAGES.
Age: Mature (> 8 Years)	23	6	16	1	ACEP SENEGAL, ACODEP, ACTUAR - Tolima, ADRI, ABA, BURO Tangail, BRI, CERUDEB, CMAC - Arequipa, CMAC - Sullana, CMM - Medellin, CRECER, Compartamos, EBS, EDPYME Proempresa, FIE, FINSOL, FMM - Popayán, Finamérica, MiBanco, PRODEM, TSPI, WWB - Cali.
Charter Type: Bank (Bank)	5	2	2	1	Banco Solidario ECUADOR, BancoSol BOLIVIA, BRI, CERUDEB, MiBanco.
Charter Type: NBFi (Non Bank Financial Institution)	13	6	6	1	BASIX, CMAC - Arequipa, CMAC - Sullana, EBS, EDPYME Proempresa, FIE, FINSOL, Finamérica, Los Andes, MFW, FATEN, SHARE, XAC.
Charter Type: NGO (Non Government Organization)	37	7	28	2	ACODEP, ACTUAR - Tolima, ADRI, ASA, Agrocapital, Al Majmoua, ABA, Al Amana, BURO Tangail, CMM - Medellin, CRECER, Compartamos, Constanta, EKI, EMT, FAMA, FINCA - KGZ, FINCA - PER, FINCA - UGA, FMM - Popayán, Faulu - UGA, HKL, MI-BOSPO, MIKROFIN, PADME, PRIDE - TZA, PRIZMA, PRODEM, Partner, Pro Mujer - BOL, SEDA, SEF - ZAF, Sunrise, TSPI, VF, WAGES, WWB - Cali.
Intermediation: High FI (Voluntary Savings/ Total Assets = 20%)	10	6	3	1	Banco Solidario ECUADOR, BancoSol BOLIVIA, BRI, CERUDEB, CMAC - Arequipa, CMAC - Sullana, EBS, FIE, Finamérica, Los Andes.
Intermediation: Low FI (Voluntary Savings/ Total Assets > 0 and < 20%)	5	1	4	0	ACEP SENEGAL, ASA, BURO Tangail, EMT, MiBanco.
Intermediation: Non FI (Voluntary Savings/ Total Assets = 0)	42	8	31	3	ACODEP, ACTUAR - Tolima, ADRI, Agrocapital, Al Majmoua, ABA, Al Amana, BASIX, CMM - Medellin, CRECER, Compartamos, Constanta, EDPYME Proempresa, EKI, FAMA, FINCA - KGZ, FINCA - PER, FINCA - UGA, FINSOL, FMM - Popayán, Faulu - UGA, HKL, MI-BOSPO, MIKROFIN, MFW, NOA, PADME, PRIDE - TZA, PRIZMA, PRODEM, FATEN, Partner, Pro Mujer - BOL, SEDA, SEF - ZAF, SHARE, Sunrise, TSPI, VF, WAGES, WWB - Cali, XAC.
Methodology: Individual	23	7	14	2	ACODEP, ADRI, Agrocapital, ABA, BRI, CERUDEB, CMAC - Arequipa, CMAC - Sullana, CMM - Medellin, EBS, EDPYME Proempresa, EKI, FIE, FMM - Popayán, Finamérica, Los Andes, MI-BOSPO, MIKROFIN, MiBanco, Partner, Sunrise, WWB - Cali, XAC.
Methodology: Individual/ Solidarity (Individual & Solidarity; or Individual, Solidarity & Village Banking)	17	6	11	0	ACEP SENEGAL, ACTUAR - Tolima, ASA, Al Majmoua, BURO Tangail, Banco Solidario ECUADOR, BancoSol BOLIVIA, BASIX, EMT, FAMA, FINSOL, HKL, NOA, PADME, PRODEM, FATEN, VF.
Methodology: Solidarity	9	2	5	2	Al Amana, Constanta, Faulu - UGA, MFW, PRIDE - TZA, PRIZMA, SEF - ZAF, SHARE, WAGES.
Methodology: Village Banking	8	0	8	0	CRECER, Compartamos, FINCA - KGZ, FINCA - PER, FINCA - UGA, Pro Mujer - BOL, SEDA, TSPI.
Outreach: Small (Number of Borrowers < 10,000)	27	5	19	3	ACTUAR - Tolima, ADRI, Agrocapital, Al Majmoua, BASIX, CMM - Medellin, Constanta, EBS, EDPYME Proempresa, EKI, FINCA - PER, Faulu - UGA, Finamérica, HKL, MI-BOSPO, MIKROFIN, MFW, NOA, PRIZMA, FATEN, Partner, SEDA, SEF - ZAF, Sunrise, VF, WAGES, XAC.

