



World Council of Credit Unions, Inc.

**Microfinance Expansion Program (MEP)  
4<sup>th</sup> QUARTER 2000 REPORT**

Nairobi, Kenya  
February 16, 2001

Microfinance Expansion Programme (MEP)  
Isaac Gathanju Road  
Off James Gichuru Road, Lavington  
P.O. Box 979 Village Market  
Nairobi, Kenya

Phone: (254) 2-48053/48122/7/9  
Fax: (254) 2-48112  
E-mail: [woccu@form-net.com](mailto:woccu@form-net.com)

*"Quality Credit Unions for Everyone"*

**World Council of Credit Unions, Inc.**  
**(WOCCU), Kenya**  
**Microfinance Expansion Program (MEP)**  
**4<sup>th</sup> Quarter, 2000, Report**

**Roger J. Mukasa, Program Director**  
**February 16, 2001**

**CONTENTS**

|                                                                       |    |
|-----------------------------------------------------------------------|----|
| CONTENTS                                                              | 2  |
| Microfinance Data                                                     |    |
| INTRODUCTION                                                          | 3  |
| FOURTH QUARTER REPORT                                                 | 10 |
| SPECIAL ANNOUNCEMENTS BY THE END OF THE 4 <sup>TH</sup> QUARTER, 2000 | 26 |
| HIGHLIGHTS - LOCAL NEWS ABOUT SACCOS AND KENYA'S FINANCIAL SECTOR     | 26 |
| ATTACHMENTS                                                           | 27 |

- **Local news articles** about SACCOS and the financial sector
- **Development grants** summary tables,
- **Consolidated PEARLS** analysis and report
- **16 project SACCOS PEARLS Reports:**
  1. Bandari SACCO analysis and report
  2. Chai SACCO analysis and report
  3. Chemilil SACCO analysis and report
  4. COMOCO SACCO analysis and report
  5. Egerton University SACCO analysis and report
  6. Kilifi SACCO analysis and report
  7. Kipsigis Teachers SACCO analysis and report
  8. Kisumu Teachers (KITE) SACCO analysis and report
  9. Maseno University SACCO analysis and report
  10. Masaku Traders SACCO analysis and report
  11. Mungania Tea Growers SACCO analysis and report
  12. Narok Teachers SACCO analysis and report
  13. Ndege Chai SACCO analysis and report
  14. NASSEFU SACCO analysis and report
  15. Nyeri Tea Growers SACCO analysis and report
  16. Ukulima SACCO analysis and report

USAID/IGP  
 World Council of Credit Unions: MEP/Kenya  
 "R4" Reporting  
 September 30, 2000

|                                              | 31-Dec-97    | 31-Dec-98    | 31-Dec-99    | 31-Mar-00    | 30-Jun-00    | 30-Sep-00    |
|----------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Number of Borrowers (# of Loans Granted YTD) | Not Tracked  | 20,573       | 24,421       | 30,146       | 97,841       | 99,063       |
| Number of Loans Granted to Women             | Not Tracked  | 8,229        | 9,768        | 12,058       | 39,136       | 39,625       |
| Number of Savers                             | 34,422       | 37,542       | 36,056       | 36,272       | 120,353      | 116,600      |
| % Women Clients                              | 19.25%       | 30.41%       | 28.60%       | 40.00%       | 40.00%       | 40.00%       |
| Loans Outstanding (US\$)                     | \$11,254,583 | \$14,120,488 | \$18,389,237 | \$20,210,199 | \$53,616,637 | \$53,402,895 |
| Savings (US\$)                               | \$4,991      | \$254,038    | \$1,198,788  | \$1,041,564  | \$2,022,314  | \$1,925,652  |
| Shares (US\$)                                | \$12,414,723 | \$15,724,911 | \$19,098,677 | \$20,021,979 | \$54,618,047 | \$56,168,299 |
| Savings & Shares (US\$)                      | \$12,419,714 | \$15,978,949 | \$20,297,466 | \$21,063,543 | \$56,640,361 | \$58,093,950 |
| Operationally Sustainable Fls*               | 10 of 10     | 10 of 10     | 8 of 8       | 8 of 8       | 16 of 16     | 16 of 16     |
| Operationally Sustainable Fls**              | 7 of 10      | 7 of 10      | 7 of 8       | 7 of 8       | 15 of 16     | 15 of 16     |
| Portfolio at Risk (Delinquency)              | 0.00%        | 0.43%        | 0.75%        | 0.62%        | 0.63%        | 0.61%        |
| Portfolio at Risk (Village-Banking Clients)  | NA           | NA           | NA           | NA           | NA           | NA           |
| Long-Run Loss Rate (All Loans)               | 0.54%        | 0.66%        | 0.44%        | 0.16%        | 0.17%        | 0.11%        |
| Long-Run Loss Rate (Village-Banking Loans)   | NA           | NA           | NA           | NA           | NA           | NA           |
| Average Loan Size to Women (US\$)            | Not Tracked  | Not Tracked  | Not Tracked  | Not Tracked  | Not Tracked  | Not Tracked  |
| Overall Average Loan Size (US\$)             | NA           | \$686        | \$753        | \$670        | \$548        | \$539        |
| Exchange Rate: US\$1.00 = Ksh                | 75.00        | 75.00        | 73.90        | 73.90        | 77.50        | 78.20        |

\* Where "operational sustainability" is defined as covering administrative costs

\*\*Where "operational sustainability" is defined as covering administrative and provisioning costs (for > 12 months)

Beginning with the 30/06/2000 report, 16 SACCOs statistics are included.

World Council of Credit Unions-Kenya  
 Microfinance Expansion Programme  
 Microenterprise Statistics

Exchange Rate: 1 Usd = Ksh: 75.00 75.00 75.00

|   |                                                | 31/12/97    | 31/12/98   | 30/06/99*  |
|---|------------------------------------------------|-------------|------------|------------|
|   | Number of SACCOs in the project                | 10          | 10         | 10         |
| 1 | Number of active Microenterprise Loans         | Not tracked | 9,153      | 12,598     |
| 2 | Microenterprise loans Outstanding: USD         | 4,598,411   | 5,474,417  | 7,065,820  |
| 3 | Delinquency on Microenterprise Loans only: USD | 122,174     | 200,371    | 201,642    |
| 4 | Delinquency on ME Loans as a percentage        | 2.66        | 3.66       | 2.85       |
| 5 | Loan Loss Rate on Portfolio                    | NONE        | NONE       | NONE       |
| 6 | Financial sustainability of the portfolio      | 7 of 10     | 7 of 10    | 9 of 10    |
| 7 | Percentage of Women borrowers                  | 19.25       | 30.41      | 30.16      |
| 8 | Number of savers                               | 34,422      | 37,542     | 38,772     |
| 9 | Savings outstanding for entire project: USD    | 12,419,714  | 15,978,949 | 17,769,560 |

Exchange Rate: 1 Usd = Ksh: 73.90 73.90 77.50 78.20

|   |                                                | 31/12/99   | 31/03/00*  | 30/06/2000* | 30/09/2000* |
|---|------------------------------------------------|------------|------------|-------------|-------------|
|   | Number of SACCOs in the project                | 8          | 8          | 16          | 16          |
| 1 | Number of active Microenterprise Loans         | 10,704     | 15,986     | 48,268      | 48,994      |
| 2 | Microenterprise loans Outstanding: USD         | 7,494,746  | 10,049,867 | 24,982,883  | 24,915,999  |
| 3 | Delinquency on Microenterprise Loans only: USD | 110,914    | 130,745    | 168,095     | 161,685     |
| 4 | Delinquency on ME Loans as a percentage        | 1.48       | 1.30       | 0.67%       | 0.65%       |
| 5 | Loan Loss Rate on Portfolio                    | NONE       | NONE       | NONE        | NONE        |
| 6 | Financial sustainability of the portfolio      | 7 of 8     | 7 of 8     | 14 of 16    | 15 of 16    |
| 7 | Percentage of Women borrowers                  | 28.60      | 40.00      | 40.00%      | 40.00%      |
| 8 | Number of savers                               | 36,056     | 36,272     | 120,353     | 116,600     |
| 9 | Savings outstanding for entire project: USD    | 20,297,466 | 21,063,543 | 56,640,361  | 58,093,950  |

\* The credit unions do not accrue for dividends, taxes & depreciation  
 (their June 1999, Mar, June & September 2000 net income is therefore overstated).

Explanatory Notes:

- 1 The "Number of Active Microenterprise Loans" have been taken to be 40% (45% in 2000) of the total outstanding loan portfolio for the employee based SACCOs and 100% for the traders/community based SACCOs whose activity is wholly microenterprise.
- 2 As above, the "Microenterprise Loans Outstanding" have been taken at 40% (45% in 2000) of total loans outstanding for the employee based SACCOs and 100% for the traders/community based SACCOs.
- 3 The "Delinquency on Microenterprise Loans Only" has been computed taking into account 40% (45% in 2000) of total delinquency for the employee based SACCOs as the portion relating to microenterprise loans and 100% for the traders/community based SACCOs.
- 6 Where "Financial Sustainability" is defined as covering all operational costs, including the cost of funds.



Sep-00

|            | Members |        | No. of Loans O/S |               | Net Loan Portfolio |                      |
|------------|---------|--------|------------------|---------------|--------------------|----------------------|
|            | Total   | Women  | Total            | ME Loans Only | Total<br>Ksh       | ME loans only<br>Ksh |
| Bandari    | 3,616   | 1,446  | 4,051            | 1,823         | 239,365,959        | 107,714,682          |
| Chai       | 16,421  | 6,568  | 14,272           | 6,422         | 527,072,138        | 237,182,462          |
| Chemelil   | 1,135   | 454    | 1,047            | 471           | 41,417,254         | 18,637,764           |
| Comoco     | 1,500   | 600    | 2,274            | 1,023         | 73,847,813         | 33,231,516           |
| Egerton    | 2,992   | 1,197  | 4,083            | 1,837         | 174,736,440        | 78,631,398           |
| Kilifi     | 5,742   | 2,297  | 2,960            | 1,332         | 174,493,046        | 78,521,871           |
| Kipsigis   | 12,144  | 4,858  | 12,842           | 5,779         | 654,838,665        | 294,677,399          |
| Kite       | 5,972   | 2,389  | 3,781            | 1,701         | 192,792,120        | 86,756,454           |
| Masaku     | 366     | 146    | 42               | 42            | 3,925,829          | 3,925,829            |
| Maseno     | 1,014   | 406    | 856              | 385           | 66,819,965         | 30,068,984           |
| Mungania   | 4,877   | 1,951  | 3,127            | 3,127         | 49,363,564         | 49,363,564           |
| Narok      | 2,060   | 824    | 2,107            | 948           | 79,504,342         | 35,776,954           |
| Nassefu    | 1,108   | 443    | 798              | 359           | 96,192,624         | 43,286,681           |
| Ndege Chai | 9,595   | 3,838  | 7,820            | 3,519         | 159,769,328        | 71,896,198           |
| Nyeri Tea  | 5,806   | 2,322  | 4,859            | 4,859         | 72,498,316         | 72,498,316           |
| Ukulima    | 42,252  | 16,901 | 34,144           | 15,365        | 1,569,468,978      | 706,261,040          |
|            | 116,600 | 46,640 | 99,063           | 48,994        | 4,176,106,381      | 1,948,431,111        |
|            |         |        |                  | USD:          | 53,402,895         | 24,915,999           |

|            | Delinquency                         |                         |                      |                     |
|------------|-------------------------------------|-------------------------|----------------------|---------------------|
|            | Total Del.<br>Ksh                   | Del. On ME loans<br>Ksh | Share Capital<br>Ksh | FOSA Savings<br>Ksh |
| Bandari    | 1,194,751                           | 537,638                 | 238,997,167          | -                   |
| Chai       | 9,695,000                           | 4,362,750               | 470,692,736          | 5,260,957           |
| Chemelil   | -                                   | -                       | 51,567,312           | -                   |
| Comoco     | -                                   | -                       | 76,324,345           | 7,042,237           |
| Egerton    | 240,531                             | 108,239                 | 187,799,591          | 700,000             |
| Kilifi     | 2,018,497                           | 908,324                 | 192,929,715          | 9,410,833           |
| Kipsigis   | 8,231,313                           | 3,704,091               | 616,584,440          | 45,680,993          |
| Kite       | 1,536,630                           | 691,484                 | 221,123,135          | 8,516,338           |
| Masaku     | 1,312,988                           | 1,312,988               | 5,421,752            | 151,699             |
| Maseno     | -                                   | -                       | 58,257,915           | 7,074,334           |
| Mungania   | 860,736                             | 860,736                 | 33,692,491           | 11,641,864          |
| Narok      | -                                   | -                       | 88,656,997           | 3,844,324           |
| Nassefu    | 350,000                             | 157,500                 | 106,339,940          | -                   |
| Ndege Chai | -                                   | -                       | 157,112,615          | -                   |
| Nyeri Tea  | -                                   | -                       | 55,885,542           | 39,042,090          |
| Ukulima    | -                                   | -                       | 1,830,975,260        | 12,220,295          |
|            | 25,440,446                          | 12,643,749              | 4,392,360,953        | 150,585,964         |
| USD:       | 325,325                             | 161,685                 | 56,168,299           | 1,925,652           |
|            | Total Shares and FOSA Savings (Ksh) |                         |                      | 4,542,946,917       |
|            | Total Shares and FOSA Savings (Usd) |                         |                      | 58,093,950          |

|                            |        |
|----------------------------|--------|
| % of women members         | 40.00% |
| Total Delinquency          | 0.61%  |
| Del. on ME loans only      | 0.65%  |
| Average Savings per member | 38,962 |
| Average Loan Size:         |        |
| Ksh                        | 42,156 |
| Usd                        | 539    |

