

**Measuring Performance of Microfinance Institutions:
A Framework for Reporting Analysis, and Monitoring**
Presentation Handouts

TABLE 2.1: SAMPLE INCOME STATEMENT

Ref.	X-Ref.	Account Name	From 1/1/2004 to 12/31/2004	From 1/1/2003 to 12/31/2003
I1		Financial Revenue	18,976,898	10,521,727
I2	C1 ^a	Financial Revenue from Loan Portfolio	17,053,668	9,302,491
I3		Interest on Loan Portfolio	13,867,568	7,494,464
I4		Fees and Commissions on Loan Portfolio	3,186,100	1,808,027
I5	C2 ^a	Financial Revenue from Investments	1,597,830	1,003,556
I6	C3 ^a	Other Operating Revenue	325,400	215,680
I7		Financial Expense	1,287,719	853,197
I8	C5 ^a	Financial Expense on Funding Liabilities	1,039,719	797,869
I9		Interest and Fee Expense on Deposits	256,343	250,000
I10		Interest and Fee Expense on Borrowings	783,376	547,869
I11	C6 ^a	Other Financial Expense	248,000	55,328
I12		Net Financial Income	17,689,179	9,668,530
I13	C29	Impairment Losses on Loans	439,972	162,862
I14	P8	Provision for Loan Impairment	489,154	297,368
I15	P10	Value of Loans Recovered	(49,182)	(134,506)
I16	C7 ^a	Operating Expense	15,072,242	6,633,187
I17		Personnel Expense	8,700,000	4,594,436
I18		Administrative Expense	6,372,242	2,038,751
I19	C28	Depreciation and Amortization Expense	1,597,669	317,057
I20		Other Administrative Expense	4,774,573	1,721,694
I21		Net Operating Income	2,176,965	2,872,482
I22	C22 ^a	Net Non-Operating Income/(Expense)	(1,403,143)	(1,838,992)
I23		Non-Operating Revenue	586,471	—
I24		Non-Operating Expense	(1,989,614)	(1,838,992)
I25	C27	Net Income (Before Taxes and Donations)	773,822	1,033,490
I26	C8 ^a , C30 ^a	Taxes	760,816	732,306
I27	B28	Net Income (After Taxes and Before Donations)	13,006	301,184
I28	B25, C20 ^a , C44 ^a	Donations	4,582,000	3,442,986
I29		Donations for Loan Capital	—	1,258,291
I30		Donations for Operating Expense	4,582,000	2,184,695
I31		Net Income (After Taxes and Donations)	4,595,006	3,744,170

^a If an MFI uses cash accounting, these accounts will have the same value as the cross-referenced accounts. If the MFI uses accrual accounting, these values will not be the same as the cross-referenced account.

TABLE 2.3: SAMPLE BALANCE SHEET

Ref.	X-Ref.	Account Name	As of 12/31/2004	As of 12/31/2003
Assets				
B1	C26, C50	Cash and Due from Banks	3,261,195	1,146,142
B2		Trade Investments	10,611,928	27,096,586
B3		Net Loan Portfolio	54,338,636	33,471,489
B4		▪ Gross Loan Portfolio	55,609,309	34,701,961
B5		▪ Impairment Loss Allowance	(1,270,673)	(1,230,473)
B6		Interest Receivable on Loan Portfolio	1,604,993	954,993
B7		Accounts Receivable and Other Assets	1,610,308	1,010,308
B8		Other Investments	1,165,420	1,165,420
B9		Net Fixed Assets	5,567,936	4,272,836
B10		▪ Fixed Assets	10,640,051	7,747,282
B11		▪ Accumulated Depreciation and Amortization	(5,072,115)	(3,474,446)
B12		Total Assets	78,160,416	69,117,773
Liabilities				
B13		Demand Deposits	—	—
B14		Short-term Time Deposits	3,423,878	1,030,868
B15		Short-term Borrowings	2,737,009	1,371,768
B16		Interest Payable on Funding Liabilities	237,177	137,177
B17		Accounts Payable and Other Short-term Liabilities	500,100	548,000
B18		Long-term Time Deposits	3,000,000	3,000,000
B19		Long-term Borrowings	16,661,750	16,661,750
B20		Other Long-term Liabilities	3,699,498	4,199,498
B21		Total Liabilities	30,259,412	26,949,061
Equity				
B22		Paid-In Capital	12,000,000	10,000,000
B23		Donated Equity	37,175,822	32,593,822
B24		Prior Years	32,593,822	29,150,836
B25	I28, C20 ^a , C44 ^a	Current Year	4,582,000	3,442,986
B26		Retained Earnings	(1,401,678)	(914,683)
B27		Prior Years	(1,414,683)	(1,215,867)
B28	I27	Current Year	13,006	301,184
B29		Reserves	126,860	489,574
B30		Other Equity Accounts		
B31		Adjustments to Equity		
B32		Total Equity	47,901,004	42,168,713

^a If an MFI uses cash accounting, these accounts will have the same value as the cross-referenced accounts. If the MFI uses accrual accounting, these values will not be the same as the cross-referenced account.

