PAKISTAN MICROFINANCE REVIEW

2018

Pakistan
Microfinance Network
Achieving Together

Annual Assessment of the Microfinance Industry

PMN Team

Mr. Ali Basharat
Author & Managing Editor
Head of Operations

Mr. Zeenoor Sohail Sheikh
Co-Author & Data Collection
Finance Associate

Ms. Maheen Malik
Co-Author & Data Collection
Social Responsibility Associate

Mr. Farhan Shamim
Data Collection
Social Responsibility Analyst

Produced by: Pakistan Microfinance Network
Design & Layout: Retroactive Studios (Pvt) Limited
Photocredits: Retroactive Studios Library

Pakistan Microfinance Network
3rd Floor, Mandir Square, Block 12-C/2
G-8 Markaz, Islamabad
Pakistan

Tel: +92 51 226 6215-17, +92 51 229 2231
Email: info@pmn.org.pk

www.pmn.org.pk

Acronyms & Abbreviations

AC&MFD	Agriculture and Microfinance Division
ADB	Asian Development Bank
ADVANS	Advans Microfinance Bank Ltd.
AMFB	Apna Microfinance Bank Ltd.
AML	Anti-Money Laundering
AMRDO	Al-Mehran Rural Development Organisation
BPS	Basis Points
CAR	Capital Adequacy Ratio
CDD	Customer Due Diligence
CGAP	Consultative Group to Assist the Poor
CGL	Credit Guarantee Limits
CIB	Credit Information Bureau
CNIC	Computerized National Identity Card
CPC	Consumer Protection Code
CPI	Consumer Price Index
CPP	Client Protection Principles
DFI	Development Financial Institute
DFID	Department for International Development, UK
DPC	Deposit Protection Corporation
DPF	Depositor's Protection Fund
ESM	Environment and Social Management
EUR	Euro
FATF	Financial Action Task Force
FINCA	FINCA Microfinance Bank Ltd.
FIP	Financial Inclusion Programme
FMFB	The First Microfinance Bank Ltd.
FSS	Financial Self Sufficiency
FY	Financial Year
G2P	Government to Person
GBP	Great Britain Pound
GDP	Gross Domestic Product
GLP	Gross Loan Portfolio
GNI	Gross National Income
GoP	Government of Pakistan
IAFSF	Improving Access to Financial Services Support Fund
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
JWS	Jinnah Welfare Society
KBL	Khushhali Bank Ltd.
KF	Kashf Foundation
KIBOR	Karachi Inter-Bank Offering Rate
KPK	Khyber Pakhtunkhwa
KYC	Know Your Customer
LCPS	Low Cost Private Schools
MCGF	Microfinance Credit Guarantee Facility
MCR	Minimum Capital Requirement
MENA	Middle East and North Africa
MFB	Microfinance Bank
MFCG	Microfinance Consultative Group
MF-CIB	Microfinance Credit Information Bureau
MFI	Microfinance Institution
MFP	Microfinance Providers
MFT	Microfinance Transparency
MIS	Management Information System
MIV	Microfinance Investment Vehicle
MIX	Microfinance Information Exchange
MMFB	Mobilink Microfinance Bank Ltd.
MO	Micro-Options
MSME	Micro, Small and Medium Enterprises
NADRA	National Database and Registration Authority
NBMFC	Non-Bank Microfinance Corporation
NFIS	National Financial Inclusion Strategy
NFLP	National Financial Literacy Programme
NGO	Non-Governmental Organisation
NPLs	Non-Performing Loans
NRSP	National Rural Support Programme
NRSP-B	NRSP Bank Ltd.
OPD	Organisation for Participatory Development
OSS	Operational Self Sufficiency
P2G	Person to Government
P2P	Person to Person
PAR	Portfolio at Risk
PBA	Pakistan Bankers Association
PBS	Pakistan Bureau of Statistics
PKR	Pakistan Rupee
PMN	Pakistan Microfinance Network
PO	Partner Organisation
POMFB	Pak-Oman Microfinance Bank Ltd.
PPAF	Pakistan Poverty Alleviation Fund
PRISM	Programme for Increasing Sustainable Microfinance
PRSP	Punjab Rural Support Programme
PTA	Pakistan Telecommunication Authority
RCDP	Rural Community Development Programme
ROA	Return on Assets
ROE	Return on Equity
RSP	Rural Support Programme
SBP	State Bank of Pakistan
SC	The Smart Campaign
SECP	Securities and Exchange Commission of Pakistan
SME	Small and Medium Enterprise
SMFB	Sindh Microfinance Bank Ltd.
SPTF	Social Performance Task Force
SRDO	Shadab Rural Development Organisation
SRSO	Sindh Rural Support Organisation
SSSF	Shah Sachal Sami Foundation
SVDP	Soon Valley Development Programme
TMF	Thardeep Microfinance Foundation
TMFB	Telenor Microfinance Bank Ltd.
UBank	U Microfinance Bank Ltd.
UBL	United Bank Limited
USD	United States Dollar
USSPM	Universal Standards for Social Performance Management
VDO	Village Development Organisation
WPI	Wholesale Price Index

HIGHLIGHTS

YEAR	2018	2017	2016	2015	2014
Active Borrowers (in millions)	6.7	5.5	4.2	3.6	2.8
Gross Loan Portfolio (PKR billions)	256.0	196.0	132.0	90.0	61.0
Active Women Borrowers (in millions)	3.5	2.7	2.3	2.0	1.6
Branches	4,120	3,533	2,367	2,754	1,747
Total Staff	42,827	36,053	29,413	25,560	19,881
Total Assets (PKR billions)	426.6	330.4	225.3	145.1	100.7
Deposits (PKR billions)	238.6	185.9	118.1	60.0	42.7
Total Debt (PKR billions)	90.7	74.1	54.7	44.5	31.1
Total Revenue (PKR billions)	89.0	65.7	41.8	32.8	24.3
OSS (percentage)	118.7	124.7	127.0	124.1	120.6
FSS (percentage)	108.5	122.4	123.9	121.0	119.6
PAR > 30 (percentage)	1.5	0.5	1.2	1.5	1.1

Contents


PKR

SECTION 1

THE YEAR IN REVIEW

2018

The microfinance industry witnessed another year of continued growth and expansion. Increasingly microfinance is being recognized as an integral part of the financial landscape in the country and a key player in furthering the Government's financial inclusion agenda.

The expansion in the industry has been backed by a supportive ecosystem coupled with the improving security situation in the country and subsiding of the energy crisis. 2018 was the year of general elections in the country and saw a transition to a new administration. The new government as part of its election manifesto had committed itself to promoting access to finance in the country, a commitment evidenced by the extension of the National Financial Inclusion Strategy (NFIS) from the year 2020 to 2023.

On the macroeconomic front, the new administration faces increasing current account and fiscal deficits. In order to contain the situation, the government is likely to impose austerity measures which will result in the devaluation of currency, increased inflation, and an increase in interest rates. Such measures would result in higher cost of funds for microfinance providers (MFPs) impacting their profitability.

The year saw several new initiatives by the policymakers and players including the launch of new credit bureaus and continued digitization among the players.

1.1 Macro-Economy & The Microfinance Industry

During FY2017-18, Pakistan's economy witnessed modest growth ending the fiscal year with a positive economic outlook albeit amid new challenges. The real GDP grew by 5.8 percent against a target of 6.0 percent while inflation remained steady at 3.9 percent – below the target of 6.0 percent[1] (see Table 1). Similarly, investment in private sector credit played a significant role in the overall growth of the economy as indicated by the private sector credit to GDP ratio which stood at 17.4 percent – an 8-year high. The Microfinance sector also witnessed a boom with total outreach and outstanding portfolio increasing by 19.6 percent and 35.5 percent respectively[2].

“

The microfinance sector witnessed growth in double digits on all fronts.

Table 1: Selected Macroeconomic Indicators[3]

MACROECONOMIC INDICATORS	FY 15	FY 16	FY 17	FY 18	
				Target	Actual
PERCENT GROWTH					
Real GDP	4.1	4.6	5.4	6.0	5.8
- Agriculture	2.1	0.2	2.1	3.5	3.8
- Industry	5.2	5.7	5.4	7.3	5.8
- Services	4.4	5.7	6.5	6.4	6.4
Private Sector Credit	5.9	11.2	16.8		14.9
CPI Inflation	4.5	2.9	4.2	6.0	3.9
PERCENT OF GDP					
Current Account Balance	-1.0	-1.7	-4.1	-2.6	-5.8
Fiscal Balance	-5.3	-4.6	-5.8	-4.1	-6.6
Gross Public Debt	63.3	67.6	67.0	61.4	72.5

Growth was widespread across the agriculture, industry and services sectors. Record contributions in agriculture, thriving developments in the industry sector, improvement in energy supply and sizeable investments in the CPEC projects along with a manageable security situation were the primary contributors to this growth. The economy witnessed a healthy increase in private credit of PKR 775.5 billion in 2018 compared to PKR 747.9 billion in the previous year which came on the back of expansion in loans for fixed investment such as the power/energy sector and the State Bank's subsidised financing schemes for export-oriented sectors, such as textiles. From the demand side, a surge in consumption due to the low interest rate environment and low borrowing costs in the initial period of the year, increased fiscal spending and improved real incomes were the primary factors

1. Annual Report 2017-2018 (State of the Economy) by the State Bank of Pakistan (SBP)
2. MicroWatch, A quarterly update on microfinance outreach in Pakistan
3. Annual Report 2017-2018 (State of the Economy) by the State Bank of Pakistan (SBP)

for growth in domestic demand. On the supply side, banks experienced considerable liquidity due to the government's dependence on the State Bank of Pakistan to finance fiscal debt.

The microfinance sector witnessed growth in double digits on all fronts. By the end of 2018, outreach stood at 6.9 million borrowers with a Gross Loan Portfolio of PKR 274 billion (see Table 2). The number of savers surpassed 35 million while the value of savings rose to PKR 239 billion. The number of insurance policy holders increased to almost 8.5 million with the total sum insured of PKR 248 billion. Despite such numbers, the penetration level was 34 percent which indicates that there is ample room for further development in the sector[4].

Table 2: Growth in the Microfinance Industry[5]

DETAILS	MICRO-CREDIT		MICRO-SAVINGS		MICRO-INSURANCE	
	Active Borrowers	Value (PKR million)	Active Savers	Value (PKR million)	Policy Holders	Sum Insured (PKR million)
2018	6,936,554	274,707	35,293,602	239,963	8,456,430	248,783
2017	5,800,457	202,699	30,984,717	186,941	7,313,029	198,680
Change (Net)	1,136,097	72,008	4,308,885	53,022	1,143,401	50,103
Change (%)	20%	36%	14%	28%	16%	25%

However, during the fiscal year 2018, the projected trend in the foreign exchange reserves and the impact of exchange rate deprecation led to the increase in the monetary policy rate by a cumulative 75 basis points (bps). Insufficient financial inflows and increasing global commodity prices also contributed to the tightening of the monetary policy with domestic prices of petroleum, diesel and LPG recording double digit growth in response to the international market. Fiscal accounts also continued to deteriorate with the fiscal deficit rising to 6.6 percent of GDP during the year under review. Despite the increase in FBR tax collection, which grew by 14.3 percent compared to an 8.0 percent increase in the prior year, the current expenditure increased by 12.6 percent, development spending declined by 6.5 percent and revenue growth decelerated to 5.9 percent[6]. This increase in fiscal deficit was financed by external and domestic borrowing. The strategy adopted for external finance was via bilateral, commercial loans and Eurobonds/ Sukuk. In the case of domestic borrowings, the government resorted to SBP borrowings. This resulted in an increase in public debt which grew by 16.5 percent during the fiscal year – as compared to the 8.8 percent increase in the prior year. By the end of 2018, Pakistan's total debt and liabilities increased to 86.8 percent of GDP from 78.6 percent as of the fiscal year 2017[7].

4. Ibid
5. MicroWatch, A quarterly update on microfinance outreach in Pakistan
6. Annual Report 2017-2018 (State of the Economy) by the State Bank of Pakistan (SBP)
7. Annual Report 2017-2018 (State of the Economy) by the State Bank of Pakistan (SBP)

Exhibit 1.1: Historic Macroeconomic Trend

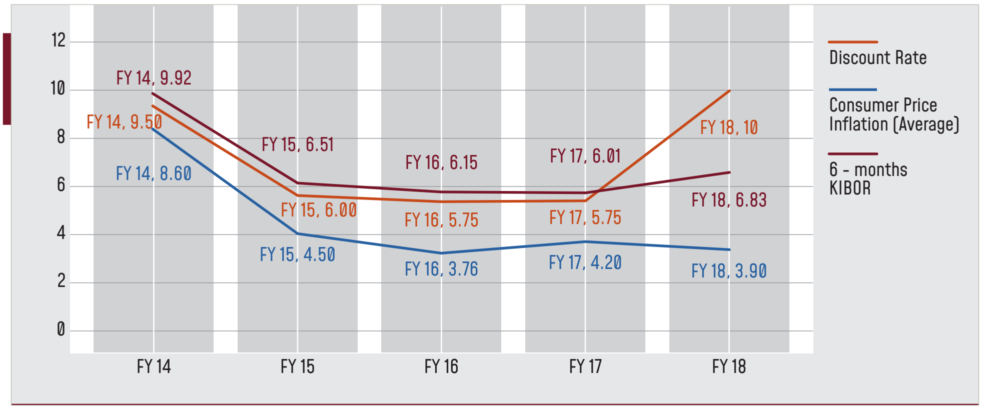
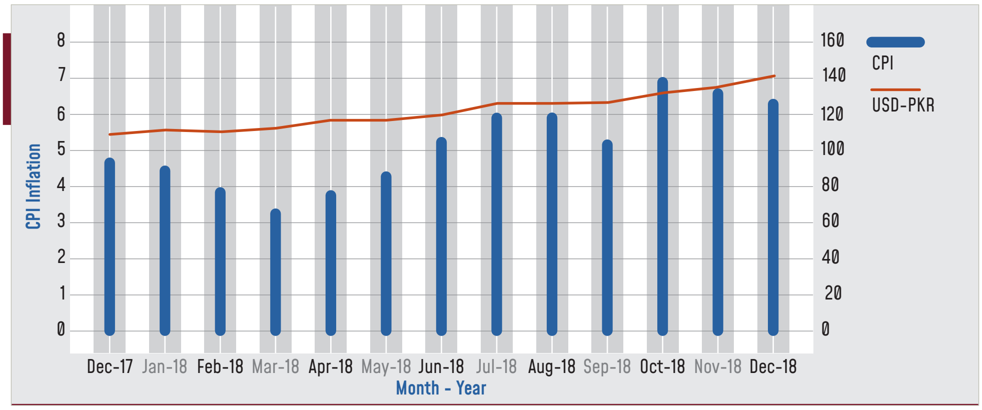


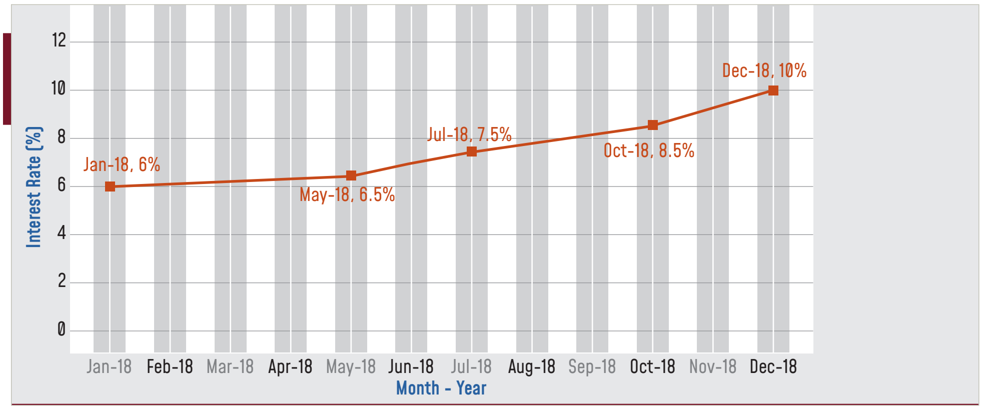
Exhibit 1.2: Inflation & Exchange Rate



With concerns on the economic front continuing to persist on the back of rising inflation and large twin deficits (both fiscal and external), the sustainability of economic growth is likely to be compromised, which would impact the microfinance sector severely. As the current account deficit narrowed with an increased flow of foreign remittances, it helped in managing the sharp rise in the country's import bill. However, higher oil prices and the significant devaluation of the Pakistan Rupee against the US Dollar, hitting multi-year lows, coupled with rising inflation due to higher import costs have further damaged the economy. Investors abroad continued to distance themselves from the Pakistani economy with Foreign Direct Investment dropping by more than half to USD 160 million in October 2018 compared to USD 354 million in October 2017.

Rising inflation, currency risk, commodity price volatility and increasing interest rates have considerably increased the cost of servicing debt. Given the sizable proportion of commercial debt in the sector, these factors would have a direct effect on the operations of service providers as debt financing costs would increase significantly. The impact of this risk not only puts pressure on financial service providers but also their clients as their ability to repay will be adversely affected.

Exhibit 1.3: Interest Rate during 2018



With all signs pointing towards a slowdown, the country is grappling with economic imbalances, with both fiscal and monetary policy tightening. Moreover, the conditionalities of the imminent bailout from IMF coupled with increasing unemployment threaten to cripple the economy, while significantly affecting the sector as well.

1.2 Policy & Regulatory Environment

The microfinance industry is as an important part of the financial landscape of Pakistan and the microfinance players are an important pillar of the financial inclusion agenda in the country endorsed via National Financial Inclusion Strategy (NFIS) in 2015. The country has witnessed double digit growth over the last several years due to the conducive policy and regulatory environment.

The microfinance industry is now completely regulated with MFBs being regulated by SBP whereas the Non-Bank Microfinance Companies (NBMFCs) are regulated by SECP. More than 26 non-bank players have been issued licenses to operate as NBMFCs and the transition process for non-bank entities to transform into regulated entities is now complete. However, challenges on governance remain due to lack of a qualified pool of directors for these newly formed NBMFCs. Smaller players with less than five thousand borrowers or a GLP of PKR 50 million have been allowed exemption from regulation. NBMFCs continue to face challenges since they are still mostly structured as NGOs and face extra scrutiny due to AML/CFT compliance. In this regard, increasingly players are separating their microfinance businesses from social mobilization activities while some are contemplating converting into for profit entities.

Some of the major changes on policy and regulatory side are discussed in the sub sections below.

"

...60 percent of the loans need to be targeted towards women.

1.2.1 Line of Credit – Facility by the State Bank of Pakistan

The Government of Pakistan (GOP), in collaboration with The World Bank, initiated the Financial Inclusion and Infrastructure Project (FIIP) to contribute to increasing access and usage of digital payment and other financial services for households and businesses in Pakistan. FIIP includes offering line of credit (LoC) to Microfinance Providers (MFPs) for on-lending to promote access to finance. The GOP has granted an amount equalling USD 75 million to set up a LoC which can be assigned to both MFBs and NBMFCs. However, the disbursement of the limits to NBMFCs are subject to submission of repayment guarantee from any scheduled commercial bank or DFI.

The LoC aims to meet the funding challenge faced by the industry and aim to enhance lending to priority sectors like housing and micro-enterprises. The funding lines under the scheme are allocated for a period of up to 5 years and lending under the facility shall be monitored by a Fund Management Committee. Other than loans to new clients, enhancement in existing loans can be financed through the facility. Moreover, 60 percent of the loans need to be targeted towards women.

However, the uptake in the scheme has been low due to pricing in case of MFBs and requirement of repayment guarantee for NBMFCs.

1.2.2 Credit Information Bureaus (CIB)

In follow up to the promulgation of the Credit Bureau Act, 2015 by the Government of Pakistan which allowed for setting up private credit bureaus, two private bureaus have been licensed by SBP. Setting up of these bureaus shall allow for efficient distribution of credit. The key objective behind this initiative is to promote financial inclusion, enhance the scope of credit information, provide value added services to the lenders, bring in efficiency and provide public access to their credit information. This will make credit available to more low risk borrowers, improve access to financing and reduce the cost of credit for a good borrower and reduce default rates through informed credit approval. At a later stage these bureaus will also collect information from utility companies, telecom service providers, insurance companies and retailers.

The SBP through its notifications in end 2018 and early 2019 notified[8] that two private bureaus (M/S Aequitas Information Services Limited and M/S Data Check Limited) have been licensed. Separately, through another circular SBP has instructed all credit institutions to become members of at least one of the bureaus by September 30, 2019. This would require the credit institution to provide accurate and complete, information as per defined frequency and timeline to the credit bureau.

Previously, the credit bureaus were working in the country in a legal vacuum. Now with the onset of regulations this industry is likely to see growth, improved quality of services and better risk management.

8. No. BC&CPD (CBU-01)/2018/24147 & No. BC&CPD (CBU-01)/2019/177, SBP

1.2.3 EMI Regulations

E-money is the "monetary value stored on an electronic device or payment instrument issued on receipt of funds and accepted as a means of payment by entities other than issuer[9]." This could be simplified as the monetary value that is stored electronically or magnetically for making retail payments. An example of e-money is gift vouchers that can be used for payment in shops and web stores. An Electronic Money Institution (EMI) stores the monetary value in a central system, or on an electronic carrier like a chip. This monetary value can then be used to make payments at other parties than the one that issued the electronic money.

As an increasing number of institutions from the non-banking sectors came up with technologically innovative payment solutions, the Central Bank in April 2019 developed and implemented a regulatory framework to ensure delivery of payment services in a safe, sound and cost-effective manner by prescribing the minimum service standards and requirements. The EMI regulations are meant to allow non-banking institutions, now officially classified as Electronic Money Institutions (EMIs), to offer e-money services to customers.

Under this framework, EMIs will be able to provide digital financial services such as retail payments, prepaid card, wallet services, e-commerce, toll payments, etc. to the public. The regulations also authorized EMIs to have their agents in the market.

Under the regulations EMIs are required to obtain an EMI License before the provision of any services and would require a special approval from the SBP before offering cross-border e-money products/services. These regulations, however, do not allow EMIs to conduct core banking activities such as savings, interest-based services and lending. The licensing requirements laid out for EMIs also ensured appropriate AML/CFT measures, highlighting the adoption of a risk-based approach to mitigate related risks and conducting risk assessments prior to the launch or use of new products, practices and technologies.

"The EMI regulations are meant to allow non-banking institutions, now officially classified as Electronic Money Institutions (EMIs), to offer e-money services to customers.

1.3 Industry Initiatives

1.3.1 Branchless Banking

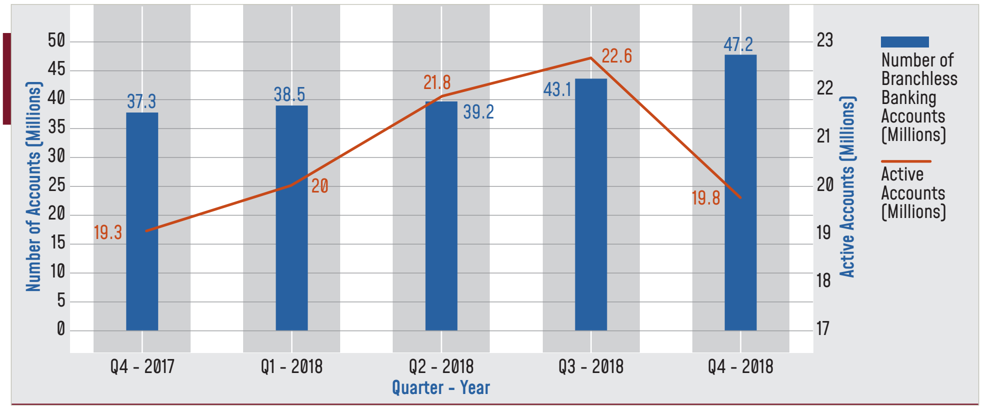
Branchless banking is a means to address some of the problems the lowest strata of society faces in accessing formal banking solutions, thereby allowing them to mitigate the costs associated with informal monetary transactions and save money to manage economic shocks. With the development of customized credit and saving-oriented products meeting the needs of the more vulnerable and less liquid population, branchless banking has the potential to increase access to financial services

9. Payment Systems and Electronic Funds Transfer Act, 2007 by the SBP

and encourage saving habits among low income earners. Moreover, this channel presents service providers with the opportunity to dramatically reduce transaction costs and increase outreach of formal financial services in underserved segments.

FY 2018 exhibited promising growth in branchless banking (see Exhibit 1.4.). The total number of BB accounts reached 47.2 million by the last quarter of the year, which comprised of 37.5 million male and 9.6 million female accounts. By the end of the year, the total number of active accounts stood at 19.8 million[10].

Exhibit 1.4: Branchless Banking Accounts



> By the last quarter of 2018, a total of 320.5 million branchless banking transactions had been conducted...

This increase in the number of BB accounts came on the back of EasyPaisa, JazzCash, HBL Express and UBL Omni and their persistent endeavours to increase outreach in the rural regions of the country. Consequently, a surge in deposits was witnessed which increased the year-end value of deposits to PKR 23.7 billion. While it is worth noting that a fluctuation in the total deposits is experienced throughout the year due to the schedule of social welfare disbursements, it is important to highlight that the average deposit per account by the end of 2018 stood at PKR 502[11].

By the last quarter of 2018, a total of 320.5 million branchless banking transactions had been conducted with a total value of PKR 995.8 billion (see Table 3). This indicates an 83 percent increase in the total volume of transactions and a 30 percent increase in the value of transactions compared to the last quarter of the prior year. This growth during the year was led by customer-oriented transactions, mainly Mobile Wallets and Over the Counter (OTC) transactions.

Mobile Wallets witnessed a significant surge in volume to reach 258.5 million transactions in the last quarter of 2018 alone coupled with a total value of PKR 428.8 billion. Whereas, the total volume of OTC transactions conducted amounted to 56.9 million, worth PKR 209.8 billion during the same period. Moreover, by the end of the year, the average number of transactions conducted per day reached 3.56 million with most of the transactions being classified under fund transfers, bill payments,

10. Branchless Banking Quarterly Newsletter by the State Bank of Pakistan (SBP): Multiple Issues
11. Ibid

cash deposits and withdrawals, and social welfare payments. BISP still remains the major contributor in social welfare payments made during the year followed by EOBI disbursements while the remaining share comprised of disbursements made under the World Food Programme, IDPs, Zakat and Usher beneficiaries. By December the share of female accounts stood at 20.4 percent of the total BB accounts, with Sindh being identified as the most gender inclusive region of the country with the share of female accounts at 24 percent[12].

Table 3: Branchless Banking Transactions

Value & Volume of BB Transactions		
Period	Volume (in Millions)	Value (PKR Billions)
Q4 2017	175.2	766.5
Q1 2018	192.9	776.5
Q2 2018	215.9	914.1
Q3 2018	225.8	972.7
Q4 2018	320.5	995.8

The trend in the indicators of the branchless banking sector highlights the potential for growth and pays tribute to the regulator, the State Bank of Pakistan, for successfully creating the right conditions for branchless banking to flourish in the country. Towards the end of the year, the SBP introduced the regulations of Electronic Money Institutions (EMIs) to further encourage digital payments, develop the landscape and improve the enabling environment for players and other stakeholders alike, which will support electronic business transactions at regional and international levels.

Branchless banking offers opportunities not only for customers, the banking sector and mobile network operators, but also the government, society and investors. Offering relevant, compelling products will be essential to trigger demand through these new channels.

Furthermore, security in branchless banking is paramount, and appropriate regulations, KYC, AML policies and Minimum Requirements to process transactions as per Prudential Regulations should be implemented in every transaction initiated from the system for complete legitimacy of the transactions. The detection of fraudulent and unlawful transactions, lack of security, trust and reliability, absence of user friendly technologies, and risk-aversion in branchless banking are the issues which require attention.

1.3.2 Micro-Enterprise Lending

In Pakistan, the micro-enterprise market presents an immense opportunity to help achieving financial inclusion. Not only does this segment account for 90 percent of total economic enterprises, but they also make up about 30 percent of the GDP. Moreover, these enterprises contribute over 25 percent of earnings in export and employ 78 percent of the non-agricultural labour force In Pakistan[13].

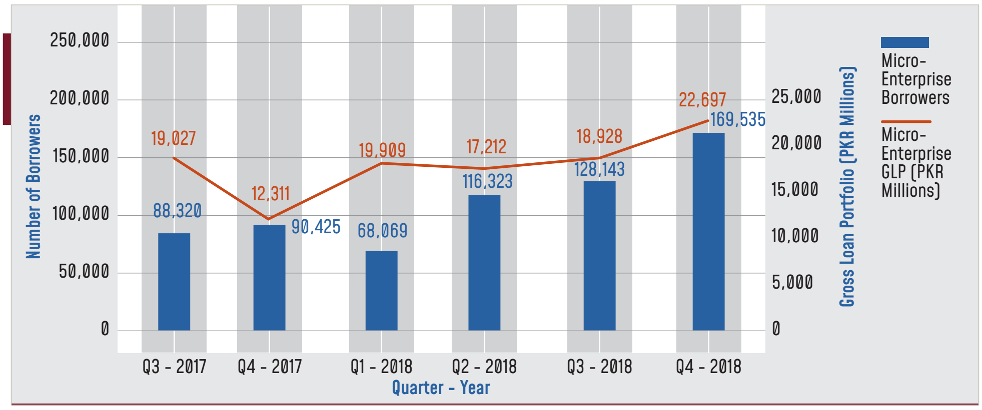
As of December 2018, there are almost 179 thousand micro-enterprise loans with a combined portfolio of PKR 22.7 billion. This represents 2.4 percent of total clients and 8.3 percent of total outstanding portfolio of the industry

12. Ibid
13. Gearing Towards Microenterprise Lending by PMN, 2018

which stands at 6.9 million clients with a GLP of PKR 274.7 billion[14], with only 9 Microfinance Banks and a limited number of Non-Banking Microfinance Companies currently serving this niche segment. While these numbers reflect a marginal subsector, what is worth noting is that these figures of the micro-enterprise portfolio indicate a growth of 87 percent in total outreach (Q4 2018: 169,535 | Q4 2017: 90,425) and 84 percent in total loan portfolio (Q4 2018: PKR 22.7 B | Q4 2017: PKR 12.3 B) in just one year (see Exhibit 1.5.). These trends signify the potential and avenues of growth for the sector.

Moreover, the accommodating role of the regulator towards access to finance for these enterprises has further bolstered this initiative. The push of SBP towards the development of this subsector became even more evident with the revision of the loan limit to PKR 1 million for enterprise lending and with the issuance of the "Policy for Promotion of SME Finance (2017)" which sets targets for the Central Bank to increase lending to the segment up to 17 percent of their private sector credit and to increase number of borrowers to half a million by 2020[15].

Exhibit 1.5: Micro-Enterprise Statistics[16]



Microfinance Providers are best suited to cater to this segment due to the similarities that prevail between microfinance and micro-enterprise clients. The success achieved by MFPs in the provision of financial services to its underserved clients in the short span of a few years highlights their ability to cater to this segment.

However, to serve this niche market MFPs need to develop institutionally. Firstly, it is important for MFPs to realize that micro-enterprises are a distinct sector, distinct from microfinance clients and the SME segment, financed through informal sources. Secondly, MFPs need to develop appropriate and customised product offerings tailored to suit the needs of this segment. Thirdly, the capacity building of institution staff and the micro-enterprise clients is also essential to reduce the access gap between service providers and micro-enterprise clients.

On the regulatory and policy side, the regulator has already established an accommodating environment

14. MicroWatch by PMN: Multiple Issues
15. Policy for Promotion of SME Finance – State Bank of Pakistan (SBP), 2017
16. MicroWatch by PMN: Multiple Issues

for service providers and other stakeholders. The establishment of specialised institutes (such as micro-enterprise banks), guarantee funds and separate funding lines for the sole purpose of servicing this niche segment could play a crucial role in the development of this market. Meanwhile, initiatives could be adopted to encourage more NBMFCs to adopt the practice of lending to micro-enterprises. In this regard, the role of other major stakeholders such as the Pakistan Microfinance Investment Company (PMIC) and Karandaaz in issuing grants and lending exclusively for the purpose facilitating NBMFCs in providing access to finance to enterprises has proven to be vital.

1.3.3 Pakistan Microfinance Investment Company (PMIC)

In its second complete year of operations, the Pakistan Microfinance Investment Company (PMIC), the apex institution and sector developer grew its lending portfolio by more than 80 percent. On the business side, PMIC initiated sub-ordinate debt transactions and started lending to Microfinance Banks, upscaled existing and introduced new products under the Microfinance Plus Programme to create deeper impact in the lives of marginalized segments of the society. Moreover, PMIC also negotiated and concluded several commercial borrowing transactions, in addition to concluding the sub-ordinate debt transaction with its shareholders, the Pakistan Poverty Alleviation Fund (PPAF) and Karandaaz Pakistan (KRN).

In 2018, PMIC continued its pace of growth, the company disbursed about PKR 9.26 billion (Net) to twenty-one microfinance providers. The financing portfolio almost doubled from PKR 11.5 billion at the start of 2018 to PKR 20.76 billion by the end of the year. PMIC also raised funds from commercial banks during the year 2018, closing the year at PKR 2 billion of commercial borrowings. A strong capital structure, with equity of about PKR 6 billion and subordinated loans of PKR 13.5 billion provides PMIC a solid base to leverage itself further to support its growth in coming years.

The credit disbursements from PMIC to partner financial institutions were utilized to serve over 717,000 microfinance clients, of which 86 percent are women whilst 58 percent of the portfolio at year-end was outstanding in rural areas. The financing is targeted to generate development outcomes in line with PMIC's vision to enhance employment and income generating opportunities with almost 40 percent of the portfolio extended for enterprise/commerce and trading purposes. Exposure in agriculture and livestock aggregated to 35 percent at year-end while 2 percent of the portfolio is deployed in education, renewable energy, housing and consumer loans.

In its second year of operations, as a triple bottom line institution, PMIC focused on expanding the impact of its initiatives targeted towards end clients. PMIC together with its implementing partners and stakeholders reached out to more than 25,000 households through value chains, enterprise development, micro-insurance and renewable energy.

In a snapshot, during the year PMIC

and the Sona Welfare Foundation (SWF) implemented crop value chains for 10,000 smallholder rice and wheat farmers in districts Nankana Sahib, Sheikhupura and Gujranwala. To protect the livelihoods of smallholder livestock farmers through micro-insurance, 11,132 animals of 7,843 clients were insured in 8 districts of Punjab and Sindh. With the aim to cater to the 'missing middle' segment, generate employment and increase revenues of the growing enterprises, 2,140 clients have been provided with larger size loans for enterprise development. In line with PMIC's aim to foster graduation of individuals out of poverty, during the year 6,222 clients previously benefiting from social safety net schemes and interest free loans have been provided with access to sustainable market-based financial services leading to growth in their livelihood ventures and financial inclusion.

PMIC and KfW have been working to build eco-system and delivery models for provision of high-quality Solar Home Solutions (SHS) in poor and off-grid areas of the country. A study was commissioned to Econoler, an international firm with expertise in market assessment for energy, to gauge market demand and develop product designs based on which the Euro 15 million programme would be designed and implemented in 2019.

PMIC established important partnerships to implement sector-wide initiatives, such as the one with Opportunity International (OI) to implement "Education through Microfinance", a project to finance and support low-cost private schools in Pakistan. OI is entering the Pakistan market for the first time and will be working with PMIC to develop financing products for low-cost private schools bundled with components to enhance education quality in these schools.

PMIC understands the importance of filling the information gaps pertinent to some of the most pressing issues in the microfinance sector. In this regard, PMIC took the initiative of partially funding the MIMOSA Study for estimating market size and level of credit concentration in various geographical areas in Pakistan. The study is expected to inform growth strategies for microfinance players while also providing valuable information to the regulators about the steps that may be taken to contain the level of risk in the market. PMIC was also placed on the steering committee of the Microfinance and Enterprise Growth study, commissioned by Karandaaz, which illustrates – among other dimensions – whether microenterprises support jobs and growth of business for the borrower. The preliminary findings of the study indicative positive results along both these dimensions. PMIC recognizes the importance of marker driven data to drive future interventions. Accordingly, impact assessments for various MF Plus projects are being initiated to determine if the interventions are delivering the desired outcomes.

With the increasing funding requirements of the microfinance sector, PMIC's fund and non-fund-based credit offering for clients included syndicated loans and capital market instruments, secured term loans, subordinated credit facilities, structured finance, risk participation arrangements and credit enhancement partial guarantees, etc. In addition, PMIC will also be setting up a Financial Advisory Desk to support the growing financing requirements of microfinance players. PMIC's institutional knowledge and acumen will help in providing the leadership for the sector to meet the varying needs of the end beneficiaries.

PMIC also intends to roll out Islamic Microfinance products in 2019 and increase outreach to remote areas in Balochistan and KPK.

1.3.4 Advancements in Responsible Finance (Social Responsibility)

Grievance Redressal Mechanism (GRM) Framework

The microfinance sector has experienced rapid growth during the past five years, with double digit growth rates. This highlights the potential of the industry to contribute towards the goal of universal financial inclusion, all the while underscoring the necessity of adequate interventions to sustain and improve upon the present figures. However, it needs to be ascertained that in the process of expansion, initiatives like tapping into new markets and introducing innovative products bring own unique challenges to Microfinance Providers (MFPs). The microfinance sector is still growing in Pakistan and both the regulators and providers are in the process of evolving and adopting best practices for an effective and efficient sector.

Client protection is a critical area that requires standardisation, and Microfinance practitioners realise the need to create avenues for clients to record their suggestions, concerns and grievances. Such avenues not only safeguard the interests of the clients but also protect MFPs from unforeseen systemic liabilities which can hinder operational efficiency at the institutional level.

PMN, as an industry representative, with a mission to support the financial sector, especially retail financial sector providers, to enhance their scale, quality, diversity and sustainability in order to achieve inclusive financial services, has been at the forefront of promoting international best practices, especially regarding client protection. PMN, in collaboration with the SMART Campaign, State Bank of Pakistan and Department for International Development (DFID), carried out a comprehensive client protection monitoring project in 2015 to facilitate MFPs aspiring to attain the Client Protection Certification.

Following this initiative, third party grievance redressal platforms, that is Complaint Cells for Microfinance Banks at Consumer Protection Department at SBP and Non-Bank Microfinance Institutions (NBMFIs) at Securities and Exchange Commission of Pakistan, have been established.

PMN has focused its efforts to support and encourage relevant stakeholders, particularly Non-Bank Microfinance Companies (NBMFCs), in the development and implementation of Grievance Redressal Mechanism (GRM) guidelines. Once developed, PMN also helped the NBMFCs adopt the standardised guidelines issued by SECP for establishment of Complaint Redressal Mechanisms.

In this regard PMN recently conducted a market survey to gauge the implementation of the guidelines issued by SECP on December 27, 2018 through Circular No. 24 of 2018 titled "Guidelines on Grievance Redressal System (GRS) in Non-Bank Microfinance Companies (NBMFCs)". Findings from the survey indicate that NBMFCs have taken various measures to adopt a grievance redressal mechanism.

Depending on the size and market presence of the provider the grievance redressal mechanisms range from the basic to more sophisticated, but for the most part include having independent structures for complaint management, GRM policies with detailed procedures on complaint registration, acknowledgement, handling, analysis and monitoring and reporting, and visible and accessible complaint registration and management processes.

Client Awareness Campaign

Since its inception microfinance has been well received by the communities it works with due to its relevance and ability to address the financial needs of the marginalised population that traditional financial services providers are unable to address. The microfinance sector currently has an outreach of approximately 6.9 million borrowers with a Gross Loan Portfolio of PKR 274 billion[17]. As the sector is growing and maturing exponentially, the need to institute best practices around consumer protection is on the rise. A primary aim of the industry is to raise awareness and access to information for clients on their rights and responsibilities, availability of microfinance products and services and regulations governing these processes.

PMN as a representative of industry stakeholders promotes best practices with a view to safeguard interests of all stakeholders, microfinance providers and consumers alike. The upward growth in the recent past, coupled with the expansion potential of the market calls for improved consumer protection initiatives. PMN has taken an initiative to launch a comprehensive Client Awareness Campaign focusing on inclusive finance for marginalised groups (including women, people with disabilities and transgenders). The campaign includes a focus on rights and responsibilities of consumers, complaint mechanisms, the role of Credit Information Bureaus, credit application processes, and responsible use of microfinance services for a positive impact on financial wellbeing.

PMN has taken a pragmatic approach while designing the campaign to identify key areas of intervention. A comprehensive needs assessment study involving field research was conducted nationwide involving industry stakeholders. The findings from the needs assessment study formed the basis to undertake a nation-wide campaign on raising client awareness amongst the existing and potential clients of MFPs. Based on the results of the survey, PMN proposed a mixed methodology involving television commercials, street theatre, animated videos and wide dissemination of IEC material to fill the prevailing knowledge gaps through a robust client awareness campaign at the national level. The campaign has been kicked off and will run from June to September 2019.

Pricing Transparency

PMN has actively engaged with

17. MicroWatch: Issue 50 by PMN

international organisations and Microfinance Providers (MFPs) on the idea of client-friendly, responsible finance through pricing transparency. This component has involved the use and promotion of a standardised tool for calculation of the Annual Percentage Rate (APR) for MFPs. The pricing tool has been developed by MicroFinanza Rating (MFR), a private and independent international rating agency specialising in microfinance.

The APR calculation simply indicates the cost to borrow a unit of currency for one year. The need for a standardised tool that calculates the APR for an MFP stems from the need for pricing transparency and client protection. Its use therefore implies that the interest rates charged are straightforward and do not include any hidden fees or charges, that an unsuspecting consumer might be vulnerable to.

It has been seen in Pakistan that loans with lower prices tend to be advertised with relatively more transparency, necessitating the need for effective monitoring and responsible pricing, to ensure client protection. The process involves an evaluation of MFPs' pricing policies and analyses how transparent and responsible the pricing of services is, in terms of affordability from a consumer perspective.

The standardised pricing tool allows clients to compare the cost of borrowing from one institution to another based on a standardised benchmark. The pricing formula uses equivalent price components for all MFPs, that is interest, fees, mandatory insurance, tax and mandatory saving to arrive at the effective price charged to the customer. This ensures that pricing practices operate on the optimal principle of information symmetry between providers and consumers.

To achieve the standard of pricing transparency, MFPs calculate the APR using the standardised pricing tool and attain either a Silver or Gold Price Disclosure Award, based on their choice of disclosure on a data platform. The Price Disclosure Award is public recognition of pricing transparency visible to investors and other international stakeholders who subscribe to the data platform. This recognition of transparency helps improve the MFPs' international visibility, boosts reputation among peers and improves standing with investors and regulators, all the while benefitting the consumer. The Data Platform, developed and managed by MFR, is for disclosure of APR data to the data providers and subscribers (mostly investors). MFP data, however, is not made available for public.

In addition, by using the standardised pricing tool, MFPs can access the APR being charged by other MFPs at the national, regional and/or global level, which allows them to reassess and re-evaluate their pricing strategy in accordance with their strategic and social mission.

During the year 2018, 9 MFPs in Pakistan have been awarded the Gold Price Disclosure Award, while 4 have been given the Silver Price Disclosure Award.

Social Audit and SMART Assessment

There has been an increasing focus on balancing social performance and financial sustainability in the microfinance sector in Pakistan. Greater understanding and appreciation of the achievement of the double bottom line (in some cases the triple bottom line) has gained traction. While the social missions of MFPs differ, ranging from poverty alleviation, women and/or rural community empowerment to increasing access to formal finance for the marginalised, a focus on tracking respective social goals and gauging client protection parameters is being considered a subject of import.

In tandem with this, PMN supports the industry by providing avenues for boosting social performance through the components of social audits and SMART Certification. Conducting these assessments and certifications, helps ensure that participating MFPs are complying with international best practices for client protection and maintaining a balance between attainment of financial and social goals.

PMN has conducted 3 social audits in 2018 bringing the total number of social audits to 11. These MFPs include JWS Pakistan, National Rural Support Programme and Thardeep Microfinance Foundation. The process of social audits follows an assessment of the social performance of an MFP to generate a detailed opinion on how effectively an organisation achieves its stated social goals and adheres to principles of client protection. The social audit as an instrument of social accountability, measures the extent to which an organisation lives up to the shared values and objectives it has committed itself to. These audits also measure the level of adherence to Universal Standards for Social Performance Management (USSPM) developed by the Social Performance Task Force (SPTF) and provide a source of benchmarking to MFPs at the national and/or regional levels.

In addition, during the year 2018, PMN facilitated the process for carrying out SMART Certification Assessment of one MFP. By undergoing the Smart Campaign Client Protection Certification, MFPs are publicly recognized for meeting adequate standards of Client Protection Principles throughout their operations, product offerings and treatment of clients. These institutions are thus, accorded public recognition of their performance which helps boost their reputation among investors, donors and regulators.

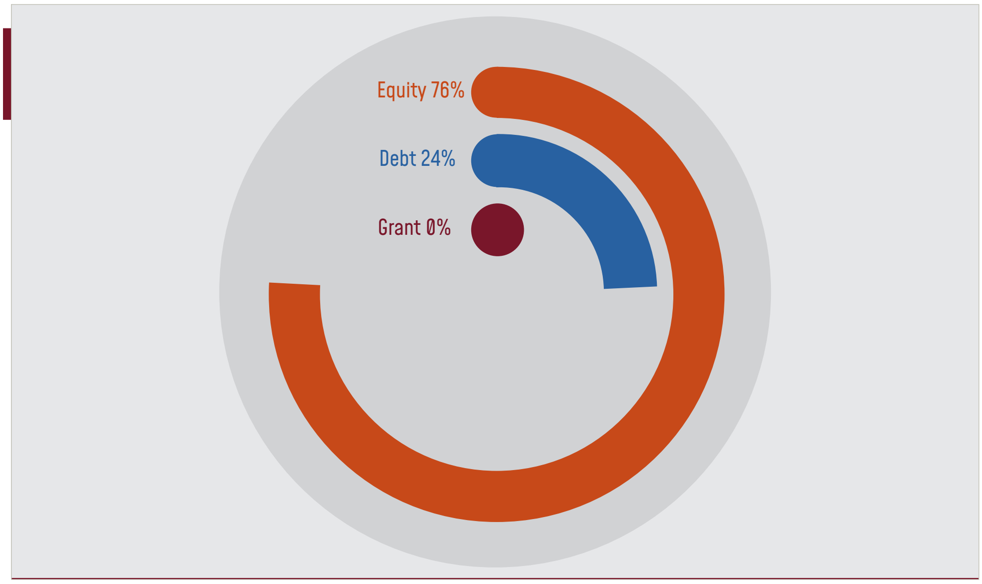
By undergoing the Smart Certification process in 2018, U Microfinance Bank joined the ranks of the four other organisations in Pakistan, namely FINCA Microfinance Bank Limited, Khushhali Microfinance Bank Limited, Kashf Foundation and NRSP Bank Limited, that have demonstrated their commitment to client protection and obtained Smart Certifications.

1.3.5 International Lending

The last few years have seen increased interest by international investors and development financial institutions. The sound financial returns and the conducive regulatory environment have caught the attention of foreign impact investment companies and development institutions which have deemed this market considerably lucrative for investment.