World Council of Credit Unions, Inc.  
(WOCCU), Kenya  
Microfinance Expansion Program (MEP)  
4<sup>th</sup> Quarter, 2000, Report

## INTRODUCTION

On September 1<sup>st</sup> and 3<sup>rd</sup>, 1998, the Government of Kenya and the United States Agency for International Development (USAID) signed a **memorandum of understanding** (MOU). This understanding described the goal, purpose, method, resources and targets of the Microenterprise Innovation/African Revitalization Project, now called the **'Microfinance Expansion Program'** (MEP). The goal of the MEP is to convert a group of **15** existing, already sustainable **savings and credit cooperatives (SACCOs)** into highly effective providers of microfinance services, which will in turn, assist an expanded group of micro-entrepreneurs. WOCCU is responsible for program management and implementation. The local partner is the Kenya Union of Savings and Credit Cooperatives (KUSCCO).

During the 4<sup>th</sup> quarter, 2000, WOCCU:

1. **Local staff** consisted of:

- a. **Roger Mukasa, program director,**
- b. **Seven technical service advisers:**
  - *Jackson Njiraini*, Senior Finance,
  - *Kaari Mundia*, Senior Marketing and a KUSCCO employee,
  - *Bernard Mugo*, Finance,
  - *Eric Andalya*, Finance and a KUSCCO employee,
  - *Christopher Wanyoike*, Marketing,
  - *Paul Maina*, Finance,
  - *Patrick Muriuki*, Information Systems,
- c. **Two technical specialists:**

- *Mercy Njoroge*, Finance,
  - *Mary Wacuka*, Marketing,
- d. **Five support staff:**
- *Margaret Wekesa*, Executive Secretary,
  - *Andrew Mugasia*, Transportation Specialist,
  - *Pamela Obita*, Junior Marketing Specialist,
  - *Hexron Imbai*, Grounds Specialist,
  - *Margaret Deizu*, House Specialist.

2. **Worked with 16 SACCOs:**

- a. **Nine** based within a three-hours drive from Nairobi city:
  - *Chai SACCO* (in Nairobi city),
  - *COMOCO SACCO* (in Nairobi city),
  - *Egerton University SACCO* (in Nakuru town),
  - *Masaku Traders SACCO* (in Machakos township),
  - *Mungania Tea Growers SACCO* (in Manyatta township),
  - *Narok Teachers SACCO* (in Narok town),
  - *NASSEFU SACCO* (in Nairobi city),
  - *Nyeri Tea Growers SACCO*, (in Othaya town),
  - *Ukulima SACCO* (in Nairobi city),
- b. **Three** within an hour's drive from Kisumu town,
  - *Chemelil SACCO* (in Kisumu town),
  - *Kisumu Teachers (KITE) SACCO* (in Kisumu town),
  - *Maseno University SACCO* (in Maseno town),
- c. **Two** within Kericho town,

**World Council of Credit Unions, Inc.**  
**(WOCCU), Kenya**  
**Microfinance Expansion Program (MEP)**  
**4<sup>th</sup> Quarter, 2000, Report**

- *Kipsigis Teachers SACCO* (in Kericho town),
  - *Ndege Chai SACCO* (in Kericho town),
  - d. **Two** within a two-hours drive from Mombasa city,
    - *Bandari SACCO* (in Mombasa city),
    - *Kilifi Teachers SACCO* (in Kilifi town).
  - 3. **Had 16 participation agreements** (PAs), between WOCCU-Kenya and 16 SACCOs, signed,
  - 4. **Staff technical assistance** activities for the SACCOs were in the following areas:
    - a. **Accounting** training *managed by Roger Mukasa, Jackson Njiraini and Paul Maina* (to improve the transparency of each SACCO's business transactions) focused on:
      - Evaluating the adequacy of Mungania SACCO's accounting staff,
      - Evaluating the flow of Mungania SACCO's accounting information,
      - Introducing, to Ukulima SACCO's front office manager, Mungania SACCO's flow of accounting information,
      - Editing WOCCU's recommended accounting classifications and chart of accounts so that these accounts could be introduced to the project SACCO's accountants by the end of 3<sup>rd</sup> quarter 2001,
      - Discussions with COMOCO SACCO on the problems in their accounting system (i.e. the suspense account and consolidation of front and back office financial statements). A training plan was developed and training will begin in the 1<sup>st</sup> quarter of 2001,
    - Preparation of a Power Point presentation on delinquency and accounting for loan losses,
    - Advising on trial balance discrepancies and presentations, at Nyeri Tea, Chemelil, KITE, Egerton University and Ukulima SACCOs,
    - b. **Marketing** training, *managed by Roger Mukasa and Kaari Mundia* in four areas – surveys, customer care, products and services (to increase member and board awareness of services preferred, improve communications/public relations and increase the SACCOs' savings mobilization and credit services to micro-entrepreneurs):
      - *Survey training managed by Kaari Mundia, Christopher Wanyoike and Mary Wacuka.*
- In September 2000, two marketing staff attended a one-week training on 'Market Research for Microfinance' organized by *MicroSave-Africa*. During this training, WOCCU staff participated in the field-based focus group discussions (FGDs) and participatory rapid appraisal (PRA) sessions. The market research skills/tools in WOCCU's 4<sup>th</sup> quarter surveys were mainly those acquired during this training.

**World Council of Credit Unions, Inc.**  
**(WOCCU), Kenya**  
**Microfinance Expansion Program (MEP)**  
**4<sup>th</sup> Quarter, 2000, Report**

*Survey training* focused on:

- Discussions, with all project SACCOs' board members and senior management, to get them to buy into the idea of conducting market surveys – that market surveys are an effective way of gathering information from the members,
- Agreeing with all 16 MEP SACCOs' boards and senior management that the focus of the market surveys would be to establish the following: (1) The products and services that members use; (2) How micro-entrepreneurs feel about their SACCO's services and; (3) Determine micro-entrepreneurs' level of satisfaction,
- Developing a Focus Group Discussion (FGD) guide that basically focused on five key areas: (1) Establishing members' feelings about their SACCO's products and services; (2) Establishing members' feelings on the quality of SACCOs staff's service; (3) Finding out the feelings of members regarding the safety of their funds in the SACCOs; (4) Finding out from the members what they view as the "ideal" SACCO and then rating their SACCO against their "ideal;" (5) Establishing what other financial services members use,

- Visiting all project SACCOs and conducting the market surveys,
- Compiling a report on the findings of the market surveys. Each SACCO received its report, which included specific recommendations,
- Agreeing with the SACCOs' boards and senior management to meet during the 1<sup>st</sup> quarter of 2001 to: (1) discuss the report and (2) agree on how best to achieve WOCCU's recommendations.

Key **survey recommendations** were:

1. To intensify savings mobilization as the demand for credit outstrips the supply; credit issuance delayed have made members very unhappy,
2. To identify a marketing contact person, in each project SACCO, who shall attend to all marketing activities. One area that requires attention is information dissemination; members seem to have little/wrong information,
3. To conduct training on "excellent customer service" as most members surveyed, from all project SACCOs, said customer service was poor.

Kaari Mundia and Mary Wacuka will manage subsequent market surveys.

- *Customer care training will be managed by Kaari Mundia,*
- *Savings and credit products training will be managed by Kaari Mundia and Christopher Wanyoike,*

**World Council of Credit Unions, Inc.**  
**(WOCCU), Kenya**  
**Microfinance Expansion Program (MEP)**  
**4<sup>th</sup> Quarter, 2000, Report**

- *Financial services training will be managed by Kaari Mundia and Christopher Wanyoike.*

**Other marketing activities** focused on:

- Assisting Kimberly Johnston to write KITE and Bandari SACCOs' member success stories, for the *Credit Union World Magazine*,
- Attending weekly meetings at KUSCCO to share information on all program activities,

**c. Information technology training,** *managed by Roger Mukasa, Jackson Njiraini and Patrick Muriuki* in two areas – *eMerge operating systems software* to reward policy-reforming SACCOs and *PEARLS and LPAT installation and configuration* (to guide SACCO staff on how to use these tools, improve each SACCO's reporting system and improve the operational efficiency of both manual and computerized processes in the SACCOs):

- *eMerge training* focused on drafting an agreement between WOCCU, KUSCCO, Decentralized Business Systems (DBS), Symphony and Mungania Tea Growers SACCO. This agreement was signed by Mungania's board. Implementation and training will commence once DBS communicates their acceptance of the agreement's terms.
- *PEARLS and LPAT installation and configuration training* focused on:

- Conducting a pre-installation survey, preparing installation agreements and re-configuring a SACCO's computer system, when necessary,
- Scheduling PEARLS/LPAT installations with all project SACCOs' managers,
- Installation, configuration, upgrading/updating and importation of the project SACCOs' PEARLS data,
- Delivery of three desk top computers, to Egerton University, Chemelil and Maseno University SACCOs, to facilitate PEARLS and LPAT installations, training and reporting,
- Training all project SACCOs' information technology (IT) and accounting staff on the basic system configurations of the tools, data entry, report generation and importing/exporting functions of the tools,
- Drafting of a SACCO's 'Information Security Policy' and 'Information Security and Control Standards,'
- Acquiring bids for project office LAN network and setting up the network,

**d. Human Resources policies and procedures training** *managed by Roger Mukasa and Bernard Mugo* (to improve each SACCO's organizational chart, office policies and procedures and management job descriptions) focused on:

- Identifying the need for human resource technical assistance,

**World Council of Credit Unions, Inc.**  
**(WOCCU), Kenya**  
**Microfinance Expansion Program (MEP)**  
**4<sup>th</sup> Quarter, 2000, Report**

- Drafting a SACCO human resource survey document,
  - Sending the survey document to all the project SACCOs requesting the most recent organizational chart, schedule of staff establishment, terms of service, personnel and office policies and procedures,
- e. Loan portfolio analysis tool** training *managed by Roger Mukasa, Jackson Njiraini and Bernard Mugo* (to show management how to accurately measure each SACCO's delinquency) focused on:
- Developing and presenting, to Masaku Traders SACCO, a credit policy,
  - Providing preliminary training in 14 of the 16 project SACCOs,
  - Presenting the tool's users manual to 15 of the 16 project SACCOs,
- f. PEARLS training** *managed by Roger Mukasa and Jackson Njiraini* (to improve business transactions monitoring and decision-making), focused on:
- Scheduling PEARLS follow-up training sessions with all the project SACCOs,
  - Training new project staff on the PEARLS 2000 tool,
  - Follow-up training on PEARLS 2000, in 15 project SACCOs - the only SACCO not trained was Nyeri Tea – where the tool was not loaded. The training concentrated on data entry (basic SACCO information, financial sector & financial statement information), generating reports and basic interpretation of the PEARLS ratios,
- g. Business planning** training *managed by Roger Mukasa and Jackson Njiraini* (to plan for expanded services to micro-entrepreneurs and to improve the SACCOs' sustainability): focused on:
- Customizing the Business Planning Tool for the Kenya project SACCOs,
  - Follow-up training, in 15 project SACCOs, on the Business Planning Tool (again Nyeri Tea was not trained because the tool was not loaded),
  - Drawing up a business plan for 2001 for Kilifi Teachers' SACCO (approved by the board and presented to the general assembly) – an entrepreneurial rate of 16.33% was arrived at,
  - Drafting a letter commenting on the major highlights of the business plan for Kilifi Teachers' SACCO (and forwarded the same to the SACCO),
  - Drawing up a tentative business plan for 2001 with Chai SACCO's management (specifically, the Accountant, Auditor, Loans Officer and General Manager) – an

