Microfinance Information eXchange

Microfinance Institutions in Central Asia: Benchmarks and Analysis 2005

A report from the Microfinance Information eXchange, Inc. November 2006

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Introduction

The Central Asian republics of Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan have some of the youngest, and most rapidly growing, microfinance sectors in the world. Low income levels and weak financial sectors make Central Asia an ideal environment for microfinance institutions to have a positive impact on development. This need is being successfully filled by over a thousand institutions providing microfinance services. Benchmarks confirm that Central Asian microfinance institutions (MFIs) can grow, be profitable and reach the poor, given the right circumstances.

The Central Asian republics are characterized by low population density, similar political regimes and the shared history of the former Soviet Union republics. The transition period following the fall of communism makes these countries stand apart from the rest of Asian countries. Income levels in Central Asia are comparable to other low income regions around the world, with each of the countries, except Kazakhstan, falling in the bottom quarter of all countries. As shown in ***Table 1***, banking

Table 1 Macroeconomic environment in Central Asia (ranked lowest to highest)

Country	GNI Per Capita	Rank	Financial Depth	Rank
Tajikistan	330	16	7%	1
Uzbekistan	510	34	12%	4
Kyrgyzstan	440	27	21%	26
Kazakhstan	2,930	97	27%	34

Source: IMF International Financial Statistics, 2005. Rank (lowest to highest) based on sample of 168 countries for GNI per capita and 148 countries for financial depth; in both cases largely restricted to developing countries. GNI per capita stated in USD. Financial depth defined as broad money as a percentage of gross domestic product.

sector outreach is very shallow in Central Asia, with each country again falling in the bottom 25% globally, and as a result, many people lack access to financial services.

Microfinance in Central Asia is characterized by a handful of large, established institutions founded by external donors, and a proliferation of hundreds of smaller, local, start-up institutions. By using a broad sample of institutions, this report looks at the differences in growth, sustainability and outreach for small, local institutions and larger, internationally-connected ones. While many small institutions have been able to grow quickly, most have not, and have served higher income market segments at higher cost. In addition, the European Bank for Reconstruction and Development (EBRD) maintains downscaling bank programs throughout the region. While these programs offer much higher loan balances than at most MFIs, they are an important facet of broadening access to financial services in Central Asia.

The growth of microfinance institutions in Central Asia has occurred despite the slow development of many support mechanisms for microfinance. Most of the country-level networks of microfinance institutions and credit unions are at the nascent stage of their development and require donor support. When available, data based on network members is presented throughout the report. Credit bureaus are not widely used or non-existent. Only a few local providers of training and consulting services exist and few local MFIs have been evaluated by external rating agencies. With the exception of Kazakhstan, access to domestic and international sources of finance has been limited.

By taking an integrated look at both the policy environment and microfinance performance benchmarks, we can begin to assess the factors that have contributed to successful microfinance development in the region. The legal and regulatory frameworks for microfinance in the Central Asian countries vary significantly and have been pivotal in determining the different degrees of the industry's success across the region. This report will begin with a review of the current legal framework and state of the microfinance sector in each of the four countries, followed by analysis of benchmarks for Central Asian MFIs.

Microfinance environments and policies

Kazakhstan

Microfinance providers in Kazakhstan

Though Kazakhstan's banking system is among the best developed in the former Soviet Union countries, financial services remain inaccessible for many people. Microfinance programs were introduced in the country by international development organizations in the mid-nineties, and the institutions established then are still among the leaders in the country's microfinance industry.

Microfinance services in Kazakhstan may be offered by four types of institutions: commercial banks, credit partnerships (CP) and non-banking financial institutions (NBFIs) and microcredit organizations (MCOs), with the largest MFIs primarily registered as NBFIs. As shown in ***Table 2***, each type of institution serves distinct client segments. Launched in 1998, the EBRD downscaling program reached over 54,000 borrowers in Kazakhstan by September 2006, with around US$619 million in the outstanding portfolio, indicating loan balances upwards of US$10,000. The program is currently implemented through eight commercial banks offering microcredit through 267 branches that cover almost the whole country[1]. Credit Partnerships, formed to serve the needs of their members, also offer large loans and have together accumulated over US$220 million in their portfolios. NGO MFIs and NBFIs reach much poorer populations, with members of the local network serving currently over 34,000 borrowers with 32 million in the loan portfolio outstanding.

Out of the almost 600 microcredit organizations (MCO) registered, there are only 220, or 37 percent, that currently conduct lending operations. Many of these operational institutions are very small both in terms of their loan portfolios and the number of borrowers served; only six of them had more than 10 employees in 2005, while the vast majority had less than five.

1 Kazakhstan Small Business Program, September 2006 (www.micro-credit.kz).

Table 2 Microfinance providers in Kazakhstan

Institutions providing microfinance	Number	Active Borrowers	Portfolio Outstanding, USD mln
Commercial Banks (EBRD Downscaling Program)	8	54,623	619.0
Credit Partnerships *	136		222.0
Microcredit Organizations/NBFIs (AMFOK)	32	34,396	32.3
Microcredit Organizations/NBFIs ** (non-AMFOK)	563		17.6
TOTAL	739	89,019	890.9

AMFOK = Association of Microfinance Organizations of Kazakhstan (www.amfok.kz); some information not available for Credit Partnerships and non-network members.
* As of January 2006
** Including 333 newly registered, 37 non-functioning, and 25 in the process of liquidation
** Portfolio amount from 220 reporting MCOs

Operational MCOs are concentrated primarily in South Kazakhstan Oblast (32%) and Almaty city (18%)[2].

Recognizing the importance of microfinance development in the country, the government of Kazakhstan has allocated significant funding (around US$87 million) for a period of three years (2005 – 2007) through its Fund for Development of Small Entrepreneurship. As of October 2006, the Fund invested about US$41 million in 143 MCOs, with another 28 institutions waiting to receive an additional $10 million. Loans up to US$450,000 are offered at 6% p.a. for a period of up to 5 years and a grace period of up to 3 years. An institution must provide hard collateral, a bank's guarantee or mutual guarantee in order to access the funding[3].

Legal and Regulatory Framework for Microfinance in Kazakhstan

Activities of Credit Partnerships and Microcredit Organizations are regulated under separate laws adopted in 2003. The "Law on Microcredit Organizations" establishes a specialized legal framework for the provision of microcredit. MCOs can take the legal form of either economic partnerships or public funds. The activities of MCOs are not subject to licensing and supervision. The "Law on Credit Partnerships" provides a special regime for mutual credit. Credit partnerships offer banking services to their members only, whereas MCOs offer services to the general public. Until recently microlending NBFIs and Credit Partnerships were licensed and regulated by the Financial Supervision Agency.

With a number of legislative changes introduced in 2005, including the removal of licensing requirements for microlending NBFIs and credit partnerships, as well as a revised definition of "bank lending operation," microlending NBFIs had to transform into another legal form to continue their operations efficiently, while CPs had to return their licenses within six months. Though the overall approach not to regulate credit-only institutions is justifiable, these recent legislative changes have created serious issues for the microfinance sector in the country since each of the available legal forms faces certain restrictions for lending activities. For instance, MCOs can only lend up to a certain amount (currently around US$8,000), credit partnerships may only lend to their members, and in order to transform into a bank an institution must meet a minimal capital requirement of US$15 million. It should also be noted that none of the non-bank legal forms are allowed to mobilize deposits.

Currently changes to the "Law on Microcredit Organizations" are under consideration by the Kazakh Parliament. The proposed changes are aimed at increasing the limit on the single microloan as well as revising the definition of whom an MCO may lend to.

Microfinance organizations are being slowly integrated into other aspects of the broader financial sector development in Kazakhstan. The newly established

2 UNDP Report, "Microfinance in Kazakhstan: An Inclusive Financial Sector for All," Almaty, 2005.
3 Kazakhstan Fund to Support Small Entrepreneurship, July 2006..

credit bureau that covers 5.5 percent of Kazakh adults using information from 29 commercial banks[4] does not include non-bank lending institutions to date. As of September 2006, MCOs and Credit Partnerships are allowed to submit their data to the bureau, but they cannot receive reports.

Kyrgyzstan

Microfinance providers in Kyrgyzstan

Since emergence of microfinance in the mid-nineties, the sector in Kyrgyzstan has achieved significant results. As of September 2006 the sector reached over 118,000 active borrowers which translates to 2.3 percent of the total population. The combined portfolio totaled over US$108 million, or almost half of the total bank portfolio in the country. These loans are provided through a network of over 300 credit unions, 150 microfinance institutions and a handful of downscaling banks, as shown in ***Table 3***, with the majority of borrowers served by four large MFIs. On average, 59 percent of all loans were in agriculture, and over 25 percent in the trade and services sector.

The largest non-bank microfinance institution in the Central Asian region is the government-owned Kyrgyzstan Agricultural Finance Corporation (KAFC), funded by the World Bank. At the beginning of 2006 KAFC served over 35,000 clients, of whom 89 percent were involved in agricultural businesses. FINCA MicroCredit Company (FMCC) had about 25,000 clients, with an average loan balance as small as US$486.

Outside of the four largest MFIs in the country (KAFC, FMCC, Kompanion and Bai Tushum), institutions quickly drop in scale. The average MFI in Kyrgyzstan serves about 144 active borrowers, with a loan portfolio of less than US$140,000. Credit unions serve around 70 borrowers on average, with a loan portfolio of US$50,000.

Another 25,700 borrowers were reached (by September 2006) by EBRD's downscaling program, launched in April 2002. The program is implemented through 67 branches of seven banks, with 13 more branches to become operational in the next few months. As in other Central Asian countries, these banks offer larger than typical microfinance loans to meet the unmet demand for financing and have invested over US$53.6 million in their loan portfolios.

Legal and Regulatory Framework for Microfinance in Kyrgyzstan

The Kyrgyz Republic has comprehensive legislation on microfinance activities that can be conducted by MFIs and credit unions. Before the adoption of the specialized microfinance legislation, microfinance and activities of financial intermediaries were regulated by the Civil Code, Banking Law and Law on Credit Unions. In 2005, the NBKR initiated the Medium-Term National Strategy for the Development of

Table 3 Microfinance providers in Kyrgyzstan

Institutions providing microfinance *	Number	Active Borrowers	Portfolio Outstanding, USD mln
Commercial Banks (EBRD Downscaling Program)	7	25,689	53.6
Kyrgyz Agricultural Finance Corporation	1	33,501	49.7
Microfinance Institutions	150	62,032	42.8
Credit Unions	320	22,863	15.9
TOTAL	478	144,085	162 .0

* As of July 2006, except EBRD program - as of September 2006

4 IFC News Release, September 6, 2006.

Microfinance for 2005 – 2009. Development of entrepreneurship and the microfinance sector is viewed as one of the powerful tools for reduction of poverty in the country.