Peer Group - 1999	n	Data Quality †			Participating Institutions
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Outreach: Medium (Number of Borrowers = 10,000 and = 30,000)	16	4	12	0	ACODEP, ABA, Al Amana, CERUDEB, CMAC - Sullana, CRECER, FAMA, FIE, FINCA - KGZ, FINCA - UGA, FINSOL, FMM - Popayán, PADME, Pro Mujer - BOL, TSPI, WWB - Cali.
Outreach: Large (Number of Borrowers > 30,000)	14	6	7	1	ACEP SENEGAL, ASA, BURO Tangail, Banco Solidario ECUADOR, BancoSol BOLIVIA, BRI, CMAC - Arequipa, Compartamos, EMT, Los Andes, MiBanco, PRIDE - TZA, PRODEM, SHARE.
Profit Status: Profit	13	5	7	1	Banco Solidario ECUADOR, BancoSol BOLIVIA, BRI, BASIX, CERUDEB, EBS, EDPYME Proempresa, FIE, FINSOL, Finamérica, Los Andes, MiBanco, SHARE.
Profit Status: Not for Profit	44	10	31	3	ACEP SENEGAL, ACODEP, ACTUAR - Tolima, ADRI, ASA, Agrocapi-tal, Al Majmoua, ABA, Al Amana, BURO Tangail, CMAC - Arequipa, CMAC - Sullana, CMM - Medellin, CRECER, Compartamos, Con-stanta, EKI, EMT, FAMA, FINCA - KGZ, FINCA - PER, FINCA - UGA, FMM - Popayán, Faulu - UGA, HKL, MI-BOSPO, MIKROFIN, MFW, NOA, PADME, PRIDE - TZA, PRIZMA, PRODEM, FATEN, Partner, Pro Mujer - BOL, SEDA, SEF - ZAF, Sunrise, TSPI, VF, WAGES, WWB - Cali, XAC.
Region: Africa (Sub - Saharan Africa)	11	0	11	0	ACEP SENEGAL, CERUDEB, EBS, FINCA - UGA, Faulu - UGA, PADME, PRIDE - TZA, SEDA, SEF - ZAF, VF, WAGES.
Region: Asia (South & East Asia)	8	2	5	1	ASA, BURO Tangail, BRI, BASIX, EMT, HKL, SHARE, TSPI.
Region: ECA (Eastern Europe & Central Asia)	10	2	6	2	Constanta, EKI, FINCA - KGZ, MI-BOSPO, MIKROFIN, NOA, PRIZMA, Partner, Sunrise, XAC.
Region: LAC (Latin America & the Caribbean)	23	9	14	0	ACODEP, ACTUAR - Tolima, ADRI, Agrocapi-tal, Banco Solidario ECUADOR, BancoSol BOLIVIA, CMAC - Arequipa, CMAC - Sullana, CMM - Medellin, CRECER, Compartamos, EDPYME Proempresa, FAMA, FIE, FINCA - PER, FINSOL, FMM - Popayán, Finamérica, Los Andes, MiBanco, PRODEM, Pro Mujer - BOL, WWB - Cali.
Region: MENA (Middle East & North Africa)	5	2	2	1	Al Majmoua, ABA, Al Amana, MFW, FATEN.
Scale: Small (GLP in USD, LAC < 4,000,000; Others < 2,000,000)	24	6	16	2	ACTUAR - Tolima, ADRI, Al Majmoua, CMM - Medellin, CRECER, Constanta, EDPYME Proempresa, EMT, FINCA - KGZ, FINCA - PER, FINCA - UGA, Faulu - UGA, HKL, MI-BOSPO, MFW, PRIZMA, FATEN, Pro Mujer - BOL, SEDA, SEF - ZAF, Sunrise, VF, WAGES, XAC.
Scale: Medium (GLP in USD, LAC = 4,000,000 and = 15,000,000; Others = 2,000,000 and = 8,000,000)	21	3	17	1	ACODEP, Agrocapi-tal, Al Amana, BURO Tangail, BASIX, CMAC - Sullana, Compartamos, EBS, EKI, FAMA, FINSOL, FMM - Popayán, Finamérica, MIKROFIN, NOA, PADME, PRIDE - TZA, Partner, SHARE, TSPI, WWB - Cali.
Scale: Large (GLP in USD, LAC > 15,000,000; Others > 8,000,000)	12	6	5	1	ACEP SENEGAL, ASA, ABA, Banco Solidario ECUADOR, BancoSol BOLIVIA, BRI, CERUDEB, CMAC - Arequipa, FIE, Los Andes, MiBan-co, PRODEM.
Target Market: Low End (Avg. Balance per Borrower/ GNI per Capita < 20% and Avg. Balance per Borrower < USD 150)	25	5	18	2	ACTUAR - Tolima, ASA, Al Majmoua, Al Amana, BURO Tangail, Banco Solidario ECUADOR, CMM - Medellin, CRECER, Compartamos, Con-stanta, EMT, FINCA - KGZ, FINCA - PER, FINCA - UGA, FMM - Popayán, MFW, PRIDE - TZA, FATEN, Pro Mujer - BOL, SEDA, SEF - ZAF, SHARE, TSPI, WAGES, WWB - Cali.
Target Market: Broad (Avg. Balance per Borrower/ GNI per Capita = 20% and = 150%)	28	10	17	1	ACEP SENEGAL, ACODEP, ADRI, ABA, BancoSol BOLIVIA, BRI, BASIX, CMAC - Arequipa, CMAC - Sullana, EDPYME Proempresa, FAMA, FIE, FINSOL, Faulu - UGA, Finamérica, HKL, Los Andes, MI-BOSPO, MIKROFIN, MiBanco, NOA, PADME, PRIZMA, PRODEM, Partner, Sunrise, VF, XAC.