The year 2018 witnessed a heavy flow of approximately PKR 25 billion in international funding to the sector (see Exhibit 1.6), most of which, approximately PKR 18.8 billion, was in the form of equity injections. The remainder was debt which stood at approximately PKR 6 billion, and grants and donations which made up about PKR 30 million. The primary reason for this surge in foreign equity was the result of the injection of capital by Ant Financial (China) and Telenor Group (Norway) in Telenor Microfinance Bank Limited. The objective of this strategic partnership between the two global institutions was to strengthen the payment platform of the bank. On the debt side, research suggests that much of the debt placed within the sector has been through development banks (Eco Trade & Development Bank and Triodos) and impact investment companies (Proparco, Triple Jump, Symbiotics, BlueOrchard and SIMA). The international debt placed in the sector is primarily with NBMFCs which comes as no surprise considering that these institutions rely on debt as the main source of funds. The absence of funds from local lenders due to the requirement of 100 percent liquid collateral has been a key issue for these smaller entities which has encouraged them to explore international funds despite that being a much more expensive option.

Exhibit 1.6: Total International Funding to the Sector



1.4 Conclusion

The year 2018 was another successful year for the microfinance industry in the country. Several new initiatives were launched, and previous ones were expanded upon.

On the macroeconomic front, MFPs face challenges with increasing interest rates which will negatively impact their profitability especially at a time where players are relying on profits to not only meet their increasing capital adequacy requirement but also declare dividends. On the policy side there is a need to analyse existing laws governing the industry and modify them according to the new and evolving requirements.

The coming year appears to be challenging for the industry but with core industry infrastructure in place and experience of the players, MFPs could continue to grow at the same rate.

SECTION 2

FINANCIAL PERFORMANCE REVIEW

2018

This section provides a detailed analysis of the financial performance of Pakistan's microfinance industry in 2018. Performance has been assessed on three levels: industry-wise, across peer groups and institution wise. The analysis is backed by 88 financial indicators, calculated from the audited financial statements of the reporting organisations. These indicators have been compared across time and regions to develop a reliable and fair assessment of the sector.

Detailed financial information is provided in Annex A-I and A-II of the PMR. Aggregate data has been reproduced for five years, whereas, the peer group and institution specific data has been made available only for the year 2018.

A total of 40 MFPs submitted their audited financial statements for PMR 2018. For a complete list of reporting organisations refer to Annex B.

Industry players are categorised into three groups for benchmarking and comparison purposes: Microfinance Banks (MFBs), Microfinance Institutions (MFIs) and Rural Support Programmes (RSPs). See Box 2.1 for detailed definitions.

Box 2.1: Peer Groups

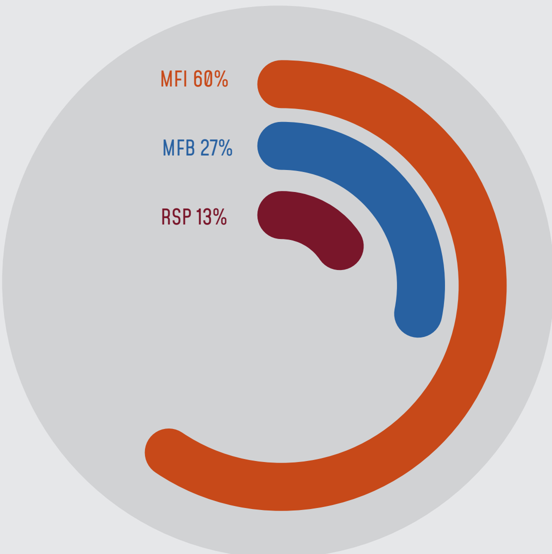
Microfinance Institution: A non-bank microfinance corporation (NBMFC) providing microfinance services. With the introduction of the non-bank microfinance regulatory framework by SECP in 2016, the institutions carrying out microfinance services are required to be registered with SECP as NBMFCs. Presently, 19 MFIs have obtained NBMFCs license while 5 MFIs are in the process of obtaining license.

Microfinance Bank: A bank licensed and prudentially regulated by the SBP to exclusively service the microfinance market. The first MFB was established in 2000 under a presidential decree. Since then, 11 MFBs have been licensed under the Microfinance Institutions Ordinance, 2001. MFBs are legally empowered to accept and intermediate deposits from the public.

Rural Support Programme: A non-bank microfinance corporation (NBMFC) providing microfinance services. An RSP is differentiated from the MFI peer group based on the purely rural focus of its credit operations. As of now, these organisations are in the process of registering with SECP under the new regulatory framework for NBMFC. At present, all 5 PMN members classified as RSPs have obtained the license.

The distribution of respondents (number of reporting organisations) by peer group is given in Exhibit 2.1. The MFI peer group comprises of the largest number of respondents followed by MFBs and then RSPs.

Exhibit 2.1: Distribution of Respondents by Peer Groups



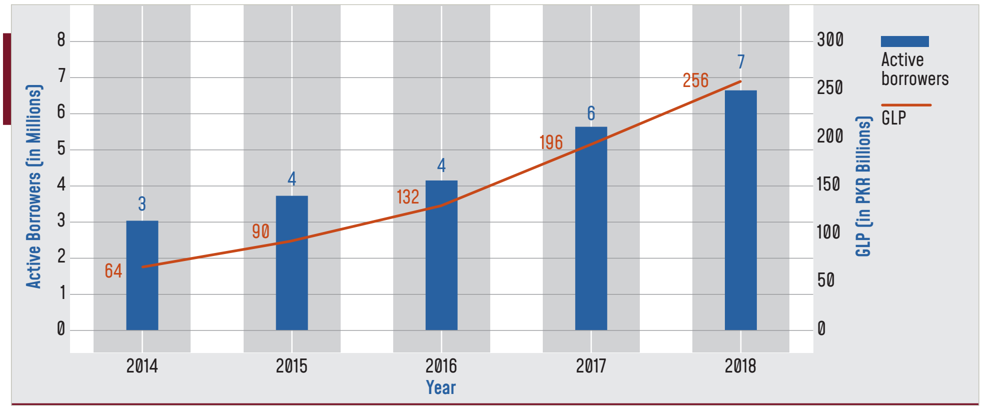
2.1 Scale & Outreach

This section focuses on outreach indicators to provide a performance analysis of the industry in terms of credit growth and composition, deposit mobilization, depth of outreach and gender.

2.1.1 Scale & Outreach: Breadth

Microcredit outreach witnessed considerable growth in the year 2018 as the number of active borrowers grew by 21 percent to touch 6.7 million and the sector gross loan portfolio (GLP) grew by an astounding 30 percent to close at PKR 255.7 billion (see Exhibit 2.2). The noticeable impact on the outreach figures came as a result of the efforts of the top 10 MFPs which increased their portfolios substantially.

Exhibit 2.2: Growth in Number of Active Borrowers and GLP

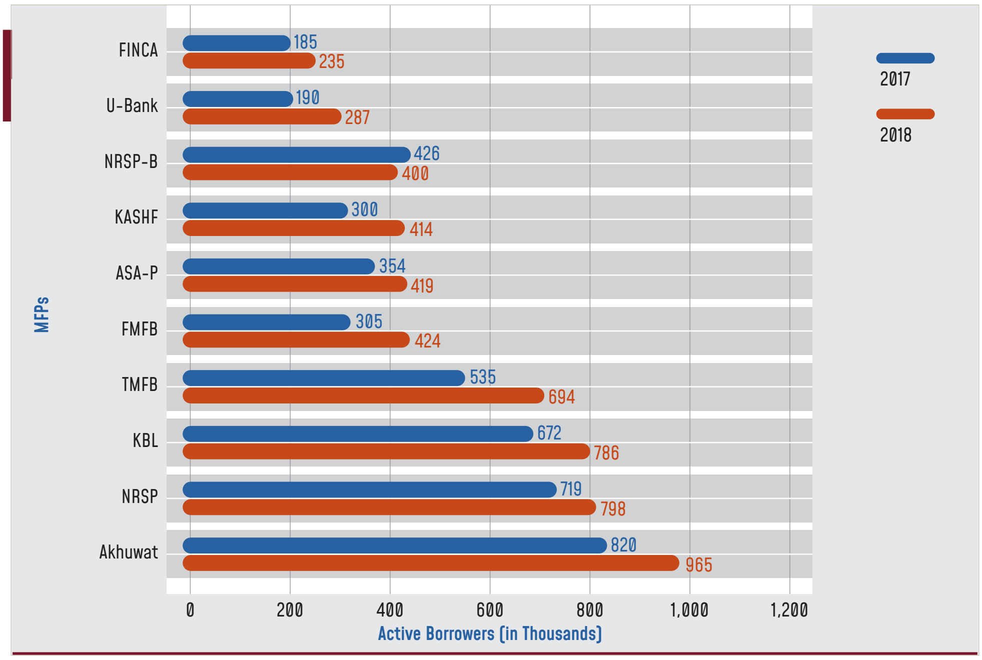


Among the MFPs, growth in borrowers was led by Telenor Microfinance Bank (TMFB) which witnessed an increase of over 159,000 borrowers from the previous year to reach 695,000 borrowers in 2018. Akhuwat, First Microfinance Bank (FMFB) and Kashf Foundation also continued to witness excellent growth by adding over 145,000, 119,000 and 113,000 respectively. NRSP Bank saw its number of borrowers declining (by 6 percent) from over 426,000 in 2017 to 400,000 in 2018. By the end of their respective year ends, the largest MFPs in terms of active borrowers were: Akhuwat with 965,000 borowers, National Rural Support Programme with 798,000 borrowers and Khushhali Bank Limited with 785,500 borrowers. Similarly, the top providers in terms of Gross Loan Portfolio (GLP) were: Khushhali Bank Limited (PKR 43.5 billion), Telenor Microfinance Bank (PKR 34 billion) and First Microfinance Bank (PKR 23.8 billion).

It is pertinent to mention that the industry continues to be dominated by the top ten MFPs that account for 82 percent of the total outreach of the sector as shown in Exhibit 2.3. Akhuwat, NRSP, KBL and TMFB maintained their positions as the top 4 MFPs in terms of Active Borrowers in 2018 with their combined market share making up 49 percent of total outreach. FMFB, ASA Pakistan and

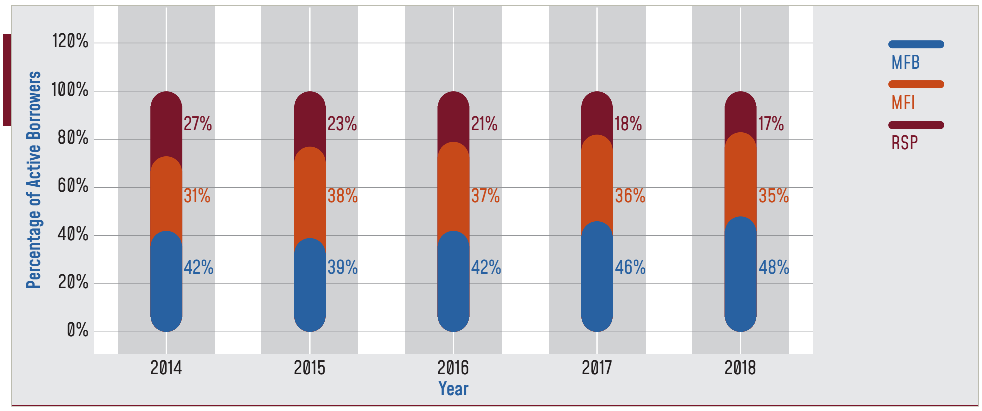
Kashf remain in close contest for the fifth position of the top 5 MFPs list. The decline in the active borrowers of NRSP-Bank resulted in its exclusion from the top 5 MFPs where it was replaced by FMFB in the year under review with ASA Pakistan and Kashf following closely.

Exhibit 2.3: Active Borrowers of Largest MFPs



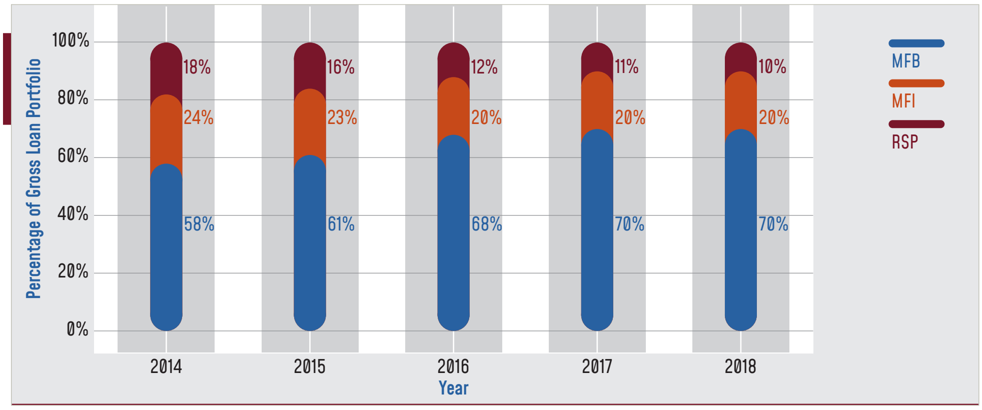
Upon analysing by peer group, it becomes evident that the sector is primarily dominated by MFBs. The market share of MFBs increased by 2 percent at the expense of MFIs and RSPs, which witnessed a decrease of 1 percent each to 35 and 17 percent respectively (see Exhibit 2.4). This increase in the proportion of outreach of MFBs can be attributed to their rigourous expansion strategy in underprivileged districts.

Exhibit 2.4: Share in Active Borrowers by Peer Group



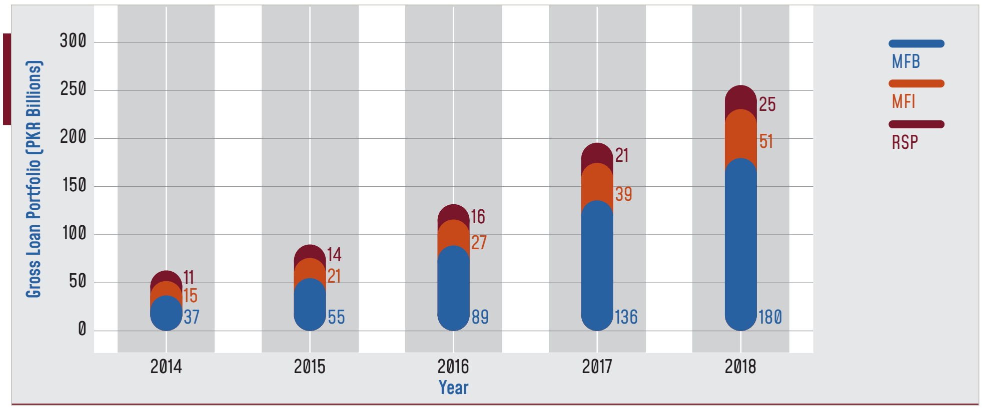
In terms of GLP, MFBs, MFIs and RSPs continued to maintain their respective shares. MFBs account for 70 percent of the total GLP, followed by MFIs with a share of 20 percent and RSPs with the remaining 10 percent (Exhibit 2.5). The overall GLP of the sector increased by PKR 59.7 billion to reach PKR 255.7 billion by the end of the year under review.

Exhibit 2.5: Share of GLP by Peer Group



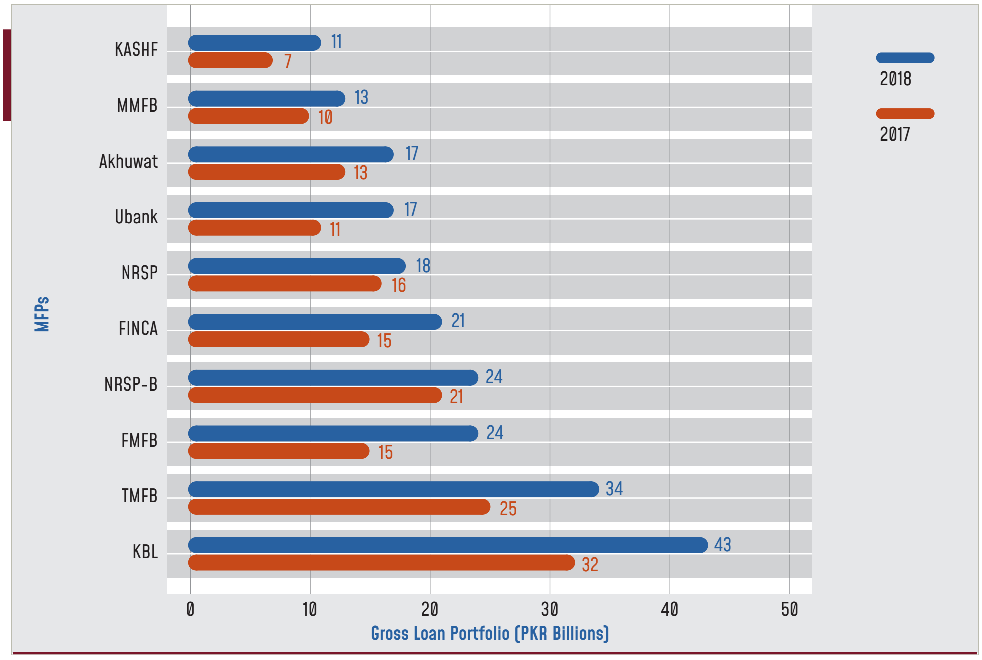
MFBs experienced the largest increase in GLP with PKR 43.7 billion courtesy of KBL, FMFB and TMFB as their loan portfolios increased by PKR 11 billion, PKR 9.3 billion and PKR 9.1 billion respectively. Of the GLP of the remaining peer groups, MFIs increased by PKR 11.4 and RSPs increased by PKR 4.5 billion to reach PKR 50.5 billion and PKR 25.2 billion respectively. Exhibit 2.6 depicts the overall trend in GLP by peer group over the last five years. The average loan size of MFBs continues to remain the highest among the peer groups as it increased from PKR 53,681 in 2017 to PKR 56,691 in 2018, while the average loan size of MFIs was PKR 21,646 and RSPs stood at PKR 22,193 by the end of 2018.

Exhibit 2.6: GLP by Peer Group



It is worth noting that 87 percent of the total GLP of the sector can be attributed to 10 players in the industry (see Exhibit 2.7). These 10 players are led by KBL, TMFB and FMFB with GLPs of PKR 43, PKR 34 and PKR 24 billion respectively. During the year under review, KBL's portfolio increased by 34 percent, and TMFB's portfolio experienced a 37 percent increase. FMFB surpassed NRSP-B to become the third largest player by accumulating an additional PKR 9.3 billion which indicated an overwhelming growth figure of 64 percent. Of the MFIs in the list, Akhuwat experienced a growth of 26 percent to reach PKR 13.1 billion while Kashf's portfolio grew by 45 percent to reach PKR 7.2 billion. NRSP remained the only RSP in the list with a portfolio of PKR 15.7 billion after experiencing a 17 percent increase in GLP from the prior year.

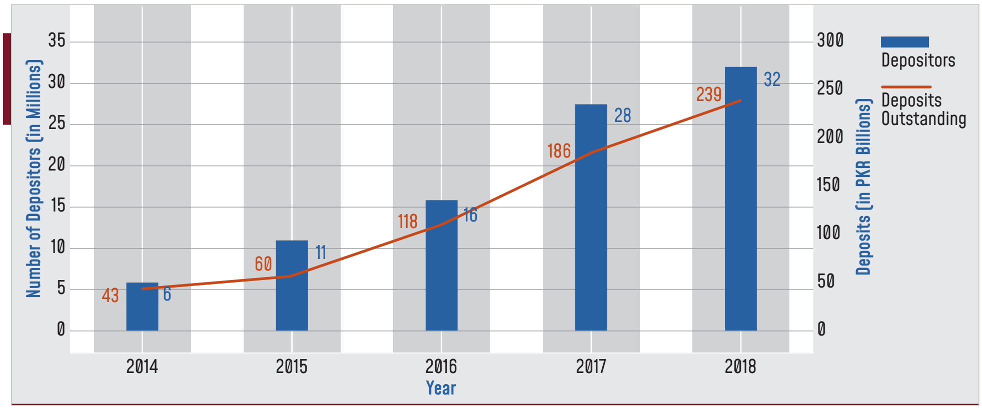
Exhibit 2.7: GLP by 10 Largest MFPs



On the savings side, the number of depositors grew by a significant 15 percent, rising from 27.7 million in 2017 to 31.8 million by the end of 2018. Moreover, the value of deposits witnessed a much more overwhelming growth of 28 percent to reach PKR 238.5 billion as compared to PKR 185.9 billion in the prior year (see Exhibit 2.8). Resultantly, deposits continue to represent 86 percent of the total liabilities of the MFB peer group.

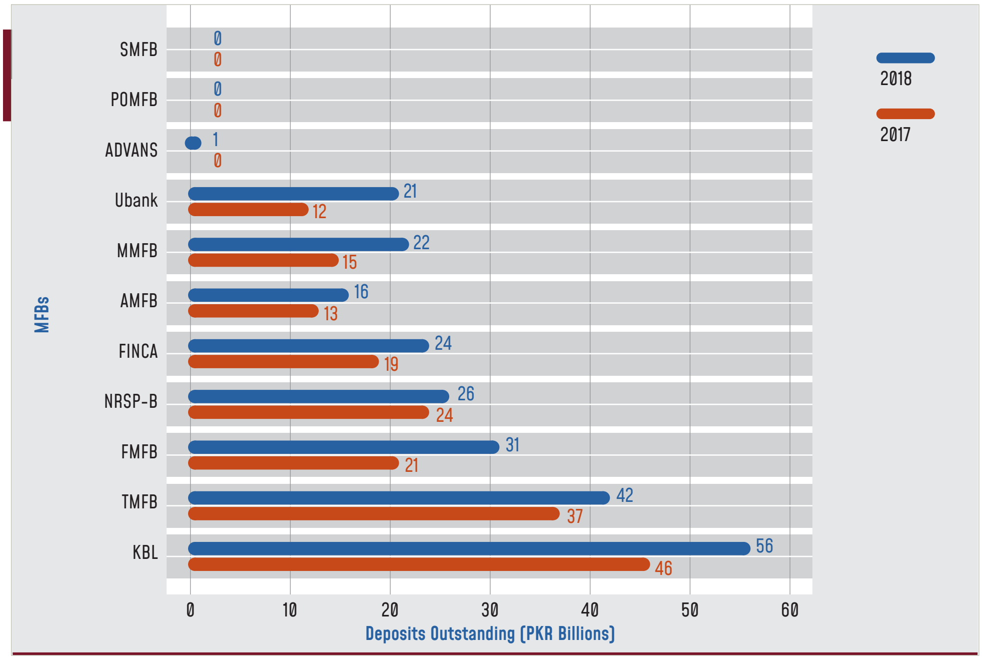
MMBL was the largest provider of micro-savings in terms of depositors with over 16.5 million depositors followed by TMFB with 9.2 million and KBL with over 2 billion depositors. The largest increase in the number of depositors also came on behalf of the telco led banks, MMBL and TMFB, which added 1.6 million and 1.1 million depositors respectively during the year under review. This significant increase can be attributed to the surge in M-Wallets which increased by 12 percent reaching 24.9 million by the end of the year. Initiatives such as the use of Debit Cards for cash withdrawal from ATMs, payment of utility bills and the ability of receiving home remittances and social welfare payments directly in M-Wallets has significantly promoted the usage of these branchless banking accounts while also leading to the creation of new accounts.

Exhibit 2.8: Growth in Deposits and Number of Depositors



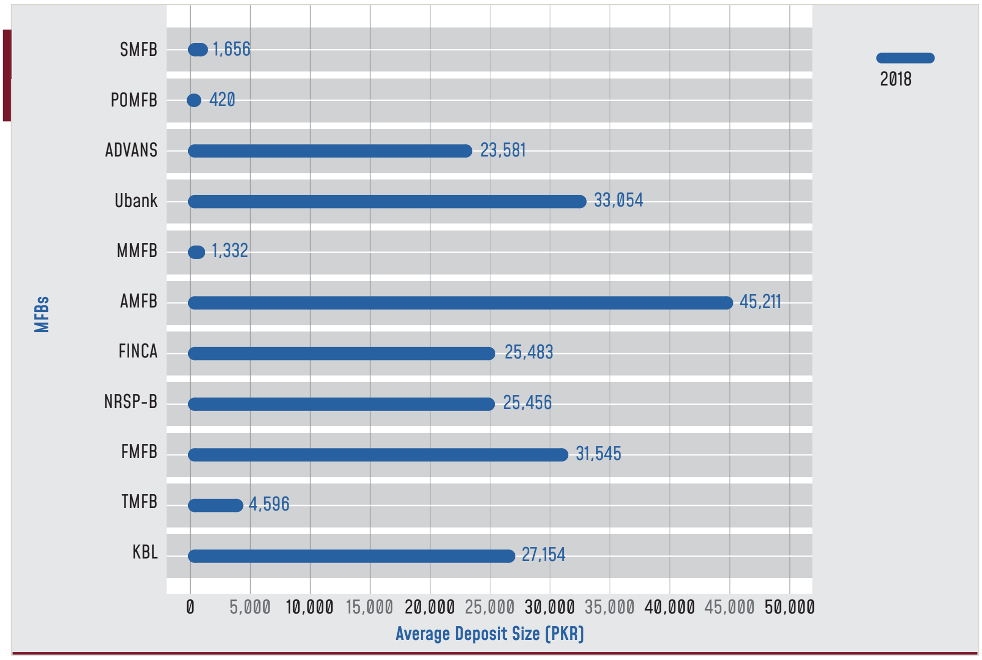
The total deposits outstanding grew by 28 percent to close at PKR 238.5 billion by the end of the year. Exhibit 2.9 shows the deposits outstanding of MFBs in 2017 and 2018 respectively. KBL maintained its position as the largest provider of micro-savings in terms of deposits by accumulating over PKR 10 billion deposits and reaching a deposit portfolio of over PKR 56 billion. TMFB remained second in terms of deposits with a deposit base of PKR 42.3 billion. FMFB surpassed NRSP-B as the third largest provider in terms of deposits by also adding PKR 10 billion to reach a deposit base of PKR 31 billion. Ubank also contributed considerably to the total deposits in the sector by accumulating PKR 8.5 billion to close at PKR 20.5 billion.

Exhibit 2.9: Deposit Growth by MFB



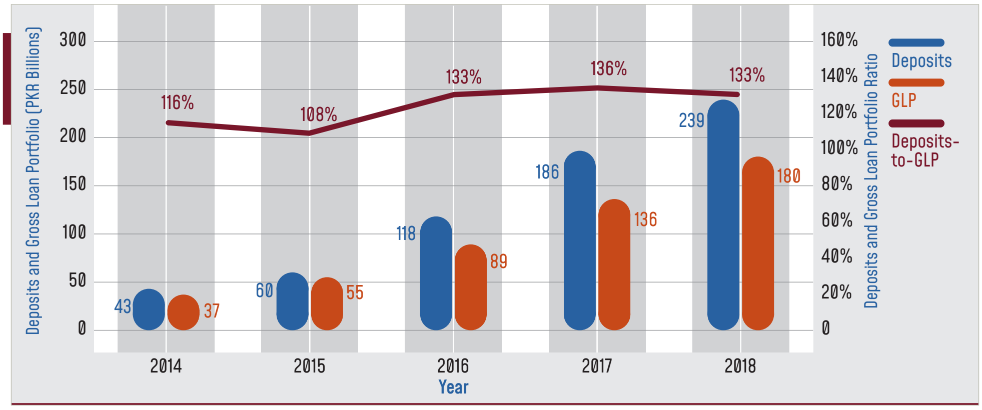
The average deposit size of MFBs increased from PKR 6,706 to PKR 7,488 during the year 2018. While the average deposit size remains low for the industry, only TMFB, MMBL, POMFB and SMFB remained below the industry average as shown in Exhibit 2.10 (a). AMFB has the highest average deposit size with PKR 45,211, followed by Ubank with PKR 33,054 and FMFB with PKR 31,545.

Exhibit 2.10 (a): Average Deposit Size of MFBs



The Deposit to GLP ratio declined from 136% in 2017 to 133% in 2018 (Exhibit 2.10 (b)) as the 28 percent increase in the total deposit base was disrupted by the 30 percent increase in the gross loan portfolio of the sector. The high value of the ratio continues to reflect the MFBs reliance on deposits as their primary source of financing as it keeps their funding costs reasonably low. However, the cost of funds for MFBs experienced a slight increase and settled at 6.0 percent as compared to 5.6 percent in the prior year.

Exhibit 2.10 (b): Deposit-To-GLP Relation for MFBs



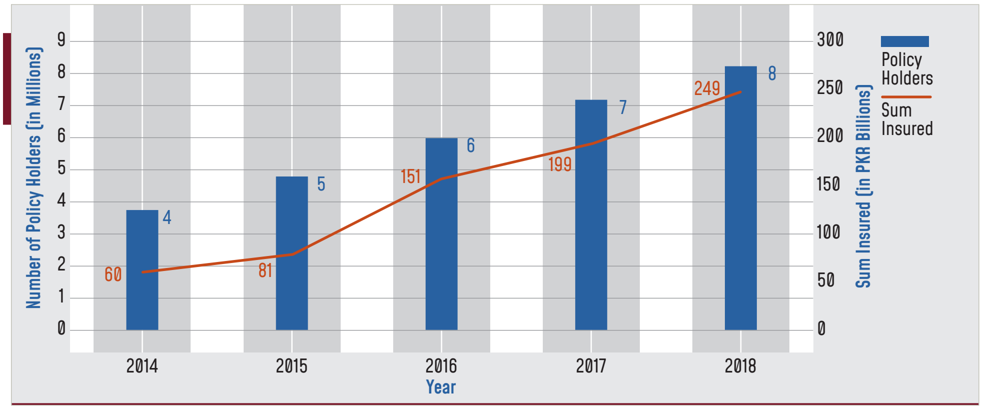
Microinsurance indicators continued to project a positive trend during the year under review. The number of policy holders grew by approximately 16 percent to reach 8.5 million, while the sum insured increased by 25 percent to PKR 249 billion by the end of 2018 (see Exhibit 2.11). The primary contributor to this surge was the MFB peer group which witnessed a growth of 55 percent in policy holders and an associated growth of 52 percent in sum insured. This took the MFBs to 2.9 million policy holders and over PKR 127 billion in sum insured. The market share of

MFBs stood at 34 percent of total policy holders while leading the market with a share of 51 percent in terms of sum insured. With little change in numbers, MFIs continued to remain the largest providers of microinsurance in terms of policy holders, with over 4 million and a sum insured of PKR 86.5 billion, indicating a market share of 49 percent of policy holders, but 35 percent of total sum insured within the sector. RSPs made up the remaining 17 percent of policy holders and 14 percent of the total sum insured.

By the end of 2018, Kashf Foundation remained the largest provider of microinsurance in terms of both policy holders, with 2.46 million, and sum insured, with over PKR 61 billion. With these numbers, Kashf represented a 29 percent share in the total market share of policy holders and 25 percent of market share of sum insured of the sector. After Kashf, the largest providers of microinsurance in terms of policy holders were NRSP and Akhuwat with 1.2 million and over 998 thousand. Similarly, the institutes with the most sum insured after Kashf were KBL and TMFB with PKR 50.7 billion and PKR 34.1 billion respectively.

Among the types of insurance policies, credit life insurance policies constituted almost 55 percent of total insurance policies followed by health insurance policies at 44 percent.

Exhibit 2.11: Growth in Number of Policy Holders & Sum Insured

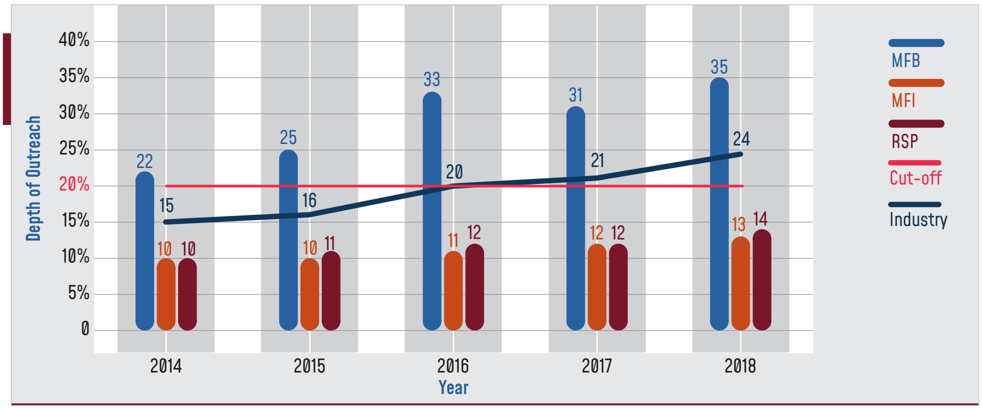


2.1.2 Scale & Outreach: Depth

The depth of outreach is associated with the quality of outreach. Thus, outreach depth concerns the measure of the most underprivileged in a society that have been served. The depth of outreach in microcredit operations is measured by a proxy indicator: average loan balance per borrower in proportion to per capita gross national income (GNI). A value of below 20 percent of GNI is assumed to mean that the MFP is poverty focused.

Upon comparison, it can be observed that amongst the peer groups, MFBs witnessed an increase in the ratio from 31 percent in the prior year to 35 percent by 2018. Similarly, MFIs and RSPs, both grew from 12 percent but remained well below the 20 percent cut-off point at 13 and 14 percent respectively. Nevertheless, the overall sector ratio increased from 21 percent to 24 percent primarily due to the surge in the quality of MFB portfolios (see Exhibit 2.12). The difference in the ratio among the peer groups is also reflective of the the market segmentation in the sector as the MFBs target the upper segment of the sector whereas NBMFCs (including MFIs and RSPs) target the lower end of the same market.

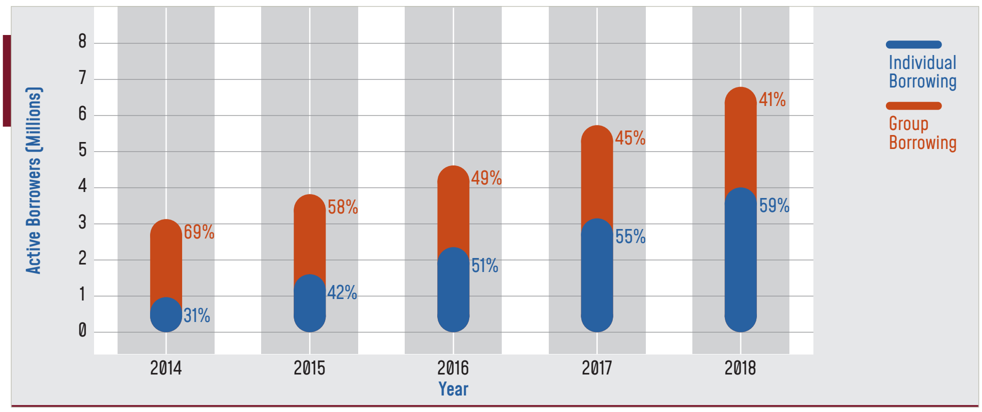
Exhibit 2.12: Depth of Outreach by Peer Groups



Lending Methodology

The historical trend indicates that the primary lending methodology shifted from group lending to the current prevailing, individual lending methodology (see Exhibit 2.13). By the end of 2018, 59 percent of the total borrowing was through individual lending. Over the years, individual borrowing has gained momentum with the share increasing annually such that the proportion of individual borrowing in 2014 stood at 31 percent compared to 59 percent in 2018. While the main drivers for this increase in individual lending were Akhuwat, TMFB and Kashf, it is worth noting that this shift in lending has been observed in almost all MFPs operating in the sector.

Exhibit 2.13: Trend of Lending Methodologys



Gender Distribution

During the year under review, the proportion of women borrowers was 53 percent of total credit outreach, the same as last year, while the percentage share of women depositors saw a significant decrease from 22 percent last year to 19 percent this year (see Exhibit 2.14 (a)). The breakdown of the total outreach by peer groups indicates that only 24 percent of the total credit outreach of MFBs were women borrowers compared to 51 percent of the total credit outreach MFIs and 25 percent of the credit outreach of RSPs (see Exhibit 2.14 (b)). MFPs that contributed the most to the total number of women borrowers were large players such as NRSP, Akhuwat, KBL, TMFB, ASA and RCDP, whereas Kashf, Damen Support Programme and SRSP continued to lend solely to women.

Exhibit 2.14 (a): Outreach to Women

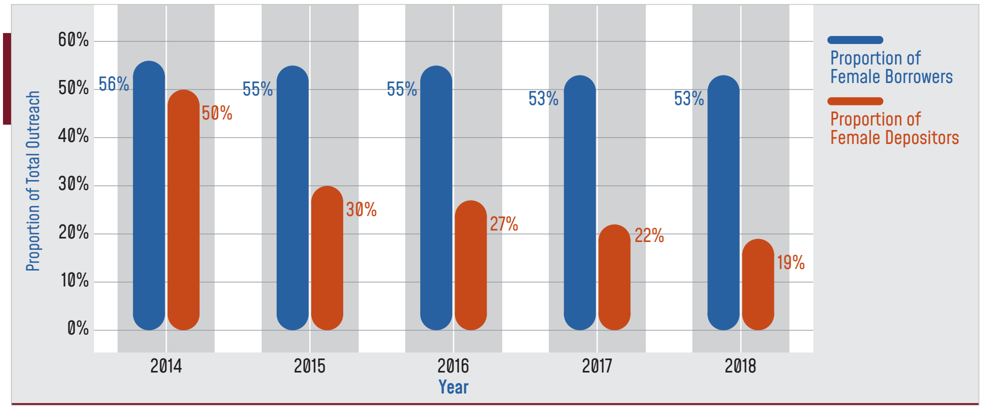
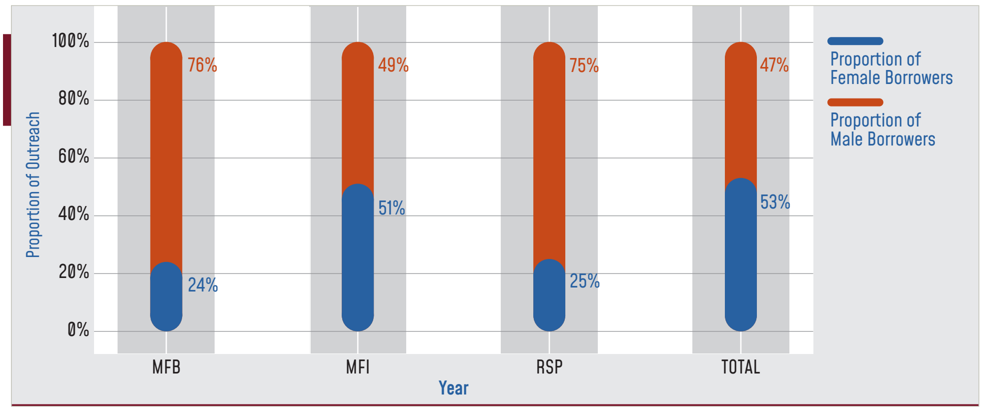


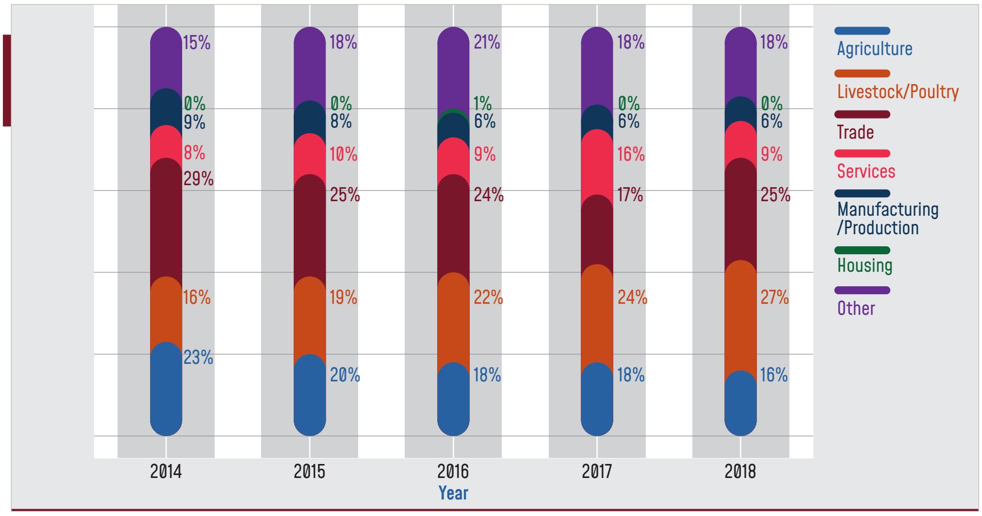
Exhibit 2.14 (b): Gender distribution of Outreach by Peer Groups



Portfolio Distribution by Sector

Livestock/poultry, trade and agriculture continued to dominate the sector-wise distribution of all credit borrowers (see Exhibit 2.15). Together, these combined to make up 68 percent of the total microcredit portfolio of the industry. The highest share of active borrowers by sector remained livestock/poultry which experienced an increase of 3 percent from the prior year. The second most dominant sector was trade which witnessed the most noteworthy change of 8 percent to increase to 25 percent by the year end. Agriculture declined from 18 percent to 16 percent, while services dropped to 9 percent. The manufacturing/ production sector maintained its share of 6 percent, the same as last year.

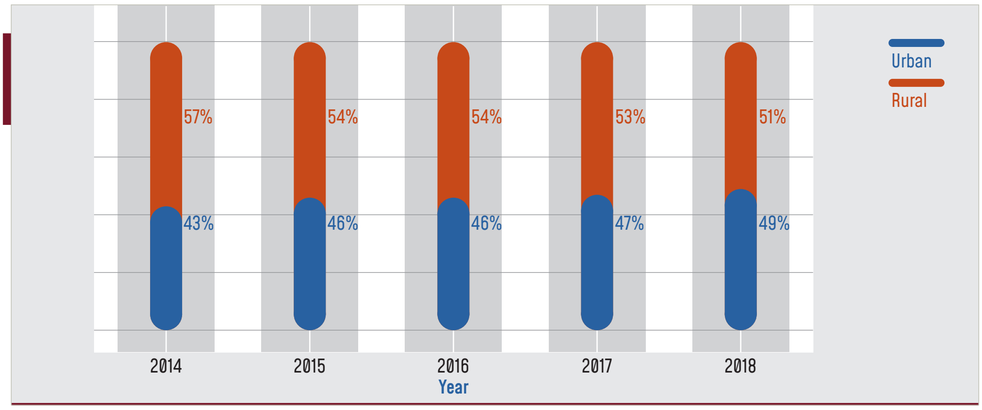
Exhibit 2.15: Active Borrowers by Sector



Rural – Urban Lending

At the end of 2018, rural borrowers continued to dominate the sector with 51 percent of the total borrowers based out of rural districts (see Exhibit 2.16). Historical trends indicate that the gap between rural and urban clients was narrowing with a 2 percent drop in rural borrowers observed from the prior year. By the end of 2018, the 3 largest service providers NRSP, KBL and NRSP-B had a combined rural outreach of over 1.7 million clients or 48.5 percent of the total outreach attributable to just rural districts. PRSP, SVDP and Saath were other players who had clients in rural districts solely.

Exhibit 2.16: Active borrowers by Urban/Rural areas

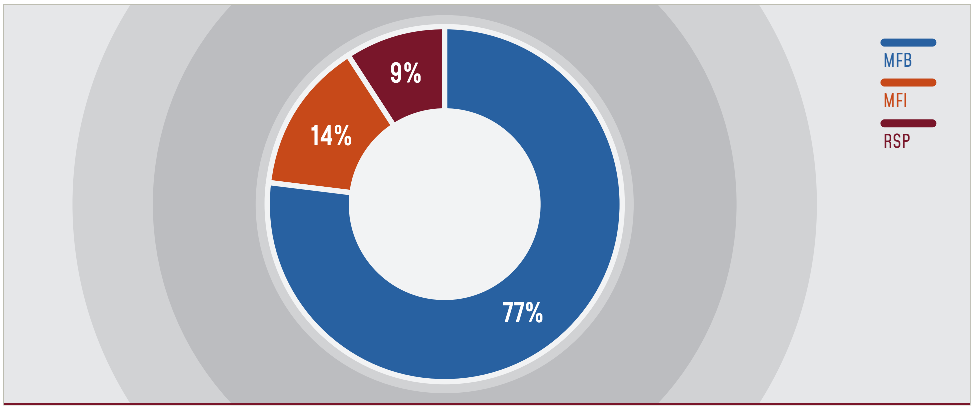


2.2 Financial Structure

2.2.1 Asset Base

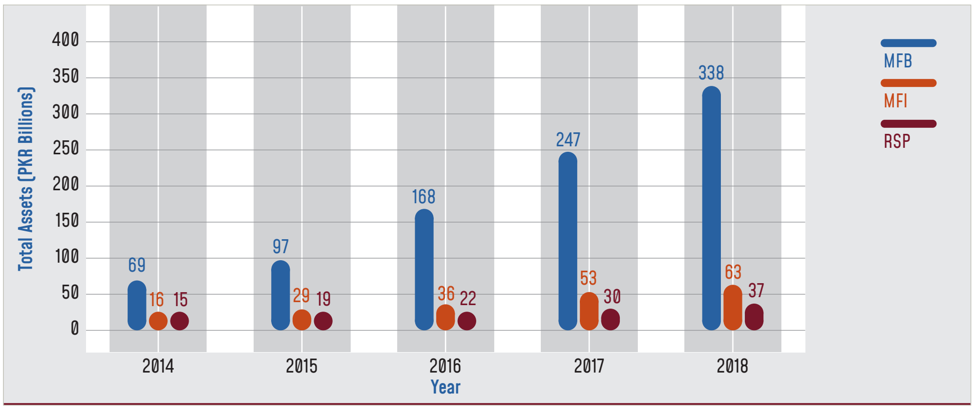
The asset base of the sector grew from PKR 330.4 billion in 2017 to PKR 438.3 billion in 2018. The increase of almost PKR 108 billion or 33 percent came primarily on the back of MFBs. Exhibit 2.17 (a) indicates that 77 percent of the total assets were attributable to MFBs followed by 14 percent of MFIs and 9 percent of RSPs.

Exhibit 2.17 (a): Proportion of Asset base by Peer Group



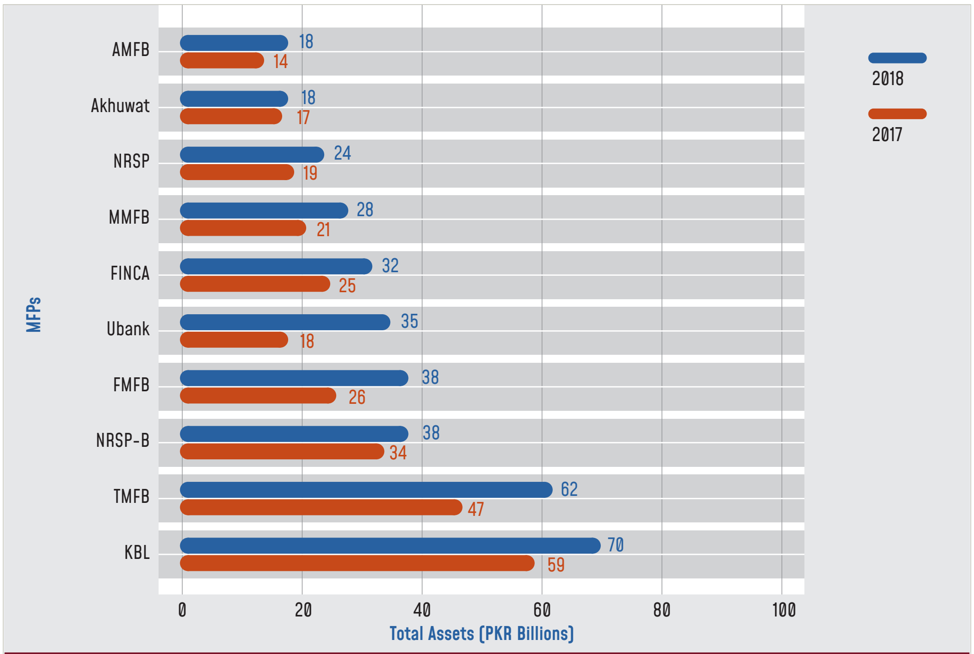
The total asset base of MFBs reached PKR 338 billion in 2018 from PKR 247 billion in 2017 (see Exhibit 2.17 (b)). In contrast, the expansion in the RSP and MFI peer group was more modest. The MFIs asset size stood at PKR 63 billion in 2018 as compared to PKR 53 billion in 2017 while the asset base of RSPs stood at PKR 37 billion up from 30 billion in the preceding year.