TABLE 2.6: SAMPLE DIRECT CASH FLOW STATEMENT

Ref.	X-Ref.	Term	From 1/1/2004 to 12/31/2004	From 1/1/2003 to 12/31/2003
Cash Flows from Operating Activities				
C1	I2 ^a	Cash Received from Interest, Fees, and Commissions on Loan Portfolio	16,403,668	8,847,498
C2	I5 ^a	Cash Received from Interest on Investments	1,597,830	1,003,556
C3	I6 ^a	Cash Received as Other Operating Revenue	325,400	215,680
C4	C31	Value of Loans Repaid	137,620,072	107,900,427
C5	I8 ^a	(Cash Paid for Financial Expenses on Funding Liabilities)	(939,719)	(810,692)
C6	I11 ^a	(Cash Paid for Other Financial Expenses)	(248,000)	(55,328)
C7	I16 ^a	(Cash Paid for Operating Expenses)	(13,522,473)	(7,426,274)
C8	I26 ^a	(Cash Paid for Taxes)	(760,816)	(732,306)
C9	C32, P2	(Value of Loans Disbursed)	(159,603,437)	(121,456,864)
C10	C33	Net (Purchase)/Sale of Trade Investments	16,484,658	3,406,301
C11	C34	Deposits/(Withdrawals) from Clients	2,393,010	1,030,868
C12		Cash Received/(Paid) for Other Operating Assets and Liabilities	(1,100,000)	(1,010,308)
C13	C37	Net Cash from Operating Activities	(1,349,808)	(9,087,441)
Cash Flows from Investing Activities				
C14	C38	Net (Purchase)/Sale of Other Investments	—	334,580
C15	C39	Net (Purchase)/Sale of Fixed Assets	(2,892,769)	(747,282)
C16	C40	Net Cash from Investing Activities	(2,892,769)	(412,702)
Cash Flows from Financing Activities				
C17	C41	Net Cash Received /(Repaid) for Short- and Long-term Borrowings	1,365,241	6,533,518
C18	C42	Issuance/(Repurchase) of Paid-In Capital	2,000,000	1,000,000
C19	C43	(Dividends Paid)	(500,000)	—
C20	I28 ^a , C44, B25	Donated Equity	4,582,000	3,442,986
C21	C45	Net Cash from Financing Activities	7,447,241	10,976,504
C22	I22 ^a , C46	Net Cash Received/(Paid) for Non-Operating Activities	(1,403,143)	(1,838,992)
C23	C47	Net Change in Cash and Due from Banks	1,801,521	(362,632)
C24	C48	Cash and Due from Banks at the Beginning of the Period	1,146,142	900,000
C25	C49	Exchange Rate Gains/(Losses) on Cash and Cash Equivalents	313,532	609,774
C26	C50	Cash and Due from Banks at the End of the Period	3,261,195	1,146,142

^a If an MFI uses cash accounting, these accounts will have the same value as the cross-referenced accounts. If the MFI uses accrual accounting, these values will not be the same as the cross-referenced account. In the example above, the MFI uses accrual-based accounting for financial revenue, financial expense, and operating expenses so that (C1), (C5), and (C7) are not the same value as their income statement references.

TABLE 2.8: SAMPLE INDIRECT CASH FLOW STATEMENT

Ref.	X-Ref.	Account Name	From 1/1/2004 to 12/31/2004	From 1/1/2003 to 12/31/2003
Cash Flows from Operating Activities				
C27	I25 ^a	Net Income (Before Taxes and Donations)	2,176,965	2,872,482
C28	I19	Depreciation and Amortization	1,597,669	317,057
C29	I13	Impairment Losses on Loans	439,972	297,368
C30	I26 ^a , C8	(Cash Paid for Taxes)	(760,816)	(732,306)
C31	C4	Value of Loans Repaid	137,620,072	107,765,921
C32	C9, P2	(Value of Loans Disbursed)	(159,603,437)	(121,456,864)
C33	C10	(Increase)/Decrease in Trade Investments	16,484,658	3,406,301
C34	C11	Increase/(Decrease) in Deposits	2,393,010	1,030,868
C35		(Increase)/Decrease in Receivables and Other Assets	(1,250,000)	(1,465,301)
C36		Increase/(Decrease) in Payables and Other Liabilities	(447,900)	(1,122,967)
C37	C13	Net Cash from Operating Activities	(900,853)	(9,298,543)
Cash Flows from Investing Activities				
C38	C14	(Increase)/Decrease in Other Investments	—	334,580
C39	C15	(Increase)/Decrease in Book Value of Gross Fixed Assets	(2,892,769)	(747,282)
C40	C16	Net Cash from Investing Activities	(2,892,769)	(412,702)
Cash Flows from Financing Activities				
C41	C17	Increase/(Decrease) in Short- and Long-term Borrowings	1,365,241	6,533,518
C42	C18	Increase/(Decrease) in Paid-In Capital	2,000,000	1,000,000
C43	C19	(Dividends Paid)	(500,000)	—
C44	C20, I28 ^a , B25	Donated Equity	4,582,000	3,442,986
C45	C21	Net Cash from Financing Activities	7,447,241	10,976,504
C46	I22^a, C22	Net Cash Received/(Paid) for Non-Operating Activities	(1,403,143)	(1,838,992)
C47	C23	Net Change in Cash and Due from Banks	1,801,521	(362,632)
C48	C24	Cash and Due from Banks at the Beginning of the Period	1,146,142	900,000
C49	C25	Effect of Exchange Rate Changes on Cash and Cash Equivalents	313,532	608,774
C50	C26, B1	Cash and Due from Banks at the End of the Period	3,261,195	1,146,142

