Russia Microfinance Trend Report

2008-2009

RUSSIAN MICROFINANCE CENTER

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ABSTRACT

This report is based on the findings of three studies: the sixth annual round of the microfinance market monitoring; the Benchmarking of Russian MFIs project, and the 2009 crisis monitoring effort. The use of uniform survey instruments on the same group of microfinance institutions allowed us, in addition to providing a snapshot of the market, also to trace its dynamics, including during crisis, and to assess its structural changes. This report summarizes the performance data of the main types of microfinance institutions (MFIs) in 2008, and includes data dynamics for 2006-2008. The report also provides an overview of the 2009 crisis monitoring findings. The crisis monitoring was conducted on a limited sample of large microfinance institutions in order to obtain real-time trend data during the crisis. Comprehensive data on Russian MFIs' performance in 2009 will be presented in the next 2010 Russia Microfinance Trend Report.

INFORMATION BASE AND SAMPLE SIZE

The findings of a sample-based survey of microfinance institutions serve as the information base. Before the start of the project (as even now) there was no nation-wide inventory of institutions providing microfinance services in Russia; therefore, the list of providers for the purpose of this survey was sourced from the updated database maintained by the Russian Microfinance Center. The annual monitoring of the microfinance market covered over 186 MFIs of different charter types, and the Benchmarking for Russian MFIs project involved 85 MFIs. The total number of borrowers served by the surveyed MFIs represent one-third of all microfinance borrowers in Russia, which allows us to consider this sample representative.

Russia Microfinance Trend Report 2008-2009

A report from Microfinance Information Exchange, Inc. (MIX),
Russian Microfinance Center (RMC)
and Russian SME Resource Centre (RCSME)

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INTRODUCTION

The year 2008 was a challenging one for Russia's microfinance market due to the global financial crisis and a slowdown of the country's economic growth. Since Russia was more affected by the crisis than other countries in Eastern Europe and Central Asia, the microfinance sector could not escape the impact. There was a massive outflow of savings in the fourth quarter of 2008 due to the fact that the public, concerned over the threat of ruble devaluation, began to withdraw their savings and convert them into foreign currency, while external funding from commercial banks dwindled and delinquencies on business loans climbed. Moreover, the rising unemployment caused higher delinquency rates on consumer loans, which are responsible for the larger part of Russian MFIs' portfolios.

The financial downturn was not so noticeable in 2008, since the global crisis began to affect Russia in the last quarter of the year. The impact of the crisis was at its highest in 2009, as confirmed by the findings of the 2009 crisis monitoring that demonstrated a drop in loan portfolio and higher portfolio-at-risk (PAR).

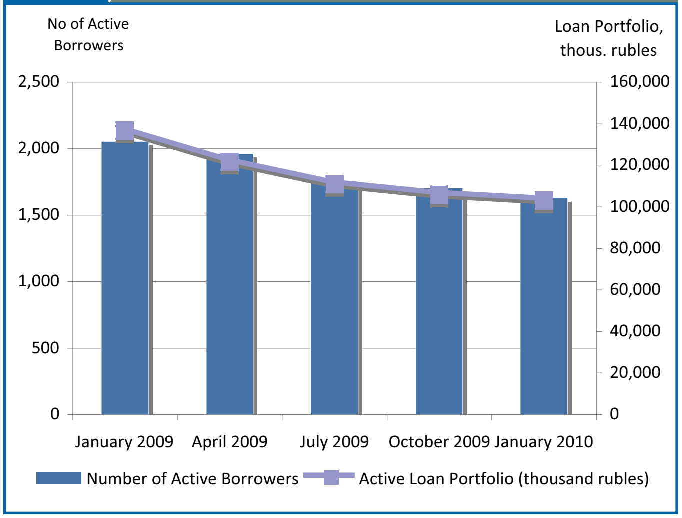
This report consists of the following sections:

1. Findings of the 2009 crisis monitoring
2. Macroeconomic environment and the state of the microfinance industry in Russia
3. Trends in microcredit services
4. Trends in deposit mobilization
5. Funding structure of Russian MFIs
6. Financial performance of Russian MFIs
7. Conclusion

I. FINDINGS OF THE 2009 CRISIS MONITORING OF THE RUSSIAN MICROFINANCE SECTOR

The peak of the crisis in the microfinance sector occurred at the end of 2008 and in early 2009. Starting in the second quarter of 2009, the situation began to stabilize. The gross loan portfolio continued to fall, but not at the same rate as in the first quarter. By the end of the fourth quarter, the loan portfolio declined only by 2.5 percent. Savings started to grow in the second quarter and continued through the third and fourth quarters of 2009. On an annual basis we observed a 9 percent growth in the savings portfolio compared to the beginning of 2009. The loan portfolio-at-risk (PAR) was slightly higher than the acceptable threshold, but it reflected the situation in the country's entire financial sector and was even lower than the PAR of conventional banks.

Figure 1 Average Number of Active Borrowers and Active Loan Portfolio (thousand rubles) per MFI

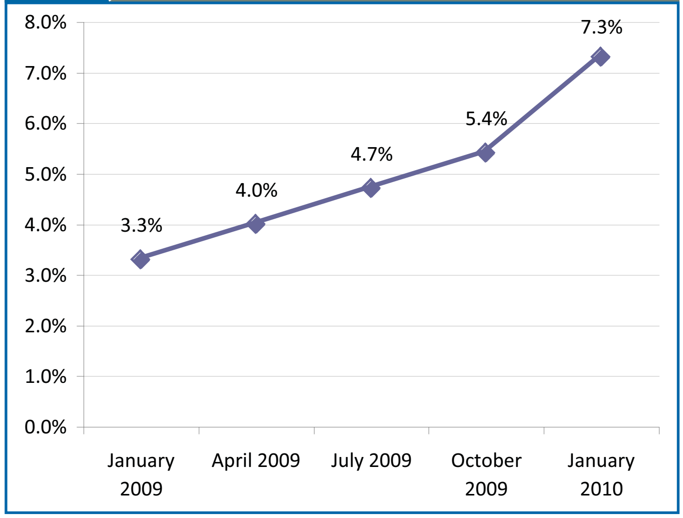


Source: RMC's Crisis Monitoring, 2009. Results are averages.

Compared to the beginning of 2009, the average loan portfolio dropped by more than 15 percent by 1 January 2010 (**Figure 1**). A significant drop in the loan portfolio was observed in private MFIs that relied on foreign investment. Credit cooperatives saw an increase in their active loan portfolio linked to the growth of their savings portfolio.

Compared to the beginning of 2009, the average number of active borrowers dropped by 20 percent (**Figure 1**). The decrease in active borrowers was observed in virtually all institutions. Its main cause was a decline in overall consumer activity and as a consequence, less demand for consumer and business loans.

Figure 2 Quarterly Dynamics of Average PAR > 30 days in 2009

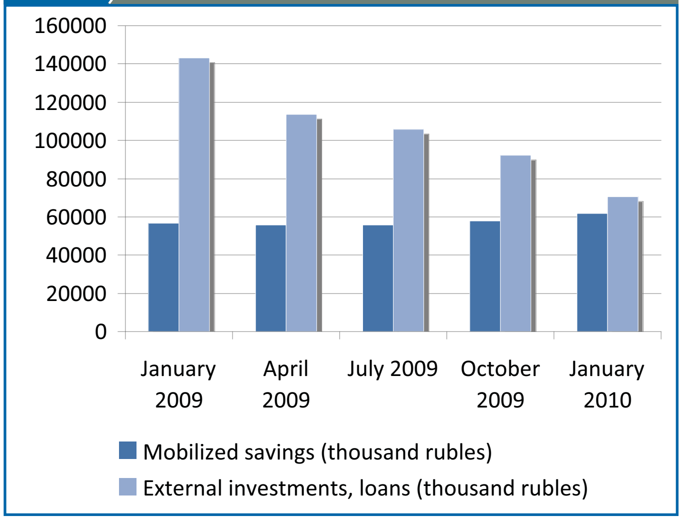


Source: RMC's Crisis Monitoring, 2009. Results are averages.

As of 1 January 2010, average PAR over 30 days (**Figure 2**) was 7.3 percent, while on 1 January 2009 it was just 3.3 percent. Thus, PAR exceeded the recommended 5 percent threshold. The highest PAR was observed in a number of monitored funds for business support and credit cooperatives. The portfolio quality deteriorated mainly in consumer loans and also in the loans to construction and transport sectors due to the overall worsening of the situation in these industries.

For three consecutive quarters in 2009 we observed an increase of savings portfolios in credit cooperatives. As of 1 January 2010, savings portfolios increased by 9 percent from the beginning of 2009, probably indicating higher public confidence in credit cooperatives (**Figure 3**).

FIGURE 3 QUARTERLY DYNAMICS OF AVERAGE MOBILIZED SAVINGS AND EXTERNAL FINANCE PER MFI IN 2009



Source: RMC's Crisis Monitoring, 2009. Results are averages.

Throughout the four quarters of 2009, a drop in external borrowings and investments was observed. Since the beginning of the year, outstanding debt fell by more than 50 percent.

The main drop in outstanding debt was observed in commercial MFIs which had taken loans in foreign currency before the crisis and suffered significant losses in 2008-2009 due to foreign exchange risks. Lower demand for SME loans during the crisis also reduced the MFIs' demand for foreign loans.

II. MACROECONOMIC ENVIRONMENT AND THE STATE OF THE MICROFINANCE INDUSTRY IN RUSSIA

In 2009, the world economy experienced the first global recession since the Second World War. By the depth and scale of its impact on the global economy, the crisis proved to be far more serious than expected. Its impact on Russia's economy was compounded by the country's structural vulnerability due to its reliance on the oil and gas sector and its narrow industrial base with underdeveloped small and medium-sized enterprises. At the initial stage, the crisis seriously affected the labor market and poverty level of the nation.

Reduction in global demand, falling prices of basic commodities, and the credit crunch further aggravated the slowdown of the Russian economy in the fourth quarter of 2008. Real GDP growth in the fourth quarter of 2008 is estimated at about 1.1 percent compared to 9.5 percent during the same period in 2007. Due to sustained economic growth in the first three quarters of 2008 (7.7 percent on average), the overall economic growth for the year reached 5.6 percent; however, it was significantly lower than the 8.1 percent observed in 2007. The growth rate of industrial production dropped to 2.1 percent in 2008 compared with 6.3 percent a year earlier. In December, industrial production decreased by 10.3 percent compared to December 2007.[1]

TABLE 1 MACROECONOMIC INDICATORS BY SUB-REGION IN ECA

Sub-region	Number of countries	Population, mln.	Average GNI per capita	% of people living below national poverty line	Population below poverty line, mln.
Balkans	7	23.6	7,097	15.50%	3.65
Caucasus	3	16.1	3,157	23.50%	3.79
CEE	6	126.8	6,863	22.30%	28.29
Central Asia	5	57.3	2,299	25.40%	14.53
Russia	1	141.8	9,620	13.10%	18.58
Total/ Weighted average	22	365.62	7,068	18.80%	68.84

Source: World Bank, National Statistics Agencies.

Compared to the sub-regions of Eastern Europe and Central Asia (ECA), in 2008 Russia had the highest GDP per capita and the lowest percentage of poverty (**Table 1**). However, the number of people living below the poverty line - more than 18 million - was high.