**World Council of Credit Unions, Inc.**  
**(WOCCU), Kenya**  
**Microfinance Expansion Program (MEP)**  
**4<sup>th</sup> Quarter, 2000, Report**

entrepreneurial rate of 12.33% was arrived at,

- Drawing up a tentative business plan for 2001 with Mungania Tea Growers' SACCO's management (that is, with the Accountant and General Manager) – an entrepreneurial rate of 36% was arrived at,
- Drawing up a tentative business plan for 2001 with Bandari SACCO's management (again with the Accountant and General Manager) – an entrepreneurial rate of 12.33% arrived at,
- Drafting a letter to all project SACCOs on the need for either a business plan for 2001 or request for a meeting to develop a 2001 plan,

- h. Savings and credit front- and back-office operations training** *managed by Roger Mukasa, Jackson Njiraini and Eric Andalya* (to improve the efficiency of these facilities so that micro-entrepreneurs are better served by each SACCO) focused on:
- Reviewing sample savings policies provided by Lois Kitsch,
  - Developing a front-office, document-flow schematic,
  - Developing a Power Point presentation on the Front-office document flow,
  - Inspecting NASSEFU SACCO's front-office operations and making recommendations about controls, insurance and security,
- i. Research** *managed by Roger Mukasa, Jackson Njiraini and Mercy*

*Njoroge* (to improve the quality of financial sector information made available to each of the project SACCO) focused on:

- Visiting the leading daily newspaper, *The Daily Nation*, to gather information about current economic trends that affect SACCOs,
- Submitting, to each project SACCO and KUSCCO, Christopher Baker's and Dr. Brian Branch's paper on Governance in Latin America,
- Meeting the chairman of Kenya Bankers SACCO (a non-project SACCO), with Eric Andalya, to discuss the Chairman's interest in: (1) PEARLS, (2) learning about new SACCO software operations systems, (3) linking his SACCO to the Irish Credit Union League for assistance in developing insurance products and (4) introducing housing loans to his members. Subsequently, KUSCCO's senior management was briefed on the issues he raised,
- Meeting (through Paul Maina) with Ms. Oloo, a lecturer at Kenyatta University and Strathmore College, to discuss the need for a Code of Ethics for project SACCO leaders, management and members (being owners),
- Attending Egerton University SACCO's special annual general meeting (AGM) where the 2001 budget was passed,

- 5. Workshops** *managed by Roger Mukasa and Margaret Wekesa* focused on:

**World Council of Credit Unions, Inc.**  
**(WOCCU), Kenya**  
**Microfinance Expansion Program (MEP)**  
**4<sup>th</sup> Quarter, 2000, Report**

- a. PEARLS interpretation training workshop for all 16 project SACCOs, facilitated by David C. Richardson; 2000, in an effort to achieve those project goals.
  - b. Business planning training for each project SACCO's executive committee, manager and accountant – this was guided by David C. Richardson,
  - c. Conducting a PEARLS/trial balance review training session with Nyeri Tea and Mungania Tea Growers SACCOs,
  - d. Attending the Africa Rural and Agricultural Credit Association (AFRACA) seminar, that was presided over by the Honorable Minister for Agriculture, Chris Obure,
6. Project implementation **transfer to KUSCCO**:
- a. PEARLS, Business Planning and the LPAT tools have been installed on KUSCCO desk top computers,
  - b. To facilitate the transfer of WOCCU training materials (e.g. PEARLS power point slides) to KUSCCO and thereby facilitate more effective training, WOCCU presented teaching aids (lap top, projector, screen) to KUSCCO senior management,
  - c. Trained KUSCCO's department heads on the use of the teaching aids and on Power Point software,

Beginning on the next page, the 4<sup>th</sup> quarter report presents **10 tables with** specific project **goals**, as specified in the aforementioned MOU, and **steps** WOCCU staff have **taken** from April 2000, **until the end of the 4<sup>th</sup> quarter**,



**World Council of Credit Unions, Inc.**  
**(WOCCU), Kenya**  
**Microfinance Expansion Program (MEP)**  
**4<sup>th</sup> Quarter, 2000, Report**

**4<sup>th</sup> QUARTER REPORT**

The 10 tables are in the following order:

1. Table 1 lists financial indicators to monitor:
  - a. Return on operations (net loan income/average net loan portfolio) – assesses whether the SACCOs charge market interest rates on loans and determines the SACCOs' ability to pay market rates on savings and shares,
  - b. Micro-loans outstanding – to monitor progress in lending volume to micro-entrepreneurs,
  - c. Number of micro-loans outstanding – to also monitor progress in lending to micro-entrepreneurs,
  - d. Number of micro-loans to women – to monitor progress in lending to women,
  - e. Total savings – to also monitor the SACCOs' ability to attract savings, by offering market rates on savings and shares,
  - f. Portfolio-at-risk – to track the SACCOs' capability to control delinquency, once they are not dependent on salary deductions.
2. Table 2 presents the steps WOCCU-Kenya has taken to define the relationship between WOCCU and the selected project SACCOs,
3. Table 3 shows the status of the process of gathering, from the project SACCOs, accurate microfinance loan data,
4. Table 4 lists the project SACCOs' microfinance clients,
5. Tables 5 A, 5 B and 5 C present 18 important PEARLS ratios and measure the overall strength of the project SACCOs' management,
6. Table 6 lists specific regulation, policy and procedure reforms that WOCCU staff are encouraging the project SACCOs to adopt, in order to strengthen the SACCOs' administration,
7. Table 7 presents WOCCU staff efforts to improve both the quality of the project SACCOs' financial services and the variety of those services,
8. Tables 8 A, 8 B, 8 C and 8 D present evidence that the project SACCOs are applying model credit union principles,
9. Table 9 lists the grants that MEP has awarded to the project SACCOs,
10. Table 10 presents the project SACCOs' urban / rural mix.

**World Council of Credit Unions, Inc.**  
**(WOCCU), Kenya**  
**Microfinance Expansion Program (MEP)**  
**4<sup>th</sup> Quarter, 2000, Report**

**TABLE ONE: Government of Kenya – USAID Memorandum of Understanding  
Financial Indicators**

| Project<br>Technical<br>Assistance<br>Goal                                                                                       | Goal <sup>1</sup> Characteristics<br>September 2001 |                                                  | SACCOs' Status<br>By the end of the<br>4 <sup>th</sup> Quarter, 2000 <sup>2</sup>                                                                                                                                          |
|----------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|--------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Government of<br/>Kenya and<br/>USAID<br/>September 1998<br/>Memorandum of<br/>Understanding<br/>Financial<br/>indicators</i> | 1. Return on operations (PEARLS R1)                 | 1. $\geq 100\%$ of local inter-bank lending rate | 1. 12.81% <sup>4</sup> vs. 8.4% <sup>5</sup> (153% of the goal). The September 2000 market savings rates was 4.4%, so by controlling operating expenses, the project SACCOs could pay market rates on deposits and shares. |
|                                                                                                                                  | 2. Volume of micro-loans outstanding (US\$)         | 2. US\$30,200,000                                | 2. US\$24,915,999 (83% of the goal). (See Micro-enterprise statistics).                                                                                                                                                    |
|                                                                                                                                  | 3. Number of micro-loans outstanding                | 3. 43,000                                        | 3. Approximately 48,994 (114% of the goal).                                                                                                                                                                                |
|                                                                                                                                  | 4. Number of micro-loans to women outstanding       | 4. 19,000                                        | 4. Approximately 19,598 (103% of the goal). These SACCOs are lending to women.                                                                                                                                             |
|                                                                                                                                  | 5. Volume of total savings <sup>3</sup> (US\$)      | 5. US\$73,000,000                                | 5. US\$58,093,950 (80% of the goal). These SACCOs are mobilizing savings.                                                                                                                                                  |
|                                                                                                                                  | 6. Portfolio-at-risk (PEARLS A1)                    | 6. $\leq 10\%$                                   | 6. 0.61% (1,639% of the goal).                                                                                                                                                                                             |

<sup>1</sup> WOCCU is expected to achieve a minimum of 75% of these financial targets.

<sup>2</sup> By October 16<sup>th</sup> 2000, 16 SACCOs had signed MEP PAs, so this data is for all 16 SACCOs.

<sup>3</sup> Total savings consist of savings deposits and shares

<sup>4</sup> PEARLS R1

<sup>5</sup> The September 2000 inter-bank lending rate

14

World Council of Credit Unions, Inc.  
(WOCCU), Kenya  
Microfinance Expansion Program (MEP)  
4<sup>th</sup> Quarter, 2000, Report

**TABLE TWO: Relationship between WOCCU and Project SACCOs**

| Project Technical Assistance Goal                                        | Goal Characteristics                                                                                                                                                                                                                                                                                                  | SACCOs' Status By the end of the 4 <sup>th</sup> Quarter, 2000                                                                       |
|--------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|
| <p><i>15 project SACCOs with 15 signed participation agreements.</i></p> | <ol style="list-style-type: none"> <li>1. Agree with KUSCCO on appropriate SACCOs for MEP,</li> <li>2. Conduct preliminary institutional diagnostic to select 15 SACCOs,</li> <li>3. Complete selection of 15 project SACCOs,</li> <li>4. Sign 15 Participation Agreements (PAs) between WOCCU and SACCOs.</li> </ol> | <ol style="list-style-type: none"> <li>1. Completed,</li> <li>2. Completed,</li> <li>3. Completed,</li> <li>4. Completed.</li> </ol> |

World Council of Credit Unions, Inc.  
(WOCCU), Kenya  
Microfinance Expansion Program (MEP)  
4<sup>th</sup> Quarter, 2000, Report

TABLE THREE: Project SACCOs' Microfinance loans

| Project Technical Assistance Goal                  | Goal Characteristics                                                                                                                                                                                                                                                                                                                                                                                                                                                 | SACCOs' Status By the end of the 4 <sup>th</sup> Quarter, 2000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><i>15 SACCOs provide microfinance loans</i></p> | <ol style="list-style-type: none"> <li>1. Individual credit for a business need,</li> <br/> <li>2. Experiment with new micro-loan products:               <ol style="list-style-type: none"> <li>a. Individual business loans,</li> <li>b. Village 'center' peer group loans,</li> <li>c. Loans to individual members in groups,</li> <li>d. Rural area savings and credit associations,</li> <li>e. Village savings and credit associations.</li> </ol> </li> </ol> | <ol style="list-style-type: none"> <li>1. Table One shows approximate microfinance loan volume and number data for 16 SACCOs (by September 30, 2000). The 16 project SACCOs offer '<b>development loans</b>.'<sup>6</sup> KUSCCO estimates that approximately 75% of the development loans, (currently 60% of a SACCO's total loan portfolio), are to members operating small and micro-businesses.</li> <br/> <li>2. During the 3<sup>rd</sup> quarter, 2001, project staff will begin to present new loan product concepts to KUSCCO and the boards of the project SACCOs.</li> </ol> |

<sup>6</sup> Development loans are three-year loans, primarily for long-term projects. Ndege Chai SACCO offers four-year loans.