^a If an MFI uses cash accounting, these accounts will have the same value as the cross-referenced accounts. If the MFI uses accrual accounting, these values will not be the same as the cross-referenced account.

TABLE 2.10: SAMPLE PORTFOLIO REPORT

Ref.	X-Ref.	Account Name	From 1/1/2004 to 12/31/2004		From 1/1/2003 to 12/31/2003	
			Number of Loans	Value of Portfolio	Number of Loans	Value of Portfolio
Portfolio Activity						
P1, P2	C9, C32	Loans Disbursed	32,148	159,603,437	26,990	121,456,864
P3, P4	B4	Loans Outstanding	14,587	55,609,309	11,183	34,701,961
Movement in Impairment Loss Allowance						
P5 ⁰	B5 ⁰	Impairment Loss Allowance, Beginning of Period		1,230,473		933,150
P5 ¹	B5 ¹	Impairment Loss Allowance, End of Period		1,270,673		1,230,473
P6, P7		Loans Written Off	147	448,954	0	0
P8	I14	Provision for Loan Impairment		489,154		297,368
P9, P10		Loans in Recovery or Recovered	14	49,182	53	134,506
Portfolio Aging Schedule						
			Number of Loans	Value of Portfolio	Loss Allowance Rate (%) ^a	Impairment Loss Allowance
P11, P12		Current Portfolio	8,729	51,155,003	0	-
P13, P14		Portfolio at Risk 1 to 30 days	2,110	2,224,372	10	222,437
		Portfolio at Risk 31 to 60 days	2,022	1,112,186	25	278,047
		Portfolio at Risk 61 to 90 days	927	556,093	50	278,047
		Portfolio at Risk 91 to 180 days	556	166,828	75	125,121
		Portfolio at Risk more than 180 days	204	244,681	100	244,681
P15, P16		Renegotiated Portfolio 1–30 days	28	55,609	50	27,805
		Renegotiated Portfolio > 30 days	11	94,536	100	94,536
P3, P4	B4	Loans Outstanding	14,587	55,609,309		1,270,673

^a The aging categories and loss allowance rates presented in this table are shown as an example rather than a recommendation. MFIs should set the rates according to their needs and historical loss rates as well as local regulatory requirements, if any.

TABLE 2.12: SAMPLE NON-FINANCIAL DATA REPORT

	Account Name	As of 12/31/2004	As of 12/31/2003
Operational Data			
N1	Number of Active Clients	14,658	11,458
N2	Number of New Clients during Period	7,584	7,589
N3	Number of Active Borrowers	13,472	10,857
N4	Number of Voluntary Depositors	752	254
N5	Number of Deposit Accounts	752	254
N6	Number of Savers Facilitated	13,005	11,023
N7	Number of Personnel	115	89
N8	Number of Loan Officers	75	48
Macroeconomic Data			
N9	Inflation Rate	5.6%	4.3%
N10	Market Rate for Borrowing	9.5%	8.6%
N11	Exchange Rate (Local Currency: U.S. Dollar, Euro, or other)	48.0	45.0
N12	Gross National Income (GNI) per capita	12,000.0	12,000.0

TABLE 3.1: SUMMARY OF ADJUSTMENTS

Ref.	Account Name	Explanation
Subsidies		
A1	Subsidized Cost of Funds Adjustment	Examines the difference between an MFI's financial expense and the financial expense it would pay if all its funding liabilities were priced at market rates.
A2	In-Kind Subsidy Adjustment	The difference between what the MFI is actually paying for a donated or subsidized good or service and what it would have to pay for the same good or service on the open market. Donors often give MFIs funds and also goods and services at no cost or at below-market cost. Common examples of these in-kind subsidies are computers, consulting services, free office space, and free services of a manager.
Inflation		
A3	Inflation Adjustment	The rationale behind the inflation adjustment is that an MFI should, at a minimum, preserve the value of its equity (and shareholders or donors' investments) against erosion due to inflation. In addition, this adjustment is important to consider when benchmarking institutions in different countries and economic environments. Unlike subsidy adjustments, recording an inflation adjustment is common in many parts of the world and is mandated by Section 29 of the International Accounting Standards (IAS) in high inflation economies.
Non-performing loans		
A4	Impairment Loss Allowance Adjustment	Intended to bring an MFI's Impairment Loss Allowance in line with the quality of its Gross Loan Portfolio.
A5	Write-off Adjustment	Intended to identify loans on an MFI's books that, by any reasonable standard, should be written off. This adjustment can significantly reduce the value of an MFI's assets if persistent delinquent loans are not counted as part of the gross loan portfolio.