1 Report on the Russian Economy, No 18, The World Bank

TABLE 2 PROVIDERS OF MICROFINANCE SERVICES IN RUSSIA

Provider	Number of institutions	Active Borrowers	Loan Portfolio, USD	Average Loan Balance, USD	Number of Depositors	Deposits, USD	Average Deposit balance, USD
Downscaling Bank	14	100,929	1,909,819,512	18,922	n/a	n/a	n/a
Specialized Microfinance Bank	1	13,428	53,177,210	3,960	236	102,505	434
Non-bank Deposit and Credit Organization (NDCO)	1	3,334	10,628,652	3,188	0	0	0
Credit Consumer Cooperatives (CC and CCCC)	1,271	316,355	489,864,652	1,548	180,411	470,706,790	2,609
Agricultural Credit Consumer Cooperative (ACCC)	1,202	96,160	117,612,284	1,223	0	0	0
State, Regional and Municipal Fund for Entrepreneurship Support	149	8,846	53,000,000	5,991	0	0	0
Private Foundation	130	28,889	24,647,400	853	0	0	0
Private Commercial Non-bank MFI	2	45,989	73,508,245	1,598	0	0	0
TOTAL	2,770	613,930	2,732,257,955	4,450	180,647	470,809,295	2,606

Sources: EBRD, MIX Market, RMC, 2008.
The data of credit cooperatives and state funds for business support are based on expert opinion. This table shows data of active institutions.

In 2008, credit consumer cooperatives and agricultural credit consumer cooperatives continued to be the most numerous players in the microfinance market. Credit consumer cooperatives serve more than 50 percent of all borrowers of microfinance institutions. Commercial banks participating in the EBRD program account for about 70 percent of the gross loan portfolio.

These ten microfinance companies serve more than 25 percent of all microfinance borrowers in Russia. Notably, a private commercial MFI may have more active borrowers than a specialized microfinance bank, such as Forus.

In 2009, important developments occurred in the regulation of credit cooperatives. On 4 August 2009, the Federal Law on Credit Cooperatives, pending before

TABLE 3 TOP 10 RUSSIAN INSTITUTIONS FOR NUMBER OF ACTIVE BORROWERS ON MIX MARKET

	No. of active borrowers	Gross loan portfolio, mln. USD	Average loan balance, USD	No. of savers	Portfolio of savings, mln. USD	Average deposit, USD
KMB Bank	39,591	241	6,100	n.a.	46	n.a.
Center for Microfinance	33,798	39	1,156	0	0	0
Obshedostupniy credit	16,085	19	1,189	2,802	18	6,356
FORUS	13,428	53	3,960	236	102	434
FINCA - Russia	12,217	34	2,820	0	0	0
EKPA	10,800	36	3,324	26,700	31	1,175
Edinstvo Yurga	5,985	5	807	3,193	4	1,202
First Far Eastern Credit Cooperative	4,903	8	1,530	2,820	10	3,582
Vzaimopomosh	3,551	3	712	3,320	2	521
Women's Microfinance Network (WMN)	3,334	11	3,187	0	0	0

Source: MIX Market, 2008.

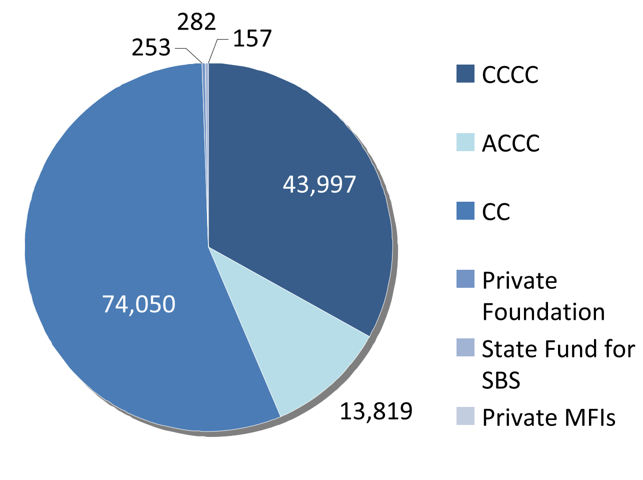
the State Duma since March 2001, finally entered into force. The Russian Microfinance Center had been directly involved in the development and discussion of the law on credit cooperatives via surveying industry practitioners and providing expert input, and also through organizing working groups with officials from the Ministry of Economic Development, the Ministry of Finance, the State Duma Sub-committee on microfinance and credit cooperatives, and the Bank of Russia.

Since the adoption of the Federal Law on Credit Cooperatives, the former Federal Law on Credit Consumer Cooperatives of Citizens was nullified. The law now allows credit cooperatives one year to amend their charters to conform to the new standards and one year to bring their financial performance to a required level. Two years are allowed for establishing self-regulated organizations of credit cooperatives; in the meantime credit cooperatives will be directly monitored and supervised by an authorized regulator, the Ministry of Finance.

With the adoption of this law, all credit cooperatives in Russia (except agricultural) are subject to a single policy framework, and now have an opportunity to build a self-regulated system. The new Federal Law on Credit Cooperatives does not apply to agricultural credit consumer cooperatives, which are governed by a separate Federal Law on Agricultural Cooperatives No193-FZ of 8 December 1995.

III. TRENDS IN MICROCREDIT SERVICES

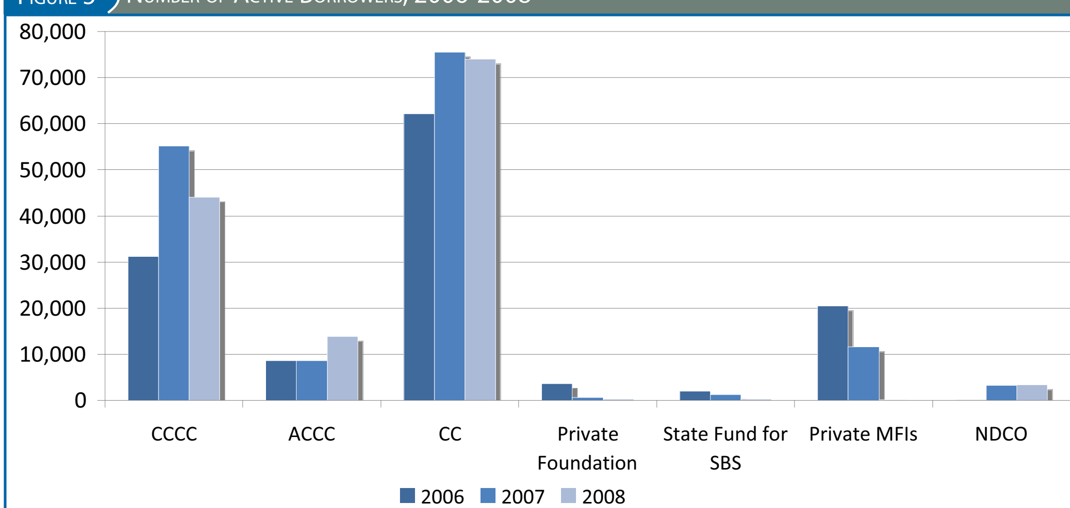
FIGURE 4 NUMBER OF ACTIVE BORROWERS AS OF 1 JANUARY 2009



Source: Sixth Annual Monitoring, 2006-2008.

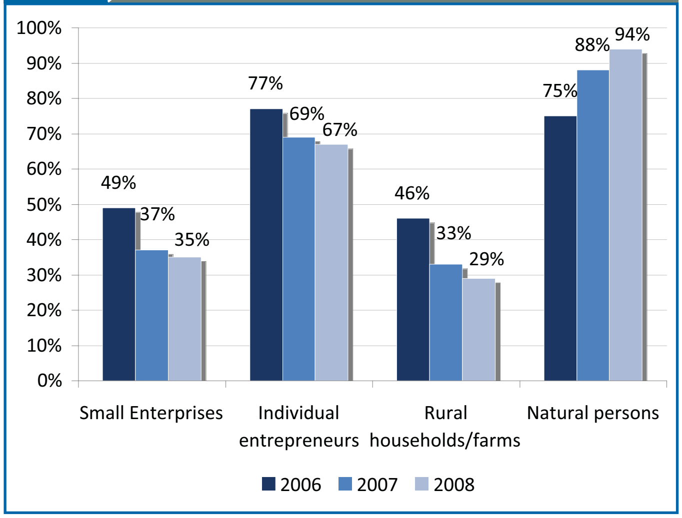
Most MFI customers are served by credit cooperatives (**Figure 4**), but we see a decrease of their customer base since 2007 due to the crisis (**Figure 5**). An exception to this trend is ACCCs that lend to private household farms; the number of such farms may have increased due to rising unemployment.

FIGURE 5 NUMBER OF ACTIVE BORROWERS, 2006-2008



Source: Sixth Annual Monitoring, 2006-2008.

FIGURE 6 CUSTOMER BASE OF RUSSIAN MFIs (% OF RESPONDENTS)



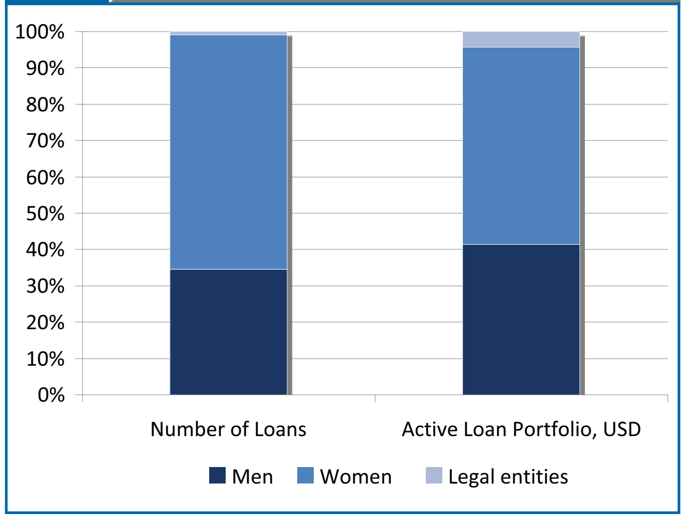
Source: Sixth Annual Monitoring, 2006-2008. 2008 – n=185; 2007 – n= 185; 2006 – n=173.

Since 2007, the proportion of individuals in the customer base of MFIs has been growing. While in 2006 almost half of surveyed MFIs reported serving small businesses, today their share in total MFIs has dropped (from 49 percent in 2006 to 35 percent in 2008). The proportion of individual entrepreneurs among MFI customers dropped by 10 percentage points, from 77 percent to 67 percent (**Figure 6**).

The above changes have not affected the overall profile of MFIs. The main consumers of microfinance, as before, are small businesses and individual entrepreneurs. The observed reduction in the proportion of these types of customers can be attributed to various causes. For example, it may be easier for small businesses and individual entrepreneurs to borrow as consumers and use the loan for business development.[2]

2 Some CCCCs mentioned small businesses as a target customer group despite the fact that this type of cooperatives are not allowed to lend to legal entities. The Federal Law on Credit Consumer Cooperatives of Citizens, effective before the enactment of the new Federal Law on Credit Cooperatives, restricted CCCCs from admitting legal entities as members/shareholders.

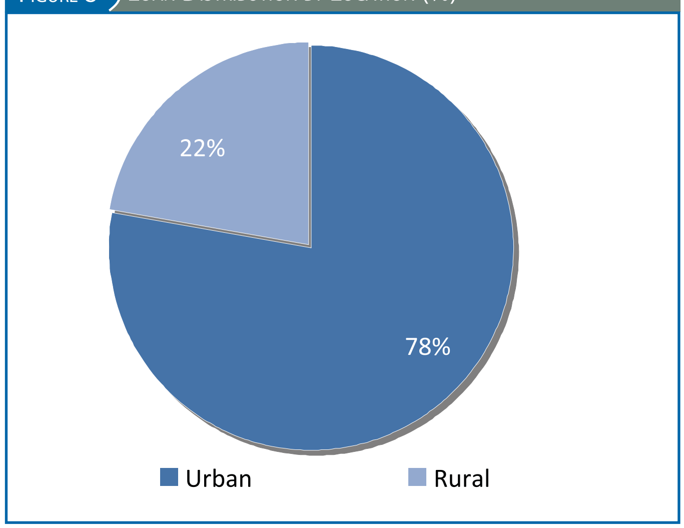
FIGURE 7 CUSTOMER DISTRIBUTION BY GENDER, 1 JANUARY 2009 (%)



Source: MIX Market, 2008.