**World Council of Credit Unions, Inc.**  
**(WOCCU), Kenya**  
**Microfinance Expansion Program (MEP)**  
**4<sup>th</sup> Quarter, 2000, Report**

**TABLE FOUR: Project SACCOs' Microfinance Clients**

| <b>Project Technical Assistance Goal</b>                                    | <b>Goal Characteristics</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>SACCOs' Status By the end of the 4<sup>th</sup> Quarter, 2000</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|-----------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><i>Eight SACCOs serve unsalaried micro-entrepreneurs<sup>7</sup></i></p> | <p>Identify project SACCOs serving members who are:</p> <ol style="list-style-type: none"> <li>1. Farmers,</li> <li>2. Persons who fish,</li> <li>3. Herders,</li> <li>4. Persons producing goods,</li> <li>5. Persons recycling goods,</li> <li>6. Persons repairing goods,</li> <li>7. Persons trading goods,</li> <li>8. Persons renting land,</li> <li>9. Persons renting buildings,</li> <li>10. Persons renting draft animals,</li> <li>11. Persons renting vehicles, machinery or tools.</li> </ol> | <ol style="list-style-type: none"> <li>1. Mungania Tea Growers and Nyeri Tea Growers SACCOs,</li> <li>2. Bandari and Maseno University SACCOs,</li> <li>3. Chemelil and Nyeri Tea Growers SACCOs,</li> <li>4. Egerton University and KITE SACCOs,</li> <li>5. Kipsigis Teachers and Masaku Traders SACCOs,</li> <li>6. Maseno University and COMOCO SACCOs,</li> <li>7. All project SACCOs,</li> <li>8. Chai SACCO,</li> <li>9. Bandari and Ndege Chai SACCOs,</li> <li>10. None,</li> <li>11. Bandari and Chai SACCOs,</li> </ol> <p>Marketing staff will use the SACCO market surveys to ensure that members involved in the above activities are served.</p> |

<sup>7</sup> WOCCU staff will also gather data about unsalaried female micro-entrepreneurs.

World Council of Credit Unions, Inc.  
(WOCCU), Kenya  
Microfinance Expansion Program (MEP)  
4<sup>th</sup> Quarter, 2000, Report

**TABLE FIVE A: Overall Strength of Project SACCOs' Management<sup>8</sup>**

| Project Technical Assistance Goal                                                                       | Goal Characteristic<br>Specific indicators          |                       | SACCOs' Status<br>By the end of the<br>4 <sup>th</sup> Quarter, 2000                                              |
|---------------------------------------------------------------------------------------------------------|-----------------------------------------------------|-----------------------|-------------------------------------------------------------------------------------------------------------------|
| <i>15 SACCOs have stronger management (Measured by specific PEARLS indicators and WOCCU standards).</i> |                                                     | <b>Standard</b>       |                                                                                                                   |
|                                                                                                         | 1. Provisions for loans delinquent > 12 months (P1) | 1. 100%               | 1. Two SACCOs, Masaku Traders and Bandari SACCOs, provisioned 100%, <sup>9</sup>                                  |
|                                                                                                         | 2. Provisions for loans delinquent < 12 months (P2) | 2. 35%                | 2. Again, two SACCOs, Masaku Traders and Bandari SACCOs, provisioned for 5.78% of the required 35%, <sup>10</sup> |
|                                                                                                         | 3. Charge-off of loans delinquent > 12 months (P3)  | 3. 100%               | 3. No SACCOs charged-off delinquent loans,                                                                        |
|                                                                                                         | 4. Net loans/Total Assets (E1)                      | 4. 70-80%             | 4. 72.96%. Standard is met.                                                                                       |
|                                                                                                         | 5. Savings Deposits/Total Assets (E5)               | 5. 70-80%             | 5. 2.63%. By the end of the 1 <sup>st</sup> quarter 2001, each SACCO will have a plan to improve this ratio.      |
|                                                                                                         | 6. External Credit/Total Assets (E6)                | 6. 0%                 | 6. 5.25%. See Note 5.                                                                                             |
|                                                                                                         | 7. Shares/Total Assets (E7)                         | 7. Max. 20%           | 7. 76.74%. See Note 5.                                                                                            |
| 8. Institutional Capital/Total Assets (E8)                                                              | 8. Min. 10%                                         | 8. 2.68%. See Note 5. |                                                                                                                   |

<sup>8</sup> Based on September 2000 Consolidated PEARLS report – see attachment.

<sup>9</sup> Based on September 2000 consolidated data for the 16 project SACCOs.

<sup>10</sup> Based on September 2000 consolidated data for the 16 project SACCOs.

World Council of Credit Unions, Inc.  
(WOCCU), Kenya  
Microfinance Expansion Program (MEP)  
4<sup>th</sup> Quarter, 2000, Report

**TABLE FIVE B: Overall Strength of Project SACCOs' Management<sup>11</sup>**

| Project Technical Assistance Goal                                                                              | Goal Characteristic<br>Specific indicators              | Standard             | SACCOs' Status<br>By the end of the<br>4 <sup>th</sup> Quarter, 2000                                                                                                                                                   |
|----------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><i>15 SACCOs have stronger management (Measured by specific PEARLS indicators and WOCCU standards).</i></p> | 9. Delinquency/ Total Loans (A1)                        | 9. 5%                | 9. 0.61%. Most project SACCOs primarily depend on salary deductions, so overall delinquency is believed to be low. Most SACCOs charge a nominal rate of 12%; R1, at 12.81%, supports the view that delinquency is low. |
|                                                                                                                | 10. Non-Earning Assets/Total Assets (A2)                | 10. 5%               | 10. 13.95%. Five SACCOs own buildings – which are non-earning assets; one has two buildings.                                                                                                                           |
|                                                                                                                | 11. Net Loan Income/Average Net Loan Portfolio (R1)     | 11. ER <sup>12</sup> | 11. 12.81%.                                                                                                                                                                                                            |
|                                                                                                                | 12. Operating Expenses/ Average Assets (R9)             | 12. 3-10%            | 12. 3.95%. These remain low primarily due to the low remuneration structure in the SACCO movement and the receipt of subsidies from parent companies (Seven SACCOs are subsidized).                                    |
|                                                                                                                | 13. Liquid Assets less ST Payables /Total Deposits (L1) | 13. 15%              | 13. 295.64%. Most SACCOs do not have front office. Those that offer this service, do it on a small scale. The denominator (savings deposit) is very small.                                                             |
|                                                                                                                | 14. Deposits in CFF/ Total Available Liquidity (L4)     | 14. Max.             | 14. 0.00%. The league does not offer liquid reserve deposit facilities,                                                                                                                                                |

<sup>11</sup> Based on September 30, 2000 Consolidated PEARLS report – see attachment.

<sup>12</sup> ER means Entrepreneurial rate – See table one.

World Council of Credit Unions, Inc.  
(WOCCU), Kenya  
Microfinance Expansion Program (MEP)  
4<sup>th</sup> Quarter, 2000, Report

**TABLE FIVE C: Overall Strength of Project SACCOs' Management<sup>13</sup>**

| Project Technical Assistance Goal                                                                       | Goal Characteristic           |                      | SACCOs' Status By the end of the 4 <sup>th</sup> Quarter, 2000                                                                  |
|---------------------------------------------------------------------------------------------------------|-------------------------------|----------------------|---------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                         | Specific indicators           | Standard             |                                                                                                                                 |
| <i>15 SACCOs have stronger management (Measured by specific PEARLS indicators and WOCCU standards).</i> | 15. Loans growth (S2)         | 15. E1 <sup>14</sup> | 15. 20.81%,                                                                                                                     |
|                                                                                                         | 16. Deposit growth (S3)       | 16. E5 <sup>15</sup> | 16. 4.28%,                                                                                                                      |
|                                                                                                         | 17. Membership growth (S7)    | 17. 5%               | 17. -0.12%. Many SACCO members continue to be retired or retrenched by the parent company. Many members are also dying of AIDS, |
|                                                                                                         | 18. Share Capital growth (S5) | 18. E7               | 18. 13.17% (up from 11.83% in June 2000).                                                                                       |

<sup>13</sup> Based on September 30, 2000 Consolidated PEARLS report – see attachment.

<sup>14</sup> E1 means that the loan growth rate should be sufficient to achieve 70-80% Net loans/Total assets.

<sup>15</sup> E5 means that deposit growth should be sufficient to achieve 70-80% Savings deposit/Total assets.



World Council of Credit Unions, Inc.  
(WOCCU), Kenya  
Microfinance Expansion Program (MEP)  
4<sup>th</sup> Quarter, 2000, Report

**TABLE SIX: Overall Strength of Project SACCOs' Administration**

| Project Technical Assistance Goal                    | Goal Characteristics                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | SACCOs' Status By the end of the 4 <sup>th</sup> Quarter, 2000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><i>15 SACCOs have stronger administration</i></p> | <ol style="list-style-type: none"> <li>1. Up-to-date bylaws,</li> <li>2. Board policies and procedures,</li> <li>3. Management policies and procedures,</li> <li>4. Office policies and procedures,</li> <li>5. Human resources policies and procedures,</li> <li>6. Information system policies and procedures,</li> <li>7. Comprehensive savings services policies and procedures,</li> <li>8. Comprehensive credit services policies and procedures               <ol style="list-style-type: none"> <li>a. Character-based lending,</li> <li>b. Capacity to repay analysis.</li> </ol> </li> </ol> | <p>The project staff drafted the 'Information Security Policy' and 'Information Security and Control Standards.' By the end of the 2<sup>nd</sup> quarter 2001, these documents will have been customized to suit each project SACCO's information system needs.</p> <p>Future marketing surveys will ask members their feelings about character-based lending and capacity-to-repay analysis. Because the 'pacesetter,' the formal banking sector, still undertakes and insists on collateral-based lending, it is still difficult to know how members will react to new lending practices in SACCOs.</p> |

World Council of Credit Unions, Inc.  
(WOCCU), Kenya  
Microfinance Expansion Program (MEP)  
4<sup>th</sup> Quarter, 2000, Report

**TABLE SEVEN: Evidence of Improved Quality and Variety of Financial Services**

| Project Technical Assistance Goal                               | Goal Characteristics                                                                                                                                                                                                                                                                       | SACCOs' Status By the end of the 4 <sup>th</sup> Quarter, 2000                                                                                                                                                                                                                                                                                                                                                                                                                             |
|-----------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>15 SACCOs have improved their financial services</i>         | <ol style="list-style-type: none"> <li>1. Member surveys to learn current demand,</li> <li>2. Develop a strategy for introducing new services,</li> <li>3. Introduction of new services,</li> <li>4. Evidence that micro-entrepreneurs are pleased with their SACCOs' services.</li> </ol> | <ol style="list-style-type: none"> <li>1. See Marketing Technical Assistance notes above,</li> <li>2. See Marketing Technical Assistance notes above,</li> <li>3. See Marketing Technical Assistance notes above,</li> <li>4. See Marketing Technical Assistance notes above.</li> </ol>                                                                                                                                                                                                   |
| <i>15 SACCOs have an improved variety of financial services</i> | <ol style="list-style-type: none"> <li>1. Evidence that the new financial services are increasing the project SACCOs revenues,</li> <li>2. Evidence that members feel that the new financial services are an improvement over the old services.</li> </ol>                                 | <p>Given that the project SACCOs need a lot of assistance in improving their accounting processes during the 1<sup>st</sup> quarter 2001, by the end of the 2<sup>nd</sup> quarter, 2001, WOCCU staff will begin to gather data about new financial services revenues,</p> <p>During the 4<sup>th</sup> quarter 2000, WOCCU began to gather data on members' preferences regarding the new services offered. This process will be repeated every quarter until the end of the project.</p> |

World Council of Credit Unions, Inc.  
(WOCCU), Kenya  
Microfinance Expansion Program (MEP)  
4<sup>th</sup> Quarter, 2000, Report