TABLE 4.1: SUMMARY OF THE SEEP 18

Ref.	Term	Formula	Explanation
Sustainability and Profitability			
R1	Operational Self-Sufficiency	$\frac{\text{Financial Revenue}}{\text{(Financial Expense + Impairment Losses on Loans + Operating Expense)}}$	Measures how well an MFI can cover its costs through operating revenues.
	Financial Self-Sufficiency	$\frac{\text{Adjusted Financial Revenue}}{\text{(Adjusted Financial Expense + Adjusted Impairment Losses on Loans + Adjusted Operating Expense)}}$	Measures how well an MFI can cover its costs taking into account adjustments to operating revenues and expenses
R2	Return on Assets (ROA)	$\frac{\text{Net Operating Income} - \text{Taxes}}{\text{Average Assets}}$	Measures how well the MFI uses its assets to generate returns. This ratio is net of taxes and excludes non-operating items and donations.
	Adjusted Return on Assets (AROA)	$\frac{\text{Adjusted Net Operating Income} - \text{Taxes}}{\text{Average Adjusted Assets}}$	
R3	Return on Equity (ROE)	$\frac{\text{Net Operating Income} - \text{Taxes}}{\text{Average Equity}}$	Calculates the rate of return on the Average Equity for the period. Because the numerator does not include non-operating items or donations and is net of taxes, the ratio is frequently used as a proxy for commercial viability.
	Adjusted Return on Equity (AROE)	$\frac{\text{Adjusted Net Operating Income} - \text{Taxes}}{\text{Average Adjusted Equity}}$	
Asset/Liability Management			
R4	Yield on Gross Portfolio	$\frac{\text{Cash Received from Interest, Fees, and Commissions on Loan Portfolio}}{\text{Average Gross Loan Portfolio}}$	Indicates the MFI's ability to generate cash from interest, fees, and commissions on the Gross Loan Portfolio. No revenues that have been accrued but not paid in cash are included.
R5	Portfolio to Assets	$\frac{\text{Gross Loan Portfolio}}{\text{Assets}}$	Measures the MFI's allocation of assets to its lending activity. Indicates management's ability to allocate resources to the MFI's primary and most profitable activity—making microloans.
R6	Cost of Funds Ratio	$\frac{\text{Financial Expenses on Funding Liabilities}}{\text{(Average Deposits + Average Borrowings)}}$	Calculates a blended interest rate for all the MFI's funding liabilities.
	Adjusted Cost of Funds Ratio	$\frac{\text{Adjusted Financial Expenses on Funding Liabilities}}{\text{(Average Deposits + Average Borrowings)}}$	The adjusted ratio will usually be higher due to affect of the Subsidized Cost of Funds adjustment.
R7	Debt to Equity	$\frac{\text{Liabilities}}{\text{Equity}}$	Measures the overall leverage of an institution and how much cushion it has to absorb losses after all liabilities are paid.
	Adjusted Debt to Equity	$\frac{\text{Liabilities}}{\text{Adjusted Equity}}$	The adjusted ratio considers reductions to equity due to adjustments.
R8	Liquid Ratio	$\frac{\text{Cash + Trade Investments}}{\text{(Demand Deposits + Short-term Time Deposits + Short-term Borrowings + Interest Payable on Funding Liabilities + Accounts Payable and Other Short-term Liabilities)}}$	Indicates level of cash and cash equivalents the MFI maintains to cover short-term liabilities. Short-term means assets or liabilities or any portion thereof that have a due date, maturity date, or may be readily converted to cash within 12 months.
Portfolio Quality			
R9	Portfolio at Risk (PAR) Ratio	$\frac{\text{PAR} > 30 \text{ Days} + \text{Value of Renegotiated Loans}}{\text{Gross Loan Portfolio}}$	The most accepted measure of portfolio quality. The most common international measurements of PAR are > 30 days and > 90 days.
	Adjusted PAR Ratio	$\frac{\text{PAR} > 30 \text{ Days} + \text{Value of Renegotiated Loans}}{\text{Adjusted Gross Loan Portfolio}}$	The adjusted PAR reduces the Gross Loan Portfolio by the Write-off Adjustment.