The number of loans to women is almost twice the number of loans to male borrowers. Women have proven to be more responsible and disciplined borrowers. Not accidentally, many international microfinance programs target women specifically (**Figure 7**).

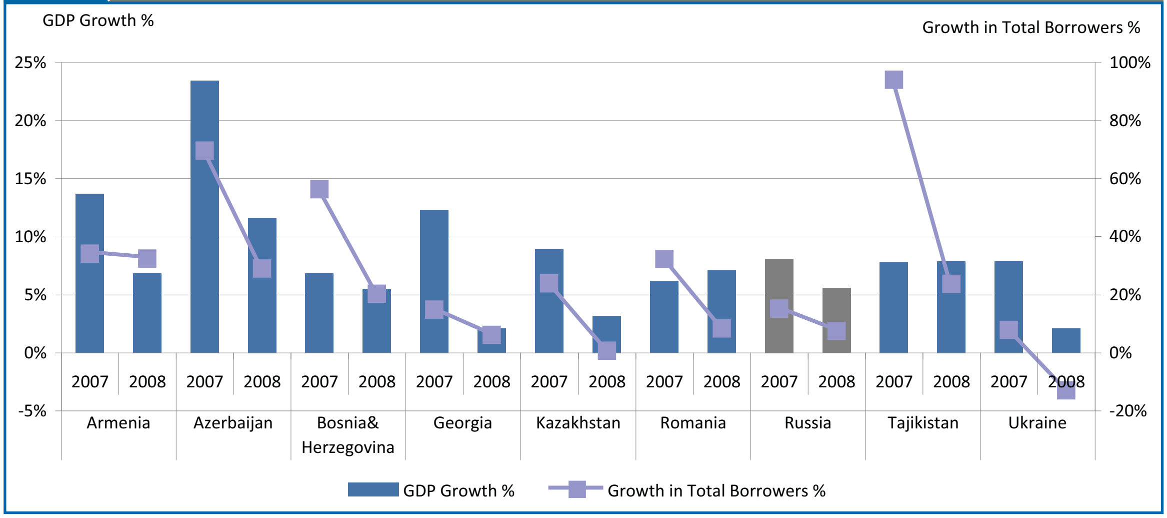
FIGURE 8 LOAN DISTRIBUTION BY LOCATION (%)



Sources: MIX Market, 2008.

Over 78 percent of all loans are made in urban areas, reflecting a high concentration of MFIs in cities (**Figure 8**). The demand for loans among urban residents is high; therefore MFIs do not seek to expand to rural areas. Also, servicing loans in rural areas is

FIGURE 9 TRENDS IN OUTREACH AND GDP IN SELECTED COUNTRIES, 2007-2008



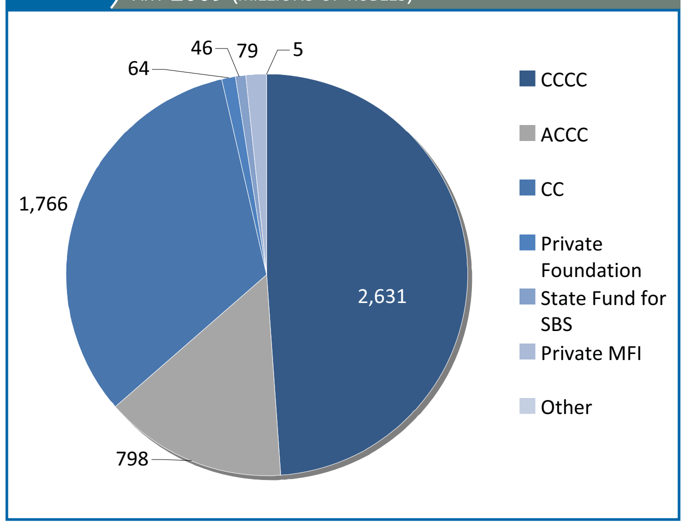
Sources: MIX Market, 2006 - 2008 and IMF. Results are yearly percentage changes.

more expensive due to low population density and less developed infrastructure. Only the socially-oriented MFIs, mainly those set up by international donor programs, as well as ACCCs, operate in rural areas serving this target audience.

Benchmarking Russian MFIs against their counterparts in Eastern Europe and Central Asia (ECA), we see a slowdown in outreach and loan portfolio growth in all ECA countries. **Figure 9** shows a correlation between GDP growth and increase in the number of MFI borrowers. Of all countries in Central and Eastern Europe, the microfinance sector in Ukraine was the most affected.

CCCCs contributed almost half of the total portfolio (48.8 percent). CCs contributed one third (32.8 percent), and ACCCs contributed 14.8 percent. Thus, the bulk of the gross loan portfolio was formed by credit cooperatives (**Figure 10**).

FIGURE 10 DISTRIBUTION OF THE GROSS LOAN PORTFOLIO AS OF 1 JANUARY 2009 (MILLIONS OF RUBLES)

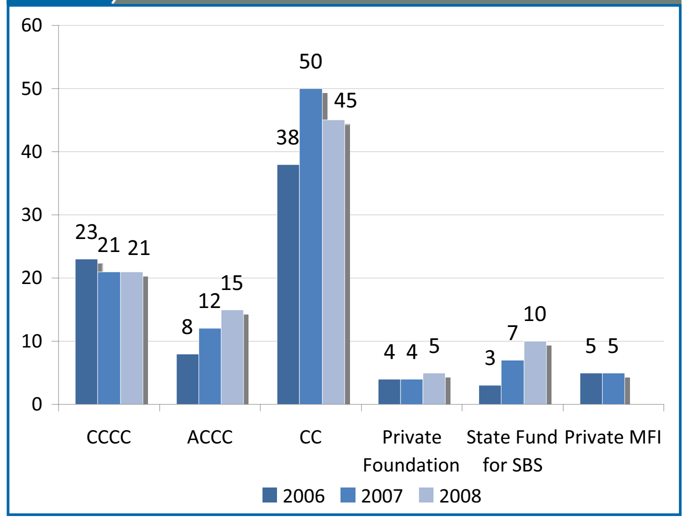


Source: Sixth Annual Monitoring, 2006-2008. 2008, n = 185 / total loan portfolio of all MFIs surveyed in 2008 - 5.4 billion rubles or 176 mln. USD.

The increase in gross loan portfolio over the past three years ranged from 1.3 to 2 times, depending on the charter type of MFI. The gross loan portfolio across all MFIs increased by 1.6 times in the same period, and in the last two years it increased by 1.2 times. It should be noted that the highest growth rate of loan portfolio was observed between 2006 and 2007, while in 2008 growth declined significantly due to the global crisis; we should also be aware that growth rate is calculated across a comparable range, which includes the most sustainable MFIs.

In general, the lowest growth rate in the two study periods was observed in credit cooperatives. In other types of MFIs, GLP changed significantly between 2006 and 2007, while in 2008 growth was negligible. A noticeable increase was observed in the loan portfolio of state funds for business support, due to government subsidies during the crisis (**Figure 11**).

FIGURE 11 LOAN PORTFOLIO, MILLIONS OF RUBLES, AS OF 1 JANUARY 2009 (MEDIANS)



Source: Sixth Annual Monitoring, 2006-2008.
Note: a sample median is a value separating the higher half of a sample from the lower half. Half of the reported values lie below the specified median and the other half lie above it.

State of the Banking Sector

The number of registered credit institutions licensed to carry out banking transactions totaled 1,124 as of 1 January 2010, of which 1,058 were active at the time. In 2009, licenses were withdrawn from 119 credit institutions due to their reorganization or liquidation. Intensive growth of bank assets, observed since 2005, had been fueled by foreign capital inflows, but in early 2009, banks faced severe liquidity problems due to outflow of foreign and private capital from Russia. The Russian Central Bank, in an attempt to maintain liquidity in the banking sector, provided a substantial infusion of 2.5 trillion rubles (82 billion USD).

According to A.V. Turbanov, CEO of the Deposit Insurance Agency, large private banks were particularly affected by the crisis, since their aggressive pre-crisis lending had made them highly vulnerable to the emerging risks. Private banks cut the supply of credit to customers before most other institutions did to avoid increased credit risks. State-owned banks received the maximum assistance from the government through refinancing and capital increase schemes, and this assistance allowed state-owned banks to pursue aggressive market expansion. As of 1 January 2010, the capital of state-owned banks exceeded 60 percent of the total banking sector. Banks with foreign capital, due to their conservative development strategy and support from parent companies, generally proved to be better protected from risks than banks with Russian capital. Regional banks, thanks to the structure of their business and traditionally high levels of liquid assets, were able to maintain stability without external support; capital adequacy and profitability of regional banks were among the highest in the banking sector.[3]

Overall, outstanding loans to small and medium enterprises (SMEs) on 1 January 2010 in domestic currency totaled 2.4 trillion rubles (78 billion USD), and 201 billion rubles in foreign currency and precious metals (6 billion USD). Delinquency on loans to SMEs totaled 7.7 percent in rubles and 5.9 percent in foreign currency.[4]

3 Data from a presentation on Basic Parameters and Structure of the Russian Banking System, Short and Medium Term, by the Deposit Insurance Agency, Moscow, 2009

4 Data from the Bank of Russia as of 01 January 2010

Customer Groups and Financial Products of Russian Microfinance Institutions

The main customers of microfinance services in 2008 (as in 2007) were individuals; 94 percent of MFIs serve this category of customers. A similar situation is observed in the banking sector; in 2008 credit institutions increased their lending to non-financial institutions and individuals, although the rates of increase in lending to non-financial entities and individual consumers were markedly lower than in 2007.[5]

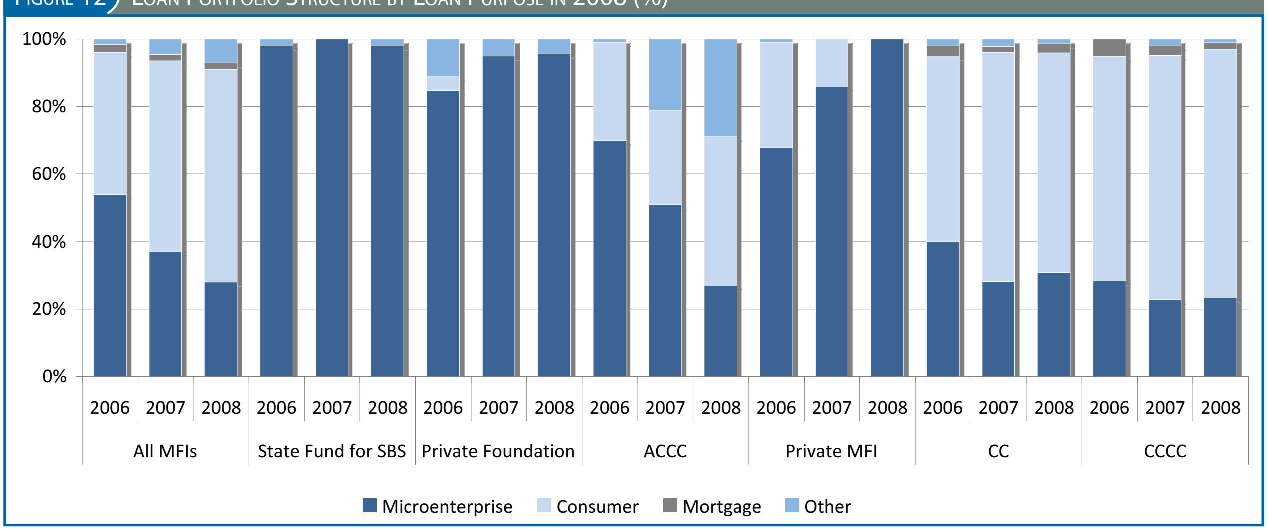
Sixty-seven percent of surveyed MFIs serve individual entrepreneurs, which seems logical given the specifics of Russian microfinance, namely its focus on supporting small business. Thirty-five percent of the surveyed institutions offered microfinance services to small enterprises. Additionally, rural households and farmers (RHF) accessed microfinance services in 29 percent of respondent MFIs. Most often, RHF are served by ACCCs.