**TABLE EIGHT A: Evidence of Application of Model Credit Union Principles**

| Project Technical Assistance Goal                                                  | Goal Characteristics                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | SACCOs' Status By the end of the 4 <sup>th</sup> Quarter, 2000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><i>15 SACCOs are applying WOCCU's model credit union development method</i></p> | <ol style="list-style-type: none"> <li>1. Savings mobilization by seven SACCOs i.e. withdrawable savings services (front office services),</li> <li>2. New products development by SACCOs,</li> <li>3. New product pricing by SACCOs to adopt market loan interest rates, at least on a cost recovery basis and to adopt market deposit interest rates,</li> <li>4. Financial discipline:               <ol style="list-style-type: none"> <li>a. Policies controlling delinquency,</li> <li>b. Provisioning for delinquent loans,</li> <li>c. Institutional capital growth,</li> </ol> </li> <li>5. Financial standards:               <ol style="list-style-type: none"> <li>a. Board committed to achieving PEARLS standards,</li> <li>b. Progress towards PEARLS standards,</li> </ol> </li> </ol> | <ol style="list-style-type: none"> <li>1. 10 SACCOs offer withdrawable savings services,</li> <li>2. In order to discuss product development with SACCO boards, the first step was the market surveys, which were conducted during the 4<sup>th</sup> quarter, 2000. The findings are going to be discussed during the 1<sup>st</sup> quarter 2001. Specific SACCO product requirements will be completed by the end of the 3<sup>rd</sup> quarter 2001,</li> <li>3. By the end of the 1<sup>st</sup> quarter 2001, business plans for all the project SACCOs will be completed. Each SACCO's entrepreneurial rate will be used to establish product prices. Product pricing will be tested and discussed during the 3<sup>rd</sup> quarter 2001,</li> <li>4. During the 4<sup>th</sup> quarter, 2000, WOCCU installed and began to train the SACCOs' managers in the PEARLS and LPAT tools to measure present provisioning, charge-offs and reserves,</li> <li>5. During the 3<sup>rd</sup> quarter, 2000, WOCCU staff conducted PEARLS follow-up training sessions with the executive committee and senior management of all 16 project SACCOs. Masaku, Maseno and Kilifi SACCOs have changed the format of their trial balances so that the PEARLS reports can be generated faster,</li> </ol> |

World Council of Credit Unions, Inc.  
(WOCCU), Kenya  
Microfinance Expansion Program (MEP)  
4<sup>th</sup> Quarter, 2000, Report

**TABLE EIGHT B: Evidence of Application of Model Credit Union Principles**

| Project Technical Assistance Goal                                                  | Goal Characteristics                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | SACCOs' Status By the end of the 4 <sup>th</sup> Quarter, 2000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><i>15 SACCOs are applying WOCCU's model credit union development method</i></p> | <ul style="list-style-type: none"> <li>6. Accurate accounting system:               <ul style="list-style-type: none"> <li>a. Accurate member data,</li> <li>b. Appropriate chart of accounts,</li> <li>c. Accurate management information system,</li> <li>d. Transparent financial reports,</li> </ul> </li> <li>7. Clear board policies and procedures,</li> <li>8. Clear management policies and procedures,</li> <li>9. Diversified membership,</li> <li>10. Expanded common bond,</li> <li>11. Most members participate in SACCO activities,</li> <li>12. Profitable operations,</li> </ul> | <ul style="list-style-type: none"> <li>6. During the 1<sup>st</sup> quarter, 2001, WOCCU will develop a plan for 2001 to correct the book-keeping process, the flow of transaction information and financial statement reporting,</li> <li>7. During the 1<sup>st</sup> quarter 2001, WOCCU and KUSCCO will collaborate to conduct regional 'governance' workshops with all the project SACCOs' board members,</li> <li>8. See number 7 above,</li> <li>9. During 2000, SACCOs are expanding their common bonds to include retired, family and right-sized members – a more diversified membership,</li> <li>10. See number 9 above,</li> <li>11. During the 4<sup>th</sup> quarter, 2000, WOCCU began to survey 30 members per SACCO; this activity will be done every quarter until the end of the project,</li> <li>12. The project SACCOs' R1, R8 and R12 increased during 2000,</li> </ul> |

World Council of Credit Unions, Inc.  
(WOCCU), Kenya  
Microfinance Expansion Program (MEP)  
4<sup>th</sup> Quarter, 2000, Report

**TABLE EIGHT C: Evidence of Application of Model Credit Union Principles**

| Project Technical Assistance Goal                                                  | Goal Characteristics                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | SACCOs' Status By the end of the 4 <sup>th</sup> Quarter, 2000                                                                                                                                                                                                                                                  |
|------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><i>15 SACCOs are applying WOCCU's model credit union development method</i></p> | <p>13. Other services to members:</p> <p>a. Productive credit to members, who provide employment in:</p> <ul style="list-style-type: none"> <li>• Agriculture i.e. agricultural credit,</li> <li>• Commerce: i.e. business credit,</li> <li>• Manufacturing: i.e. business credit,</li> <li>• Services: i.e. business credit,</li> </ul> <p>b. Providential credit to members, who need:</p> <ul style="list-style-type: none"> <li>• Housing loans for remodeling, purchasing or refinancing personal dwellings,</li> <li>• Personal loans for doctor's fees, hospital costs and medicine purchases,</li> <li>• Educational loans for upgrading professional or technical knowledge and skills,</li> <li>• Automobile loans to pay for new or used vehicles,</li> <li>• Emergency loans for personal security,</li> <li>• Liquid savings accounts for personal security,</li> <li>• Credit or savings insurance for personal security,</li> </ul> | <p>No specific product or service technical assistance has been provided to the project SACCOs so far. Beginning in the 1<sup>st</sup> quarter 2001, the project's marketing team will monitor members' survey responses and advise the project SACCOs' management on ways to address these service issues.</p> |

World Council of Credit Unions, Inc.  
(WOCCU), Kenya  
Microfinance Expansion Program (MEP)  
4<sup>th</sup> Quarter, 2000, Report

**TABLE EIGHT D: Evidence of Application of Model Credit Union Principles**

| Project Technical Assistance Goal                                                  | Goal Characteristics                                                                                                                                                                                                                                                                                                                                                                                                                                                           | SACCOs' Status By the end of the 4 <sup>th</sup> Quarter, 2000 |
|------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|
| <p><i>15 SACCOs are applying WOCCU's model credit union development method</i></p> | <p>14 Other services to members (Continued):</p> <ul style="list-style-type: none"> <li>c. Access by members to all services,</li> <li>d. Personalized attention to members,</li> <li>e. No internal subsidies and preferences,</li> <li>f. Members volunteering services,</li> <li>g. Members repay debts,</li> <li>h. Board corrects all conflicts of interest,</li> <li>i. No nepotism,</li> <li>j. No cronyism,</li> <li>k. Board instituted ethical standards.</li> </ul> | <p>14. See note 13 above.</p>                                  |

World Council of Credit Unions, Inc.  
(WOCCU), Kenya  
Microfinance Expansion Program (MEP)  
4<sup>th</sup> Quarter, 2000, Report

**TABLE NINE: MEP Grants to project SACCOs**

| Project Technical Assistance Goal                     | Goal Characteristics<br>(Subject to financial performance improvements)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | SACCOs' Status<br>By the end of the 4 <sup>th</sup> Quarter, 2000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Award reforming SACCOs with development grants</i> | <ol style="list-style-type: none"> <li>1. Rank SACCO's performance and reforms,</li> <li>2. Reward the SACCOs that:               <ol style="list-style-type: none"> <li>a. Implement the most policy reforms,</li> <li>b. Improve their financial performance,</li> <li>c. Expand their micro-finance services,</li> <li>d. Serve an expanded group of micro-entrepreneurs,</li> </ol> </li> <li>3. SACCO commits to contributing 10% of development grant,</li> <li>4. Contribute towards computer hardware for PEARLS 2000,</li> <li>5. Contribute to the development of computer software solution and / or the purchase of computer software,</li> <li>6. Contribute towards improving SACCO infrastructure.</li> </ol> | <ol style="list-style-type: none"> <li>1. From the end of the 1<sup>st</sup> quarter, 2001 onwards, each project SACCO will receive a PEARLS 2000 ranking,</li> <li>2. This report includes a list of items WOCCU has purchased and delivered to some of the project SACCOs,</li> <li>3. Mungania SACCO committed to contributing 20% towards the planned computerization process,</li> <li>4. Egerton University, Chemelil and Maseno University SACCOs received one desk-top computer each,</li> <li>5. Installed PEARLS and LPAT in 15 of 16 project SACCOs,</li> <li>6. Following budget discussions between WOCCU-Madison and the project office, budget adjustments were made to accommodate the no-cost extension presented to USAID Washington in December 2000. The project office is not expected to make future contributions towards improving the project SACCOs' infrastructure.</li> </ol> |

**World Council of Credit Unions, Inc.  
(WOCCU), Kenya  
Microfinance Expansion Program (MEP)  
4<sup>th</sup> Quarter, 2000, Report**

**TABLE TEN: Project SACCOs Urban – Rural Mix**

| <b>Project Technical Assistance Goal</b>             | <b>Goal Characteristics</b>              | <b>SACCOs' Status By the end of the 4<sup>th</sup> Quarter, 2000</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|------------------------------------------------------|------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>15 SACCOs include both rural and urban SACCOs</i> | Include a mix of urban and rural SACCOs. | <p>Five of the 16 MEP SACCOs are in urban locations; 11 are in towns or rural locations:</p> <ol style="list-style-type: none"> <li>1. Bandari SACCO – Mombasa city,</li> <li>2. Chai SACCO – Nairobi city,</li> <li>3. Chemilil SACCO, Chemilil town,</li> <li>4. COMOCO SACCO – Nairobi city</li> <li>5. Egerton University SACCO – Nakuru town,</li> <li>6. Kilifi Teachers SACCO – Kilifi town,</li> <li>7. Kipsigis Teachers SACCO – Kericho town,</li> <li>8. Kisumu Teachers SACCO – Kisumu town,</li> <li>9. Masaku Traders SACCO – Machakos town,</li> <li>10. Maseno University SACCO – Maseno town,</li> <li>11. Mungania Tea Growers SACCO – Manyatta township,</li> <li>12. Narok SACCO – Narok town,</li> <li>13. Ndege Chai SACCO – Kericho town,</li> <li>14. NASSEFU SACCO – Nairobi city,</li> <li>15. Nyeri Tea SACCO – Othaya town,</li> <li>16. Ukulima SACCO – Nairobi city.</li> </ol> |



**World Council of Credit Unions, Inc.**  
**(WOCCU), Kenya**  
**Microfinance Expansion Program (MEP)**  
**4<sup>th</sup> Quarter, 2000, Report**

**Special announcements by the end of  
the 4<sup>th</sup> Quarter, 2000:**

In October 2000, one individual joined WOCCU-Kenya: Christopher Wanyoike is now WOCCU-Kenya's Marketing Technical Services Adviser.

During November 2000, Pamela Obita left the WOCCU-Kenya office.

