

A graphic featuring a blue globe with a large blue arrow pointing upwards and to the right, set against a dark blue background.

Asia 2009

MICROFINANCE ANALYSIS AND BENCHMARKING REPORT

A report from Microfinance Information Exchange (MIX)

March 2010

INTRODUCTION

The 2009 MIX regional report on Asia presents a first opportunity to look at potential effects of the global financial crisis on microfinance institutions in Asia using a large volume of performance information. In this paper, we will cover benchmarks and regional trends for Asia, with special emphasis on the risk factors emphasized through the financial crisis. Operational indicators for most MFIs remained stable through 2008 and growth and outreach figures show little effect from the crisis. However, indicators of credit, financing, and currency risk are more forward-looking and investigation of these metrics helps to show several pockets of potential concern. Overall, the increasing transparency of microfinance institutions in the region enables all practitioners to have better tools available for analysis of key issues.

OUTREACH AND GROWTH

⇒ *Growth continued in most of Asia in 2008, although East Asia began to show more rapid growth than South Asia, where growth decelerated*

⇒ *Trouble spots could be seen in some sectors, often due to a combination of external factors and internal institutional management*

Growth continued in 2008 in all countries in Asia, with the exception of Afghanistan. Look-

ing at trends in total outreach (see **Table 1** and **Figure 1**) does not reveal the results of any profound shift in the region due to the global financial crisis of the past year, at least at the 2008 fiscal year-end. Rather, the primary movements appear to be due to institutional changes.

The reduction in credit outreach in Afghanistan represents a retrenching at many institutions, perhaps in response to overly rapid growth in prior years.¹ External factors such as drought and a worsening security situation also affected some institutions, and practitioners indicate that “MFIs that have fared better have been those not subject to events beyond their control...and who have proper portfolio management policies and procedures limiting the expense of provisioning.”² Individual institutional results consequently also varied; most notable was a large decline in outreach at the Afghanistan FINCA affiliate.³ More recent December

1 MIX email correspondence with Dale Lampe, MISFA, 3/3/2010. Related research can be found in the following: Chen, Greg, Stephen Rasmussen, and Xavier Reille. Growth and Vulnerabilities in Microfinance. CGAP, February, 2010 (<http://www.cgap.org/gm/document-1.9.42393/FN61.pdf>), and the National Risk and Vulnerability Assessment 2007/8, available at <http://nrva.cso.gov.af/NRVA%202007-08%20Report.pdf>

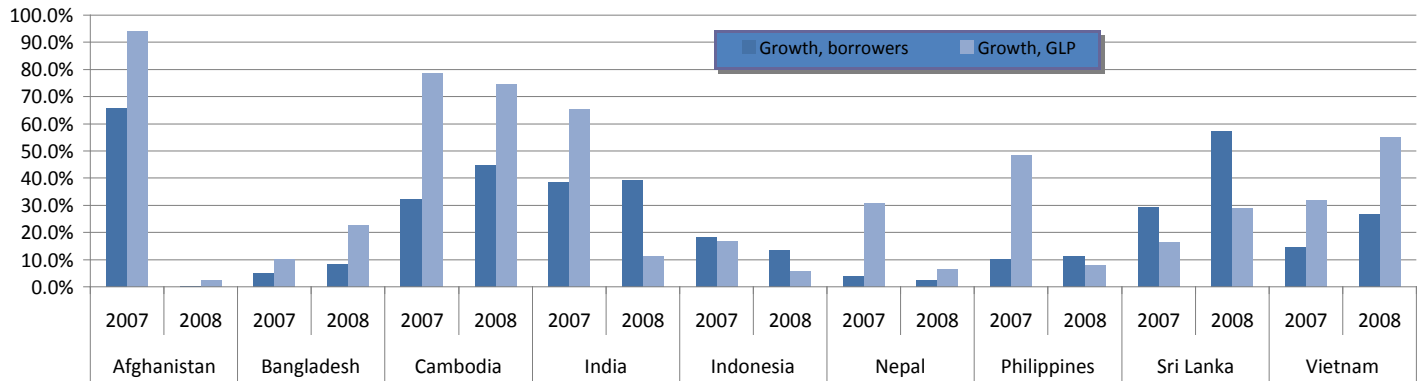
2 MIX email correspondence with Dale Lampe, MISFA, 3/3/2010.

3 Current outreach on Sharia-compliant loan products apparently falls well short of a stated goal from early 2008 to reach 90,000 clients by 2009; reference: <http://www.microcapital.org/microcapital-story-islamic-microfinance-rapidly-growing-in-afghanistan/#more-1776>. December 2009 figures from MISFA show outreach to 15,000 borrowers.

2 Asia 2009 Microfinance Analysis and Benchmarking Report

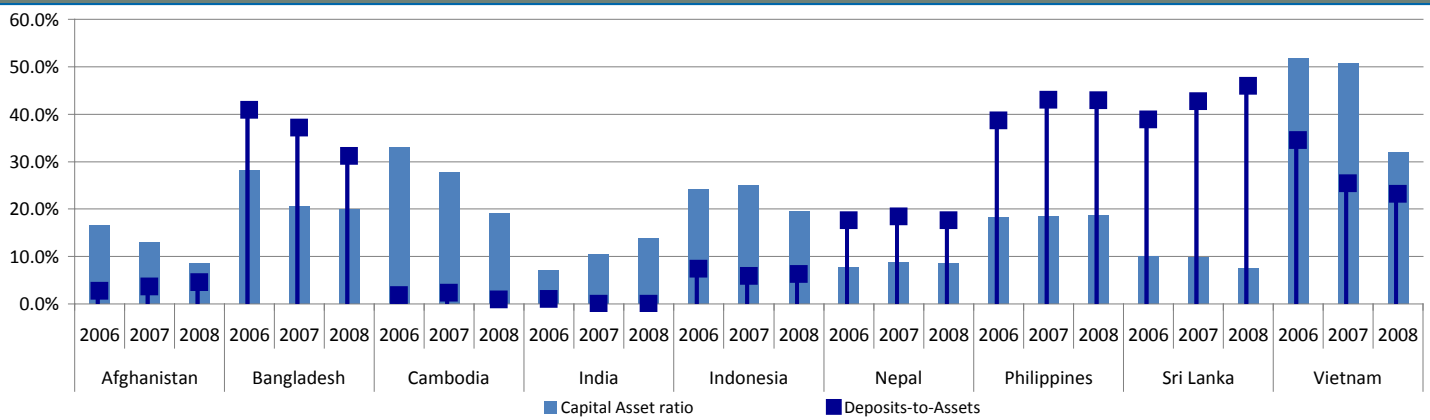
MICROFINANCE IN ASIA: KEY INDICATORS 2008

GROWTH IN BORROWERS BY COUNTRY, 2007-2008



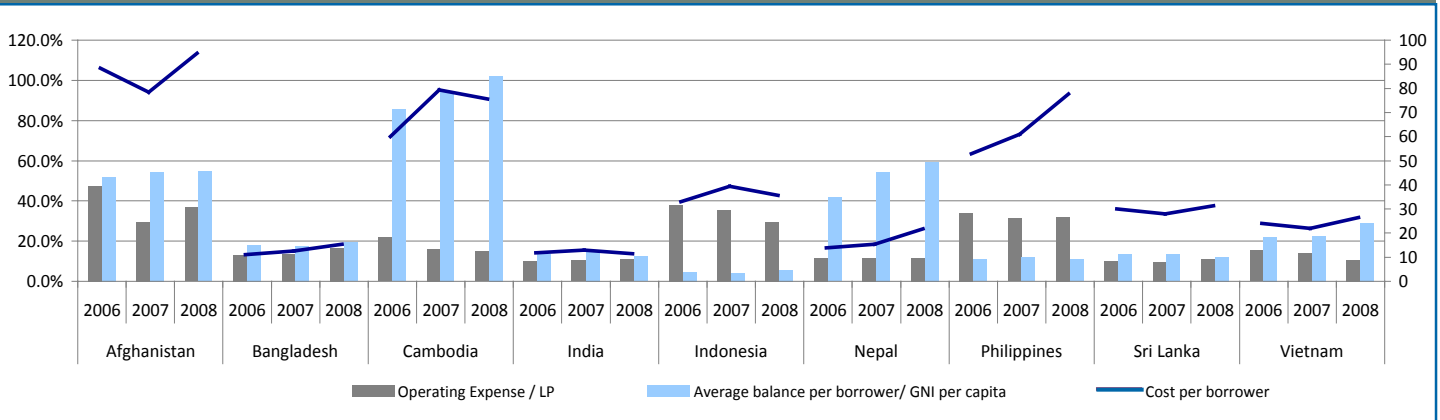
Source: MIX Market, unadjusted figures represent growth in totals