The structure of the microfinance customer base is largely determined by the charter type of the service provider. On the one hand, certain institutions face legal restrictions affecting their access to customers, and on the other hand, MFIs may deliberately target certain borrowers based on their specialization, sources of funding, and location.

Over the last 3 years, the structure of loan portfolio changed significantly across all types of MFIs; the proportion of business loans had been decreasing year after year, and by 2008 was down to 28 percent across all charter types (compared to 54 percent in 2006). This trend is not unexpected given the change in MFIs' customer base mentioned above. The biggest providers of business loans in 2008 were state funds for business support and private MFIs (**Figure 12**). The segments of CC and CCCC have been stable over the last three years, with approximately one-third business loans and the rest divided between consumer and mortgage loans. In the past 3 years, CCCCs saw a sharp decline in business loans (from 70 percent in 2006 to 27 percent in 2008) and a growing proportion of consumer loans. It should be noted that CCCCs increasingly lend for other purposes, such as household farming.

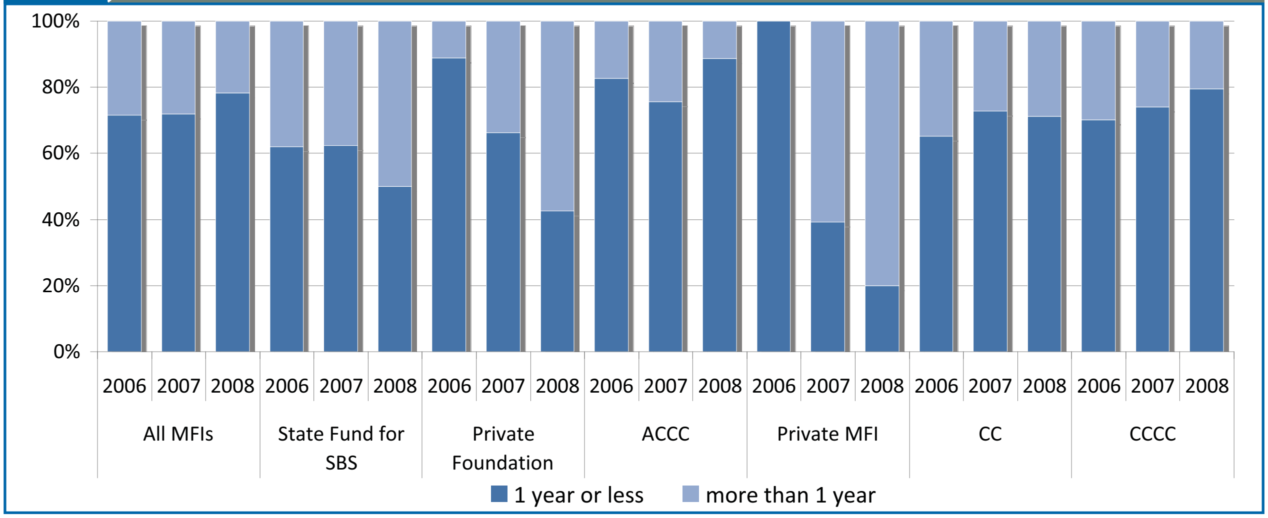
5 2008 Annual Report of the Bank of Russia. Moscow, 2009

FIGURE 12 LOAN PORTFOLIO STRUCTURE BY LOAN PURPOSE IN 2008 (%)



Source: Sixth Annual Monitoring, 2006-2008.

FIGURE 13 LOAN PORTFOLIO STRUCTURE BY MATURITY IN 2008 (%)



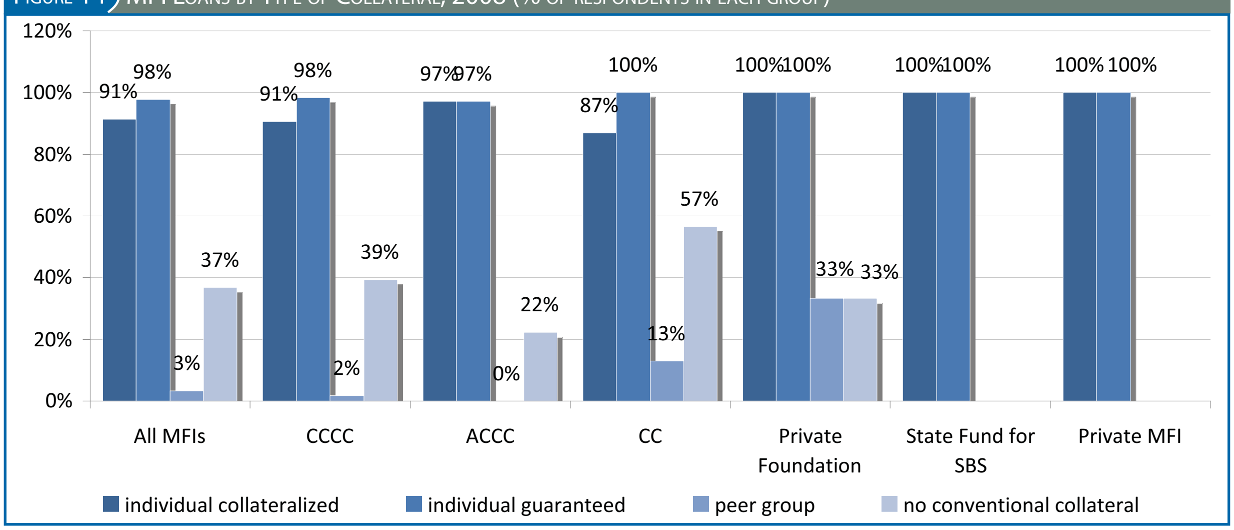
Source: Sixth Annual Monitoring, 2006-2008.

Short-term loans prevail among business loans in most MFIs, and their proportion is growing - from 72 percent in 2006 to 78 percent in 2008 - for loans with maturities of one year or less (**Figure 13**). Loans with maturities of one year or less are most common in state funds for business support (50 percent in 2008), private foundations (57 percent) and private MFIs (80 percent). In credit cooperatives, long-term loans do not exceed one third of all loans disbursed.

Prior to the crisis, a trend toward longer maturities had been observed across all MFI charter types, but the crisis reversed the situation; facing shorter maturities on borrowed funds, MFIs had to shorten their loan maturities accordingly.

Compared to 2007, the maximum average loan in half of all surveyed MFIs fell from 84 to 49 thousand rubles (from 2,750 USD to 1,600 USD), i.e. to the 2005 level when the average loan across all MFIs was 47 thousand rubles (1,538 USD).

FIGURE 14 MFI LOANS BY TYPE OF COLLATERAL, 2008 (% OF RESPONDENTS IN EACH GROUP)



Source: Sixth Annual Monitoring, 2006- 2008.

Types of Collateral

One of the key advantages of microfinance programs is their flexible loan collateral policy. Unlike banks, most MFIs are not bound by formal requirements concerning availability and quality of loan collateral, and have developed an extensive practice of using unconventional methods to secure repayment. MFIs are more flexible in assessing their borrowers' creditworthiness. In addition, some MFIs educate their customers to improve their financial literacy and, indirectly, to manage their ability to repay loans.

All MFIs use various systems to ensure repayment. The classical types, such as pledge and guarantee, are used by most institutions (91 percent and 98 percent of respondent MFIs, respectively). These forms of collateral are used by all surveyed groups of MFIs (**Figure 14**).

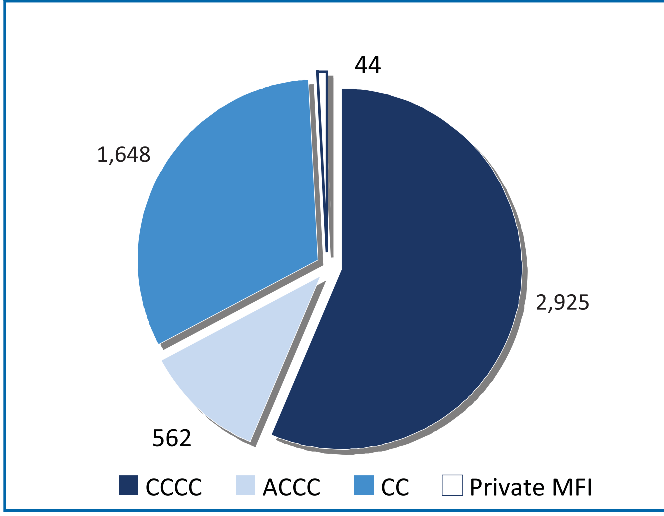
All MFIs to varying degrees lend without conventional collateral (37 percent overall, between 22 percent and 57 percent depending on the charter type). Private foundations lend without collateral more often than other types of institutions (33 percent).

Peer group lending dropped five-fold in 2008 compared to 2007, to just 3 percent of all surveyed MFIs. This is yet another consequence of the financial and economic crisis. Peer group lending is mainly used by private foundations (33 percent) and CCs (13 percent).

IV. TRENDS IN SAVINGS

Member savings are cooperatives' primary source of funds for onlending, so they actively seek this type of funding. Cooperatives that responded to the question about their savings portfolio reported having mobilized 5.2 billion rubles (166 million USD) in savings deposits as of the beginning of 2009. Credit cooperatives reported having mobilized 1.6 billion rubles (51 million USD), ACCCs have at least 0.6 billion rubles (19 million USD), and CCCCs have at least 2.9 billion rubles (94 million USD) in savings deposits.

FIGURE 15 DISTRIBUTION OF SAVINGS AS OF 1 JANUARY 2009 (MLN. RUBLES)

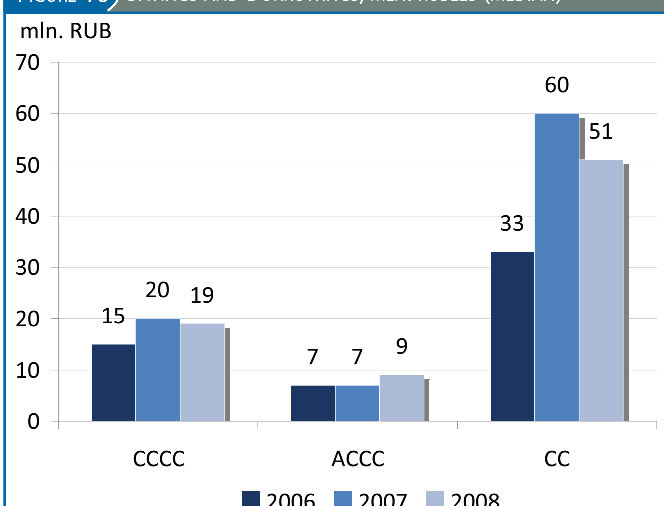


Source: Sixth Annual Monitoring, 2006 - 2008.