Adopted in 2002, the Law on Microfinance Organizations in the Kyrgyz Republic provides for the establishment of three tiers of MFIs:

- Non-profit, credit-only microcredit agency (MCA);
- For-profit, credit-only microcredit company (MCC); and
- For-profit credit and deposit-taking microfinance company (MFC).

All three types of MFIs are subject to regulation by the National Bank of the Kyrgyz Republic (NBKR). Credit-only MFIs are subject to non-prudential regulation. For deposit-taking operations, an MFC must meet all prudential requirements established by the NBKR and will only be able to attract deposits after two years of profitable operation.

All types of MFIs may receive special licenses for conducting select financial operations.

In 1999, the country adopted the Law on Credit Unions. Credit unions must be registered with the NBKR and can provide credit and deposit services, both to their members and outside parties, under the condition that they meet all prudential norms and restrictions and receive a license. Although credit unions are permitted to take member shares initially, before they meet the regulatory requirements for providing deposit services, they are prohibited from taking deposits, and must rely on apex bodies for additional funding.

Kyrgyzstan established the first credit bureau in the region, with the support of international development organizations. The credit bureau "Ishenim," founded in 2003, offers its services for all institutions providing microfinance. For banks, the entrance fee and annual membership fee are about US$375 and US$625 respectively. For MFIs, the fees are about US$60, and for credit unions they are free of charge. The cost of one report ranges from US$0.5 to US$0.8. [5] As of October 2006, the bureau has about 41,000 credit histories, from 10 banks, 8 MFIs and the regional association of credit unions, which covers roughly 2.3 percent of the working population.

Tajikistan

Microfinance providers in Tajikistan

Microfinance institutions have stepped in at the end of the nineties to fill the gap in the financial system in Tajikistan. As in the other countries of the region, the concept of microfinance was introduced by international development organizations. Microfinance institutions in Tajikistan today reach over 36,000 of the poorest clients, as seen in ***Table 4***, with an average loan balance of US$292, for a total of US$10.6 million in their portfolios.[6] With one of the shallowest financial sectors in the world, MFIs have even greater potential to make an impact in Tajikistan, and growth of the microfinance sector has been correspondingly rapid in recent years.

Launched in 2003, EBRD's downscaling program reached an additional 5,700 borrowers by September 2006, with around US$14.7 million in the outstanding portfolio. The program is implemented through 33 branches of 4 commercial banks in all regions of the country except for the GBAO (Gorno-Badakhshan Autonomous Oblast).[7] However, the criterion for what constitutes microfinance in these downscaling programs is far larger than the loans provided by MFIs. Average loan balances among the EBRD downscaling institutions are around US$2,500 – 10 times per capita income, while the line for microfinance is typically drawn around 250% of per capita income. Nonetheless, given the weakness of the commercial banking sector in Tajikistan, both types of institutions meet the needs of underserved markets.

The First Microfinance Bank, established in 2003 by the Agha-Khan Foundation, IFC, KfW, and CIDA, by 2006 has reached out to over 7,000 active borrowers with over US$6 million in its portfolio outstanding.

5 www.ishenim.kg
6 Association of Microfinance Organizations of Tajikistan, July 2006.
7 EBRD Tajikistan Micro and Small Enterprise Facility, September 2006.

Table 4 Microfinance providers in Tajikistan

Institutions providing microfinance	Number	Active Borrowers	Portfolio Outstanding, USD mln
Commercial Banks (EBRD Downscaling Program)*	4	5,713	14.7
First Microfinance Bank **	1	7,160	6.2
MFIs - members of AMFOT (incl. IMON) ***	24	36,258	10.6
Other MFIs	23		
TOTAL	52	49,131	31.5

AMFOT = Association of Microfinance Organizations of Tajikistan (www.amfot.tj); some information not available for non-network members.
* September 2006
** January 2006
*** July 2006

Legal and Regulatory Framework for Microfinance in Tajikistan

Modeled on the microfinance legislation in Kyrgyzstan, the new law on microfinance in Tajikistan (adopted in 2004) provides for the establishment of three tiers of MFIs:

- Non-profit, credit-only microloan fund (MLF);
- For-profit, credit-only microlending organization (MLO); and
- For-profit credit and deposit-taking organization (MDO).

The legislation requires that the for-profit MFIs become licensed by the National Bank of Tajikistan; for MDOs, prudential regulation requirements are established. It is not explicit in the legislation how an MDO can transform into a bank. There are a few government instructions on credit unions; however, there is no comprehensive legal framework for regulating operations of financial cooperatives.

The law on microfinance sets a number of limitations. The law limits the maximum amount of a microloan/microcredit to an equivalent of US$20,000, although this norm currently does not impede the development of the sector, given the much lower average loan sizes in the market. It may be restraining the development of the microfinance industry in the future, when Tajik MFIs will look for diversification of their loan portfolios and as their clients graduate to small and medium business sectors.

The law also limits the sources of borrowing for credit-only MFIs, prohibiting them to borrow from non-licensed legal entities and individuals. While deposit mobilization is prohibited at most MFIs (outside of MDOs), the law does allow MFIs to accept funds from clients for custody and to keep those at the MFI or in its bank account, as well as to accept cash collateral, provided that such funds and the collateral amount do not exceed the amount of the loan provided to the borrower.

Uzbekistan

Microfinance providers in Uzbekistan

Uzbekistan, the largest market in Central Asia, with a total population equal to the three other countries' aggregate population, is still largely untapped by the banking and microfinance sector due to the difficult operating environment and challenging regulatory framework.

Compared to the rest of the Central Asian countries, Uzbekistan has the shallowest microfinance sector, with 27 MFIs and credit unions, as shown in ***Table 5***. At the beginning of 2006, each had almost equal outreach and collectively served 65,000 active borrowers with an average loan balance as small as US$140.[8] An EBRD downscaling program was also launched in Uzbekistan in 2002 and by September

8 Association of Microfinance Organizations of Uzbekistan and Association of Credit Unions of Uzbekistan, January 2006.

Table 5 Microfinance providers in Uzbekistan

Institutions providing microfinance *	Number	Active Borrowers	Portfolio Outstanding, USD mln
Commercial Banks (EBRD Downscaling Program)	4	6,787	16.2
Mikrokreditbank **	1	21,200	21.7
Microfinance Institutions (members of MTA)	11	35,053	4.8
Credit Unions (members of CU Association)	16	30,491	4.7
TOTAL	32	93,531	47.3

MTA = Association of Microfinance Institutions of Uzbekistan
* January 2006; EBRD banks - September 2006
** Information on number of borrowers received from communication with Mikrokreditbank; portfolio information - from CJSC "Avesta Investment Group"

2006 had reached about 7,000 clients with an average loan balance of US$2,400.[9]

The government of the country also operates several targeted lending and microlending programs managed through specific funds (the Business Fund, the Dekhan and Private Farmers Support Fund and Employment Fund), as well as through a number of commercial banks.

A major development in the microfinance sector occurred in May 2006, when the government decided to re-organize the state-run Tadbirkor Bank into the first specialized Mikrokreditbank to provide consulting and microfinance services, including loans at a subsidized interest rate of 5%, to a broad range of customers. The bank is funded by the Ministry of Finance and the State Employment Fund.

Legal and Regulatory Framework for Microfinance in Uzbekistan

Before 2006, the range of the institutions providing microfinance services in Uzbekistan included banks, credit unions and a number of international NGOs and projects. However, in mid-2006, two new specialized laws — "On Microfinance" and "On Microcredit Organizations" - were adopted in order to finally provide a legal basis for the operation of non-bank lending institutions.

There has been a general lack of clarity in the legislation for microfinance institutions in Uzbekistan, opening the door for a variety of restrictions. A specific feature of Uzbek microfinance legislation is a proliferation of laws and legislative acts covering the broader financial sector, including presidential decrees, government resolutions, normative acts of different ministries and the Central Bank, often without clear hierarchy. Such legislative acts often provide for an individualized approach to regulating microfinance activities by various entities and include a number of restrictions applicable to varying degrees to most of the institutions providing microfinance. The main restrictions pertain to:

- interest rates,
- loan size,
- loan purpose (limitations to extend loans to trade businesses, for example),
- disbursement mode (cash or wire transfer),
- borrower legal and social status, etc.

It should be noted that most of the interest rate restrictions apply to the government-directed programs mentioned above and limit only the nominal interest rate, i.e. fees and commissions are not regulated and the effective interest rates can be higher. Specific to Uzbekistan are also various limitations on the use of cash, which generally impedes the development of business and microfinance operations. In addition, while they may be nominally less expensive, government programs and banking services are still inaccessible to many clients who may turn to MFIs or credit unions for a loan at a much higher interest rate.

9 J-USBP Project, September 2006.

The above restrictions apply to a lesser degree to credit unions that operate under a special law adopted in 2002 and must be registered at the Central Bank. Credit unions can have both individuals and legal entities as their members and are allowed to offer both credit and deposit services to their members.

Central Asia Benchmarks

Growth and Scale of Sector

Microfinance institutions in Central Asia are smaller and younger than their peers around the world, although growth in the sector has been rapid. The relative youth of the sector reflects the fact that microfinance in Central Asia is characterized by an abundance of small, start-up institutions. By looking more closely at differences in performance across peer groups and over the available history, we can begin to draw conclusions about the ability of these institutions to provide financial services to the poor over the long term.

This report takes the closest look to date at microfinance performance in Central Asia across a broad sample of 60 microfinance institutions over the years 2003 – 2005 (referred to throughout as the 'MM' (MIX Market) data set). Within this sample, a subset of 22 of the largest MFIs provided more detailed financial and outreach information (referred to throughout as the 'MBB' (MicroBanking Bulletin) data set). Data for the broad sample of 60 institutions are unadjusted, while data on the smaller subset of 22 institutions have been adjusted to remove subsidies, standardize loan loss provisioning and reflect the cost of inflation as per Microfinance Information Exchange (MIX) standard policy. Consequently, the MBB benchmarks provide the most accurate basis for comparison between microfinance in Central Asia and globally. Still, unadjusted data is presented to include a broader range of institutions in the analysis. In addition, trend data is presented on unadjusted data for both balanced and unbalanced panel data sets.