APPENDICES

Appendix I: Notes to Adjustments and Statistical Issues

The *MicroBanking Bulletin* is open to all MFIs that are willing to disclose financial data that meet a simple quality test. Participating MFIs typically have three characteristics: 1) they are willing to be transparent by submitting their performance data to an independent agency; 2) they display a strong social orientation by providing financial services to low-income persons; and 3) they are able to answer all the questions needed for our analysis.

Data Quality Issues

The *Bulletin* has a data quality grade to represent the degree to which we have independent verification of an MFI's data. Three star information (***) has been independently generated through a detailed financial analysis by an independent third party, such as a CAMEL evaluation, a CGAP appraisal, or assessments by reputable rating agencies. Two star information (***) is backed by accompanying documentation, such as audited financial statements, annual reports, and independent program evaluations that provide a reasonable degree of confidence for our adjustments. One star information (*) is from MFIs that have limited themselves to completing our questionnaire. These grades signify confidence levels on the reliability of the information; and in no way represent a rating of the financial performance of the MFIs.

The criteria used in constructing the statistical tables are important for understanding and interpreting the information presented. Given the voluntary nature and origin of the data, the *Bulletin* staff, Editorial Board and funders cannot accept responsibility for the validity of the results presented, or for consequences resulting from their use. The data quality grade makes tentative distinctions about the quality of data presented to us, and we include only information for which we have a reasonable level of comfort. However, we cannot exclude the possibility of misrepresented self-reported results.

Potential distortions may arise from: (1) unreported subsidies and (2) misrepresented loan portfolio quality. There can also be inaccuracies in reporting the costs of financial services in multipurpose institutions that also provide non-financial services, in part because of difficulties in assigning overhead costs. These risks are highest for younger institutions, and for institutions with a record of optimistic

statement of results. If we have grounds for caution about the reliability of an MFI's disclosure, we will not include its information in a peer group unless it has been externally validated by a third party in which we have confidence.