Exhibit 2.17 (b): Total Asset base by Peer Group



The industry remains concentrated with ten MFPs constituting up to 83 percent of the asset base of the total industry. Eight of these were MFBs with one MFI and one RSP each as shown in Exhibit 2.18 below. KBL continued to remain the largest MFP with a balance sheet of PKR 70.4 billion or 16 percent of the total asset base of the sector. This was closely followed by TMFB with a total balance sheet of PKR 62.5 billion or 14 percent of total assets of the sector and NRSP-B which stood at third with a balance sheet of PKR 38 billion. Among the MFIs, Akhuwat remained one of the top ten MFPs with a balance sheet figure of PKR 18 billion. NRSP continued to make it to the list as the largest RSP with a total balance sheet standing of PKR 24 billion.

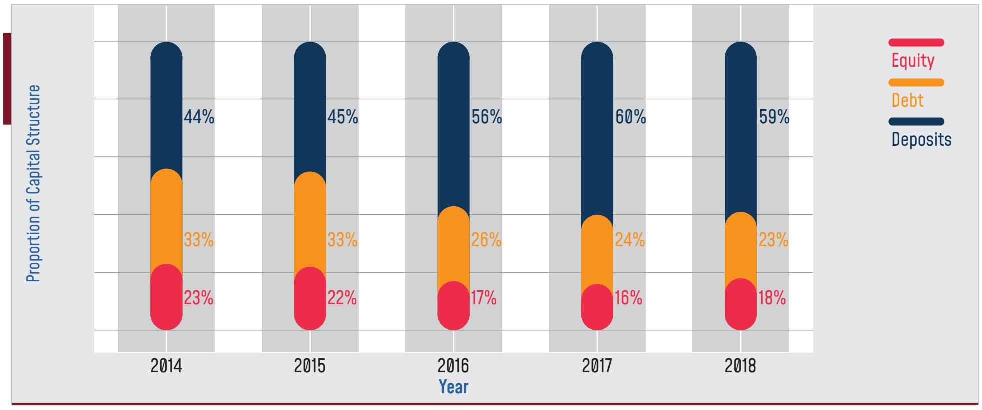
Exhibit 2.18: Asset Base of Larger MFPs



2.2.2 Funding Profile

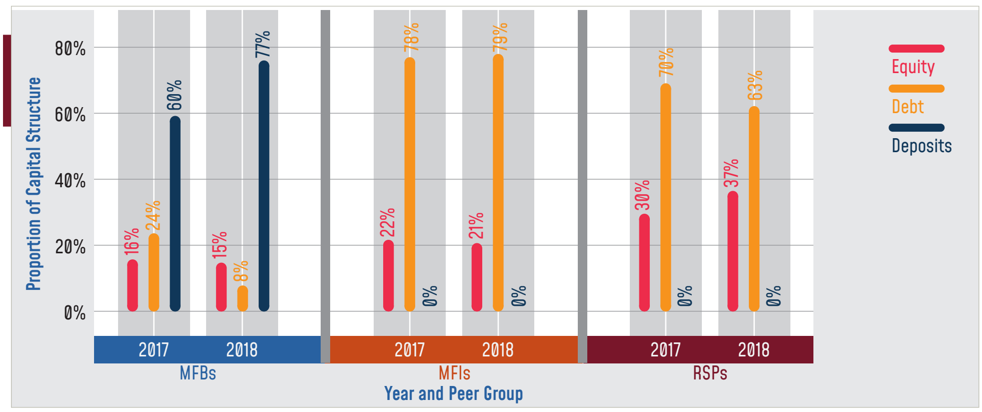
The trend over the past few years in the industry capital structure indicates that deposits have been the primary source of funding within the sector even though only MFBs can mobilise deposits (see Exhibit 2.19). The deposit base stood at over PKR 238 billion representing 59 percent of the total proportion of funding in 2018. However, while this indicates an increase in the total deposits from PKR 118 billion in 2017, the total proportion of deposits has declined from 60 percent in the prior year. The trend also indicates that the proportion of debt has also experienced a decline to 23 percent from 33 percent, five years ago. As the main source of funding for NBMFCs, the total debt in the sector grew to PKR 90 billion from PKR 54 billion in 2017. The decline of one percent each in deposits and debt in the prior year was counterweighed by equity which rose from 16 percent in 2017 to 18 percent by the end of the year to reach PKR 72 billion.

Exhibit 2.19: Industry Capital Structure



Analysing the capital structure for each peer group showed varying results. The MFBs success in mobilising deposits has become the driving strategy of funding their portfolios (see Exhibit 2.20) and the MFBs deposit base accounted for 77 percent of their total funding, rising from 60 percent in 2017. Consequently, a dramatic decline in the proportion of debt from 24 percent to 8 percent was experienced as MFBs continued to reduce their reliance on debt as a source of fund, simultaneously the share of equity dropped to 15 percent from 16 percent. The considerable decrease in debt of MFBs during the year was due largely to KBL, FMFB and AMFB having paid off a chunk of their liabilities. Both MFIs and RSPs had heavy reliance on debt which remained their primary source of funding. The capital structure of MFIs experienced slight shift with debt growing to 79 percent from 78 percent in the prior year and equity declining by 1 percent to 21 percent. The proportion of RSPs debt experienced a considerable decrease to 63 percent from 70 percent in the prior year, while the proportion of equity increased to 37 percent during the year under review. The increase in equity of RSPs came on the back of NRSP which made additions to its general accumulated fund and risk mitigation fund.

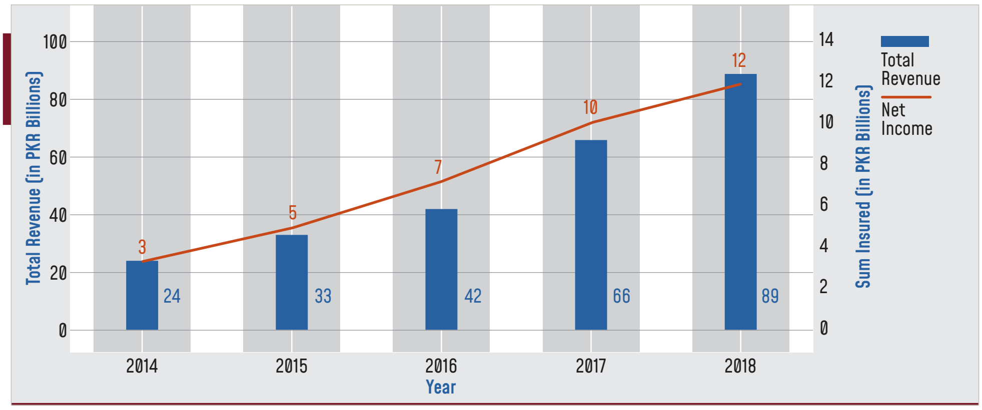
Exhibit 2.20: Capital Structure by Peer Group



2.3 Profitability and Sustainability

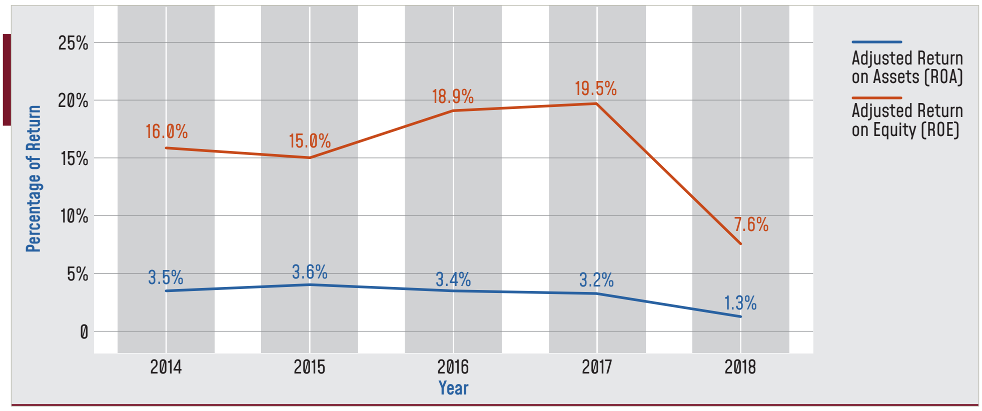
By the end of the year 2018, the total revenue of the sector stood at PKR 89 billion indicating a growth of 35.4 percent from last year, while the net income increased by 17 percent to reach PKR 11.7 billion from PKR 10 billion in 2017 (see Exhibit 2.21 (a)). The unadjusted Return on Assets stood at 2.9 percent showing a decrease as compared to 3.5 percent in the prior year. Similarly, the unadjusted Return on Equity declined to 17.9 percent as compared to 21.7 percent in 2017. It is evident that the decline in the ROA and ROE is primarily due to the considerable surge in total assets and proportion of equity of the sector during the year while the overall increase in the growth rate of net income remained comparatively low.

Exhibit 2.21 (a): Total Revenue & Net Income



The adjusted return on assets (ROA) and adjusted return on equity (ROE) of the sector (see Exhibit 2.21 (b)), show that both the profitability ratios experienced a decline. The ROA decreased from 3.2 percent in 2017 to 1.3 percent while the ROE experienced a dramatic decrease from 19.5 percent to 7.6 percent by the year end.

Exhibit 2.21 (b): Adjusted Return on Assets & Return on Equity



Analysis by peer group (Exhibit 2.21 (c)), shows that the primary cause for the decline in the ROA and ROE is the change in the capital structures of the MFB and MFI peer groups. Among the MFBs, the decline was driven by TMFB because of the surge in the average total assets and the injection of capital by Ant Financial (China) and Telenor Group (Norway) in the telco backed bank which significantly increased the average equity of the bank. NRSP-B also experienced a decline in the ratios due to a disproportionate rise in income as compared to the average equity or assets. Among the MFIs, ASA, CSC, Saath and Akhuwat all witnessed a decline in their profitability ratios. All four of the MFIs experienced a combination of decline in income and a rise in the average total assets and equity.

Exhibit 2.21 (c): Adjusted Return on Assets & Return on Equity by Peer Group

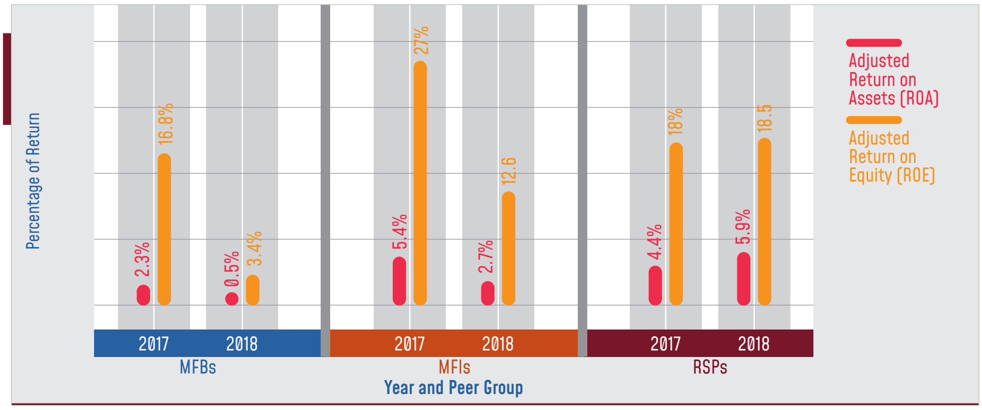
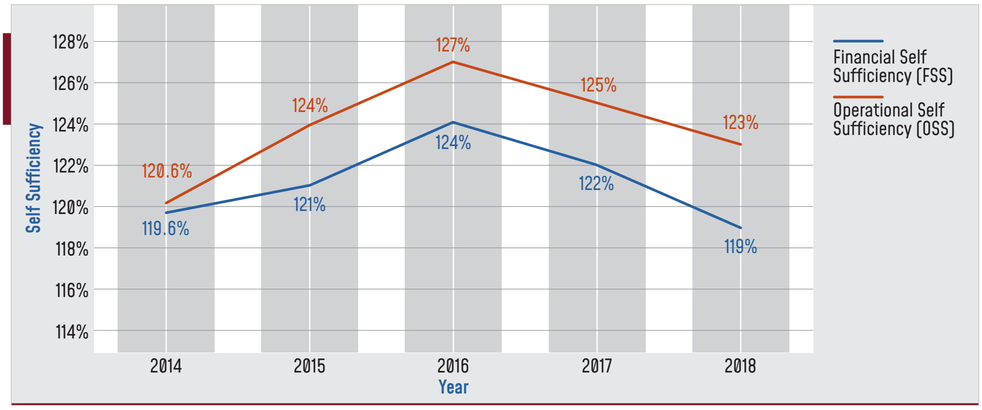


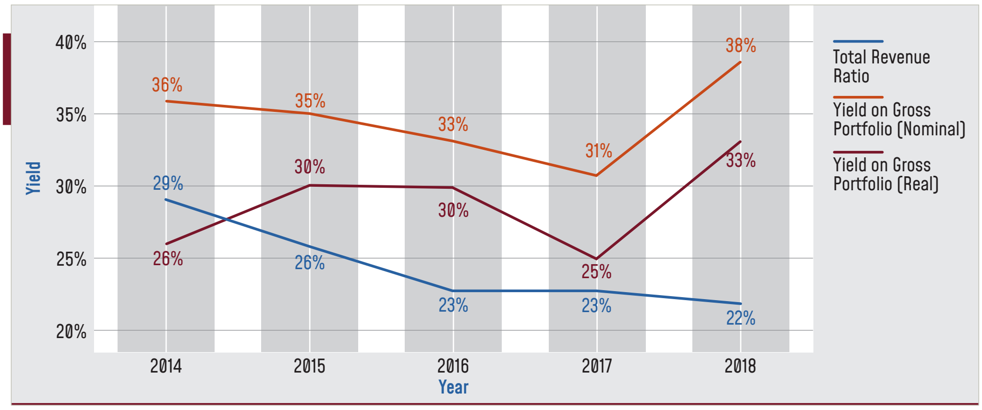
Exhibit 2.21 (d) shows that the Operational Self Sufficiency (OSS) and the Financial Self Sufficiency (FSS) for the sector, although declining, remained above 100 percent. By the end of the year 2018, the OSS dropped slightly from 125 percent to 123 percent, while the FSS fell from 122 percent to 119 percent. A breakdown based on peer groups reveals that the RSPs had the highest FSS with 122 percent, followed by MFIs with 116 percent and MFBs with 108 percent. The MFIs had the highest OSS at 143 percent, while RSPs and MFBs had an OSS of 129 percent and 117 percent respectively. All three peer groups contributed to the general decreasing trend in the FSS and OSS. Among the MFBs, the significant increase in the FSS and OSS of Finca and Advans was offset by TMFB and NRSP-B. Of the MFIs, almost all the players experienced a dip in the ratios with the most noticeable changes occurred for Akhuwat, Kashf, Saath, Safco, ASA and CSC.

Exhibit 2.21 (d): OSS and FSS Trend



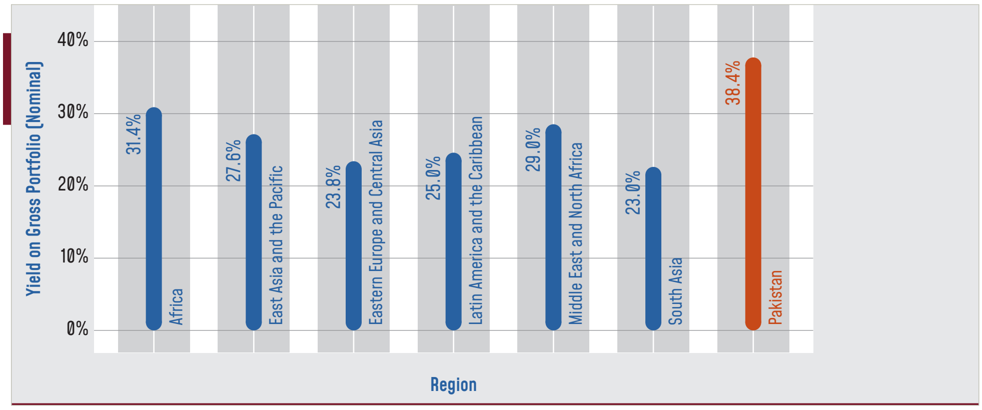
As Exhibit 2.22 shows 2018 witnessed an increase in the yield on gross portfolio (both nominal and real). The yield on GLP in real terms increased from 25 percent in 2017 to 33 percent in 2018, as the yield on GLP in nominal terms which also grew from 31 percent in the prior year to 38 percent.

Exhibit 2.22: Yield on Portfolio Trend



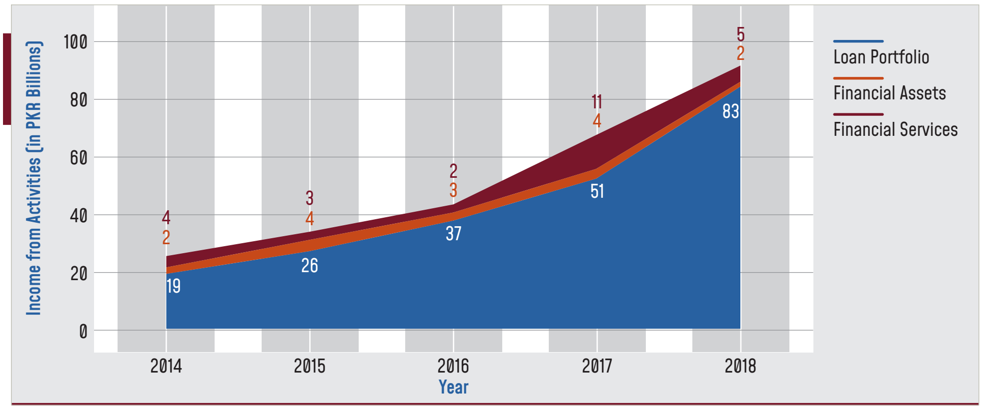
A comparison of Pakistan with other regions reveals that the yield on gross loan portfolio remains high at 38.4 percent (see Exhibit 2.23). Pakistan continues to perform better than its regional peers, with the closest competition witnessed in Africa, where the ratio is 31.4 percent.

Exhibit 2.23: Regional Comparison of Nominal Yield



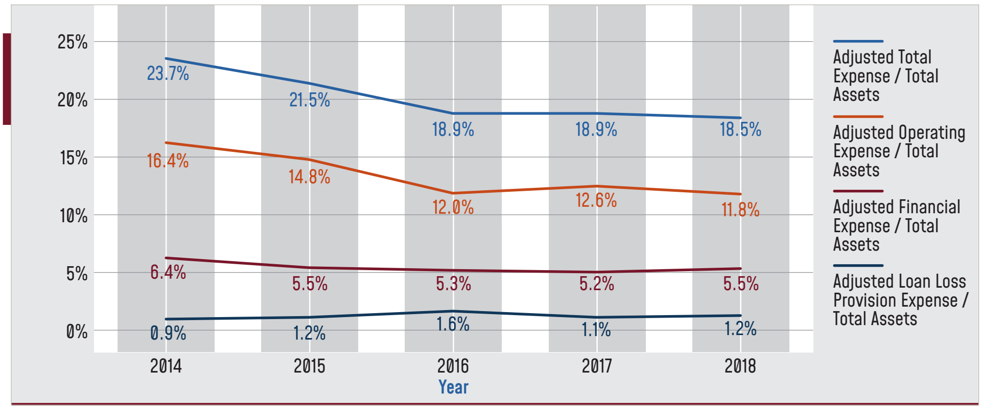
The total revenue of the sector stood at PKR 89 billion in 2018. Of this figure, MFBs accounted for PKR 64 billion whereas the total revenue attributable to MFIs and RSPs stood at PKR 14 billion and PKR 11 billion respectively. 93 percent of the total revenue of the sector comes from the income generated from loan portfolios (see Exhibit 2.24). The remainder of the total revenues was generated from financial services and financial assets which accounted for 6 percent and 1 percent respectively. Meanwhile, the revenues from financial services and financial assets experienced a significant decline. Revenues from financial services mainly comprise of incomes generated from branchless banking activities, which are dominated by the telco-based banks in the sector, TMFB and MMFB. This income from financial services stood at PKR 11 billion last year compared to PKR 5 billion this year. Similarly, revenue from financial assets closed at PKR 1 billion compared to PKR 4 billion in the prior year.

Exhibit 2.24: Revenue Streams



The expense ratio depicts the efficiency of the sector as opposed to its total assets. It can be observed that the total expenditure within the industry has been stable over the past three years (see Exhibit 2.25). The total expense ratio experienced an almost negligible decline from 18.9 percent in the previous year to 18.5 percent in 2018 mainly due to the balancing effect which can be observed in the marginal rise in the loan loss provision expense and the financial expense of the sector as compared to the decline in the overall operating costs. Exhibit 2.25 illustrates that the increase in the financial expense ratio from 5.2 percent to 5.5 percent this year was offset by the decline in the total operating expense ratio which declined from 12.6 percent to 11.8 percent in the year under review. Among the peer groups, RSPs had the highest total expense ratio with 26.1 percent, which was followed by MFIs with 24.5 percent and MFBs with 18.3 percent. With increasing competition within the sector, it can be established that the expense ratios are likely to improve further. One of the implications of the increasing competition in the sector visible through increasing loan sizes and sector growth is that it will lead to a stronger focus on efficiency.

Exhibit 2.25: Expense Ratio Trends



The operating expense to GLP ration increased slightly from 20.8 percent to 21.7 percent. Although the personnel expense declined from 9.2 percent to 8.7 percent by the end of the year under review, the change was insufficient to offset the surge in administrative expenses of the sector which grew from 11.6 percent in 2017 to 13.0 percent by 2018 (see **Exhibit 2.26**). Among the peer groups, the highest ratio was recorded amongst RSPs at 29.3 percent whereas the MFBs and MFIs ratio was recorded at 21.8 percent and 16.4 percent respectively.

Exhibit 2.26: Operating Expense to GLP

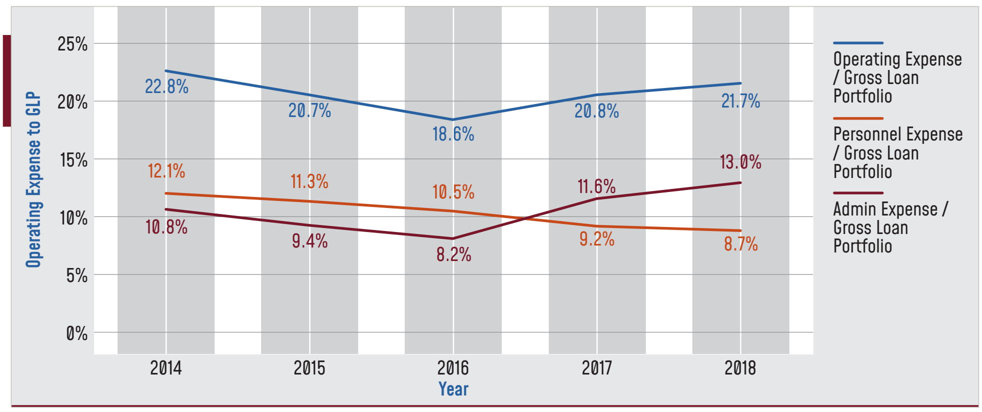
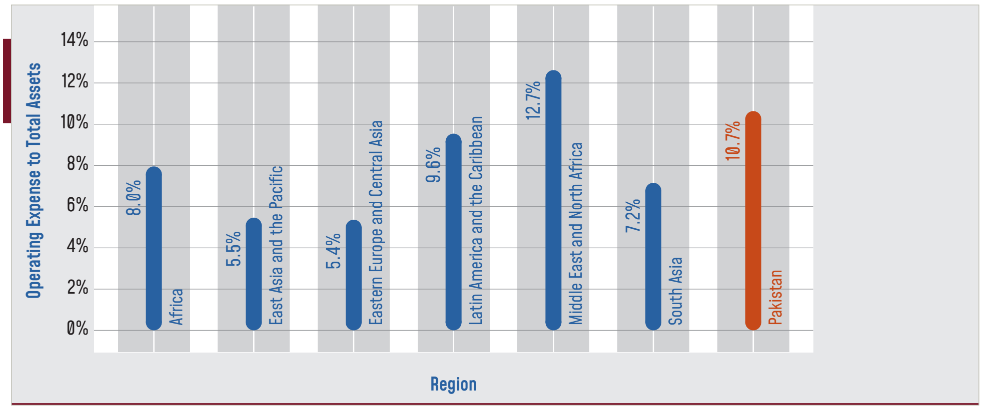


Exhibit 2.27 indicates that Pakistan remains on the higher end of the spectrum when compared globally with respect to operating expense to assets. The operating expense to assets ratio stood at 10 percent in the preceding year and grew to 10.7 percent by the end of 2018. In comparison, the same ratio for the South Asian region remained at 7.2 percent. It is worth nothing that the microfinance sector in Pakistan is still growing with market penetration at just 33 percent. It is likely that increase in loan sizes will drive down operating costs of the sector.

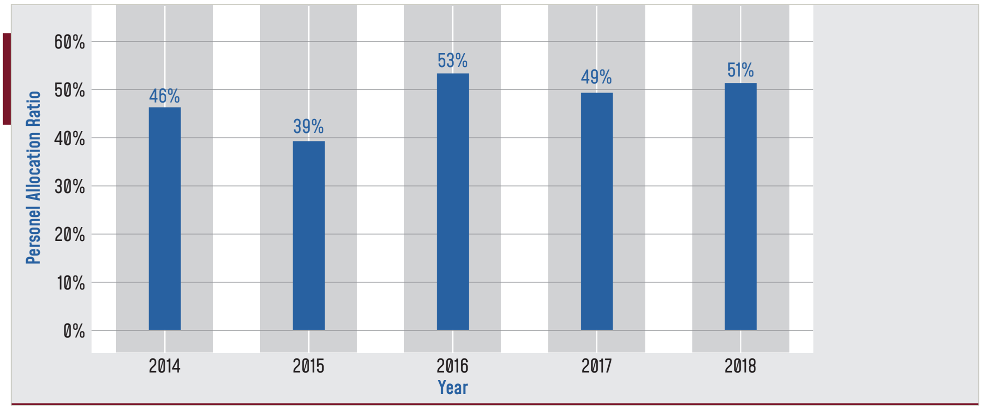
Exhibit 2.27: Regional Comparison of Operating Expense/Assets



2.4 Productivity

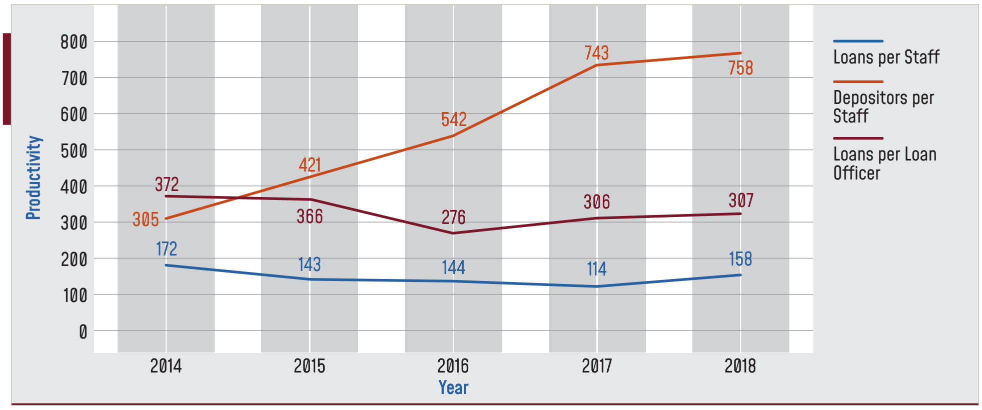
The total staff in the industry in 2018 stood at 42,048 of which 21,614 were loan officers. After a dip in 2017, the personnel allocation ration experienced an increase again in the year under review (see Exhibit 2.28). The ratio jumped from 49 percent to 51 percent primarily due to the surge in peer groups of MFBs and MFIs. By the end of the year, the ratio for MFBs increased from 42.6 percent in the preceding year to 45.5 percent, while MFIs grew from 47.7 percent to 51.3 percent. RSPs were the only peer group which witnessed a slight decrease from 74.4 percent to 73.8 percent. The MFBs that drove the surge in the ratio included TMFB, SMFB and KBL, while the MFIs that contributed to this increase included SVDP, Damen, Kashf and CSC.

Exhibit 2.28: Personnel Allocation Ratio



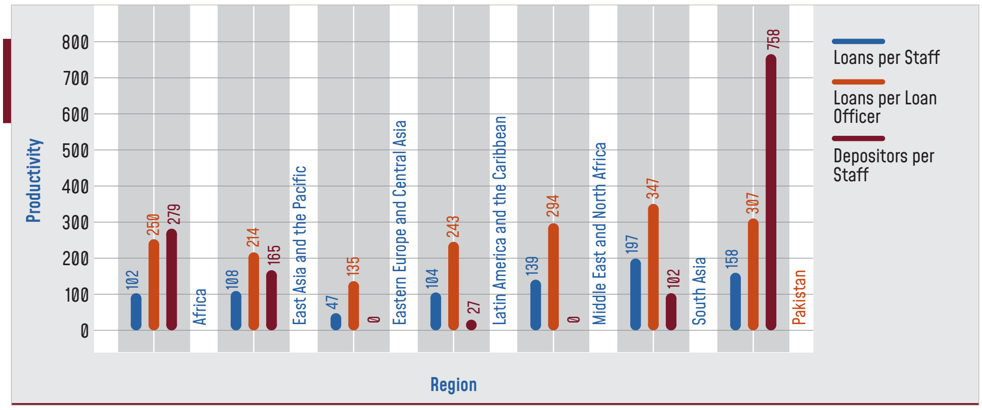
The productivity indicators reflect an upward trajectory over the past five years with some stability in the ratios observed during the year under review (see Exhibit 2.29). Over the course of the year, loans per staff increased from 114 to 158 while loans per loan officer also exhibited a meagre increase from 306 to 307 in 2018. On the deposit side, depositors per staff grew from 743 to 758. The increasing trend in depositors is associated with the uptake of m-wallets offered by all the major MFBs and the prevailing low interest rate environment in the first half of 2018. Of the peer groups, RSPs and MFIs had the highest ratio of loans per staff with 184 and 183 respectively while MFBs had 138 loans per staff. MFIs had the highest ratio of loans per loan officer at 357 which was followed by MFBs at 304 and RSPs at 249.

Exhibit 2.29: Productivity of MFPs



A global comparison shows that Pakistan has performed significantly better (see Exhibit 2.30) when it comes to depositors per staff ratio, which for the South Asian region lies at only 102. There is room for considerable improvement in the loans per staff and loans per loan officer ratios as Pakistan lags in these indicators when compared with the South Asian region.

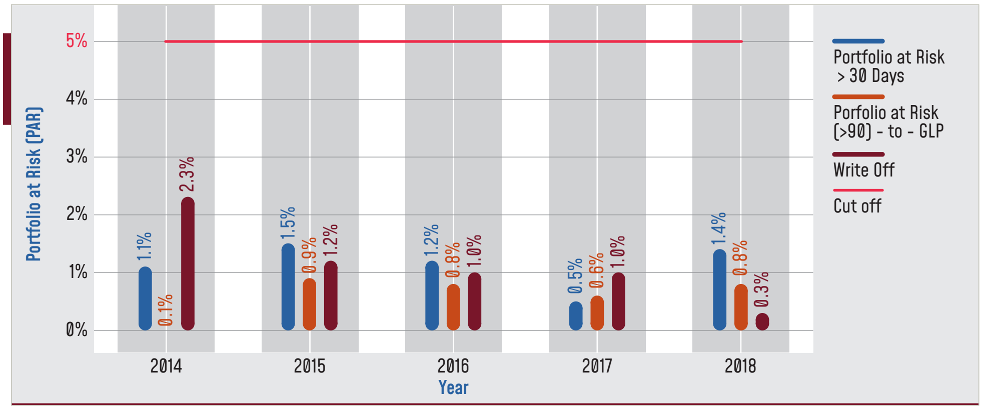
Exhibit 2.30: Regional Comparison of Productivity



2.5 Credit Risk

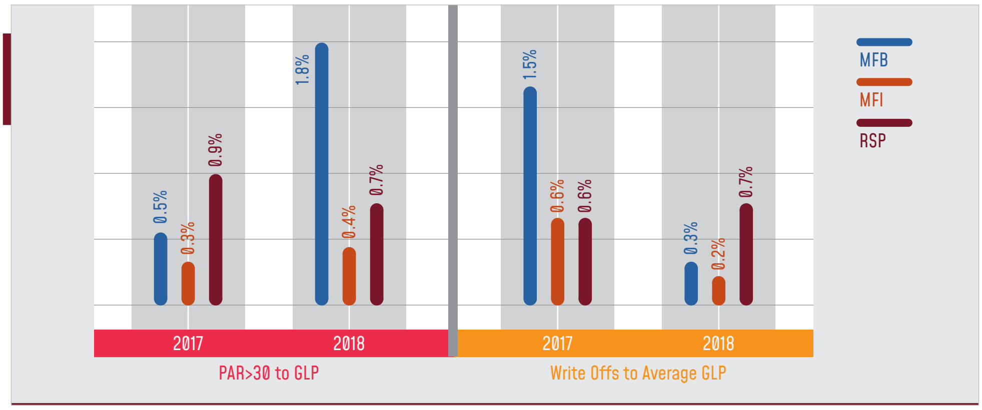
Exhibit 2.31 (a) shows the credit worthiness of the sector by highlighting trends observed in the Portfolio at Risk (PAR) and the write-offs within the sector. The portfolio at risk > 30 days has varied over the years while remaining under the 5 percent cut-off point that indicates a quality portfolio. The ratio dipped considerably in FY 17 to settle at 0.5 percent, but grew to 1.4 percent during FY 18 primarily on the back off MFBs. The PAR > 90 days also rose from 0.6 percent to 0.8 percent during the year under review, whereas write-offs have been declining over the years and by 2018 only made up 0.3 percent of the total portfolio of the sector.

Exhibit 2.31 (a): Portfolio at Risk and Write offs



In terms of peer groups, MFBs exhibited the most change in the PAR > 30 days to GLP ratio as they experienced a jump from 0.5 percent to 1.8 percent this year (see Exhibit 2.31 (b)). The spike in the ratio of MFBs was driven by AMFB and TMFB which had a PAR > 30 to GLP ratio of 9.1 percent and 4.1 percent respectively. In contrast, MFIs and RSPs experienced little change. MFIs experienced a slight increase from 0.3 percent in the preceding year to 0.4 percent by 2018 while RSPs were the only peer group to exhibit a decrease in the ratio from 0.9 percent to 0.7 percent. Exhibit 2.31 (b) also depicts the write-offs to average GLP for each peer group which indicates the change experienced by each peer group over the year. The ratio for MFBs dipped from 1.5 percent in 2017 to 0.3 percent by the end of 2018. Similarly, MFIs also experienced a decrease of 0.4 percent to settle at 0.2 percent of average GLP of the peer group. RSPs were the only peer group to experience a slight increase from 0.6 to 0.7 percent in the year under review.

Exhibit 2.31 (b): PAR > 30 days to GLP and Write-offs to average GLP



2.6 Conclusion

The review of MFPs and the microfinance sector of Pakistan showed double digit growth across credit, savings and insurance during the year 2018. Total outreach surpassed 6.7 million while GLP stood at an unprecedented high of PKR 255.7 billion.

The provision of credit services continued to be focused on the marginalized segment of the sector with women accounting for 53 percent of total outreach, while 51 percent of the total outreach was attributable to clients in rural regions. The industry's primary lending portfolio continued to focus on the livestock/poultry, trade and the agriculture sectors. The total depositors stood at over 31.8 million with deposits outstanding worth PKR 238.6 billion. The surge came from the success of MFBs in the mobilisation of deposits to fund their operations and increasing average deposit sizes.

Credit life continued to dominate the microinsurance segment as the total number of policy holders stood at over 8.4 million with a total insured portfolio of PKR 248.8 billion.

The asset base of the industry grew to PKR 438 billion while profitability soared as the net income surpassed PKR 11.7 billion out of a revenue of over PKR 88.9 billion. The sector remained sustainable with an OSS and FSS of over 100 percent. Both, nominal and real yield increased significantly for the year as expenses stabilised with productivity indicators pointing towards improvement. In terms of portfolio quality, PAR > 30 days increased as write offs decreased.

SECTION 3

SOCIAL PERFORMANCE REVIEW

2018

The microfinance sector in Pakistan has made considerable strides in contributing to the economic growth of Pakistan. The number of borrowers has increased by 21%, while the gross loan portfolio (GLP) has grown by 30% in the year 2018 relative to 2017[18]. This growth illustrates the commitment the sector has to increasing financial inclusion in the country. In addition to the growth in number of borrowers and overall increase in loan portfolio, there has been an increasing focus on balancing social performance and financial sustainability among microfinance providers (MFPs). There is greater understanding of microfinance as a double-bottom line (in some cases triple-bottom line) industry, where sustainability is viewed as both an end in and of itself and as a means for achieving social goals.

Microfinance Providers (MFPs) have thus far been engaged in pursuing a range of social and development goals, which include increasing access to financial services, development of start-up and existing enterprises, poverty alleviation, employment generation, promoting gender equality and empowerment. These development goals are the bedrock of the microfinance sector and it is important for MFPs to track their progress towards achieving their respective social goals. For this purpose, social performance indicators are used much in the same way as financial data is used to manage the financial bottom line.

The following section will outline key social performance indicators as monitored across the Pakistan microfinance landscape. We will attempt to analyse industry trends across various Social Performance (SP) indicators, including social goals, poverty targets, governance and human resource, diversity in financial and non-financial service provision, client protection and environmental protection.

18. Pakistan Microfinance Review 2018: Section 2

3.1 Analysis of the Sector's Social Performance Indicators

The Microfinance Information eXchange (MIX), in collaboration with the Social Performance Task Force (SPTF), developed an annual social performance reporting framework for MFPs that categorises social performance into five main categories and includes a comprehensive set of indicators on institutions' social goals, target segments, governance and HR practices, financial and non-financial services and environmental safeguards. As self-reported data, the MIX framework allows MFPs to select multiple categories that are applicable to their respective institution. For example, within the 'target population sub-section, an MFP may report on targeting all or none of the following: 'women', 'clients living in the urban area', 'youth and adolescents' and 'clients living in the rural areas' categories if those are applicable to their practices.

At the time of this publication, 33 PMN members had reported their organisational data using the new MIX social performance framework. The PMN members that reported the data included 9 Microfinance Banks (MFBs), 18 Microfinance Institutions (MFIs) and 6 Rural Support Programmes (RSPs).

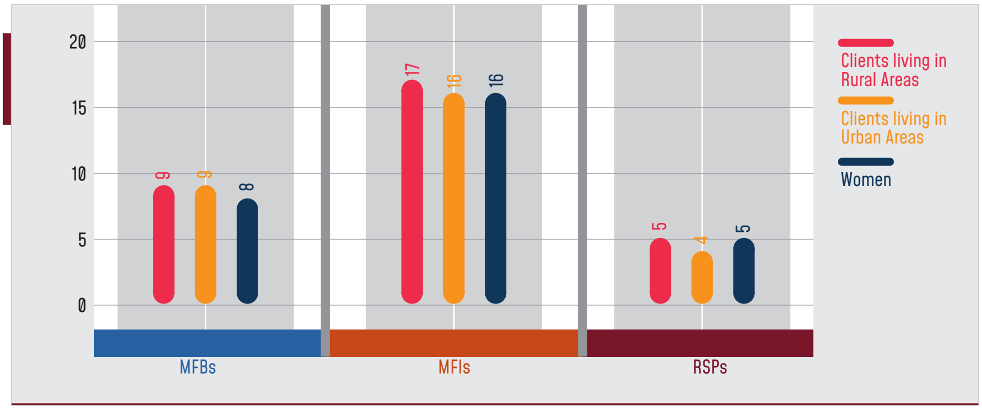
3.1.1 Social Goals

Target Market

The target market defines the type of clientele being served by the MFPs. The social performance reporting framework highlights four main categories in the target market section which are 'clients living in rural areas', 'clients living in urban areas', 'women', and 'adolescent and youth'.

Having a target market helps the organisation channel its overall goal and mission in a focused manner and can help to optimise the use of their limited resources. Providing services that are relevant, client oriented and effective in serving an organisation's mission requires a thorough identification of the target market.

Exhibit 3.1: Target Market for Peer Groups



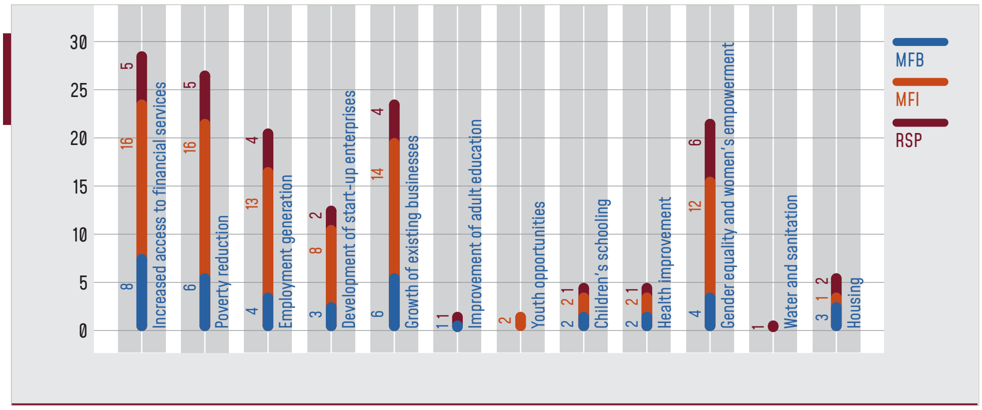
MFPs target markets by peer group which are highlighted in Exhibit

3.1. Out of 9 reporting MFBs, 8 cited multiple targets, including women, clients living in rural areas and clients living in urban areas. Of the 18 reporting MFIs, 17 of them target clients in rural areas. Women and clients in urban areas make the second largest target groups with 16 MFIs catering to them. While all the 6 RSPs cater to clients in rural areas and women, 4 have also expanded operations to clients in urban areas. Overall, clients are targeted based on gender and location, with a specific preference for women in most cases. Similarly, there is greater focus on rural areas, however, the outreach to clients in urban areas is also growing.

Development Goals

The data analysis of social performance indicators shows that all MFPs have social development goals at the foundation of their mission. The most common mission statements include a focus on expanding the reach of quality financial services to the lower-income population, contributing to financial inclusion, catalysing employment generation and business growth. Beyond these medium-term goals, the overarching goal is to improve the quality of life of the population, socially and economically. Moreover, the themes of poverty alleviation, empowerment of the 'marginalised' and expansion of economic opportunities are recurring elements for non-bank MFPs. Women's empowerment is also seen as a frequently occurring theme. The MFPs are seen to have explicitly designed products, services and procedures to achieve their social goals.

Exhibit 3.2: Development Goals

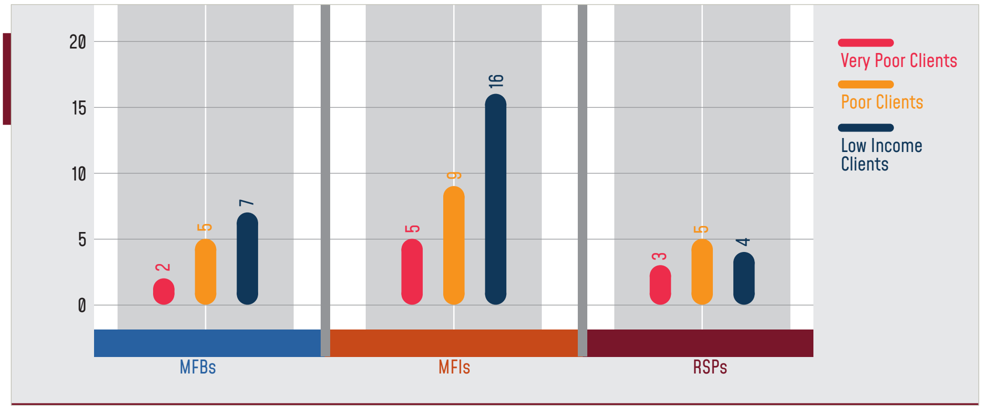


The most common objectives were found out to be increased access to financial services followed by poverty reduction, with 29 and 27 reporting MFPs, respectively, citing these as their objectives. The other commonly cited development goals across all peer groups were growth of existing businesses, employment generation, gender equality and women's empowerment. Support to start-up businesses, which is generally considered a risky initiative for microfinance, was also seen to be on the rise for some MFPs.

Poverty Targeting

Almost all reporting MFPs target more than one segment of the marginalised population. Overall, the most common target market for the sector in terms of income was low income clients with 27 reporting MFPs citing this as their target market. A smaller number of 19 reporting MFPs was seen to target poor clients, while only 10 MFPs reported targeting very poor clients. A relatively higher number of MFIs and RSPs are seen to be targeting very poor clients as opposed to MFBs.

Exhibit 3.3: Poverty Targets

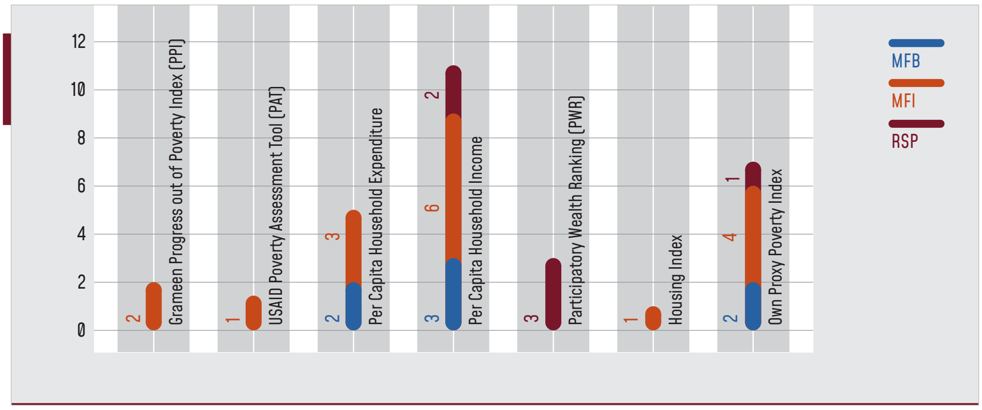


Poverty Measurement Tools

Many MFPs in Pakistan's microfinance sector have established poverty measuring processes as part of their operations. These tools measure the intensity of poverty within a defined area using a relevant dimension and indicator, determining a threshold level and selecting a poverty measure for reporting. Various tools collect economic, social, and/or other types of wellbeing indicators from clients for the purpose of determining and/or tracking the clients' poverty levels.

Assessing and analysing the poverty level of clients helps guide client targeting, establish baselines of client poverty for subsequent impact evaluations, appraisal of financial services to better suit needs of clients and overall measurement of programme effectiveness.

Exhibit 3.4: Poverty Assessment Tools Used by MFPs



Some reporting MFPs employ only one method to measure poverty levels while others use multiple assessment tools, as shown in Exhibit 3.4. A higher number of MFPs report use of the per capita household income metric, followed by their own proxy poverty index. Other infrequent but used measures include per capita household expenditure, participatory wealth ranking and the Grameen Progress out of Poverty Index.