ACCCs are not yet active in mobilizing deposits, and account for only 11 percent of the savings market. ACCCs' low performance in borrowing from individuals and legal entities at the beginning of the year is explained by the fact that they serve agricultural producers who receive most of their income in the autumn due to the seasonal nature of their business.

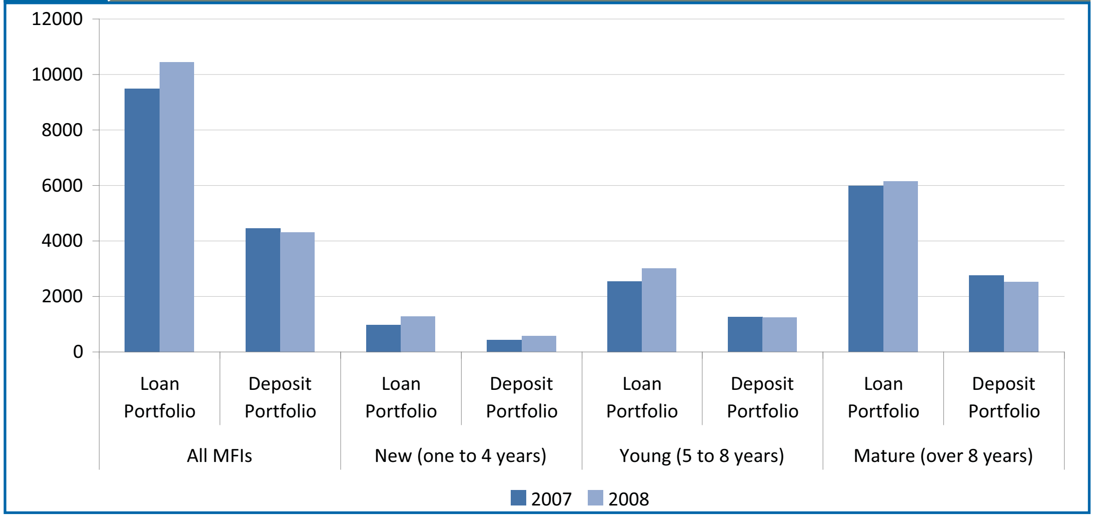
As already mentioned, the financial and economic downturn had affected cooperatives' deposit-taking and borrowing; the amount of savings increased 1.5-fold between 2006 and 2008; however, little if any increase was reported between 2007 and 2008.

FIGURE 16 SAVINGS AND BORROWINGS, MLN. RUBLES (MEDIAN)



Source: Sixth Annual Monitoring, 2006 - 2008.

FIGURE 17 GROWTH OF OUTSTANDING LOANS AND SAVINGS PORTFOLIO BY AGE OF MFI, 2007-2008



Source: MIX Market, 2006 - 2008.

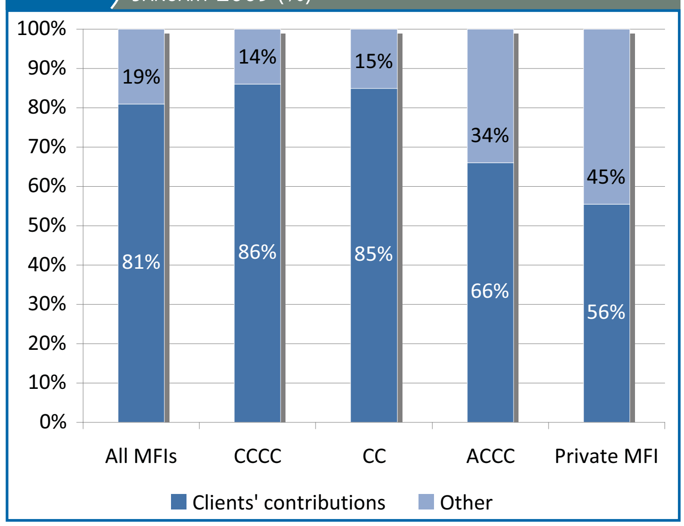
"Mature"[6] credit cooperatives report an 8.7 percent decrease in the savings and borrowings portfolio compared to 2007. In contrast, "young"[7] cooperatives report a 31.4 percent increase in their savings portfolio (**Figure 17**). "Mature" cooperatives tend to have more members than "new"[8] and "young" ones. With larger memberships, cooperatives find it harder to manage their members and negotiate with them. As a result, "young" cooperatives were able to negotiate agreements and retain their membership in times of crisis, while "mature" cooperatives experienced an outflow of members.

V. FUNDING STRUCTURE OF RUSSIAN MFIS

MFIs legally allowed to capture savings and borrowings from the public use these funds as their main sources of assets, in particular for their loan portfolio. On average, savings and borrowings account for up to 81 percent of total assets of these charter types.

As of the beginning of 2009, the share of savings and borrowings in total liabilities was the highest in CCCCs (86 percent) and the lowest in private MFIs (55 percent) (**Figure 18**).

FIGURE 18 PROPORTION OF SAVINGS IN MFI TOTAL LIABILITIES AS OF 1 JANUARY 2009 (%)



Source: Sixth Annual Monitoring, 2006 - 2008.

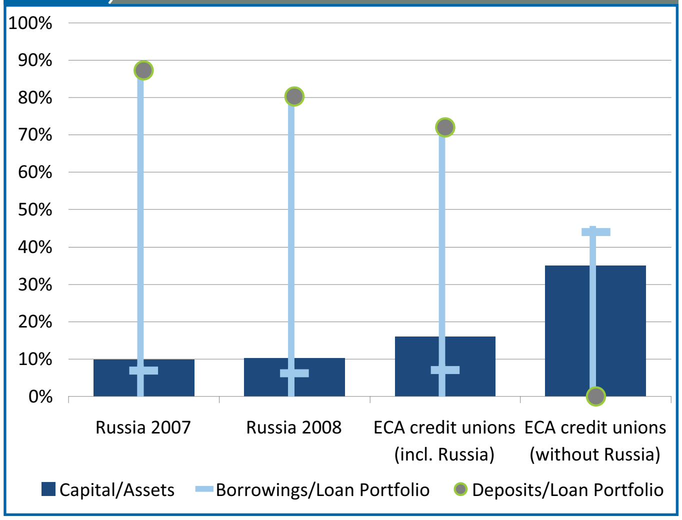
The funding structure of Russian MFIs differs from that of MFIs in other countries of Eastern Europe and Central Asia (ECA). Deposits contribute the largest portion of finance to Russian MFIs such as cooperatives and banks, whereas in credit unions of Eastern Europe and Central Asia (ECA), borrowings are the main source of finance (**Figure 19**).

6 MIX defines "mature" credit cooperatives as those with more than 8 years of experience.

7 "Young" credit cooperatives are defined as those with 5 to 8 years of experience.

8 "New" credit cooperatives are defined as those with 1 to 4 years of experience.

Figure 19 Funding Structure for Russia and ECA MFIs, as of 1 January 2009 (medians)

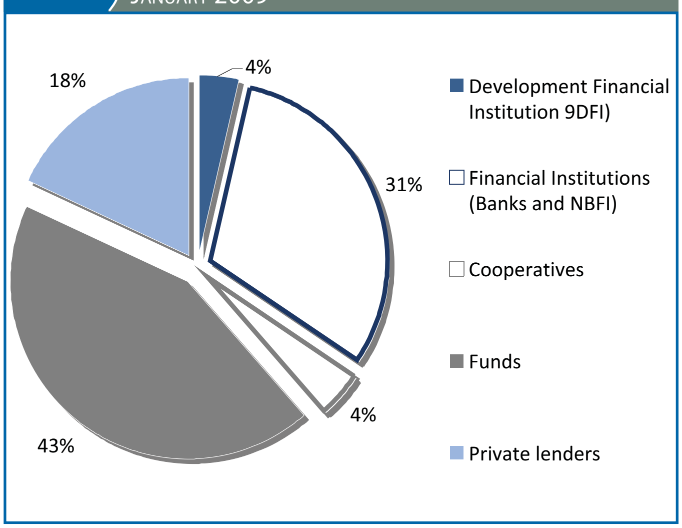


Source: MIX Market, 2007-2008. Results are peer group medians.

A large proportion of Russian MFIs' debt financing comes from credits from Russian commercial banks and loans from Russian and foreign specialist microfinance funds (**Figure 20**).

Since most credit cooperative funding came from mobilized savings in local currency, they were less affected by foreign exchange risks and losses, as opposed to institutions which had borrowed in hard currency without hedging their currency risks.

Figure 20 Borrowings by Russian MFIs by Lender Type as of 1 January 2009

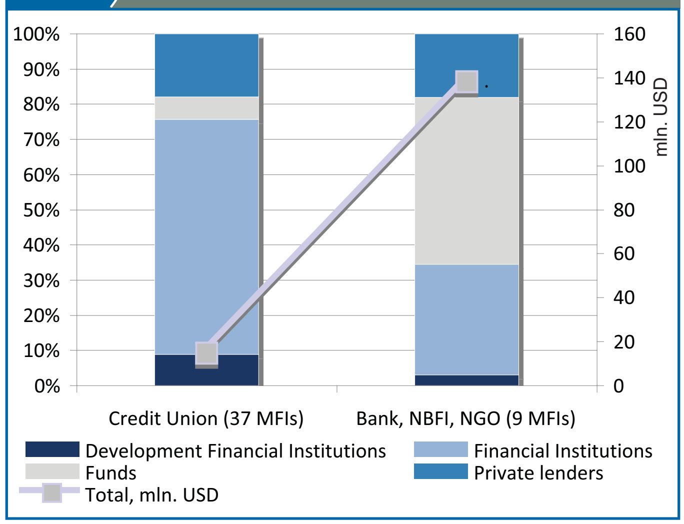


Source: MIX Funding Structure Database, 2008. Results are peer group totals.

The majority of loans in foreign currency went to a specialized microfinance bank (Forus Bank), RWN NDCO, and to private commercial MFIs and non-profit foundations established with international donor support. Typically, these organizations were stable, with good portfolio quality.

Only 10 percent of the borrowed funds went to credit cooperatives. Many credit cooperatives are financed from mobilized savings of their members. Foreign investors were cautious about lending to Russian credit cooperatives, since they were not subject to government regulation and did not meet the investors' criteria (**Figure 21**).

Figure 21 Distribution of Russian MFIs' Debt Funding by Lender and Charter Type as of 1 January 2009



Source: MIX Funding Structure Database, 2008. Results are peer group totals.

The most attractive in terms of cost and maturity was debt funding from development financial institutions (DFI), such as the EBRD, and specialized international microfinance funds set up by international investors and international financial institutions. In 2008, CBR increased the refinancing rate, which affected the cost of borrowing, particularly from commercial banks (**Table 4**). In addition, banks would not lend for more than one or two years' maturity to cut their risks.

Table 4 Interest Rates and Maturity of Loans by Lender Types, 2008

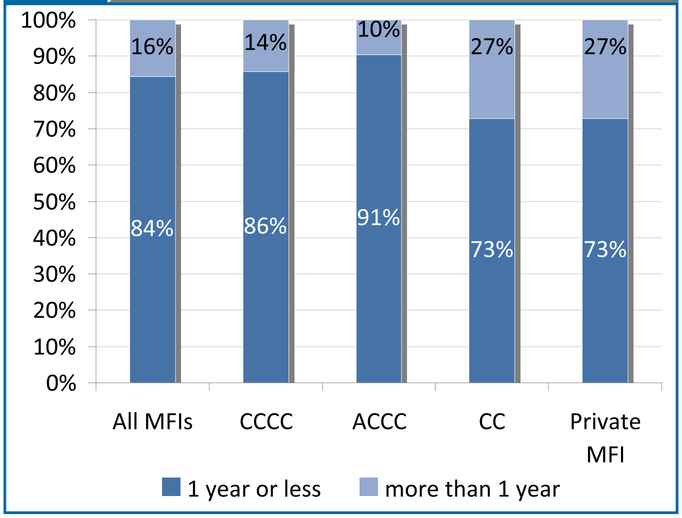
Lender Type	Interest Rate (%)	Maturity (months)
Development Financial Institutions	12.90%	44
Financial Institutions	17.70%	25
Bank	17.80%	25
Cooperative	15.50%	19
Funds	13.60%	43
Private lenders (NGOs, corporations, etc.)	16.20%	37

Source: MIX Funding Structure Database, 2008. Results are weighted averages.