FUNDING STRUCTURE OF MFIs BY COUNTRY, 2006-2008



Source: MIX Market, unadjusted figures represent medians

EFFICIENCY BY COUNTRY, 2006-2008



Source: MIX Market, unadjusted figures represent medians

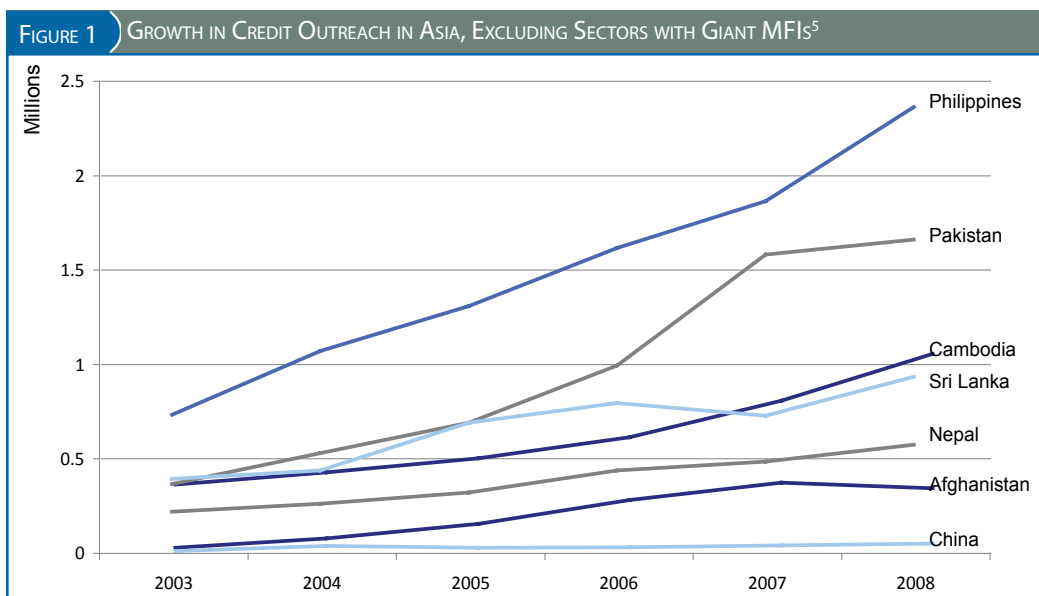
TABLE 1 TOTAL BORROWERS: OUTREACH AND GROWTH RATES IN ASIA 2004 - 2008					
Growth rates	2004	2005	2006	2007	2008
Region					
Asia	26,607,977	33,852,987	40,685,130	48,679,282	57,655,149
Year-to-year growth		27%	20%	20%	18%
Sub-region					
East Asia and Pacific	8,628,811	9,453,934	10,704,949	12,254,078	15,366,733
Year-to-year growth		10%	13%	14%	25%
South Asia	17,979,166	24,399,053	29,980,181	36,425,204	42,288,416
Year-to-year growth		36%	23%	21%	16%
Major countries					
Afghanistan	69,709	145,298	271,654	363,542	334,218
Year-to-year growth		108%	87%	34%	-8%
Bangladesh	14,381,210	18,036,019	20,521,587	23,092,730	22,787,466
Year-to-year growth		25%	14%	13%	-1%
Cambodia	419,666	493,754	606,266	799,414	1,047,002
Year-to-year growth		18%	23%	32%	31%
China, People's Republic of	30,315	19,785	21,760	32,103	42,916
Year-to-year growth		-35%	10%	48%	34%
India	2,326,126	4,538,303	6,986,069	10,201,260	16,025,583
Year-to-year growth		95%	54%	46%	57%
Indonesia	3,284,056	3,397,985	3,613,882	3,729,391	4,728,662
Year-to-year growth		3%	6%	3%	27%
Nepal	252,316	313,621	429,869	475,789	566,283
Year-to-year growth		24%	37%	11%	19%
Pakistan	519,699	682,933	984,284	1,571,789	1,650,871
Year-to-year growth		31%	44%	60%	5%
Philippines	1,060,881	1,298,539	1,606,461	1,854,265	2,354,746
Year-to-year growth		22%	24%	15%	27%
Sri Lanka	430,106	682,879	786,718	720,094	923,995
Year-to-year growth		59%	15%	-8%	28%
Vietnam	3,820,166	4,227,829	4,833,986	5,805,833	6,994,759
Year-to-year growth		11%	14%	20%	20%

Source: MIX Market. Some missing values interpolated or populated based on publicly available information when possible. Data throughout the report is unadjusted unless explicitly stated otherwise.

2009 figures⁴ on the sector from the Microfinance Investment Support Facility for Afghanistan (MISFA) indicate that the decline in outreach has accelerated,

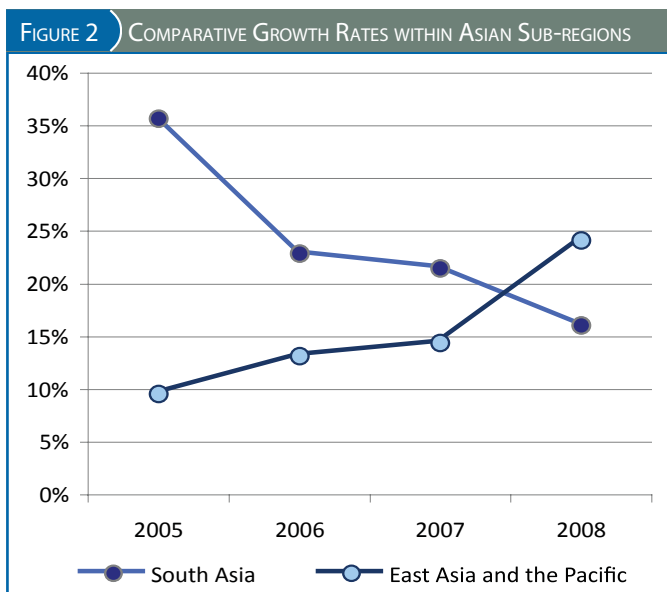
⁴ As of Dec. 2009, data posted at: http://www.misfa.org.af/index.php?page=en_Sector+Update+Microfinance. BRAC – AFG figures do not agree between MISFA and BRAC sites; we have used BRAC figures from: <http://www.bracafg.org/report/At%20A%20Glance%20of%20BRAC%20Afghanistan%20as%20of%20Dec2009.pdf> instead of MISFA figures.

with total outreach dropping below 300,000 borrowers, a loss of more than 15 percent over 2008, with nine MFIs seeing declines of over 20 percent. Market concentration in Afghanistan has also been increasing as two large institutions - BRAC - Afghanistan and the First Microfinance Bank - have grown or remained stable, at this point providing over half of total outreach for the sector.



Source: MIX Market. Some missing values interpolated or populated based on publicly available information when possible.

Afghanistan was the only sector that saw outright aggregate reduction in outreach. However, while growth continued, it decelerated in many countries. Growth rates continued to decline in South Asia, but were on the rise in East Asia and the Pacific. 2008 marked the first year in which the growth trends in the sub-regions crossed paths (see Figure 2). A kink in the growth rates for Pakistan is due to a loss of some 100,000 borrowers at one of the largest rural support programs, likely also related to a combination of security issues and financial management (similar to the situation in Afghanistan).⁶



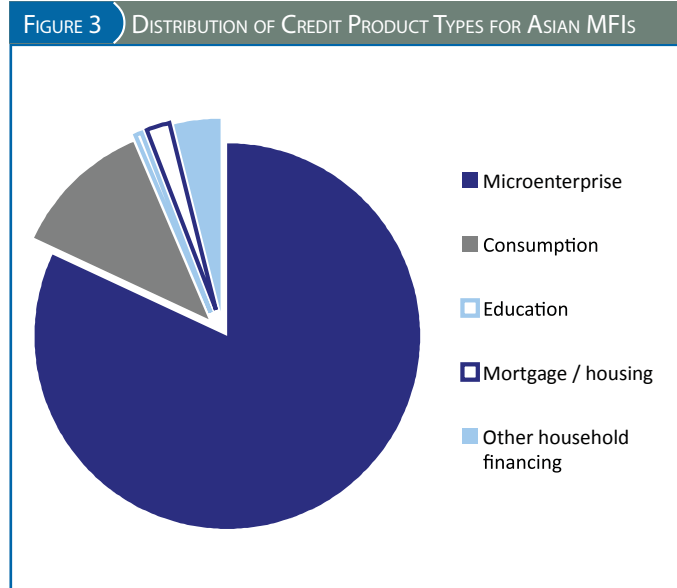
Source: MIX Market. Some missing values interpolated or populated based on publicly available information when possible.

The details of credit outreach in the region remained largely the same. Average outstanding loan balances are lower than the rest of the world, likely indicating a more dedicated focus on low-income clients. Outreach to women is higher than the rest of the world, with the median institution near to 100 percent. The vast majority of credit products are intended to sup-

5 'Giant' MFIs are defined as those with over 1 million borrowers, such as Grameen Bank, ASA and BRAC in Bangladesh, SKS, Spandana, SHARE and Bandhan in India, BRI in Indonesia and VBSP in Vietnam.

6 Figures from PMN: <http://www.microfinancepakistan.com/application.html>.

port microenterprise activities, with small shares going to consumer lending, education, and mortgage or housing loans.

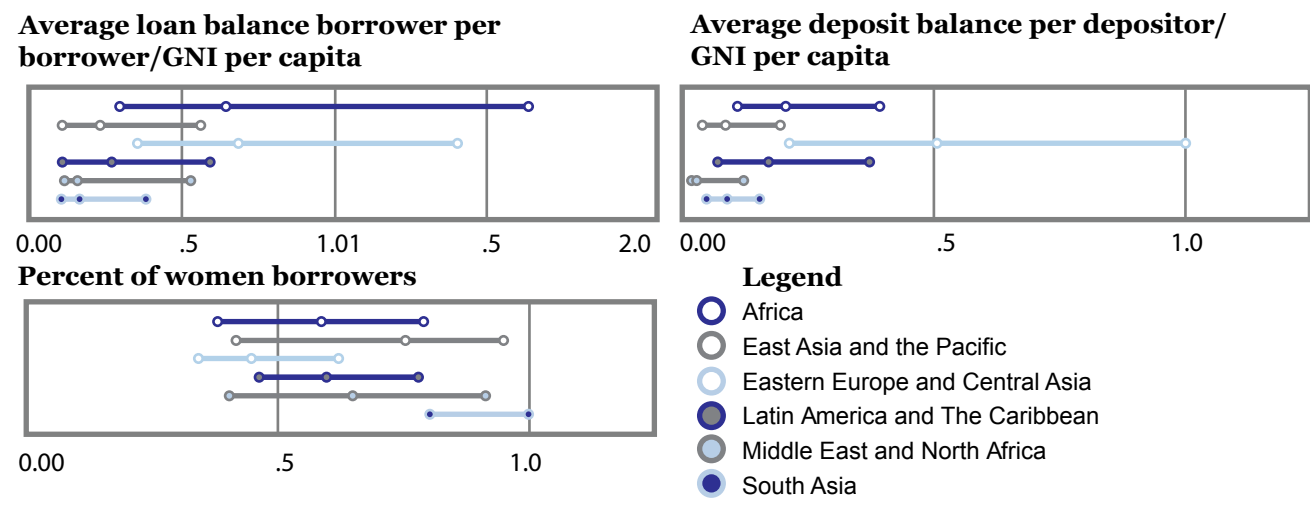


Source: MIX Market segment data for 2008. VBSP excluded to avoid skewing results.

We have a different picture of the sector if we look at the liability side of the balance sheet. Indeed, savings outreach exceeds credit outreach in Asia overall. While giant MFIs in Bangladesh and Indonesia still dwarf others in terms of outreach to depositors (still compulsory in many cases), smaller countries play more of a role when viewed through a savings lens. Philippines and Sri Lanka both have in excess of 2 million microfinance deposit accounts, and nine countries in the region have more depositors than borrowers.⁷ However, the most substantial increases in savings outreach occurred from 2004 to 2006, and most sectors have largely stabilized since that time. Around 25 percent of all deposits balances are wholesale savings, from financial institutions, corporations, or the government. Another 25 percent are compulsory deposits, while the remaining 50 percent are voluntary retail deposits, presumably from low-income populations.

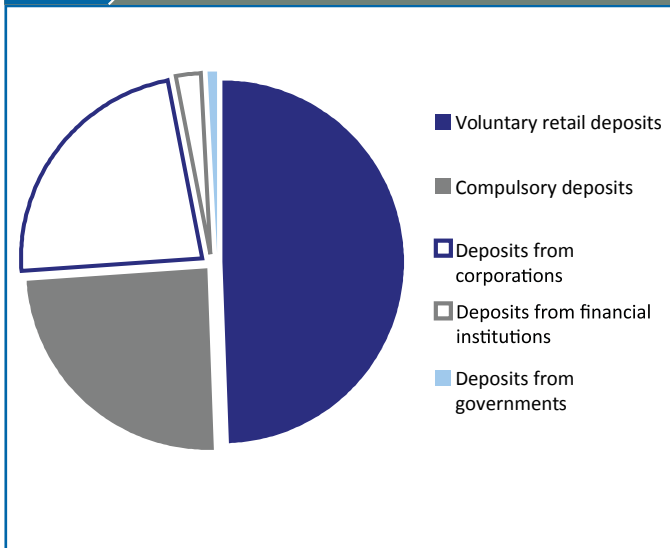
⁷ As of 2008 these countries are: Bangladesh, East Timor, Indonesia (extrapolating 2008 deposits data for BRI), Malaysia, Nepal, Papua New Guinea, Philippines, Samoa and Sri Lanka.