As noted in ***Table 6***, in a region with almost 1,300 known microfinance institutions, the 22 MBB participants alone cover more than half of the borrowers. In addition, there is a clear relationship between the ease of doing business in the country, and the number of registered microfinance providers. ***Figure 1*** shows that microfinance institutions, primarily referring to institutions registered under the prevailing microfinance legislation in each country provide the largest share of microfinance services in the region, as compared to credit unions or bank downscaling programs. Consequently, the remainder of this report will largely focus on analysis of the performance of those microfinance institutions.

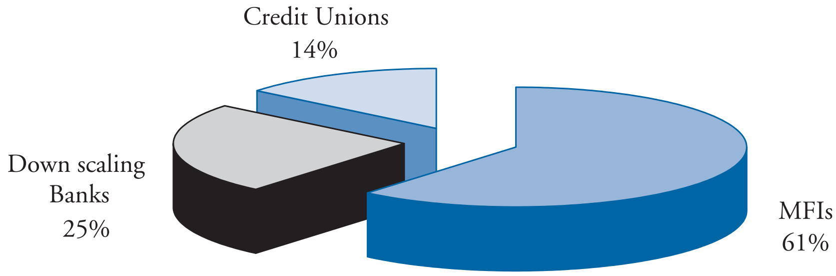
Microfinance institutions in Central Asia are among the youngest in the world, with a median age of less than five years. Loan portfolios are also among the smallest in the ECA region, but do not differ greatly in size from small institutions reaching low-end target markets elsewhere in the world. The median loan portfolio for the full sample of 60 institutions is only

Table 6 Total outreach of Central Asian MFIs by country

Country	IFC Doing Business	Number of MFIs			Number of Loans Outstanding (nb)			MBB % of MM Total	MBB % of CAC Total Borrowers
		CAC	MM	MBB	CAC	MM	MBB		
Kazakhstan	63	731	21	4	34,396	35,328	31,555	89%	92%
Kyrgyzstan	90	471	12	4	118,396	78,073	76,754	98%	65%
Tajikistan	133	48	19	9	43,418	34,791	26,664	77%	61%
Uzbekistan	147	28	8	5	86,744	29,735	21,773	73%	25%
Grand Total		1278	60	22	282,954	177,927	156,746	88%	55%

Source: Microfinance Information Exchange, Inc., 2005; IFC Doing Business Report 2006. EBRD downscaling institutions excluded from totals. CAC = Central Asia Microfinance Center survey totals; MM = MIX Market; MBB = MicroBanking Bulletin. Some information missing from CAC totals as noted in prior tables.

Figure 1 Central Asian microfinance – Total number of loans by type of institution



Source: Central Asia Microfinance Center, 2005. Some information missing as noted in prior tables.

in the range of about US$350,000. Nonetheless, a handful of larger institutions are scattered within the region as seen in ***Table 7***.

The largest institutions in the region tend to be those that were founded early on, often in conjunction with foreign development agencies. The stabilization of microfinance legislation in each country has then been followed by the rapid development of many small, locally run institutions. Kazakhstan and Tajikistan are the two markets that have seen the most rapid recent growth in the sheer number of institutions, and are consequently also the two youngest sectors. Kyrgyzstan has the oldest, most stable sector in the region which is dominated by the four large MFIs in the country – Bai-Tushum, FMCC, KAFC and Kompanion. Uzbekistan has the smallest range of microfinance providers (although this study largely excludes the substantial local credit union sector), which partly reflects the opacity of the legislative environment and the restrictions on foreign support.

The number of clients served by the microfinance institutions included in this study has almost doubled over the past three years, faster than in any other subregion of Eastern Europe and Central Asia (ECA). Growth in borrowers was distributed evenly across the four countries, although growth in the number of institutions has been supported by the recent developments in microfinance legislation described

Table 7 Largest Central Asian MFIs (> 10,000 borrowers)

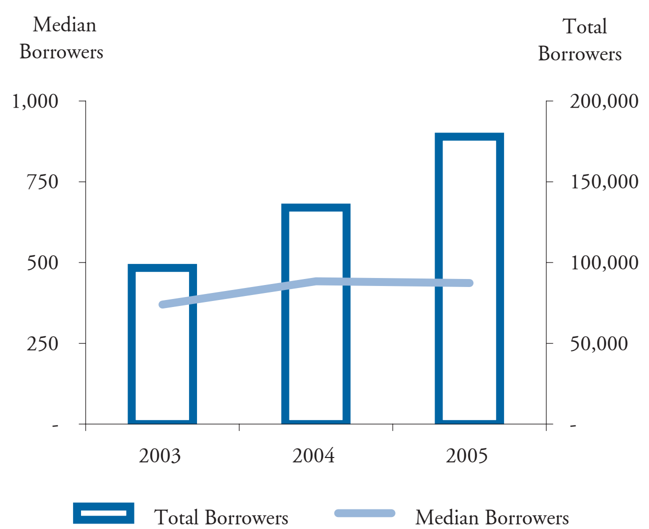
MFI	Country	Founding Date*	Total Number of Borrowers	Gross Loan Portfolio
KAFC	Kyrgyzstan	1996	35,936	44,546,845
FMCC	Kyrgyzstan	1995	24,924	12,122,602
Mikrokredit Bank **	Uzbekistan	2006	21,200	21,700,000
KLF	Kazakhstan	1996	16,436	11,245,104
Kompanion	Kyrgyzstan	2004	12,221	3,725,397
Valyut-Transit	Kazakhstan	2003	11,723	10,151,449
Barakot	Uzbekistan	2001	10,195	1,107,094
IMON	Tajikistan	1999	10,173	3,720,745
Grand Total			142,808	108,319,236

Source: Microfinance Information Exchange, Inc., 2005. Gross Loan Portfolio stated in USD mln.
* Founding Date refers to registration date for some institutions.
** Information on approximate number of borrowers received from communication with Mikrokreditbank

above as well as increased access to financing. As seen in ***Figure 1***, however, growth has been faster in the aggregate than at the median, indicating that growth has been clustered within a subset of larger institutions.

Given the increasing proliferation of microfinance providers around the region, the question naturally arises: do institutions that start small stay small? On a balanced panel data set of 38 MFIs, institutions were grouped into those with more or less than 1,000 borrowers in 2003. Since 2003, the growth rate for small MFIs with less than 1,000 borrowers was uniformly lower than for the larger institutions, although some institutions that were 'small' in 2003 have seen very rapid expansion (one saw the client base grow more than 16 times over this period). Large institutions experienced growth in borrowers of almost 40% per year since 2003, while growth at small institutions was less than half of that. This indicates that there is a class of institutions in Central Asia who 'start small and stay small.' This stagnation could be either due to a strategy to serve a small, localized population (as is the case for many credit unions in the region) or a lack of access to financing, supporting expansion of the loan portfolio. Observations by MFIs that demand for microcredit outstrips supply are common in the region.

Figure 2 Growth of Central Asian MFIs (total vs. median)



Source: Microfinance Information Exchange, Inc., 2005; unadjusted data, unbalanced panel of all MIX Market institutions.

Financing structure

The typical Central Asian MFI is poorly leveraged, with levels of debt financing similar to other MFIs without substantial access to finance, such as small African institution or Arab NGOs. However, regional figures conceal substantial variation in the financing structure – some institutions are funded almost entirely through equity, relying on retained earnings for growth, while others are highly leveraged with very low capital bases, using local financing to support small loan portfolios. In general though, large institutions in the region have the best access to financing and therefore the highest leverage.

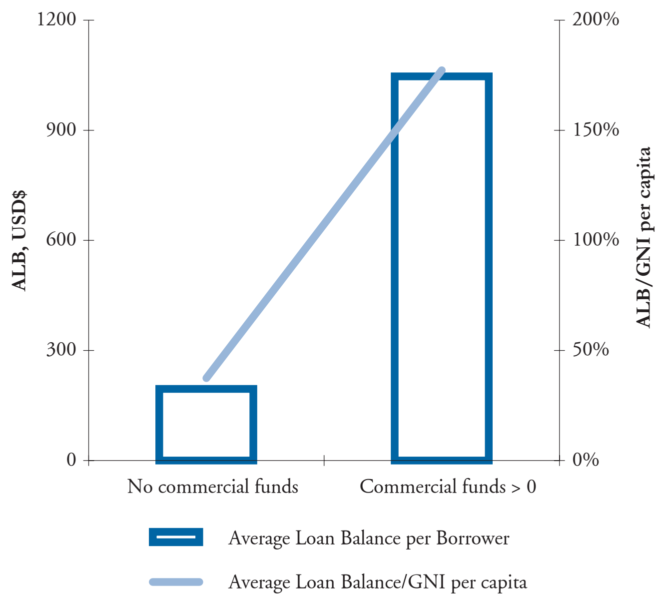
Commercial financing has seen limited impact in Central Asia, as both local commercial banks and foreign investors have been slow to provide funds for microfinance organizations. As ***Figure 2*** demonstrates, those commercial funds that have reached Central Asian MFIs have been primarily directed to institutions with higher loan balances.

Adjusted financial expenses do not differ greatly between those institutions that access commercial funds and those that do not, which indicates that the total cost of funds is not substantially raised by borrowing in commercial markets. With inflation rates around 8%, the real cost of equity financing is similar to commercial lending rates.

The local business environment has played a substantial role in access to both external and internal finance. MFIs in Uzbekistan have had the least access to financing, with roughly ¾ of their loan portfolios funded through equity and no commercial financing. This largely reflects the financing difficulties presented by local banking sector restrictions, as well as the absence of any comprehensive legislation until late 2006. The more developed financial sectors in Kazakhstan and Kyrgyzstan have seen the strongest mobilization of financing, with a majority of loans funded at commercial rates in Kazakhstan. In addition, regulated institutions in each country have the easiest access to financing, with NBFIs, banks and credit unions having greater leverage than NGOs.

The environment for savings mobilization by microfinance providers in Central Asia is almost

Figure 3 Allocation of commercial funds to Central Asian MFIs



Source: Microfinance Information Exchange, Inc., 2005; adjusted data.

non-existent. Few institutions to date have met the regulatory requirements in each country to mobilize savings, although this should change in the next year, especially in Tajikistan where four MDOs were licensed at the time of this paper. The few microfinance banks in the region have been able to offer deposit accounts, although many of these savings products have higher average balances than what would typically qualify as microfinance. As noted earlier, at this stage, many credit unions in the region are also not necessarily deposit-taking institutions due to regulatory requirements, contrary to standard practice.