Ref.	Term	Formula	Explanation
R10	Write-off Ratio	$\frac{\text{Value of Loans Written Off}}{\text{Average Gross Loan Portfolio}}$	Represents the percentage of the MFI's loans that has been removed from the balance of the gross loan portfolio because they are unlikely to be repaid. MFIs' write-off policies vary; managers are recommended to calculate this ratio on an adjusted basis.
	Adjusted Write-off Ratio	$\frac{\text{Value of Loans Written Off} + \text{Write-off Adjustment}}{\text{Average Adjusted Gross Loan Portfolio}}$	
R11	Risk Coverage Ratio	$\frac{\text{Impairment Loss Allowance}}{\text{Portfolio at Risk > 30 Days}}$	Shows how much of the portfolio at risk is covered by the MFI's Impairment Loss Allowance.
	Adjusted Risk Coverage Ratio	$\frac{\text{Adjusted Impairment Loss Allowance}}{\text{Adjusted Portfolio at Risk > 30 Days} - \text{Write-off Adjustment}}$	The adjusted ratio incorporates the Impairment Loss Allowance Adjustment and the Write-off Adjustment.
Efficiency and Productivity			
R12	Operating Expense Ratio	$\frac{\text{Operating Expense}}{\text{Average Gross Loan Portfolio}}$	Highlights personnel and administrative expenses relative to the loan portfolio the most commonly used efficiency indicator.
	Adjusted Operating Expense Ratio	$\frac{\text{Adjusted Operating Expense}}{\text{Average Adjusted Gross Loan Portfolio}}$	The adjusted ratio usually increases this ratio when the affect of subsidies are included.
R13	Cost per Active Client	$\frac{\text{Operating Expense}}{\text{Average Number of Active Clients}}$	Provides a meaningful measure of efficiency for an MFI, allowing it to determine the average cost of maintaining an active client.
	Adjusted Cost per Client	$\frac{\text{Adjusted Operating Expense}}{\text{Average Number of Active Clients}}$	The adjusted ratio usually increase this ratio when the affect of subsidies are included.
R14	Borrowers per Loan Officer	$\frac{\text{Number of Active Borrowers}}{\text{Number of Loan Officers}}$	Measures the average caseload of (average number of borrowers managed by) each loan officer.
R15	Active Clients per Staff Member	$\frac{\text{Number of Active Clients}}{\text{Total Number of Personnel}}$	The overall productivity of the MFI's personnel in terms of managing clients, including borrowers, voluntary savers, and other clients.
R16	Client Turnover	$\frac{\text{Number of Active Clients, End of Period} + \text{Number of New Clients During Period} - \text{Number of Active Clients, Beginning of Period}}{\text{Average Number of Active Clients}}$	Measures the net number of clients continuing to access services during the period; used as one measurement of client satisfaction.
R17	Average Outstanding Loan Size	$\frac{\text{Gross Loan Portfolio}}{\text{Number of Loans Outstanding}}$	Measures the average outstanding loan balance per borrower. This ratio is a profitability driver and a measure of how much of each loan is available to clients.
	Adjusted Average Outstanding Loan Size	$\frac{\text{Adjusted Gross Loan Portfolio}}{\text{Adjusted Number of Loans Outstanding}}$	The adjusted ratio incorporates the Write-off Adjustment.
R18	Average Loan Disbursed	$\frac{\text{Value of Loans Disbursed}}{\text{Number of Loans Disbursed}}$	Measures the average value of each loan disbursed. This ratio is frequently used to project disbursements. This ratio or R17 can be compared to (N12) GNI per capita. ¹

¹ Although loan size has historically been used as an approximate proxy for the poverty level of clients, this controversial proxy has been disputed. More accurate poverty indicators are being developed by The SEEP Network's Poverty Outreach Working Group. For information, visit www.seepnetwork.org.

TABLE 5.1: SAMPLE MONTHLY MANAGEMENT REPORT

Ref.	Starting 1/1/2004 Ending 6/30/2004	Current Month	Year-to- Date	Plan for 12/31/2004	% Achieved
Outreach					
P1	Number of Loans Disbursed during the Period	2,571	12,859	30,000	43
P2	Value of Loans Disbursed during the Period	11,099,427	71,709,752	150,000,000	49
N3	Number of Active Borrowers	12,957	12,957	13,500	96
N4	Number of Voluntary Depositors	489	489	750	65
Profitability					
I1	Financial Revenue	1,616,733	9,700,397	18,000,000	54
I21	Net Operating Income	(213,480)	(330,368)	2,500,000	- 13
Portfolio Quality					
P14	Portfolio at Risk (PAR) > 30 days	2,146,550	2,146,550	2,000,000	107
P13	Number of Loans at Risk > 30 Days	3.254	3,254	2,500	130
R9	PAR Ratio	5.2%	5.2%	5.0%	0.2
R10	Write-off Ratio	0.2%	0.3%	0.5%	- 0.2
Asset/Liability Management					
B4	Gross Loan Portfolio	45,235,510	45,235,510	50,000,000	92
R4a	Yield on Gross Portfolio	32.5%	34%	32%	2
B13 + B14 + B18	Total Deposits	5,240,000	5,240,000	10,000,000	52
Liquidity					
B1	Cash and Due from Banks	5,687,200	5,687,200	4,600,000	124
C23 C47	Net Change in Cash and Due from Banks	- 45,258	1,345,090	2,000,000	67
R8	Liquid Ratio	295%	295%	200%	95
Efficiency and Productivity					
I16	Operating Expense	1,808,669	9,043,345	12,000,000	75
R12*	Operating Expense Ratio	54.5%	45.4%	27%	18.4
R17	Average Outstanding Loan Size	3,645	3,645	3,750	97

^a Annualized.