FIGURE 4 COMPARISON OF KEY CREDIT METRICS, SOUTH ASIA VS. REST OF THE WORLD



Source: http://www.mixmarket.org/mfi/benchmarks/adjusted/2008/flatstore_mfi_mfdb_data.mix_region__c?mix_region__c=All&country__c=All¤t_legal_status__c=All&print=1

FIGURE 5 SHARE OF RETAIL AND WHOLESALE DEPOSITS AT ASIAN MFIs



Source: MIX Market segment data for 2008. VBSP excluded to avoid skewing results.

FUNDING STRUCTURE OF MICROFINANCE INSTITUTIONS

⇒ More MFIs are financed by customers and investors than ever before, although leverage has stabilized in some key sectors

⇒ More sectors are financed locally than through international investors

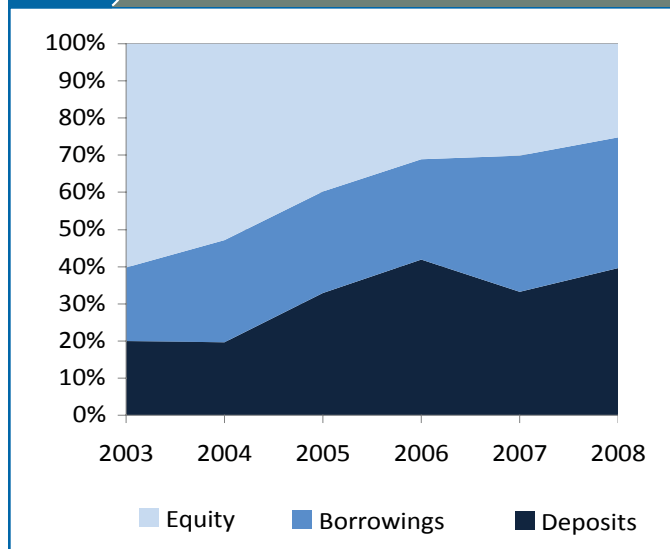
⇒ The fastest growth in debt financing was through local banks in India

Deposits are not only a financial service that can be targeted to the poor, they are also a source of financing for MFIs. MFIs have generally three sources of financing available: deposits, borrowings, and equity. Deposits grow through outreach to clients. Borrowings grow through outreach to investors, whether local or international, and equity grows through outreach to investors or through retained profits.

Growth in equity has been outstripped by both growth in deposits and growth in borrowings in Asia for the past few years. In 2003, equity provided over 60 per-

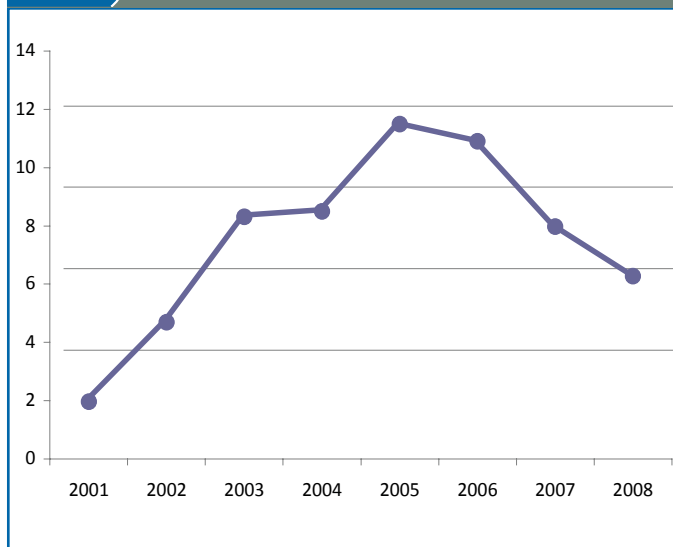
cent of financing to the region. By 2008, that portion had been cut in half, with deposits and borrowings now comprising over two-thirds of total financing. The decline in the relative proportion of equity base in the region may be due to maturing institutions with increasing leverage, and also to low (often negative) profit levels and a lack of opportunities for equity investors in the region. India provides a counterexample, with median debt/equity ratios hovering over 10 for 2005-2006, but dropping to 6-7 for 2007-2008, as leading MFIs shored up their capital base and managed portfolio relationships slowed down. Upcoming IPOs for SKS and ACLEDA Bank may signal the beginning of changes on this front. Capital/asset ratios have declined in South Asia, indicating increasing leverage, while remaining fairly stable in East Asia and the Pacific where deposits have historically played a larger role.

FIGURE 6 COMPOSITION OF FINANCING TO ASIAN MFIs, 2003 – 2008



Source: MIX Market. Results cover all participating institutions for a given year.

FIGURE 7 DEBT/EQUITY RATIO TRENDS IN INDIA, 2001 - 2008



Source: MIX Market. Results are medians for all participating institutions for a given year.

The financial crisis has placed renewed focus on the composition of debt financing to MFIs. An understanding of the sources and types of financing provided to leading MFIs in Asia will allow practitioners to better assess future risks to the sector. The 2009 *Banana Skins* report cited 'liquidity,' 'macro-economic trends,' 'refinancing,' and 'foreign currency' among the top 10 biggest risks for the global micro-

finance sector.⁸ A reliance on cross-border financing is one proxy for the level of this risk, since it embeds refinancing and often foreign exchange risk. If global liquidity dried up, which countries are most exposed to foreign funding risk? (We will explore the foreign exchange risk component for one country later.)

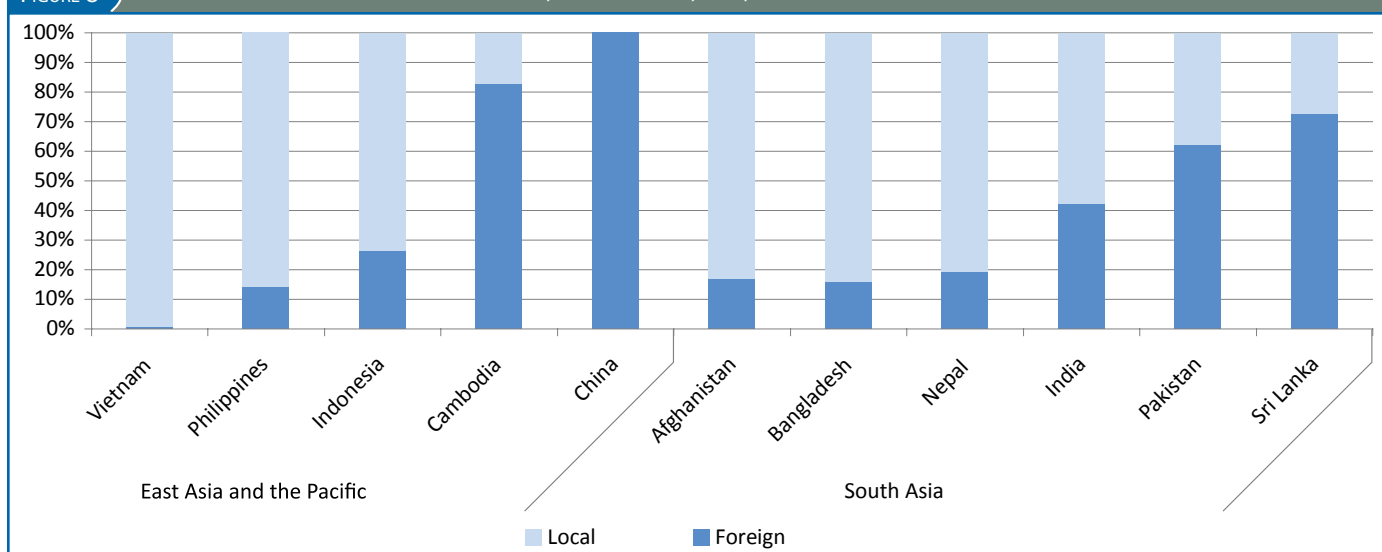
The figure below shows sources of debt financing by country. Debt represents roughly one-third of overall financing to Asia and the main source of funds in countries like Cambodia and India.⁹ India relies mostly on debt financing, rather than savings, but over 85 percent of this debt is locally financed through an array of banks and other financial institutions. Notably, growth in debt financing to Indian MFIs outstripped all other sectors. Funding risk to Indian MFIs is diversified across over 50 local financial institutions (with an average of nine relationships

8 Microfinance Banana Skins 2009: Confronting Crisis and Change, 2009, Lascelles, D. & Mendelson, S., at:

http://www.microfinancegateway.org/gm/document-1.9.35208/2009%20Banana%20Skins_%20Confronting%20Crisis%20and%20Change.pdf

9 The chart shows foreign/local financing as defined by the headquarters location of the funders. The chart does not capture currency exposure, although there is a strong relationship between location and currency. Currency exposure for Cambodia in particular is covered in a separate section.

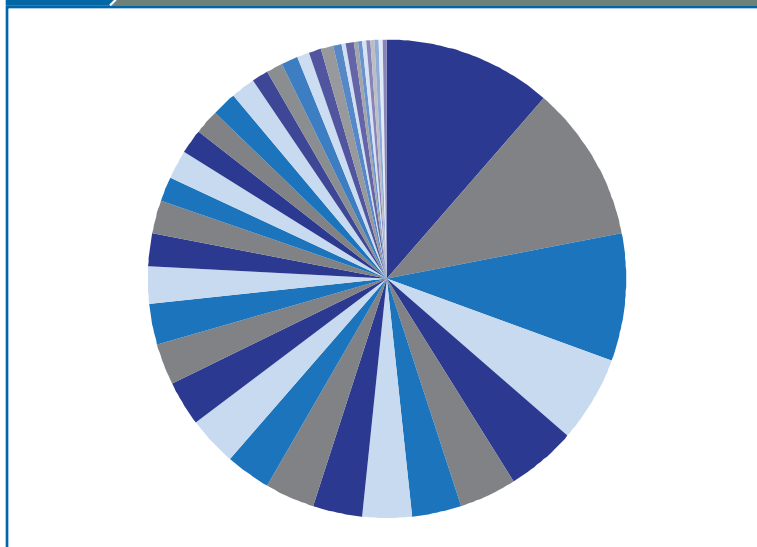
FIGURE 8 BORROWINGS FROM FOREIGN VS. LOCAL SOURCES, KEY COUNTRIES, ASIA, 2008



Source: MIX funding structure data for 2008. Percentages are for USD-equivalent balances.

per institution). The largest single source of funds supplies only 6 percent of overall financing (86 million USD), and this block of funds is itself spread across over 40 individual MFIs.