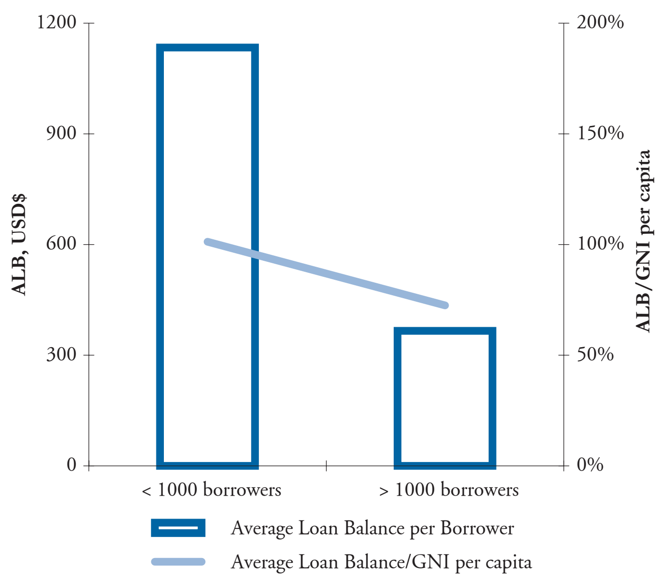
Depth of Outreach

Microfinance institutions in Central Asia are younger and smaller than their peers elsewhere in the ECA region, but have been successful at achieving broad outreach. The growth in outreach that has occurred over the past few years has not been accompanied by a shift upwards towards higher-income sectors of the population. Average loan balances relative to GNI per capita have remained at similar levels since 2003.

The focus on depth of outreach weakens at many of the smaller institutions. Loan balances are almost three times as large at institutions with less than 1,000 borrowers, with relative outreach measures also higher. Since many of the larger institutions were founded in conjunction with development initiatives, it may be the case that the drive for outreach is more strongly tied with the mission at these institutions. In addition, NGOs and those institutions using group lending methodology have far deeper outreach. Nonetheless, the smaller institutions also often operate in rural areas or outside the main cities, where financial services are generally less available. Similarly, the credit unions included in this sample have large loans that stretch the boundaries of what typically constitutes microfinance, but many also operate outside the main centers. EBRD downscaling product lines at commercial banks are largely omitted from these benchmarks, but from the average balances, it is clear that they reach far higher income segments than any of the microfinance institutions considered.

While microfinance in Central Asia has been characterized to date by a few large institutions and

Figure 4 Depth of outreach at small vs. large institutions



Source: Microfinance Information Exchange, Inc., 2005; unadjusted data.

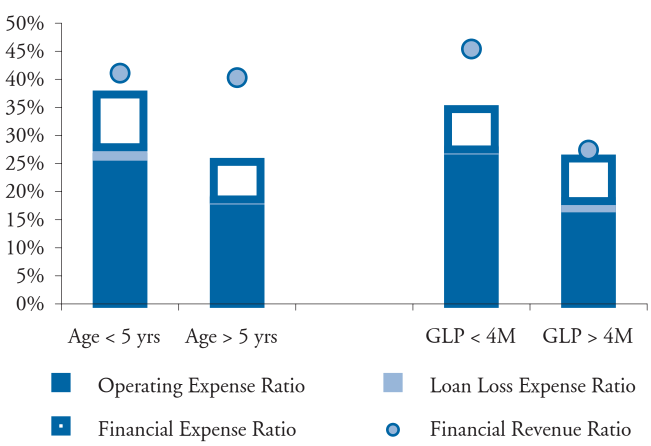
many small institutions, the desire to reach scale and increase access to financing has led to a handful of initiatives for consolidation. A number of MFIs have explored mergers, the creation of apex bodies such as the investment forum Kazmicrocreditinvest JSC, or the possibility of smaller institutions providing outreach services for larger institutions. Whether larger, consolidated institutions will serve a different segment of clients remains to be seen.

Profitability and sustainability

Despite their young age, Central Asian MFIs in the aggregate have generally high profit levels, although with a wide range of results – unadjusted operational self-sufficiency levels range from 10% to 300%, and returns cover a similar range.

Within the adjusted sample, only a bare majority of institutions have positive returns. Older and more established institutions have reached the highest levels of sustainability, as processes and efficiency gains have solidified with time. The broader sample of unadjusted data indicates that over 80% of these institutions are profitable in each year. This, however, masks the substantial differences that adjustments can make in a region where access to subsidized funds or equity is often the primary method of financing and loan loss provisioning is not standardized or even observed at all.

Figure 5 Younger and smaller institutions have lower operational self-sufficiency



Source: Microfinance Information Exchange, Inc., 2005; unadjusted data.

The high margins achieved by some institutions are characteristic of markets with less competition or without market saturation: institutions in Central Asia can charge high interest rates either because client access to funds is limited or prohibitively expensive. The highest returns are realized by NGOs, which also display the highest revenues and expenses. The only global peer groups with similarly high levels of self-sufficiency across the board are those in the Balkans, in the young, NGO-led sector in the Middle East and North Africa, and a handful of large institutions scattered elsewhere.

Within the region, rapid growth has not been the only path to increased sustainability – small institutions have maintained high levels of self-sufficiency. However, there have been gains to scale for large institutions in revenue and expenses. For small institutions, there is even the opposite relationship – as smaller institutions increase scale, they often see a decrease in sustainability. In part this may be due to the fact that many newer and smaller institutions lack international support networks or initial infusions of donor funds, and may be less prepared for the expenses that naturally come with growth. Institutions that were initially supported by donor funds for investment in systems, equipment, staff and basic infrastructure may have been better prepared upfront for a scale-up in operations.

Revenues and Expenses

Interest rate levels at Central Asian MFIs are among the highest in the world, comparable to small, young institutions elsewhere in the world. Yield levels for benchmarked MFIs are around 47%. Yield levels in Eastern Europe and Central Asia as a whole are closer to 31%, while most other regions of the world also range between 30 – 35% (at the median). Revenues on the broader sample of institutions are slightly lower, in part due to the inclusion of credit unions which provide cheaper credit for their members.

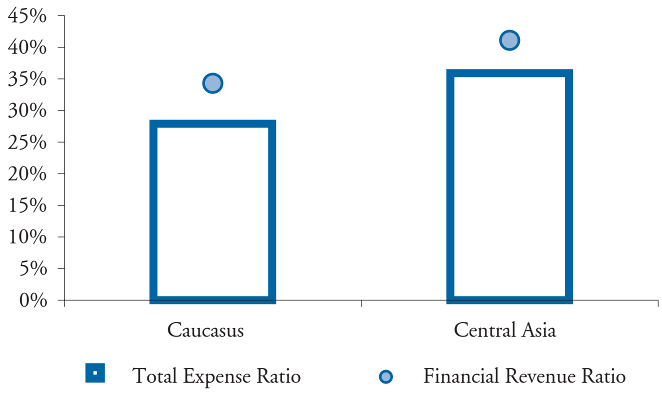
Financial revenues are highest in Uzbekistan, reaching up to 70%, with effective interest rates closer to 80%, higher than in all but a few inflationary markets in Africa. The high cost of microcredit largely reflects the higher effective cost of finance in this market and the limited options for borrowers. It will be interesting to watch how the subsidized credits offered by the Mikrokreditbank of Uzbekistan affect interest rate levels at NGO microfinance providers. In the more open markets of Kazakhstan and Kyrgyzstan, microcredit interest rates are considerably lower, dipping below 30% in Kyrgyzstan.

Among the group of larger, benchmarked institutions, yields and expenses decrease with scale and with age. Larger institutions have lower expenses and charge lower interest rates, although they also reach a much higher-income target market. Similar gains to scale are not observed yet for the broader set of small institutions, who receive less external support.

Overall expense levels are high, near to 23% of assets for the region (adjusted), characteristic for small, young institutions worldwide. Personnel expenses make up the majority of institutional expenses, and are very high in relative terms, indicating the high cost of qualified personnel for MFIs in Central Asia.

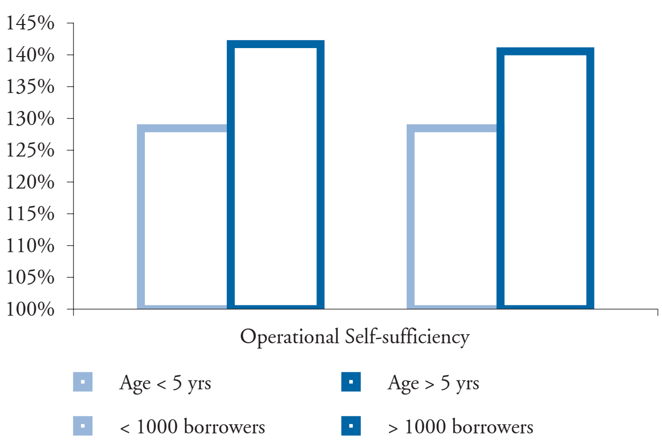
A useful comparison is between MFIs in the Caucasus and in Central Asia. Each region has achieved very similar levels of outreach, access to financing and sustainability, with high operational self-sufficiency levels around 135%. However, both expenses and revenues are higher in Central Asia, indicating the relative difficulties that poor infrastructure and dispersed populations impose on both borrowers and lenders. Margins are similar as MFIs in each region have adjusted pricing to reflect their cost structures.

Figure 7 Cost comparison of Caucasus and Central Asia



Source: Microfinance Information Exchange, Inc., 2005; adjusted data.

Figure 6 Older and larger institutions have lower expenses



Source: Microfinance Information Exchange, Inc., 2005; unadjusted data.

Efficiency & Productivity

Efficiency and productivity levels for Central Asian MFIs are still among the lowest globally, and are even lower at the small, young institutions within the region. Poor infrastructure, low population density and weak financial sectors are partial explanations for this. Productivity levels are notably lower at small institutions, with only 60 borrowers per staff member at institutions with less than 1,000 borrowers. The failure to reach a wide borrower base is partially offset by lower expenses at these institutions.

Despite the low income levels in the region, costs per borrower are higher than comparable regions globally, such as Africa or South Asia. Again, poor infrastructure and the relative youth of the sector contribute to the high costs. Costs per loan are highest at those institutions providing individual loans rather than group loans, including banks and credit unions.

Risk and Liquidity

Portfolio at risk levels are among the lowest in the world, again outdone only by the Arab states. The low delinquency levels are characteristic of Eastern Europe and Central Asia as a whole where institutions have worked to build strong repayment cultures. There have been mild increases in delinquency levels over the past three years, although in most cases these are still well within global norms. Portfolio at risk levels have been highest at credit unions, increasing up to a median level of 2.8% in 2005, slightly above average for global credit unions.