**Highlights - local news related to  
SACCOs and Kenya's financial sector**

**WOCCU-KENYA'S ACTIVITIES**

1. **Presentation of a computer, overhead projector and screen to KUSCCO:** *The Programme Director and a few staff members presented these equipment to the senior management of KUSCCO from the project. The aim was to assist KUSCCO offer better training to the SACCOs.*
2. **International Credit Union Day:** *WOCCU-Kenya celebrated this day by taking a photograph that was featured in the SACCO Star, with a message to the SACCOs encouraging them to build a stronger future for members and the SACCO movement.*

**HIGHLIGHTS ON SACCOs**

1. **Bank calls on SACCOs to Merge (A):** *This was a proposal by the Co-operative Bank Managing Director, Mr. Erastus Muriithi, for local co-operatives to be linked to a national co-operative bank, to be known*

*as Revenue Co-operative Bank. He also encouraged small co-operatives to merge and enjoy economies of scale.*

2. **Streamline Co-op Society Operations (B):** *In this article, the President criticizes political interference in the co-operative movements and lack of financial controls and probity in many co-operative societies. He states that there is a need to keep off political interference through regulation of operations and rigorous auditing of funds.*
3. **Societies Advised on Change (C):** *In this article, the Managing Director of Co-operative Bank urges Co-operative societies to adopt new techniques to help them cope with liberalization. He encourages SACCOs to begin offering Front Office services to improve services to members.*
4. **SACCO to Start Banking Services (D):** *The article features Bandari SACCO (a Project SACCO). It announces that the SACCO has opened its common bond to the spouses of its members. It also briefly explains the SACCO's financial performance and acknowledges the technical assistance of World Council of Credit Unions.*
5. **CBK Backs Non-banks Credit Plan (E):** *In this article, the Central Bank of Kenya is promoting micro-credit finance institutions (MFIs) to cater for the needs of the people neglected by commercial banks. CBK will also initiate the drafting of a Bill to propose regulation of MFIs. The proposal will also cover Savings and Credit Co-operative Societies.*

World Council of Credit Unions, Inc.  
(WOCCU), Kenya  
Microfinance Expansion Program (MEP)  
4<sup>th</sup> Quarter, 2000, Report

6. **Word from the Minister for Agriculture, Hon. Chris Obure (F):** *In this article, the Minister for Agriculture (who is also in charge of Co-operatives), Hon. Chris Obure states that the government attaches great importance to the co-operative movement due to the livelihood it offers to a large portion of Kenya's population. He encourages the movement to create adequate and sustainable capital base for further investment.*

*particularly reduced earnings. They also challenge the ambiguity of the Bill.*

4. **Donde Bill Ignored Key Economic Factors (K1 & K2):** *These articles point out major flaws in the Donde Bill. They point out that regulation of interest rates in a liberalized economy is not practical. They also explain that the Bill contradicts the Central Bank Act.*

### HIGHLIGHTS ON KENYA'S FINANCIAL SECTOR

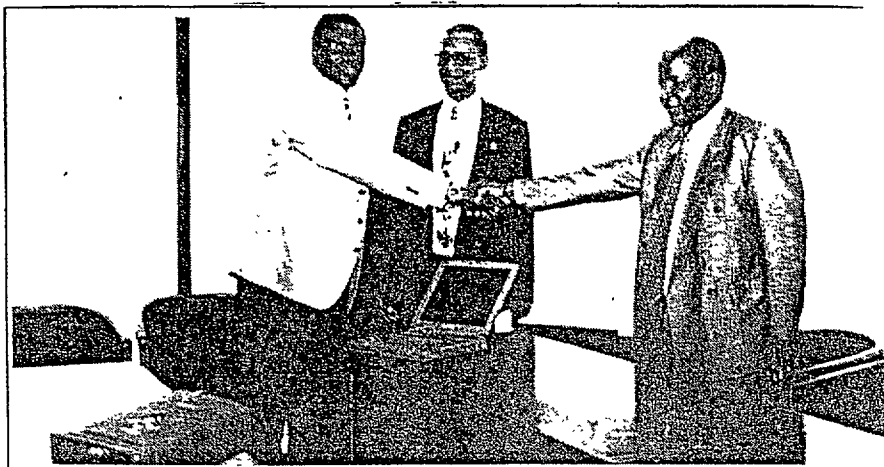
1. **Interviewees Support the Interest Rates Bill (G1 & G2):** *This article contrasts the views of financial sector specialist, Dr. Njuguna Ndung'u with the views of the average Kenyans in response to the proposed Donde Bill for regulation of interest rates. Dr. Njuguna fears possible capital flight; other people feel that it is an opportunity for accessing funds at affordable rates and an end to exploitation by commercial banks.*
2. **Donde Bill: After the Euphoria, What? (H):** *This article depicts the looming uncertainty associated with the Donde Bill. It points out some of the areas of concern such as the Bill's impact on the exchange rate, inflation and balance of payments, capital flight, depreciation of the Kenya Shilling and the reaction of World Bank and IMF.*
3. **Kenyan Banks Face Closure Over New Bill (J 1 & J2):** *These articles try to explain the difficulty that banks will be faced with in the event of the Donde Bill becoming law,*

The attachments following are:

1. Local news articles about SACCOs and the financial sector,
2. Development grants summary tables,
3. Consolidated PEARLS report,
4. 16 project SACCOs' analyses and PEARLS reports.

# THE SACCO STAR

## ISSUE NO. 29



*WOCCU Country Director - Kenya Mr. Roger Mukasa presents a teaching aid projector to KUSCCO M.D. J. Bango*



## World Council of Credit Unions, Inc.

PO Box 979, Village Market, Isaac Gathanju Road, Off James Gichuru Road, Lavington, Nairobi  
Tel: 254 (2) 58053, 48122, 48127/9 Fax: 254 (2) 48112  
E-mail: [woccur@ferm-net.com](mailto:woccur@ferm-net.com) Home Page: [www.woccu.org](http://www.woccu.org)



*Arthur Arnold  
CEO, WOCCU*



**HAPPY INTERNATIONAL CREDIT UNION DAY!**

ON BEHALF OF THE WORLD COUNCIL OF CREDIT UNIONS, INC. (WOCCU), AND THE WOCCU MICROFINANCE EXPANSION PROGRAMME (MEP) STAFF IN KENYA, WE WISH YOU A HAPPY INTERNATIONAL CREDIT UNION DAY! LET US ALL WORK TOGETHER TO HELP STRENGTHEN AND BUILD A STRONGER FUTURE FOR MEMBERS AND THE SACCO MOVEMENT.

THE WOCCU KENYA PROJECT IS FUNDED BY USAID.

# Bank calls on sacco to merge operations

By JULIUS BOSIRE

A single-cooperative financial system is vital in fighting poverty, the Cooperative Bank managing director Erastus Mureithi has said.

Mr Mureithi said such an arrangement would follow a system where local co-operative outlets would all be linked to a national co-operative bank, to be known as Revenue Co-operative Bank.

"In this system, money will rotate in the respective areas without going to Nairobi. We shall also be able to weather the storm caused by the withdrawal of major banks from rural areas," he said.

Mr Mureithi also called on small co-operative societies to merge to enjoy the economies of scale.

He announced that a co-operative leaders conference would be held in June to discuss ways of strengthening the movement.

"In the new millennium, there is a need to consolidate our operations through mergers to dominate in business," Mr Mureithi said.

He was addressing members of the Nyeri Teachers Sacco on Thursday after officially opening their Front Office Services Activities (Fosa).

"Fosa will create a very convenient vehicle for poverty eradication," he said. In the next six months, Mr Mureithi said, such outlets as the Nyeri Teachers Sacco would be linked with the

Co-operative Bank directly to ease transactions.

He said he envisaged a situation where the bank would sell its local branches to co-operative societies and only retain the provincial branches to monitor the operations.

The outlets, however, would remain under the supervision of the bank, with its headquarters in Nairobi, he said.

He said Automated Teller Machines would be provided at the local facility. "Teachers are busy people who do not need to carry passbooks. They would rather carry an electronic card to ease stress while queuing in bank halls," he said.

Earlier, Mr Mureithi called on Central Provincial Commissioner Peter Kiilu.

Mr Kiilu condemned leadership squabbles at co-operative societies, which he said adversely affected the running of the societies.

"Since these societies handle a bulk of resources, farmers must ensure they elect sober leaders," he said.

He said he regretted that some farmers had been unable to send their children to school because they do not earn enough from their crops due to wrangles.

"Our farmers in tea, coffee and other sub-sectors should ensure that leaders know their roles," he added.

The PC urged farmers to consider merging their societies to enjoy the economies of scale.

JUNE 9 2000

B

## Streamline co-op society operations

President Moi's admonition to the co-operative movement to ensure politicians do not meddle with its running could not have come at a more opportune moment.

It is a fact that many have used co-operatives as springboards to political leadership. But then, even after attaining their goal, they have gone ahead to meddle with the running of the same co-operatives for selfish reasons.

But more crucial is the lack of financial controls and probity in many co-operative societies. As has become obvious over the years, such societies have been grossly abused by greedy office-holders, who have turned them into milch cows.

This has meant that contributors have been denied any kind of assistance, say, loans when urgently required, thus defeating the whole purpose of these organisations by making them dysfunctional.

The first co-operative society in Kenya, which exclusively catered for white farmers, was formed in 1908. The early ones were the Kenya Planters Co-operative Union (KPCU), the Kenya Farmers Association (KFA), and the Kenya Co-operative Creameries (KCC). Two of these have become almost moribund in the past few years.

It was not until the 1950s that Africans were allowed to form co-operatives, though not in the agricultural or dairy sectors. By 1983, there were at least 2,186 co-operatives with a membership of 1.8 million, not counting a huge number of unregistered bodies, ranging from clan-based welfare associations to women's merry-go-rounds, which are, today, more prevalent and more popular than realised.

Accusations about mismanagement, lack of budgetary controls, over-expenditure and outright embezzlement in the sector have been rampant. Coupled with unnecessary government interference, these are some of the reasons why many co-operative societies have been brought down to their knees.

Beyond keeping co-operative affairs out of the grasp of politicians, there is a crying need for the authorities — the Department of Co-operative Development is now under agriculture — to seek ways of regulating the operations of societies, and to insist on rigorous auditing of funds.

Something must be done to streamline the operations of co-operatives so the contributors do not keep pouring their hard-earned money down the drain.

BEST AVAILABLE COPY

DAILY NATION  
28 JUN 2000

# Societies advised on change

By MIKE MWANIKI

The co-operative movement should adopt new techniques to help it cope with liberalisation, the managing director of the Co-operative Bank said yesterday.

Mr Erastus Mureithi advised co-operative societies to be innovative in addressing their change of status from being government controlled to being member owned.

"My vision for the movement is to see a united co-operative financial system, where local banks countrywide will be established and linked to a national co-operative bank, which will act as a national reserve bank."

He added: "Funds mobilised by local banks in a particular area will not be transferred to the head office, but will instead rotate and support development in the respective regions."

"The front office services in the societies will create a convenient vehicle to handle these funds and fill the gap left by major banks, which have either withdrawn or raised their minimum balance requirements."

Mr Mureithi said this in a speech read by his personal assistant, Mr David Thige, when he officially launched front office service activities for the Afya

Co-operative Savings and Credit Society at Afya Centre, Nairobi.

The function was attended by, among others, the society's chairman, Mr Emmanuel Lubembe, the general manager, Mr David Warue, and a deputy director of medical services, Dr Ibrahim Amira.

Mr Lubembe said the new concept would not only enable members to save money, but also to have access to credit and other financial assistance.

He said the society was processing the facilities that members would enjoy under the initiative.

"These include short-term advances and instant loans. Other standard facilities are standing orders, funds transfers, cheque clearing, salary processing and telegraphic transfers."

Mr Mureithi commended the management for raising the society's membership to 49,351, whose monthly contribution amounted to Sh123 million.

He said the society had disbursed Sh1.4 billion in loans, had Sh49 million as members' shares, and Sh2 billion as deposits. He praised it for investing in the Afya Centre Holdings, which is worth Sh643 million.

Mr Lubembe's team was re-elected.

D

DAILY NATION  
19 JULY 2000



Mr Alex Leteipan chairman of Bandari Sacco, which celebrated its silver jubilee recently shows the trophy they won for being the the best managed co-operative society in Mombasa.

# Sacco to start banking services

By EDMUND KWENA

Bandari Sacco which has a share capital of Sh230 Million will start front office banking services for its members and their spouses soon.

The Sacco which has so far disbursed over Sh35 Billion since its inception 25 years ago, was recently listed as having the second best insurance cover in the province by the Kenya Union of Savings and Credit Societies - Kusco.

Bandari was also adjudged as having the best loan service in

Mombasa.

"All the new products will be aimed at promoting micro-enterprise activities of our members," the chairman, Mr Alex Leteipan said.

Bandari Sacco collects close to Sh20 million per month from both the KPA and Kenya Ferry Services through a check off system.

Kusco officials also said Bandari was the third best capitalised and the second with the best expenditure control in Kenya.

Mr Leteipan who has been at the helm since 1989, said the society was committed to offering quality service to its over 4,000 members.

To mark the 25th anniversary, the Sacco organised several

events which included a procession from Mwembe Tayari to the KPA Makande Hall.

The society gave Wema Centre for former street girls and Mji wa Salama children's home Sh25,000 each.

Like most Saccos, Bandari gives development loans at an interest of 18 per cent per annum.

Emergency loans are granted to members within eight days of application and is recovered within one year also at an interest of 18 per cent per annum.

Instant loan was launched last year at the rate of 20 per cent on straight line method and is currently generating close to Sh1million for the society.

The general manager, Mr

David Kanyi said: "There is no backlog of loans and even normal loans that normally take long to process, are normally granted withing a week," Mr Kanyi said.

Bandari Sacco was among 10 others Saccos in Kenya selected by the World Council of Credit Union after undertaking vigorous diagnostic analysis to participate in Micro-Expansion Programme.