FIGURE 9 INDIVIDUAL BANKS' SHARES OF TOTAL FINANCING TO MFIs IN INDIA, 2008



Source: MIX funding structure data for 2008. Data excludes 'unspecified' lenders from many MFIs, which comprise roughly 50 percent of total funds. Each section of the pie represents the percentage for an individual bank; names have been omitted to preserve confidential disclosures in some cases.

Currency risk: Cambodia case study

⇒ *Cambodia is the country that relies most on foreign investors within Asia.*

⇒ *Currency risk is one component of funding risk. Strong financial reporting standards in Cambodia allow us to look in more detail at the currency risk.*

⇒ *Institutions in the heavily-dollarized economy in Cambodia borrow money in US dollars 75 percent of the time, but microfinance clients take loans and place deposits in USD just as often as in local currency.*

Cambodia is the largest microfinance sector in Asia with substantial foreign funding exposure. The onset of the financial crisis led to speculation that it would be heavily affected by the 'credit crunch'.¹⁰ One component of foreign funding risk is exposure to changes in exchange rates between sources and uses of funds. Cambodia is a heavily dollarized economy, with a managed float of the Cambodian riel (KHR) against the US dollar (USD).¹¹ However, Cambodian MFIs could be exposed

10 See: <http://www.microcapital.org/microcapital-story-credit-crunch-hits-cambodian-microfinance-institutions/>

11 IMF Article IV Consultation, Public Information Notice (PIN) No. 09/131, December 8, 2009:

<http://www.imf.org/external/np/sec/pn/2009/pn09131.htm>

to currency risk if there are substantial gaps between the currency composition of their assets and liabilities and exchange rates shifted. If an MFI had more obligations in dollars than it had assets, and the riel depreciated against the dollar, the MFI's assets would decline in value relative to its obligations, making it difficult to pay creditors and reducing the equity base of the institution. Consequently, we want to compare the currency composition of the obligations of Cambodian non bank MFIs (NBFIs)¹² to the currency composition of their assets. Fortunately, Cambodian MFI financial reporting provides a wealth of detail and we can begin to assess the level of this risk on a sector-wide basis.

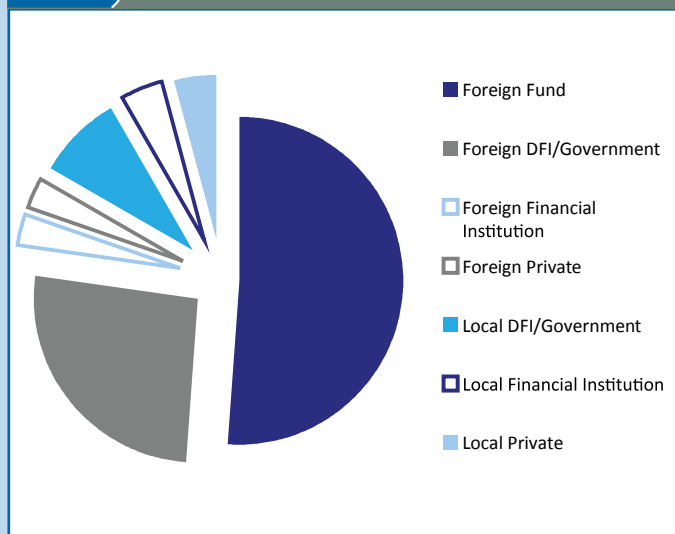
As of 2008, only ACLEDA Bank in Cambodia had a substantial deposit base, and deposits at all other MFIs covered only 2 percent of total loans.¹³ Over three-quarters of debt financing to Cambodia comes from foreign sources, primarily either mi-

12 Of the 15 MFIs in Cambodia that report data regularly to MIX, all but one (ACLEDA Bank) are non bank financial institutions (NBFIs). The local charter status for these NBFIs is 'Microfinance institution.' Consequently, when we refer to NBFIs, it covers all institutions except ACLEDA. When we refer to MFIs, it includes the NBFIs plus ACLEDA.

13 The benefits of this deposit base are made clear in a quote from the same article, by In Channy, director of ACLEDA Bank: "The crisis doesn't affect our [segments]. Deposits are still growing. We don't need foreign capital because our local deposit base is strong enough."

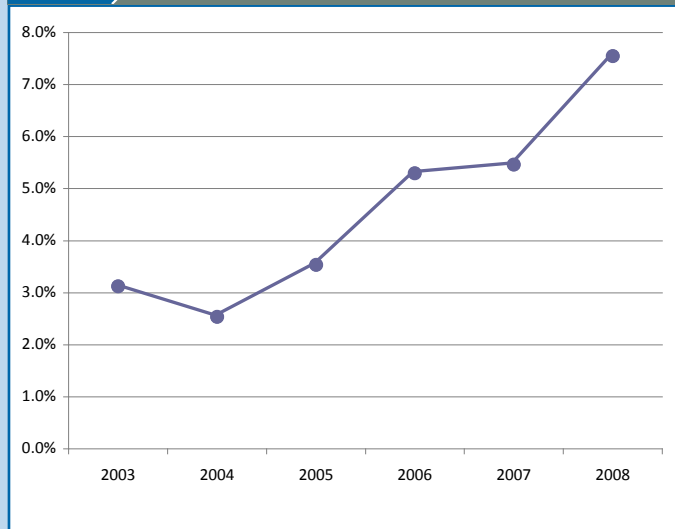
crofinance funds or development finance institutions (DFIs). The cost of this funding has also risen rapidly over the past several years. Consequently, if we focus on debt financing, we should cover most of the risk for most of the MFIs.

FIGURE 10 SOURCES OF FUNDING TO CAMBODIAN NBFIs



Source: MIX funding structure data for 2008.

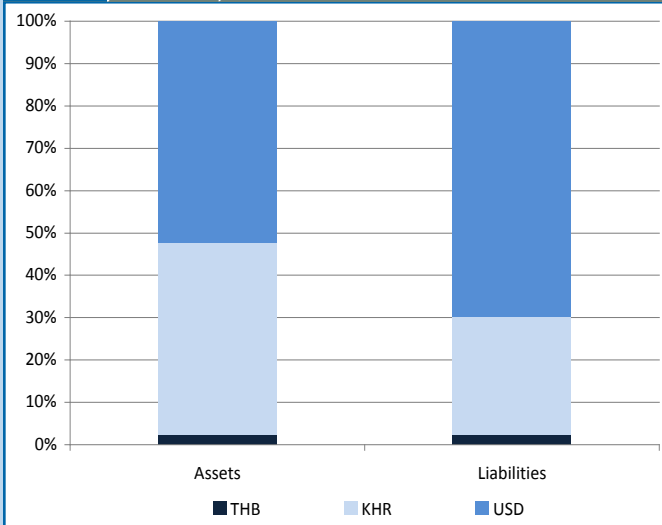
FIGURE 11 FINANCIAL EXPENSE TRENDS IN CAMBODIA, 2003 - 2008



Source: MIX Market. Results are medians for all participating institutions for a given year.

The chart below shows that almost three-quarters of NBFi obligations are in USD, the majority of which are debt funding.¹⁴ Deposits provide only 5 percent of total non-equity financing for Cambodian NBFIs, although these deposits are also overwhelmingly in USD – 83 percent of outstanding balances for 2008.

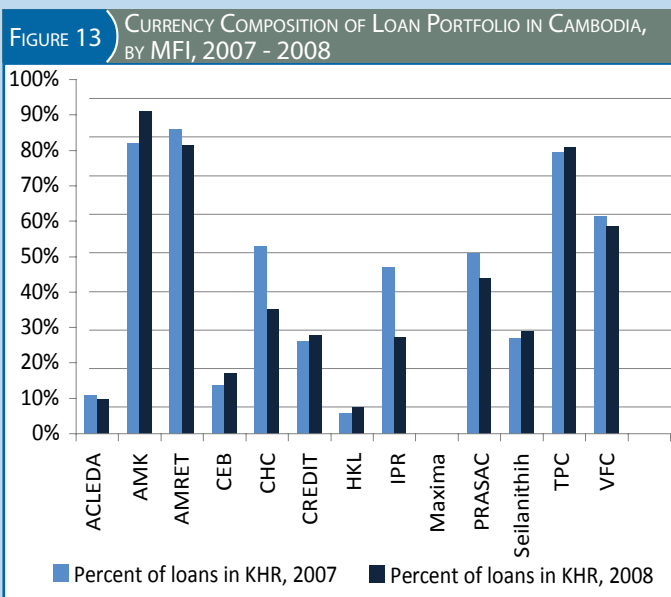
FIGURE 12 ASSET AND LIABILITY CURRENCY COMPOSITION FOR NBFIs, CAMBODIA, 2008



Source: MIX segment data, based on public currency risk disclosures from audited financial statements of 12 NBFIs and ACLEDA Bank.

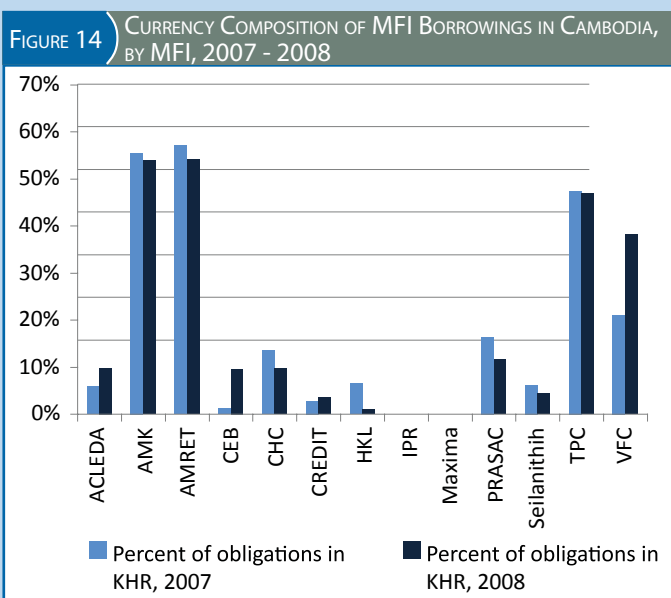
The assets of Cambodian NBFIs are slightly different – split roughly half-and-half into USD and KHR assets. Many clients of Cambodian MFIs borrow in hard currency, rather than local currency. Only four of the 14 Cambodian NBFIs have more than 50 percent of their gross loan portfolio in KHR. Even the cash balances and short-term deposits of Cambodian MFIs are more than 80 percent in USD. The chart below shows the percent of loans in KHR for 2007 and 2008, and the substantial variation seen across MFIs in currency offerings (from 0 percent to over 90 percent). The volume of loans and deposits in hard currency reflects the high dollarization of the Cambodian economy.

¹⁴ The remainder is in Cambodian riel (KHR), with small amounts in Euro (EUR) and Thai baht (THB).



Source: MIX segment data, based on public currency risk disclosures from audited financial statements of 12 NBFIs and ACLEDA Bank.