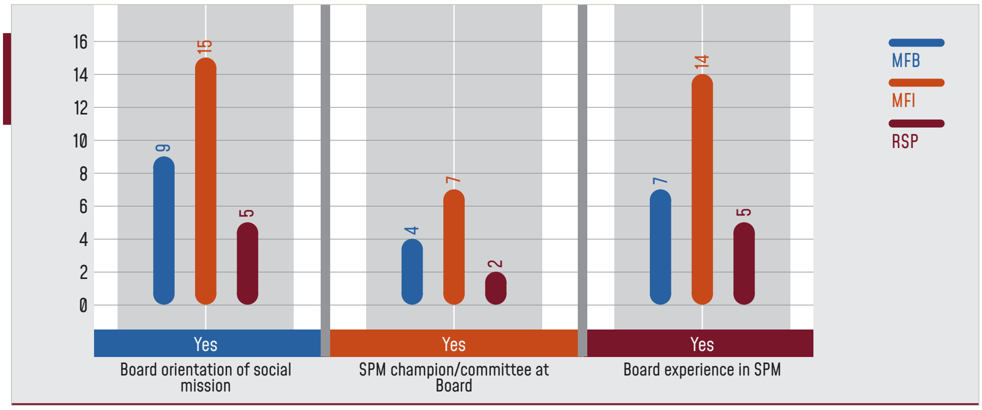
3.1.2 Governance and HR

Governance and HR practices are considered imperative to accomplish the overall social mission of microfinance practitioners. Two standards of the USSPM pertain to Governance and Human Resource (HR) Management, indicating policy design to further the organisations' social goals. The rationale behind incorporating social performance indicators in governance and HR structures is to allow MFPs to gauge commitment to their social development goals at the institutional level.

Ensuring commitment to social goals in the governance structure entails sensitisation of board members to the social mission of the MFP, the presence of a Social Performance (SP) champion at the board level and board members with relevant experience in Social Performance Management.

To this end, a majority of the reporting institutions have reported conducting board orientation for their respective social missions.

Exhibit 3.5: Board Commitment to Social Performance Management



All 9 reporting MFBs have reported that their board members were oriented on the organisation's social mission while 15 out of 18 MFIs reported that an orientation session was carried out for their board members. 5 out of 6 RSPs also reported conducting orientation sessions for their board members.

Similarly, 4 out 9 MFBs reported that they had an SPM champion or a committee at the board level whereas only 7 out of 18 MFIs and 2 out of 6 RSPs had an SPM champion or a committee at the board level. Regarding the experience of board members in SPM, 7 of 9 MFBs, 14 out of 18 MFIs and 5 out of 6 RSPs reported compliance on this indicator.

HR Practices

Regarding HR practices pertaining to social goals, the assessment tool measures if staff incentives are related to social performance, how number of clients are incentivised and whether HR policies are related to Social Performance.

Staff incentives measure the MFPs' adherence to social performance as per the number of clients entertained by the field staff, the quality of interaction with clients based on client feedback mechanisms, quality of social data collected, and/or the portfolio quality maintained by field staff.

The second aspect measures how MFPs reward staff based on metrics of social performance, where incentives or bonus systems are tied (in whole or in part) to the number of clients in field officers' portfolios. These can be based on the total number of clients, number of clients meeting specific criteria and/ or retaining existing clients.

The third indicator encompasses the USSPM standards for responsible treatment of employees. These look as the Human Resource policies related to social performance include the presence of social protection (medical insurance and/or pension contribution), safety policy (protecting staff members from external harm while in the field), anti-harassment policy, non-discrimination policy (explicit policy against discrimination based on sex or ethnicity in matters of hiring, firing, and payment of staff members) and a grievance resolution policy (a formal channel or channels for communicating and redressing problems staff may have on the job).

Exhibit 3.6: Staff Incentives Related to SPM

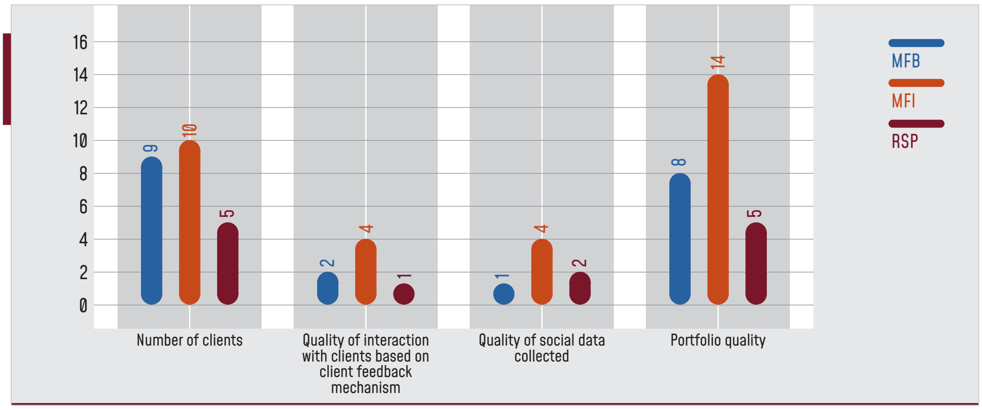


Exhibit 3.6 shows that across the microfinance industry, portfolio quality was the most cited factor to determine staff incentives, both for MFBs and MFIs. This implies that MFPs had incentives and/or bonus systems designed to reward staff based on their performance of consistent and timely loan collection. The second most cited measure was the number of clients, which implies that MFPs have incentives and/or bonus systems linked to the number of clients in a loan officers' portfolio.

Exhibit 3.7: Methods for Calculating Staff Incentives

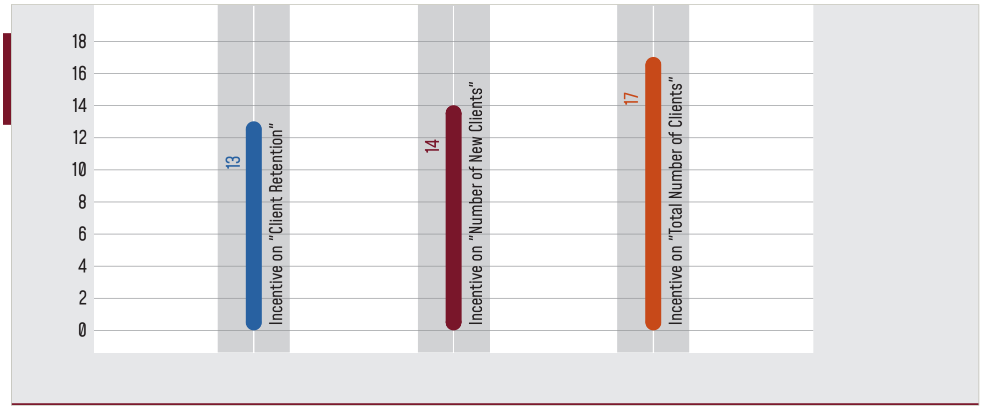


Exhibit 3.7 shows that all MFPs used a combination of these measures for calculating staff incentives, with the most common being incentives related to "total number of clients" followed by number of new clients and client retention.

Exhibit 3.8: HR Policies Related to Social Performance

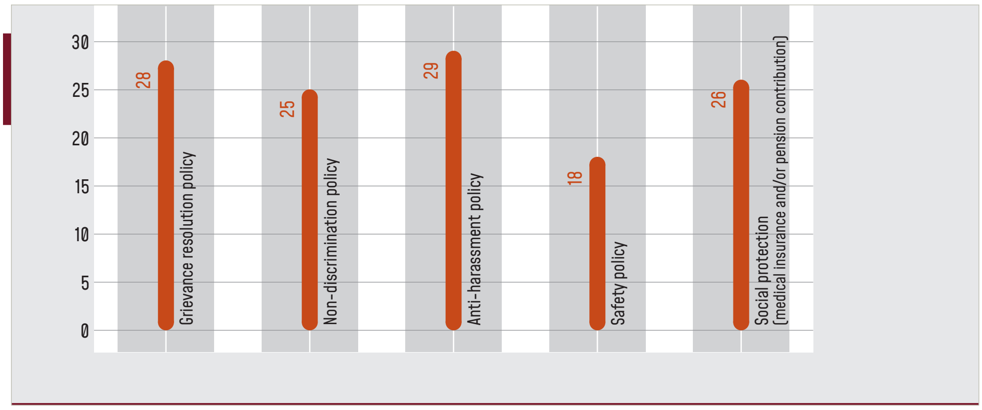


Exhibit 3.8 shows that all reporting MFPs had effective HR policies related to Social Performance with strong reporting on anti-harassment, staff grievance resolution, social protection and non-discrimination. However, there appeared to be a gap in policies pertaining to safety of staff members since only 18 of the reporting 33 MFPs cited having any safety mechanism in place.

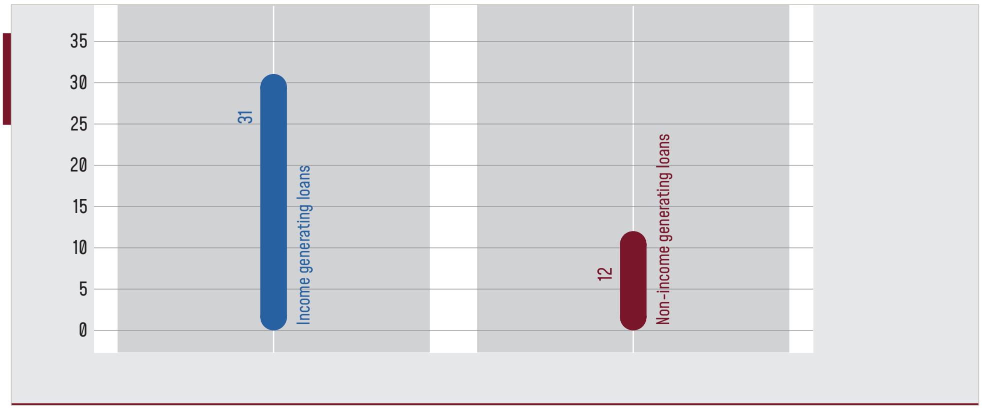
3.1.3 Products and Services: Financial

Microfinance encompasses a range of financial services for the low income and poor households, including savings, insurance and money transfer services along with credit. This sub-section summarises the range of financial products offered by MFPs in Pakistan and looks at how these are adapted for client needs.

Credit

All reporting organisations offer microcredit services, for income generating purposes as well as for non-income generating (consumption) purposes.

Exhibit: 3.9: Types of Credit Products Offered by MFPs



As Exhibit 3.9 shows, the majority of MFPs offered income-generating loans. The data collected indicates that 2 MFPs offered only non-income generating loans while 10 MFPs offered some sort of consumption loans in addition to their income-generating loans.

The diverse nature of microfinance clientele underscores the need for MFPs to go beyond a generic product design and produce a differentiated range of products to serve different market segments and customer demands. The income generating loans extended by MFPs included microenterprise loans, SME loans, agriculture/livestock loans and express loans. While for the non-income generating loans offered, the main categories included education loans, emergency loans, housing loans and other household consumption loans.

Exhibit 3.10: Credit Offerings by Peer Groups

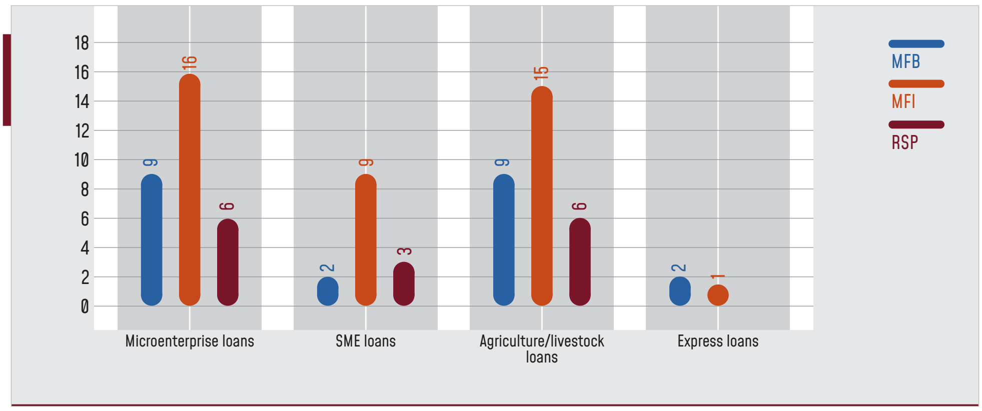


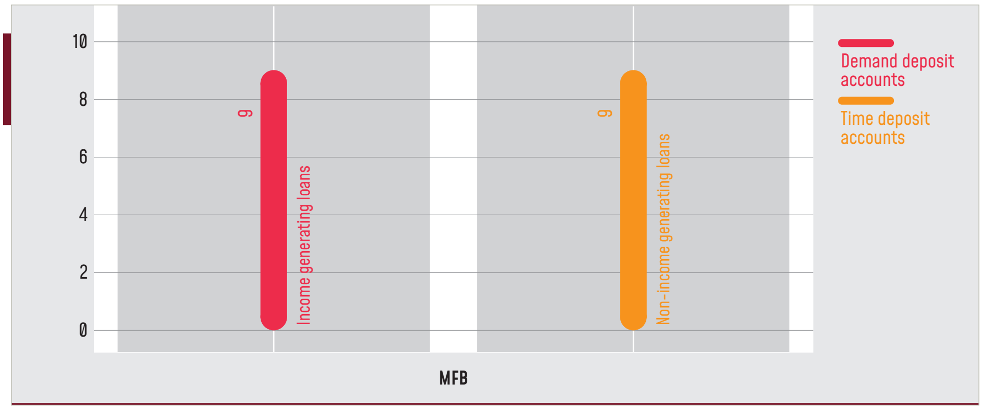
Exhibit 3.10 shows the range of activities for which income-generating loans are available in Pakistan.

Loans for microenterprises and agricultural and livestock microcredit are by far the most common, with 31 out of 33 reporting MFPs offered the former and 30 of 33 offered the latter. Other activities for which a growing number of MFPs offered credit products included SME loans and a smaller number offered express loans.

Deposits

Given the regulatory structure in Pakistan for savings product/deposits, only MFBs can intermediate deposits and hence, offer voluntary deposit accounts (both demand deposit accounts and time deposit accounts). Exhibit 3.11 shows that all 9 reporting MFBs offered both demand and time deposits, based on the needs of their clients.

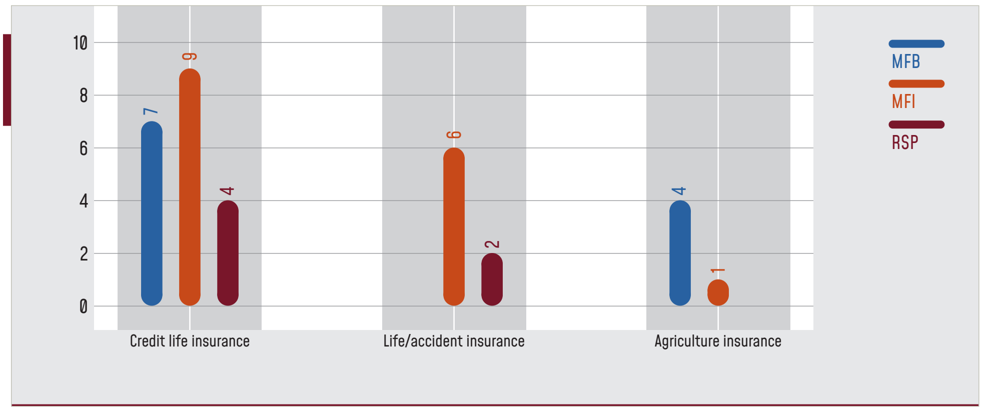
Exhibit 3.11: Savings Products Offering by MFPs



Insurance

Insurance products are increasingly gaining popularity among clients of the microfinance sector and there is sufficient demand for MFPs to offer these services. To cater to the needs of the lower income segment, various micro-insurance products are being developed and offered. A majority of the reporting MFPs offered insurance products to meet their clients' needs and to protect them against the risk of losses.

Exhibit 3.12: Types of Compulsory Insurance



As Exhibit 3.12 shows the most common compulsory insurance product offered by MFPs to its clients was the credit life insurance product, with 20 of 33 offering it. A majority of MFBs provided credit life insurance. Other compulsory insurance products included life/accident insurance and agriculture insurance.

While compulsory insurance products were offered along with the credit facility extended, some MFIs offered voluntary insurance products on a needs-basis to customers through partnerships with insurance providers. While most MFBs offered compulsory insurance, there were a few that offered voluntary insurance products.

Exhibit 3.13: Types of Voluntary Insurance

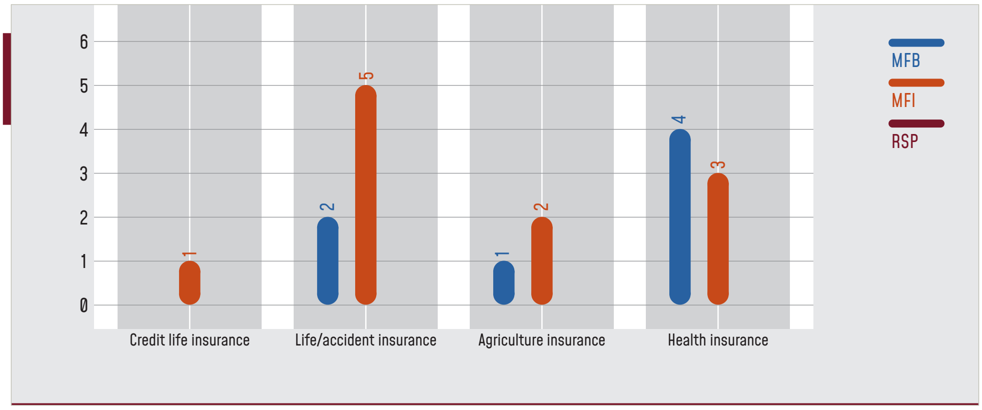
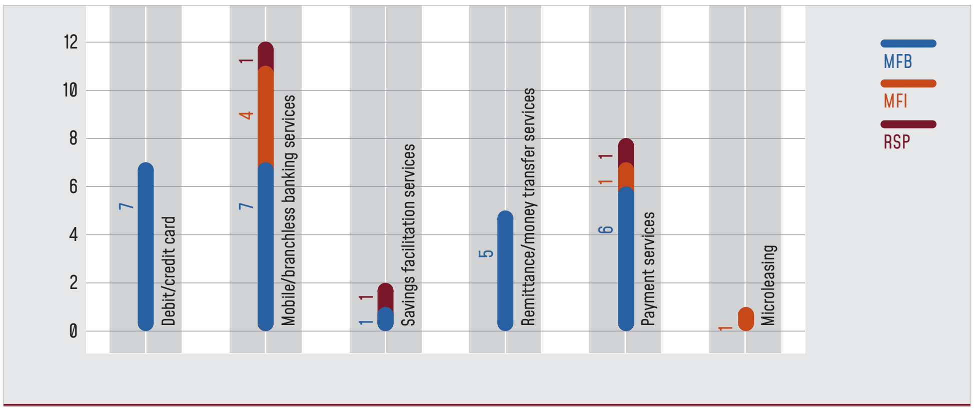


Exhibit 3.13 shows that voluntary insurance products included credit life insurance, life/accident insurance, agriculture insurance and health insurance. Amongst all peer groups, life/accident insurance and health insurance were covered by most MFPs providing voluntary insurance.

Other Financial Services Offered

In addition to traditional credit, savings and insurance products, MFPs also offered one or more other financial services, including debit/credit card, mobile banking services, savings facilitation, remittances services/money transfer services, payment services and scholarship/educational grants (as shown in Exhibit 3.14). Provision of these services tended to be dominated by MFBs relative to MFIs and RSPs.

Exhibit 3.14: Types of Financial Services Offered



However, some MFIs and RSPs also offered clients other services such as, mobile/branchless banking services while a few supported clients through savings facilitation, payment services and educational grants/scholarships.

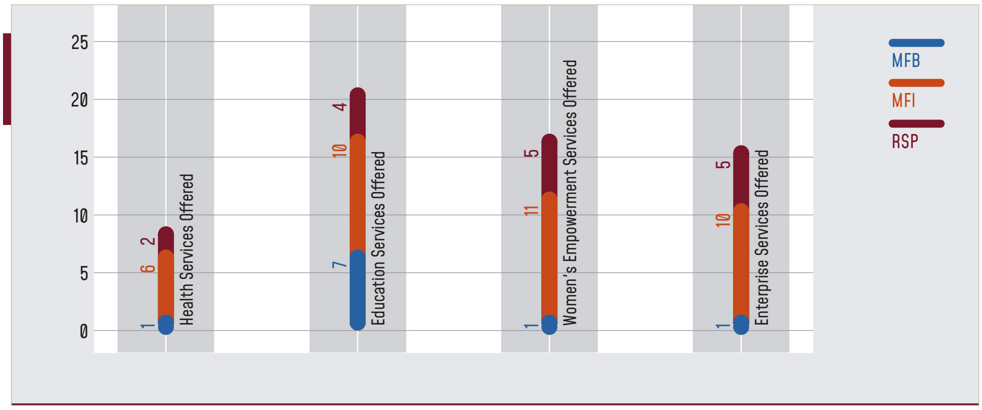
Products and Services: Non-financial

MFIs usually provide non-financial services to their clients, in addition to financial services. The aim of this initiative is to ensure the productive use of the newly acquired financial resources, particularly the ones provided for enterprise or business development. These services can include education related to running a business, provision of entrepreneurial skills and women empowerment amongst others. Nonfinancial services can be offered by the institution directly or through a partnership.

The range of skills imparted differs for each institution, depending on their capacity and vision, but the overarching purpose remains helping clients develop supplementary skills they can ill-afford otherwise. These can take the form of provision of basic services like health and education or business and/or technical skills trainings. For this analysis, such services are grouped into four main categories: enterprise, education, health and women's empowerment.

Contrary to the MFBs having a lead in provision of other financial services, in this domain, MFIs and RSPs were more active in providing all types of non-financial services in the market, especially those committed to a social mission (see Exhibit 3.15).

Exhibit 3.15: Non-Financial Services Offered

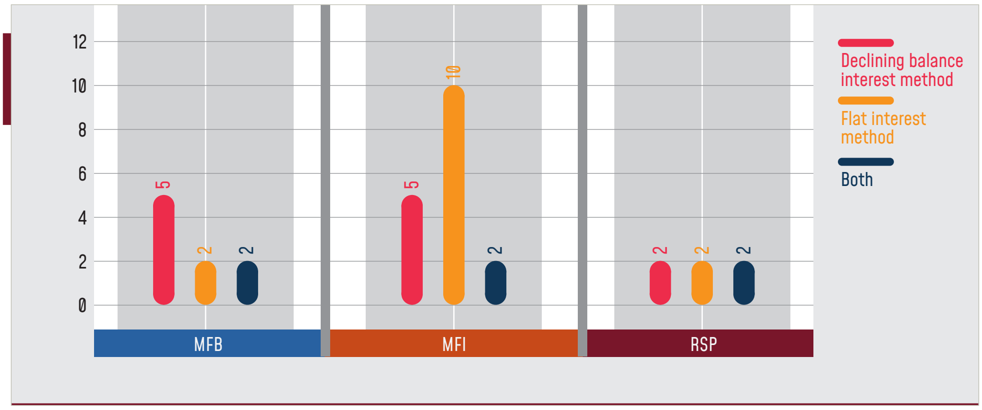


While MFIs and RSPs were offering at least one (in some cases multiple) non-financial services, only one MFB was seen to be offering health services, women's empowerment services and enterprise services to its clients. A majority of MFBs were, however, seen to be offering education services which primarily included financial literacy. For MFIs and RSPs there was focus on providing women's empowerment services, enterprise services and education services. These initiatives were seen to supplement ease in recovery of loans. A handful of MFIs and RSPs also offered health services like basic medical and special medical services for women and children.

Transparency of Cost

Ensuring pricing transparency is a primary responsibility of the financial service provider. It is considered an essential requisite for sound consumer protection, social performance and responsible microfinance. Given this, the oversight of pricing mechanisms has surfaced as an important tool for the microfinance industry, and efforts are underway to ensure full disclosure of pricing information to the borrower. The industry has made a concerted effort to promote greater pricing transparency using a standardised pricing methodology for easier understanding and comparison across products and MFPs for consumers' decision-making.

Exhibit 3.16: Method to State Service Cost by Peer Group



As of 2018, 19 MFPs reported using the declining balance method for calculating interest rates while 20 reported using the flat methodology for interest rate calculation. It was seen that a significant number of MFPs in Pakistan continued to use the flat methodology to communicate prices to clients – where interest rate is communicated based on the stated initial principal amount of the loan irrespective of the payment plan. However, almost an equal number of MFPs reported the use of a declining balance method – which means interest is communicated on the amount of the loan principal which the borrower has not yet repaid.

All MFBs in Pakistan are required by the State Bank of Pakistan (SBP) to disclose the interest cost to the borrower. Exhibit 3.16 shows that 7 MFBs used the declining balance interest method and 4 MFBs used the flat interest method. Further breakdown of these figures reveals that 5 MFBs offered products whose interest rate calculation is based on the declining balance methodology, 2 MFBs offered products whose interest rate calculation is based on the flat balance interest rate methodology while 2 MFBs offered different products with interest cost being calculated through either flat and declining balance method.

The data shows that 8 MFIs and 4 RSPs used the declining balance interest method while 12 MFIs and 4 RSPs used the flat interest method. Exhibit 3.16 shows that 5 MFIs reported their interest rate calculations were based on the declining balance, 10 MFIs reported that interest rate charged to the customer is determined by using flat balance methodology, while 2 reported using either one for different products. 2 RSPs reported using the declining balance method, 2 reported using the flat balance method for calculation of interest rates while 2 report a mix of both.

3.1.4 Client Protection (CP)

One of the principles in USSPM is that of treating clients responsibly. This particular parameter has increased in importance in recent years to prevent MFPs from compromising on the clients' interests in favour of expansion of operations. To ensure ethics and smart business practices, a client-centred approach is therefore, being promoted.

There are seven all-encompassing principles of client protection developed by the SMART Campaign[19], an international consortium of microfinance stakeholders, in pricing transparency, which include

» Appropriate product design and delivery
» Prevention of over-indebtedness
» Transparency
» Responsible pricing
» Fair and respectful treatment of clients
» Privacy of client data
» Mechanisms for complaint resolution

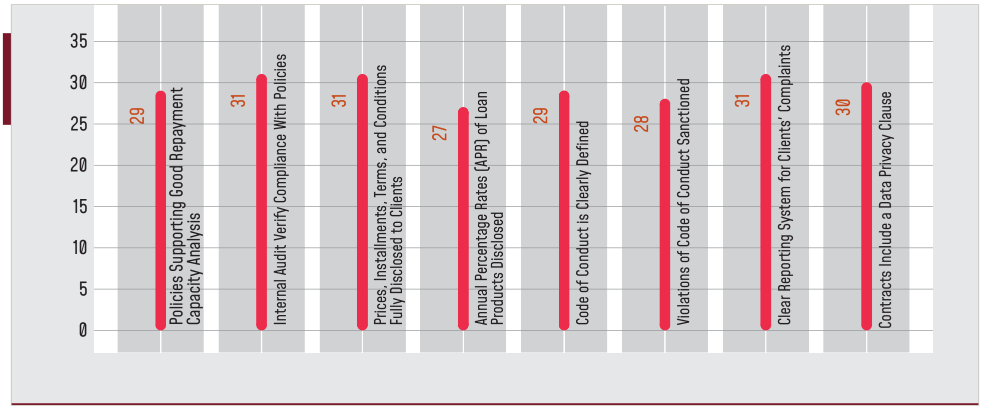
For analysis of the sector with respect to client protection, the parameters include presence of policies supporting good repayment capacity analysis, internal audit compliance, full pricing terms disclosure, APR disclosure, CP code of conduct violations, clear reporting systems and data privacy clauses.

Overall, the sector showed positive compliance to CP principles, particularly with most reporting MFPs showing compliance on internal audit mechanisms, full pricing terms disclosure and on clients' complaint reporting systems.

Due to the regulatory framework, instituted by the State Bank, all reporting banks showed full compliance to the basic CP indicators. With MFIs now falling under the regulatory framework of SECP, any shortfalls in compliance are likely to be removed.

19. See the Smart Campaign website for more details on the seven CP principles and how these are promoted and monitored through Smart Assessment tools: http://www.smartcampaign.org/

Exhibit 3.17: Client Protection Indicators



Environmental Policies

In recent years, following the global trajectory, there has been increasing emphasis on achieving the "triple-bottom line" objective, thereby addressing environmental and social goals in addition to the financial targets. For the last few years, social performance reporting to MIX has included a section on MFPs' environmental policies. This assessment looks at indicators which are broadly classified into two main categories, namely the presence of environmental policies and types of environmentally friendly products and/ or services offered.

These environmental policies refer to MFPs promoting awareness on environmental impacts, having the necessary tools to evaluate environmental risks of client's activities and products including clauses in loan contracts to ensure mitigation of environmental risks through the clients' businesses and specific loans linked to environmentally friendly products.

Exhibit 3.18: Environmental Policies in Place

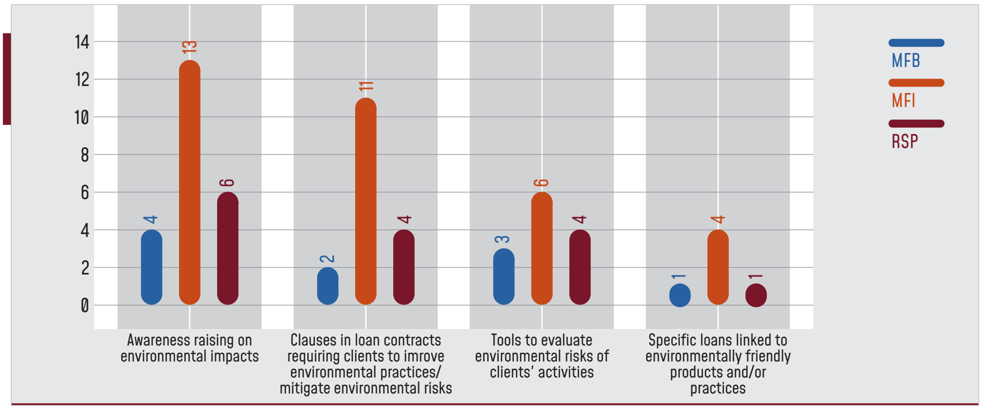


Exhibit 3.18 shows that a significant number of MFIs had policies in place to promote environmental protection. The most common area within the domain of environment being addressed by MFIs was 'awareness raising on environmental impacts' as a total of 13 MFIs out of 18 MFIs are working on this. 4 out of 7 MFBs and all 6 RSPs were seen to be focusing on awareness raising. This was closely followed by MFPs working on

including clauses in loan contracts to encourage improvement of clients' environmental practices and risk mitigation.

At the sector level, as evident from Exhibit 3.18 there is a need to put more effort into developing tools to evaluate environmental risks of clients as well as provision of specific loans linked to environmentally friendly products and/or practices.

Exhibit 3.19: Environmentally Friendly Products/Services Offered

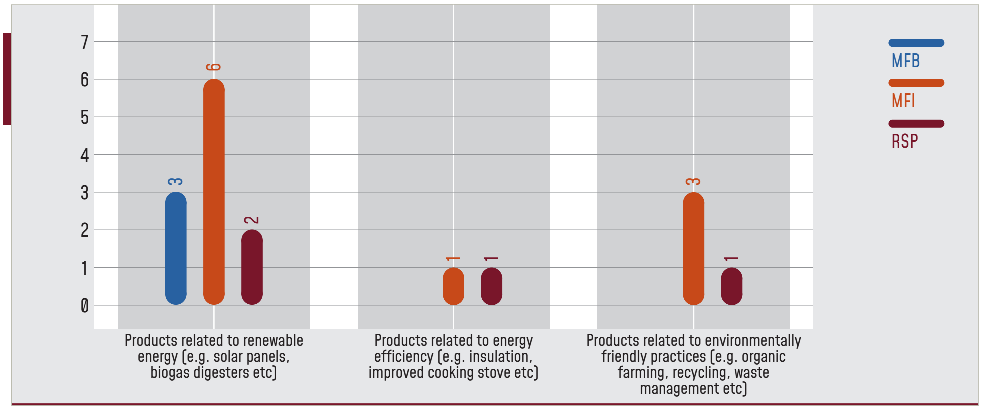


Exhibit 3.19 depicts that within the category of providing environmentally friendly loans, the most common loan product being offered related to renewable energy with a total of 11 MFPs focusing on this aspect. Some loan products for energy efficiency and adopting environmentally friendly practices were also offered to clients.

3.2 Conclusion

The analysis of microfinance providers with respect to their social performance shows there was strong commitment to improve on the indicators to address the needs of various marginalised segments of the society. While the sector has developed exponentially in the last decade, there are certain segments that are still underrepresented and underserved such as the adolescent and youth, transgenders and persons with disabilities. There is enough opportunity and need to expand and customise products and services for these segments to meet the goal of universal financial inclusion.

The sector can also play an instrumental role in providing the lower-income sector with insurance products. Developing and implementing innovative insurance products customised to meet the needs of clients can help resolve issues such as inadequate access to healthcare and can provide the clients with a necessary cushion to positively impact their consumption smoothing pattern. Given the challenges that climate change poses for the marginalised, who are more vulnerable to it, there is immense need to promote and support small businesses that are providing environmentally friendly and energy efficient products and services.

The commitment of the microfinance sector to its social goals is visible in their governance structures whereby there is compliance to ensuring that board members are oriented and experienced in social performance management. This implies regular oversight and reporting on social performance metrics at the highest level which is likely to ensure compliance in management and operations.

SECTION 4

THE WAY FORWARD

2018

4.1 The Challenge to Profitability

The recent increase in the discount rates by the SBP in response to the macroeconomic twin deficits has resulted in a substantial increase in funding costs for the practitioners. Players are unable to pass on the increase in costs to their borrowers by increasing lending rates due to the prevailing economic situation, and thus, profitability is likely to be negatively affected.

Currently, microfinance players, especially MFBs, are looking at profits to not only maintain their capital adequacy but also give dividends to their investors. In the past, MFBs have successfully used the low interest rates environment to mobilize deposits by offering returns higher than the market rates. These players are likely to face a challenging situation. NBMFCs, which are mostly structured as non-profits and are totally reliant on profit income to expand their equity base, will also be negatively impacted by decrease in profits. The situation is further exacerbated by the fact that subsidized lending is no longer available, and the national apex is lending at commercial rates. Moreover, since many of the players have borrowed internationally over the last few years at floating rates, their costs have also become prohibitive.

In this scenario, the likely decrease in the profitability has the potential to reduce the risk appetites of MFPs and adversely affect the growth in outreach of the sector. A potential option for service providers is to increase their loan sizes amid the surge in inflation, which is likely to further drive their cost of operations downwards.

4.2 Funding Landscape

The funding requirements of the microfinance sector vary according to peer groups. MFBs are meeting their financing needs primarily from the deposits whereas NBMFCs are dependent on debt as their primary source of funding. The unique funding requirements of each peer group are as follow.

4.2.1 MFBs

While the MFBs have successfully mobilized deposits over the last few years, they are now relying heavily on this source to meet their funding needs. However, this success has come at the back of offering a higher return than market rates on deposits. The reduction in the policy rate in the last few years has resulted in ample room for MFBs to offer attractive returns to their depositors without affecting their profitability or raising the rates offered. However, the recent reversal in the trend and the doubling of the discount rate is a challenge for these players. To continue offering above market rates, the MFBs would be forced to raise their lending rates or squeeze their margins. MFBs could explore attracting retail deposits by developing products that meet the savings requirements of the lower income segment, while m-wallets also have the potential to raise inexpensive funds.

Growth over the last few years has led to MFBs struggling to maintain their capital adequacy. Moreover, as institutions start declaring dividends, the pressure continues to rise. The national apex, PMIC, has provided tier 2 capital to a few MFBs whereas others have resorted to issuing Term Finance Certificates (TFCs). Raising equity through private funds or IPOs are also options that are being explored by MFBs. However, this approach is hampered by underdeveloped capital markets in the country. Securitisation is another option that can be an avenue used to meet the funding requirements of MFBs.

4.2.2 NBMFCs

Non-Bank players continue to rely on debt to meet their funding requirements. The national apex remains the main source of funds and other than a handful of larger players, others have found it difficult to borrow from commercial banks. Utilising funds available under the recently launched Line of Credit (LoC) has been a challenge for most players as it requires submitting a repayment guarantee to the SBP. International lenders remain an attractive option and are currently active in the local market but following the rise in discount rates and the hedging premium, it has been rendered an expensive option.

Some commercial banks have lent to the NBMFCs as part of meeting their indicative agriculture targets provided by the SBP for on-lending to small and marginalised farmers. Thus, additional guidelines by the Central Bank in this regard can facilitate further expansion in this area. Moreover, a risk sharing mechanism like the now defunct Micro Credit Guarantee Facility can facilitate commercial lending to small to mid-sized players.

4.3 Sustaining Growth

Over the last several years, the microfinance industry has grown at double-digit rates with borrowers reaching 6.7 million at the end of the year 2018 from 2.0 million in 2011. The growth was possible due to several factors including a conducive policy and regulatory environment, market-based pricing, maturing of business models of the practitioners and the availability of funds. Moreover, an appropriate and necessary infrastructure had been in place to support this growth.

However, sustaining this growth rate brings many concerns and questions to mind especially when the sector faces challenges on the external front. First and foremost is the contact with clients. To expand outreach, reliance on third parties or “activists” needs to be addressed. Moreover, as MFPs expand, there is a prevailing “herd mentality” where branches of the players are clustered in the same locality and the same segment of market is being serviced by multiple players. This has resulted in over-indebtedness among clients. Moreover, the absence of a fully functional credit bureau over the last few years has also resulted in lenders inability to get a clear borrowing profile of the clients and possibly resulted in multiple borrowing & chronic defaulters being able to get loans.

In order to sustain growth, MFPs need to expand into low penetration areas and tap unexplored segments of the market. Moreover, as two private bureaus are now operational, they can be tapped to obtain the complete borrowing profile of the sector. In addition, internal controls and risk management frameworks need to be continuously updated as the industry evolves. Most importantly, the relationship with the clients’ needs to be maintained to keep the practitioners updated about client’s financial health & funding needs while also reducing the chances of default.

4.4 The Role of Microfinance in Complementing the Government’s Development Agenda

Microfinance has the potential to play a catalytic role in the delivering current government’s development agenda of enhancing financial inclusion particularly for the poorest districts and marginalized segments. There is an opportunity for the microfinance sector to support other poverty alleviation initiatives of the government such as housing finance and agriculture finance.

Given that poverty alleviation in the poorest districts is one of the foremost priorities of the government, the microfinance sector is in a unique position to address this issue due to its grassroots presence in remote areas and the profile of its clientele, the majority of which comprise of marginalised segments (including rural, semi-urban, women and the low-income economically productive population). Due to the sector's outreach, there is also potential to increase access to finance to the traditionally overlooked population, including youth, persons with disabilities (PWDs) and transgenders. Important potential synergies here can include the government creating linkages between the financial sector and microfinance providers and covering operational costs and probable loan losses to facilitate access to loans for the poorest segments.

Another approach for bringing the underserved population within the ambit of financial access can be carried out by using the graduation model[20]. Using this approach, people on social safety net programmes can eventually be graduated to attaining financial services. Leveraging social protection programmes such as the Benazir Income Support Programme (BISP)[21] and Ehsaas[22] to provide cash transfers is an ideal tool for financial inclusion for far-flung areas and marginalized segments. These safety nets and grant programmes can be linked to providing financial literacy and training to their clients, so they can subsequently be connected to MFIs and microfinance services. This collaboration can be based on the premise that these clients save and start building assets through the cash transfers and eventually gain the resources to make good use of loans offered by MFIs. This process should also entail information sharing on the credentials of the recipients of the social protection Programme, highlighting their progress and financial capacity to borrow and repay the loan. The information derived can then be shared with the MFPs to avoid the risk of loan default and help reduce any risk institutions.

The outreach of microfinance can also be harnessed to deliver on the government objective of providing five million homes. Since the microfinance sector knows the nuances of the needs of the marginalised, and a current housing portfolio of up to 1%, it is in an ideal position to provide access to low cost housing. The microfinance sector aims to reach 10 million active borrowers and 50 million depositors by 2020[23]. If 5 percent of the incremental portfolio, projected to be at 23.2 million borrowers, is earmarked for low cost housing finance then a potential 1.1 million housing clients can be tapped through financing by the microfinance sector. Although the current housing portfolio of the sector remains low, it has the potential to expand significantly if the government channels funding for housing through the sector.

The government's objectives also include a focus on improving financial access for farmers. The microfinance

20. PPAF

21. Benazir Income Support Programme provides a comprehensive social protection net with multiple social protection instruments for alleviating poverty of the marginalized and under privileged sections of society, especially women.

22. Ehsaas is a recently announced poverty alleviation Programme of the government, which includes safety nets for the disadvantaged as one of its focus areas.

23. As stated in the "National Financial Inclusion Strategy".

sector enjoys excellent outreach in rural areas with an exposure of 55 percent of total outreach. The exposure in agriculture and livestock is 40%. This again makes microfinance an excellent conduit for the government to channel funding and finance through to this vulnerable segment of society which otherwise does not have adequate access to finance.

There is thus, significant room for the microfinance sector to use its niche position to aid the government in furthering its development agenda. Given the government's commitment to eradicating poverty in far-flung areas, microfinance can play a pivotal role through its grassroots outreach. Similarly, for accessing the poorest segment of population, microfinance institutions are well-placed to provide community mobilisation.

4.5 AML/CFT Compliance

Money laundering and the financing of terrorism are detrimental to the financial system of a country. The uncertainty of the origin of assets or financial holdings make them unreliable sources of capital or investment for sustainable development as demand for cash increases while increasing volatility in interest rates, exchange rates and inflation. Economies with a weak Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) framework suffer from considerable reputation risk which in turn makes the economy less attractive for foreign direct investment, donor funding or other sources of international capital. Not only is the development of an effective AML/CFT framework essential at the macro level, but also at the institutional level as institutions need to shield themselves from the negative effects of being involved in illicit activities[24].

The Financial Action Task Force (FATF) is an inter-governmental, policy-making body with the objective of countering money laundering and terrorist financing. The body does so by developing measures and standards that create an enabling environment for appropriate legal, regulatory and operational measures that are used to combat money laundering, terrorist financing and other financial threats that adversely impact the integrity of the international financial system. The "Forty Recommendations on Money Laundering and the Special Recommendations on Financing of Terrorism" prepared by the body are recognized as the international standard necessary for an effective AML/CFT framework. The regulatory framework covers any institution involved in financial transactions, including financial service providers working with low-income clients. Thus, the implications for these regulations are significant in the context of the financial services sector including the microfinance industry.

In June 2018, the Government of Pakistan committed to improving its AML/CFT framework by working

24. Focus Note: AML/CFT Regulation – Implications for Financial Service Providers that Serve Low-Income People by CGAP

with the Financial Action Task Force (FATF) and the Asia/Pacific Group (APG). The objective of this exercise was to address the deficiencies in the AML/CFT regime and to develop a risk assessment addendum to improve the strategic measures for countering of terrorism financing. The collaboration resulted in the development of an action plan which highlighted sets of items against which Pakistan must comply. While the country had taken steps to improve the framework, it failed to address all items in the action plan with the deadlines of January 2019 and May 2019. In June, FATF strongly recommended that Pakistan immediately display evidence of the completion of the action plan by October of the same year which is when the last set of items listed on the plan are set to lapse as the country does not demonstrate a proper understanding of Pakistan's transnational Terrorist Financing risk[25].

For all financial service providers, the AML/CFT compliance primarily revolves around four main activities:

1. Internal Controls of an Institute
2. Customer Due Diligence
3. Surveillance and Record Keeping
4. Reporting of Suspicious Activities

Compliance with these activities is likely to increase the costs associated with compliance. The establishment or development of new internal controls, client intake procedures, the assessment of incoming funds along with the legitimacy of their sources, appropriate information systems and the training of staff are all activities that are necessary for the successful implementation of an effective AML/CFT framework.

While microfinance clients are low-income clients with little or no assets and unsteady streams of income, the profile of such a client reduces the risk of service providers being used for money laundering. Similarly, microfinance transactions including savings, credit or transfer are very small, thus any immediate flows of large or frequent sums are likely to stand out. However, when considering terrorism financing, even the smallest transactions are considered material and can be significant. The use of money transfer services can also pose a significant risk of money laundering or financing of terrorism. Moreover, in a developing economy such as Pakistan's, it is a challenge for service providers to identify clients according to international standards due to a lack of appropriate information such as complementary documentation or the address of the client.

Given the increasing pressure faced by MFPs to comply with increasingly strict regulations regarding AML/CFT, these institutions should identify, understand and comply with the regulatory laws applicable without compromising their primary objective of providing financial services to the underprivileged. The key is to find a balance between regulation, sustainability and client needs. The development of an appropriate AML/CFT policy that helps in identifying areas susceptible to high risk such as client profiles and product profiles need to be formulated. The MFPs could do so by working with the regulators (SBP and SECP) in implementing an AML/CFT framework in a specified time frame in order to adapt their operational procedures and activities accordingly. MFPs should also adopt

25. FATF: Improving Global AML/CFT Compliance – On-going Process – 21st June 2019

a risk-based approach where service providers classify transactions based on the riskiness of the transaction and scrutinise accordingly. This means that institutions providing low-risk financial products with little or no link to a payments system may be allowed to adopt simpler measures of compliance.

What also needs to be considered is that measures should not be stringent or strict in such a way that they prove to be counterproductive i.e. compelling low income or underprivileged clients to resort to informal ways of lending and saving.

4.6 Evolution of Credit Information Bureaus (CIBs)

The primary goal of a Credit Information Bureau (CIB) is to mitigate the credit risk by collecting, storage, and dissemination of information via integrated systems. Apart from the personal details such as the identification numbers, age, marital status, addresses, and phone numbers, CIBs also contain credit-specific information on historical debts and repayment records. This data allows MFPs to make evidence-based decisions. Another significant issue that is tackled with the help of a CIB is about multiple borrowing and over-indebtedness which is caused due to multiple borrowings among clients. There are 46 MFPs with overlapping branches and evidence suggests that the intense competition between MFPs in each district has led to over-lending or over-indebtedness instead of a demand induced approach that compliments financial inclusion. Over-indebtedness is considered a serious risk to Microfinance or financial inclusion because it eventually leads to the inability to pay loans which in turn reduces portfolio quality.

The establishment of CIBs is essential to improve the portfolio quality and to reduce the associated credit risk. The more efficient processing of new loans can improve long term financial sustainability of MFPs and clients while reducing transaction costs. Moreover, better quality of client data can allow MFPs to increase the scale and depth of outreach by identifying the untapped or the “riskier” segments of the potential microfinance market. CIBs also foster a culture of responsible repayment among borrowers since clients know their information is being collected and are aware of the importance of maintaining a positive credit history. The enhanced coordination and sharing of portfolio information among financial institutions can help create a more inclusive sector while increasing the level of compliance and related practices such as “know-your-customer” (KYC) standards to improve the risk management process.