Conclusion

The delivery of financial services to the poor faces many obstacles in Central Asia – a difficult and isolated operating environment, a lack of clear legislation in some instances, and a weak infrastructure for the provision of financial services. Nonetheless, institutions in Central Asia have been able to grow rapidly over the past few years, with a further crop of new, start-up institutions moving into even more underserved markets. Many have already achieved sustainability, and it is likely that the wide variation in results will stabilize over time as institutions reduce expenses and grow.

Central Asia provides a window on some of the most important issues for microfinance globally – the evolution of a microfinance sector over time, the relationship between scale and sustainability and how the legislative environment affects microfinance institutions and investment into the sector. It is hoped that microfinance can play an important role in the broader effort to increase access to financial services in rural and poor areas throughout Central Asia. The ability to carry out this kind of study has relied on the increased commitment to financial transparency among microfinance institutions and other actors within the region.

Scott Gaul – MIX, Analyst – Eastern Europe and Central Asia
Olga Tomilova – Central Asia Microfinance Center, Manager

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Appendix — Country Background Information:

Kazakhstan

General Information

Kazakhstan is the largest country in Central Asia, with the highest income per capita — US$2,930 in 2005 – in the region. Kazakhstan's population of 15.1 million people makes it one of the most sparsely populated countries of the world, with 43 percent of the population living in rural areas.

Most of the economic growth of the country is attributed to the large companies operating in the energy and metal sectors, while other sectors remain underdeveloped.

Though income per person is expected to rise to US$3,700 in 2006, some inequalities remain. The overall poverty rate in 2005 was at the level of 10 percent; when calculated as percentage of population living at US$2 per day, it comes to 17.1 percent or 2.6 million people.[10]

Banking Sector in Kazakhstan

As of August 2006, there were 34 banks operating in Kazakhstan, including 14 with foreign capital. The banking sector in the country is developing rapidly – just in the first seven months of 2006, the amount of banks' equity grew by 43.8 percent to US$6.8 billion, with the total assets increase of 26.6 percent to US$45.7 billion.

The three largest Kazakh banks concentrate 56 percent of the assets and 54 percent of total banks' equity. These banks hold 65 and 58 percent of all deposits of legal entities and individuals, respectively.

Kyrgyzstan

General Information

The Kyrgyz Republic is a low-income country with a gross national income per person of US$440 in 2005. The population of Kyrgyzstan is 5.2 million people.

10 World Bank, 2005.

The agricultural and industrial production base is small; the country's exports consist mainly of gold, agricultural products and hydropower.

Despite considerable progress in attaining macroeconomic stability in the past few years and decline in the high rates of poverty, Kyrgyzstan remains one of the poorest countries in the world, with about 40 percent of the population below the poverty line. There are 23.3 percent, or 1.2 million people who live on less than US$2.15 a day. About two-thirds of the population of Kyrgyzstan lives in rural areas.[11]

Banking Sector in Kyrgyzstan

As of June 2006, there were 20 banks working in Kyrgyzstan. Their aggregate asset base was about US$553 million, with US$232.5 million invested in loan portfolios. The total deposit base was US$328.5 million, with 22.9 percent of individual deposits.[12]

Tajikistan

General Information

Tajikistan is a low-income country with gross national income per person of about US$330. The population of Tajikistan has been growing steadily in the last few years due to natural increases and is currently around 6.5 million people.

The devastating civil war of 1992–1997 halved the nation's economy and took over 50,000 lives, causing significant physical damage amounting to over US$7 billion. Despite these heavy losses, the economy has been recovering and growing at a steady pace at about 10 percent per year between 2002 and 2004, and 6 percent in 2005. Traditional sectors of the Tajik economy are cotton and aluminum, with growing non-cotton agriculture, textile and services.

Tajikistan still remains the poorest country among the former Soviet republics, with over two thirds of the population, or about 4.4 million people living on less than

11 World Bank, 2005.
12 National Bank of the Kyrgyz Republic, June 2006.

US$2.15 per day. 72 percent of people in Tajikistan live in rural areas.[13]

Banking Sector in Tajikistan

As of August 2006, there were 9 banks operating in Tajikistan, including 1 foreign bank. Among them, 5 banks were in the process of liquidation. Their aggregate portfolio was only about $408 million, and the total deposit base around $211 million, with less than 27 percent of individuals' deposits.[14]

Uzbekistan

General Information

Uzbekistan is a low-income country with gross national income per person of US$510 (in 2005). The population of the country is 26 million people, making it the most densely populated in the Central Asian region – about 60 persons per sq. km. The country has a young and rapidly-growing population and thus faces challenges creating jobs, especially in the rural areas where two-thirds of Uzbekistan's population live.

The country is rich in gold, copper, natural gas, oil, and uranium. During the Soviet period, Uzbekistan was developed as a center for cotton production. Agriculture is still the dominant sector of the economy, accounting in 2005 for 28 percent of GDP.

The poverty rates in Uzbekistan stand at the level of 46 percent of population living at US$2.15 per day.[15]

Banking Sector in Uzbekistan

There are 29 banks operating in the country whose total assets were roughly US$4.7 billion at the beginning of 2006, and the total credit portfolio was around US$2.8 billion.[16]

13 World Bank, 2005.
14 National Bank of Tajikistan, August 2006.
15 World Bank, 2005.
16 Overview of Banking Sector in Uzbekistan in 2005. CJSC Avesta Investment Group.

Data and Data Preparation

For benchmarking purposes, MIX collects and prepares MFI financial and outreach data according to international microfinance reporting standards as applied in the MicroBanking Bulletin. Raw data are collected from the MFI, inputted into standard reporting formats and crosschecked with audited financial statements, ratings and other third party due diligence reports, as available. Performance results are then adjusted, using industry standard adjustments, to eliminate subsidy, guarantee minimal provisioning for risk and reflect the impact of inflation on institutional performance. This process increases comparability of performance results across institutions. For this report, unadjusted data was also collected from a number of institutions and a reduced set of indicators was calculated on the basis of this unadjusted data. Indicators are presented for both data sets separately; however some indicators are necessarily omitted on the broader sample due to the lack of detailed or adjusted information. These institutions are listed separately below. Benchmarks for unadjusted data are followed by '(MM)', while benchmarks for adjusted data are followed by '(MBB).'

Central Asia MFI Participants

2005 Benchmarks (22 MFIs)

Kazakhstan: ACF, Bereke, KLF, Valyut-Transit
Kyrgyzstan: BTFF, FMCC, KAFC, Kompanion
Tajikistan: Agroinvestbank, Bank Eskhata, FINCA – TJK, FMFB – TJK, Imkoniyat, IMON, MLF HUMO, MLF Microinvest, SAS
Uzbekistán: Barakot, Daulet, FINCA – UZB, KKBWA, SABR

2005 Unadjusted Data (60 MFIs)
2003-2005 Balanced Panel Data (38 MFIs) *names in italics*

Kazakhstan: ACF, A-invest, Arnur Credit, Atyrau Valyut, *Baspana, Bereke, FCF Shymkent,* Katysu, *KFOND, KLF, MCO Orlan, MCO OZAT,* MCO Sator, NKCF, *ORDA Credit,* ORTA Nesie, *PF Aktobe, PF Damu,* San Credit, TAT, *Valyut-Transit*
Kyrgyzstan: *BTFF, CU ABN, CU Ata-Doolot, CU Ataibek,* CU Dealer, *CU Dosbek,* CU Euro-Yug, *CU Manzini, CU Uultai – Credit, FMCC, KAFC,* Kompanion
Tajikistan: *Agroinvestbank, ASTI,* Bank Eskhata, FINCA – TJK, FMFB – TJK, Furuz, GvT, *Imkoniyat, IMON,* Jovid, MLF Baror, MLF HUMO, MLF Kiropol, MLF Madina, *MLF MicroInvest, MLF ZAR, MLO Mehnatobod, OXUS, SAS*
Uzbekistán: *Barakot, BWA Kashkadarya, Daulet, FINCA – UZB, FVRM, KKBWA, PAD, SABR*

Peer Groups	Definition	Description
Country	Kazakhstan (4/21)	MFIs with country = Kazakhstan
	Kyrgyzstan (4/12)	MFIs with country = Kyrgyzstan
	Tajikistan (9/19)	MFIs with country = Tajikistan
	Uzbekistan (5/8)	MFIs with country = Uzbekistan
Charter Type	CA non-Bank (19/58)	MFIs with non-Bank charter types
	CA NBFI (12/35)	MFIs with Non-Bank Financial Intermediary charter type
	CA NGO (7/15)	MFIs with Non-Governmental Organization charter type
	CA CU (0/8)	MFIs with Credit Union / Cooperative charter type
Age	New (11/34)	Central Asian MFIs with age less than 5 years
	Young/Mature (11/26)	Central Asian MFIs with age >= 5 years

Peer group counts show ([# of MBB (adjusted) institutions]/[# of MIX Market (unadjusted) institutions])