Adjustments to Financial Data

The *Bulletin* adjusts the financial data it receives to ensure comparable results. The financial statements of each organization are converted to the standard financial statement presentation used by the *Bulletin*. This presentation can be simpler than that used by most MFIs; so, the conversion consists mainly of consolidation into fewer, more general accounts. In some instances, and where the original accounts did not have appropriate disclosure, the *Bulletin's* accounts reveal more details on the financial service operations than did the originals. After this reclassification, three analytical adjustments are applied to produce a common treatment for the effect of: a) inflation, b) subsidies, and c) loan loss provisioning and write-off. In the statistical tables the reader can compare these adjusted results.

Inflation

The *Bulletin* reports the net effect of inflation by calculating increases in expenses and revenues due to inflation. Inflation decreases the value of net monetary assets, represented by the *Bulletin* as the difference between equity and fixed assets. This erosion in the value of net monetary assets is obtained by multiplying the prior year-end equity balance by the current-year inflation rate.¹⁶ Fixed asset accounts, on the other hand, are revalued upward by the current year's inflation rate, which results in inflation adjustment income, offsetting to some degree the expense generated by adjusting equity.¹⁷ On the balance sheet, this inflation adjustment results in a reordering of equity accounts: profits are redistributed between real profit and the nominal profits required to maintain the real value of equity.

¹⁶ Inflation data are obtained from line 64x of the International Financial Statistics, International Monetary Fund, various years.

¹⁷ In fact, an institution that holds fixed assets equal to its equity avoids the cost of inflation that affects MFIs which hold much of their equity in financial form.

MFIs that borrow from banks or mobilize savings have an actual interest expense, which is an operating cost. In comparison, similar MFIs that lend only their equity have no interest expense and therefore have lower operating costs. If an MFI focuses on sustainability and the maintenance of its capital/asset ratio, it must increase the size of its equity in nominal terms to continue to make the same value of loans in real (inflation-adjusted) terms. Inflation increases the cost of tangible items over time, so that a borrower needs more money to purchase them. MFIs that want to maintain their support to clients must therefore offer larger loans. Employees' salaries go up with inflation, so the average loan balance and portfolio must increase to compensate, assuming no increase in interest margin. Therefore, an institution that funds its loans with its equity must maintain the real value of that equity, and pass along the cost of doing so to the client. This expectation implies MFIs should charge interest rates that include the inflation adjustment expense as a cost of funds, even if this cost is not actually paid to anyone outside the institution.

Some countries with high or volatile levels of inflation require businesses to use inflation-based accounting on their audited financial statements. We use a proxy of this same technique in the *Bulletin*. Of course, we understand that in countries where high or volatile inflation is a new experience, MFIs may find it difficult to pass on the full cost of inflation to clients. These adjustments do reflect policy recommendations; rather, they provide a common analytical framework that compares real financial performance meaningfully.

Subsidies

We adjust participating institutions' financial statements for the effect of subsidies by presenting them as they would look on an unsubsidized basis. These adjustments do not intend to suggest that MFIs should or should not be subsidized. Rather, they allow the *Bulletin* to see how each MFI would look without subsidies for comparative purposes. Most of the participating MFIs indicate a desire to grow beyond the limitations imposed by subsidized funding. The subsidy adjustment permits an MFI to judge whether it is on track toward such an outcome. A focus on sustainable expansion suggests that subsidies should be used to defray start-up costs or support innovation. The subsidy adjustment simply indicates the extent to which the subsidy is being passed on to clients through lower interest rates or whether it is building the MFI's capital base for further expansion.

The *Bulletin* adjusts for three types of subsidies: (1) a cost-of-funds subsidy from loans at below-market rates, (2) current-year cash donations to fund port-

folio and cover expenses, and (3) in-kind subsidies, such as rent-free office space or the services of personnel who are not paid by the MFI and thus not reflected on its income statement. Additionally, for multipurpose institutions, the *MicroBanking Bulletin* attempts to isolate the performance of the financial services program, removing the effect of any cross subsidization.