In 2015, the Government of Pakistan promulgated a new law namely the Credit Bureaus Act. Under this Act, licensed credit bureaus were authorised to collect and disseminate the data obtained from financial service providers and non-financial institutions such as retailers, insurance companies, utility providers and others. The bureaus would then be able to undertake credit scoring activities and generate valuable information from the data for different stakeholders while increasing the coverage, scope and accessibility of information on borrowers for improved decision making by institutions. By June 2019, 3 MFCIBs had been authorized to operate in Pakistan. These are as follows:

1. M/S Aequitas Information Services Limited
2. M/S Data Check Limited
3. eCIB (established by the SBP)

The regulator also bound all MFPs to become a member of at least one of the bureaus by the deadline of September 30, 2019. It is also necessary for MFPs to provide client information and other reporting initiatives monthly to the SBP for regulatory requirements.

Developing a comprehensive legal and regulatory framework for private bureaus took considerable but necessary time. It was essential to put in place robust and fully equipped credit bureaus to cater to the market needs under a proper regulatory regime. The establishment of a separate market for private players encourages competition. Along with the use of customised scoring models, value added services, such as advice on how to appropriately leverage the information and improved customer relationship, will prove to be vital in order to compete successfully. Catering to the enhanced and value-added needs could transform credit information bureaus from mere vendors to business partners.

4.7 Advancements on the Digital Front

4.7.1 Digitization in the Microfinance Industry

The microfinance sector in Pakistan has seen tremendous growth over the last few years. However, compared to regional players like India and Bangladesh, Pakistan's microfinance industry is still in a nascent stage with approximately 7 million borrowers. There are several issues which are holding the microfinance industry from achieving its true potential. Of these issues, one major issue is the lack of digitisation in microfinance industry.

Currently the average turnaround time of loan approval is 7 working days which is significantly higher than other markets like Bangladesh or Kenya. A higher turnaround time means more time invested by the loan officer in a single loan. The major reasons behind the delayed approval is the physical nature of the application where the hard copy of the application is circulated among various departments, the number of field visits conducted by the loan officer to complete the application process, the distributed nature of the approval process and lack of delivery channels. These issues also prove to be a bottleneck for further expansion of the microfinance providers, thus limiting the outreach to potential customers, especially those residing in remote areas.

The creative use of technology can mitigate many of these bottlenecks, as digitising the loan application process can reduce turnaround time for loan approval significantly. For example, digitising the application process would mean the credit bureau checks and social appraisal scores could be done by the loan officer on the field and a decision could be made without the need for physical application to travel to the branch. Subsequent approvals could be made online no matter where the approving officials are based. This could allow microfinance providers to increase the caseloads for existing loan officers. This was the case in Kenya as demonstrated in a study conducted by Musoni Systems in 2015, where caseload per loan officer increased up to 68 percent after digitisation of the overall process as shown in Table 4.1 & 4.2 below.

Table 4.1: Loan Officer Caseload per Branch Since DFA Launch[26]

Branch	Jan 2013	Dec 2013	Dec 2014
Naivasha	130	185	302
Zimmerman	198	214	263
Gikomba	212	193	352
Thika	195	215	226
Kitengela	130	194	254

Table 4.2: Effect on Revenues[27]

	PRE-DIGITISATION	POST-DIGITISATION
Number of loan officers	61	61
Caseload per loan officer (68% increase in total)	150	252
Additional loans/officer attributed to DFA (70% of increase)		71
Average loan size	$ 500	$ 500
Net interest margin	4%	4%
Increase in net income as a result of the increased case load		$ 86,620

Source: Digital Field Applications – Musoni Case Study

The access to delivery channels is another bottleneck as many microfinance providers are currently disbursing loans through traditional banking methods such as cheques. This means that customers in remote areas are left out since they do not have access to traditional banking services. If microfinance providers could be linked to other delivery channels available in Pakistan, outreach can be significantly increased, bringing more marginal and remote communities into the fold.

26. Digital Field Application: Musoni Case Study by Accion
27. Ibid

Source: SBP

Investment in technology can bring dividends in the long run for the microfinance industry in Pakistan.

A collaboration among the industry players can bring the cost of technology down, while accelerating the digitisation process.

4.7.2 Branchless Banking & Interoperability

The financial industry of Pakistan launched the Branchless Banking (BB) services, also known as Mobile Money about 10 years. Pakistan's market with 85 percent of the population unbanked had the required ingredients for branchless banking services to flourish. The idea was to take financial services to those segments of population who have been ignored by the traditional banking service providers due to numerous reasons such as lack of infrastructure, ROI considerations for bank branches, remote and scarcely populated areas and others.

Branchless Banking, to a certain extent, did what it was meant to do - exponentially expand the outreach of financial services. With the availability of banking services on mobile phones, traditional bank branches were no longer required. This meant banking services could be offered at regular shops, while certain tasks like airtime purchases or utility bill payments could be performed while sitting at home.

However, despite the enormous success, branchless banking lagged in certain areas and did not achieve the results it was meant to achieve. One such area was providing interoperable services. Working in silos meant customer of a service provider would have to stick with the same service provider. At inception, customers could only open mobile wallets of the service provider backed by their mobile network provider. In other words, the mobile wallet was linked to the SIM card inserted in the customer's mobile phone. Furthermore, you could only send and receive money from customers of the same providers. This, however, has changed in the past couple of years with a push for interoperability coming from the State Bank. Customers can now open mobile wallets irrespective of their network provider since BB players have now built capacity in their systems to open mobile wallets of other MNOs users and even SIM-less users. State Bank is now further pushing the cause with the introduction of the 'Asaan Mobile Account', a concept where anyone can avail BB services while having USSD access to his/her mobile account. For this purpose, Third Party Service Provider (TPSP) licenses have been issued to players who will be providing aggregated USSD access to mobile wallets. Furthermore, customers can transfer money to any mobile wallet in Pakistan, after the BB players have linked themselves to 1-Link. Furthermore, traditional banks have now started using the agent network of BB players to offer services such as cash withdrawal and IBFT transfer in areas where traditional infrastructure is not available.

There are few more advancements that can improve services for customers. Currently, customers can only get services such as Cash-In and Cash-Out from the retailers of their own service provider. If a retailer is out of cash, he is not able to provide services to the customer which becomes a bottleneck in remote areas. This could potentially be resolved by making retailers interoperable. That is, the retailer of one BB player could provide services to customer of another BB player. The same concept can be replicated in the case of online payments. All BB players are now providing online payment services to online merchants. However, customers can only make OTC and Mobile Wallet payments through the same BB provider which has provided an online interface to the merchant. If this could be made interoperable, customers could make online payments from their mobile wallets irrespective of who the selected provider of merchant is.

A culture of coordination needs to be introduced where all new solutions are designed with interoperability in mind. This will not only increase convenience for the customers, but will also increase the size of the pie, thus, bringing new revenue streams for BB players.

4.7.3 Digital Credit & Nano Loans: Lessons from East Africa

Digital credit is seen as a quick fix for people facing short-term cash-flow or liquidity problems. Evidence suggests that digital loans are the leading source of credit in East Africa and are primarily used to finance working capital and day-to-day consumption needs. Moreover, evidence also suggests that default rates are soaring.

Increasing uptake has led to excessive borrowing and over-indebtedness among the poor. The fact that digital credit is automated, instant and mainly comprises of very small amounts or nano loans, clients in countries such as Kenya or Tanzania have a variety of providers to choose from which mainly comprise of banks, telecommunication providers or FinTechs. While the solution is readily accessible for a majority of the population in the region, it carries a considerably high interest rate. A survey conducted by CGAP in 2018 indicated that 14 percent or over 800,000 Kenyans were struggling with borrowings from multiple lenders[28]. While this may not necessarily represent default or delinquency, it is a cause for alarm, given that half of the digital borrowers in Kenya and more than half of the total outreach in Tanzania report that they have repaid a loan late. Moreover, about 12 percent and 31 percent, respectively, say they have defaulted. Additionally, more than half of the total borrowers indicated that they had to tap into their savings to pay back these loans and at least 16 percent admitted to borrowing from traditional sources such as family or friends to service their debt[29].

Data gathered also indicates a deceleration in growth with a lack of focus on consumer protection. Clients in the region highlight that a lack of transparency in the terms and conditions of the loan is one of the primary reasons for delinquency. 19 percent of digital borrowers in Kenya and 27 percent in Tanzania did not understand the pricing of their loans or incurred charges they did not understand.

28. Kenya's Digital Credit Revolution Five Years On, 2018 by CGAP
29. It's Time to Slow Digital Credit's Growth in East Africa, 2018 by CGAP

Perhaps the most alarming indicator of default rates on these Nano digital loans are the high interest rates being charged over the short period of time by lenders. This is evident in the lending procedure of M-Shwari, the market leader of digital credit in Kenya, which charges a basic 7.5 percent as “facilitation fee” on credit regardless of its size or duration, the shortest of which is one week. This can be translated into an annualised interest rate of 90 percent. Another example is that of Barclays Kenya which launched an app in 2018 with the feature of offering a 30-day loan with an interest rate of just under 7 percent, an annualized interest rate of 84 percent.

The low value of these loans as indicated by this industry has led to regulators not paying enough attention to this sector in East Africa. However, when considering the underprivileged, the volume or the clients affected by these practices is significant. With the advancements in technology, robust practices need to be adopted by credit information bureaus to keep up with the practices of these institutions. Given the small amount of loans on which clients have been declared defaulters, an institutionalised mechanism for customers to check and correct their credit history is necessary. Strong intervention in areas of transparency and client protection is also needed to ensure customer focused terms and conditions that are being communicated clearly. Funders and donors currently focusing on poverty alleviation or improving the social status of the underprivileged in the region need to emphasise on regulation to further develop the digital credit market to ensure responsible lending practices.

Annexure A1: Performance Indicators of the Inductry 2018

Infrastructure

	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total Assets (PKR '000)	35,826,211	48,569,411	61,928,036	81,557,894	105,443,135	145,186,197	225,316,798	330,422,557	426,585,182
Branches (including Head Office)	1,405	1,550	1,630	1,606	2,026	2,754	2,430	3,533	4,102
Total Staff	12,005	14,202	15,153	17,456	21,516	25,560	29,413	36,053	42,048
Growth Rate									
Total Assets	17.6%	35.6%	27.5%	31.7%	29.3%	37.7%	55.2%	46.6%	29.1%
Branches (including Head Office)	15.1%	10.3%	5.2%	-1.5%	26.2%	35.9%	-11.8%	45.4%	16.1%
Total Staff	3.9%	18.3%	6.7%	15.2%	23.3%	18.8%	15.1%	22.6%	16.6%

Financing Structure

	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total Assets (PKR 000)	35,826,211	48,569,411	61,928,036	81,557,894	105,443,135	145,186,198	225,316,798	330,422,557	426,238,163
Total Equity (PKR 000)	8,359,260	10,314,307	11,679,373	17,049,706	22,873,920	29,688,776	36,535,925	51,343,541	71,877,730
Total Debt (PKR 000)	27,466,951	38,255,104	25,876,598	26,913,359	34,682,369	38,554,959	54,710,855	74,100,602	90,697,783
Commercial Liabilities (PKR 000)	4,910,265	12,332,456	19,361,179	21,662,200	18,679,724	19,030,672	43,167,480	57,114,700	66,409,350
Deposits (PKR '000)*	10,132,332	13,908,759	20,840,990	32,925,558	42,715,846	60,028,340	118,096,732	185,909,781	238,556,412
Gross Loan Portfolio (PKR '000)	20,295,915	24,854,747	33,877,284	46,613,582	63,531,465	90,296,341	132,003,052	196,013,814	255,714,803
Ratios									
Equity-to-Asset Ratio	23.3%	21.2%	18.9%	20.9%	21.7%	20.4%	16.2%	15.5%	16.9%
Commercial Liabilities-to-Total Debt	17.9%	32.2%	74.8%	80.5%	53.9%	49.4%	78.9%	77.1%	73.2%
Debt-to-Equity Ratio	3.29	3.41	2.22	1.58	1.52	1.30	1.50	1.44	1.26
Deposits-to-Gross Loan Portfolio	49.9%	56.0%	61.5%	70.6%	67.2%	66.5%	89.5%	95.3%	93.3%
Deposits-to-Total Assets	28.3%	28.6%	33.7%	40.4%	40.5%	41.3%	52.4%	56.5%	56.0%
Gross Loan Portfolio-to-Total Assets	56.7%	51.2%	54.7%	57.2%	60.3%	62.2%	58.6%	59.3%	60.0%

*Only MFB deposits included

Outreach

	2010	2011	2012	2013	2014	2015	2016	2017	2018
Active Borrowers	1,567,355	1,661,902	2,040,518	2,392,874	2,997,868	3,632,532	4,225,968	5,512,457	6,687,038
Active Women Borrowers	811,520	917,058	1,275,387	1,442,197	1,692,451	2,001,772	2,273,389	2,717,487	3,506,009
Gross Loan Portfolio (PKR 000)	20,295,915	24,854,747	33,877,284	46,613,582	63,531,465	90,100,405	132,003,052	196,013,814	255,714,803
Annual per Capita Income (PKR)***	105,300	107,505	118,085	143,808	143,808	153,060	153,060	170,508	162,230
Number of Loans Outstanding	1,547,197	1,661,902	2,040,518	2,401,849	2,998,895	3,632,532	4,227,317	5,513,311	6,687,038
Depositors****	764,271	1,332,705	1,730,823	2,150,675	5,675,437	10,661,366	15,937,079	35,844,058	31,869,605
Number of Deposit Accounts	764,271	1,332,705	1,730,823	2,998,641	5,675,437	10,661,366	15,937,079	35,939,126	32,020,588
Number of Women Depositors	64,159	259,104	334,994	837,144	2,503,582	3,009,992	142,784	84,276	4,589,646
Deposits Outstanding	10,132,332	13,908,759	20,840,990	32,925,559	42,715,786	60,028,340	118,096,732	185,909,900	238,556,412
				Weighted Avg.	Weighted Avg.	Weighted Avg.	Weighted Avg.	Weighted Avg.	Weighted Avg.
Proportion of Active Women Borrowers (%)	51.8%	55.2%	62.5%	60.3%	56.5%	55.1%	53.8%	49.3%	52.4%
Average Loan Balance per Active Borrower (PKR)	12,949	14,956	16,602	19,480	21,192	24,804	31,236	35,558	38,240
Average Loan Balance per Active Borrower/Per Capita Income	12.3%	13.9%	14.1%	13.5%	14.7%	16.2%	20.4%	20.9%	23.6%
Average Outstanding Loan Balance (PKR)	13,118	14,956	16,602	19,407	21,185	24,804	31,226	35,553	38,240
Average Outstanding Loan Balance / Per Capita Income	12.5%	13.9%	14.1%	13.5%	14.7%	16.2%	20.4%	20.9%	23.6%
Proportion of Active Women Depositors (%)	8.4%	19.4%	19.4%	38.9%	44.11%	28.23%	0.90%	0.24%	14.40%
Average Saving Balance per Active Depositor (PKR)	13,258	10,436	12,041	15,309	7,526	5,630	7,410	5,187	7,485
Active Deposit Account Balance (PKR)	13,258	10,436	12,041	10,980	7,526	5,630	7,410	5,173	7,450

* Includes KF data
** Without KF data
*** Source: http://www.sbp.org.pk/reports/stat_reviews/Bulletin/2012/Feb/EconomicGrowth.pdf
**** Only MFB deposits included

Financial Performance

	2010	2011	2012	2013	2014	2015	2016	2017	2018
Income from Loan Portfolio	6,122,154	7,998,956	10,040,720	13,542,893	18,581,489	26,007,641	36,582,140	50,540,640	82,133,667
Income from Investments	870,809	1,203,306	1,774,610	1,742,975	2,051,547	3,946,607	2,716,932	3,717,490	1,504,694
Income from Other Sources	528,457	899,713	816,461	2,093,035	3,707,417	2,919,233	2,471,332	11,467,052	5,385,641
Total Revenue	**7,521,420**	**10,101,975**	**12,631,792**	**17,378,903**	**24,340,453**	**32,873,481**	**41,770,404**	**65,725,182**	**89,024,002**
Less: Financial Expense	2,016,795	2,905,049	3,974,467	4,767,589	5,451,197	6,550,481	8,963,917	14,121,730	20,337,250
Gross Financial Margin	**5,504,624**	**7,196,926**	**8,657,325**	**12,611,314**	**18,889,256**	**26,323,001**	**32,806,487**	**51,603,452**	**68,686,752**
Less: Loan Loss Provision Expense	745,660	623,988	643,991	658,812	794,500	1,258,313	2,504,433	2,832,799	5,039,886
Net Financial Margin	**4,758,964**	**6,572,938**	**8,013,334**	**11,952,503**	**18,094,756**	**25,064,687**	**30,302,054**	**48,770,653**	**63,646,866**
Personnel Expense	2,819,891	3,345,284	3,784,676	5,032,342	6,557,709	8,712,495	11,575,971	15,112,625	18,808,167
Admin Expense	1,961,816	2,446,750	2,886,025	3,880,920	5,951,408	7,244,592	9,076,966	19,019,029	29,877,326
Less: Operating Expense	4,781,707	5,792,035	1,342,633	8,913,262	12,509,117	15,957,087	20,652,937	34,131,654	48,685,493
Other Non Operating Expense			257,651	380,993	1,546,240	2,719,173	772,940	1,638,024	821,616
Net Income before Tax	**(22,742)**	**780,903**	**1,084,982**	**2,658,248**	**4,039,399**	**6,388,427**	**8,876,178**	**13,000,975**	**14,139,757**
Provision for Tax	(7,047)	116,314	152,380	503,118	614,684	1,230,787	1,977,555	3,012,831	4,245,214
Net Income/(Loss)	**(15,696)**	**664,589**	**932,602**	**2,155,130**	**3,424,715**	**5,157,640**	**6,898,623**	**9,988,144**	**9,894,543**
Adjusted Financial Expense on Borrowings	-	372,524	205,943	181,422	113,553	402,632	491,926	677,186	2,092,594
Inflation Adjustment Expense	-	(3,073)	870	1,152	916	270	722	6,126	1,703
Adjusted Loan Loss Provision Expense	-	357,688	49,456	18,743	13,625	275,656	321,188	310,174	4,956,922
Total Adjustment Expense	**-**	**727,138**	**256,270**	**201,317**	**128,095**	**678,559**	**813,820**	**993,486**	**7,051,218**
Net Income/(Loss) After Adjustments	**(15,696)**	**(62,549)**	**676,332**	**1,953,814**	**3,296,620**	**4,479,081**	**6,084,802**	**8,994,658**	**2,843,325**
Average Total Assets	30,399,088	42,282,393	57,182,714	70,192,281	95,494,664	125,951,408	178,064,618	284,188,864	405,382,316
Average Total Equity	7,854,713	8,719,204	11,594,943	14,513,187	20,629,780	29,905,254	32,240,189	46,142,667	65,477,485
Ratios					Weighted Avg.	Weighted Avg.	Weighted Avg.		
Adjusted Return-on-Assets	(0.1%)	(0.1%)	1.2%	3.3%	3.5%	3.6%	3.4%	3.2%	0.7%
Adjusted Return-on-Equity	(0.2%)	(0.7%)	5.8%	16.1%	16.0%	15.0%	18.9%	19.5%	4.3%
Operational Self Sufficiency (OSS)	99.7%	108.4%	109.4%	118.1%	119.9%	124.1%	127.0%	124.7%	118.9%
Financial Self Sufficiency (FSS)	81.7%	100.5%	107.0%	116.5%	117.7%	121.0%	123.9%	122.4%	108.7%

* Includes KF data
** Without KF data

Operating Income

(Figures in PKR '000)

	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenue from Loan Portfolio	6,122,154	7,998,956	10,040,720	13,542,893	18,581,489	26,007,641	36,582,140	50,540,640	82,133,667
Total Revenue	7,521,420	10,101,975	12,631,792	17,378,903	24,821,486	32,873,481	41,770,404	65,725,182	89,024,002
Adjusted Net Operating Income / (Loss)	(22,742)	5,252	828,712	2,456,931	3,286,779	4,474,629	6,084,786	9,222,456	2,837,406
Average Total Assets	30,399,088	42,282,393	57,182,714	70,192,281	95,494,664	125,951,408	178,064,618	284,188,864	405,382,316
Gross Loan Portfolio (Opening Balance)	16,948,466	20,576,342	25,743,757	34,668,730	48,423,008	63,402,462	89,528,314	132,248,995	178,491,865
Gross Loan Portfolio (Closing Balance)	20,295,915	24,854,747	33,877,284	46,105,712	63,531,465	90,283,337	132,003,052	196,013,814	255,714,803
Average Gross Loan Portfolio	18,622,190	22,715,544	29,810,520	40,387,221	55,977,237	76,842,899	110,765,683	164,131,404	217,103,334
Inflation Rate ***	15.00%	11.20%	10.40%	9.20%	8.20%	3.60%	3.70%	4.57%	3.90%
					Weighted Avg.	Weighted Avg.	Weighted Avg.	Weighted Avg.	
Total Revenue Ratio (Total Revenue-to-Average Total Assets)	24.7%	23.9%	22.3%	24.8%	26.0%	26.1%	23.5%	23.1%	22.0%
Adjusted Profit Margin (Adjusted Profit/(Loss)-to-Total Revenue)	(0.3%)	0.1%	7.0%	14.1%	13.2%	13.6%	14.6%	14.0%	3.2%
Yield on Gross Portfolio (Nominal)	32.9%	35.2%	34.2%	33.5%	34.6%	34.6%	33.0%	30.8%	37.8%
Yield on Gross Portfolio (Real)	15.5%	21.6%	21.6%	22.3%	24.4%	29.9%	29.8%	25.1%	32.7%

* Includes KF data

** Without KF data

*** Source: http://www.sbp.org.pk/reports/stat_reviews/Bulletin/2012/Feb/IND.pdf

Operating Expense

(Figures in PKR '000)

	2010	2011	2012	2013	2014	2015	2016	2017	2018
Adjusted Total Expense	7,544,162	10,096,723	11,803,080	14,540,979	20,842,120	27,121,782	33,707,341	53,711,567	81,635,662
Adjusted Financial Expense	2,016,795	3,304,504	4,181,281	4,950,162	5,742,091	6,911,552	9,455,843	14,798,916	22,124,334
Adjusted Loan Loss Provision Expense	745,660	1,000,184	693,447	677,555	808,125	1,533,970	2,825,622	3,142,973	10,004,220
Adjusted Operating Expense	4,781,707	5,792,035	6,928,352	8,913,262	14,291,904	18,676,260	21,425,876	35,769,678	49,507,108
Adjustment Expense	-	775,651	256,270	201,317	453,639	678,579	813,837	993,486	7,058,630
Average Total Assets	30,399,088	42,282,393	57,182,714	70,192,281	95,494,664	125,951,408	178,064,618	284,188,864	405,382,316
Ratios				Weighted avg.	Weighted avg.	Weighted avg.	Weighted avg.	Weighted avg.	
Adjusted Total Expense-to-Average Total Assets	24.8%	23.9%	20.6%	20.7%	21.8%	21.5%	18.9%	18.9%	20.1%
Adjusted Financial Expense-to-Average Total Assets	6.6%	7.8%	7.3%	7.1%	6.0%	5.5%	5.3%	5.2%	5.5%
Adjusted Loan Loss Provision Expense-to-Average Total Assets	2.5%	2.4%	1.2%	1.0%	0.8%	1.2%	1.6%	1.1%	2.5%
Adjusted Operating Expense-to-Average Total Assets	15.7%	13.7%	12.1%	12.7%	15.0%	14.8%	12.0%	12.6%	12.2%
Adjusted Personnel Expense	9.3%	7.9%	6.6%	7.2%	6.9%	6.9%	6.5%	5.3%	4.6%
Adjusted Admin Expense	6.5%	5.8%	5.0%	5.5%	6.2%	5.8%	5.1%	6.7%	7.4%
Adjustment Expense-to-Average Total Assets	0.0%	1.8%	0.4%	0.3%	0.5%	0.5%	0.5%	0.3%	1.7%

* Includes KF data

** Without KF data

Operating Efficiency

	2010	2011	2012	2013	2014	2015	2016	2017	2018
Operating Expense (PKR 000)	4,781,707	5,792,035	6,928,352	8,913,262	12,745,665	15,957,087	20,652,937	34,131,654	48,685,493
Personnel Expense (PKR 000)	2,819,891	3,345,284	3,784,676	5,032,342	6,794,257	8,712,495	11,575,971	15,112,625	18,808,167
Average Gross Loan Portfolio (PKR 000)	18,622,190	22,715,544	29,810,520	40,387,221	55,977,237	76,842,899	110,765,683	164,131,404	217,103,334
Average Number of Active Borrowers	1,567,355	1,661,902	2,040,518	2,350,650	2,997,868	3,632,532	4,225,968	5,512,457	6,687,038
Average Number of Active Loans	1,567,355	1,661,902	2,040,518	2,359,625	2,998,895	3,632,532	4,227,317	5,513,311	6,687,038
				Weighted Avg.	Weighted Avg.	Weighted Avg.	Weighted Avg.	Weighted Avg.	Weighted Avg.
Adjusted Operating Expense-to-Average Gross Loan Portfolio	25.7%	25.5%	23.2%	22.1%	22.8%	20.8%	18.6%	20.8%	22.4%
Adjusted Personnel Expense-to-Average Gross Loan Portfolio	15.1%	14.7%	12.7%	12.5%	12.1%	11.3%	10.5%	9.2%	8.7%
Average Salary/ Gross Domestic Product per Capita	2.23	2.19	2.12	2.00	2.2	2.2	2.6	2.5	2.8
Adjusted Cost per Borrower (PKR)	3,051	3,485	3,395	3,792	4,252	4,393	4,887	6,192	7,281
Adjusted Cost per Loan (PKR)	3,051	3,485	3,395	3,777	4,250	4,393	4,886	6,191	7,281

* Includes KF data

** Without KF data

Productivity

	2010	2011	2012	2013	2014	2015	2016	2017	2018
Number of Active Borrowers	1,567,355	1,661,902	2,040,518	2,255,126	2,997,868	3,632,532	4,225,968	5,512,457	6,687,038
Number of Active Loans	1,567,355	1,661,902	2,040,518	2,263,432	2,997,868	3,632,532	4,227,317	5,513,311	6,687,038
Number of Active Depositors	764,271	1,332,705	1,730,823	1,897,872	5,675,437	10,661,366	15,937,079	35,844,058	31,869,605
Number of Deposit Accounts	764,271	1,332,705	1,730,823	2,707,872	5,675,437	10,661,366	15,937,079	35,939,126	32,020,588
Total Staff	12,005	14,202	15,153	15,673	19,227	25,343	29,413	36,705	42,048
Total Loan Officers	5,148	7,165	7,541	6,892	8,801	9,923	15,342	18,028	21,614
				Weighted Avg.	Weighted Avg.	Weighted Avg.	Weighted Avg.	Weighted Avg.	Weighted Avg.
Borrowers per Staff	131	117	135	144	156	143	144	150	159
Loans per Staff	131	117	135	144	156	143	144	150	159
Borrowers per Loan Officer	304	232	271	327	341	366	275	306	309
Loans per Loan Officer	304	232	271	328	328	366	276	306	309
Depositors per Staff	64	94	114	121	295	421	542	977	758
Deposit Accounts per Staff	64	94	114	173	295	421	542	979	762
Personnel Allocation Ratio	42.9%	50.5%	49.8%	44.0%	45.8%	39.2%	52.2%	49.1%	51.4%

* Includes KF data
** Without KF data

Risk

(Figures in PKR '000)

	2010	2011	2012	2013	2014	2015	2016	2017	2018
Portfolio at Risk > 30 days	829,314	793,966	1,232,842	1,157,297	659,418	1,321,207	1,565,459	1,001,736	3,992,741
Portfolio at Risk > 90 days	577,972	516,623	1,020,316	932,166	379,637	781,212	1,073,562	1,085,263	1,972,010
Adjusted Loan Loss Reserve	733,338	623,988	759,621	708,355	1,189,884	1,468,006	2,814,919	4,202,893	6,266,625
Loan Written Off during Year	335,463	592,429	675,835	615,293	1,222,076	917,855	1,147,319	1,581,598	1,091,556
Gross Loan Portfolio	20,295,915	24,854,747	33,877,284	46,105,712	63,531,465	90,081,589	132,003,052	196,013,814	255,714,803
Average Gross Loan Portfolio	18,622,190	22,715,544	29,810,520	40,387,221	55,977,237	76,690,720	110,765,683	164,131,404	217,103,334
				Weighted Avg.	Weighted Avg.	Weighted Avg.	Weighted Avg.	Weighted Avg.	Weighted Avg.
Portfolio at Risk (>30)-to-Gross Loan Portfolio	4.1%	3.2%	3.6%	2.5%	1.0%	1.5%	1.2%	0.5%	1.6%
Portfolio at Risk (>90)-to-Gross Loan Portfolio	2.8%	2.1%	3.0%	2.0%	0.6%	0.9%	0.8%	0.6%	0.8%
Write Off-to-Average Gross Loan Portfolio	1.8%	2.6%	2.3%	1.5%	2.2%	1.2%	1.0%	1.0%	0.5%
Risk Coverage Ratio (Adjusted Loan Loss Reserve-to-Portfolio at Risk > 30 days)	88.4%	78.6%	61.6%	61.2%	180.4%	111.1%	179.8%	419.6%	157.0%

* Includes KF data

** Without KF data

Annexure A2 - Performance Indicators of individual MFPs 2018

Infrastructure - MFB

	KBL	TMFB	FMFB	NRSP-B	FINCA	AMFB	MMFB	UBANK	ADVANS	POMFB	SMFB	Sub
Age	18	14	18	8	11	16	7	7	7	13	3	
Total Assets (PKR '000)	70,471,952	62,465,976	37,625,280	38,350,586	32,279,761	17,623,047	28,114,694	34,791,577	1,296,601	2,489,548	1,003,454	**326,512,474**
Total Equity (PKR '000)	8,199,450	13,668,429	5,503,327	4,607,758	4,032,389	1,473,746	3,963,814	2,808,502	511,483	2,366,336	837,483	**47,972,717**
Total Liabilities (PKR '000)	62,272,502	48,797,547	32,121,953	33,742,828	28,247,372	16,149,301	24,150,880	31,983,075	785,118	123,211	165,971	**278,540**
Branches (including Head Office)	199	103	184	143	134	117	61	142	11	23	49	**1,166**
Personnel	3,857	3,559	2,760	3,397	2,874	2,434	1,165	1,980	372	454	157	**23,009**

Infrastructure - MFI

	OCT	KASHF	SAFCO	DAMEN	CSC	GBTI	FFO	ASA-P	MO	WASIL	JWS	ORIX	RCDP	AGAHE	AMRDO	OPD	SAATH	BEDF	SVDP	VDO	AKHUWAT	MOJAZ	SRDO	SSSF	SUB
Age	34	22	10	5	4	23	16	11	10	26	17	33	23	3	10	27	5	14	4	3	16	9	9	9	
Total Assets (PKR '000)	587,419	14,389,036	2,486,566	3,185,639	1,347,100	953,110	854,674	11,615,951	151,098	175,455	2,189,428	524,507	4,116,899	492,864		105,593	230,646		372,933	31,382	17,840,713	865,533	103,193	239,177	**62,858,915**
Total Equity (PKR '000)	205,915	2,995,420	543,724	784,726	268,736	502,836	142,693	3,126,228	51,020	(216,464)	507,955	262,210	1,150,261	85,071		18,754	60,441		68,906	28,828	1,487,954	118,355	2,855	66,419	**12,262,843**
Total Liabilities (PKR '000)	381,505	11,393,615	1,942,842	2,400,913	1,078,364	450,274	711,981	8,489,722	100,078	391,919	1,681,473	262,297	2,966,638	407,793		86,839	170,206		304,027	2,554	16,352,758	747,178	100,338	172,758	**50,596,072**
Branches (including Head Office)	11	291	45	50	25	31	19	270	4	14	55	12	60	15		5	4		9	2	791	20	4	5	**1,742**
Personnel	140	2,846	458	521	246	145	172	1,847	27	80	480	96	741	170		46	50		85	12	4,406	227	17	56	**12,868**

Infrastructure - RSP

	NRSP	PRSP	TMF	SRSP	SRSO	SUB
Age	27	21	19	19	16	
Total Assets (PKR '000)	23,959,689	3,658,645	4,851,330	2,936,588	1,807,541	**37,213,793**
Total Equity (PKR '000)	7,524,330	1,911,659	392,792	1,887,164	178,118	**11,894,062**
Total Liabilities (PKR '000)	16,435,360	1,746,986	4,458,538	1,049,424	1,629,423	**25,319,731**
Branches (including Head Office)	972	65	78	5	74	**1,194**
Personnel	4,561	599	639	14	358	**6,171**

Infrastructure

	MFB SUB	MFI SUB	RSP SUB	TOTAL
Age				
Total Assets (PKR '000)	326,512,474	62,858,915	37,213,793	**426,585,182**
Total Equity (PKR '000)	47,972,717	12,262,843	11,894,062	**72,129,622**
Total Liabilities (PKR '000)	278,540	50,596,072	25,319,731	**354,455,560**
Branches (including Head Office)	1,166	1,742	1,194	**4,102**
Personnel	23,009	12,868	6,171	**42,048**

Financing Structure - MFB

(in PKR '000)

	KBL	TMFB	FMFB	NRSP-B	FINCA	AMFB	MMFB	UBANK	ADVANS	POMFB	SMFB	SUB
Total Assets	70,471,952	62,465,976	37,625,280	38,350,586	32,279,761	17,623,047	28,114,694	34,791,577	1,296,601	2,489,548	1,003,454	**326,512,474**
Total Equity	8,199,450	13,668,429	5,503,327	4,607,758	4,032,389	1,473,746	3,963,814	2,808,502	511,483	2,366,336	837,483	**47,972,717**
Total Debt	3,964,872	-	-	5,439,250	3,318,501	9,639	-	10,609,640	100,000	-	76,523	**23,518,424**
- Subsidised Debt*	727,459	-	-	-	-	-			-	-		**727,459**
- Commercial Debt	3,237,413	-	-	5,439,250	3,318,501	9,639	-	10,609,640	100,000	-	76,523	**22,790,965**
Total Deposits	56,017,988	42,274,909	31,129,077	26,263,175	23,741,812	15,866,331	22,091,486	20,534,770	552,311	6,784	77,769	**238,556,412**
Total Liabilities	62,272,502	48,797,547	32,121,953	33,742,828	28,247,372	16,149,301	24,150,880	31,983,075	785,118	123,211	165,971	**278,539,757**
Gross Loan Portfolio	43,461,235	34,187,550	23,857,102	23,777,633	20,868,935	1,087,136	12,713,805	17,225,244	998,490	1,247,170	589,666	**180,013,966**
												Weighted avg.
Equity-to-Asset Ratio	11.6%	21.9%	14.6%	12.0%	12.5%	8.4%	14.1%	8.1%	39.4%	95.1%	83.5%	**14.7%**
Commercial Liabilities-to-Total Debt	81.7%	#DIV/0!	#DIV/0!	100.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	**96.9%**
Debt-to-Equity Ratio	0.5	0.0	0.0	1.2	0.8	0.0	0.0	3.8	0.2	0.0	0.1	**0.5**
Deposits-to-Gross Loan Portfolio	128.9%	123.7%	130.5%	110.5%	113.8%	1459.5%	173.8%	119.2%	55.3%	0.5%	13.2%	**132.5%**
Deposits-to-Total Assets	79.5%	67.7%	82.7%	68.5%	73.6%	90.0%	78.6%	59.0%	42.6%	0.3%	7.8%	**73.1%**
Cost of Funds	7.7%	6.1%	5.4%	7.0%	6.8%	5.0%	1.8%	5.4%	7.9%	0.7%	3.3%	**6.0%**
Gross Loan Portfolio-to-Total Assets	61.7%	54.7%	63.4%	62.0%	64.7%	6.2%	45.2%	49.5%	77.0%	50.1%	58.8%	**55.1%**

Financing Structure - MFI

(in PKR '000)

	OCT	KASHF	SAFCO	DAMEN	CSC	GBTI	FFO	ASA-P	MO	WASIL	JWS	ORIX	RCDP	AGAHE	AMRDO	OPD	SAATH	BEDF	SVDP	VDO	AKHUWAT	MOJAZ	SRDO	SSSF	SUB
Total Assets	587,419	14,389,036	2,486,566	3,185,639	1,347,100	953,110	854,674	11,615,951	151,098	175,455	2,189,428	524,507	4,116,899	492,864	-	105,593	230,646	-	372,933	31,382	17,840,713	865,533	103,193	239,177	**62,858,915**
Total Equity	205,915	2,995,420	543,724	784,726	268,736	502,836	142,693	3,126,228	51,020	(216,464)	507,955	262,210	1,150,261	85,071	-	18,754	60,441	-	68,906	28,828	1,487,954	118,355	2,855	66,419	**12,262,843**
Total Debt	227,513	10,878,471	1,722,085	2,339,750	1,050,995	430,722	692,892	7,940,191	100,000	284,550	1,630,342	234,552	1,575,437	308,797	-	74,733	162,969	-	295,557	2,342	16,272,725	667,470	86,392	167,411	**47,145,897**
- Subsidised Debt*	120,043	-		1,950,000	856,880	70,940	477,793		100,000	258,839	1,223,334	-	1,201,293	-		74,733	141,327		218,500	-	16,272,725	665,100	71,050	163,811	**23,866,368**
- Commercial Debt	107,470	10,878,471	1,722,085	389,750	194,115	359,782	215,099	7,940,191	-	25,711	407,008	234,552	374,144	308,797		-	21,642		77,057	2,342	-	2,370	15,342	3,600	**26,556,510**
Total Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-	-		-	-	-	-	-	-	**-**
Total Liabilities	381,505	11,393,615	1,942,842	2,400,913	1,078,364	450,274	711,981	8,489,722	100,078	391,919	1,681,473	262,297	2,966,638	407,793	-	86,839	170,206	-	304,027	2,554	16,352,758	747,178	100,338	172,758	**50,596,072**
Gross Loan Portfolio	383,238	10,512,235	1,514,157	2,731,103	882,235	297,068	621,831	9,370,993	82,515	104,362	1,981,806	507,901	3,212,006	382,323		69,588	131,630		260,695	25,278	16,566,888	676,900	85,424	146,194	**50,546,369**
																									Weighted avg.
Equity-to-Asset Ratio	35.1%	20.8%	21.9%	24.6%	19.9%	52.8%	16.7%	26.9%	33.8%	-123.4%	23.2%	50.0%	27.9%	17.3%	#DIV/0!	17.8%	26.2%	#DIV/0!	18.5%	91.9%	8.3%	13.7%	2.8%	27.8%	**19.5%**
Commercial Liabilities-to-Total Debt	47.2%	100.0%	100.0%	16.7%	18.5%	83.5%	31.0%	100.0%	0.0%	9.0%	25.0%	100.0%	23.7%	100.0%	#DIV/0!	0.0%	13.3%	#DIV/0!	26.1%	100.0%	0.0%	0.4%	17.8%	2.2%	**56.3%**
Debt-to-Equity Ratio	1.1	3.6	3.2	3.0	3.9	0.9	4.9	2.5	2.0	-1.3	3.2	0.9	1.4	3.6	#DIV/0!	4.0	2.7	#DIV/0!	4.3	0.1	10.9	5.6	30.3	2.5	**3.84**
Deposits-to-Gross Loan Portfolio	-	-	-	-	-	-	-	-	-	-	-	-	-	-	#DIV/0!	-	-	#DIV/0!	-	-	-	-	-	-	**-**
Deposits-to-Total Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	#DIV/0!	-	-	#DIV/0!	-	-	-	-	-	-	**-**
Cost of Funds	10.0%	9.8%	5.9%	7.9%	6.1%	7.6%	8.9%	8.4%	6.5%	9.1%	7.4%	11.3%	14.0%	7.1%	#DIV/0!	8.0%	6.5%	#DIV/0!	6.7%	7.2%	0.0%	7.3%	7.4%	6.3%	**5.8%**
Gross Loan Portfolio-to-Total Assets	65.2%	73.1%	60.9%	85.7%	65.5%	31.2%	72.8%	80.7%	54.6%	59.5%	90.5%	96.8%	78.0%	77.6%	#DIV/0!	65.9%	57.1%	#DIV/0!	69.9%	80.5%	92.9%	78.2%	82.8%	61.1%	**80.4%**

Financing Structure - RSP

(in PKR '000)

	NRSP	PRSP	TMF	SRSP	SRSO	SUB
Total Assets	23,959,689	3,658,645	4,851,330	2,589,569	1,807,541	**36,866,774**
Total Equity	7,524,330	1,911,659	392,792	1,635,272	178,118	**11,642,170**
Total Debt	15,751,108	1,459,724	4,337,311	-	1,575,961	**20,033,462**
- Subsidised Debt*			2,933,188	38,400		**2,971,588**
- Commercial Debt	15,751,108	1,459,724	1,404,123	538,451	1,575,961	**17,061,874**
Total Deposits	-	-	-	-	-	**-**
Total Liabilities	16,435,360	1,746,986	4,458,538	954,297	1,629,423	**25,224,604**
Gross Loan Portfolio	18,483,915	1,410,079	3,617,117	39,044	1,604,312	**25,154,467**
						Weighted avg.
Equity-to-Asset Ratio	31.4%	52.3%	8.1%	63.1%	9.9%	**31.6%**
Commercial Liabilities-to-Total Debt	100.0%	100.0%	32.4%	0.0%	100.0%	**85.2%**
Debt-to-Equity Ratio	2.1	0.8	11.0	0.0	8.8	**1.72**
Deposits-to-Gross Loan Portfolio	-	-	-	-	-	**-**
Deposits-to-Total Assets	-	-	-	-	-	**-**
Cost of Funds	7.9%	6.3%	2.1%	0.0%	5.7%	**8.8%**
Gross Loan Portfolio-to-Total Assets	77.1%	38.5%	74.6%	1.5%	88.8%	**68.2%**

Financing Structure (in PKR '000)

	SUB	SUB	SUB	TOTAL
Total Assets	326,512,474	62,858,915	36,866,774	**426,238,163**
Total Equity	47,972,717	12,262,843	11,642,170	**71,877,730**
Total Debt	23,518,424	47,145,897	20,033,462	**90,697,783**
- Subsidised Debt*	727,459	23,866,368	2,971,588	**27,565,415**
- Commercial Debt	22,790,965	26,556,510	17,061,874	**66,409,350**
Total Deposits	238,556,412	-	-	**238,556,412**
Total Liabilities	278,539,757	50,596,072	25,224,604	**354,360,433**
Gross Loan Portfolio	180,013,966	50,546,369	25,154,467	**255,714,803**
	weighted avg.	weighted avg.	weighted avg.	**weighted avg.**
Equity-to-Asset Ratio	14.7%	19.5%	31.6%	**16.9%**
Commercial Liabilities-to-Total Debt	96.9%	56.3%	85.2%	**73.2%**
Debt-to-Equity Ratio	0.5	3.84	1.72	**1.26**
Deposits-to-Gross Loan Portfolio	132.5%	-	-	**93.3%**
Deposits-to-Total Assets	73.1%	-	-	**56.0%**
Cost of Funds	6.0%	5.8%	8.8%	**6.2%**
Gross Loan Portfolio-to-Total Assets	55.1%	80.4%	68.2%	**60.0%**

Outreach - MFB

(in PKR ‘000)

	KBL	TMFB	FMFB	NRSP-B	FINCA	AMFB	MMFB	UBANK	ADVANS	POMFB	SMFB	SUB
Active Borrowers	785,534	694,441	424,393	400,418	234,937	102,659	176,654	287,320	11,018	40,133	37,243	**3,194,750**
Active women borrowers	249,435	224,897	150,222	80,132	22,273	16,537	27,734	65,581	1,130	26,792	37,243	**901,976**
Gross Loan Portfolio (PKR ‘000)	43,461,235	34,187,550	23,857,102	23,777,633	20,868,935	1,087,136	12,713,805	17,225,244	998,490	1,247,170	589,666	**180,013,966**
Annual per Capita Income (PKR)*	162,230	162,230	162,230	162,230	162,230	162,230	162,230	162,230	162,230	162,230	162,230	**162,230**
Number of Loans Outstanding	785,534	694,441	424,393	400,418	234,937	102,659	176,654	287,320	11,018	40,133	37,243	**3,194,750**
Depositors	2,062,989	9,198,446	986,814	1,031,722	931,670	350,942	16,599,230	621,248	23,422	16,158	46,964	**31,869,605**
Number of Deposit Accounts	2,062,989	9,198,446	986,814	1,063,244	1,050,560	350,942	16,599,165	621,248	23,422	16,794	46,964	**32,020,588**
Number of Women Depositors	570,821	135,017	331,664	200,087	110,935	59,605	3,010,008	116,430	3,391	4,732	46,956	**4,589,646**
Deposits Outstanding (PKR ‘000)	56,017,988	42,274,909	31,129,077	26,263,175	23,741,812	15,866,331	22,091,486	20,534,770	552,311	6,784	77,769	**238,556,412**
												weighted avg.
Proportion of Active Women Borrowers (%)	31.8%	32.4%	35.4%	20.0%	9.5%	16.1%	15.7%	22.8%	10.3%	66.8%	100.0%	**28.2%**
Average Loan Balance per Active Borrower (PKR)	55,327	49,230	56,215	59,382	88,828	10,590	71,970	59,951	90,624	31,076	15,833	**56,347**
Average Loan Balance per Active Borrower/per Capita Income	34.1%	30.3%	34.7%	36.6%	54.8%	6.5%	44.4%	37.0%	55.9%	19.2%	9.8%	**34.7%**
Average Outstanding Loan Balance (PKR)	55,327	49,230	56,215	59,382	88,828	10,590	71,970	59,951	90,624	31,076	15,833	**56,347**
Average Outstanding Loan Balance / per Capita Income	34.1%	30.3%	34.7%	36.6%	54.8%	6.5%	44.4%	37.0%	55.9%	19.2%	9.8%	**34.7%**
Proportion of Active Women Depositors (%)	27.7%	1.5%	33.6%	19.4%	11.9%	17.0%	18.1%	18.7%	14.5%	29.3%	100.0%	**14.4%**
Average Saving Balance per Active Depositor (PKR)	27,154	4,596	31,545	25,456	25,483	45,211	1,331	33,054	23,581	420	1,656	**7,485**
Active Deposit Account Balance (PKR)	27,154	4,596	31,545	24,701	22,599	45,211	1,331	33,054	23,581	404	1,656	**7,450**

Outreach - MFI

(in PKR '000)