The programme involves technical support through USAID funded projects to enable saccos achieve certain international standards.

The World Council of Credit Unions has undertaken in-house courses to enable Bandari adopt international accounting standards.

BEST AVAILABLE COPY

E

# CBK backs non-bank credit plan

By Musyoka wa Kyendo

The Central Bank of Kenya is promoting micro-credit finance institutions to cater for the needs of people neglected by the commercial banks.

The CBK is in the process of identifying appropriate micro-finance institutions so as to come up with proposals to be contained in the next Budget.

It also plans to hold a major micro-finance institutions exhibition in Nairobi to promote their products and lending capabilities.

The Bank also plans to send a delegation of its officials and those of leading MFIs to Bangladesh and Indonesia to learn from their experiences.

The CBK will publish a list of major micro-finance institutions for consumer benefit.

It will also initiate the drafting of a Bill to enable large micro-finance lending institutions to receive deposits from the public.

The goal is to ensure that a large segment of micro and small enterprises have access to credit and other banking services. At the moment, only 10 per cent

of 1.3 million such businesses, employing an estimated 2.3 million people, have access to credit.

For this reason, says a document from the Central Bank, MFIs need regulation to build public confidence, ensure the safety of depositors' money and link the sub-sector to the mainstream financial sector.

The proposed legislation will be drafted jointly by the Bank Supervision Division of the CBK and the Association of Micro-Finance Institutions (AMFI). This will be tied to ensuring that deposit-taking MFIs are regulated by the CBK, while the others are self-regulating.

Here, the AMFI was asked to consider incorporating the Post Office Savings Bank and the savings and credit co-operatives in its mission and vision.

The document identified the key obstacles to MFIs' progress as restricted reach, mainly for lack of funds; absence of a law to regulate the sector's orderly progress; donor fatigue; legal dilemmas and the fact that MFIs are diverse, which has led to their being registered under eight different legislative categories.



# HARAMBEE SAVINGS AND CREDIT CO-OPERATIVE SOCIETY GREENFIELDS LEASES INAUGURATION SUPPLEMENT

## Word from the Minister for Agriculture, Hon. Chris Obure

**K**enya Government attaches great importance to the Cooperative Movement and will continue to encourage and support the movement so that co-operatives can prosper and thrive having over 9,000 strong co-operative societies. These co-operatives also offer employment opportunities to both salaried and self-employed Kenyans like farmers and fishermen.

The co-operatives play a major role in promoting investments and mobilizing savings as is evident with the glittering skyscrapers and buildings which have been put up by co-operative societies in urban centres and purchase of agricultural land in the rural areas.

The co-operative movement has become a way of life in our every day lives. Co-operatives are providing a livelihood to a large number of the Kenyan population. To improve on this performance, we should aim at managing and running our co-operative institutions as business entities for the nation in general. To enhance the level of wealth creation and share it equitably among the membership, the movement needs to consider promotion as one of its primary objectives.

Another strategy of promoting

employment through co-operatives is by increasing levels and volumes of co-operative business and productivity. This way, co-operatives will no doubt create adequate and sustainable capital base for further investment. Profitable investments create employment and enhance member loyalty and patronage.

Co-operatives are formed by the members to meet their economic and social goals, which include employment promotion. To achieve this, it is my plea that the movement be depoliticized for better results. You may be wondering what I mean when I say movement should be depoliticized. I am simply urging co-operators and politicians to avoid introducing destructive politics into co-operatives.

In the recent past such politics have been a major factor affecting the growth in the coffee, rice, fishing, cotton and other sub-sectors of our economy. As a result of bad politics, many co-operators and employees have lost their livelihood. This act is contrary to the noble cause for which co-operatives were formed.

Therefore, I must emphasize that co-operatives should be purely business ventures and means of livelihood to our people and those seeking elective political seats should not use



Hon. Chris Obure.

BEST AVAILABLE COPY

# Interviewees support the interest rates' Bill

## Analysts: Bank costs will go up

**NATION Correspondent**

Kenyans waited with bated breath for the outcome of debate on the much publicised Bill by the late Joe Donde to regulate interest rates yesterday, analysts expressed disappointment that the key issues had been overshadowed by emotion.

Joseph Muguna Ndungu, the principal analyst at the Kenya Institute for Policy Research and Analysis, said that if it went through the Bill could cause a massive capital flight which would destabilise the exchange rate.

"Banks feel that they cannot be profitable here, what would stop them from transferring their money to a safer investment haven elsewhere?"

Ndungu expressed fears that the small banks would be pushed out of business because they would have no recourse to depositors' interest.

He said that in the absence of a law regulating other charges, banks would simply look at the differential rate and introduce extra costs to maintain the status quo.

On problems, the analyst said the country lacked the capacity to regulate the banking sector due to institutional failure by the Central Bank and the Treasury.

Ndungu said that even if interest rates were to drop to 10 per cent, few Kenyans would borrow money for investment "in a country characterised by recession and political uncertainty."

Mr. Dicky Evans, the chairman of Homegrown Ltd, said the banks were maintaining a huge spread between the cost of borrowing and that of repayment.

He said that it was a pity that the financial sector had failed to protect itself and had to wait for politicians, who knew little about the operations, to do it for them.

Unfortunately, banks will find alternative ways to maintain their bottom lines," he added.

He said the new law would enable local borrowers to service



Samuel Mwangi

I support the Donde Bill because wananchi will benefit a lot. They will be able to borrow, repay and therefore advance in business, education and other ways. The Bill has come at the right time and should be supported by all who have the welfare of the country at heart.



Philip Mumo

If the interest rates are low, more people will take loans and start their own businesses. Banks have contributed in the impoverishment of the common wananchi by charging high rates. The Bill should be passed so that investors can start industries and create job opportunities.



Irene Njoroge

I support the Donde Bill because it will be possible for wananchi to take loans. Currently, only the rich people are able to borrow. The interest rates should come down. How could one pay back the loan when the interest rate is almost double? The economy is too bad for this.



Alice Wakonyo

I support the Bill so that parents with school-going children can take loans and pay for their education. It is difficult these days to see your children through school without credit facilities. Education has become the preserve of the rich and the poor have been adversely affected.



Francis Maina

The Bill has come at the right time when borrowers are suffering due to high interest rates. The banks are doing Shyluck business. They lend you money knowing that they will sell your property because you cannot pay. If one goes to the Milimani Commercial Court, one gets the rich people and their lawyers.

# Kenyans predict better life ahead

By NATION TEAM

A cross section of Kenyans yesterday welcomed the passing of the Donde Bill, saying it would help improve business and the standard of living.

They said lower interest rates would rejuvenate the economy as many more entrepreneurs were likely to take advantage of the softer lending terms to borrow money and expand their businesses or establish new ventures.

Mr Joshua Andhoga of Nakuru's Lakestar Insurance Company said the Bill was "one of the best things to happen to Kenyans in recent times". "The banks can still make much profit even after the enactment of the Bill."

The 40-year-old salesman said he last took a loan 12 years ago, when he borrowed Sh50,000. It took him five years to pay the loan, which had attracted an interest of almost double the principal amount. "I will borrow money now since it will not be as

difficult to repay as it was before," he said.

Mr James Mbutia, a 30-year-old sales executive, described the Bill as a godsend saying it would enable many small-scale traders get bank loans. "Such loans will enable local investors to expand their businesses and create more employment opportunities."

"The advantages of the Bill far outweighed the shortcomings that the banks are presenting as a possible fall-out of the Bill's enactment into law."

"It will now be easier for businessmen to engage in long-term projects. We are being oppressed by the high interest rates, which have discouraged me and other business people from taking big loans," Mr Joseph Gichanga of the Mombasa Development Company says.

Mr Mohammed Abdallah said the high interest rates hindered the country's development, which would create job opportunities.

# President's assent is mandatory

By NATION Reporter

The Donde Bill requires President Moi's assent to become law.

Under Section 46 of the Constitution, the President can refuse to sign a Bill into law.

But Parliament can compel him to give assent.

As stipulated in the House of Representatives Standing Orders and the

Constitution the Central Bank of Kenya (Amendment) will now briefly be deposited by Clerk of National Assembly. The Speaker can correct spelling and grammatical errors before it is presented to the Attorney General, who gives it to the President.

The President must within 21 days communicate his decision to

the Speaker. If he refuses to assent, he must within 14 days give a memorandum to the Speaker, citing the specific parts or sections of the Bill which he would like reconsidered.

Since independence, neither the late Mzee Jomo Kenyatta nor President Moi has ever rejected to give assent to a bill.

BEST AVAILABLE COPY

# DAILY NATION

Nairobi, Friday, December 1, 2000

## Donde Bill: After the euphoria, what?

Sooner or later, the euphoria which greeted the passing of the Bill calling for direct controls on bank interest rates will ebb.

Whether or not Parliament did the right thing is now academic, and we need not split any more hairs. All we can do is sit back and watch how the development will impact on the money market, in both the long and the short term.

Will loans become cheaper and more available to Kenyans? Will commercial banks stop auctioning the property of defaulters? Will our heavily-indebted leaders and businessmen borrow cheaply to refinance the big loans they owe the commercial banks?

We need to observe how the Bill's passage will impact on the other macro-economic indicators — the exchange rate, inflation and the balance of payments.

If, for instance, there is capital flight, as has been predicted, then we must, in the short run, expect a depreciated shilling. We live in a global financial village in which billions of dollars can move from one continent to another at the touch of a button.

The prospect of a depreciated shilling is especially worrisome because, with oil prices already on an upward trend and in view of the fact that the oil industry is among the biggest players in our dollar market, we may end up with even higher petroleum prices.

During the euphoria characterising the debate on the Bill, it was found expedient to bash the World Bank and the International Monetary Fund. MPs had a field day criticising the policy of liberalisation and looking for scapegoats for our economic problems. The mood was captured by the Democratic Party Chairman Mwai Kibaki, who declared that the Government had "sold its soul to foreign theories".

It is one thing to thump the chest and seek scapegoats. But the reality is that this economy badly needs the support of the IMF and the World Bank to turn around. Indeed, the Bill's passing came just as we were beginning to reap from the new rapprochement with the Bank and the Fund.

Only recently, IMF support persuaded the Paris Club to reschedule our loans, as a result of which the Government will not this year pay anything in debt service. For the first time in many years, we have a fully-funded budget. Support from the World Bank allowed us to go through the worst electricity crisis in years.

While we agree with the spirit of the Donde Bill, that interest rates should drop, we doubt if this will achieve the objectives. Until Kenya deals with the mounting domestic debt problem and tames the Government's appetite for borrowing, interest rates will not go down.

BEST AVAILABLE COPY

51

# Kenyan Banks Face Closure Over New Bill

■ **Doubt:** Bankers are anxious that implementation of the Donde Interest Rates Bill may push them out of business

By PETER MUNAITA  
THE EAST AFRICAN

SMALL BANKS in Kenya face imminent closure while bigger banks fear a drastic reduction in margins once a Bill seeking to control interest rates is effected.

The Bill, moved by Gem MP Joe Donde, was passed by parliament last week and will become law in January if it receives presidential assent. It has pegged maximum lending interest rates at four per cent above the prevailing Treasury-Bill rate.

With minimum deposit rates pegged at 70 per cent of the T-Bill rate, the Bill gives banks a profit margin of eight per cent on deposits compared with the over 20 per cent that prevailed previously.

Bankers are afraid that implementation of the Bill may push them out of business with small banks, which usually charge higher interest rates, being the worst effected. While the interest rates charged by small banks, usually one-branch outfits with a handful of customers, are

currently around 30 per cent, those charged by bigger establishments now range between 20 and 25 per cent.

The bigger banks have a different problem since, the Bill seeks to control various bank charges, which form a significant source of income for them. Once the Bill is enacted, this income stream, together with monies earned from interest, will be greatly reduced, impacting on profitability.

While big multinational banks in Kenya have raked in profits of more than Ksh1 billion (\$12.5 million) over the past five years,



Mr Donde

their smaller counterparts usually record much lower profits, reflecting their narrow deposit base. Many are also not engaged in all aspects of commercial banking, for example foreign-exchange transactions.