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 loan portfolio provisioning and write-offs
Offices	Number, including head office
Personnel	Total number of employees
FINANCING STRUCTURE	
Capital/Asset Ratio	Adjusted Total Equity/Adjusted Total Assets
Commercial Funding Liabilities Ratio	All liabilities with "market" price/Adjusted Gross Loan Portfolio
Debt/ Equity Ratio	Adjusted Total Liabilities/Adjusted Total Equity
Deposits to Loans	Voluntary Savings/Adjusted Gross Loan Portfolio
Deposits to Total Assets	Voluntary Savings/Adjusted Total Assets
Gross Loan Portfolio/ Total Assets	Adjusted Gross Loan Portfolio/Adjusted Total Assets
OUTREACH INDICATORS	
Number of Active Borrowers	Number of borrowers with loans outstanding, adjusted for standardized write-offs
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 Voluntary Savers	Number of savers with voluntary savings demand deposit and time deposit accounts
Number of Voluntary Savings Accounts	Number of voluntary savings demand deposit and time deposit accounts
Voluntary Savings	Total value of voluntary savings demand deposit and time deposit accounts
Average Savings Balance per Saver	Voluntary Savings/ Number of Voluntary Savers
Average Savings Account Balance	Voluntary Savings/ Number of Voluntary Savings Accounts
MACROECONOMIC INDICATORS	
GNI per Capita	US Dollars
GDP Growth Rate	Annual Average
Deposit Rate	%
Inflation Rate	%
Financial Depth	M3/ GDP
OVERALL FINANCIAL PERFORMANCE	
Return on Assets	Adjusted Net Operating Income, net of taxes/Adjusted Average Total Assets
Return on Equity	Adjusted Net Operating Income, net of taxes/Adjusted Average Total Equity
Operational Self-Sufficiency	Financial Revenue/ (Financial Expense + Net Loan Loss Provision Expense + Operating Expense)
Financial Self-Sufficiency	Adjusted Financial Revenue/Adjusted (Financial Expense + Net Loan Loss Provision Expense + Operating Expense)
REVENUES	
Financial Revenue Ratio	Adjusted Financial Revenue/Adjusted Average Total Assets
Profit Margin	Adjusted Net Operating Income/Adjusted Financial Revenue
Yield on Gross Portfolio (nominal)	Adjusted Financial Revenue from Loan Portfolio/Adjusted Average Gross Loan Portfolio
Yield on Gross Portfolio (real)	(Adjusted Yield on Gross Portfolio (nominal) - Inflation Rate)/ (1 + Inflation Rate)
EXPENSES	
Total Expense Ratio	Adjusted (Financial Expense + Net Loan Loss Provision Expense + Operating Expense)/Adjusted Average Total Assets
Financial Expense Ratio	Adjusted Financial Expense/ Adjusted Average Total Assets
Loan Loss Provision Expense Ratio	Adjusted Net Loan Loss Provision Expense/Adjusted Average Total Assets
Operating Expense Ratio	Adjusted Operating Expense/Adjusted Average Total Assets
Personnel Expense Ratio	Adjusted Personnel Expense/Adjusted Average Total Assets
Administrative Expense Ratio	Adjusted Administrative Expense/Adjusted Average Total Assets
Adjustment Expense Ratio	(Adjusted Net Operating Income - Unadjusted Net Operating Income)/Adjusted Average Total Assets
EFFICIENCY	
Operating Expense/ Loan Portfolio	Adjusted Operating Expense/Adjusted Average Gross Loan Portfolio
Personnel Expense/ Loan Portfolio	Adjusted Personnel Expense/Adjusted Average Gross Loan Portfolio
Average Salary/ GNI per Capita	Adjusted Average Personnel Expense/ GNI per capita
Cost per Borrower	Adjusted Operating Expense/Adjusted Average Number of Active Borrowers
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
Voluntary Savers per Staff Member	Number of Voluntary Savers/Number of Personnel
Savings Accounts per Staff Member	Number of Saving Accounts/Number of Personnel
Personnel Allocation Ratio	Number of Loan Officers/ Number of Personnel
RISK AND LIQUIDITY	
Portfolio at Risk > 30 Days	Outstanding balance, loans overdue> 30 Days/Adjusted Gross Loan Portfolio
Portfolio at Risk > 90 Days	Outstanding balance, loans overdue> 90 Days/Adjusted Gross Loan Portfolio
Write-off Ratio	Value of loans written-off/Adjusted Average Gross Loan Portfolio
Loan Loss Rate	Adjusted Write-offs, net of recoveries/Adjusted Average Gross Loan Portfolio
Risk Coverage	Adjusted Loan Loss Reserve/ PAR > 30 Days
Non-earning Liquid Assets as % Total Assets	Adjusted Cash and banks/ Adjusted Total Assets
Current Ratio	Short Term Assets/Short Term Liabilities

Central Asia

Benchmark Data 2005

Benchmark data by country, age (adjusted)

	Central Asia (MBB)	Kazakhstan (MBB)	Kyrgyzstan (MBB)	Tajikistan (MBB)	Uzbekistan (MBB)	CA New (MBB)	CA Young/ Mature (MBB)
INSTITUTIONAL CHARACTERISTICS							
Number of MFIs	22	4	4	9	5	11	11
Age	5	5	7	3	5	2	8
Total Assets	2,300,413	7,472,324	12,400,945	1,339,683	505,900	1,488,592	4,271,285
Offices	10	8	27	10	7	9	11
Personnel	72	89	228	58	31	58	86
FINANCING STRUCTURE							
Capital/Asset Ratio	46.3%	30.7%	32.8%	55.2%	73.8%	64.4%	35.8%
Commercial Funding Liabilities Ratio	5.4%	71.9%	49.6%	10.3%	0.0%	10.3%	0.4%
Debt/Equity Ratio	1.2	2.3	2.1	0.8	0.4	0.6	1.8
Deposits to Loans	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Deposits to Total Assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Gross Loan Portfolio/ Total Assets	79.7%	81.2%	85.4%	73.8%	75.4%	80.6%	78.8%
OUTREACH INDICATORS							
Number of Active Borrowers	3,399	7,329	18,572	2,659	3,775	2,935	3,775
Percent of Women Borrowers	62.3%	76.4%	61.3%	53.6%	93.7%	59.0%	73.5%
Number of Loans Outstanding	3,515	7,329	18,572	2,659	3,775	2,935	3,775
Gross Loan Portfolio	1,848,355	6,219,098	9,445,841	989,172	381,354	1,091,499	3,712,373
Average Loan Balance per Borrower	399	768	863	365	109	305	486
Average Loan Balance per Borrower/GNI per Capita	75.0%	34.0%	215.8%	130.4%	23.6%	73.7%	121.6%
Average Outstanding Balance	398	764	863	363	109	305	486
Average Outstanding Balance/GNI per Capita	75.0%	33.8%	215.8%	129.5%	23.6%	73.7%	121.6%
Number of Voluntary Savers	0	0	0	315	0	335	0
Number of Voluntary Savings Accounts	0	0	0	335	0	8,581	0
Voluntary Savings	0	0	0	0	0	0	0
Average Savings Balance per Saver	14,814	0	0	14,814	0	10,879	18,750
Average Savings Account Balance	10,879	0	0	10,879	0	6,565	18,750
MACROECONOMIC INDICATORS							
GNI per Capita	400	2,260	400	280	460	280	400
GDP Growth Rate	9.4%	9.4%	7.1%	10.6%	7.7%	10.6%	7.7%
Deposit Rate	9.8%	3.8%	5.8%	9.8%	12.0%	9.8%	9.8%
Inflation Rate	7.8%	7.6%	4.4%	7.9%	7.8%	7.9%	7.8%
Financial Depth	12.0%	28.5%	20.6%	7.0%	12.0%	7.0%	12.0%
OVERALL FINANCIAL PERFORMANCE							
Return on Assets	1.6%	3.3%	3.6%	-1.3%	23.7%	-8.7%	4.2%
Return on Equity	3.0%	4.9%	9.9%	-3.2%	32.5%	-28.8%	13.4%
Operational Self-Sufficiency	136.1%	134.3%	137.6%	135.9%	187.4%	118.1%	152.4%
Financial Self-Sufficiency	117.8%	123.2%	128.0%	105.0%	165.8%	78.7%	135.0%
REVENUES							
Financial Revenue Ratio	40.7%	31.3%	23.0%	40.3%	57.5%	41.1%	40.3%
Profit Margin	15.0%	17.3%	21.6%	4.7%	39.7%	-27.0%	25.9%
Yield on Gross Portfolio (nominal)	47.1%	39.9%	29.8%	45.3%	73.9%	45.3%	47.1%
Yield on Gross Portfolio (real)	36.9%	30.0%	24.3%	34.6%	61.3%	34.6%	36.9%
EXPENSES							
Total Expense Ratio	34.5%	25.4%	24.8%	35.9%	49.4%	35.9%	27.2%
Financial Expense Ratio	7.4%	7.9%	5.7%	8.3%	6.7%	9.4%	6.7%
Loan Loss Provision Expense Ratio	0.9%	1.3%	0.9%	0.9%	0.8%	1.7%	0.2%
Operating Expense Ratio	23.4%	18.3%	16.6%	25.7%	27.3%	26.2%	18.4%
Personnel Expense Ratio	13.5%	10.2%	9.4%	14.0%	15.6%	14.2%	12.2%
Administrative Expense Ratio	8.6%	7.1%	7.4%	8.9%	13.7%	11.7%	7.2%
Adjustment Expense Ratio	5.6%	2.1%	1.7%	6.5%	5.7%	5.7%	2.1%
EFFICIENCY							
Operating Expense/Loan Portfolio	29.5%	22.4%	20.3%	31.3%	34.7%	34.4%	26.9%
Personnel Expense/Loan Portfolio	15.8%	13.4%	11.0%	16.6%	20.7%	17.3%	14.6%
Average Salary/GNI per Capita	731.4%	360.6%	1127.8%	963.5%	405.5%	963.5%	569.7%
Cost per Borrower	121	219	118	434	37	246	101
Cost per Loan	129	218	147	434	37	246	101
PRODUCTIVITY							
Borrowers per Staff Member	64	67	79	35	85	58	66
Loans per Staff Member	64	68	79	35	85	58	67
Borrowers per Loan Officer	168	130	197	67	178	112	170
Loans per Loan Officer	169	133	197	67	178	112	170
Voluntary Savers per Staff Member	2	0	0	2	0	3	1
Savings Accounts per Staff Member	3	0	0	3	0	8	1
Personnel Allocation Ratio	44.5%	49.4%	36.6%	40.0%	48.1%	40.0%	48.3%
RISK AND LIQUIDITY							
Portfolio at Risk > 30 Days	0.5%	0.2%	1.3%	0.4%	0.7%	0.5%	0.4%
Portfolio at Risk > 90 Days	0.1%	0.0%	0.3%	0.1%	0.0%	0.2%	0.0%
Write-off Ratio	0.1%	0.0%	0.4%	0.0%	0.2%	0.0%	0.1%
Loan Loss Rate	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%
Risk Coverage	193.6%	922.9%	236.3%	233.7%	193.6%	174.5%	310.5%

Central Asia

Benchmark Data 2005

Benchmark data by country, age (unadjusted)