Debt finance in Russia was more expensive than in other ECA countries, where even smaller MFIs, generally considered by investors to be high-risk, could access cheaper loans. The weighted average interest rate on loans to small MFIs in other regions (Balkans, Caucasus, Central Asia) ranged from 7 percent to 10 percent, while in Russia it reached 14 percent. Due to the high cost and low availability of loans, Russian credit cooperatives preferred to mobilize their internal resources such as members' savings. More than half the MFIs featured on MIX Market had no borrowings.

All borrowings were short term, with maturities not exceeding 1-2 years in most cases. Overall, short-term savings and loans with up to one year of maturity prevailed in the structure of funds mobilized by MFIs - their proportion was 84 percent for all MFIs combined. The largest amount of short-term deposits was reported in ACCCs (91 percent), followed by CCCCs (86 percent), CCs and private MFIs (73 percent). CCs and private MFIs were more likely to mobilize long-term deposits or borrowings; long-term finance was reported in 27 percent of both CCs and private MFIs (**Figure 22**).

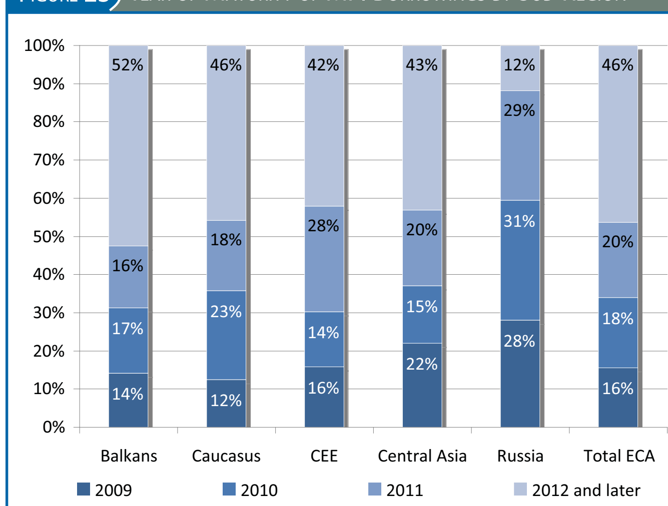
Figure 22 Structure of Mobilized Funds, 2008 (%)



Source: Sixth Annual Monitoring, 2006- 2008.

The debt of 60 percent of Russian MFIs will reach maturity in 2009 and 2010, while only 34 percent of MFIs in ECA will face maturity of their debt by this time (**Figure 23**). In ECA countries, even the shortest loans from financial institutions (mainly from local banks) have a weighted average maturity of 48 months, while in Russia the average loan maturity is 24 months. Since savings make up more than 80 percent of funds mobilized by Russian MFIs, they were not critically affected by refinancing difficulties.

Figure 23 Year of Maturity of MFI Borrowings by Sub-Region

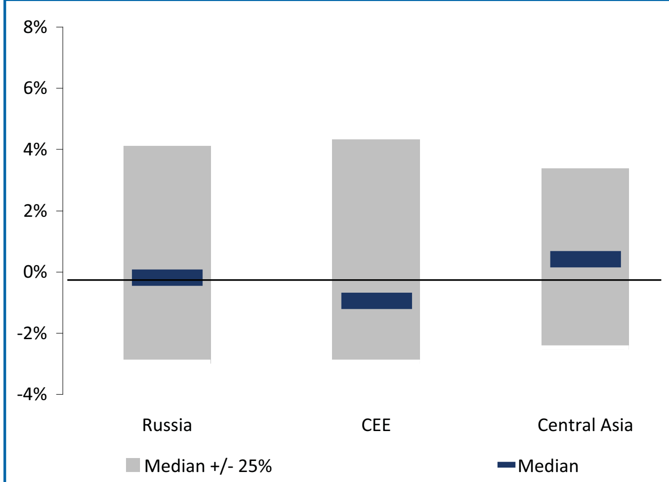


Source: MIX Funding Structure Database, 2008. Results are peer group totals.

VI. FINANCIAL PERFORMANCE OF RUSSIAN MFIS

The adjusted return on assets (AROA) of Russian MFIs was 0.2 percent, which was lower than that of MFIs in ECA and higher than that of MFIs in Central Asia. This indicator was negatively affected by the high inflation in Russia, which was around 13 percent in 2008 (**Figure 24**).

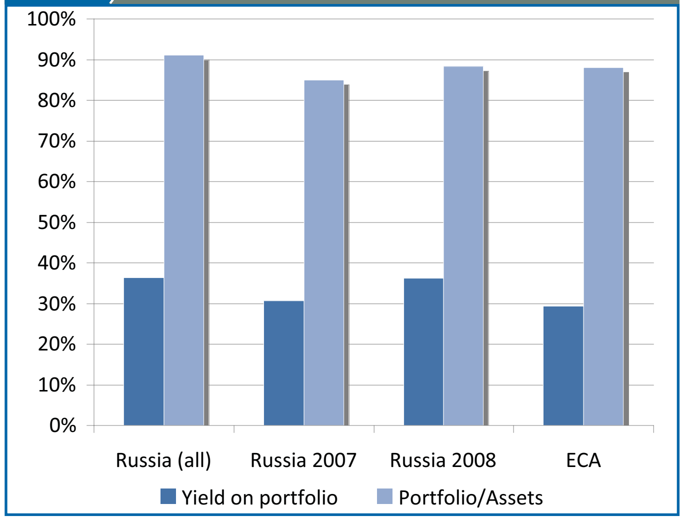
FIGURE 24 DISPERSION IN ADJUSTED RETURN ON ASSETS AS OF 1 JANUARY 2009



Source: MIX Market, 2008. Results are peer group medians, 25th and 75th percentile.

Nominal portfolio yield increased from 30 percent to 36 percent in 2008 due to higher interest rates on disbursed loans. MFIs had to raise interest rates on loans in response to the higher cost of borrowings and savings. Nominal portfolio yields, as well as the cost of borrowing, are the highest for Russian MFIs compared to the rest of ECA region. Comparable portfolio yields were observed only in Central Asian MFIs (**Figure 25**).

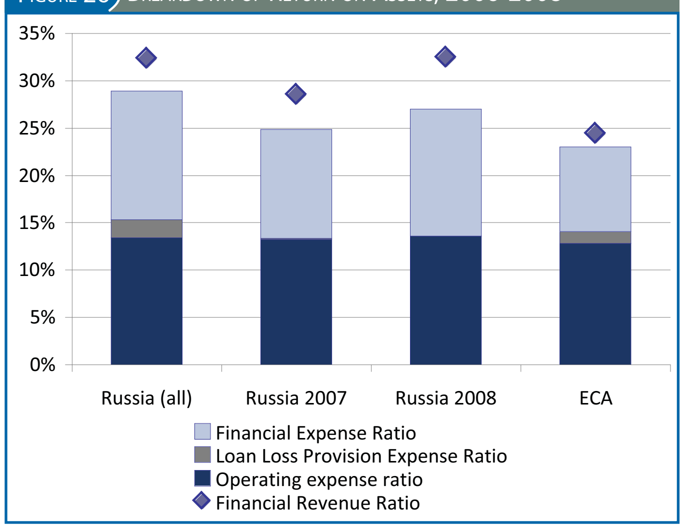
FIGURE 25 PORTFOLIO YIELD (NOMINAL) AND ASSET PRODUCTIVITY, 2007-2008



Source: MIX Market, 2008. Results are peer group medians. Note: The peer group "Russia (all)" includes data of 85 Russian MFIs participating in the 2008 benchmarking, while the peer groups "Russia 2007" and "Russia 2008" include 30 Russian MFIs participating in trend benchmarks for 2007 and 2008.

The operating expense ratio of Russian MFIs is comparable to that of MFIs in Eastern Europe and Central Asia. In Russia most expenses were due to the higher cost of borrowings and savings. Between 2007 and 2008, financial expense/assets increased from 11.5 percent to 13.4 percent (**Figure 26**).

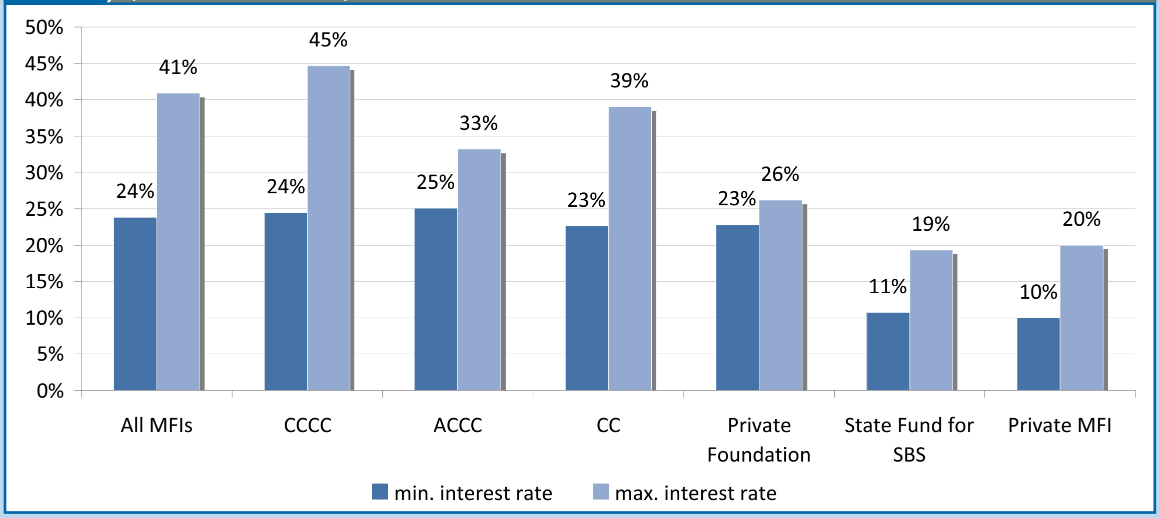
FIGURE 26 BREAKDOWN OF RETURN ON ASSETS, 2006-2008



Source: MIX Market, 2008. Results are peer group medians.

Cost of Microcredit and Savings

FIGURE 27 AVERAGED MAXIMUM AND MINIMUM INTEREST RATES ON LOANS TO CLIENTS, ACCORDING TO INSTITUTION'S POLICY (% PER ANNUM IN 2008)



Source: Sixth Annual Monitoring, 2006 - 2008.