	OCT	KASHF	SAFCO	DAMEN	CSC	GBTI	FFO	ASA-P	MO	WASIL	JWS	ORIX	RCDP	AGAHE	AMRDO	OPD	SAATH	BEDF	SVDP	VDO	AKHUWAT	MOJAZ	SRDO	SSSF	SUB
Active Borrowers	25,189	413,932	78,960	82,618	31,205	17,350	29,023	419,212	4,357	4,047	75,920	28,747	108,565	19,503		4,334	5,004		8,665	2,068	965,244	24,196	2,666	6,672	**2,357,477**
Active women borrowers	10,849	413,272	47,028	82,618	29,749	15,740	29,000	404,997	2,569	1,012	74,040	26,650	99,684	17,723		2,009	2,224		4,437	1,141	453,665	55	1,233	3,936	**1,723,631**
Gross Loan Portfolio (PKR '000)	383,238	10,512,235	1,514,157	2,731,103	882,235	297,068	621,831	9,370,993	82,515	104,362	1,981,806	507,901	3,212,006	382,323	-	69,588	131,630	-	260,695	25,278	16,566,888	676,900	85,424	146,194	**50,546,369**
Annual per Capita Income (PKR)*	162,230	162,230	162,230	162,230	162,230	162,230	162,230	162,230	162,230	162,230	162,230	162,230	162,230	162,230	162,230	162,230	162,230	162,230	162,230	162,230	162,230	162,230	162,230	162,230	**162,230**
Number of Loans Outstanding	25,189	413,932	78,960	82,618	31,205	17,350	29,023	419,212	4,357	4,047	75,920	28,747	108,565	19,503	-	4,334	5,004	-	8,665	2,068	965,244	24,196	2,666	6,672	**2,357,477**
Depositors	-	-	-	-	-	-	-	-	-		-	-	-	-		-	-		-	-	-	-	-	-	**-**
Number of Deposit Accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Number of Women Depositors	-	-	-	-	-	-	-	-	-		-	-	-	-		-	-		-	-	-	-	-	-	**-**
Deposits Outstanding (PKR '000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
																									weighted avg.
Proportion of Active Women Borrowers (%)	43.1%	99.8%	59.6%	100.0%	95.3%	90.7%	99.9%	96.6%	59.0%	25.0%	97.5%	92.7%	91.8%	90.9%	#DIV/0!	46.4%	44.4%	#DIV/0!	51.2%	55.2%	47.0%	0.2%	46.2%	59.0%	**73.1%**
Average Loan Balance per Active Borrower (PKR)	15,214	25,396	19,176	33,057	28,272	17,122	21,425	22,354	18,938	25,788	26,104	17,668	29,586	19,603	#DIV/0!	16,056	26,305	#DIV/0!	30,086	12,223	17,163	27,976	32,042	21,912	**21,441**
Average Loan Balance per Active Borrower/per Capita Income	9.4%	15.7%	11.8%	20.4%	17.4%	10.6%	13.2%	13.8%	11.7%	15.9%	16.1%	10.9%	18.2%	12.1%	#DIV/0!	9.9%	16.2%	#DIV/0!	18.5%	7.5%	10.6%	17.2%	19.8%	13.5%	**13%**
Average Outstanding Loan Balance (PKR)	15,214	25,396	19,176	33,057	28,272	17,122	21,425	22,354	18,938	25,788	26,104	17,668	29,586	19,603	#DIV/0!	16,056	26,305	#DIV/0!	30,086	12,223	17,163	27,976	32,042	21,912	**21,441**
Average Outstanding Loan Balance / per Capita Income	9.4%	15.7%	11.8%	20.4%	17.4%	10.6%	13.2%	13.8%	11.7%	15.9%	16.1%	10.9%	18.2%	12.1%	#DIV/0!	9.9%	16.2%	#DIV/0!	18.5%	7.5%	10.6%	17.2%	19.8%	13.5%	**13%**
Proportion of Active Women Depositors (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	**-**
Average Saving Balance per Active Depositor (PKR)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**-**
Active Deposit Account Balance (PKR)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**

Outreach - RSP

(in PKR ‘000)

	NRSP	PRSP	TMF	SRSP	SRSO	SUB
Active Borrowers	798,227	74,963	166,592	5,480	89,549	**1,134,811**
Active women borrowers	643,186	37,485	110,806	5,480	80,923	**877,880**
Gross Loan Portfolio (PKR ‘000)	18,483,915	1,410,079	3,617,117	39,044	1,604,312	**25,154,467**
Annual per Capita Income (PKR)*	162,230	162,230	162,230	162,230	162,230	**162,230**
Number of Loans Outstanding	798,227	74,963	166,592	5,480	89,549	**1,134,811**
Depositors	-	-	-	-	-	**-**
Number of Deposit Accounts	-	-	-	-	-	**-**
Number of Women Depositors	-	-	-	-	-	**-**
Deposits Outstanding (PKR ‘000)	-	-	-	-	-	**-**
						weighted avg.
Proportion of Active Women Borrowers (%)	80.6%	50.0%	66.5%	100.0%	90.4%	**77.4%**
Average Loan Balance per Active Borrower (PKR)	23,156	18,810	21,712	7,125	17,915	**22,166**
Average Loan Balance per Active Borrower/per Capita Income	14.3%	11.6%	13.4%	4.4%	11.0%	**14%**
Average Outstanding Loan Balance (PKR)	23,156	18,810	21,712	7,125	17,915	**22,166**
Average Outstanding Loan Balance / per Capita Income	14.3%	11.6%	13.4%	4.4%	11.0%	**13.7%**
Proportion of Active Women Depositors (%)	0.0%	0.0%	0.0%	0.0%	0.0%	**-**
Average Saving Balance per Active Depositor (PKR)	0	0	0	0	0	**-**
Active Deposit Account Balance (PKR)	-	-	-	-	-	**-**

Outreach (in PKR '000)

	SUB	SUB	SUB	TOTAL
Active Borrowers	3,194,750	2,357,477	1,134,811	6,687,038
Active women borrowers	901,976	1,723,631	877,880	3,506,009
Gross Loan Portfolio (PKR '000)	180,013,966	50,546,369	25,154,467	255,714,803
Annual per Capita Income (PKR)*	162,230	162,230	162,230	162,230
Number of Loans Outstanding	3,194,750	2,357,477	1,134,811	6,687,038
Depositors	31,869,605	-	-	31,869,605
Number of Deposit Accounts	32,020,588	-	-	32,020,588
Number of Women Depositors	4,589,646	-	-	4,589,646
Deposits Outstanding (PKR '000)	238,556,412	-	-	238,556,412
	weighted avg.	weighted avg.	weighted avg.	weighted avg.
Proportion of Active Women Borrowers (%)	28.2%	73.1%	77.4%	52.4%
Average Loan Balance per Active Borrower (PKR)	56,347	21,441	22,166	38,240
Average Loan Balance per Active Borrower/per Capita Income	34.7%	13%	14%	23.6%
Average Outstanding Loan Balance (PKR)	56,347	21,441	22,166	38,240
Average Outstanding Loan Balance / per Capita Income	34.7%	13%	13.7%	23.6%
Proportion of Active Women Depositors (%)	14.4%	-	-	14.40%
Average Saving Balance per Active Depositor (PKR)	7,485	-	-	7,485
Active Deposit Account Balance (PKR)	7,450	-	-	7,450

Financial Performance - MFB

(in PKR '000)

	KBL	TMFB	FMFB	NRSP-B	FINCA	AMFB	MMFB	UBANK	ADVANS	POMFB	SMFB	SUB
Income from Loan Portfolio	13,449,741	16,893,856	6,550,166	7,054,124	7,206,944	2,334,470	3,188,446	4,991,397	365,377	491,738	207,310	**62,733,569**
Income from Investments	-	-		8,403	-	-	516,394	-	-	5,443	-	**530,241**
Income from Other Sources	114,835	124,982	6,219	102,262	126,228	99,650	165,611	15,019	8,206	11,057	-	**774,070**
Total Revenue	13,564,576	17,018,838	6,556,385	7,164,790	7,333,171	2,434,121	3,870,452	5,006,416	373,583	508,238	207,310	**64,037,880**
Less : Financial Expense	4,590,105	2,595,036	1,682,653	2,226,360	1,828,405	800,799	389,543	1,676,143	51,338	50	5,015	**15,845,447**
Gross Financial Margin	8,974,471	14,423,802	4,873,732	4,938,430	5,504,767	1,633,321	3,480,909	3,330,273	322,246	508,188	202,295	**48,192,434**
Less: Loan Loss Provision Expense	670,669	1,297,363	250,988	1,154,857	434,916	61,264	197,192	245,669	33,603	81,106	4,597	**4,432,224**
Net Financial Margin	8,303,802	13,126,439	4,622,744	3,783,573	5,069,851	1,572,057	3,283,716	3,084,604	288,642	427,083	197,698	**43,760,210**
Personnel Expense	2,178,043	3,193,622	1,664,124	1,589,984	187,885	982,732	1,029,884	1,152,168	164,949	153,338	90,500	**12,387,230**
Admin Expense	2,528,510	11,754,826	1,448,026	1,291,747	3,265,625	612,915	1,028,402	1,115,698	226,028	165,365	54,439	**23,491,582**
Less: Operating Expense	4,706,553	14,948,448	3,112,150	2,881,731	3,453,510	1,595,647	2,058,286	2,267,867	390,978	318,702	144,939	**35,878,812**
Other Non Operating Expense	19,363	291,959		3,292	36,423	-	4,630	2,400	11,127	225	797	**370,215**
Net Income before Tax	3,577,886	(2,113,968)	1,510,594	898,551	1,579,918	(23,590)	1,220,801	814,337	(113,462)	108,155	51,963	**7,511,183**
Provision for Tax	1,011,539	401,770	510,524	307,634	623,467	47,239	402,780	237,229	746	40,345	13,879	**3,597,153**

Financial Performance - MFB

(in PKR '000)

	KBL	TMFB	FMFB	NRSP-B	FINCA	AMFB	MMFB	UBANK	ADVANS	POMFB	SMFB	SUB
Net Income/(Loss)	2,566,347	(2,515,738)	1,000,070	590,917	956,451	(70,829)	818,020	577,108	(112,716)	67,810	38,084	**3,914,031**
Adjusted Financial Expense on Borrowings	-	-	-	-	-	-	-	-	-	-	-	**-**
Inflation Adjustment Expense	203	128	147	136	102	5	103	36	22	89	31	**1,002**
Adjusted Loan Loss Provision Expense	670,669	1,297,363	250,988	1,154,857	317,205	62,045	197,192	245,669	31,371	89,139	31,314	**4,347,811**
Total Adjustment Expense	670,872	1,297,491	251,135	1,154,992	317,306	62,051	197,295	245,704	31,393	89,228	31,345	**4,348,813**
Net Income/(Loss) After Adjustments	1,895,475	(3,813,229)	748,935	(564,076)	639,145	(132,880)	620,725	331,404	(144,109)	(21,418)	6,739	**(434,783)**
Average Total Assets	64,716,577	54,976,922	31,782,984	71,940,094	28,710,823	15,803,319	24,347,785	26,211,222	1,149,851	2,440,619	903,680	**322,983,875**
Average Total Equity	7,277,612	9,337,112	5,004,438	8,621,667	3,657,810	1,247,080	3,534,224	2,093,751	570,821	2,338,562	818,441	**44,501,518**
												weighted avg.
Adjusted Return-on-Assets	2.9%	-6.9%	2.4%	-0.8%	2.2%	-0.8%	2.5%	1.3%	-12.5%	-0.9%	0.7%	**-0.1%**
Adjusted Return-on-Equity	26.0%	-40.8%	15.0%	-6.5%	17.5%	-10.7%	17.6%	15.8%	-25.2%	-0.9%	0.8%	**-1.0%**
Financial Expense Ratio	12.1%	8.8%	8.8%	10.0%	10.2%	25.4%	3.4%	12.1%	6.6%	0.0%	1.1%	**10.1%**
Operational Self Sufficiency (OSS)	135.8%	89.0%	129.9%	114.3%	127.5%	99.0%	146.1%	119.4%	76.7%	127.0%	133.4%	**113.3%**
Financial Self Sufficiency (FSS)	127.3%	83.3%	123.8%	96.5%	120.8%	96.6%	136.0%	112.8%	72.1%	103.9%	111.0%	**105.2%**

Financial Performance - MFI

(in PKR '000)

	OCT	KASHF	SAFCO	DAMEN	CSC	GBTI	FFO	ASA-P	MO	WASIL	JWS	ORIX	RCDP	AGAHE	AMRDO	OPD	SAATH	BEDF	SVDP	VDO	AKHUWAT	MOJAZ	SRDO	SSSF	SUB
Income from Loan Portfolio	61,043	3,459,522	393,184	736,783	275,665	77,628	245,357	3,565,452	27,255	44,065	542,063	176,498	984,619	97,385		29,430	35,152		73,045	5,644	1,549,756	202,409	4,405	43,334	**12,629,694**
Income from Investments	5,591	173,311		32,126	10,978	66,182	4,628	118,454	1,142	889	22,499	-	25,769	2,605		1,260	1,544		3,424	204	49,234	5,869	489	1,155	**527,354**
Income from Other Sources	276	138,745	33,619	53,031	14,320	8,677	5,356	7,019	298	555	1,930	-	22,296	1,771		137	502		5	353	478,542	637	5,023	18,967	**792,058**
Total Revenue	66,910	3,771,578	426,803	821,941	300,963	152,487	255,341	3,690,926	28,694	45,509	566,491	176,498	1,032,685	101,761	-	30,827	37,198	-	76,475	6,201	2,077,532	208,915	9,917	63,456	**13,949,107**
Less : Financial Expense	22,722	1,067,812	102,438	185,178	64,034	32,886	61,506	668,037	6,498	25,808	121,148	26,552	220,992	21,893		5,979	10,585		19,947	169	-	49,021	6,379	10,519	**2,730,105**
Gross Financial Margin	44,188	2,703,765	324,365	636,762	236,929	119,601	193,835	3,022,888	22,196	19,700	445,343	149,946	811,693	79,868	-	24,848	26,613	-	56,528	6,032	2,077,532	159,894	3,537	52,937	**11,219,001**
Less: Loan Loss Provision Expense	6,545	58,522	30,318	50,285	18,016	-	10,262	72,974	1,211	3,062	43,037	8,660	58,169	5,928		(2,178)	1,872		6,751	35	53,995	14,979	4,271	3,141	**449,854**
Net Financial Margin	37,643	2,645,244	294,047	586,477	218,913	119,601	183,573	2,949,914	20,985	16,639	402,306	141,286	753,524	73,940	-	27,026	24,741	-	49,777	5,997	2,023,537	144,915	(734)	49,796	**10,769,147**
Personnel Expense	17,037	1,210,376	131,833	254,015	93,097	39,085	68,089	636,116	11,245	25,355	150,448	-	267,988	36,905		16,981	9,889		27,463	2,561	1,088,736	60,168	4,260	11,843	**4,163,491**
Admin Expense	12,271	488,811	81,739	146,159	79,440	33,703	64,870	306,153	8,904	15,505	120,126	80,909	137,460	22,564		9,470	10,369		14,732	1,842	274,942	36,744	3,652	26,283	**1,976,645**
Less: Operating Expense	29,308	1,699,187	213,572	400,174	172,537	72,788	132,959	942,269	20,148	40,860	270,574	80,909	405,448	59,469	-	26,451	20,258	-	42,194	4,403	1,363,678	96,912	7,912	38,125	**6,140,136**
Other Non Operating Expense	2,937	124,788		329	164	-		223,898				15,943		1,135		177					82,030	-	-	-	**451,401**
Net Income before Tax	5,398	821,269	80,475	185,974	46,211	46,813	50,614	1,783,747	837	(24,221)	131,732	44,434	348,076	13,336	-	398	4,484	-	7,583	1,594	577,829	48,003	(8,646)	11,671	**4,177,610**
Provision for Tax	-	-	-	-	18,972	-	-	625,120	-	-	-	-	-	-		1,013	-		-	-	-	-	-	2,956	**648,061**
Net Income/(Loss)	5,398	821,269	80,475	185,974	27,239	46,813	50,614	1,158,627	837	(24,221)	131,732	44,434	348,076	13,336	-	(615)	4,484	-	7,583	1,594	577,829	48,003	(8,646)	8,715	**3,529,549**

Financial Performance - MFI

(in PKR '000)

	OCT	KASHF	SAFCO	DAMEN	CSC	GBTI	FFO	ASA-P	MO	WASIL	JWS	ORIX	RCDP	AGAHE	AMRDO	OPD	SAATH	BEDF	SVDP	VDO	AKHUWAT	MOJAZ	SRDO	SSSF	SUB
Adjusted Financial Expense on Borrowings	10,841	-	-	16,671	16,397	16,046	-	85,386	1,562	2,470	-	-	19,342	10,934		63,804	-		2,949	76	1,519,440	16,335	2,492	2,339	**1,787,084**
Inflation Adjustment Expense	8	55	14	21	8	18	3	94	1	(8)	14	8	30	2		1	1		2	1	73	2	0	2	**352**
Adjusted Loan Loss Provision Expense	6,545	58,522	30,617	50,285	18,102	-	10,196	72,974	1,211	3,849	43,037	8,660	58,169	1,201		(2,178)	1,872		6,751	35	53,995	14,979	4,271	3,141	**438,820**
Total Adjustment Expense	17,394	58,577	30,631	66,978	34,507	16,064	10,199	158,454	2,774	6,310	43,051	8,667	77,541	12,138	-	61,627	1,873	-	9,702	112	1,573,507	31,316	6,764	5,482	**2,226,256**
Net Income/ (Loss) After Adjustments	(11,996)	762,691	49,845	118,997	(7,268)	30,749	40,415	1,000,173	(1,937)	(30,531)	88,681	35,767	270,534	1,198	-	(62,241)	2,611	-	(2,119)	1,482	(995,679)	16,687	(15,410)	3,233	**1,303,293**
Average Total Assets	628,438	12,679,170	2,065,017	2,752,943	1,088,118	987,208	728,010	10,766,585	121,526	174,155	1,844,692	491,479	3,431,833	384,541		102,337	214,739		300,777	30,749	8,920,356	764,377	110,263	203,958	**48,791,274**
Average Total Equity	213,579	2,580,243	501,132	692,039	255,116	479,984	117,386	2,827,002	50,602	(204,353)	442,089	235,671	976,223	69,245		19,061	53,185		65,114	27,140	743,644	94,354	9,666	62,062	**10,310,184**
																									weighted avg.
Adjusted Return-on-Assets	-1.9%	6.0%	2.4%	4.3%	-0.7%	3.1%	5.6%	9.3%	-1.6%	-17.5%	4.8%	7.3%	7.9%	0.3%	#DIV/0!	-60.8%	1.2%	#DIV/0!	-0.7%	4.8%	-11.2%	2.2%	-14.0%	1.6%	**2.7%**
Adjusted Return-on-Equity	5.6%	29.6%	9.9%	17.2%	-2.8%	6.4%	34.4%	35.4%	-3.8%	14.9%	20.1%	15.2%	27.7%	1.7%	#DIV/0!	-326.5%	4.9%	#DIV/0!	-3.3%	5.5%	-133.9%	17.7%	-159.4%	5.2%	**12.6%**
Financial Expense Ratio	0.0%	12.1%	8.3%	8.3%	8.5%	12.0%	11.9%	8.0%	9.0%	27.1%	7.7%	5.7%	8.5%	6.8%	#DIV/0!	9.5%	8.3%	#DIV/0!	9.7%	0.7%	0.0%	3.8%	0.2%	0.7%	**7.3%**
Operational Self Sufficiency (OSS)	108.8%	127.8%	123.2%	129.2%	118.1%	144.3%	124.7%	193.5%	103.0%	65.3%	130.3%	133.6%	150.8%	115.1%	#DIV/0!	101.3%	113.7%	#DIV/0!	111.0%	134.6%	138.5%	129.8%	53.4%	122.5%	**142.8%**
Financial Self Sufficiency (FSS)	84.8%	125.3%	113.2%	116.9%	104.0%	125.3%	118.8%	178.7%	93.7%	59.8%	118.6%	125.4%	135.5%	101.2%	#DIV/0!	33.5%	107.5%	#DIV/0!	97.3%	131.4%	67.6%	108.7%	39.2%	110.8%	**116.3%**

Financial Performance - RSP

(in PKR '000)

	NRSP	PRSP	TMF	SRSP	SRSO	SUB
Income from Loan Portfolio	5,101,812	349,246	890,396	7,825	421,125	6,770,403
Income from Investments	176,669	109,136		156,057	5,236	447,099
Income from Other Sources	52,743	50,053	50,801	3,660,976	4,940	3,819,513
Total Revenue	5,331,225	508,435	941,196	3,824,858	431,301	11,037,015
Less : Financial Expense	1,240,999	91,687	324,804	14,766	89,442	1,761,698
Gross Financial Margin	4,090,225	416,748	616,392	3,810,093	341,859	9,275,317
Less: Loan Loss Provision Expense	127,102	-	12,646	-	18,061	157,808
Net Financial Margin	3,963,124	416,748	603,746	3,810,093	323,799	9,117,509
Personnel Expense	1,515,907	290,563	305,132		145,845	2,257,447
Admin Expense	545,718	115,816	143,288	3,552,543	51,735	4,409,099
Less: Operating Expense	2,061,625	406,379	448,419	3,552,543	197,579	6,666,545
Other Non Operating Expense	-	-				-
Net Income before Tax	1,901,499	10,369	155,327	257,550	126,219	2,450,964
Provision for Tax	-	-	-	-	-	-
Net Income/(Loss)	1,901,499	10,369	155,327	257,550	126,219	2,450,964
Adjusted Financial Expense on Borrowings	205,945	46,148	-	-	53,417	305,510
Inflation Adjustment Expense	214	70	8	54	1	348
Adjusted Loan Loss Provision Expense	127,102	-	12,646	-	30,543	170,290
Total Adjustment Expense	333,261	46,218	12,654	54	83,961	476,149
Net Income/(Loss) After Adjustments	1,568,238	(35,850)	142,673	257,495	42,259	1,974,815
Average Total Assets	21,632,554	3,842,887	3,783,154	2,763,078	1,585,493	33,607,166
Average Total Equity	6,570,539	1,903,609	315,409	1,761,218	115,008	10,665,783
						weighted avg.
Adjusted Return-on-Assets	7.2%	-0.9%	3.8%	9.3%	2.7%	5.9%
Adjusted Return-on-Equity	23.9%	-1.9%	45.2%	14.6%	36.7%	18.5%
Financial Expense Ratio	7.3%	7.1%	11.0%	48.0%	6.3%	7.8%
Operational Self Sufficiency (OSS)	155.4%	102.1%	119.8%	107.2%	141.4%	128.5%
Financial Self Sufficiency (FSS)	141.7%	93.4%	117.9%	107.2%	110.9%	121.8%

Financial Performance (in PKR '000)

	SUB	SUB	SUB	TOTAL
Income from Loan Portfolio	62,733,569	12,629,694	6,770,403	82,133,667
Income from Investments	530,241	527,354	447,099	1,504,694
Income from Other Sources	774,070	792,058	3,819,513	5,385,641
Total Revenue	64,037,880	13,949,107	11,037,015	89,024,002
Less : Financial Expense	15,845,447	2,730,105	1,761,698	20,337,250
Gross Financial Margin	48,192,434	11,219,001	9,275,317	68,686,752
Less: Loan Loss Provision Expense	4,432,224	449,854	157,808	5,039,886
Net Financial Margin	43,760,210	10,769,147	9,117,509	63,646,866
Personnel Expense	12,387,230	4,163,491	2,257,447	18,808,167
Admin Expense	23,491,582	1,976,645	4,409,099	29,877,326
Less: Operating Expense	35,878,812	6,140,136	6,666,545	48,685,493
Other Non Operating Expense	370,215	451,401	-	821,616
Net Income before Tax	7,511,183	4,177,610	2,450,964	14,139,757
Provision for Tax	3,597,153	648,061	-	4,245,214
Net Income/(Loss)	3,914,031	3,529,549	2,450,964	9,894,543
Adjusted Financial Expense on Borrowings	-	1,787,084	305,510	2,092,594
Inflation Adjustment Expense	1,002	352	348	1,703
Adjusted Loan Loss Provision Expense	4,347,811	438,820	170,290	4,956,922
Total Adjustment Expense	4,348,813	2,226,256	476,149	7,051,218
Net Income/(Loss) After Adjustments	(434,783)	1,303,293	1,974,815	2,843,325
Average Total Assets	322,983,875	48,791,274	33,607,166	405,382,316
Average Total Equity	44,501,518	10,310,184	10,665,783	65,477,485
	weightedavg.	weightedavg.	weightedavg.	weightedavg.
Adjusted Return-on-Assets	-0.1%	2.7%	5.9%	0.7%
Adjusted Return-on-Equity	-1.0%	12.6%	18.5%	4.3%
Financial Expense Ratio	10.1%	7.3%	7.8%	9.4%
Operational Self Sufficiency (OSS)	113.3%	142.8%	128.5%	118.9%
Financial Self Sufficiency (FSS)	105.2%	116.3%	121.8%	108.7%

Operating Income - MFB

(in PKR '000)

	KBL	TMFB	FMFB	NRSP-B	FINCA	AMFB	MMFB	UBANK	ADVANS	POMFB	SMFB	SUB
Revenue from Loan Portfolio	13,449,741	16,893,856	6,550,166	7,054,124	7,206,944	2,334,470	3,188,446	4,991,397	365,377	491,738	207,310	**62,733,569**
Total Revenue	13,564,576	17,018,838	6,556,385	7,164,790	7,333,171	2,434,121	3,870,452	5,006,416	373,583	508,238	207,310	**64,037,880**
Adjusted Net Operating Income / (Loss)	1,895,475	(3,813,229)	748,935	(564,076)	639,145	(132,880)	620,725	331,404	(144,109)	(21,418)	6,739	**(433,290)**
Average Total Assets	64,716,577	54,976,922	31,782,984	71,940,094	28,710,823	15,803,319	24,347,785	26,211,222	1,149,851	2,440,619	903,680	**322,983,875**
Gross Loan Portfolio (Opening Balance)	32,215,992	24,761,653	14,394,668	20,705,809	14,863,341	5,226,548	10,002,318	10,554,358	558,617	739,835	341,807	**134,364,947**
Gross Loan Portfolio (Closing Balance)	43,461,235	34,187,550	23,857,102	23,777,633	20,868,935	1,087,136	12,713,805	17,225,244	998,490	1,247,170	589,666	**180,013,966**
Average Gross Loan Portfolio	37,838,614	29,474,602	19,125,885	22,241,721	17,866,138	3,156,842	11,358,061	13,889,801	778,554	993,502	465,737	**157,189,456**
Inflation Rate*	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	**3.9%**
												weighted avg.
Total Revenue Ratio (Total Revenue-to-Average Total Assets)	21.0%	31.0%	20.6%	10.0%	25.5%	15.4%	15.9%	19.1%	32.5%	20.8%	22.9%	**19.8%**
Adjusted Profit Margin (Adjusted Profit/(Loss)-to-Total Revenue)	14.0%	-22.4%	11.4%	-7.9%	8.7%	-5.5%	16.0%	6.6%	-38.6%	-4.2%	3.3%	**-0.7%**
Yield on Gross Portfolio (Nominal)	35.5%	57.3%	34.2%	31.7%	40.3%	73.9%	28.1%	35.9%	46.9%	49.5%	44.5%	**39.9%**
Yield on Gross Portfolio (Real)	30.5%	51.4%	29.2%	26.8%	35.1%	67.4%	23.3%	30.8%	41.4%	43.9%	39.1%	**34.7%**

Operating Income - MFI

(in PKR '000)

	OCT	KASHF	SAFCO	DAMEN	CSC	GBTI	FFO	ASA-P	MO	WASIL	JWS	ORIX	RCDP	AGAHE	AMRDO	OPD	SAATH	BEDF	SVDP	VDO	AKHUWAT	MOJAZ	SRDO	SSSF	SUB
Revenue from Loan Portfolio	61,043	3,459,522	393,184	736,783	275,665	77,628	245,357	3,565,452	27,255	44,065	542,063	176,498	984,619	97,385	-	29,430	35,152	-	73,045	5,644	1,549,756	202,409	4,405	43,334	**12,629,694**
Total Revenue	66,910	3,771,578	426,803	821,941	300,963	152,487	255,341	3,690,926	28,694	45,509	566,491	176,498	1,032,685	101,761	-	30,827	37,198	-	76,475	6,201	2,077,532	208,915	9,917	63,456	**13,949,107**
Adjusted Net Operating Income / (Loss)	(11,996)	762,691	49,845	118,997	(7,268)	30,749	40,415	1,000,173	(1,937)	(30,531)	88,681	35,767	270,534	1,198	-	(62,241)	2,611	-	(2,119)	1,482	(995,679)	16,687	(15,410)	3,233	**1,295,881**
Average Total Assets	628,438	12,679,170	2,065,017	2,752,943	1,088,118	987,208	728,010	10,766,585	121,526	174,155	1,844,692	491,479	3,431,833	384,541	-	102,337	214,739	-	300,777	30,749	8,920,356	764,377	110,263	203,958	**48,791,274**
Gross Loan Portfolio (Opening Balance)	491,453	7,158,374	961,502	1,710,461	620,762	250,615	409,493	7,323,120	61,974	85,839	1,163,348	430,210	2,008,964	258,773		55,814	124,056		152,068	22,888	-	389,898	89,086	92,832	**23,861,531**
Gross Loan Portfolio (Closing Balance)	383,238	10,512,235	1,514,157	2,731,103	882,235	297,068	621,831	9,370,993	82,515	104,362	1,981,806	507,901	3,212,006	382,323	-	69,588	131,630	-	260,695	25,278	16,566,888	676,900	85,424	146,194	**50,546,369**
Average Gross Loan Portfolio	437,345	8,835,304	1,237,829	2,220,782	751,499	273,841	515,662	8,347,057	72,244	95,101	1,572,577	469,055	2,610,485	320,548	-	62,701	127,843	-	206,381	24,083	8,283,444	533,399	87,255	119,513	**37,203,950**
Inflation Rate*	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	**3.9%**
																									weighted avg.
Total Revenue Ratio (Total Revenue-to-Average Total Assets)	10.6%	29.7%	20.7%	29.9%	27.7%	15.4%	35.1%	34.3%	23.6%	26.1%	30.7%	35.9%	30.1%	26.5%	#DIV/0!	30.1%	17.3%	#DIV/0!	25.4%	20.2%	23.3%	27.3%	9.0%	31.1%	**28.6%**
Adjusted Profit Margin (Adjusted Profit/(Loss)-to-Total Revenue)	-17.9%	20.2%	11.7%	14.5%	-2.4%	20.2%	15.8%	27.1%	-6.8%	-67.1%	15.7%	20.3%	26.2%	1.2%	#DIV/0!	-201.9%	7.0%	#DIV/0!	-2.8%	23.9%	-47.9%	8.0%	-155.4%	5.1%	**9.3%**
Yield on Gross Portfolio (Nominal)	14.0%	39.2%	31.8%	33.2%	36.7%	28.3%	47.6%	42.7%	37.7%	46.3%	34.5%	37.6%	37.7%	30.4%	#DIV/0!	46.9%	27.5%	#DIV/0!	35.4%	23.4%	18.7%	37.9%	5.0%	36.3%	**33.9%**
Yield on Gross Portfolio (Real)	9.7%	33.9%	26.8%	28.2%	31.6%	23.5%	42.0%	37.4%	32.6%	40.8%	29.4%	32.5%	32.5%	25.5%	#DIV/0!	41.4%	22.7%	#DIV/0!	30.3%	18.8%	14.3%	32.8%	1.1%	31.1%	**28.9%**

Operating Income - RSP

(in PKR '000)

	NRSP	PRSP	TMF	SRSP	SRSO	SUB
Revenue from Loan Portfolio	5,101,812	349,246	890,396	7,825	421,125	6,770,403
Total Revenue	5,331,225	508,435	941,196	3,824,858	431,301	11,037,015
Adjusted Net Operating Income / (Loss)	1,568,238	(35,850)	142,673	257,495	42,259	1,974,815
Average Total Assets	21,632,554	3,842,887	3,783,154	2,763,078	1,585,493	33,607,166
Gross Loan Portfolio (Opening Balance)	15,515,651	1,162,961	2,306,935	22,424	1,257,416	20,265,387
Gross Loan Portfolio (Closing Balance)	18,483,915	1,410,079	3,617,117	39,044	1,604,312	25,154,467
Average Gross Loan Portfolio	16,999,783	1,286,520	2,962,026	30,734	1,430,864	22,709,927
Inflation Rate*	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%
						weighted avg.
Total Revenue Ratio (Total Revenue-to-Average Total Assets)	24.6%	13.2%	24.9%	138.4%	27.2%	32.8%
Adjusted Profit Margin (Adjusted Profit/(Loss)-to-Total Revenue)	29.4%	-7.1%	15.2%	6.7%	9.8%	17.9%
Yield on Gross Portfolio (Nominal)	30.0%	27.1%	30.1%	25.5%	29.4%	29.8%
Yield on Gross Portfolio (Real)	25.1%	22.4%	25.2%	20.8%	24.6%	24.9%

Operating Income (in PKR '000)

	SUB	SUB	SUB	TOTAL
Revenue from Loan Portfolio	62,733,569	12,629,694	6,770,403	82,133,667
Total Revenue	64,037,880	13,949,107	11,037,015	89,024,002
Adjusted Net Operating Income / (Loss)	(433,290)	1,295,881	1,974,815	2,837,406
Average Total Assets	322,983,875	48,791,274	33,607,166	405,382,316
Gross Loan Portfolio (Opening Balance)	134,364,947	23,861,531	20,265,387	178,491,865
Gross Loan Portfolio (Closing Balance)	180,013,966	50,546,369	25,154,467	255,714,803
Average Gross Loan Portfolio	157,189,456	37,203,950	22,709,927	217,103,334
Inflation Rate*	3.9%	3.9%	3.9%	3.9%
	weighted avg.	weighted avg.	weighted avg.	weighted avg.
Total Revenue Ratio (Total Revenue-to-Average Total Assets)	19.8%	28.6%	32.8%	22.0%
Adjusted Profit Margin (Adjusted Profit/(Loss)-to-Total Revenue)	-0.7%	9.3%	17.9%	3.2%
Yield on Gross Portfolio (Nominal)	39.9%	33.9%	29.8%	37.8%
Yield on Gross Portfolio (Real)	34.7%	28.9%	24.9%	32.7%

Operating Expense - MFB

(in PKR '000)

	KBL	TMFB	FMFB	NRSP-B	FINCA	AMFB	MMFB	UBANK	ADVANS	POMFB	SMFB	SUB
Adjusted Total Expense	10,657,359	20,430,169	5,296,779	7,421,095	6,070,458	2,519,756	2,846,844	4,437,747	518,417	489,222	186,661	**60,874,508**
Adjusted Financial Expense	4,590,105	2,595,036	1,682,653	2,226,360	1,828,405	800,799	389,543	1,676,143	51,338	50	5,015	**15,845,447**
Adjusted Loan Loss Provision Expense	1,341,338	2,594,726	501,976	2,309,713	752,121	123,309	394,384	491,337	64,974	170,244	35,911	**8,780,035**
Operating Expense	4,725,916	15,240,407	3,112,150	2,885,023	3,489,933	1,595,647	2,062,916	2,270,267	402,105	318,928	145,735	**36,249,026**
Adjustment Expense	670,872	1,297,491	251,135	1,154,992	317,306	62,051	197,295	245,704	31,393	89,228	31,345	**4,348,813**
Average Total Assets	64,716,577	54,976,922	31,782,984	71,940,094	28,710,823	15,803,319	24,347,785	26,211,222	1,149,851	2,440,619	903,680	**322,983,875**
												weighted avg.
Adjusted Total Expense-to-Average Total Assets	16.5%	37.2%	16.7%	10.3%	21.1%	15.9%	11.7%	16.9%	45.1%	20.0%	20.7%	**18.8%**
Adjusted Financial Expense-to-Average Total Assets	7.1%	4.7%	5.3%	3.1%	6.4%	5.1%	1.6%	6.4%	4.5%	0.0%	0.6%	**4.9%**
Adjusted Loan Loss Provision Expense-to-Average Total Assets	2.1%	4.7%	1.6%	3.2%	2.6%	0.8%	1.6%	1.9%	5.7%	7.0%	4.0%	**2.7%**
Adjusted Operating Expense-to-Average Total Assets	7.3%	27.7%	9.8%	4.0%	12.2%	10.1%	8.5%	8.7%	35.0%	13.1%	16.1%	**11.2%**
Adjusted Personnel Expense	3.4%	5.8%	5.2%	2.2%	0.7%	6.2%	4.2%	4.4%	14.3%	6.3%	10.0%	**3.8%**
Adjusted Admin Expense	3.9%	21.4%	4.6%	1.8%	11.4%	3.9%	4.2%	4.3%	19.7%	6.8%	6.0%	**7.3%**
Adjustment Expense-to-Average Total Assets	1.0%	2.4%	0.8%	1.6%	1.1%	0.4%	0.8%	0.9%	2.7%	3.7%	3.5%	**1.3%**

Operating Expense - MFI

(in PKR '000)

	OCT	KASHF	SAFCO	DAMEN	CSC	GBTI	FFO	ASA-P	MO	WASIL	JWS	ORIX	RCDP	AGAHE	AMRDO	OPD	SAATH	BEDF	SVDP	VDO	AKHUWAT	MOJAZ	SRDO	SSSF	SUB
Adjusted Total Expense	78,898	3,008,831	376,944	702,923	289,251	121,720	214,923	2,065,539	30,630	76,048	477,796	140,723	762,120	100,560	-	92,054	34,587	-	78,591	4,719	3,073,138	192,226	25,326	57,265	**12,004,812**
Adjusted Financial Expense	33,563	1,067,812	102,438	201,849	80,431	48,932	61,506	753,423	8,060	28,278	121,148	26,552	240,334	32,827	-	69,783	10,585	-	22,896	246	1,519,440	65,356	8,871	12,858	**4,517,189**
Adjusted Loan Loss Provision Expense	13,090	117,044	60,935	100,570	36,118	-	20,458	145,948	2,421	6,910	86,074	17,319	116,338	7,129	-	(4,356)	3,744	-	13,501	69	107,991	29,959	8,542	6,282	**896,086**
Operating Expense	32,245	1,823,975	213,572	400,503	172,702	72,788	132,959	1,166,167	20,148	40,860	270,574	96,852	405,448	60,604	-	26,627	20,258	-	42,194	4,403	1,445,708	96,912	7,912	38,125	**6,591,537**
Adjustment Expense	17,394	58,577	30,631	66,978	34,507	16,064	10,199	158,454	2,774	6,310	43,051	8,667	77,541	12,138	-	61,627	1,873	-	9,702	112	1,573,507	31,316	6,764	5,482	**2,233,668**
Average Total Assets	628,438	12,679,170	2,065,017	2,752,943	1,088,118	987,208	728,010	10,766,585	121,526	174,155	1,844,692	491,479	3,431,833	384,541	0	102,337	214,739	0	300,777	30,749	8,920,356	764,377	110,263	203,958	**48,791,274**
																									weighted avg.
Adjusted Total Expense-to-Average Total Assets	12.6%	23.7%	18.3%	25.5%	26.6%	12.3%	29.5%	19.2%	25.2%	43.7%	25.9%	28.6%	22.2%	26.2%	#DIV/0!	90.0%	16.1%	#DIV/0!	26.1%	15.3%	34.5%	25.1%	23.0%	28.1%	**24.6%**
Adjusted Financial Expense-to-Average Total Assets	5.3%	8.4%	5.0%	7.3%	7.4%	5.0%	8.4%	7.0%	6.6%	16.2%	6.6%	5.4%	7.0%	8.5%	#DIV/0!	68.2%	4.9%	#DIV/0!	7.6%	0.8%	17.0%	8.6%	8.0%	6.3%	**9.3%**
Adjusted Loan Loss Provision Expense-to-Average Total Assets	2.1%	0.9%	3.0%	3.7%	3.3%	0.0%	2.8%	1.4%	2.0%	4.0%	4.7%	3.5%	3.4%	1.9%	#DIV/0!	-4.3%	1.7%	#DIV/0!	4.5%	0.2%	1.2%	3.9%	7.7%	3.1%	**1.8%**
Adjusted Operating Expense-to-Average Total Assets	5.1%	14.4%	10.3%	14.5%	15.9%	7.4%	18.3%	10.8%	16.6%	23.5%	14.7%	19.7%	11.8%	15.8%	#DIV/0!	26.0%	9.4%	#DIV/0!	14.0%	14.3%	16.2%	12.7%	7.2%	18.7%	**13.5%**
Adjusted Personnel Expense	2.7%	9.5%	6.4%	9.2%	8.6%	4.0%	9.4%	5.9%	9.3%	14.6%	8.2%	0.0%	7.8%	9.6%	#DIV/0!	16.6%	4.6%	#DIV/0!	9.1%	8.3%	12.2%	7.9%	3.9%	5.8%	**8.5%**
Adjusted Admin Expense	2.0%	3.9%	4.0%	5.3%	7.3%	3.4%	8.9%	2.8%	7.3%	8.9%	6.5%	16.5%	4.0%	5.9%	#DIV/0!	9.3%	4.8%	#DIV/0!	4.9%	6.0%	3.1%	4.8%	3.3%	12.9%	**4.1%**
Adjustment Expense-to-Average Total Assets	2.8%	0.5%	1.5%	2.4%	3.2%	1.6%	1.4%	1.5%	2.3%	3.6%	2.3%	1.8%	2.3%	3.2%	#DIV/0!	60.2%	0.9%	#DIV/0!	3.2%	0.4%	17.6%	4.1%	6.1%	2.7%	**4.6%**

Operating Expense - RSP

(in PKR '000)

	NRSP	PRSP	TMF	SRSP	SRSO	SUB
Adjusted Total Expense	3,556,827	498,066	798,515	3,567,309	335,624	8,756,342
Adjusted Financial Expense	1,240,999	91,687	324,804	14,766	89,442	1,761,698
Adjusted Loan Loss Provision Expense	254,203	-	25,292	-	48,603	328,098
Operating Expense	2,061,625	406,379	448,419	3,552,543	197,579	6,666,545
Adjustment Expense	333,261	46,218	12,654	54	83,961	476,149
Average Total Assets	21,632,554	3,842,887	3,783,154	2,763,078	1,585,493	33,607,166
						weighted avg.
Adjusted Total Expense-to-Average Total Assets	16.4%	13.0%	21.1%	129.1%	21.2%	26.1%
Adjusted Financial Expense-to-Average Total Assets	5.7%	2.4%	8.6%	0.5%	5.6%	5.2%
Adjusted Loan Loss Provision Expense-to-Average Total Assets	1.2%	0.0%	0.7%	0.0%	3.1%	1.0%
Adjusted Operating Expense-to-Average Total Assets	9.5%	10.6%	11.9%	128.6%	12.5%	19.8%
Adjusted Personnel Expense	7.0%	7.6%	8.1%	0.0%	9.2%	6.7%
Adjusted Admin Expense	2.5%	3.0%	3.8%	128.6%	3.3%	13.1%
Adjustment Expense-to-Average Total Assets	1.5%	1.2%	0.3%	0.0%	5.3%	1.4%

Operating Expense (in PKR '000)

	SUB	SUB	SUB	TOTAL
Adjusted Total Expense	60,874,508	12,004,812	8,756,342	**81,635,662**
Adjusted Financial Expense	15,845,447	4,517,189	1,761,698	**22,124,334**
Adjusted Loan Loss Provision Expense	8,780,035	896,086	328,098	**10,004,220**
Operating Expense	36,249,026	6,591,537	6,666,545	**49,507,108**
Adjustment Expense	4,348,813	2,233,668	476,149	**7,058,630**
Average Total Assets	322,983,875	48,791,274	33,607,166	**405,382,316**
	weighted avg.	**weighted avg.**	**weighted avg.**	**weighted avg.**
Adjusted Total Expense-to-Average Total Assets	18.8%	24.6%	26.1%	**20.1%**
Adjusted Financial Expense-to-Average Total Assets	4.9%	9.3%	5.2%	**5.5%**
Adjusted Loan Loss Provision Expense-to-Average Total Assets	2.7%	1.8%	1.0%	**2.5%**
Adjusted Operating Expense-to-Average Total Assets	11.2%	13.5%	19.8%	**12.2%**
Adjusted Personnel Expense	3.8%	8.5%	6.7%	**4.6%**
Adjusted Admin Expense	7.3%	4.1%	13.1%	**7.4%**
Adjustment Expense-to-Average Total Assets	1.3%	4.6%	1.4%	**1.7%**

Operating Efficiency - MFB

(in PKR '000)

	KBL	TMFB	FMFB	NRSP-B	FINCA	AMFB	MMFB	UBANK	ADVANS	POMFB	SMFB	SUB
Operating Expense (PKR '000)	4,706,553	14,948,448	3,112,150	2,881,731	3,453,510	1,595,647	2,058,286	2,267,867	390,978	318,702	144,939	**35,878,812**
Personnel Expense (PKR '000)	2,178,043	3,193,622	1,664,124	1,589,984	187,885	982,732	1,029,884	1,152,168	164,949	153,338	90,500	**12,387,230**
Average Gross Loan Portfolio (PKR '000)	37,838,614	29,474,602	19,125,885	22,241,721	17,866,138	3,156,842	11,358,061	13,889,801	778,554	993,502	465,737	**157,189,456**
Average Number of Active Borrowers	785,534	694,441	424,393	400,418	234,937	102,659	176,654	287,320	11,018	40,133	37,243	**3,194,750**
Average Number of Active Loans	785,534	694,441	424,393	400,418	234,937	102,659	176,654	287,320	11,018	40,133	37,243	**3,194,750**
												weighted avg.
Adjusted Operating Expense-to-Average Gross Loan Portfolio	12.44%	50.7%	16.3%	13.0%	19.3%	50.5%	18.1%	16.3%	50.2%	32.1%	31.1%	**22.8%**
Adjusted Personnel Expense-to-Average Gross Loan Portfolio	5.76%	10.8%	8.7%	7.1%	1.1%	31.1%	9.1%	8.3%	21.2%	15.4%	19.4%	**7.9%**
Average Salary/ Gross Domestic Product per Capita	3.5	5.5	3.7	2.9	0.4	2.5	5.4	3.6	2.7	2.1	3.6	**3.3**
Adjusted Cost per Borrower (PKR)	5,992	21,526	7,333	7,197	14,700	15,543	11,652	7,893	35,485	7,941	3,892	**11,231**
Adjusted Cost per Loan (PKR)	5,992	21,526	7,333	7,197	14,700	15,543	11,652	7,893	35,485	7,941	3,892	**11,231**

Operating Efficiency - MFI

(in PKR '000)

	OCT	KASHF	SAFCO	DAMEN	CSC	GBTI	FFO	ASA-P	MO	WASIL	JWS	ORIX	RCDP	AGAHE	AMRDO	OPD	SAATH	BEDF	SVDP	VDO	AKHUWAT	MOJAZ	SRDO	SSSF	SUB
Operating Expense (PKR '000)	29,308	1,699,187	213,572	400,174	172,537	72,788	132,959	942,269	20,148	40,860	270,574	80,909	405,448	59,469	-	26,451	20,258	-	42,194	4,403	1,363,678	96,912	7,912	38,125	**6,140,136**
Personnel Expense (PKR '000)	17,037	1,210,376	131,833	254,015	93,097	39,085	68,089	636,116	11,245	25,355	150,448	-	267,988	36,905	-	16,981	9,889	-	27,463	2,561	1,088,736	60,168	4,260	11,843	**4,163,491**
Average Gross Loan Portfolio (PKR '000)	437,345	8,835,304	1,237,829	2,220,782	751,499	273,841	515,662	8,347,057	72,244	95,101	1,572,577	469,055	2,610,485	320,548	-	62,701	127,843	-	206,381	24,083	8,283,444	533,399	87,255	119,513	**37,203,950**
Average Number of Active Borrowers	25,189	413,932	78,960	82,618	31,205	17,350	29,023	419,212	4,357	4,047	75,920	28,747	108,565	19,503	-	4,334	5,004	-	8,665	2,068	965,244	24,196	2,666	6,672	**2,357,477**
Average Number of Active Loans	25,189	413,932	78,960	82,618	31,205	17,350	29,023	419,212	4,357	4,047	75,920	28,747	108,565	19,503	-	4,334	5,004	-	8,665	2,068	965,244	24,196	2,666	6,672	**2,357,477**
																									weighted avg.
Adjusted Operating Expense-to-Average Gross Loan Portfolio	6.7%	19.2%	17.3%	18.0%	23.0%	26.6%	25.8%	11.3%	27.9%	43.0%	17.2%	17.2%	15.5%	18.6%	#DIV/0!	42.2%	15.8%	#DIV/0!	20.4%	18.3%	16.5%	18.2%	9.1%	31.9%	**16.5%**
Adjusted Personnel Expense-to-Average Gross Loan Portfolio	3.9%	13.7%	10.7%	11.4%	12.4%	14.3%	13.2%	7.6%	15.6%	26.7%	9.6%	0.0%	10.3%	11.5%	#DIV/0!	27.1%	7.7%	#DIV/0!	13.3%	10.6%	13.1%	11.3%	4.9%	9.9%	**11.2%**
Average Salary/ Gross Domestic Product per Capita	0.8	2.6	1.8	3.0	2.3	1.7	2.4	2.1	2.6	2.0	1.9	0.0	2.2	1.3	#DIV/0!	2.3	1.2	#DIV/0!	2.0	1.3	1.5	21.8	0.5	0.0	**2.0**
Adjusted Cost per Borrower (PKR)	1,164	4,105	2,705	4,844	5,529	4,195	4,581	2,248	4,624	10,096	3,564	2,815	3,735	3,049	#DIV/0!	6,103	4,048	#DIV/0!	4,869	2,129	1,413	4,005	2,968	5,714	**2,605**
Adjusted Cost per Loan (PKR)	1,164	4,105	2,705	4,844	5,529	4,195	4,581	2,248	4,624	10,096	3,564	2,815	3,735	3,049	#DIV/0!	6,103	4,048	#DIV/0!	4,869	2,129	1,413	4,005	2,968	5,714	**2,605**