	Central Asia (MM)	Kazakhstan (MM)	Kyrgyzstan (MM)	Tajikistan (MM)	Uzbekistan (MM)	CA New (MM)	CA Young/ Mature (MM)
INSTITUTIONAL CHARACTERISTICS							
Number of MFIs	60	21	12	19	8	34	26
Age	3	2	6	3	5	2	7
Total Assets	469,073	434,374	352,184	396,184	505,122	331,648	510,170
Offices							
Personnel	14	8	12	14	29	12	19
FINANCING STRUCTURE							
Capital/Asset Ratio	55.9%	56.7%	35.3%	64.4%	76.6%	57.0%	53.4%
Commercial Funding Liabilities Ratio							
Debt/Equity Ratio	0.8	0.8	1.8	0.6	0.3	0.8	0.9
Deposits to Loans	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Deposits to Total Assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Gross Loan Portfolio/ Total Assets	84.0%	84.0%	90.2%	83.1%	78.0%	84.0%	84.7%
OUTREACH INDICATORS							
Number of Active Borrowers	437	210	229	569	3,039	273	515
Percent of Women Borrowers	55.6%	52.5%	58.7%	52.3%	77.5%	54.5%	60.5%
Number of Loans Outstanding							
Gross Loan Portfolio	364,529	295,134	321,306	344,789	408,151	243,409	425,751
Average Loan Balance per Borrower	643	1,795	1,071	312	149	452	1,187
Average Loan Balance per Borrower/GNI per Capita	91.1%	79.4%	267.6%	111.4%	32.4%	91.1%	101.0%
Average Outstanding Balance							
Average Outstanding Balance/GNI per Capita							
Number of Voluntary Savers	0	0	0	0	0	0	0
Number of Voluntary Savings Accounts							
Voluntary Savings	0	0	0	0	0	0	0
Average Savings Balance per Saver	0	0	0	0	0	0	0
Average Savings Account Balance							
MACROECONOMIC INDICATORS							
GNI per Capita	400	2,260	400	280	460	400	460
GDP Growth Rate	9.4%	9.4%	7.1%	10.6%	7.7%	7.1%	7.7%
Deposit Rate	9.8%	3.8%	5.8%	9.8%	12.0%	5.8%	12.0%
Inflation Rate	7.8%	7.6%	4.4%	7.9%	7.8%	4.4%	7.8%
Financial Depth	12.0%	28.5%	20.6%	7.0%	12.0%	20.6%	12.0%
OVERALL FINANCIAL PERFORMANCE							
Return on Assets	5.8%	2.6%	7.3%	7.5%	21.4%	5.5%	5.8%
Return on Equity	12.7%	6.2%	20.2%	15.2%	25.7%	11.4%	12.7%
Operational Self-Sufficiency	130.6%	119.3%	155.6%	132.4%	171.8%	128.4%	141.7%
Financial Self-Sufficiency							
REVENUES							
Financial Revenue Ratio	32.2%	32.0%	27.7%	29.5%	57.8%	32.0%	32.3%
Profit Margin	23.5%	16.2%	35.7%	24.4%	41.3%	22.2%	29.4%
Yield on Gross Portfolio (nominal)							
Yield on Gross Portfolio (real)							
EXPENSES							
Total Expense Ratio	22.5%	24.9%	17.5%	21.4%	40.3%	25.6%	22.3%
Financial Expense Ratio	0.8%	1.0%	7.8%	0.4%	0.0%	0.1%	2.6%
Loan Loss Provision Expense Ratio	0.2%	0.0%	0.9%	0.0%	0.8%	0.0%	0.8%
Operating Expense Ratio	16.9%	19.4%	8.6%	11.3%	29.0%	14.3%	16.9%
Personnel Expense Ratio							
Administrative Expense Ratio							
Adjustment Expense Ratio							
EFFICIENCY							
Operating Expense/Loan Portfolio	18.2%	20.6%	9.3%	14.8%	36.5%	16.5%	20.6%
Personnel Expense/Loan Portfolio							
Average Salary/GNI per Capita							
Cost per Borrower	107	341	90	44	64	107	112
Cost per Loan							
PRODUCTIVITY							
Borrowers per Staff Member	29	21	29	32	84	27	32
Loans per Staff Member							
Borrowers per Loan Officer							
Loans per Loan Officer							
Voluntary Savers per Staff Member	0	0	0	0	0	0	0
Savings Accounts per Staff Member							
Personnel Allocation Ratio							
RISK AND LIQUIDITY							
Portfolio at Risk > 30 Days	0.5%	0.2%	1.8%	0.5%	0.6%	0.3%	1.5%
Portfolio at Risk > 90 Days							
Write-off Ratio	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%
Loan Loss Rate							
Risk Coverage	24.9%	0.0%	100.0%	52.7%	29.9%	0.0%	99.3%

Central Asia

Benchmark Data 2005

Benchmark data by charter (adjusted & unadjusted)

	Central Asia non-bank (MBB)	Central Asia NBFI (MBB)	Central Asia NGO (MBB)	Central Asia non-bank (MM)	Central Asia NBFI (MM)	Central Asia NGO (MM)	Central Asia CU (MM)
INSTITUTIONAL CHARACTERISTICS							
Number of MFIs	19	12	7	58	35	15	8
Age	5	6	4	3	2	5	6
Total Assets	1,488,592	4,447,979	505,900	415,279	434,374	506,473	140,799
Offices	7	13	4				
Personnel	40	120	27	13	10	27	7
FINANCING STRUCTURE							
Capital/Asset Ratio	64.4%	32.8%	78.1%	58.5%	54.3%	73.8%	38.7%
Commercial Funding Liabilities Ratio	0.0%	36.7%	0.0%				
Debt/Equity Ratio	0.6	2.1	0.3	0.7	0.8	0.4	1.6
Deposits to Loans	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Deposits to Total Assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Gross Loan Portfolio/ Total Assets	82.0%	83.2%	75.4%	84.3%	84.5%	79.7%	90.4%
OUTREACH INDICATORS							
Number of Active Borrowers	3,675	6,923	2,935	402	277	2,935	122
Percent of Women Borrowers	76.4%	62.3%	91.0%	56.5%	52.5%	72.2%	58.7%
Number of Loans Outstanding	3,675	6,955	2,935				
Gross Loan Portfolio	1,091,499	3,718,903	381,354	325,307	344,789	432,033	129,477
Average Loan Balance per Borrower	305	585	157	599	866	190	1,071
Average Loan Balance per Borrower/GNI per Capita	72.4%	110.3%	23.6%	87.6%	84.8%	40.9%	267.6%
Average Outstanding Balance	305	580	157				
Average Outstanding Balance/GNI per Capita	72.4%	110.3%	23.6%				
Number of Voluntary Savers	0	0	0	0	0	0	9
Number of Voluntary Savings Accounts	0	0	0				
Voluntary Savings	0	0	0	0	0	0	0
Average Savings Balance per Saver	0	0	0	0	0	0	0
Average Savings Account Balance	0	0	0				
MACROECONOMIC INDICATORS							
GNI per Capita	400	400	460	460	2,260	460	400
GDP Growth Rate	9.4%	9.4%	7.7%	9.4%	9.4%	7.7%	7.1%
Deposit Rate	9.8%	5.8%	12.0%	9.8%	5.8%	12.0%	5.8%
Inflation Rate	7.8%	7.6%	7.8%	7.8%	7.6%	7.8%	4.4%
Financial Depth	12.0%	20.6%	12.0%	12.0%	20.6%	12.0%	20.6%
OVERALL FINANCIAL PERFORMANCE							
Return on Assets	2.4%	1.6%	10.7%	5.9%	4.0%	7.6%	10.8%
Return on Equity	4.9%	3.0%	10.8%	12.7%	7.7%	14.5%	23.9%
Operational Self-Sufficiency	136.3%	136.1%	187.4%	135.9%	129.6%	125.8%	159.5%
Financial Self-Sufficiency	120.9%	117.8%	165.8%				
REVENUES							
Financial Revenue Ratio	41.1%	32.8%	56.0%	32.9%	29.7%	52.8%	28.4%
Profit Margin	17.3%	15.0%	39.7%	26.4%	22.8%	20.5%	37.3%
Yield on Gross Portfolio (nominal)	47.7%	40.7%	73.9%				
Yield on Gross Portfolio (real)	39.0%	32.5%	61.3%				
EXPENSES							
Total Expense Ratio	35.9%	35.9%	49.4%	23.0%	24.0%	35.6%	17.5%
Financial Expense Ratio	7.6%	8.3%	6.5%	0.6%	0.7%	0.0%	8.8%
Loan Loss Provision Expense Ratio	0.8%	0.9%	0.8%	0.2%	0.0%	0.5%	0.8%
Operating Expense Ratio	23.6%	23.4%	27.3%	16.9%	14.6%	26.3%	8.6%
Personnel Expense Ratio	14.0%	12.1%	15.6%				
Administrative Expense Ratio	10.0%	9.5%	13.7%				
Adjustment Expense Ratio	5.6%	3.3%	5.7%				
EFFICIENCY							
Operating Expense/Loan Portfolio	30.2%	27.3%	34.7%	16.6%	16.6%	29.9%	8.9%
Personnel Expense/Loan Portfolio	16.5%	14.2%	20.7%				
Average Salary/GNI per Capita	569.7%	938.2%	405.5%				
Cost per Borrower	107	121	75	97	193	91	78
Cost per Loan	111	129	75				
PRODUCTIVITY							
Borrowers per Staff Member	66	64	85	32	27	83	23
Loans per Staff Member	67	64	85				
Borrowers per Loan Officer	177	168	178				
Loans per Loan Officer	177	169	178				
Voluntary Savers per Staff Member	0	0	0	0	0	0	1
Savings Accounts per Staff Member	0	0	0				
Personnel Allocation Ratio	41.0%	40.5%	48.1%				
RISK AND LIQUIDITY							
Portfolio at Risk > 30 Days	0.4%	0.4%	0.7%	0.5%	0.5%	0.3%	2.2%
Portfolio at Risk > 90 Days	0.1%	0.1%	0.0%				
Write-off Ratio	0.0%	0.1%	0.0%	0.0%	0.0%	0.1%	0.0%
Loan Loss Rate	0.0%	0.0%	0.0%				
Risk Coverage	193.6%	642.7%	57.9%	15.0%	5.4%	24.3%	99.3%

Central Asia

Benchmark Data 2005

Benchmark trend data (unadjusted)