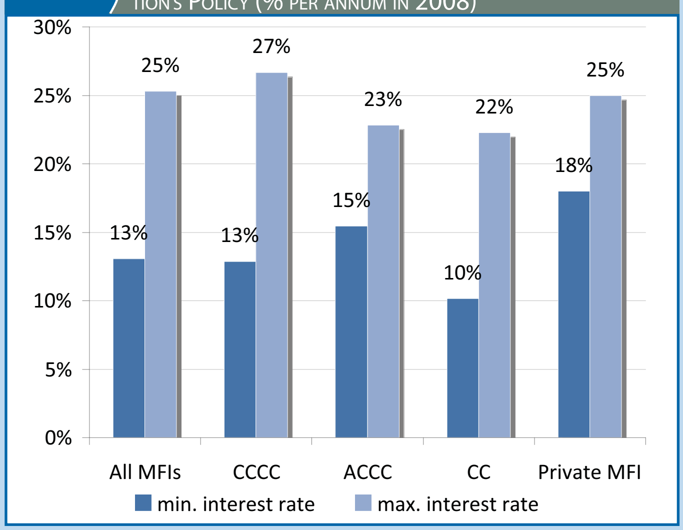
Most MFIs are focused on lending to micro and small businesses, to individuals for business start-up and development, and to low-income people; the minimum loan in most surveyed MFIs does not exceed 5 thousand rubles (165 USD). Administrative and operating costs of servicing small loans are high, and the cost per loan increases as the loan size decreases.

Small loans with short maturities are associated with higher interest rates; however, this does not make loans less accessible to the borrower, since business profitability and turnover are significantly higher in small business as compared to larger enterprise, and repayment schedules and amounts match the borrower's ability to pay. Therefore annual interest rates ranging from 24 percent to 41 percent (**Figure 27**) do not appear excessive. The highest interest rates were observed in CCCCs (45 percent per annum) and CCs (39 percent). The lowest interest rates were reported by a private MFI (10 percent per annum) and by state funds for small business support (11 percent).

There was a slight overall increase of interest rates on MFI borrowings due to higher refinancing rate and growing competition in the savings market; both banks and MFIs competed by offering savings facilities at attractive interest rates. Since the cost of funds for MFIs went up, the cost of their loans increased accordingly.

On the other hand, the key factor attracting deposits and lending to MFIs is a high interest rate. As shown in Figures 16 and17, the average minimum rate on savings and borrowings reached 13 percent per annum for all MFIs, ranging from 10 percent to 18 percent per annum for different charter types. In all cases, MFIs offer higher rates than banks for similar products. In addition, savings and borrowings programs offered by cooperatives compare favorably with those offered by banks due to flexible terms of depositing, adding and withdrawing funds, as well as regular accrual and capitalization of interest (**Figure 28**). The maximum interest rates are similar across all charter types of MFIs and range from 22 percent to 26 percent, one percentage point higher than in 2007.

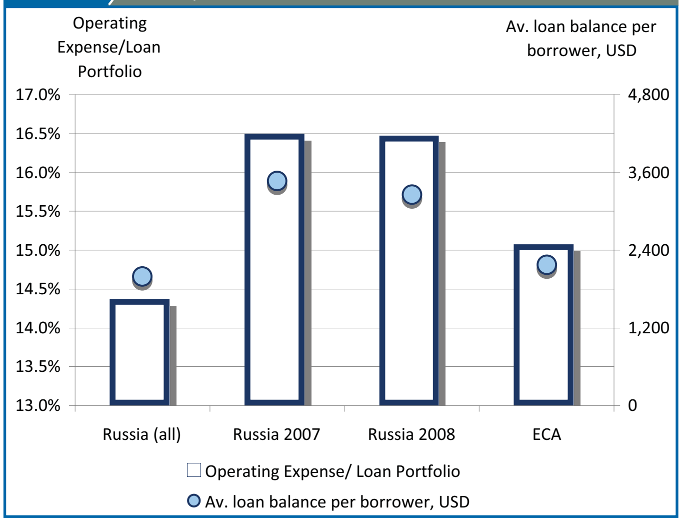
FIGURE 28 AVERAGED MAXIMUM AND MINIMUM INTEREST RATES ON MOBILIZED SAVINGS AND BORROWINGS, ACCORDING TO INSTITUTION'S POLICY (% PER ANNUM IN 2008)



Source: Sixth Annual Monitoring, 2006- 2008.

Despite smaller average loan balances, MFIs' efficiency remained virtually unchanged in 2008. Institutions began to cut their operating expenses during the crisis. Compared to other MFIs in the ECA region, Russian MFIs showed lower efficiency (**Figure 29**).

FIGURE 29 TRENDS IN EFFICIENCY AND AVERAGE LOAN BALANCE PER BORROWER , 2007-2008

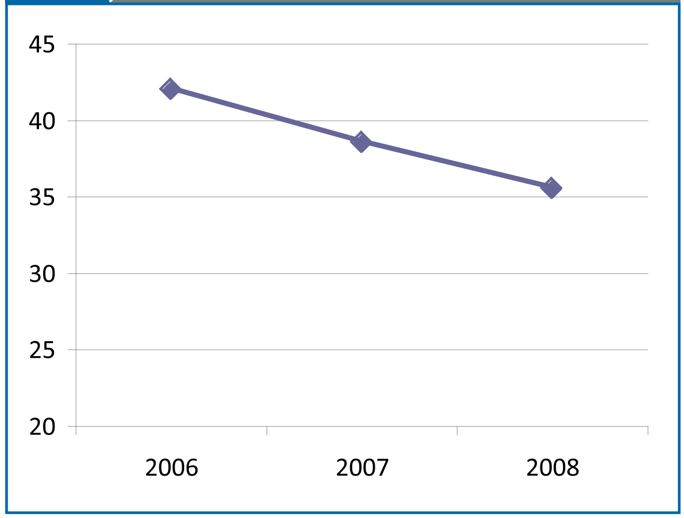


Source: MIX Market, 2007-2008. Results are peer group medians.

Note: The group "Russia (all)" includes data on 85 MFIs surveyed in 2008, while the groups "Russia 2007" and "Russia 2008" provide dynamic data on 30 MFIs surveyed in 2007 and 2008.

There has been a decline in productivity of Russian MFIs over the past three years, despite loan officers' high workload (**Figure 30**). In 2008, the workload of loan officers in Russian MFIs was among the highest in ECA, with 155 borrowers per loan officer. Low staff productivity in Russian MFIs is due to excessively large administrative staff that is not directly involved in lending operations and generates no revenue. Loan officers' excessive workload may impair their ability to manage loan portfolio, leading to higher PAR.

FIGURE 30 TRENDS IN BORROWERS PER STAFF MEMBER, 2006-2008



Source: MIX Market, 2007-2008. Results are peer group medians.

Russian MFIs have the highest portfolio at risk (PAR) over 30 days in the region (3.7 percent) because Russia was hit the hardest by the global financial crisis. A few factors have contributed to higher PAR >30:

1. Over-indebtedness of the Russian population, particularly in big cities. As shown in previous figures, more than 78 percent of Russian MFIs lend to urban residents. Many MFIs have accepted borrowers already indebted to other banks and MFIs.

2. Consumer lending to residents of one-industry towns, where most people are employed by a single big enterprise. During the crisis, industrial giants began to cut jobs, leaving MFI borrowers without income and unable to repay on time.

3. Inadequate borrower assessment by MFI staff. Loan officers did not pay enough attention to assessing prospective borrower's cash flow, relying instead on collateral or guarantee. As a result, borrowers would assume excessive liabilities and become delinquent.

4. In some regions, poor performance of certain credit cooperatives leading to their bankruptcy undermined public confidence in other credit cooperatives. As a result, people in these regions started

to withdraw their savings from credit cooperatives on a massive scale. This process was brought under control with the adoption of the Federal Law on Credit Cooperatives on 4 August 2009 (№190-FZ).

5. During the crisis, small business faced a sharp decline in consumers' ability to pay, causing the turnover and income of small enterprises to drop. This, in turn, negatively affected the solvency of small businesses.

Table 5 Portfolio at Risk > 30 days by Sub-Regions, 2006-2008

	2006	2007	2008
Russia	1.5%	1.7%	3.7%
Caucasus	1.0%	0.3%	1.4%
Central Asia	1.1%	1.2%	2.2%
ECA	0.7%	1.3%	2.1%

Source: MIX Market, 2006-2008. Results are peer group medians.

VII. CONCLUSION

The financial crisis was a difficult challenge for the microfinance sector in Russia. Its consequences included an outflow of savings in late 2008 and early 2009, less finance available from investors and commercial banks, and higher delinquency rates. However, beginning in the second quarter of 2009, the microfinance market started to stabilize with some increase in savings. Public confidence and willingness to deposit savings with credit cooperatives is gradually being restored. However, in 2009 the microfinance sector faced another problem: a decline in demand for loans caused by decreased business activity in response to lower consumer demand. In turn, demand for consumer loans also weakened as people preferred to save rather than spend in a period of instability. This caused a decrease in MFIs' loan portfolio. The Federal Law on Credit Cooperatives adopted on 4 August 2009 (№190-FZ) established conditions for shaping a self-regulated and transparent system of credit cooperatives. This legislation will enable the adoption of uniform performance standards to improve the cooperative sector's transparency and performance in the future.

To the extent that Russia's overall economic growth and business activity resume in 2010, we can expect the loan portfolio and outreach of microfinance institutions to grow at a faster pace than those of commercial banks, since microfinance providers have less inertia and a higher ability to respond to changes in the environment, coupled with high mobility of microentrepreneurs and the emergence of new borrowers - microbusiness start-ups by the former unemployed. Thus, microfinance may be one of the key drivers of post-crisis economic growth, particularly in smaller cities and rural areas, where banking infrastructure is inadequate or nonexistent and few people can start a business with their own funds. The adoption of a Federal Law on Microfinance and Microfinance Institutions expected in 2010 will give additional impetus to the development of microfinance and the emergence of new major players in the market.

Annex I: Acronyms

Acronym	Description
CEE	Central and Eastern Europe
ECA	Eastern Europe and Central Asia
IE	Individual entrepreneurs
RHF	Rural households/farms
CC	Credit cooperatives (consumer societies)
CCCC	Credit Consumer Cooperatives of Citizens
MFI	Microfinance Institutions
SME	Small and medium-sized enterprises
SE	Small Enterprise
SB	Small Business
CB	Central Bank
EBRD	European Bank for Reconstruction and Development
NDCO	Non-bank Deposit-credit Organization
CJSC	Closed Joint Stock Company
RMC	Russian Microfinance Center
MIX	Microfinance Information Exchange

Participants of the Benchmarking for Russian MFIs Projects 2008 (85 MFIs)

Belgorod Fund for Small Business Support (BFSBS), Bolshemurtinsky ACCC, Voronezh Regional Fund for Small Business Support (VRFSBS), WMN KMB, FINCA – Russia, FORUS, Counterpart Enterprise Fund (CEF), Alternativa, Alteya, Blago, Variant, VKB-Kredit, Vostok Kapital, Vybor, Delta, Denezhnyi, Doverye, Doverye (Amursk), Doverye-Altay, Edinstvo (Kuzbass), Edinstvo, Avrora, Zemlya Olonkho, Impuls, Istok, Kapital, Kassa Vzaimopomoshi, Doverye CCCC, Kassa Vzaimnogo Kredita Credit Consumer Unon, Kassa Vzaimnogo Kredita (Altay), Kemskyi, Obereg, Tverskoy, Tsaritsinskiy Passaj, Lukoshko, Metallist, Nadejda, Narodnyi Kredit – Kemerovo, Narodnyi Kredit, Negtegazstroy, Intellekt, Obshedostupny Kredit, Partner Mutual Lending Society, Partner CCCC, First Far-Eastern Credit Cooperative (FFECC), Pervyi Tomskyi, Povoljye, Profsvyaz, Progress-Kredit, Rezerv (Altay), Rezerv CCCC, ROST, Segezhskyi, Rozhdestvenskyi, Sibirskyi Kredit, Sodeystviye (Smolensk), Sodeystviye-2005 (Smolensk), Soyuz (Kirov), Soyuz (Primorye), Stanichnik, Sodeystviye (Yekaterinburg), Aktiv, CMFinance, Nadejda (Ozinsk), Kredit-Edinstvo, Raduga, EKPA, SBS, Soyuz-Khimik, Soyuz-Kredit, Avantaj, Bagaevskyi Region ACCC, Vzaimopomosh, Galaktika, Belomorskyi, Kikvidzenskiy, Sverdlovsk Regional Fund for Small Business Support, Krasnochikoyskiy, Kolos, Ruz, Sodruzhestvo, Tsimlyansk, USFSBS, Chita FSBS, Sodruzhestvo FSBS, Soglasiye