TABLE 5.2: SAMPLE QUARTERLY INCOME STATEMENT WITH REVENUE ANALYSIS

Ref.	Income Statement	Current Quarter From 6/30/2004 to 9/30/2004	Year-to-Date From 1/1/2004 to 9/30/2004	Year-to-Date 1/1/2004 to 9/30/2004 Adjusted	As % of (I1) Financial Revenue
I1	Financial Revenue	3,226,166	12,926,563	12,926,563	100
I2	Financial Revenue from Loan Portfolio	3,052,550	12,096,873	12,096,873	94
I3	Interest on Loan Portfolio	1,941,460	9,707,298	9,707,298	75
I4	Fees and Commissions on Loan Portfolio	1,111,090	2,389,575	2,389,575	18
I5	Financial Revenue from Investments	159,783	719,024	719,024	6
I6	Other Operating Revenue	13,833	110,667	110,667	1
I7	Financial Expense	198,791	670,328	2,995,150	23
I8	Financial Expense on Funding Liabilities	149,191	571,128	1,124,864	9
I9	Interest and Fee Expense on Deposits	51,269	179,440		
I10	Interest and Fee Expense on Borrowings	97,922	391,688		
I11	Other Financial Expenses	49,600	99,200	1,870,286	14
I12	Net Financial Income	3,027,376	12,256,235	9,931,413	77
I13	Impairment Losses on Loans	407,822	815,644	815,644	6
I14	Provision Expense on Impaired Loans				
I15	Value of Loans Recovered				
I16	Operating Expense	2,064,565	11,107,910	12,430,210	96
I17	Personnel Expense	673,671	6,090,000	6,425,000	50
I18	Administrative Expense	1,390,894	5,017,910	6,005,210	46
I19	Depreciation and Amortization Expense	299,563	1,198,252	1,198,252	9
I20	Other Administrative Expense	1,091,331	3,819,658	4,806,958	37
I21	Net Operating Income	554,988	332,681	(3,314,441)	- 26
I22	Net Non-Operating Income	(699,836)	(1,204,182)	(1,204,182)	- 9
I23	Non-Operating Revenue	195,490	586,471	586,471	5
I24	Non-Operating Expense	(895,326)	(1,790,653)	(1,790,653)	- 14
I25	Net Income (Before Taxes and Donations)	(144,848)	(871,501)	(4,518,622)	- 35
I26	Taxes	190,204	380,408	380,408	3
I27	Net Income (After Taxes and Before Donations)	(335,052)	(1,251,909)	(4,899,030)	- 38
I28	Donations	3,054,667	4,582,000	4,582,000	35
I29	Donations for Loan Capital	—	—	—	0
I30	Donations for Operating Expense	3,054,667	4,582,000	4,582,000	35
I31	Net Income (After Taxes and Donations)	2,719,615	3,330,091	(317,030)	- 2

TABLE 5.3: SAMPLE QUARTERLY BALANCE SHEET WITH ASSET ALLOCATION ANALYSIS

Ref.	Balance Sheet As of 9/30/2004	Current Year	Adjusted Current Year	As % of (B12) Total Assets
Assets				
B1	Cash and Due from Banks	4,168,880	4,168,880	6
B2	Trade Investments	14,673,450	14,673,450	20
B3	Net Loan Portfolio	47,200,031	47,200,031	64
B4	Gross Loan Portfolio	49,492,285	49,228,881	67
B5	Impairment Loss Allowance	(2,292,255)	(2,028,851)	- 3
B6	Interest Receivable on Loan Portfolio	1,974,141	1,974,141	3
B7	Accounts Receivable and Other Assets	837,360	837,360	1
B8	Other Investments	1,165,420	1,165,420	2
B9	Net Fixed Assets	3,087,156	3,266,615	4
B10	Fixed Assets	6,384,031	6,563,490	9
B11	Accumulated Depreciation and Amortization	(3,296,875)	(3,296,875)	- 4
B12	Total Assets	73,106,438	73,285,897	100
Liabilities				
B13	Demand Deposits	—	—	0
B14	Short-term Time Deposits	2,054,327	2,054,327	3
B15	Short-term Borrowings	1,779,056	1,779,056	2
B16	Interest Payable on Funding Liabilities	320,189	320,189	0
B17	Accounts Payable and Other Short-term Liabilities	490,098	490,098	1
B18	Long-term Time Deposits	3,000,000	3,000,000	4
B19	Long-term Borrowings	16,661,750	16,661,750	23
B20	Other Long-term Liabilities	3,329,548	3,329,548	5
B21	Total Liabilities	27,634,968	27,634,968	38
Equity				
B22	Paid-In Capital	12,000,000	12,000,000	16
B23	Donated Equity	35,648,489	35,648,489	49
B24	Prior Years	32,593,822	32,593,822	44
B25	Current Year	3,054,667	3,054,667	4
B26	Retained Earnings	(2,666,592)	(6,313,714)	- 9
B27	Prior Years	(1,414,683)	(1,414,683)	- 2
B28	Current Year	(1,251,909)	(4,899,030)	- 7
B29	Reserves	489,574	489,574	1
B30	Other Equity Accounts	—	—	0
B31	Adjustments to Equity		3,826,581	5
B31-1	Subsidized Cost of Funds Adjustment		553,736	1
B31-2	In-Kind Subsidy Adjustment		1,322,300	2
B31-3	Inflation Adjustment		1,950,545	3
B32	Total Equity	45,471,470	45,650,929	62