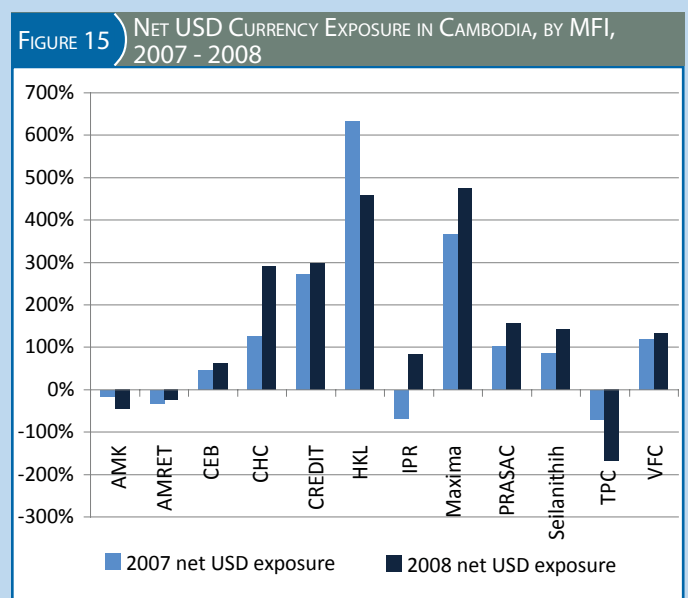
To assess currency risk, we are interested in cases where there are substantial gaps between the currency exposure of assets and liabilities for a particular MFI. Since most attention has focused on the role of foreign investors, we can restrict the scope to the currency composition of MFI borrowings and MFI microloans. The table below shows the percent of borrowings and deposits in KHR for all Cambodian MFIs. There is generally a much smaller portion of financing in KHR than



Source: MIX segment data, based on public currency risk disclosures from audited financial statements of 12 NBFIs and ACLEDA Bank. Results are total deposits and borrowings for each MFI.

lending in KHR. European lenders provide some local currency financing, while the remainder comes from the National Bank of Cambodia and other local trade and development banks.¹⁵

Combining currency exposure on loans and borrowings, we can look at the net exposure for all MFIs for a given currency.¹⁶ When the bar is below zero, it indicates that USD borrowings exceed USD loans and the MFI has exposure to depreciation of the riel against the dollar. Most institutions instead have net exposure to appreciation of the riel against the dollar. In these cases, loans in USD exceed borrowings in USD. If USD depreciates against the riel (or the riel appreciates against the dollar), the value of assets will decline faster than the value of liabilities.



Source: MIX segment data, based on public currency risk disclosures from audited financial statements of 12 NBFIs and ACLEDA Bank. Results are the net USD position for loan portfolio, less the sum of deposits and borrowings for each MFI. The exposure is shown as a percentage of the total equity. Thus, if an MFI had \$100 in loans, \$75 of which were in USD, \$50 in borrowings, all of which were in USD, and \$25 in equity, the net USD exposure would be $(\$75 - \$50) / \$25 = +100\%$.

The graph of net exposure also shows us how institutions adjusted their foreign currency exposure over the course of the year. Most institutions had little change over the course

15 Deposits are not a primary source of local currency financing in Cambodia; well over 80 percent are in USD.

16 We define the net exposure here as $(\text{USD loans} - \text{USD borrowings}) / \text{total equity}$. If the MFI has borrowed more in USD than it holds as assets, the ratio will be less than 0 and the MFI will have exposure to depreciation of the riel against the dollar.

of the year, and the overall net exposure of the sector remained constant. There does not appear to be any strong impact on returns due to increasing or decreasing currency exposure, although this has been an environment of low depreciation, with USD / KHR rates changing by less than two percent each of the past three years.¹⁷ Small changes in ex-

¹⁷ There is in fact a positive correlation of 0.49 between return on assets and increasing currency exposure. This could be due to MFIs finding lower-cost external sources of financing or changing product offerings to earn more revenue.

change rates mean only small income effects from currency translation for the current year. Gains and losses on foreign currency translation were less than one half of one percent of total revenues for most MFIs, although this level was over two percent of total revenues in 2007. Using this type of currency exposure information, one could run further 'what if' simulations – what is the effect on income if currency depreciation was much greater?

RISK PROFILES

⇒ Overall credit risk indicators dropped in 2008 throughout Asia

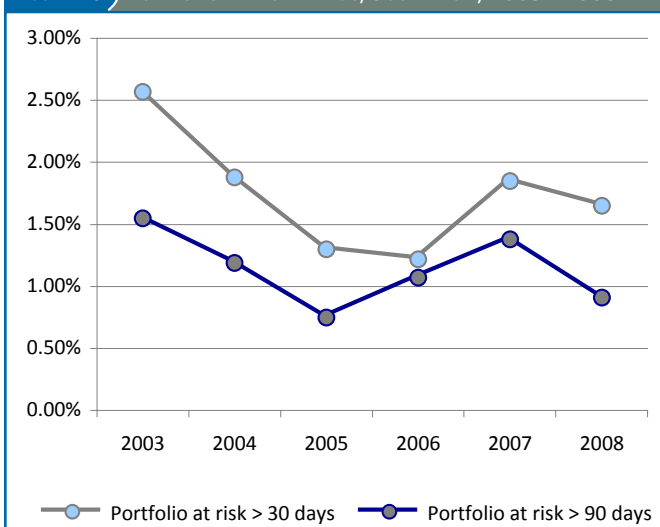
⇒ However, many institutions moved from 'very low' delinquency levels to 'moderate' levels, indicating potential problems on the horizon

The financial crisis has also focused attention on credit risk management at microfinance institutions. The 2008 results give us a glimpse of these issues for Asia. In the aggregate, there is little evidence of increasing levels of credit risk for the typical MFI in Asia. However, there are warning signs for some specific sectors and for many individual MFIs. 2008 shows a worsening credit risk picture for many MFIs in the region.

Portfolio at risk (PAR) is the best indicator of future credit risk that we have readily available and comparable for large numbers of MFIs. High PAR levels indicate large numbers of loans with delinquent payments, and can signal the potential for a rapidly weakening repayment culture. PAR is easily comparable across institutions that adhere to a standard portfolio reporting framework.

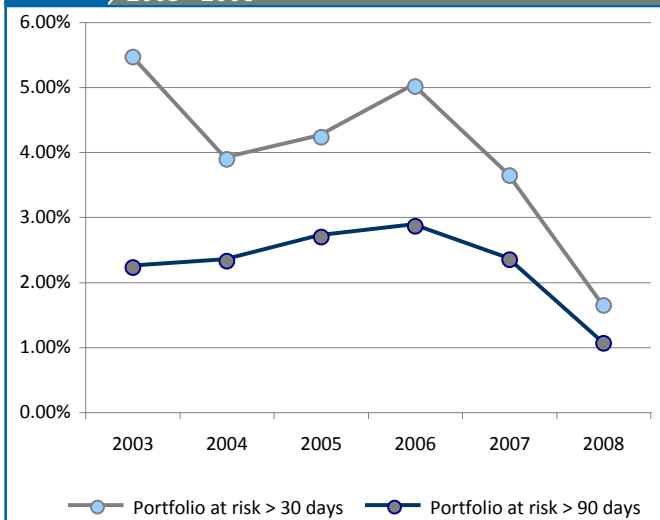
Median PAR levels are low in both South Asia and East Asia and the Pacific (EAP), with general decline in levels over the last six years. Risk coverage ratios have also been generally increasing, with the typical MFI crossing 100 percent (all delinquent loans adequately provisioned) in EAP for the first time in 2008.

FIGURE 16 PORTFOLIO AT RISK TRENDS, SOUTH ASIA, 2003 - 2008

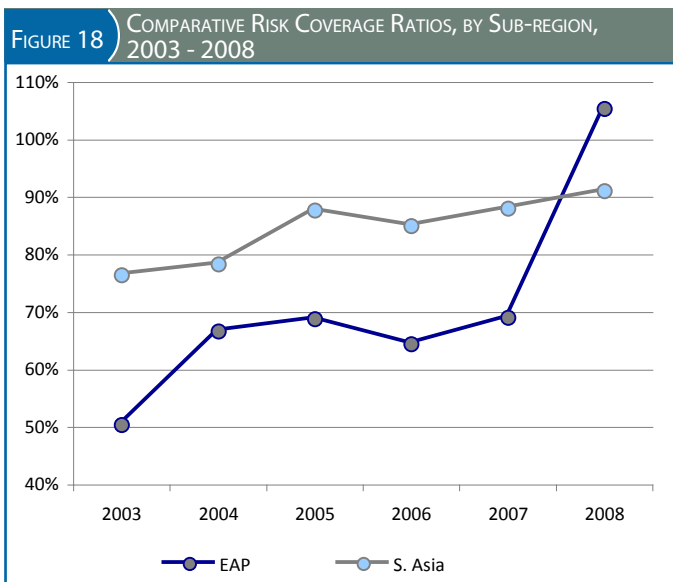


Source: MIX Market. Results are medians for all participating institutions for a given year.

FIGURE 17 PORTFOLIO AT RISK TRENDS, EAST ASIA AND THE PACIFIC, 2003 - 2008



Source: MIX Market. Results are medians for all participating institutions for a given year.

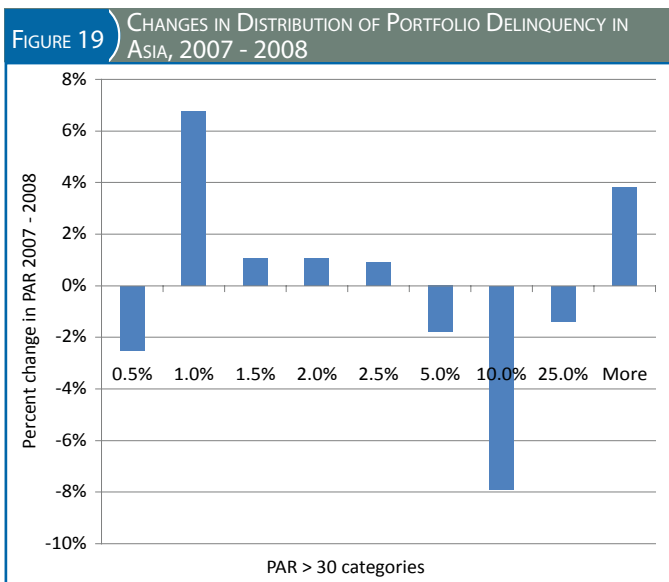


Source: MIX Market. Results are medians for all participating institutions for a given year.

However, the median results can mask changes in the overall distribution. For risk issues, we are often concerned with outliers. The microfinance landscape in Asia has shifted to have fewer MFIs with very low levels of PAR (less than 0.5 percent) and many more MFIs with moderate PAR levels from 1 to 5 percent. A significant number of MFIs – more than 30 percent – have PAR levels above 10 percent, although this portion has declined slightly in our data set. In addition, several sectors have seen rapidly increasing PAR levels, notably Bangladesh, where PAR levels have doubled since 2006, and Afghanistan, where the median MFI crossed 10 percent in the last year (and where the outreach data outlined earlier signals potential deep problems at a number of institutions). While PAR levels in Cambodia are among the lowest in the region, and saw only a slight uptick in the past year, recent reports from the sector indicated potential concerns.