Indicator Definitions	
INSTITUTIONAL CHARACTERISTICS	
Number of MFIs	Sample size of group
Age	Years functioning as an MFI
Total Assets	Total Assets, adjusted for inflation and standardized provisioning for loan impairment and write-offs
Offices	Number, including head office
Personnel	Total number of staff members
FINANCING STRUCTURE	
Capital/ Asset Ratio	Adjusted Total Equity / Adjusted Total Assets
Debt to Equity	Adjusted Total Liabilities / Adjusted Total Equity
Deposits to Loans	Deposits / Adjusted Gross Loan Portfolio
Deposits to Total Assets	Deposits / Adjusted Total Assets
Portfolio to 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
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
Gross Loan Portfolio	Gross Loan Portfolio, adjusted for standardized write-offs
Average Loan Balance per Borrower	Adjusted Gross Loan Portfolio / Adjusted Number of Active Borrowers
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
Average Outstanding Balance / GNI per Capita	Adjusted Average Outstanding Balance / GNI per Capita
Number of Depositors	Number of depositors with any type of deposit account
Number of Deposit Accounts	Number of all deposit accounts
Deposits	Total value of all deposit accounts
Average Deposit Balance per Depositor	Deposits / Number of Depositors
Average Deposit Balance per Depositor / GNI per capita	Average Deposit Balance per Depositor / GNI per Capita
Average Deposit Account Balance	Deposits / Number of Deposit Accounts
Average Deposit Account Balance / GNI per capita	Average Deposit Account Balance / GNI per Capita
MACROECONOMIC INDICATORS	
GNI per Capita	Total income generated by a country's residents, irrespective of location / Total number of residents (World Development Indicators)
GDP Growth Rate	Annual growth in the total output of goods and services occurring within the territory of a given country (World Development Indicators)
Deposit Rate	Interest rate offered to resident customers for demand, time, or savings deposits (IMF/International Financial Statistics)
Inflation Rate	Annual change in average consumer prices (IMF/International Financial Statistics)
Financial Depth	Money aggregate including currency, deposits and electronic currency (M3) / GDP, measuring the monetization of the economy (IMF/International Financial Statistics)
OVERALL FINANCIAL PERFORMANCE	
Return on Assets	(Adjusted Net Operating Income - Taxes) / Adjusted Average Total Assets
Return on Equity	(Adjusted Net Operating Income - Taxes) / Adjusted Average Total Equity
Operational Self-Sufficiency	Financial Revenue / (Financial Expense + Impairment Losses on Loans + Operating Expense)
Financial Self-Sufficiency	Adjusted Financial Revenue / Adjusted (Financial Expense + Impairment Losses on Loans + Operating Expense)
REVENUES	
Financial Revenue/Assets	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/ Assets	Adjusted (Financial Expense + Net Impairment Loss + Operating Expense) / Adjusted Average Total Assets
Financial Expense/Assets	Adjusted Financial Expense / Adjusted Average Total Assets
Provision for Loan Impairment/ Assets	Adjusted Impairment Losses on Loans / Adjusted Average Total Assets
Operating Expense / Assets	Adjusted Operating Expense / Adjusted Average Total Assets
Personnel Expense/ Assets	Adjusted Personnel Expense / Adjusted Average Total Assets
Administrative Expense/ Assets	Adjusted Administrative Expense / Adjusted Average Total Assets
Adjustment Expense/ Assets	(Unadjusted Net Operating Income - Adjusted 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
Cost per Loan	Adjusted Operating Expense / Adjusted Average Number of Loans
PRODUCTIVITY	
Borrowers per Staff Member	Adjusted Number of Active Borrowers / Number of Personnel
Loans per Staff Member	Adjusted Number of Loans Outstanding / Number of Personnel
Borrowers per Loan Officer	Adjusted Number of Active Borrowers / Number of Loan Officers
Loans per Loan Officer	Adjusted Number of Loans Outstanding / Number of Loan Officers
Depositors per Staff Member	Number of Depositors / Number of Personnel
Deposit Accounts per Staff Member	Number of Deposit Accounts / Number of Personnel
Personnel Allocation Ratio	Number of Loan Officers / Number of Personnel
RISK AND LIQUIDITY	
Portfolio at Risk > 30 Days	Outstanding balance, portfolio overdue > 30 Days + renegotiated portfolio / Adjusted Gross Loan Portfolio
Portfolio at Risk > 90 Days	Outstanding balance, portfolio overdue > 90 Days + renegotiated portfolio / Adjusted Gross Loan Portfolio
Write-off Ratio	Adjusted Value of loans written-off / Adjusted Average Gross Loan Portfolio
Loan Loss Rate	(Adjusted Write-offs - Value of Loans Recovered) / Adjusted Average Gross Loan Portfolio
Risk Coverage Ratio	Adjusted Impairment Loss Allowance / PAR > 30 Days
Non-earning Liquid Assets as a % of Total Assets	Adjusted Cash and banks / Adjusted Total Assets

Russia: Benchmarks

(All figures are "medians")	ECA	Russia	Central Asia	ECA Credit Union (without Russia)	Trends: Russia 2007	Trends: Russia 2008
NSTITUTIONAL CHARACTERISTICS						
Number of MFIs	218	85	57	30	33	33
Age	9	9	5	12	8	9
Total Assets	4,766,477	1,676,073	2,821,242	899,221	2,695,106	3,385,854
Offices	6	2	4	1	5	4
Personnel	34	10	38	5	20	22
FINANCING STRUCTURE						
Capital/ Asset Ratio	22.8%	9.2%	28.1%	34.3%	13.7%	34.3%
Debt to Equity	2.9	4.7	2.3	2.03	5.61	5.55
Deposits to Loans	0.0%	89.0%	0.0%	35.1%	56.9%	63.4%
Deposits to Total Assets	0.0%	81.9%	0.0%	28.1%	54.9%	57.8%
Portfolio to Assets	88.0%	91.3%	87.4%	89.0%	86.8%	89.7%
OUTREACH INDICATORS						
Number of Active Borrowers	2,163	600	1,765	319	741	915
Percent of Women Borrowers	43.0%	60.7%	46.4%	37.2%	55.3%	59.2%
Number of Loans Outstanding	2,266	690	2,029	267	819	1,040
Gross Loan Portfolio	3,951,943	1,446,758	1,396,845	831,075	2,165,086	2,280,435
Average Loan Balance per Borrower	2,177	2,145	822	2,513	3,698	3,261
Average Loan Balance per Borrower/ GNI per Capita	68%	28.5%	101.5%	78.0%	49.1%	43.3%
Average Outstanding Balance	2,120	1,973	822	2,513	3,411	3,071
Average Outstanding Balance / GNI per Capita	66%	26.2%	101.5%	70.3%	45.3%	40.8%
Number of Depositors	0	302	0	410	123	247
Number of Deposit Accounts	0	338	0	521	203	270
Deposits	0	850,393	0	1,497,968	386,594	658,777
Average Deposit Balance per Depositor	0	2,941	0	1,366	3,598	3,470
Average Deposit Balance per Depositor / GNI per capita	0%	39.0%	0%	110.0%	48.0%	46.5%
Average Deposit Account Balance	0	2,589	0	1,250	3,034	3,145
Average Deposit Account Balance / GNI per capita	0%	34.0%	0%	72.0%	40.0%	41.5%
MACROECONOMIC INDICATORS						
GNI per Capita	3,780	7,530	610	7,530	5,780	7,530
GDP Growth Rate	8%	8%	8%	8%	7%	8%
Deposit Rate	5.4%	5.1%	8.4%	5.1%	5.1%	5.1%
Inflation Rate	9.0%	9.0%	10.8%	9.0%	9.0%	9.0%
Financial Depth	42.9%	42.9%	30.9%	42.9%	37.9%	42.9%
OVERALL FINANCIAL PERFORMANCE						
Return on Assets	0.3%	-0.2%	1.2%	0.0%	1.3%	4.7%
Return on Equity	2.9%	5.8%	6.3%	0.1%	12.3%	27.6%
Operational Self-Sufficiency	117.1%	106.8%	120.6%	130.0%	109.6%	118.0%
Financial Self-Sufficiency	104.3%	100.2%	104.8%	103.8%	n.a.	n.a.
REVENUES						
Financial Revenue/Assets	24.4%	32.3%	33.9%	15.8%	28.5%	32.4%
Profit Margin	4.0%	0.2%	4.4%	3.7%	7.6%	15.3%
Yield on Gross Portfolio (nominal)	29.4%	36.8%	35.5%	18.9%	30.6%	36.2%
Yield on Gross Portfolio (real)	19.3%	25.5%	22.4%	8.9%	19.8%	24.9%
EXPENSES						
Total Expense/ Assets	24.2%	32.1%	29.5%	16.2%	24.9%	28.6%
Financial Expense/Assets	8.9%	13.6%	10.6%	7.2%	11.5%	13.4%
Provision for Loan Impairment/ Assets	1.3%	1.9%	1.4%	1.1%	0.1%	0.0%
Operating Expense / Assets	12.8%	13.4%	17.0%	7.6%	13.2%	13.6%
Personnel Expense/ Assets	7.2%	7.6%	9.5%	4.0%	7.4%	8.0%
Administrative Expense/ Assets	5.1%	5.1%	6.7%	3.5%	4.9%	5.5%
Adjustment Expense/ Assets	2.0%	2.1%	2.9%	3.8%	n.a.	n.a.
EFFICIENCY						
Operating Expense/ Loan Portfolio	15.0%	14.5%	19.2%	9.8%	16.4%	16.4%
Personnel Expense/ Loan Portfolio	8.2%	9.2%	10.4%	4.9%	8.7%	9.5%
Average Salary/ GNI per Capita	3.9	1.6	6.7	2.5	1.3	1.6
Cost per Borrower	309	587	164	293	536	541
Cost per Loan	289	522	155	308	455	505
PRODUCTIVITY						
Borrowers per Staff Member	58	47	52	55	41	37
Loans per Staff Member	59	52	54	60	43	41
Borrowers per Loan Officer	167	149	142	179	88	99
Loans per Loan Officer	169	153	151	179	91	105
Depositors per Staff Member	0	26	0	37	12	10
Deposit Accounts per Staff Member	0	30	0	51	18	10
Personnel Allocation Ratio	37.0%	33.3%	35.1%	33.3%	51.9%	33.8%
RISK AND LIQUIDITY						
Portfolio at Risk > 30 Days	2.0%	3.6%	1.7%	1.9%	2.3%	4.0%
Portfolio at Risk > 90 Days	1.0%	1.6%	0.9%	0.7%	1.3%	2.4%
Write-off Ratio	0.4%	0.8%	0.1%	0.4%	0.0%	0.0%
Loan Loss Rate	0.3%	0.8%	0.1%	0.2%	0.0%	0.0%
Risk Coverage Ratio	78.0%	48.1%	77.4%	49.5%	0.0%	0.0%
Non-earning Liquid Assets as a % of Total Assets	5.5%	2.3%	6.2%	4.3%	5.9%	4.2%

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