TABLE 5.4: SAMPLE QUARTERLY MANAGEMENT REPORT

Ref.	Account Name	As of 12/31/2003	As of 9/30/2004	Trend as of 9/30/2004 (%)	Plan Target for 9/30/2004	Variance (%)	Benchmark
Outreach and Activity							
N1	Number of Active Clients	11,458	13,960	22	15,000	93	N/A
N3	Number of Active Borrowers	10,857	13,058	20	13,500	97	22,627
N5	Number of Deposit Accounts	254	489	93	750	65	N/A
P1	Number of Loans Disbursed	26,990	23,147	- 14	30,000	77	N/A
P2	Value of Loans Disbursed	121,456,864	122,664,850	1	150,000,000	82	N/A
N7	Number of Personnel	89	102	15	110	93	118
N8	Number of Loan Officers	48	70	46	75	93	N/A
Profitability							
I1	Financial Revenue	10,564,338	12,926,563	22	18,000,000	72	N/A
I21	Net Operating Income	2,915,093	332,681	- 89	2,500,000	13	N/A
R1	Operational Self-Sufficiency (OSS)	138%	103%	- 35	130%	- 27	128%
	Financial Self-Sufficiency (FSS)	73%	80%	6	100%	- 20	123%
R2a	Return on Assets (ROA)	3.4%	1.1%	- 2.3%	5%	- 4%	N/A
	Adjusted Return on Assets (AROA)	- 18%	- 3.0%	14.6%	- 5%	2%	4%
R3a	Return on Equity (ROE)	5.4%	1.8%	- 3.6%	15%	- 13%	N/A
	Adjusted Return on Equity (AROE)	- 28.4%	- 9.7%	18.7%	- 10%	0%	9%
Portfolio Quality							
I13	Impairment Losses on Loans	162,862	815,644	401%	1,500,000	54%	N/A
R9	PAR Ratio	4.5%	5.1%	0.6%	5.0%	0%	N/A
	Adjusted PAR Ratio	6.8%	5.1%	- 1.7%	5.0%	0%	3.4%
R10	Write-off Ratio	0.3%	1.8%	1.5%	0.5%	1%	N/A
	Adjusted Write-off Ratio	3.5%	2.1%	- 1.4%	0.5%	2%	N/A
R11	Risk Coverage Ratio	78%	82%	3.6%	75.0%	7%	N/A
	Adjusted Risk Coverage Ratio	26%	74%	48.1%	75.0%	- 1%	120%
Asset/Liability Management							
B4	Gross Loan Portfolio	34,701,961	49,228,881	42%	50,000,000	98%	323,371,248
R5	Portfolio to Assets	50%	67%	17%	75%	- 8%	78%
B13 + B14 + B18	Total Deposits	4,030,868	5,054,327	25%	5,000,000	101%	12,047,040
R4a	Yield on Gross Portfolio	30%	38%	8%	32%	6%	38%
R6a	Cost of Funds Ratio	4.4%	4.2%	- 0.2%	5%	- 1%	N/A
	Adjusted Cost of Funds	8.6%	7.2%	- 1.4%	8%	- 1%	7%
R7	Debt to Equity	64%	61%	- 3%	65%	- 4%	1.7