The cost-of-funds adjustment reflects the impact of soft loans on the financial performance of the institution. The *Bulletin* calculates the difference between what the MFI actually paid in interest on its subsidized liabilities and what it would have paid at market terms.¹⁸ This difference represents the value of the subsidy, which we treat as an additional financial expense. We apply this subsidy adjustment to the average balance of borrowings carried by the MFI over the year. The decreased profit is offset by generating a "cost of funds adjustment" account on the balance sheet.

If the MFI passes on the interest rate subsidy to its clients through a lower final rate of interest, this adjustment may result in an operating loss. If the MFI does not pass on this subsidy, but instead uses it to increase its equity base, the adjustment indicates the amount of the institution's profits that were attributable to the subsidy rather than operations.

Loan Loss Provisioning

Finally, we apply standardized policies for loan loss provisioning and write-off. MFIs vary tremendously in accounting for loan delinquency. Some count the entire loan balance as overdue the day a payment is missed. Others do not consider a loan delinquent until its full term has expired. Some MFIs write off bad debt within one year of the initial delinquency, while others never write off bad loans, thus carrying forward a defaulted loan that they have little chance of ever recovering.

We classify as "at risk" any loan with a payment over 90 days late. We provision 50 percent of the outstanding balance for loans between 90 and 180 days late, and 100 percent for loans over 180 days late. Some institutions also renegotiate (refinance or reschedule) delinquent. As these loans present a higher probability of default, we provision all re-

¹⁸ Data for shadow interest rates are obtained from line 60I of the International Financial Statistics, IMF, various years. The deposit rate is used because it is a published benchmark in most countries. Sound arguments can be made for use of different shadow interest rates. NGOs that wish to borrow from banks would face interest significantly higher than the deposit rate. A licensed MFI, on the other hand, might mobilize savings at a lower financial cost than the deposit rate, but reserve requirements and administrative costs would drive up the actual cost of such liabilities.

negotiated balances at 50 percent. Wherever we have adequate information, we adjust to assure that all loans are fully written off within one year of their becoming delinquent. (Note: We apply these provisioning and write-off policies for benchmarking purposes only. We do not recommend that all MFIs use exactly the same policies.) In most cases, these adjustments are a rough approximation of risk. They are intended only to create a minimal

even playing field for cross institutional comparison and benchmarking. Nevertheless, most participating MFIs have high-quality loan portfolios; so, loan loss provision expense is not an important contributor to their overall cost structure. If we felt that a program did not fairly represent its general level of delinquency, and we were unable to adjust it accordingly, we would simply exclude it from the peer group.

Figure 1: Financial statement adjustments and their effects

Adjustment	Effect on Financial Statements	Type of Institution Most Affected by Adjustment
Inflation adjustment of equity (minus net fixed assets)	Increases financial expense accounts on income statement, to some degree offset by inflation income account for revaluation of fixed assets. Generates a reserve in the balance sheet's equity account, reflecting that portion of the MFI's retained earnings that has been consumed by the effects of inflation. Decreases profitability and "real" retained earnings.	MFIs funded more by equity than by liabilities will be hardest hit, especially in high inflation countries.
Reclassification of certain long term liabilities into equity, and subsequent inflation adjustment	Decreases concessional loan account and increases equity account; increases inflation adjustment on income statement and balance sheet.	NGOs that have very long-term, very low-interest "loans" from international agencies that function more as donations than loans, or transformed institutions with subordinated debt.
Cost of funds adjustment	Increases financial expense on income statement to the extent that the MFI's liabilities carry a below-market rate of interest. ¹⁹ Decreases net income and increases subsidy adjustment account on balance sheet.	MFIs with heavily subsidized loans (i.e., large lines of credit from governments or international agencies at highly subsidized rates).
Reclassification of donations below net operating income	Reduces net operating income on the income statement. Increases accumulated donations account under equity on the balance sheet.	NGOs during their start-up phase. This adjustment is relatively less important for mature institutions.
In-kind subsidy adjustment (e.g., donation of goods or services: line staff paid for by technical assistance providers)	Increases administrative expense on income statement to the extent that the MFI is receiving subsidized or donated goods or services. Decreases net income, increases subsidy adjustment account on balance sheet.	MFIs using goods or services for which they are not paying a market-based cost (i.e., MFIs during their start-up phase).
Loan loss provisioning adjustment	Usually increases loan loss provision expense on income statement and loan loss reserve on balance sheet.	MFIs that have unrealistic loan loss provisioning policies.
Write-off adjustment	On balance sheet, reduces gross loan portfolio and loan loss reserve by an equal amount, so that neither net loan portfolio nor total assets is affected.	MFIs that leave non-performing loans on their books for over a year.