	Central Asia 2005 - unbalanced	Central Asia 2004 - unbalanced * all institutions	Central Asia 2003 - unbalanced	Central Asia 2005 - balanced	Central Asia 2004 - balanced * institutions with data for 2003 - 2005	Central Asia 2003 - balanced
INSTITUTIONAL CHARACTERISTICS						
Number of MFIs		52	39	38	38	38
Age	3	4	3	6	5	4
Total Assets	469,073	379,552	171,460	511,521	401,448	171,800
Offices						
Personnel	14	19	9	19	21	10
FINANCING STRUCTURE						
Capital/Asset Ratio	55.9%	72.5%	79.2%	60.3%	74.3%	84.1%
Commercial Funding Liabilities Ratio						
Debt/Equity Ratio	0.8	0.3	0.1	0.7	0.3	0.1
Deposits to Loans	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Deposits to Total Assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Gross Loan Portfolio/ Total Assets	84.0%	82.1%	84.0%	84.3%	84.7%	84.3%
OUTREACH INDICATORS						
Number of Active Borrowers	437	442	370	591	672	371
Percent of Women Borrowers	55.6%	54.3%	60.2%	60.5%	56.0%	61.2%
Number of Loans Outstanding						
Gross Loan Portfolio	364,529	313,207	138,236	449,634	313,207	141,630
Average Loan Balance per Borrower	643	830	437	805	681	439
Average Loan Balance per Borrower/GNI per Capita	91.1%	85.5%	83.9%	66.5%	80.3%	84.8%
Average Outstanding Balance						
Average Outstanding Balance/GNI per Capita						
Number of Voluntary Savers	0	0	0	0	0	0
Number of Voluntary Savings Accounts						
Voluntary Savings	0	0	0	0	0	0
Average Savings Balance per Saver	0	0	0	0	0	0
Average Savings Account Balance						
MACROECONOMIC INDICATORS						
GNI per Capita	400	460	420	510	460	420
GDP Growth Rate						
Deposit Rate						
Inflation Rate						
Financial Depth						
OVERALL FINANCIAL PERFORMANCE						
Return on Assets	5.8%	11.4%	10.3%	5.9%	11.7%	10.3%
Return on Equity	12.7%	16.4%	11.5%	14.5%	17.4%	11.5%
Operational Self-Sufficiency	130.6%	140.4%	127.3%	141.7%	144.9%	127.3%
Financial Self-Sufficiency						
REVENUES						
Financial Revenue Ratio	32.2%	37.9%	33.8%	32.3%	37.9%	33.8%
Profit Margin	23.5%	28.8%	21.5%	29.4%	31.0%	21.5%
Yield on Gross Portfolio (nominal)						
Yield on Gross Portfolio (real)						
EXPENSES						
Total Expense Ratio	22.5%	21.6%	18.4%	22.3%	23.6%	18.4%
Financial Expense Ratio	0.8%	0.3%	1.1%	2.3%	0.4%	1.1%
Loan Loss Provision Expense Ratio	0.2%	0.5%	0.3%	0.4%	0.4%	0.3%
Operating Expense Ratio	16.9%	21.9%	17.1%	19.4%	22.4%	17.1%
Personnel Expense Ratio						
Administrative Expense Ratio						
Adjustment Expense Ratio						
EFFICIENCY						
Operating Expense/Loan Portfolio	18.2%	19.4%	0.0%	22.2%	27.0%	0.0%
Personnel Expense/Loan Portfolio						
Average Salary/GNI per Capita						
Cost per Borrower	107	72		114	87	
Cost per Loan						
PRODUCTIVITY						
Borrowers per Staff Member	29	29	25	39	40	30
Loans per Staff Member						
Borrowers per Loan Officer						
Loans per Loan Officer						
Voluntary Savers per Staff Member	0	0	0	0	0	0
Savings Accounts per Staff Member						
Personnel Allocation Ratio						
RISK AND LIQUIDITY						
Portfolio at Risk > 30 Days	0.5%	0.6%	0.4%	0.8%	0.7%	0.4%
Portfolio at Risk > 90 Days						
Write-off Ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Loan Loss Rate						
Risk Coverage	24.9%	4.9%	0.0%	38.3%	29.8%	0.0%

Central Asia

	Benchmark Data 2005							
	Benchmark data for Eastern Europe & Central Asia (ECA) by subregion, charter (adjusted)							
	Balkans	Central & Eastern Europe	Russia	Caucasus	ECA Bank	ECA CU	ECA NGO	ECA NBFI
INSTITUTIONAL CHARACTERISTICS								
Number of MFIs	28	10	13	18	20	12	31	45
Age	8	9	6	7	6	8	5	7
Total Assets	11,293,582	4,511,751	2,950,446	2,560,434	136,390,928	3,167,004	2,198,093	8,095,054
Offices	14	12	4	6	19	4	4	11
Personnel	54	44	27	50	488	21	40	53
FINANCING STRUCTURE								
Capital/Asset Ratio	45.6%	27.8%	14.1%	69.2%	11.4%	18.5%	73.8%	35.2%
Commercial Funding Liabilities Ratio	28.2%	3.4%	98.4%	0.0%	119.1%	73.0%	0.0%	27.1%
Debt/Equity Ratio	1.2	2.6	6.1	0.4	7.8	4.7	0.4	1.8
Deposits to Loans	0.0%	0.0%	72.8%	0.0%	48.6%	73.0%	0.0%	0.0%
Deposits to Total Assets	0.0%	0.0%	66.4%	0.0%	30.2%	66.4%	0.0%	0.0%
Gross Loan Portfolio/ Total Assets	91.9%	75.3%	82.6%	87.8%	62.6%	83.2%	83.6%	87.6%
OUTREACH INDICATORS								
Number of Active Borrowers	5,351	2,876	1,293	3,815	29,247	1,546	2,935	5,272
Percent of Women Borrowers	40.4%	41.1%	71.0%	48.9%	31.2%	46.3%	62.0%	48.9%
Number of Loans Outstanding	5,404	2,876	1,293	3,815	29,575	1,732	2,935	5,429
Gross Loan Portfolio	9,407,850	3,896,186	2,251,981	2,210,084	96,302,112	2,836,243	1,950,738	6,183,392
Average Loan Balance per Borrower	1,326	1,722	1,742	498	3,333	1,808	514	1,198
Average Loan Balance per Borrower/GNI per Capita	74.5%	86.3%	51.1%	44.9%	179.6%	56.9%	51.9%	68.7%
Average Outstanding Balance	1,326	1,722	1,585	498	3,449	1,649	514	1,197
Average Outstanding Balance/GNI per Capita	74.5%	77.2%	46.5%	44.9%	208.3%	50.7%	51.9%	68.7%
Number of Voluntary Savers	0	0	216	0	3,235	311	0	0
Number of Voluntary Savings Accounts	0	0	216	0	37,915	326	0	0
Voluntary Savings	0	0	587,526	0	38,235,832	842,451	0	0
Average Savings Balance per Saver	8,274	0	6,557	8,022	4,526	4,665	0	28,563
Average Savings Account Balance	8,274	0	6,198	4,241	1,170	4,490	0	28,563
MACROECONOMIC INDICATORS								
GNI per Capita	2,040	2,740	3,410	1,040	1,282	3,410	1,120	2,040
GDP Growth Rate	4.7%	7.2%	3.7%	10.1%	7.9%	3.7%	8.5%	6.3%
Deposit Rate	3.6%	5.2%	4.0%	7.6%	6.0%	4.0%	6.6%	4.0%
Inflation Rate	3.6%	9.0%	12.7%	8.2%	7.9%	12.7%	7.9%	4.4%
Financial Depth	56.4%	38.3%	31.6%	15.6%	29.3%	31.6%	15.1%	31.6%
OVERALL FINANCIAL PERFORMANCE								
Return on Assets	3.5%	-0.7%	-0.6%	2.1%	1.0%	-0.1%	2.9%	3.0%
Return on Equity	8.5%	-1.1%	-3.4%	3.5%	6.0%	-0.4%	6.4%	5.2%
Operational Self-Sufficiency	127.3%	111.7%	108.5%	137.0%	119.2%	108.3%	137.6%	125.4%
Financial Self-Sufficiency	121.7%	97.5%	101.1%	113.8%	108.2%	103.3%	114.6%	117.1%
REVENUES								
Financial Revenue Ratio	24.3%	21.0%	32.7%	34.3%	17.1%	29.2%	40.4%	25.2%
Profit Margin	17.8%	-2.7%	1.1%	12.1%	7.6%	3.1%	12.7%	14.6%
Yield on Gross Portfolio (nominal)	26.3%	25.0%	39.0%	40.6%	21.5%	34.2%	47.8%	29.5%
Yield on Gross Portfolio (real)	22.6%	17.1%	23.3%	29.5%	17.0%	22.9%	36.9%	23.2%
EXPENSES								
Total Expense Ratio	20.4%	26.4%	34.4%	27.9%	16.4%	29.7%	31.1%	23.1%
Financial Expense Ratio	4.5%	5.1%	15.1%	6.7%	5.1%	15.4%	6.7%	5.5%
Loan Loss Provision Expense Ratio	0.9%	1.8%	1.0%	0.7%	1.1%	1.1%	0.8%	1.1%
Operating Expense Ratio	14.2%	17.6%	17.1%	21.3%	9.0%	11.3%	23.0%	15.4%
Personnel Expense Ratio	8.4%	7.8%	8.9%	12.1%	4.1%	6.0%	12.8%	8.5%
Administrative Expense Ratio	5.1%	8.5%	5.5%	8.6%	5.0%	5.4%	10.1%	6.4%
Adjustment Expense Ratio	1.0%	3.9%	2.4%	4.7%	1.1%	0.9%	5.7%	1.8%
EFFICIENCY								
Operating Expense/Loan Portfolio	16.5%	20.4%	20.3%	24.9%	13.0%	13.7%	28.8%	17.5%
Personnel Expense/Loan Portfolio	9.2%	9.9%	12.1%	13.9%	6.1%	6.9%	14.6%	9.9%
Average Salary/GNI per Capita	712.9%	320.8%	284.2%	563.1%	597.5%	217.3%	510.2%	631.9%
Cost per Borrower	200	270	372	130	504	243	161	173
Cost per Loan	199	264	436	130	504	221	158	170
PRODUCTIVITY								
Borrowers per Staff Member	122	57	36	93	51	69	82	94
Loans per Staff Member	122	57	39	93	51	78	81	93
Borrowers per Loan Officer	200	111	93	180	191	154	156	181
Loans per Loan Officer	200	115	111	180	201	154	157	181
Voluntary Savers per Staff Member	0	0	14	5	6	17	0	0
Savings Accounts per Staff Member	0	0	15	6	91	19	0	0
Personnel Allocation Ratio	62.7%	58.0%	43.5%	47.1%	31.0%	51.4%	49.4%	56.0%
RISK AND LIQUIDITY								
Portfolio at Risk > 30 Days	1.1%	2.4%	0.9%	0.9%	0.9%	2.4%	0.9%	1.1%
Portfolio at Risk > 90 Days	0.6%	1.1%	0.2%	0.6%	0.5%	1.2%	0.4%	0.4%
Write-off Ratio	0.6%	0.7%	0.9%	1.4%	0.5%	0.9%	0.5%	0.5%
Loan Loss Rate	0.4%	0.6%	0.9%	1.0%	0.4%	0.7%	0.4%	0.2%
Risk Coverage	165.3%	96.2%	88.8%	121.4%	266.4%	44.3%	121.6%	167.3%

MIX Benchmarks and Analysis 2005

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Microfinance Information eXchange

Microfinance Information Exchange, Inc.
1901 Pennsylvania Avenue NW - Suite 307
Washington, DC - 20006, USA
Tel +1 202 659 9094, Fax +1 202 659 9095
Email: info@themix.org
www.themix.org

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