Operating Efficiency - RSP

(in PKR '000)

	NRSP	PRSP	TMF	SRSP	SRSO	SUB
Operating Expense (PKR '000)	2,061,625	406,379	448,419	3,552,543	197,579	**6,666,545**
Personnel Expense (PKR '000)	1,515,907	290,563	305,132	-	145,845	**2,257,447**
Average Gross Loan Portfolio (PKR '000)	16,999,783	1,286,520	2,962,026	30,734	1,430,864	**22,709,927**
Average Number of Active Borrowers	798,227	74,963	166,592	5,480	89,549	**1,134,811**
Average Number of Active Loans	798,227	74,963	166,592	5,480	89,549	**1,134,811**
						weighted avg.
Adjusted Operating Expense-to-Average Gross Loan Portfolio	12.1%	31.6%	15.1%	11559.0%	13.8%	**29.4%**
Adjusted Personnel Expense-to-Average Gross Loan Portfolio	8.9%	22.6%	10.3%	0.0%	10.2%	**9.9%**
Average Salary/ Gross Domestic Product per Capita	2.0	3.0	2.9	0.0	2.5	**2.3**
Adjusted Cost per Borrower (PKR)	2,583	5,421	2,692	648,274	2,206	**5,875**
Adjusted Cost per Loan (PKR)	2,583	5,421	2,692	648,274	2,206	**5,875**

Operating Efficiency (in PKR '000)

	SUB	SUB	SUB	TOTAL
Operating Expense (PKR '000)	35,878,812	6,140,136	6,666,545	**48,685,493**
Personnel Expense (PKR '000)	12,387,230	4,163,491	2,257,447	**18,808,167**
Average Gross Loan Portfolio (PKR '000)	157,189,456	37,203,950	22,709,927	**217,103,334**
Average Number of Active Borrowers	3,194,750	2,357,477	1,134,811	**6,687,038**
Average Number of Active Loans	3,194,750	2,357,477	1,134,811	**6,687,038**
	weighted avg.	weighted avg.	weighted avg.	weighted avg.
Adjusted Operating Expense-to-Average Gross Loan Portfolio	22.8%	16.5%	29.4%	**22.4%**
Adjusted Personnel Expense-to-Average Gross Loan Portfolio	7.9%	11.2%	9.9%	**8.7%**
Average Salary/Gross Domestic Product per Capita	3.3	2.0	2.3	**2.8**
Adjusted Cost per Borrower (PKR)	11,231	2,605	5,875	**7,281**
Adjusted Cost per Loan (PKR)	11,231	2,605	5,875	**7,281**

Productivity - MFB

(in PKR '000)

	KBL	TMFB	FMFB	NRSP-B	FINCA	AMFB	MMFB	UBANK	ADVANS	POMFB	SMFB	SUB
Number of Active Borrowers	785,534	694,441	424,393	400,418	234,937	102,659	176,654	287,320	11,018	40,133	37,243	**3,194,750**
Number of Active Loans	785,534	694,441	424,393	400,418	234,937	102,659	176,654	287,320	11,018	40,133	37,243	**3,194,750**
Number of Active Depositors	2,062,989	9,198,446	986,814	1,031,722	931,670	350,942	16,599,230	621,248	23,422	16,158	46,964	**31,869,605**
Number of Deposit Accounts	2,062,989	9,198,446	986,814	1,063,244	1,050,560	350,942	16,599,165	621,248	23,422	16,794	46,964	**32,020,588**
Total Staff	3,857	3,559	2,760	3,397	2,874	2,434	1,165	1,980	372	454	157	**23,009**
Total Loan Officers	2,078	1,940	1,293	1,831	1,116	680	432	780	165	48	97	**10,460**
												weighted avg.
Borrowers per Staff	204	195	154	118	82	42	152	145	30	88	237	**139**
Loans per Staff	204	195	154	118	82	42	152	145	30	88	237	**139**
Borrowers per Loan Officer	378	358	328	219	211	151	409	368	67	836	384	**305**
Loans per Loan Officer	378	358	328	219	211	151	409	368	67	836	384	**305**
Depositors per Staff	535	2,585	358	304	324	144	14,248	314	63	36	299	**1,385**
Deposit Accounts per Staff	535	2,585	358	313	366	144	14,248	314	63	37	299	**1,392**
Personnel Allocation Ratio	53.9%	54.5%	46.8%	53.9%	38.8%	27.9%	37.1%	39.4%	44.4%	10.6%	61.8%	**45.5%**

Productivity - MFI

(in PKR '000)

	OCT	KASHF	SAFCO	DAMEN	CSC	GBTI	FFO	ASA-P	MO	WASIL	JWS	ORIX	RCDP	AGAHE	AMRDO	OPD	SAATH	BEDF	SVDP	VDO	AKHUWAT	MOJAZ	SRDO	SSSF	SUB
Number of Active Borrowers	25,189	413,932	78,960	82,618	31,205	17,350	29,023	419,212	4,357	4,047	75,920	28,747	108,565	19,503	-	4,334	5,004	-	8,665	2,068	965,244	24,196	2,666	6,672	**2,357,477**
Number of Active Loans	25,189	413,932	78,960	82,618	31,205	17,350	29,023	419,212	4,357	4,047	75,920	28,747	108,565	19,503	-	4,334	5,004	-	8,665	2,068	965,244	24,196	2,666	6,672	**2,357,477**
Number of Active Depositors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Number of Deposit Accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Total Staff	140	2,846	458	521	246	145	172	1,847	27	80	480	96	741	170	-	46	50	-	85	12	4,406	227	17	56	**12,868**
Total Loan Officers	70	1,794	194	348	116	15	91	1,049	15	28	249	60	382	66		17	15		33	4	1,940	85	5	26	**6,602**
																									weighted avg.
Borrowers per Staff	180	145	172	159	127	120	169	227	161	51	158	299	147	115	#DIV/0!	94	100	#DIV/0!	102	172	219	107	157	119	**183**
Loans per Staff	180	145	172	159	127	120	169	227	161	51	158	299	147	115	#DIV/0!	94	100	#DIV/0!	102	172	219	107	157	119	**183**
Borrowers per Loan Officer	360	231	407	237	269	1,157	319	400	290	145	305	479	284	296	#DIV/0!	255	334	#DIV/0!	263	517	498	285	533	257	**357**
Loans per Loan Officer	360	231	407	237	269	1,157	319	400	290	145	305	479	284	296	#DIV/0!	255	334	#DIV/0!	263	517	498	285	533	257	**357**
Depositors per Staff	0	0	0	0	0	0	0	0	0	0	0	0	0	0	#DIV/0!	0	0	#DIV/0!	0	0	0	0	0	0	**-**
Deposit Accounts per Staff	0	0	0	0	0	0	0	0	0	0	0	0	0	0	#DIV/0!	0	0	#DIV/0!	0	0	0	0	0	0	**-**
Personnel Allocation Ratio	50.0%	63.0%	42.4%	66.8%	47.2%	10.3%	52.9%	56.8%	55.6%	35.0%	51.9%	62.5%	51.6%	38.8%	#DIV/0!	37.0%	30.0%	#DIV/0!	38.8%	33.3%	44.0%	37.4%	29.4%	46.4%	**51.3%**

Productivity - RSP

(in PKR '000)

	NRSP	PRSP	TMF	SRSP	SRSO	SUB
Number of Active Borrowers	798,227	74,963	166,592	5,480	89,549	**1,134,811**
Number of Active Loans	798,227	74,963	166,592	5,480	89,549	**1,134,811**
Number of Active Depositors	-	-	-	-	-	**-**
Number of Deposit Accounts	-	-	-	-	-	**-**
Total Staff	4,561	599	639	14	358	**6,171**
Total Loan Officers	3,752	239	356	6	199	**4,552**
						weighted avg.
Borrowers per Staff	175	125	261	391	250	**184**
Loans per Staff	175	125	261	391	250	**184**
Borrowers per Loan Officer	213	314	468	913	450	**249**
Loans per Loan Officer	213	314	468	913	450	**249**
Depositors per Staff	-	-	-	-	-	**-**
Deposit Accounts per Staff	-	-	-	-	-	**-**
Personnel Allocation Ratio	82.3%	39.9%	55.7%	42.9%	55.6%	**73.8%**

Productivity

(in PKR '000)

	SUB	SUB	SUB	TOTAL
Number of Active Borrowers	3,194,750	2,357,477	1,134,811	6,687,038
Number of Active Loans	3,194,750	2,357,477	1,134,811	6,687,038
Number of Active Depositors	31,869,605	-	-	31,869,605
Number of Deposit Accounts	32,020,588	-	-	32,020,588
Total Staff	23,009	12,868	6,171	42,048
Total Loan Officers	10,460	6,602	4,552	21,614
	weighted avg.	weighted avg.	weighted avg.	weighted avg.
Borrowers per Staff	139	183	184	159
Loans per Staff	139	183	184	159
Borrowers per Loan Officer	305	357	249	309
Loans per Loan Officer	305	357	249	309
Depositors per Staff	1,385	-	-	758
Deposit Accounts per Staff	1,392	-	-	762
Personnel Allocation Ratio	45.5%	51.3%	73.8%	51.4%

Risk - MFB

(in PKR ‘000)

	KBL	TMFB	FMFB	NRSP-B	FINCA	AMFB	MMFB	UBANK	ADVANS	POMFB	SMFB	SUB
Portfolio at Risk > 30 days	555,911	1,401,873	214,267	647,281	388,721	98,397	161,859	64,819	5,544	103,718	353	**3,642,744**
Portfolio at Risk > 90 days	92,261	712,932	100,358	332,701	131,687	89,315	92,116	83,508	12,747	52,133	578	**1,700,335**
Loan Loss Reserve (Balance Sheet)	721,299	1,242,731	302,658	466,511	288,406	1,274,395	285,428	205,406	20,460	48,548	6,565	**4,862,406**
Loan Portfolio Written Off during year	39,492	384,638	-	29,984	393,813	-	-	-	-	-	1,283	**849,211**
Gross Loan Portfolio	43,461,235	34,187,550	23,857,102	23,777,633	20,868,935	1,087,136	12,713,805	17,225,244	998,490	1,247,170	589,666	**180,013,966**
Average Gross Loan Portfolio	37,838,614	29,474,602	19,125,885	22,241,721	17,866,138	3,156,842	11,358,061	13,889,801	778,554	993,502	465,737	**157,189,456**
												weighted avg.
Portfolio at Risk (>30)-to-Gross Loan Portfolio	1.3%	4.1%	0.9%	2.7%	1.9%	9.1%	1.3%	0.4%	0.6%	8.3%	0.1%	**2.0%**
Portfolio at Risk (>90)-to-Gross Loan Portfolio	0.2%	2.1%	0.4%	1.4%	0.6%	8.2%	0.7%	0.5%	1.3%	4.2%	0.1%	**0.9%**
Write off-to-Average Gross Loan Portfolio	0.1%	1.30%	0.0%	0.1%	2.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	**0.5%**
Risk Coverage Ratio (Adjusted Loan Loss Reserve-to-Portfolio at Risk > 30 days)	129.8%	88.6%	141.3%	72.1%	74.2%	1295.2%	176.3%	316.9%	369.0%	46.8%	0.0%	**133.5%**

Risk - MFI

(in PKR '000)

	OCT	KASHF	SAFCO	DAMEN	CSC	GBTI	FFO	ASA-P	MO	WASIL	JWS	ORIX	RCDP	AGAHE	AMRDO	OPD	SAATH	BEDF	SVDP	VDO	AKHUWAT	MOJAZ	SRDO	SSSF	SUB
Portfolio at Risk > 30 days	19,918	30,845	17,087	10,093	904	-	1,496	29,824	1,433	755	1,985	16,406	19,486	254		-	4,844		4,261	974	12,617	1,726	3,034	4,561	**182,503**
Portfolio at Risk > 90 days	9,513	19,854	15,121	4,272	730	-	550	22,218	696	580	1,576	23,642	11,714	54		-	3,782		3,156	819	11,751	1,453	2,413	4,291	**138,186**
Loan Loss Reserve (Balance Sheet)	12,964	124,106	71,437	136,555	41,748	1,485	30,875	63,836	2,475	5,088	99,873	20,549	159,966	17,314		696	6,581		13,035	1,264	165,669	33,845	8,960	7,436	**1,025,757**
Loan Portfolio Written Off during year	5,975	12,427	2,841	3,754		-	427	17,027	-	3,129	5,047	1,671	3,938	-		724	281		1,257	-	20,915	1,655	-	-	**81,068**
Gross Loan Portfolio	383,238	10,512,235	1,514,157	2,731,103	882,235	297,068	621,831	9,370,993	82,515	104,362	1,981,806	507,901	3,212,006	382,323	-	69,588	131,630	-	260,695	25,278	16,566,888	676,900	85,424	146,194	**50,546,369**
Average Gross Loan Portfolio	437,345	8,835,304	1,237,829	2,220,782	751,499	273,841	515,662	8,347,057	72,244	95,101	1,572,577	469,055	2,610,485	320,548	-	62,701	127,843	-	206,381	24,083	8,283,444	533,399	87,255	119,513	**37,203,950**
																									weighted avg.
Portfolio at Risk (>30)-to-Gross Loan Portfolio	5.2%	0.3%	1.1%	0.4%	0.1%	0.0%	0.2%	0.3%	1.7%	0.7%	0.1%	3.2%	0.6%	0.1%	#DIV/0!	0.0%	3.7%	#DIV/0!	1.6%	3.9%	0.1%	0.3%	3.6%	3.1%	**0.4%**
Portfolio at Risk (>90)-to-Gross Loan Portfolio	2.5%	0.2%	1.0%	0.2%	0.1%	0.0%	0.1%	0.2%	0.8%	0.6%	0.1%	4.7%	0.4%	0.0%	#DIV/0!	0.0%	2.9%	#DIV/0!	1.2%	3.2%	0.1%	0.2%	2.8%	2.9%	**0.3%**
Write off-to-Average Gross Loan Portfolio	1.4%	0.1%	0.2%	0.2%	0.0%	0.0%	0.1%	0.2%	0.0%	3.3%	0.3%	0.4%	0.2%	0.0%	#DIV/0!	1.2%	0.2%	#DIV/0!	0.6%	0.0%	0.3%	0.3%	0.0%	0.0%	**0.2%**
Risk Coverage Ratio (Adjusted Loan Loss Reserve-to-Portfolio at Risk > 30 days)	65.1%	402.3%	418.1%	1353.0%	0.0%	0.0%	2064.1%	214.0%	172.8%	674.4%	5030.2%	125.3%	820.9%	0.0%	#DIV/0!	#DIV/0!	135.9%	0.0%	305.9%	129.8%	1313.1%	1960.9%	295.3%	163.0%	**562.0%**

Risk - RSP

(in PKR '000)

	NRSP	PRSP	TMF	SRSP	SRSO	SUB
Portfolio at Risk > 30 days	161,279	2,908	1,545	1,762		167,494
Portfolio at Risk > 90 days	125,219	2,097	416	5,758		133,489
Loan Loss Reserve (Balance Sheet)	225,263	99,772	22,885	30,543		378,462
Loan Portfolio Written Off during year	127,102	1,477	16,987	15,712		161,277
Gross Loan Portfolio	18,483,915	1,410,079	3,617,117	39,044	1,604,312	25,154,467
Average Gross Loan Portfolio	16,999,783	1,286,520	2,962,026	30,734	1,430,864	22,709,927
						weighted avg.
Portfolio at Risk (>30)-to-Gross Loan Portfolio	0.9%	0.2%	0.0%	4.5%	0.0%	0.7%
Portfolio at Risk (>90)-to-Gross Loan Portfolio	0.7%	0.1%	0.0%	14.7%	0.0%	0.5%
Write off-to-Average Gross Loan Portfolio	0.7%	0.1%	0.6%	51.1%	0.0%	0.7%
Risk Coverage Ratio (Adjusted Loan Loss Reserve-to-Portfolio at Risk > 30 days)	139.7%	3430.6%	1480.9%	0.0%	#DIV/0!	226.0%

Risk

(in PKR '000)

	SUB	SUB	SUB	TOTAL
Portfolio at Risk > 30 days	3,642,744	182,503	167,494	3,992,741
Portfolio at Risk > 90 days	1,700,335	138,186	133,489	1,972,010
Loan Loss Reserve (Balance Sheet)	4,862,406	1,025,757	378,462	6,266,625
Loan Portfolio Written Off during year	849,211	81,068	161,277	1,091,556
Gross Loan Portfolio	180,013,966	50,546,369	25,154,467	255,714,803
Average Gross Loan Portfolio	157,189,456	37,203,950	22,709,927	217,103,334
	weighted avg.	weighted avg.	weighted avg.	weighted avg.
Portfolio at Risk (>30)-to-Gross Loan Portfolio	2.0%	0.4%	0.7%	1.6%
Portfolio at Risk (>90)-to-Gross Loan Portfolio	0.9%	0.3%	0.5%	0.8%
Write off-to-Average Gross Loan Portfolio	0.5%	0.2%	0.7%	0.5%
Risk Coverage Ratio (Adjusted Loan Loss Reserve-to-Portfolio at Risk > 30 days)	133.5%	562.0%	226.0%	157.0%

Annexure A3: Social Performance Indicators

Social Performance Indicators - MFBs

			KBL	TMFB	FMFBP	POMFB	NRSP BANK	UBANK	APNA MICROFINANCE	FINCA	ADVANS
Social Goals											
1.1	Target market	Clients living in rural areas	y	y	y	y	y	y	y	y	y
		Clients living in urban areas	y	y	y	y	y	y	y	y	y
		Women	y	y	y	y	y	y	y	y	
		Adolescents and youth (below 18)									
		None of the above									
1.2	Development goals	Increased access to financial services	y	y	y	y	y	y		y	y
		Poverty reduction	y			y	y	y	y	y	
		Employment generation	y			y	y			y	
		Development of start-up enterprises	y			y			y		
		Growth of existing businesses		y		y		y	y	y	y
		Improvement of adult education				y					
		Youth opportunities									
		Children's schooling		y				y			
		Health improvement		y				y			
		Gender equality and women's empowerment	y			y		y	y		
		Water and sanitation									
		Housing		y	y				y		
		None of the above									
1.3	Poverty level	Very poor clients	y						y		
		Poor clients	y	y		y	y		y		
		Low income clients		y		y	y	y	y	y	y
		No specific poverty target			y			y			
1.4	Does MFP measure poverty	Yes	y	y			y		y	y	y
		No			y	y		y			
		Unknown									
1.5	Poverty measurement tool	Grameen Progress out of Poverty Index (PPI)									
		USAID Poverty Assessment Tool (PAT)									
		Per capita household expenditure		y							y
		Per capita household income		y					y		y
		Participatory Wealth Ranking (PWR)									
		Housing index									
		Food security index									
		Means test									
		Own proxy poverty index		y						y	
		None of the above	y		y	y	y	y			

Social Performance Indicators - MFBs

			KBL	TMFB	FMFBP	POMFB	NRSP BANK	UBANK	APNA MICROFINANCE	FINCA	ADVANS
Governance and HR											
2.1	Board orientation of social mission	Yes	y	y	y	y	y	y	y	y	y
		No									
		Unknown									
2.2	SPM champion/ committee at Board	Yes	y		y		y				y
		No		y		y		y	y	y	
		Unknown									
2.3	Board experience in SPM	Yes	y	y	y		y	y		y	y
		No				y			y		
		Unknown									
2.4	Staff incentives related to SP	Number of clients	y	y	y	y	y	y	y	y	y
		Quality of interaction with clients based on client feedback mechanism						y		y	
		Quality of social data collected									y
		Portfolio quality	y		y	y	y	y	y	y	y
		None of the above									
2.5	How number of clients is incentivized	Total number of clients		y		y	y	y	y	y	
		Number of new clients	y		y		y		y		y
		Client retention					y	y	y	y	y
		None of the above									
2.6	HR policies related to SP	Social protection (medical insurance and/or pension contribution)	y	y	y	y	y	y	y	y	y
		Safety policy		y				y		y	y
		Anti-harassment policy	y	y	y	y	y	y	y	y	y
		Non-discrimination policy	y	y	y	y	y	y	y	y	y
		Grievance resolution policy	y	y		y	y	y		y	y
		None of the above									
Products and Services											
3.1	Types of credit products	Income generating loans	y	y	y	y	y	y	y	y	y
		Non-income generating loans		y	y			y		y	y
		Does not offer credit products									

Social Performance Indicators - MFBs

			KBL	TMFB	FMFBP	POMFB	NRSP BANK	UBANK	APNA MICROFINANCE	FINCA	ADVANS
3.2	Types of income generating loans	Microenterprise loans	y	y	y	y	y	y	y	y	y
		SME loans						y			y
		Agriculture/livestock loans	y	y	y	y	y	y	y	y	y
		Express loans		y						y	
		None of the above									
3.3	Types of non-income generating loans	Education loans			y						
		Emergency loans		y			y	y			
		Housing loans	y	y	y						
		Other household needs/consumption		y			y	y		y	y
		None of the above				y	y		y		
3.4	Types of savings products	Compulsory sacings accounts					y		y		
		Voluntary savings accounts	y	y	y	y	y	y	y	y	y
		Does not offer savings accounts									
3.5	Types of voluntary savings products	Demand deposit accounts	y	y	y	y	y	y	y	y	y
		Time deposit accounts	y	y	y	y	y	y	y	y	y
		None of the above									
3.6	Compulory insurance required	Yes	y		y	y	y	y	y	y	y
		No		y							
		Unknown									
3.7	Types of compulory insurance required	Credit life insurance	y		y	y		y	y	y	y
		Life/accident insurance									
		Agriculture insurance	y		y			y		y	
		None of the above		y			y				
3.8	Voluntary insurance offered	Yes	y	y	y		y	y			
		No				y			y	y	y
		Unknown									
3.9	Types of voluntary insurance offered	Credit life insurance									
		Life/accident insurance	y	y							
		Agriculture insurance					y				
		Health insurance	y	y	y			y			
		House insurance									
		Workplace insurance									
		None of the above				y			y	y	y

Social Performance Indicators - MFBs

			KBL	TMFB	FMFBP	POMFB	NRSP BANK	UBANK	APNA MICROFINANCE	FINCA	ADVANS
3.10	Other financial services offered	Yes	y	y	y		y	y	y	y	y
		No				y					
		Unknown									
3.11	Types of other financial services offered	Debit/credit card	y	y	y		y	y		y	y
		Mobile/branchless banking services	y	y	y		y	y	y	y	
		Savings facilitation services								y	
		Remittance/money transfer services	y	y			y	y		y	
		Payment services	y	y	y		y	y		y	
		Microleasing									
		Scholarship/educational grants									
		None of the above				y					
3.12	Enterprise services offered	Yes	y								
		No		y	y	y	y	y	y	y	y
		Unknown									
3.13	Types of enterprise services offered	Enterprise skills development	y								
		Business development services									
		None of the above		y	y	y	y	y	y	y	y
3.14	Enterprise services outreach										
3.15	Women's enpowerment services	Yes	y								
		No		y	y	y	y	y	y	y	y
		Unknown									
3.16	Types of women's empowerment services offered	Leadership training for women									
		Women's rights education/gender issues training	y								
		Counseling/legal services for female victims of violence									
		None of the above		y	y	y	y	y	y	y	y
3.17	Women's empowerment services outreach										
3.18	Education services offered	Yes	y		y	y	y	y	y	y	
		No		y							y
		Unknown									

Social Performance Indicators - MFBs

			KBL	TMFB	FMFBP	POMFB	NRSP BANK	UBANK	APNA MICROFINANCE	FINCA	ADVANS
3.19	Types of education services offered	Financial literacy education	y		y	y		y	y	y	
		Basic health/nutrition education									
		Child and youth education									
		Occupational health and safety in the workplace education									
		None of the above		y			y				y
3.20	Education services outreach										
3.21	Health services offered	Yes	y								
		No		y	y	y	y	y	y	y	y
		Unknown									
3.22	Types of health services offered	Basic medical services	y								
		Special medical services for women and children									
		None of the above		y	y	y	y	y	y	y	y
Client Protection											
	Do policies support good repayment capacity analysis	Yes	y	y	y	y	y	y	y	y	y
		No									
		Partially									
		Unknown									
	Does internal audit verify compliance with policies	Yes	y	y	y	y	y	y	y	y	y
		No									
		Partially									
		Unknown									
	The institution fully discloses to the clients all prices, installments, terms, and conditions of all financial products, including all charges and fees, associated prices, penalties, linked products, third party fees, and whether these can change over time.	Yes		y	y	y	y	y	y	y	y
		No									
		Partially	y								
		Unknown									

Social Performance Indicators - MFBs

			KBL	TMFB	FMFBP	POMFB	NRSP BANK	UBANK	APNA MICROFINANCE	FINCA	ADVANS
	The institution clearly presents to clients the total amount that the client pays for the product, regardless of local regulations (including in the absence of industry-wide	Yes		y	y	y	y	y	y	y	y
		No									
		Partially	y								
		Unknown									
	The institution clearly spells out in a Code of Conduct (i.e., in Code of Conduct, Code of Ethics, Book of Employee Rules) the specific standards of professional conduct that are expected of all employees involved in collections (including third party staff).	Yes		y	y		y	y	y	y	y
		No				y					
		Partially	y								
		Unknown									
	The institution sanctions cases of violations of the Code of Conduct or collections policies (identified by management, internal audit or an efficient complaint mechanism) according to set rules.	Yes		y	y		y	y	y	y	y
		No				y					
		Partially	y								
		Unknown									
	The institution's policies include how to handle complaints. They include how to inform clients about the complaint mechanism. The institution's clients receive a timely	Yes		y	y	y	y	y	y	y	y
		No									
		Partially	y								
		Unknown									
	The institution's contracts include a data privacy clause, describing how and when data can be shared (in addition to credit bureau information).	Yes		y	y	y	y	y	y	y	y
		No									
		Partially	y								
		Unknown									

Social Performance Indicators - MFBs

			KBL	TMFB	FMFBP	POMFB	NRSP BANK	UBANK	APNA MICROFINANCE	FINCA	ADVANS
	How interest rate of most representative credit product is stated	Declining balance interest method	y	y	y	y	y	y			y
		Flat interest method		y			y		y	y	
Environment											
5.1	Environmental policies in place	Awareness raising on environmental impacts	y		y			y			y
		Clauses in loan contracts requiring clients to imrove environmental practices/mitigate environmental risks			y					y	
		Tools to evaluate environmental risks of clients' activities						y		y	y
		Specific loans linked to environmentally friendly products and/or practices	y								
		None of the above		y		y	y		y		
5.2	Types of environmentally friendly products and/or practices offered	Products related to renewable energy (e.g. solar panels, biogas digesters, etc)	y				y	y			
		Products related to energy efficiency (e.g. insulation, improved cooking stove, etc)									
		Products related to environmentally friendly practices (e.g. organic farming, recycling, waste management, etc)									
		None of the above		y	y	y			y	y	y

Social Performance Indicators - MFIs

			AGAHE	AKHUWAT	CSC	FFO	JWS	KASHF FOUNDATION	MOJAZ	OCT	ORIX LEASING	RCDP	SSF	SSSF	SVDP	MICRO-OPTIONS	SRDO	ASA-P	DSP	GBTI
Social Goals																				
1.1	Target market	Clients living in rural areas	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y		y
		Clients living in urban areas	y	y	y	y	y	y	y	y	y	y	y	y		y	y	y		y
		Women	y	y	y	y	y	y	y	y	y	y		y	y	y		y	y	y
		Adolescents and youth (below 18)																		
		None of the above																		
					.															
1.2	Development goals	Increased access to financial services	y	y	y	y	y	y	y	y	y	y	y		y		y	y	y	y
		Poverty reduction	y	y	y	y	y	y	y	y		y	y	y	y	y	y	y	y	y
		Employment generation	y	y	y	y	y		y	y	y	y			y	y	y		y	y
		Development of start-up enterprises	y	y		y		y	y		y			y		y				y
		Growth of existing businesses	y	y	y	y	y	y	y		y	y	y	y	y	y	y	y		
		Improvement of adult education																		
		Youth opportunities											y							y
		Children's schooling											y				y			
		Health improvement					y										y			
		Gender equality and women's empowerment	y	y	y	y		y		y		y	y		y	y	y	y		y
		Water and sanitation																		
		Housing			y															
		None of the above																		
					.															
1.3	Poverty level	Very poor clients		y		y						y						y		y
		Poor clients		y		y					y	y	y		y		y	y		y
		Low income clients	y	y	y	y	y	y	y	y	y	y	y		y	y	y	y	y	y
		No specific poverty target												y						
					.															
1.4	Does MFP measure poverty	Yes	y	y	y	y	y	y		y	y	y	y		y	y	y	y	y	y
		No							y					y						
		Unknown																		
					.															

Social Performance Indicators - MFIs

			AGAHE	AKHUWAT	CSC	FFO	JWS	KASHF FOUNDATION	MOJAZ	OCT	ORIX LEASING	RCDP	SSF	SSSF	SVDP	MICRO-OPTIONS	SRDO	ASA-P	DSP	GBTI
1.5	Poverty measurement tool	Grameen Progress out of Poverty Index (PPI)										y						y		
		USAID Poverty Assessment Tool (PAT)											y							
		Per capita household expenditure		y				y		y										
		Per capita household income		y				y		y		y				y	y			
		Participatory Wealth Ranking (PWR)																		
		Housing index								y										
		Food security index																		
		Means test																		
		Own proxy poverty index					y				y								y	y
		None of the above	y		y	y			y					y	y					
Governance and HR																				
2.1	Board orientation of social mission	Yes	y	y	y	y		y	y	y		y	y	y	y	y	y	y	y	y
		No									y									
		Unknown					y													
					.															
2.2	SPM champion/ committee at Board	Yes						y		y		y	y				y		y	y
		No	y	y	y	y	y		y		y			y	y			y		
		Unknown														y				
					.															
2.3	Board experience in SPM	Yes	y	y	y	y	y	y	y	y		y	y	y	y	y		y		y
		No									y						y		y	
		Unknown																		
					.															
2.4	Staff incentives related to SP	Number of clients	y	y		y		y	y	y	y	y	y		y		y			
		Quality of interaction with clients based on client feedback mechanism		y							y	y					y			
		Quality of social data collected				y					y	y					y			
		Portfolio quality	y	y		y	y	y	y	y	y	y	y	y	y	y	y			y
		None of the above			y													y	y	
					.															
2.5	How number of clients is incentivized	Total number of clients	y	y		y		y	y				y		y	y				
		Number of new clients				y				y		y	y		y		y			y
		Client retention				y	y					y	y		y		y			
		None of the above			y						y			y				y	y	
					.															

Social Performance Indicators - MFIs

			AGAHE	AKHUWAT	CSC	FFO	JWS	KASHF FOUNDATION	MOJAZ	OCT	ORIX LEASING	RCDP	SSF	SSSF	SVDP	MICRO-OPTIONS	SRDO	ASA-P	DSP	GBTI
2.6	HR policies related to SP	Social protection (medical insurance and/or pension contribution)	y	y	y	y	y	y	y		y	y	y					y	y	y
		Safety policy	y	y	y	y		y	y	y	y	y	y	y				y	y	
		Anti-harassment policy	y	y	y	y	y	y	y	y	y	y	y	y	y	y		y	y	y
		Non-discrimination policy	y	y	y	y	y	y			y	y	y		y	y	y	y	y	
		Grievance resolution policy	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y
		None of the above																		
					.															
Products and Services																				
3.1	Types of credit products	Income generating loans	y	y	y	y	y	y	y	y	y	y	y		y	y	y	y	y	y
		Non-income generating loans	y	y				y		y		y	y		y					
		Does not offer credit products												y						
					.															
3.2	Types of income generating loans	Microenterprise loans	y	y	y	y	y	y	y	y	y	y	y		y	y	y	y	y	y
		SME loans			y				y		y	y	y	y	y			y		y
		Agriculture/livestock loans	y	y	y	y	y	y	y	y		y	y	y	y	y	y	y	y	
		Express loans											y							
		None of the above																		
					.															
3.3	Types of non-income generating loans	Education loans		y						y		y	y		y					
		Emergency loans		y				y		y			y		y					
		Housing loans		y	y								y							
		Other household needs/ consumption	y		y			y		y			y							
		None of the above				y	y		y		y			y		y	y	y	y	y
					.															
3.4	Types of savings products	Compulsory savings accounts																		
		Voluntary savings accounts																		y
		Does not offer savings accounts	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	
					.															
3.5	Types of voluntary savings products	Demand deposit accounts																		
		Time deposit accounts																		
		None of the above	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y
					.															

Social Performance Indicators - MFIs

			AGAHE	AKHUWAT	CSC	FFO	JWS	KASHF FOUNDATION	MOJAZ	OCT	ORIX LEASING	RCDP	SSF	SSSF	SVDP	MICRO-OPTIONS	SRDO	ASA-P	DSP	GBTI
3.6	Compulory insurance required	Yes	y		y	y	y	y	y		y	y	y	y	y				y	y
		No		y						y						y	y			
		Unknown																y		
					.															.
3.7	Types of compulory insurance required	Credit life insurance	y		y		y	y		y	y	y	y		y				y	
		Life/accident insurance				y	y		y					y					y	y
		Agriculture insurance				y														
		None of the above		y						y						y	y	y		
					.															
3.8	Voluntary insurance offered	Yes		y				y	y				y					y	y	y
		No	y		y	y	y			y	y	y		y	y	y	y			
		Unknown																		
					.															.
3.9	Types of voluntary insurance offered	Credit life insurance																y		
		Life/accident insurance		y					y				y						y	y
		Agriculture insurance								y			y							
		Health insurance						y					y							y
		House insurance																		
		Workplace insurance																		
		None of the above	y		y	y	y			y	y	y		y	y	y	y			
					.															
3.1	Other financial services offered	Yes	y			y	y					y	y							
		No		y	y			y	y	y	y			y	y	y	y	y	y	y
		Unknown																		
					.															.
3.11	Types of other financial services offered	Debit/credit card																		
		Mobile/branchless banking services	y			y	y					y							y	
		Savings facilitation services																		
		Remittance/money transfer services																		
		Payment services					y													
		Microleasing																		
		Scholarship/educational grants								y										
		None of the above		y	y			y	y		y		y	y	y	y	y	y		y
					.															
3.12	Enterprise services offered	Yes	y		y	y	y	y	y	y		y	y						y	y
		No		y							y			y	y		y	y		
		Unknown														y				

Social Performance Indicators - MFIs

			AGAHE	AKHUWAT	CSC	FFO	JWS	KASHF FOUNDATION	MOJAZ	OCT	ORIX LEASING	RCDP	SSF	SSSF	SVDP	MICRO-OPTIONS	SRDO	ASA-P	DSP	GBTI
					.															
3.13	Types of enterprise services offered	Enterprise skills development	y			y	y	y	y	y		y							y	y
		Business development services				y	y	y	y	y		y	y							
		None of the above		y	y						y			y	y	y	y	y		
					.															
3.14	Enterprise services outreach																			Y
					.															
3.15	Women's enpowerment services	Yes				y	y	y		y		y	y	y		y	y		y	y
		No	y	y	y				y		y				y			y		
		Unknown																		
					.															
3.16	Types of women's empowerment services offered	Leadership training for women	y			y	y	y		y		y				y	y		y	y
		Women's rights education/gender issues training				y	y	y				y		y		y	y			y
		Counseling/legal services for female victims of violence										y		y			y			
		None of the above		y	y				y		y		y		y			y		
					.															
3.17	Women's empowerment services outreach																			
					.															
3.18	Education services offered	Yes	y		y	y	y	y		y		y		y	y		y			y
		No		y					y		y		y			y		y	y	
		Unknown																		
					.															
3.19	Types of education services offered	Financial literacy education	y			y	y	y		y		y			y		y			y
		Basic health/nutrition education			y		y					y					y			y
		Child and youth education										y					y			y
		Occupational health and safety in the workplace education										y								y
		None of the above		y		y			y		y		y	y		y		y	y	

Social Performance Indicators - MFIs

			AGAHE	AKHUWAT	CSC	FFO	JWS	KASHF FOUNDATION	MOJAZ	OCT	ORIX LEASING	RCDP	SSF	SSSF	SVDP	MICRO-OPTIONS	SRDO	ASA-P	DSP	GBTI
					.															
3.2	Education services outreach																			Basic medical services
					.															
3.21	Health services offered	Yes		y			y					y			y		y			y
		No	y		y	y		y	y	y	y		y	y		y		y	y	
		Unknown																		
					.															
3.22	Types of health services offered	Basic medical services										y					y			y
		Special medical services for women and children					y													y
		None of the above	y	y	y	y		y	y	y	y		y	y	y	y		y	y	
					.															
Client Protection																				
4.1	Do policies support good repayment capacity analysis	Yes	y	y		y	y	y	y	y	y	y	y	y	y	y	y	y	y	
		No																		
		Partially			y															y
		Unknown																		
					.															
4.2	Does internal audit verify compliance with policies	Yes	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y
		No																		
		Partially																		
		Unknown																		
					.															
4.3	The institution fully discloses to the clients all prices, installments, terms, and conditions of all financial products, including all charges and fees, associated prices, penalties, linked products, third party fees, and whether these can change over time.	Yes	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y
		No																		
		Partially																		
		Unknown																		
					.															

Social Performance Indicators - MFIs

			AGAHE	AKHUWAT	CSC	FFO	JWS	KASHF FOUNDATION	MOJAZ	OCT	ORIX LEASING	RCDP	SSF	SSSF	SVDP	MICRO-OPTIONS	SRDO	ASA-P	DSP	GBTI
4.4	The institution clearly presents to clients the total amount that the client pays for the product, regardless of local regulations (including in the absence of industry-wide	Yes	y			y	y	y	y	y	y	y	y	y	y	y			y	y
		No																		
		Partially																		
		Unknown		y	y															
					.															
4.5	The institution clearly spells out in a Code of Conduct (i.e., in Code of Conduct, Code of Ethics, Book of Employee Rules) the specific standards of professional conduct that are expected of all employees involved in collections (including third party staff).	Yes	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y		y
		No																		
		Partially																	y	
		Unknown																		
					.															
4.6	The institution sanctions cases of violations of the Code of Conduct or collections policies (identified by management, internal audit or an efficient complaint mechanism) according to set rules.	Yes	y	y	y	y		y	y	y	y	y	y	y	y	y	y	y	y	y
		No																		
		Partially					y													
		Unknown																		
					.															
4.7	The institution's policies include how to handle complaints. They include how to inform clients about the complaint mechanism. The institution's clients receive a timely	Yes	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y
		No																		
		Partially																		
		Unknown																		
					.															
4.8	The institution's contracts include a data privacy clause, describing how and when data can be shared (in addition to credit bureau information).	Yes	y		y	y	y	y	y	y	y	y	y	y	y	y	y	y	y	y
		No		y																
		Partially																		
		Unknown																		

Social Performance Indicators - MFIs

			AGAHE	AKHUWAT	CSC	FFO	JWS	KASHF FOUNDATION	MOJAZ	OCT	ORIX LEASING	RCDP	SSF	SSSF	SVDP	MICRO-OPTIONS	SRDO	ASA-P	DSP	GBTI
					.															
4.9	How interest rate of most representative credit product is stated	Declining balance interest method		y	y	y			y	y						y			y	y
		Flat interest method	y	y		y	y	y	y		y	y	y	y	y		y	y		
					.															
Environment																				
5.1	Environmental policies in place	Awareness raising on environmental impacts	y	y	y	y	y	y	y	y		y	y		y		y	y		y
		Clauses in loan contracts requiring clients to imrove environmental practices/mitigate environmental risks	y			y	y	y	y			y	y	y	y	y		y		y
		Tools to evaluate environmental risks of clients' activities	y			y		y				y	y					y		y
		Specific loans linked to environmentally friendly products and/or practices			y							y	y				y			
		None of the above									y								y	
					.															
5.2	Types of environmentally friendly products and/or practices offered	Products related to renewable energy (e.g. solar panels, biogas digesters, etc)	y	y		y						y	y		y	y				
		Products related to energy efficiency (e.g. insulation, improved cooking stove etc)			y															
		Products related to environmentally friendly practices (e.g. organic farming, recycling, waste management, etc)	y			y						y								y
		None of the above			y	y	y	y	y		y			y			y	y	y	

Social Performance Indicators - RSPs

			NRSP	SRSP	PRSP	SRSO	AMRDO	THARDEEP
Social Goals								
1.1	Target market	Clients living in rural areas	y	y	y		y	y
		Clients living in urban areas		y		y	y	y
		Women	y	y		y	y	y
		Adolescents and youth (below 18)						
		None of the above						
1.2	Development goals	Increased access to financial services	y	y	y		y	y
		Poverty reduction	y	y	y		y	y
		Employment generation	y			y	y	y
		Development of start-up enterprises		y	y			
		Growth of existing businesses		y		y	y	y
		Improvement of adult education						y
		Youth opportunities						
		Children's schooling						y
		Health improvement						y
		Gender equality and women's empowerment	y	y	y	y	y	y
		Water and sanitation	y					
		Housing			y			y
		None of the above						
1.3	Poverty level	Very poor clients	y	y	y			
		Poor clients	y	y	y	y		y
		Low income clients	y	y	y			y
		No specific poverty target					y	
1.4	Does MFP measure poverty	Yes		y	y	y	y	
		No	y					
		Unknown						y
1.5	Poverty measurement tool	Grameen Progress out of Poverty Index (PPI)						
		USAID Poverty Assessment Tool (PAT)						
		Per capita household expenditure						
		Per capita household income		y			y	
		Participatory Wealth Ranking (PWR)			y	y	y	
		Housing index						
		Food security index						
		Means test						
		Own proxy poverty index						y
		None of the above	y					

Social Performance Indicators - RSPs

			NRSP	SRSP	PRSP	SRSO	AMRDO	THARDEEP
Governance and HR								
2.1	Board orientation of social mission	Yes		y	y	y	y	y
		No	y					
		Unknown						
2.2	SPM champion/ committee at Board	Yes				y		y
		No	y	y	y		y	
		Unknown						
2.3	Board experience in SPM	Yes	y	y	y	y		y
		No					y	
		Unknown						
2.4	Staff incentives related to SP	Number of clients	y	y		y	y	y
		Quality of interaction with clients based on client feedback mechanism						y
		Quality of social data collected					y	y
		Portfolio quality	y	y	y		y	y
		None of the above						
2.5	How number of clients is incentivised	Total number of clients	y	y		y	y	
		Number of new clients	y					y
		Client retention	y					y
		None of the above			y			
2.6	HR policies related to SP	Social protection (medical insurance and/or pension contribution)	y	y		y	y	y
		Safety policy	y				y	
		Anti-harassment policy	y		y		y	y
		Non-discrimination policy	y		y			y
		Grievance resolution policy	y		y		y	y
		None of the above						
Products and Services								
3.1	Types of credit products	Income generating loans	y	y	y	y	y	y
		Non-income generating loans						y
		Does not offer credit products						
3.2	Types of income generating loans	Microenterprise loans	y	y	y	y	y	y
		SME loans				y	y	y
		Agriculture/livestock loans	y	y	y	y	y	y
		Express loans						
		None of the above						

Social Performance Indicators - RSPs

			NRSP	SRSP	PRSP	SRSO	AMRDO	THARDEEP
3.3	Types of non-income generating loans	Education loans						y
		Emergency loans						y
		Housing loans						y
		Other household needs/consumption	y	y				y
		None of the above			y	y	y	
3.4	Types of savings products	Compulsory sacings accounts						
		Voluntary savings accounts	y			y		y
		Does not offer savings accounts		y	y		y	
3.5	Types of voluntary savings products	Demand deposit accounts						
		Time deposit accounts	y					
		None of the above		y	y	y	y	y
3.6	Compulory insurance required	Yes	y		y	y	y	y
		No		y				
		Unknown						
					.			
3.7	Types of compulory insurance required	Credit life insurance			y	y	y	y
		Life/accident insurance	y					y
		Agriculture insurance						
		None of the above		y				
3.8	Voluntary insurance offered	Yes						y
		No	y	y	y	y	y	
		Unknown						
					.			
3.9	Types of voluntary insurance offered	Credit life insurance						
		Life/accident insurance						
		Agriculture insurance						
		Health insurance						
		House insurance						
		Workplace insurance						
		None of the above	y	y	y	y	y	y
3.1	Other financial services offered	Yes	y					y
		No		y	y	y	y	
		Unknown						
					.			