¹⁹ For the *Bulletin*, subsidized liabilities are liabilities that incur interest expense below a proxy market rate. For consistency, the *Bulletin* uses the deposit rate (line 60I of the International Monetary Fund's International Financial Statistics).

Statistical Issues

The *Bulletin* reports the average of performance indicators for each peer group. At this stage, peer groups are still small and the observations in each peer group show a high degree of variance. Outliers distort the results of some of the peer group averages. Consequently, the reader should be cautious about the interpretive power of these data. Over time, as more MFIs provide data, we will be in a better position to generate deeper and more sophisticated types of analyses and will have a higher degree of comfort with the statistical significance of the differences between the means of the distinct peer groups.

In the case of peer groups where outliers distort the average result, reader may want to use the median value for analysis. The median value is the point in the sample at which 50% of the observations lie above the result and 50% lie below it.

The electronic version of the *Bulletin* tables contains a more extensive set of data, including all other descriptive statistics for each indicator and each peer group: average, median, standard deviation, minimum, maximum and number of observations. These tables can be found online at www.mixmbb.org.

Appendix II: Participating MFIs*

Acronym	Name	Country	Region	Data Quality Grade			
				2002	2001	2000	1999
ABA	Alexandria Businessmen Association	Egypt	Africa	**	**	**	**
ACEP SENEGAL	Alliance de Crédit et d'Épargne pour la Production	Senegal	Africa	**	**	**	**
ACLEDA	ACLEDA Bank	Cambodia	Asia	**	**	**	na
ACODEP	Asociación de Consultores para el Desarrollo de la Pequeña, Mediana y Microempresa	Nicaragua	LAC	**	**	**	**
ACTUAR - Tolima	Corporación Acción por el Tolima	Colombia	LAC	**	**	**	**
ADRI	Asociación ADRI	Costa Rica	LAC	**	**	**	**
Agrocapital	Fundación Agrocapital	Bolivia	LAC	**	**	**	**
Al Amana	Association Al Amana for the Promotion of Micro-Enterprises Morocco	Morocco	MENA	**	**	***	***
Al Majmoua	Al Majmoua	Lebanon	MENA	***	***	***	***
ASA	Association for Social Advancement	Bangladesh	Asia	**	**	**	**
Banco Solidario ECUADOR	Banco Solidario S.A.	Ecuador	LAC	***	**	***	***
BancoSol BOLIVIA	Banco Solidario S.A.	Bolivia	LAC	***	***	***	***
BASIX	Bhartiya Samruddhi Finance Ltd.	India	Asia	**	**	**	**
BRI	Bank Rakyat Indonesia	Indonesia	Asia	*	*	*	*
BURO Tangail	BURO Tangail	Bangladesh	Asia	**	**	**	**
CERUDEB	Centenary Rural Development Bank Ltd.	Uganda	Africa	**	**	**	**
CMAC - Arequipa	Caja Municipal de Ahorro y Crédito – Arequipa	Peru	LAC	***	***	***	***
CMAC - Sullana	Caja Municipal de Ahorro y Crédito – Sullana	Peru	LAC	***	***	***	***
CMM - Medellín	Corporación Mundial de la Mujer – Medellín	Colombia	LAC	***	***	***	**
Compartamos	Financiera Compartamos, S.A. de C.V., SFOL	Mexico	LAC	***	***	***	**
Constanta	Constanta Foundation	Georgia	ECA	***	***	**	*
CRECER	Crédito con Educación Rural	Bolivia	LAC	***	***	**	**
EBS	Equity Building Society	Kenya	Africa	**	**	***	**