18 This worsens if one imagines selection bias where the worst performing institutions opt not to report PAR data that reflects poorly on their operations.

19 Reports here: <http://www.phnompenhpost.com/index.php/2010011830908/Business/mfis-suffered-difficult-2009.html> and here: <http://www.microcapital.org/microcapital-story-cambodian-microfinance-institutions%E2%80%99-non-performing-loans-rise-again/>



Source: MIX Market segment data. Results compare only institutions that provided full portfolio aging data for 2007 and 2008, including renegotiated loans. Results represent increase/decrease in MFIs reporting PAR levels in a certain category between 2007 and 2008.

OPERATIONS

⇒ Operating costs in Asia remained low globally, and profits similarly remained low, but stable

⇒ Most countries saw rising financial expenses, and South Asia saw rising personnel expenses, perhaps due to increased competition for skilled staff

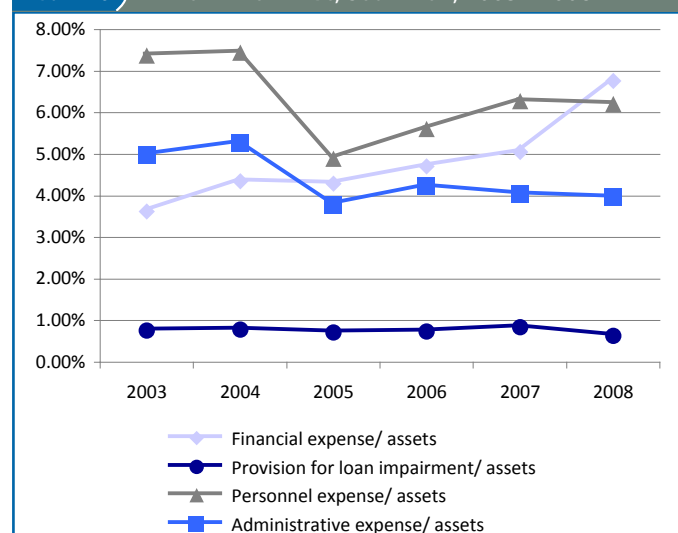
Microfinance in Asia remained profitable overall in 2008, although operating expenses reflected higher costs of personnel and financing in some sectors. Decreasing operating expenses may require innovation for MFIs to continue to lower costs to clients. Is there a floor for administrative and provisioning costs, beyond which only changes in staffing and financing costs affect returns?

Revenues remained low compared to other regions of the world, below 25 percent for the typical MFI, but still sufficient to cover costs. Low operating costs in South Asia have directly permitted the low yield levels and low cost to clients. MIX research on interest rate premiums demonstrates that operating expenses explain most of the variation in yields glob-

ally, and that few institutions reap high profits. Yields in East Asia are higher, similarly reflecting the higher cost of operations in those countries.

Financing and personnel costs increased for South Asia, while administrative and provisioning costs remained stable, all without any decline in productivity. The changing composition of operating expenses could be a symptom of maturing sectors in countries like India, where labor costs and competition for staff are increasing and where sources of financing grew more expensive in the past year. The increased cost of funding is most pronounced and most recent, moving from near 5 percent to near 7 percent within the last year.

FIGURE 20 EXPENSE RATIO TRENDS, SOUTH ASIA, 2003 - 2008

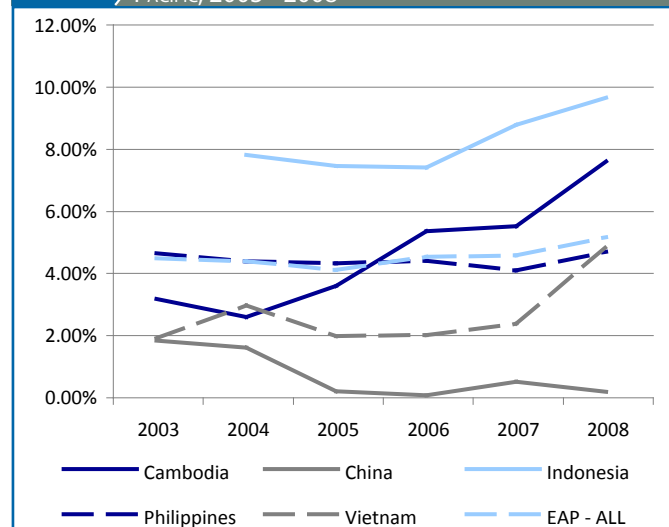


Source: MIX Market. Results are medians for all participating institutions for a given year.

EAP lacks clear trends in operating expenses, likely reflecting the variation in the different countries in the subregion. Financial expenses had a slight increase overall, from 4.5 percent to 5.0 percent. However, while some sectors – such as the Philippines and China – saw low or decreasing cost of funds, others like Cambodia, Indonesia, and Vietnam saw more rapid increases, as shown in the chart below. Financial expenses in Cambodia have the most rapid

increase over the past few years, from just over 3 percent in 2003 to over 7.5 percent by 2008.

FIGURE 21 FINANCIAL EXPENSE RATIO TRENDS, EAST ASIA AND THE PACIFIC, 2003 - 2008



Source: MIX Market. Results are medians for all participating institutions for a given year. Results are for financial expense as a percentage of total assets.

Returns have been steadily increasing in South Asia, although adjusted returns remain just below zero. Returns in East Asia and the Pacific have been positive and more stable – between 1.6 percent and 2.4 percent (adjusted) since 2003.

CONCLUSION

Much of the focus of the past year for microfinance has been the impact of the global financial crisis. At the level of analysis that we can conduct using MIX data, the effects of the financial crisis are difficult to draw out with great certainty. However, we can see that there has been no sector-wide catastrophe in Asia. There are many small, local changes and some harbingers of risks to come, with rising portfolio risk levels and tightening cost structures. This type of coverage does not replace a focus on institutional trends, and by looking more closely at data from the

20 In addition, since many countries in Asia have different fiscal year ends, the data covers some non-overlapping intervals. For instance, most institutions in India close their books in March; in Bangladesh, many close in June; in Nepal in July; in the Philippines many NGOs close in June, and so on.

individual MFIs that underlie this analysis, we can gain an even more informed picture. At the same time, increasing transparency and improved financial reporting throughout the region continue to facilitate more sophisticated regional and institutional analysis. Standardized disclosures for currency risk in Cambodia, for instance, allowed us this year to conduct detailed analysis of a sector to assess potential effects and current responses to swings in the global

economy. Increasing transparency bodes well for all economic environments.

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Benchmarks 2008

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Bank: ACLEDA, ACLEDA Lao, FMFB - AFG, Grameen Bank, KBank, Nirdhan, OMB, SEWA Bank, VBSP

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NBFI: AFS, AMK, AML, AMRET, Arohan, AWS, Bandhan, BASIX, BAYOCA, Berendina Microfinance, BFL, CBIRD, CFA, CHC-Limited, CREDIT, DD Bank, Equitas, FINCA - AFG, FMFB - Pakistan, GK, GOF, GV, HKL, IFDP, IPR, JVS, Kashf Bank, Khushhali Bank, KOPSA, Lak Jaya, MADRAC, Maxima, MFI, Mimo Finance, MoFAD, NMFB, Oi China, OXUS - AFG, PNG Microfinance Ltd, POMFB, PRASAC, Rishenglong, Sabaragamuwa, Samasta, Sarvodaya Nano Finance, Sathapana Limited, SB Bank, SCNL, SDBL, SED, SEEDS, Seilanithih, SEWA Finance, SHARE, SKS, Sonata, Spandana, Swadhaar, TMFB, TPC, Trident Microfinance, TYM, Ujjivan, VFC, VFS, Wau Microbank, WDB, WWI - AFG

NGO: ABCRDM, ABS-CBN, Adhikar, AMFI, ARDCI, ARMP, ASA, ASA Philippines, Asasah, ASHI, ASKI, BEES, Binhminh CDC, BISWA, BJS, BRAC, BRAC - AFG, BRAC - LKA, BSS, BURO Bangladesh, BWDC, CARD NGO, Cashpor MC, CEP, CEP BRVT, CEP Long An, CEVI, CFPA, Chamroeun, Childfund Hoa Binh, CHWDA, CMEDFI, Common Interest, CreSA, CSD, CWCD, CZWSDA, DAMEN, DEPROSC-Nepal, Dian Mandiri, DINARI, DSPI, ECLOF - PHL, ESAF, FORWARD, Fund for Women Development - HCM, GU, HEED, HiH, Hope for Life, HSPFI, IDF, Janodaya, JCF, JX-WDA, Kasagana-Ka, Kashf, Kazama Grameen, KCCDFI, KMBI, KRUSHI, Life Bank, M7 Can Loc, M7 DB District, M7 DBP City, M7 Dong Trieu, M7 Mai Son, M7 Ninh Phuoc, M7 Uong bi, Mahasemam - SMILE, Mahashakti, Mahuli, Manushi, MBK Ventura, MEDF, Moris Rasik, NBJK, NCS, NEED, NERUDO, Nidan, NRDSC, NWTf, NYWDA, PALFSI, Parwaz, PATRA Hunchun, PATRA Yanbian, PCWDA, Plan International, RASS, RCDS, RGVN, RSPI, Saadhana, Sajida, Sanghamithra, Sarala, Serviamus, Shakti, SKDRDP, SMSS, SPBD, SSS, SU, Sungi, SWAWS, TLM, TSKI, VSSU, WKP, WSE, XXWDA, YYWDA

Rural Banks: 1st Valley Bank, Banco Santiago de Libon, Bangko Kabayan, Bangko Luzon, Bangko Mabuhay, BCB, BMT Pringsewu, BPR AN, BPR Aditama Arta, BPR AK, BPR Artadamas Mandiri, BPR BBTM, BPR BKK Cilacap, BPR CAS, BPR Citama, BPR DMG, BPR Eka Ayu, BPR Eka Usaha, BPR Hitamajaya, BPR NBP 11, BPR NBP 19, BPR NBP 2, BPR NBP 30, BPR NSI, BPR Pinang Artha, BPR PKT, BPR SAS, BPR Sukawati Pancakanti, BPR Sukma Kemang Agung, BPR Surya Yudha Kencana, BPR Taman Dhana, BPR Wahana Sentra Artha, Cantilan Bank, CARD Bank, CBB, CBMO, FAIR Bank, FICO, First Macro Bank, GBNB, GM Bank, Green Bank, KBSLAB, Mallig Plains RB, MGBB, MPGBB, New RB of Victorias, PBC, PGBB, PR Bank, Progressive Bank, RB Bagac, RB Cainta, RB Camalig, RB Cotabato, RB Digos, RB Dipolog, RB Guinobatan, RB Lebak, RB Liloy, RB Mabitac, RB Montevista, RB Oroquieta, RB Pagbilao, RB Placer, RB San Jacinto, RB Siargao, RB Solano, RB Talisayan, Siam Bank, SPGBB, Valiant RB