Social Performance Indicators - RSPs

			NRSP	SRSP	PRSP	SRSO	AMRDO	THARDEEP
3.11	Types of other financial services offered	Debit/credit card						
		Mobile/branchless banking services						y
		Savings facilitation services	y					
		Remittance/money transfer services						
		Payment services						y
		Microleasing						
		Scholarship/educational grants						
		None of the above		y	y	y	y	
3.12	Enterprise services offered	Yes	y	y	y		y	y
		No				y		
		Unknown						
3.13	Types of enterprise services offered	Enterprise skills development	y	y	y		y	
		Business development services	y	y				
		None of the above				y		y
3.15	Women's enpowerment services	Yes	y	y	y	y		y
		No					y	
		Unknown						
3.16	Types of women's empowerment services offered	Leadership training for women	y	y		y		
		Women's rights education/gender issues training	y	y	y			
		Counseling/legal services for female victims of violence						
		None of the above					y	y
3.18	Education services offered	Yes	y	y	y			y
		No				y	y	
		Unknown						
3.19	Types of education services offered	Financial literacy education	y	y	y	y		y
		Basic health/nutrition education	y	y	y			
		Child and youth education	y	y				
		Occupational health and safety in the workplace education						
		None of the above					y	
3.21	Health services offered	Yes	y	y				
		No			y	y	y	
		Unknown						y

Social Performance Indicators - RSPs

			NRSP	SRSP	PRSP	SRSO	AMRDO	THARDEEP
3.22	Types of health services offered	Basic medical services	y					
		Special medical services for women and children		y				
		None of the above			y	y	y	y
Client Protection								
4.1	Do policies support good repayment capacity analysis	Yes	y	y	y	y		y
		No						
		Partially					y	
		Unknown						
4.2	Does internal audit verify compliance with policies	Yes		y	y	y	y	y
		No	y					
		Partially						
		Unknown						
4.3	The institution fully discloses to the clients all prices, installments, terms, and conditions of all financial products, including all charges and fees, associated prices, penalties, linked products, third party fees, and whether these can change over time.	Yes	y	y	y	y	y	y
		No						
		Partially						
		Unknown						
4.4	The institution clearly presents to clients the total amount that the client pays for the product, regardless of local regulations (including in the absence of industry-wide	Yes	y	y	y	y	y	y
		No						
		Partially						
		Unknown						
4.5	The institution clearly spells out in a Code of Conduct (i.e., in Code of Conduct, Code of Ethics, Book of Employee Rules) the specific standards of professional conduct that are expected of all employees involved in collections (including third party staff).	Yes	y	y	y	y	y	y
		No						
		Partially						
		Unknown						

Social Performance Indicators - RSPs

			NRSP	SRSP	PRSP	SRSO	AMRDO	THARDEEP
4.6	The institution sanctions cases of violations of the Code of Conduct or collections policies (identified by management, internal audit or an efficient complaint mechanism) according to set rules.	Yes	y	y	y		y	
		No				y		
		Partially						
		Unknown						
4.7	The institution's policies include how to handle complaints. They include how to inform clients about the complaint mechanism. The institution's clients receive a timely	Yes	y	y	y	y	y	y
		No						
		Partially						
		Unknown						
4.8	The institution's contracts include a data privacy clause, describing how and when data can be shared (in addition to credit bureau information).	Yes	y	y	y	y	y	y
		No						
		Partially						
		Unknown						
4.9	How interest rate of most representative credit product is stated	Declining balance interest method	y		y	y		y
		Flat interest method		y		y	y	y
Environment								
5.1	Environmental policies in place	Awareness raising on environmental impacts	y	y	y	y	y	y
		Clauses in loan contracts requiring clients to imrove environmental practices/mitigate environmental risks		y		y	y	y
		Tools to evaluate environmental risks of clients' activities	y	y		y		y
		Specific loans linked to environmentally friendly products and/or practices						y
		None of the above						
5.2	Types of environmentally friendly products and/or practices offered	Products related to renewable energy (e.g. solar panels, biogas digesters, etc)			y			y
		Products related to energy efficiency (e.g. insulation, improved cooking stove, etc)				y		
		Products related to environmentally friendly practices (e.g. organic farming, recycling, waste management, etc)	y					
		None of the above		y			y	y

Annexure B: Regional Benchmarks 2018

OUTREACH	AFRICA	EAST ASIA AND THE PACIFIC	EASTERN EUROPE AND CENTRAL ASIA	LATIN AMERICA AND THE CARIBBEAN	MIDDLE EAST AND NORTH AFRICA	SOUTH ASIA
Number of MFIs	114	82	107	250	28	190
Gross Loan Portfolio (in USD million)	9,688	19,295	4,660	45,736	1,297	31,642
Number of Active Borrowers (in '000)	5,493	18,401	2,056	21,825	2,316	71,125
Deposits (in USD million)	13,380	10,991	3,982	38,742	433	13,506
Number of Depositors (in '000)	33,277	25,609	6,157	34,925	1,250	77,546
Average Loan Balance per Borrower (in USD)	1,017	1,048	2,267	2,006	560	378
Funding Structure						
Assets (in USD million)	19,367	23,809	8,172	56,821	1,591	37,534
Debt to Equity Ratio	5.30	4.34	5.99	5.72	1.47	3.49
Capital /Asset Ratio	16%	19%	14%	15%	40%	22%
Gross Loan Portfolio to Total Assets	49%	81%	57%	75%	81%	80%
Efficiency						
Operating Expense / Loan Portfolio	13.8%	7.0%	9.4%	12.1%	15.5%	8.9%
Operating Expense / Assets	7.9%	5.5%	5.2%	9.6%	10.0%	7.1%
Cost per Borrower (in USD)	177	70	198	229	80	32
Profitability						
Return on Assets	1.4%	1.8%	0.3%	2.1%	3.5%	2.7%
Return on Equity	8.8%	9.4%	2.5%	13.6%	10.2%	12.4%
Operational Self Sufficiency	116.2%	119.7%	66.9%	117.1%	122.3%	120.1%
Risk Profile						
Portfolio at Risk > 30 days	7.75%	2.95%	15.02%	5.51%	4.02%	1.66%
Portfolio at Risk > 90 days	3.84%	2.72%	14.40%	4.37%	3.33%	1.34%
Write-off Ratio	0.96%	0.44%	1.73%	3.04%	1.31%	0.40%

Annex C: Sources of data (2018)

Microfinance Banks (MFBs)

ADVANS Pakistan Microfinance Bank Limited (ADVANS)

» ADVANS provided PMN its audited accounts. The numbers reported in the PMR match these reports. Deloitte Yousuf Adil audited the annual accounts of ADVANS for the year ending at 31st December, 2018.

» The financial statements have been presented as per the requirements of the State Bank of Pakistan.

» The related party transactions have been properly disclosed in notes to the financial statements.

» The grant income has been properly disclosed in financial statements and there is proper disclosure on grants in notes to the financial statements.

» The following numbers have been taken from the ADVANS MIS: i). rural-urban clients; ii). male-female clients; iii). Number of staff; iv). Number of credit officers; and v). Number of branches (also available in audited accounts).

APNA Microfinance Bank Limited (AMFB)

» AMFB provided PMN its audited accounts. The numbers reported in the PMR match these reports. Ilyaas Saeed & Co. Chartered Accountants audited the annual accounts of AMFB for the year ending at 31st December, 2018.

» The financial statements have been presented as per the requirements of the State Bank of Pakistan.

» The related party transactions have been properly disclosed in notes to the financial statements.

» The grant income has been properly disclosed in financial statements and there is proper disclosure on grants in notes to the financial statements.

» The auditors have drawn attention to the existence of material uncertainty in the financial statements which may cast significant doubt about the bank's ability to continue as going concern.

» The following numbers have been taken from AMFB's MIS: i). rural-urban clients; ii). male-female clients; iii). Number of staff; iv). Number of credit officers; and v). Number of branches (also available in audited accounts).

FINCA Microfinance Bank Limited (FINCA)

» FINCA provided PMN its audited accounts. The numbers reported in the PMR match these reports. Deloitte Yousuf Adil audited the annual accounts of FINCA for the year ending at 31st December, 2018.

» The financial statements have been presented as per the requirements of the State Bank of Pakistan.

» The related party transactions have been properly disclosed in notes to the financial statements.

» The grant income has been properly disclosed in financial statements and there is proper disclosure on grants in notes to the financial statements.

» The following numbers have been taken from FINCA's MIS: i). rural-urban clients; ii). male-female clients; iii). Number of staff; iv). Number of credit officers; and v). Number of branches (also available in audited accounts).

The First Microfinance Bank Limited (FMFB)

» FMFB provided PMN its audited accounts. The numbers reported in the PMR match these reports. A.F. Ferguson & Co., Chartered Accountants audited the annual accounts of FMFB for the year ending at 31st December, 2018.

» The financial statements have been presented as per the requirements of the State Bank of Pakistan.

» The related party transactions have been properly disclosed in notes to the financial statements.

» The grant income has been properly disclosed in financial statements and there is proper disclosure on grants in notes to the financial statements.

» The following numbers have been taken from the FMFB MIS: i). rural-urban clients; ii). male-female clients; iii). Portfolio aging; iv). Number of staff; v). Number of credit officers; and vi). Number of branches (also available in audited accounts).

Khushhali Bank Limited (KBL)

» KBL provided PMN its audited accounts. The numbers reported in the PMR match these reports. BDO Ebrahim & Co. audited the annual accounts of KBL for the year ending at 31st December, 2018.

» The financial statements have been presented as per the requirements of the State Bank of Pakistan.

» The related party transactions have been properly disclosed in notes to the financial statements.

» The grant income has been properly disclosed in financial statements and there is a proper disclosure on grants in notes to the financial statements.

» The following numbers have been taken from KBL's MIS: i). rural-urban clients; ii). male-female clients; iii). Portfolio aging; iv). Number of staff; v). Number of credit officers; and vi). Number of branches (also available in audited accounts).

Mobilink Microfinance Bank Limited (MMFB)

» MMFB provided PMN its audited accounts. The numbers reported in the PMR match these reports. A.F. Ferguson & Co. audited the annual accounts of MMFB for the year ending at 31st December 2018.

» The financial statements have been presented as per the requirements of the State Bank of Pakistan.

» The related party transactions have been properly disclosed in notes to the financial statements.

» The grant income has been properly disclosed in financial statements and there is proper disclosure on grants in notes to the financial statements.

» The following numbers have been taken from the MMFB MIS: i). rural-urban clients; ii). male-female clients; iii). Portfolio aging; iv). Number of staff; v). Number of credit officers; and vi). Number of branches (also available in audited accounts).

National Rural Support Programme Microfinance Bank (NRSP-B)

- NRSP-B provided PMN its audited accounts. The numbers reported in the PMR match these reports. A.F. Ferguson & Co., Chartered Accountants audited the annual accounts of NRSP-B for the year ending at 31st December, 2018.
- The financial statements have been presented as per the requirements of the State Bank of Pakistan.
- The related party transactions have been properly disclosed in notes to the financial statements.
- The grant income has been properly disclosed in financial statements and there is proper disclosure on grants in notes to the financial statements.
- The following numbers have been taken from the NRSP-B MIS: i). rural-urban clients; ii). male-female clients; iii). Portfolio aging; iv). Number of staff; v). Number of credit officers; and vi). Number of branches (also available in audited accounts).

Pak-Oman Microfinance Bank (POMFB)

- POMFB provided PMN its audited accounts. The numbers reported in the PMR match these reports. KPMG Taseer Hadi and Co. audited the annual accounts of POMFB for the year ending at 31st December, 2018.
- The financial statements have been presented as per the requirements of the State Bank of Pakistan.
- The related party transactions have been properly disclosed in notes to the financial statements.
- The grant income has been properly disclosed in financial statements and there is proper disclosure on grants in notes to the financial statements.
- The following numbers have been taken from the POMFB MIS: i). rural-urban clients; ii). male-female clients; iii). Portfolio aging; iv). Number of staff; v). Number of credit officers; and vi). Number of branches (also available in audited accounts).

Sindh Microfinance Bank Limited (SMFB)

- SMFB provided PMN its audited accounts. The numbers reported in the PMR match these reports. Grant Thornton Anjum Rahman audited the annual accounts of SMFB for the year ending at 31st December, 2018.
- The financial statements have been presented as per the requirements of the State Bank of Pakistan.
- The related party transactions have been properly disclosed in notes to the financial statements.
- The grant income has been properly disclosed in financial statements and there is proper disclosure on grants in notes to the financial statements.
- The following numbers have been taken from the SMFB MIS: i). rural-urban

clients; ii). male-female clients; iii). Portfolio aging; iv). Number of staff; v). Number of credit officers; and vi). Number of branches (also available in audited accounts).

Telenor Microfinance Bank Limited (TMFB)

» TMFB provided PMN its audited accounts. The numbers reported in the PMR match these reports. KPMG Taseer Hadi and Co. audited the annual accounts of TMFB for the year ending at 31st December, 2018.
» The financial statements have been presented as per the requirements of the State Bank of Pakistan.
» The related party transactions have been properly disclosed in notes to the financial statements.
» The grant income has been properly disclosed in financial statements and there is proper disclosure on grants in notes to the financial statements.
» The following numbers have been taken from the TMFB MIS: i). rural-urban clients; ii). male-female clients; iii). Portfolio aging; iv). Number of staff; v). Number of credit officers; and vi). Number of branches (also available in audited accounts).

U Microfinance Bank Limited (U-bank)

» U-bank provided PMN its audited accounts. The numbers reported in the PMR match these reports. Deloitte Yousuf Adil audited the annual accounts of U-Bank for the year ending at 31st December, 2018.
» The financial statements have been presented as per the requirements of the State Bank of Pakistan.
» The related party transactions have been properly disclosed in notes to the financial statements.
» The grant income has been properly disclosed in financial statements and there is proper disclosure on grants in notes to the financial statements.
» The following numbers have been taken from the U-bank MIS: i). rural-urban clients; ii). male-female clients; iii). Portfolio aging; iv). Number of staff; v). Number of credit officers; and vi). Number of branches (also available in audited accounts).

Microfinance Institution (MFI)

ASA Pakistan limited (ASA-P)

» ASA-P provided PMN its audited accounts. The numbers reported in the PMR match these reports. Ernst and Young Ford Rhodes have audited the annual accounts of ASA-P for the year ending at 31st December, 2018.
» ASA-P prepares its financial statements under the historical cost convention and in conformity with accepted accounting practices.
» All necessary adjustments to ASA-P data have been made in order to remove subsidies.
» The following numbers have been taken from the organisation’s MIS: i). rural-urban clients; and ii). male-female clients;

- There is proper disclosure on the balance sheet of loan portfolio, and loan loss provision; expense charged during the year is disclosed on the income statement.
- The related party transactions have been properly disclosed in notes to the financial statements.

Agahe

- Agahe provided PMN its reviewed accounts. The numbers reported in the PMR match these reports. Grant Thornton Anjum Rahman has reviewed the annual accounts of Agahe for the year ending at 31st December, 2018.
- Agahe prepares its financial statements under the historical cost convention, in conformity with accepted accounting practices.
- All necessary adjustments to Agahe data have been made in order to remove subsidies.
- The related party transactions have been properly disclosed in notes to the financial statements.
- The grant income has been properly disclosed in financial statements.

Akhuwat

- Akhuwat provided PMN its audited accounts. The numbers reported in the PMR match these reports. Deloitte Yousuf Adil has audited the annual accounts of Akhuwat for the year ending at 30th June, 2018.
- Akhuwat prepares its financial statements under the historical cost convention and in conformity with accepted accounting practices.
- All necessary adjustments to data have been made in order to remove subsidies.
- The following numbers have been taken from the organisation's MIS: i). rural-urban clients; and ii). male-female clients;
- The grant income has been properly disclosed in financial statements and there is proper disclosure on grants in notes to the financial statements.

Community Support Concern (CSC)

- CSC provided PMN its audited accounts. The numbers reported in the PMR match these reports. Riaz Ahmad & Co. audited the annual accounts of CSC for the year ending at 30th June, 2018.
- All necessary adjustments to CSC data have been made in order to remove subsidies.
- CSC prepares its financial statements under the historical cost convention and in conformity with accepted accounting practices.
- The following numbers have been taken from the organisation's MIS: i). rural-urban clients; ii). male-female clients; iii). Aging on number of loans and value of portfolio (verifiable from audited accounts); iv). Number of staff; v). Number of credit officers; and vi). Number of offices.
- The grant income has been properly disclosed in financial statements.

Development Action for Mobilization and Emancipation (DAMEN)

- DAMEN provided PMN its audited accounts. The numbers reported in the PMR match these reports. A.F. Ferguson and Co. audited the annual accounts for DAMEN for the year ending at 30th June, 2018.
- There is no adjustment on cost of borrowing since DAMEN's actual cost is higher than the adjusted cost. Similarly, no adjustment was made to loan loss provisioning expense; DAMEN is aggressive in its policies.
- DAMEN prepares its financial statements under the historical cost convention and in conformity with accepted accounting practices.
- The grant income has been properly disclosed in financial statements. Additionally, there is proper disclosure on grants in notes to the financial statements.
- The following numbers have been taken from the organisation's MIS: i). rural-urban clients; ii). male-female clients; iii). Aging on number of loans and value of portfolio (verifiable from audited accounts); iv). Breakup for the number of loans doubtful; v). Number of staff; vi). Number of credit officers

Farmers Friend Organisation (FFO)

- FFO provided PMN its audited accounts. The numbers reported in the PMR match these reports. Tariq Abdul Ghani Maqbool & Co. audited the annual accounts for FFO for the year ending at 30th June, 2018.
- All necessary adjustments to FFO data have been made in order to remove subsidies. There is no adjustment on loan loss provisioning expense as FFO is aggressive in its policies.
- FFO prepares its financial statements under the historical cost convention and in conformity with accepted accounting practices.
- The following numbers have been taken from the organisation's MIS: i). rural-urban clients; ii). male-female clients; iii). Aging on number of loans and value of portfolio iv). Number of staff; v). Number of credit officers; and vi). Number of offices.
- The grant income has been properly disclosed in financial statements. Additionally, there is proper disclosure on grants in notes to the financial statements.

Ghazi Barotha Taraqiati Idara (GBTI)

- GBTI provided PMN its audited accounts. The numbers reported in the PMR match these reports. KPMG Taseer Hadi and Co. audited the annual accounts for GBTI for the year ending at 30th June, 2018.
- GBTI prepares its financial statements under the historical cost convention and in conformity with accepted accounting practices.
- The following numbers have been taken from the organisation's MIS: i). rural-urban clients; ii). male-female clients; iii). Aging on number of loans and value of portfolio (not verifiable from audited accounts); iv). Number of staff; v). Number of credit officers; and vi). Number of offices.
- There is proper disclosure on the balance sheet of loan portfolio, and loan loss provision; expense charged during the year is disclosed on the income

statement.

» The grant income has been properly disclosed in financial statements. Additionally, there is proper disclosure on grants in notes to the financial statements.

Jinnah Welfare Society (JWS)

» JWS provided PMN its audited accounts. The numbers reported in the PMR match these reports. Tariq Abdul Ghani Maqbool & Co. audited the annual accounts for JWS for the year ending at 30th June, 2018.

» JWS prepares its financial statements under the historical cost convention and in conformity with accepted accounting practices.

» The following numbers have been taken from the organisation's MIS: i). rural-urban clients; ii). male-female clients; iii). Aging on number of loans and value of portfolio (verified from audited accounts); iv). Number of staff; v). Number of credit officers; and vi). Number of branches (also available in audited accounts).

Kashf Foundation (KF)

» KF provided PMN its audited accounts. The numbers reported in the PMR match these reports. KPMG Taseer Hadi and Co audited the annual accounts for KF for the year ending at 30th June, 2018.

» The financial statements have been presented as per the requirements of the State Bank of Pakistan.

» All necessary adjustments to KF data have been made in order to remove subsidies.

» KF prepares accounts on historical cost basis using the accrual system of accounting.

» The grant income has been properly disclosed in financial statements and there is a proper disclosure on grants in notes to the financial statements.

» The following numbers have been taken from KF's MIS: i). rural-urban clients; ii). male-female clients; iii). Number of staff; iv). Number of credit officers; and v). Number of branches (also available in audited accounts).

Mojaz Support Program (MOJAZ)

» MOJAZ provided PMN its audited accounts. The numbers reported in the PMR match these reports. Amin Mudassar & Co. has audited the annual accounts of MO for the year ending at 30st June, 2018.

» MOJAZ prepares its financial statements under the historical cost convention, in conformity with accepted accounting practices.

» All necessary adjustments to data have been made in order to remove subsidies.

» The grant income has been properly disclosed in financial statements. Additionally, there is proper disclosure on grants in notes to the financial statements.

» The following numbers have been taken from MOJAZ's MIS: i). rural-urban clients; ii). Male-female clients; iii). Number of staff; iv). Number of credit officers; and v). Number of branches (also available in audited accounts).

Organisation for Participatory Development (OPD)

» OPD provided PMN its audited accounts. The numbers reported in the PMR match these reports. Junaidy Shoaib Asad has audited the annual accounts of OPD for the year ending at **30th** June, 2018.
» OPD prepares its financial statements under the historical cost convention, in conformity with accepted accounting practices.
» All necessary adjustments to data have been made in order to remove subsidies.
» The grant income has been properly disclosed in financial statements. Additionally, there is proper disclosure on grants in notes to the financial statements.

Orangi Charitable Trust (OCT)

» OCT provided PMN its audited accounts. The numbers reported in the PMR match these reports. H.A.M.D & Co. has audited the annual accounts of OCT for the year ending at 30th June, 2018.
» OCT prepares its financial statements under the historical cost convention, in conformity with accepted accounting practices.
» All necessary adjustments to data have been made in order to remove subsidies.
» The related party transactions have been properly disclosed in notes to the financial statements.
» The grant income has been properly disclosed in financial statements. Additionally, there is proper disclosure on grants in notes to the financial statements.

Orix Leasing Pakistan Ltd. (OLP)

» OLP has provided its audited accounts for the reporting period to PMN.
» However, given that OLP's audited accounts do not disclose figures related to its Microfinance Division (MFD), the data reported in the PMR is not verifiable through audited accounts.
» OLP has separate staff and offices for microfinance. OLP's MFD has provided data specific to its microfinance operations.
» OLP prepares its financial statements under the historical cost convention in using accrual system of accounting.
» Adjustments to the data have been made as per the PMN's adjustment policies. These adjustments are in line with international practices being followed by The MIX.

Rural Community Development Program (RCDP)

» RCDP provided PMN its audited accounts. The numbers reported in the PMR match these reports.
» RCDP prepares its financial statements under the historical cost convention and in conformity with accepted accounting practices.

- All necessary adjustments to data have been made in order to remove subsidies.
- The following numbers have been taken from the organisation's MIS: i). rural-urban clients; ii). male-female clients; iii). Number of staff; iv). Number of credit officers; and v). Number of branches (also available in audited accounts).

SAFCO Support Fund (SAFCO)

- SAFCO provided PMN its audited accounts. The numbers reported in the PMR match these reports. Deloitte Yousuf Adil audited the annual accounts for SAFCO for the year ending at 30th June, 2018.
- All necessary adjustments to SAFCO data have been made in order to remove subsidies.
- SAFCO prepares its financial statements under the historical cost convention and in conformity with accepted accounting practices.
- The following numbers have been taken from the organisation's MIS: i). rural-urban clients; ii). male-female clients; iii). Number of staff; and iv). Number of credit officers.
- The grant income has been properly disclosed in financial statements. Additionally, there is proper disclosure on grants in notes to the financial statements.

Saath Development Society (SDS)

- SDS provided PMN its audited accounts. The numbers reported in the PMR match these reports. **Horwath Hussain Chaudhury & Co.** has audited the annual accounts of SDS for the year ending at **30**th June, 2018.
- SDS prepares its financial statements under the historical cost convention, in conformity with accepted accounting practices.
- All necessary adjustments to data have been made in order to remove subsidies.
- The following numbers have been taken from the organisation's MIS: i). rural-urban clients; ii). male-female clients; iii). Number of staff; and iv). Number of credit officers.
- The grant income has been properly disclosed in financial statements. Additionally, there is proper disclosure on grants in notes to the financial statements.

Shah Sami Sachal Foundation (SSSF)

- SSSF provided PMN its audited accounts. The numbers reported in the PMR match these reports. **Baker Tilly Mehmood Idrees Qamar** has audited the annual accounts of SSSF for the year ending at **30**th June, 2018.
- SDS prepares its financial statements under the historical cost convention, in conformity with accepted accounting practices.
- All necessary adjustments to data have been made in order to remove subsidies.
- The following numbers have been taken from the organisation's MIS: i). rural-urban clients; ii). male-female clients; iii). Number of staff; and iv). Number of

credit officers.

- The grant income has been properly disclosed in financial statements. Additionally, there is proper disclosure on grants in notes to the financial statements.

Shadab Rural Development Organisation (SRDO)

- SRDO provided PMN its audited accounts. The numbers reported in the PMR match these repots which were for the year ending at 30th June, 2018.
- All necessary adjustments to SRDO data have been made in order to remove subsidies.
- SRDO prepares its financial statements under the historical cost convention and in conformity with accepted accounting practices.
- The following numbers have been taken from the organisation's MIS: i). rural-urban clients; ii). Male-female clients; iii). Aging on number of loans and value of portfolio (verifiable from audited accounts); iv). Number of staff; v). Number of credit officers; and vi). Number of offices.
- The grant income has been properly disclosed in financial statements.

Soon Valley Development Program (SVDP)

- SVDP provided PMN its audited accounts. The numbers reported in the PMR match these reports. Horwath Hussain Chaudhury and Co. has audited the annual accounts of SVDP for the year ending at 30th June, 2018.
- SVDP prepares its financial statements under the historical cost convention, in conformity with accepted accounting practices.
- All necessary adjustments to data have been made in order to remove subsidies.
- The grant income has been properly disclosed in financial statements. Additionally, there is proper disclosure on grants in notes to the financial statements.

Villagers Development Organisation (VDO)

- VDO provided PMN its audited accounts. The numbers reported in the PMR match these reports. Horwath Hussain Chaudhury & Co. has audited the annual accounts of VDO for the year ending at 30th June, 2018.
- VDO prepares its financial statements under the historical cost convention, in conformity with accepted accounting practices.
- All necessary adjustments to data have been made in order to remove subsidies.
- The grant income has been properly disclosed in financial statements. Additionally, there is proper disclosure on grants in notes to the financial statements.

Wasil Foundation (Wasil)

- Wasil provided PMN its audited accounts. The numbers reported in the PMR match these reports. **Aamir Rizwan Salman & Co Chartered Accountants.** has audited the annual accounts of Wasil for the year ending at **30**th June, 2018.

- Wasil prepares its financial statements under the historical cost convention, in conformity with accepted accounting practices.

» All necessary adjustments to data have been made in order to remove subsidies.

» The grant income has been properly disclosed in financial statements. Additionally, there is proper disclosure on grants in notes to the financial statements.

Rural Support Programme (RSP)

National Rural Development Programme (NRSP)

» NRSP provided PMN its audited accounts. The numbers reported in the PMR match these reports. KPMG Taseer Hadi and Co. has audited the annual accounts of NRSP for the year ending at 30th June, 2018.

» NRSP prepares its financial statements under the historical cost convention, in conformity with accepted accounting practices.

» All necessary adjustments to data have been made in order to remove subsidies.

» The grant income has been properly disclosed in financial statements. Additionally, there is proper disclosure on grants in notes to the financial statements.

Punjab Rural Support Programme (PRSP)

» PRSP has provided its audited accounts for the reporting period to PMN. A.F Ferguson and Co. audited the annual accounts for PRSP for the year ending at 30th June, 2018.

» All necessary adjustments to PRSP data have been made in order to remove subsidies.

» PRSP prepares its financial statements under the historical cost convention, in conformity with accepted accounting practices.

» The grant income has been properly disclosed in financial statements and there is a proper disclosure on grants in notes to the financial statements.

» The following numbers have been taken from the organisation's MIS: i). rural-urban clients; ii). male-female clients; iii). Number of staff; and iv). Number of credit officers.

Sindh Rural Support Organisation (SRSO)

» SRSO provided PMN its audited accounts. The numbers reported in the PMR match these reports. **EY Ford Rhodes** has audited the annual accounts of SRSO for the year ending at **30**th June, 2018.

» SRSO prepares its financial statements under the historical cost convention, in conformity with accepted accounting practices.

» All necessary adjustments to data have been made in order to remove subsidies.

- The related party transactions have been properly disclosed in notes to the financial
- The following numbers have been taken from the organisation's MIS: i). rural-urban clients; ii). male-female clients; iii). Number of staff; and iv). Number of credit officers.

Sarhad Rural Support Programme (SRSP)

- SRSP provided PMN its audited accounts. The numbers reported in the PMR match these reports. KPMG Taseer Hadi and Co. has audited the annual accounts of SRSO for the year ending at 30th June, 2018.
- SRSP prepares its financial statements under the historical cost convention, in conformity with accepted accounting practices.
- All necessary adjustments to data have been made in order to remove subsidies.
- The related party transactions have been properly disclosed in notes to the financial
- The following numbers have been taken from the organisation's MIS: i). rural-urban clients; ii). male-female clients; iii). Number of staff; and iv). Number of credit officers.

Thardeep Microfinance Foundation (TMF)

- TMF has provided its audited accounts to PMN. BDO Ebrahim & Co. audited the annual accounts for TMF for the year ending at 30th June, 2018.
- All necessary adjustments to TMF data have been made in order to remove subsidies.
- TMF prepares its financial statements under the historical cost convention in conformity with accepted accounting practices.
- The following numbers have been taken from the organisation's MIS: i). rural-urban clients; ii). male-female clients; iii). Number of staff; and iv). Number of credit officers.

Annex D: Adjustments to Financial Data

Rationale

Adjustments to financial statements are made when doing benchmark analysis. Adjustments are made for two primary reasons:

- to give an institution a more accurate picture of its financial position by accounting for factors unique to an MFP including the predominance of below-market-rate funding sources as such factors distort an MFP's on-going performance; and
- to make the data of various MFPs comparable. Thus, adjustments are made in order to bring organisations operating under varying conditions and with varying levels of subsidy onto a level playing field.

The following adjustments are made to data used for the PMR:

A. Inflation Adjustment

Inflation adjustment adjusts for the effect of inflation on an MFP's equity and non-monetary assets i.e., fixed assets. Inflation decreases the real value of an MFP's equity. Fixed assets are capable of tracking the increase in price levels as their monetary value is increased. The net loss (or gain) is considered to be a cost of funds, and results in a decrease (or increase) in net operating income.

Calculation of inflation adjustment

Inflation Adjustment Revenue

Net Fixed Assets (Prior Year) X Average Annual Inflation Rate (Current Financial Year)

Inflation Adjustment Expense

Equity (Prior Year) X Average Annual Inflation Rate (Current Year)

Net Inflation Adjustment Expense

Inflation Adjusted Revenue – Inflation Adjusted Expense

B. Subsidies Adjustment

Adjustments for three types of subsidies are made:

- A cost-of-funds subsidy from loans at below-market rates
- Current year cash donations to fund portfolio and cover expenses
- In-kind subsidies, such as rent-free office space or the services of personnel not paid by the MFP and thus, not reflected on its income statement.

Additionally, for multipurpose MFPs, an attempt to isolate the performance of the financial services programme is made by removing the effect of any cross-subsidisation. Cash donations flowing through the income statement are accounted for by reclassifying them below net operating income on the income statement. Thus, adjustments for cash donations are not made since these are handled through a direct reclassification on the income statement. This year no MFP has disclosed receipt of any in-kind subsidy.

B.1 Cost-of-funds Subsidy

The cost-of-funds adjustment reflects the impact of soft loans on the financial performance of an MFP. The analyst needs to calculate the difference between what an MFP actually paid in interest on its subsidised liabilities and a shadow market rate for each country. This difference represents the value of the subsidy, considered an additional financial expense. Only funds received as loans need to be adjusted. Client deposits are not adjusted. Only loans that have a finite (1-5 years) term length are adjusted. Subordinated debt and other quasi-equity accounts are reclassified as 'other equity' on the balance sheet.

Care is taken in the choice of an appropriate shadow rate thus, PMN has used the KIBOR rate on outstanding loans as reported by the State Bank of Pakistan on its website (12.5%) to make this adjustment.

Calculation of cost-of-funds subsidy

1. Calculate average balance for all borrowings. Borrowings do not include deposits or "other liabilities". If an MFI has given an average balance, see if this is more appropriate to use; if not, calculate average from last year's ending balance;
2. Multiply the average balance by the shadow market rate;
3. Compare with the amount actually paid in interest and fees. If less "market" rate, impute the difference (Market Price minus Financial Expense paid on Borrowings) to the Subsidised Cost of Funds Adjustment Expense.

B.2 Cash Donations

Funds donated to cover operational costs constitute a direct subsidy to an MFP. The value of the subsidy is therefore, equal to the amount donated to cover expenses incurred in the period reported. Some donations are provided to cover operating shortfall over a period greater than one year. Only the amount spent in the year is recorded on the income statement as revenue. Any amount still to be used in subsequent years appears as a liability on the balance sheet (deferred revenue). This occurs because theoretically, if an MFP stopped operations in the middle of a multi-year operating grant, it would have to return the unused portion of the grant to the donor. The unused amount is therefore, considered as a liability.

Funds donated to pay for operations should be reported on the income statement separately from the revenue generated by lending and investment activities. This practice is meant for accurately reporting the earned revenue of an MFP. Donated funds are deducted from revenue or net income prior to any financial performance analysis because they do not represent revenue earned from operations.

Note: Costs incurred to obtain donor funds (fundraising costs) should also be separated from operating expenses, because the benefit of receiving the funds is not included.

B.3 In-kind Subsidy

Imputed costs (book value) of donated/loaned-out vehicles, machinery and buildings need to be included in operating expenses. Expatriate staff salaries paid by donor or parent company, or other technical assistance, need to be accounted for. Here, imputed salaries are used instead of salaries actually received by them i.e., the salary range that a local hire would get for the same level of work-load/ position is used.

Note: *The analyst must use his/her judgment in deciding whether or not the in-kind donation represents a key input to the on-going operations of the MFP. An appropriate basis for valuation is important. This could include selecting a percentage of the total cost and attributing it to programme expense. The percentage may be selected on the basis of sales proportion, management input, etc.*

Calculation of in-kind subsidy

Sum of in-kind subsidies by operating expense account, added to unadjusted numbers for each account.

C. Loan Loss Provisioning

PMN standardises loan loss provisioning for MFPs to a minimum threshold or risk. MFPs vary tremendously in accounting for loan delinquency. Some count the entire loan balance as overdue the day a payment is missed. Others do not consider a loan delinquent until its full term has expired. Some MFPs write off bad debt within one year of the initial delinquency, while others never write off bad loans, thus, carrying forward a default that they have little chance of ever recovering.

The analyst applies a standard loan loss provisioning to all MFPs and adjusts, where necessary, to bring them to the minimum threshold. In some cases, these adjustments may not be precise. Portfolio aging information may only be available on different aging scales.

Calculation of loan loss provisioning

Step 1:	Step 2:	Step 3:
Multiply the PAR age categories by the following reserve factors: PAR up to 89 days no provisioning PAR 91 – 180 x 0.50 PAR 181 – 360 x 1.00 Renegotiated loans x 0.50	Add above reserve calculations. If sum is more than current reserves make calculated reserve new Loan Loss Reserve. If not, keep current reserves.	Add the Unadjusted Loan Loss Provision Expense to the difference between the Adjusted Net Loan Portfolio and the Unadjusted Net Loan Portfolio. This is the Adjusted Loan Loss Provision Expense.

Annex E: Terms and Definitions

Age

Number of years an organisation has been functioning as a microfinance provider (MFP).

Active Saving Account Balance

The average balance of savings per account (as opposed to average balance of savings per depositor).

Adjustment Expense

Total adjustment cost related to inflation, subsidized cost of borrowing, loan loss provisioning and in-kind subsidies.

Adjusted Financial Expense Ratio

Calculated by using standardised ageing-of-portfolio technique. The principle of conservatism is used hence loan loss provision in audited accounts is greater than the amount computed by the analyst.

Adjusted Loan Loss Reserve

FORMULA

$$\frac{\text{Adjusted Financial Expense}}{\text{Adjusted Average Total Assets}}$$

Adjusted Operating Expense

Also included in operating expense:

» Imputed cost (book value) of donated/loaned vehicles, machinery and buildings
» Expatriate staff salaries paid by donor or parent company
» Other technical assistance paid for with donations

FORMULA

Personnel Expense + Administrative Expense

NOTE: Imputed salaries should be used instead of salaries actually received by such persons, thus salary range that a local hire would get for the same level of work-load/position should be used. Judgment is used to decide whether or not the in-kind donation represents a key input to the on-going operations of the MFP.

Adjusted Operating Expense Ratio

FORMULA

$$\frac{\text{Adjusted Operating Expense}}{\text{Adjusted Average Total Assets}}$$

Adjusted Portfolio at Risk > (30, 60, 90 Days)

Indicates the credit risk of a borrower above the specified number of days (30, 60, 90) past his/her due date for instalment payment.

FORMULA

$$\frac{\text{Outstanding Balance less Loans Overdue} > \text{(30 or 60 or 90) Days}}{\text{Adjusted Gross Loan Portfolio}}$$

Adjusted Cost per Borrower

Accounts for loan size differentials, generally the Operating Expense Ratio is lower (more efficient) for institutions with higher loan sizes, ceteris paribus. This indicator discounts the effect of loan size on efficient management of loan portfolio.

FORMULA

$$\frac{\text{Adjusted Operating Expense}}{\text{Average Number of Active Borrowers}}$$

Adjusted Cost per Loan

FORMULA

$$\frac{\text{Adjusted Operating Expense}}{\text{Average Number of Active Loans}}$$

Adjusted Financial Expense

Includes actual cost of borrowing and shadow cost of subsidised funding.

Adjusted Financial Expense on Borrowing

The cost-of-funds adjustment reflects the impact of soft loans on the financial performance of the institution. The analyst calculates the difference between what the MFP actually paid in interest on its subsidised liabilities and what it would have paid at a shadow market rate for each country. This difference represents the value of the subsidy, considered an additional financial expense.

Adjusted Loan Loss Provision Expense Ratio

FORMULA

$$\frac{\text{Adjusted Net Loan Loss Provision Expense}}{\text{Adjusted Average Total Assets}}$$

Adjusted Loan Loss Provision Expense

Loan Loss Provision Expense calculated with standardised ageing-of-portfolio technique. It is, however, ensured that if the actual Loan Loss Provision Expense is higher than the adjusted then the conservatism principle is followed.

Adjusted Operating Expense

Includes actual operational expenses and in-kind subsidy adjustments.

Adjusted Operating Expense Ratio

Indicative of the efficiency of an MFP's loan portfolio.

FORMULA

$$\frac{\text{Adjusted Operating Expense}}{\text{Average Gross Loan Portfolio}}$$

Adjusted Personnel Expense

Includes actual personnel expenses (salaries and benefits), and in-kind subsidy adjustments.

Adjusted Personnel Expense Ratio

FORMULA

$$\frac{\text{Adjusted Personnel Expense}}{\text{Average Gross Loan Portfolio}}$$

Adjusted Profit Margin

FORMULA

$$\frac{\text{Adjusted Net Operating Income}}{\text{Adjusted Financial Revenue}}$$

Adjusted Return on Assets

FORMULA

$$\frac{\text{Adjusted Net Operating Income, net of taxes}}{\text{Average Total Assets}}$$

Adjusted Return on Equity

FORMULA

$$\frac{\text{Adjusted Net Operating Income, net of taxes}}{\text{Average Total Equity}}$$

Adjusted Total Expense

Includes all actual and adjusted expenses related to operations, cost of borrowings, loan losses and inflation adjustment.

Adjusted Total Expense Ratio

FORMULA

$$\frac{\text{Adjusted (Financial Expense + Net Loan Loss Provision Expense + Operating Expense) Cost}}{\text{Average Total Assets}}$$

Average Gross Loan Portfolio

Average of opening and closing balance of Gross Loan Portfolio (GLP).

Average Loan Balance per Active Borrower

Indicates average loan balance outstanding.

Average Loan Balance per Active Borrower to Per Capita Income

Used to measure depth of outreach. The lower the ratio the more poverty-focused the MFP.

Average Number of Active Borrowers

The average of opening and closing balance of active borrowers.

FORMULA

$$\frac{[\text{Active Borrowers (Opening Balance)} + \text{Active Borrowers (Closing Balance)}]}{2}$$

Average Number of Active Loans

Average of opening and closing balance of active loans

Average Outstanding Balance

Indicates the average balance of loans outstanding.

FORMULA

$$\frac{\text{Adjusted Gross Loan Portfolio}}{\text{Adjusted Number of Loans Outstanding}}$$

Average Outstanding Balance to Per Capita Income

Measure of depth of outreach. The lower the ratio the more poverty-focused the MFP.

FORMULA

$$\frac{\text{Average Outstanding Balance}}{\text{Per Capita Income}}$$

Average Saving Balance per Saver

Indicates average amount of saving balance per saver.

Average Total Assets

Average of opening and closing balance of total assets.

Average Total Equity

Average of opening and closing balance of total equity.

Borrowers per Loan Officer

Measure of loan officer productivity indicating the number of borrowers managed by a loan officer.

FORMULA

$$\frac{\text{Number of Active Borrowers}}{\text{Number of Loan Officers}}$$

Borrowers per Staff

Measure of staff productivity, indicating the number of borrowers managed by the staff on average.

FORMULA

$$\frac{\text{Number of Active Borrowers}}{\text{Number of Total Personnel}}$$

Commercial Liabilities

The principal balance of all borrowings, including overdraft accounts, for which the organisation pays a nominal rate of interest that may be greater than or equal to the local commercial interest rate.

Commercial Liabilities-to-Gross Loan Portfolio Ratio

Indicates efficiency of an MFP's loan portfolio.

FORMULA

$$\frac{\text{All liabilities with “market” price}}{\text{Gross Loan Portfolio}}$$

Deposits

Demand deposits from the general public and members (clients) held with the institution. These deposits are not conditional to accessing a current or future loan from the MFP and include certificates of deposit or other fixed term deposits.

Deposit-to-Gross Loan Portfolio Ratio

Inverse of the Advance-to-Deposit Ratio.

FORMULA

$$\frac{\text{Deposits}}{\text{Gross Loan Portfolio}}$$

Deposit-to-Total Asset Ratio

Indicates the percentage of assets financed through deposits.

FORMULA

$$\frac{\text{Deposits}}{\text{Total Assets}}$$

Equity-to-Asset Ratio

This is a simple version of the capital adequacy ratio as it does not take into account risk weighted assets. This ratio indicates the proportion of a company's equity that is accounted for by assets.

FORMULA

$$\frac{\text{Total Equity}}{\text{Total Assets}}$$

Financial Expense

Total of financial expense on liabilities and deposits.

Financial Revenue

Total revenue from loan portfolio and other financial assets, as well as other financial revenue from financial services.

Financial Revenue from Other Financial Assets

Net gains on other financial assets.

Financial Revenue from Loan Portfolio

Total interest, fees and commission on loan portfolio.

Financial Revenue Ratio

Indicates the efficiency with which an MFP is utilising its assets to earn income from them.

FORMULA

$$\frac{\text{Financial Revenue}}{\text{Average Total Assets}}$$

Financial Self-Sufficiency

FORMULA

$$\frac{\text{Financial Revenue}}{\text{Adjusted (Financial Expense + Net Loan Loss Provision Expense + Operating Expense + Inflation Adjustment)}}$$

Gross Loan Portfolio

The outstanding principal for all outstanding client loans, including current, delinquent and restructured loans. It does not include:

- Loans that have been written-off
- Interest receivable
- Employee loans

For accounting purposes GLP is categorised as an asset.

Gross Loan Portfolio-to-Total Asset Ratio

Indicates the efficiency of assets deployed in high yield instruments and core business of an MFP.

FORMULA

$$\frac{\text{Gross Loan Portfolio}}{\text{Total Assets}}$$

Inflation Adjustment Expense[30]

Inflation decreases the real value of an MFP's equity. Fixed assets are considered to track the increase in price levels, and their value is considered increased. The net loss (or gain) treated as a cost of funds, is disclosed on the income statement,

30. PMN adjusts for the effect of inflation on an MFP's equity and its non-monetary assets - essentially fixed assets - on its balance sheet.

and decreases net operating income.

Inflation Rate

Latest annualised consumer price index (CPI) as reported by the State Bank of Pakistan.

Liabilities-to-Equity Ratio (Debt-Equity Ratio)

FORMULA

$$\frac{\text{Total Liabilities}}{\text{Total Equity}}$$

Loan Loss Provision Expense

The sum of loan loss provision expense and recovery on loan loss provision.

Loans per Loan Officer

FORMULA

$$\frac{\text{Number of Active Loans}}{\text{Number of Loan Officers}}$$

Loans per Staff

FORMULA

$$\frac{\text{Number of Active Loans}}{\text{Number of Personnel}}$$

Net Adjusted Loan Loss Provision Expense[31]

The sum of loan loss provision expense and recovery on loan loss provision. MFPs vary tremendously in accounting for loan delinquency. Some count the entire loan balance as overdue the day a payment is missed. Others do not consider a loan delinquent until its full term has expired. Some MFPs write off bad debt within one year of the initial delinquency, while others never write off bad loans, thus carrying forward a defaulting loan that they have little chance of ever recovering.

31. PMN applies a standard write-off and loan loss provisioning to all MFPs, and adjusts, where necessary, to bring them to the minimum threshold.

Number of Active Borrowers

Number of borrowers with loan amount outstanding.

Number of Active Loans

The number of loans that have been neither fully repaid nor written off, and thus that are part of the MFP's Gross Loan Portfolio.

Number of Active Women Borrowers

Number of women borrowers with loan amount outstanding.

Number of Active Women Borrowers to total Active Borrowers

Indicates percentage of women borrowers to total active borrowers.

Number of Loans Outstanding

The number of loans outstanding at the end of the reporting period. Depending upon the policy of an MFP one borrower can have two loans outstanding; hence, the number of loans could be more than the number of borrowers.

Number of Savers

The number of depositors maintaining voluntary demand deposit and time deposit accounts with an MFP.

Number of Saving Accounts

One depositor can have more than two deposit accounts. Hence, the number of deposit accounts could be more than the number of depositors.

Number of Women Savers

The number of women savers with voluntary demand deposit and time deposit accounts.

Offices

The total number of staffed points of service (POS) and administrative sites (including head office) used to deliver or support the delivery of financial services to microfinance clients.

Operating Expense

Total of Personnel Expense and Administrative Expense.

Operational Self-Sufficiency

FORMULA

$$\frac{\text{Financial Revenue}}{\text{(Financial Expense + Net Loan Loss Provision Expense + Operating Expense)}}$$

Per Capita Income

Average income per person.

Percentage of Women Savers to Total Savers

Indicates the percentage of women in the total saving portfolio.

Personnel

The number of individuals actively employed by an MFP. This number includes contract employees and advisors who dedicate the majority of their time to the organisation, even if they are not on the MFP's roster of employees. This number is expressed as a full-time equivalent, such that an advisor who spends 2/3 of his/her time with the MFP is accounted for as 2/3 of a full-time employee.

Personnel Allocation Ratio

The higher the indicator the more lean the head office structure of the organisation. This indictor is used to measure organisational efficiency.

FORMULA

$$\frac{\text{Loan Officers}}{\text{Total Staff}}$$

Risk Coverage Ratio

Indicates the provision created by an MFP against its credit risk.

FORMULA

$$\frac{\text{Adjusted Loan Loss Reserve}}{\text{PAR > 30 Days}}$$

Saving Outstanding

Total value of demand deposit and time deposit accounts.

Savers per Staff

FORMULA

$$\frac{\text{Number of Savers}}{\text{Number of Personnel}}$$

Loan Loss Provision Expense

The sum of Loan Loss Provision Expense and Recovery on Loan Loss Provision.

Loans per Loan Officer

FORMULA

$$\frac{\text{Adjusted Loan Loss Reserve}}{\text{PAR > 30 Days}}$$

Total Assets

Total net asset accounts i.e., all asset accounts net of any allowance. The one exception to this is the separate disclosure of the Gross Loan Portfolio and Loan Loss Reserve.

Total Equity

Equity represents the worth of an organisation net of what it owes (liabilities). Equity accounts are presented net of distributions, such as dividends.

FORMULA

Total Assets – Total Liabilities

Total Liabilities

Liabilities represent the borrowings of an organisation i.e., the amount owed. Examples of liabilities include loans, and deposits. This number includes both interest and non-interest-bearing liabilities of an MFP.

Total Number of Loan Officers

The number of staff members who dedicate the majority of their time to direct client contact. Front office staff include more than those typically qualified as credit or loan officers. They may also include tellers, personnel who open and maintain accounts — such as savings accounts — for clients, delinquent loan recovery officers, and others whose primary responsibilities bring them in direct contact with microfinance clients.

Loans Written Off during Year

The value of loans written off during the year.

Write-Off Rate

FORMULA

$$\frac{\text{Loans Written Off during the year}}{\text{Average Gross Loan Portfolio}}$$

Yield on Gross Portfolio (Nominal)

Indicates the yield on an MFPs loan portfolio and is usually used as a proxy to look at MFPs (realized) effective interest rate.

FORMULA

$$\frac{\text{Financial Revenue from Loan Portfolio}}{\text{Average Gross Loan Portfolio}}$$

Yield on Gross Portfolio (Real)

The number of depositors maintaining voluntary demand deposit and time deposit accounts with an MFP.

FORMULA

$$\frac{\text{(Yield on Gross Portfolio (nominal) - Inflation Rate)}}{\text{(1 + Inflation Rate)}}$$