Ref.	Account Name	As of 12/31/2003	As of 9/30/2004	Trend as of 9/30/2004 (%)	Plan Target for 9/30/2004	Variance (%)	Benchmark
	Adjusted Debt to Equity	64%	61%	- 4%	65%	- 4%	N/A
Liquidity							
B1	Cash and Due from Banks	1,146,142	4,168,880	264%	4,600,000	91%	N/A
C13, C37	Cash Flows from Operating Activities	(8,985,325)	(1,070,260)	- 88%	(1,000,000)	- 7%	N/A
R8	Liquid Ratio	9.1	4.06	- 56%	2.0	203%	N/A
Efficiency and Productivity							
I16	Operating Expense	6,633,187	11,107,910	67%	12,000,000	93%	N/A
R12a	Operating Expense Ratio	22%	35%	13%	27%	8%	N/A
	Adjusted Operating Expense Ratio	34%	40%	6%	32%	8%	19.8%
R13a	Cost per Active Client	650	874	34%	650	134%	N/A
	Adjusted Cost per Active Client	951	978	3%	950	103%	N/A
R14	Borrowers per Loan Officer	226	187	- 18%	22	83%	552
R15	Active Clients per Staff Member	129	137	6%	150	91%	190
R16a	Client Turnover	10%	8%	- 3%	10%	- 3%	N/A
R17	Average Outstanding Loan Size	3,103	3,770	21%	4,000	94%	18,480
	Adjusted Average Outstanding Loan Size	3,239	3,526	9%	4,000	88%	N/A
R18	Average Loan Disbursed	4,500	4,835	7%	5,000	97%	N/A

^a Indicates annualized indicator.

N/A = not applicable.

TABLE 5.5: SAMPLE QUARTERLY OR SEMIANNUAL BOARD REPORT

Ref.	Account Name	As of 12/31/2003	As of 9/30/2004	Trend as of 9/30/2004	Plan Target for 12/30/2004	Variance	Benchmark
Outreach and Activity							
N1	Number of Active Clients	11,458	13,960	22%	15,000	93%	N/A
Profitability							
I21	Net Operating Income	2,915,093	332,681	- 89%	2,500,000	13%	N/A
R1	Operational Self-Sufficiency (OSS)	138%	103%	- 35%	130%	- 27%	128%
	Financial Self-Sufficiency (FSS)	73%	80%	6%	100%	- 20%	123%
R3a	Return on Equity (ROE)	- 18%	- 3%	15%	- 5%	2%	4%
	Adjusted Return on Equity (AROE)	5%	2%	- 4%	15%	- 13%	N/A
Asset/Liability Management							
B4	Gross Loan Portfolio	34,701,961	49,228,881	42%	50,000,000	98%	323,371,248
R7	Debt to Equity	64%	61%	- 3%	65%	- 4%	1.7
	Adjusted Debt to Equity	64%	61%	- 4%	65%	- 4%	N/A
Portfolio Quality							
R9	PAR Ratio	34,701,961	49,228,881	42%	50,000,000	98%	323,371,248
	Adjusted PAR Ratio	64%	61%	- 3%	65%	- 4%	1.7
R10	Write-off Ratio	64%	61%	- 4%	65%	- 4%	N/A
	Adjusted Write-off Ratio	4.5%	0.051	0.6%	0.05	0.1%	N/A
Efficiency and Productivity							
R12a	Operating Expense Ratio	22.2%	35.2%	13.0%	27.0%	8.2%	N/A
	Adjusted Operating Expense Ratio	33.8%	40.3%	6.5%	32.0%	8.3%	20%
R17	Average Outstanding Loan Size	3,103	3,770	21%	4,000	94%	18,480
	Adjusted Average Outstanding Loan Size	—	3,526	9%	4,000	88%	N/A

^a Annualized.

N/A = not applicable.

TABLE 5.6: SAMPLE SEMIANNUAL DONOR, CREDITOR, INVESTOR REPORT

Ref.	Account Name	Current year-to-date as of 6/30/2004	Previous year as of 12/31/2003
Summarized income statement			
I1	Financial Revenue	9,700,397	10,564,338
I7	(Financial Expense)	(861,949)	(853,197)
I13	(Impairment Losses on Loans)	(125,471)	(162,862)
I16	(Operating Expense)	(9,043,345)	(6,633,187)
I21	Net Operating Income	(330,368)	2,915,093
Balance sheet summary			
B4	Gross Loan Portfolio	46,235,350	34,701,961
B3	Net Loan Portfolio	44,990,348	33,471,489
B12	Total Assets	73,412,892	69,117,773
B13 + B14 + B18	Total Deposits	4,514,327	4,030,868
B15 + B19	Total Borrowings	18,355,806	18,033,518
B21	Total Liabilities	27,292,014	26,949,061
B32	Total Equity	46,120,878	42,168,713
Profitability			
R2 a	Return on Assets (ROA)	0.7%	3.5%
	Adjusted Return on Assets (AROA)	- 3.0%	- 16.5%
R3a	Return on Equity (ROE)	2.3%	3.5%
	Adjusted Return on Equity (AROE)	- 7.5%	- 26.5%
Asset liability management			
R7	Debt to Equity	59%	64%
Portfolio quality			
R9	PAR Ratio	5.2%	4.5%
R10	Write-off Ratio	0.3%	0.3%
Efficiency			
R12a	Operating Expense Ratio	45%	22%
Outreach			
N1	Number of Active Clients	13,005	11,458
R17 N12	Average Outstanding Loan Size GNI per capita	30%	26%

^a Annualized.