EDPYME Proempresa	EDPYME Proempresa	Peru	LAC	***	***	**	***
EKI	EKI Microcredit Institution	Bosnia & Herzegovina	ECA	**	**	**	*
EMT ††	Ennattien Moulethan Tchonnet Ltd. ††	Cambodia	Asia	***	***	***	***
FAMA	Fundación para el Apoyo a la Microempresa	Nicaragua	LAC	***	***	**	**
FATEN	Palestine for Credit and Development	Palestine	MENA	**	**	**	**
Faulu - UGA	Faulu – Uganda	Uganda	Africa	**	**	**	**
FIE	FFP para el Fomento a Iniciativas Económicas	Bolivia	LAC	***	***	***	***
Finamérica	Financiera América S.A.	Colombia	LAC	**	**	**	**
FINCA - KGZ	FINCA – Kyrgyzstan	Kyrgyzstan	ECA	**	**	**	**
FINCA - PER	FINCA - Peru †	Peru	LAC	**	**	**	**
FINCA - UGA	FINCA – Uganda	Uganda	Africa	**	**	**	**
FINSOL †	Financiera Solidaria S.A. †	Honduras	LAC	**	**	**	**
FMM - Popayán	Fundación Mundo Mujer – Popayán	Colombia	LAC	***	***	***	***
HKL	Hattha Kaksekar Ltd.	Cambodia	Asia	**	**	***	***
K-REP	K-Rep Bank	Kenya	Africa	**	**	**	na
Los Andes	Banco Los Andes – ProCredit	Bolivia	LAC	***	***	***	***
MFW	Microfund for Women	Jordan	MENA	***	***	***	*
MiBanco	MiBanco, Banco de la Microempresa S.A.	Peru	LAC	**	**	**	**
MI-BOSPO	MI-BOSPO	Bosnia & Herzegovina	ECA	**	**	**	**
MIKROFIN	MIKROFIN	Bosnia & Herzegovina	ECA	**	**	**	**
Nirdhan	Nirdhan Utthan Bank, Ltd.	Nepal	Asia	**	**	**	na
NOA †	NOA Stedno Kreditna Zadruga †	Croatia (Hrvatska)	ECA	**	**	**	**
PADME	Association pour la Promotion et l'Appui au Développement des MicroEntreprises	Benin	Africa	**	**	**	**
Partner	Partner	Bosnia & Herzegovina	ECA	***	***	**	**
PRIDE - TZA	PRIDE – Tanzania	Tanzania	Africa	**	**	**	**
PRIZMA	PRIZMA	Bosnia & Herzegovina	ECA	**	***	***	***
Pro Mujer - BOL	Programas para la Mujer – Bolivia	Bolivia	LAC	***	***	**	**
PRODEM	PRODEM FFP	Bolivia	LAC	***	***	***	***
SEDA †	Small Enterprise Development Agency †	Tanzania	Africa	**	**	**	**
SEF - ZAF	Small Enterprise Foundation - South Africa	South Africa	Africa	**	**	**	**
SHARE	SHARE Microfin Ltd.	India	Asia	**	***	***	**
Sunrise	Microcredit Organization Sunrise	Bosnia & Herzegovina	ECA	**	**	**	**
TSPI	TSPI Development Corporation	Philippines	Asia	***	***	**	**
VF	Vital Finance	Benin	Africa	**	**	**	**
WAGES	Women and Associations for Gain both Economic and Social	Togo	Africa	**	**	**	**
WWB - Cali	Fundación W.W.B. Colombia – Cali	Colombia	LAC	***	***	***	**
XAC	XAC Bank	Mongolia	Asia	**	**	***	***

* More information is available on these MFIs at www.mixmarket.org, except for those MFIs as marked (†).

†† EMT has since changed its name to AMRET.

The MicroBanking Bulletin

The *MicroBanking Bulletin* is intended to improve the financial performance of microfinance institutions (MFIs) through the publication and dissemination of the industry's financial results. The financial results of MFIs around the world are gathered, put on common ground and compared. The *MicroBanking Bulletin* disseminates the results of this comparative analysis. Participating institutions provide their financial data on a voluntary basis, and in return receive a program report that benchmarks their results with those of their peer group. All data are maintained strictly confidential.

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