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	Depositors/ 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

BENCHMARKS FOR ASIA

* all results are adjusted except as otherwise indicated for Asia trend results	unadjusted		unadjusted	
	Asia 2008	Asia 2006	Asia 2007	Asia 2008
INSTITUTIONAL CHARACTERISTICS				
Number of MFIs	283	140	140	140
Age	12	10	11	12
Total Assets	7,189,772	6,216,822	9,650,021	10,062,967
Offices	12	18	21	22
Personnel	134	169	211	229
FINANCING STRUCTURE				
Capital/ Asset Ratio	14.9%	16.8%	15.6%	15.5%
Debt to Equity	5.0	4.4	5.0	4.5
Deposits to Loans	30.8%	21.6%	21.5%	24.7%
Deposits to Total Assets	15.9%	14.7%	14.8%	19.0%
Portfolio to Assets	74.3%	74.6%	73.0%	73.9%
OUTREACH INDICATORS				
Number of Active Borrowers	17,239	25,047	31,671	36,146
Percent of Women Borrowers	93.8%	97.9%	96.8%	94.1%
Number of Loans Outstanding	16,483	25,478	30,719	35,644
Gross Loan Portfolio	3,677,827	4,162,354	6,417,099	7,354,688
Average Loan Balance per Borrower	166	133	162	167
Average Loan Balance per Borrower/ GNI per Capita	17.8%	16.9%	17.0%	17.1%
Average Outstanding Balance	164	132	161	166
Average Outstanding Balance / GNI per Capita	16.7%	16.8%	16.4%	16.7%
Number of Depositors	6,700	16,317	15,362	14,805
Number of Deposit Accounts	7,453	17,130	15,360	14,392
Deposits	529,766	558,852	800,798	1,077,763
Average Deposit Balance per Depositor	56	34	50	52
Average Deposit Balance per Depositor / GNI per capita	7.0%	5.0%	7.0%	7.0%
Average Deposit Account Balance	55	35	50	52
Average Deposit Account Balance / GNI per capita	6.0%	5.0%	6.0%	6.0%
MACROECONOMIC INDICATORS				
GNI per Capita	950	820	950	950
GDP Growth Rate	7.1%	6.6%	7.1%	7.1%
Deposit Rate	6.0%	5.3%	5.3%	5.3%
Inflation Rate	6.3%	6.3%	6.4%	6.4%
Financial Depth	59.5%	62.0%	59.5%	59.5%
OVERALL FINANCIAL PERFORMANCE				
Return on Assets	1.3%	1.6%	1.8%	1.8%
Return on Equity	9.6%	13.6%	12.3%	13.7%
Operational Self-Sufficiency	113.4%	112.8%	111.2%	113.3%
Financial Self-Sufficiency	108.0%			
REVENUES				
Financial Revenue/Assets	24.3%	21.8%	21.0%	22.7%
Profit Margin	8.0%	11.4%	10.2%	11.9%
Yield on Gross Portfolio (nominal)	29.1%	28.1%	27.6%	29.8%
Yield on Gross Portfolio (real)	20.3%	20.0%	19.5%	21.1%
EXPENSES				
Total Expense/ Assets	23.5%	20.2%	20.2%	20.6%
Financial Expense/Assets	7.4%	4.7%	4.7%	5.4%
Provision for Loan Impairment/ Assets	0.8%	0.8%	0.7%	0.6%
Operating Expense / Assets	13.9%	13.1%	12.3%	12.3%
Personnel Expense/ Assets	7.9%	7.3%	7.2%	7.1%
Administrative Expense/ Assets	5.4%	6.2%	5.5%	5.2%
Adjustment Expense/ Assets	0.8%			
EFFICIENCY				
Operating Expense/ Loan Portfolio	17.2%	17.5%	16.6%	17.5%
Personnel Expense/ Loan Portfolio	9.6%	10.5%	9.9%	10.7%
Average Salary/ GNI per Capita	2.8	2.4	2.6	2.9
Cost per Borrower	30	33	36	35
Cost per Loan	31	29	35	35
PRODUCTIVITY				
Borrowers per Staff Member	132	135	144	132
Loans per Staff Member	133	140	152	135
Borrowers per Loan Officer	272	218	256	272
Loans per Loan Officer	279	241	263	283
Depositors per Staff Member	156	118	111	133
Deposit Accounts per Staff Member	169	117	112	135
Personnel Allocation Ratio	51.9%	58.6%	58.2%	54.6%
RISK AND LIQUIDITY				
Portfolio at Risk > 30 Days	1.5%	2.8%	3.1%	1.6%
Portfolio at Risk > 90 Days	0.6%	2.0%	1.6%	0.8%
Write-off Ratio	0.4%	0.0%	0.1%	0.2%
Loan Loss Rate	0.4%	0.0%	0.0%	0.1%
Risk Coverage Ratio	97.9%	81.3%	88.5%	99.9%
Non-earning Liquid Assets as a % of Total Assets	17.3%	15.1%	14.9%	17.4%

18 Asia 2009 Microfinance Analysis and Benchmarking Report

BENCHMARKS FOR ASIA

* all results are adjusted except as otherwise indicated for Asia trend results

2008

	Afghanistan	Bangladesh	Cambodia	China	India
INSTITUTIONAL CHARACTERISTICS					
Number of MFIs	14	11	15	12	63
Age	5	25	12	6	11
Total Assets	6,436,410	25,680,677	23,084,286	1,418,180	10,200,210
Offices	14	237	12	1	29
Personnel	153	2,130	390	13	229
FINANCING STRUCTURE					
Capital/ Asset Ratio	9.3%	19.9%	19.6%	32.7%	13.3%
Debt to Equity	8.0	4.0	4.1	1.4	6.2
Deposits to Loans	2.5%	36.2%	1.2%	0.3%	0.0%
Deposits to Total Assets	0.6%	31.1%	0.9%	0.0%	0.0%
Portfolio to Assets	56.3%	77.8%	80.5%	85.2%	78.0%
OUTREACH INDICATORS					
Number of Active Borrowers	11,946	243,617	40,807	805	66,503
Percent of Women Borrowers	51.9%	96.8%	82.4%	96.7%	100.0%
Number of Loans Outstanding	13,694	251,621	37,152	829	64,179
Gross Loan Portfolio	3,506,359	24,894,244	18,603,766	386,979	6,956,767
Average Loan Balance per Borrower	191	94	531	327	106
Average Loan Balance per Borrower/ GNI per Capita	54.1%	20.0%	96.6%	13.8%	11.1%
Average Outstanding Balance	188	92	562	320	100
Average Outstanding Balance / GNI per Capita	53.4%	19.6%	102.3%	13.5%	10.5%
Number of Depositors	7,396	306,254	5,228	-	-
Number of Deposit Accounts	7,396	370,567	5,228	-	-
Deposits	34,079	9,294,693	123,688	1,005	-
Average Deposit Balance per Depositor	24	34	50	20	19
Average Deposit Balance per Depositor / GNI per capita	6.5%	7.0%	9.0%	0.5%	2.0%
Average Deposit Account Balance	18	29	50	20	28
Average Deposit Account Balance / GNI per capita	5.0%	6.5%	9.0%	0.5%	3.0%
MACROECONOMIC INDICATORS					
GNI per Capita	323	480	550	2,410	950
GDP Growth Rate	16.2%	6.4%	10.2%	13.0%	9.1%
Deposit Rate	7.6%	9.2%	1.9%	4.1%	6.0%
Inflation Rate	13.0%	9.1%	7.7%	4.8%	6.4%
Financial Depth	23.5%	59.2%	32.2%	156.8%	75.0%
OVERALL FINANCIAL PERFORMANCE					
Return on Assets	-13.5%	-1.3%	3.5%	-0.3%	1.4%
Return on Equity	-106.3%	-7.4%	17.4%	-0.6%	12.0%
Operational Self-Sufficiency	67.1%	107.3%	132.8%	98.5%	114.5%
Financial Self-Sufficiency	55.4%	94.2%	123.7%	98.5%	108.7%
REVENUES					
Financial Revenue/Assets	17.5%	19.6%	28.6%	12.3%	23.3%
Profit Margin	-80.5%	-6.1%	19.2%	-1.5%	8.0%
Yield on Gross Portfolio (nominal)	31.2%	23.7%	36.2%	15.1%	25.2%
Yield on Gross Portfolio (real)	16.1%	13.4%	26.5%	9.8%	17.7%
EXPENSES					
Total Expense/ Assets	34.4%	22.2%	22.7%	16.3%	20.6%
Financial Expense/Assets	6.8%	7.1%	8.9%	5.9%	9.6%
Provision for Loan Impairment/ Assets	5.9%	1.2%	0.2%	0.6%	0.4%
Operating Expense / Assets	16.1%	13.3%	14.8%	9.2%	9.8%
Personnel Expense/ Assets	9.9%	9.9%	8.6%	5.4%	5.4%
Administrative Expense/ Assets	7.1%	4.0%	5.7%	3.9%	3.8%
Adjustment Expense/ Assets	3.0%	2.2%	1.3%	0.0%	0.6%
EFFICIENCY					
Operating Expense/ Loan Portfolio	36.7%	17.3%	15.6%	10.1%	12.7%
Personnel Expense/ Loan Portfolio	18.8%	12.2%	9.6%	6.1%	7.0%
Average Salary/ GNI per Capita	14.4	3.8	7.8	0.9	2.2
Cost per Borrower	99	15	75	51	15
Cost per Loan	99	15	82	47	13
PRODUCTIVITY					
Borrowers per Staff Member	77	154	91	101	251
Loans per Staff Member	81	154	87	104	249
Borrowers per Loan Officer	116	272	199	193	441
Loans per Loan Officer	116	272	194	193	456
Depositors per Staff Member	82	175	28	184	-
Deposit Accounts per Staff Member	82	200	28	184	0
Personnel Allocation Ratio	45.5%	56.6%	48.5%	53.6%	63.0%
RISK AND LIQUIDITY					
Portfolio at Risk > 30 Days	12.5%	3.4%	0.4%	1.5%	0.4%
Portfolio at Risk > 90 Days	9.4%	2.1%	0.1%	0.0%	0.2%
Write-off Ratio	2.2%	2.7%	0.1%	0.0%	0.1%
Loan Loss Rate	2.2%	1.6%	0.1%	0.0%	0.1%
Risk Coverage Ratio	88.2%	97.6%	66.6%	229.3%	91.1%
Non-earning Liquid Assets as a % of Total Assets	47.5%	17.1%	13.4%	11.1%	11.6%

BENCHMARKS FOR ASIA

* all results are adjusted except as otherwise indicated for Asia trend results

2008

	Indonesia	Nepal	Philippines	Sri Lanka	Vietnam
INSTITUTIONAL CHARACTERISTICS					
Number of MFIs	36	25	63	8	16
Age	15	14	26	8	11
Total Assets	1,414,092	5,412,041	7,270,262	3,814,873	10,152,883
Offices	3	20	10	46	1
Personnel	33	94	149	382	21
FINANCING STRUCTURE					
Capital/ Asset Ratio	16.9%	8.2%	17.6%	20.7%	32.3%
Debt to Equity	4.9	10.8	4.4	1.7	2.1
Deposits to Loans	53.8%	37.2%	65.8%	48.6%	29.9%
Deposits to Total Assets	41.7%	25.2%	45.1%	12.5%	20.8%
Portfolio to Assets	76.3%	71.7%	71.2%	90.0%	85.9%
OUTREACH INDICATORS					
Number of Active Borrowers	1,702	23,034	15,008	97,877	4,478
Percent of Women Borrowers	41.5%	100.0%	67.4%	68.0%	100.0%
Number of Loans Outstanding	1,560	23,034	14,602	54,318	4,478
Gross Loan Portfolio	1,010,185	2,592,286	4,674,894	18,542,494	294,483
Average Loan Balance per Borrower	484	152	228	157	46
Average Loan Balance per Borrower/ GNI per Capita	29.4%	43.4%	14.1%	10.2%	6.0%
Average Outstanding Balance	484	111	228	151	46
Average Outstanding Balance / GNI per Capita	29.4%	31.6%	14.1%	9.8%	6.0%
Number of Depositors	3,238	30,829	21,646	59,265	5,526
Number of Deposit Accounts	3,284	47,603	21,534	180,606	6,696
Deposits	472,393	1,062,524	2,790,766	11,717,393	66,810
Average Deposit Balance per Depositor	139	46	142	27	10
Average Deposit Balance per Depositor / GNI per capita	8.5%	13.0%	9.0%	2.0%	1.0%
Average Deposit Account Balance	139	18	141	67	10
Average Deposit Account Balance / GNI per capita	8.5%	5.5%	9.0%	4.5%	1.0%
MACROECONOMIC INDICATORS					
GNI per Capita	1,650	350	1,600	1,540	770
GDP Growth Rate	6.3%	3.3%	7.1%	6.8%	8.5%
Deposit Rate	8.0%	2.3%	3.7%	9.1%	7.5%
Inflation Rate	6.3%	6.1%	2.8%	15.8%	8.3%
Financial Depth	41.7%	60.5%	59.5%	39.3%	109.6%
OVERALL FINANCIAL PERFORMANCE					
Return on Assets	1.3%	1.1%	1.9%	-6.0%	3.8%
Return on Equity	7.4%	10.3%	13.9%	16.7%	9.9%
Operational Self-Sufficiency	123.8%	117.2%	112.1%	92.0%	159.7%
Financial Self-Sufficiency	115.0%	113.2%	111.5%	79.2%	125.0%
REVENUES					
Financial Revenue/Assets	28.9%	14.7%	29.7%	21.9%	21.9%
Profit Margin	14.8%	11.7%	10.6%	-26.3%	20.0%
Yield on Gross Portfolio (nominal)	37.5%	18.4%	35.3%	24.1%	1.6%
Yield on Gross Portfolio (real)	29.3%	11.6%	31.5%	7.2%	-6.7%
EXPENSES					
Total Expense/ Assets	29.3%	12.5%	29.0%	27.8%	18.3%
Financial Expense/Assets	11.0%	5.1%	5.2%	6.9%	8.3%
Provision for Loan Impairment/ Assets	1.8%	0.6%	1.6%	3.1%	0.1%
Operating Expense / Assets	16.2%	7.0%	21.1%	17.7%	9.0%
Personnel Expense/ Assets	8.3%	5.2%	11.7%	7.7%	5.9%
Administrative Expense/ Assets	6.0%	1.6%	10.5%	10.1%	3.2%
Adjustment Expense/ Assets	1.8%	0.5%	0.4%	3.6%	3.8%
EFFICIENCY					
Operating Expense/ Loan Portfolio	20.7%	10.8%	26.7%	12.1%	6.4%
Personnel Expense/ Loan Portfolio	10.7%	6.4%	12.1%	6.7%	0.0%
Average Salary/ GNI per Capita	2.0	5.5	2.3	1.5	-
Cost per Borrower	98	16	77	27	5
Cost per Loan	101	17	75	26	2
PRODUCTIVITY					
Borrowers per Staff Member	72	193	97	242	178
Loans per Staff Member	72	240	98	159	200
Borrowers per Loan Officer	222	316	233	254	316
Loans per Loan Officer	222	361	247	254	316
Depositors per Staff Member	156	271	135	178	211
Deposit Accounts per Staff Member	156	563	143	395	342
Personnel Allocation Ratio	36.0%	64.5%	40.3%	55.9%	56.9%
RISK AND LIQUIDITY					
Portfolio at Risk > 30 Days	8.8%	0.7%	1.6%	4.6%	1.1%
Portfolio at Risk > 90 Days	2.9%	0.5%	0.8%	3.3%	0.5%
Write-off Ratio	1.7%	1.1%	0.9%	0.0%	0.1%
Loan Loss Rate	1.7%	0.9%	0.8%	0.0%	0.1%
Risk Coverage Ratio	37.7%	152.8%	262.7%	76.0%	2453.6%
Non-earning Liquid Assets as a % of Total Assets	18.8%	24.9%	17.9%	7.0%	8.3%

BENCHMARKS FOR ASIA

* all results are adjusted except as otherwise indicated for Asia trend results

2008

	Bank	Cooperatives	NBFI	NGO	Rural Banks
INSTITUTIONAL CHARACTERISTICS					
Number of MFIs	9	13	68	114	72
Age	12	11	7	11	28
Total Assets	58,863,738	4,218,408	12,642,724	5,636,490	7,310,267
Offices	30	6	25	16	5
Personnel	501	48	267	134	81
FINANCING STRUCTURE					
Capital/ Asset Ratio	13.6%	14.1%	19.3%	14.0%	13.8%
Debt to Equity	6.4	6.1	4.0	3.9	6.0
Deposits to Loans	125.9%	74.9%	0.5%	18.9%	75.0%
Deposits to Total Assets	53.2%	41.3%	0.1%	10.9%	56.7%
Portfolio to Assets	62.2%	71.7%	74.0%	77.3%	74.0%
OUTREACH INDICATORS					
Number of Active Borrowers	42,557	5,099	44,025	22,569	6,406
Percent of Women Borrowers	77.4%	93.0%	92.4%	100.0%	46.2%
Number of Loans Outstanding	46,095	4,713	43,791	22,904	6,350
Gross Loan Portfolio	11,696,990	2,335,567	6,732,500	2,513,302	3,431,049
Average Loan Balance per Borrower	301	394	166	106	527
Average Loan Balance per Borrower/ GNI per Capita	48.1%	75.7%	23.6%	11.4%	38.6%
Average Outstanding Balance	286	457	173	98	527
Average Outstanding Balance / GNI per Capita	48.1%	93.6%	20.9%	11.2%	38.6%
Number of Depositors	65,895	3,961	72	6,742	11,746
Number of Deposit Accounts	109,539	6,018	528	7,702	11,274
Deposits	18,904,221	995,090	76,707	159,759	2,031,415
Average Deposit Balance per Depositor	131	127	47	30	192
Average Deposit Balance per Depositor / GNI per capita	18.0%	26.0%	7.5%	3.0%	14.0%
Average Deposit Account Balance	131	89	37	24	180
Average Deposit Account Balance / GNI per capita	17.5%	18.0%	4.5%	2.5%	13.0%
MACROECONOMIC INDICATORS					
GNI per Capita	610	350	905	950	1,600
GDP Growth Rate	7.9%	6.3%	9.1%	8.5%	7.1%
Deposit Rate	5.0%	6.0%	6.0%	6.0%	3.7%
Inflation Rate	6.4%	6.3%	7.0%	6.4%	2.8%
Financial Depth	59.5%	60.5%	50.7%	60.5%	59.5%
OVERALL FINANCIAL PERFORMANCE					
Return on Assets	0.7%	-1.3%	1.4%	0.3%	1.9%
Return on Equity	3.6%	-7.5%	9.6%	2.7%	14.5%
Operational Self-Sufficiency	113.1%	116.3%	114.6%	107.7%	119.1%
Financial Self-Sufficiency	107.7%	105.6%	110.4%	100.9%	115.0%
REVENUES					
Financial Revenue/Assets	17.4%	21.9%	23.3%	25.2%	23.8%
Profit Margin	7.1%	5.3%	9.9%	0.9%	13.5%
Yield on Gross Portfolio (nominal)	26.2%	17.2%	30.1%	26.5%	30.6%
Yield on Gross Portfolio (real)	16.8%	10.3%	20.8%	17.8%	26.6%
EXPENSES					
Total Expense/ Assets	15.6%	28.0%	23.0%	27.2%	19.6%
Financial Expense/Assets	4.0%	8.4%	8.4%	7.3%	5.4%
Provision for Loan Impairment/ Assets	0.9%	1.4%	0.5%	1.1%	1.1%
Operating Expense / Assets	9.8%	17.7%	12.9%	15.8%	11.5%
Personnel Expense/ Assets	6.2%	8.4%	7.3%	10.0%	6.3%
Administrative Expense/ Assets	4.3%	7.3%	5.2%	6.3%	5.6%
Adjustment Expense/ Assets	0.9%	3.6%	1.2%	1.0%	0.4%
EFFICIENCY					
Operating Expense/ Loan Portfolio	18.5%	6.6%	15.3%	19.0%	17.9%
Personnel Expense/ Loan Portfolio	8.4%	1.6%	9.3%	12.2%	8.9%
Average Salary/ GNI per Capita	6.2	3.4	3.3	2.2	2.8
Cost per Borrower	79	29	27	19	100
Cost per Loan	73	30	27	19	102
PRODUCTIVITY					
Borrowers per Staff Member	113	126	152	153	84
Loans per Staff Member	113	126	156	157	83
Borrowers per Loan Officer	220	432	337	266	242
Loans per Loan Officer	240	432	364	281	248
Depositors per Staff Member	89	236	37	170	138
Deposit Accounts per Staff Member	89	356	42	187	153
Personnel Allocation Ratio	47.1%	25.0%	55.7%	57.5%	33.3%
RISK AND LIQUIDITY					
Portfolio at Risk > 30 Days	2.6%	2.1%	0.7%	1.6%	1.7%
Portfolio at Risk > 90 Days	0.9%	1.5%	0.3%	0.7%	1.0%
Write-off Ratio	1.2%	0.4%	0.2%	0.4%	0.9%
Loan Loss Rate	1.2%	0.5%	0.1%	0.4%	0.8%
Risk Coverage Ratio	287.1%	96.5%	76.0%	98.3%	211.6%
Non-earning Liquid Assets as a % of Total Assets	26.9%	19.9%	16.4%	15.9%	18.0%

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