"We expect this difference between the haves and have-nots to be amplified. At the lower end, the fear of business closure is real," said Mr Julius Kuria, a former banker who now runs a financial consultancy.

About 70 per cent of banking activity in Kenya is controlled by the six big banks with another 44 banks competing for the remaining 30 per cent. The six are Barclays Bank of Kenya, Kenya Commercial Bank, Standard

## New Bill: Small Banks May Be Pushed Out of Business

From Page 1

Chartered Bank, National Bank of Kenya, Co-operative Bank of Kenya and Trust Bank (K) Ltd.

The Central Bank expects 20 of the banks with efficiency levels (cost to income ratio) lower than the industry average of 66 per cent to be the worst hit. The sector recorded Ksh70 billion (\$875 million) in earnings in 1999, three quarters of which was interest-related.

Analysts note that of the Ksh50 billion (\$625 million) banks earned in interest income last year, 80 per cent was derived from high lending interest rates. With the Bill expected to reduce lending rates by half, analysts project that the entire banking sector will only be able to make Ksh20 billion (\$250 million), less than half of what was earned in 1999. With reduced income, profitability is expected to decline.

However, the actual impact of the Bill will be determined by it is interpreted. Both bankers and Treasury officials agree that in its current form, the Bill is not clear on whether it will apply to new or existing loans. It is not clear also whether it will apply to foreign currency accounts nor does it stipulate the frequency with which banks should update their interest rates.

The latter is important since T-Bill auctions are held weekly and it would be tedious for banks to revise interest rates on a weekly basis. During a meeting held between the government and bankers last Thursday, the parties failed to agree on the provisions and a couple of meetings are planned before the Bill is implemented in January.

"We did not reach any agreement and are ready to seek legal opinion where necessary," the Permanent Secretary in the Ministry of Finance, Mr Martin Oduor-Otieno, told *The East African*.

Implementing the Bill retrospectively could wipe out over half of the Ksh114 billion (\$1.4 billion) currently held by banks as bad and doubtful debts. Only a third of the

bad debt represents the principal amounts, with the rest being accrued interest over the past 20 years during which the non-performing loans were advanced.

Although Ksh66 billion (\$825 million) of the debts is provided for as bad or doubtful debt, the industry has a net exposure of Ksh18 billion (\$225 million) when the value of charged securities is taken into account. Interest rates applicable to past loans would be brought in line with the new provisions if the law were to apply retrospectively, forcing banks revise their accounts for previous periods thus leading to massive losses in the coming years.

Shareholders have already been paid dividends on the basis of past accounts and it is understood that both the Treasury and the banks are in favour of having the law apply to loans acquired after January. Finance Minister Mr Chris Okemo last week warned parliament that implementing the Bill retrospectively would throw the sector into chaos.

One expected impact of the Bill is that banks will move from interest-related income to activities that earn money through fees and commissions such as currency transfers and custodial services.

The shift, according to bankers, will see bank charges rise sharply, an eventuality parliament sought to control by abolishing bank charges. However, the matter is also unclear as the Bill does not state which charges will be abolished or controlled, another grey area now being addressed by the bankers and the government.

Small banks are understood to be studying the situation with a view to minimising the risk of closure, and consolidation in the sector is expected to be the eventual outcome. Central Bank governor Mr Micah Cheserem has over the past two years repeatedly advised banks to merge in order to meet new minimum capital requirements. The appeal has been mostly in vain with only four mergers already realised and another four on the cards.

☐ See commentary Page 31

# Donde Bill Ignored Key Economic Factors

■ **Tricky:** In pegging controls to the TB rate, the Bill fails to account for the factors that determine TB levels

By PETER GITAU GITHONGO  
SPECIAL CORRESPONDENT

THE DECISION by Kenya's President Daniel arap Moi to withhold assent to Gem MP Joe Donde's Bill on the regulation of interest rates was not a complete surprise.

The startling part was the President's decision to announce his rejection of the bill on New Year's day, after parliament had gone on recess, which should end in March this year. Since an earlier Bill, seeking to establish parliamentary autonomy in the setting of its calendar is itself yet to receive presidential assent, it would require presidential intercession to reconvene parliament so as to discuss the Donde Bill as a matter of urgency.

Nevertheless, the rejection will needlessly prolong the murky debate over the issues raised by the draft Bill between, on the one hand, the emboldened parliamentarians and the public at large, and the banking sector, on the other.

In ensuring that the search for an effective way to manage interest rates remains in abeyance for at least another additional four months, the vision of low lending interest rates this year have been dashed.

Such a delay will also have a disruptive effect on short-term macro-economic indicators, notably the exchange rate and inflationary expectations. The delay will also affect the government's relations with the donors, who are worried about possible

wavering commitment to the conditions for aid resumption, which were negotiated last year.

The primary reasons for the inevitable rejection of the Bill reflect the inherent flaws in the Bill itself. Any attempt at forcing controls, in this case the blanket imposition of interest rate floors and ceiling, in a largely liberalised monetary system was, bound to be pernicious.

Mr Donde's attempt to give this forced control credibility and sophistication by pegging the controls to the Treasury Bill rate was certain to be its Achilles's heel. His complaints in December that the Central Bank of Kenya was conspiring to raise the

Treasury bill levels highlighted this futility.

Indeed, with current TB rates averaging over 14 per cent, under Mr Donde's proposals, average lending rates should be no more than 19 per cent. This is close to the prevailing market base rate averages, defeating the principle rationale for the Bill.

In pegging controls to the TB rate, the Bill fails to account for the factors that determine TB levels and, consequently, is silent on the impact on the financial system of deposit and lending rates of interest beyond, say 50 per cent, since this eventuality would occur if the TB rate rose to 50 per cent plus levels (as it did in early 1993).

The President's contention that various clauses in the Bill contradicted the Central Bank Act was also inevitable, since the Bill sought to wrest responsibility for the determination of key components of monetary policy away from the Central Bank, to either fixed controls or to the proposed independent monetary policy committee (MPC).

It is possible that the establishment of the committee and its role in determining short term interest rates could have been the sticking point that led to the Bill's rejection. Under the Central Bank Act, the President, in contrast with the MPC case, appoints the

four directors on the board of CBK, and, the CBK with the Minister of Finance determines the interest rates.

The setting up of an independent monetary committee is long overdue, although there will clearly be much fuss over the appointment of its members, with the government reluctant to lose control over the mandate that such a committee would hold.

Sub-section (4) of the Bill proposes: "The maximum interest chargeable by a specified bank or specified financial institution shall not exceed the principal sum advanced to the borrower." This wording precludes the financial viability of long-term lending if the TB rate, and consequently the deposit and lending rates, are high enough. If this aspect was designed to prevent the absurdity of banks demanding from borrowers up to 20 times the amount borrowed, the correct wording of these sub-clause should have specifically referred to non-performing loans.

*The banking sector's extraordinary profitability in the 1990s was not just a result of high lending rates to private borrowers, but also the heavy investment in high yielding TBs*

Moreover, another flaw in the Bill is the lack of a description of the categories of loans covered under the proposed Bill. For instance, a borrower whose loan agreement with the bank states that the effective lending rate shall be based on a certain percentage below the bank base rate, should indeed

benefit from a forced reduction in bank base rates if the Bill is adopted. However, the Bill will not affect borrowers whose loan agreements stipulate a fixed and pre-agreed rate of interest, indeterminate of the base rate, since such agreements would present a mutual written agreement between borrower and lender, an option that would unsurprisingly be preferred by lenders.

A logistical nightmare introduced by the Bill is its silence over the timescale for its implementation and its application to variously performing loans.

Even after these flaws are amended, the key anomalies in the Bill would not deliver the low lending rates that the public and the legislators are hoping for. The need to account for the factors that influence, (and are influenced by) the TB rate, specifically those that influenced it in the 1990s, should have been the starting point of the Bill. The influence of the TB rate on commercial lending rates was not a major focus of the Bill. But in seeking to peg the two, Mr Donde optimistically hoped to render this

influence irrelevant.

His pre-occupation with the spread between deposit and lending rates was similarly misplaced. Indeed, in his zeal to demonise commercial banks and their profitability, Mr Donde mistakenly concluded that the setting of, and indeed, the spread between commercial lending and deposit rates were the primary structural failures in need of correction in the working of Kenya's financial system.

The banking sector's extraordinary profitability in the 1990s was not just a result of high lending rates to private borrowers, but also the heavy investment in high yielding TBs. By mid last year, commercial banks alone held close to KSh70 billion (\$1.75 billion) or just under a half of the outstanding stock of TBs.

Unfortunately, the high lending rates to private borrowers were themselves an inevitable consequence of the commercial bank preference for the lucrative TBs; the crowding-out effect. In seeking to contain commercial lending rates, Mr Donde should have concentrated on the factors that, at least, initially caused TB rates to climb to such high levels and the causality between the two.

These factors include the heavy government borrowing of the late 1980s and virtually all of the 1990s; the large stock of government debt subsequently held by the banking sector; the influence on capital flows in and out of the country and the effect on the exchange rate using the TB rate; and banking sector benefits of the high interest rate regime that are, in a sense, close to, positions of influence in the setting of TB rates and other aspects of

monetary policy.

For these reasons, it is fortunate that the President has sent the Bill back to the law-making board.

As a pre-condition for the implementation of such a Bill, the stock of short-term government debt, (mostly in TBs) held by the financial sector would need to be restructured into a long-term debt of two to five year Treasury Bonds.

The issue of spreads between loan and deposit rates would become the non-stipend it deserves to be, since the high absolute levels of lending rates were the real source of consternation. The MPC would issue recommended guidelines as opposed to market dictates as Mr Donde's Bill proposed. Only in such an environment could a sensible monetary policy of genuine benefit to the economy be pursued.



# WOCCU COMPUTERIZATION PROCESS

## Symphony Deliveries

| ITEMS DELIVERED                  | MASAKU            | NASSEFU           | MUNGANIA           | EGERTON           |
|----------------------------------|-------------------|-------------------|--------------------|-------------------|
| SERVER                           | \$0.00            | \$0.00            | \$0.00             |                   |
| DESKTOP COMPUTERS                | \$3,450.00        | \$3,450.00        | \$6,900.00         | \$1,150.00        |
| PRINTERS                         | \$1,380.00        | \$1,380.00        | \$2,001.00         |                   |
| HUB                              | \$253.00          | \$253.00          | \$253.00           |                   |
| UPS                              | \$759.00          | \$759.00          | \$1,518.00         |                   |
| NETWORK CARDS                    | \$0.00            | \$184.00          | \$0.00             | \$0.00            |
| NETWORKING                       | \$1,150.00        | \$1,150.00        | \$1,150.00         | \$1,150.00        |
| WINDOWS NT                       | \$0.00            | \$0.00            | \$0.00             |                   |
| WINDOWS 98                       | \$414.00          | \$414.00          | \$828.00           | \$138.00          |
| ANTIVIRUS FOR WINDOWS NT         | \$0.00            | \$0.00            | \$0.00             |                   |
| ANTIVIRUS Windows 98             | \$207.00          | \$207.00          | \$414.00           | \$69.00           |
| TRAINING - WINDOWS               | \$1,725.00        | \$1,725.00        | \$1,725.00         | \$0.00            |
| <b>TOTAL DELIVERED PER SACCO</b> | <b>\$9,338.00</b> | <b>\$9,522.00</b> | <b>\$14,789.00</b> | <b>\$2,507.00</b> |

| ITEMS DELIVERED                  | CHEMELIL          | MASENO            | OFFICE             |
|----------------------------------|-------------------|-------------------|--------------------|
| SERVER                           |                   |                   | \$2,392.00         |
| DESKTOP COMPUTERS                | \$1,150.00        | \$1,150.00        | \$2,300.00         |
| PRINTERS                         |                   |                   | \$1,794.00         |
| HUB                              |                   |                   | \$254.00           |
| UPS                              | \$253.00          | \$253.00          | \$1,679.00         |
| NETWORK CARDS                    | \$0.00            | \$0.00            | \$0.00             |
| NETWORKING                       |                   |                   |                    |
| WINDOWS NT                       |                   |                   | \$1,305.25         |
| WINDOWS 98                       | \$138.00          | \$138.00          | \$276.00           |
| ANTIVIRUS FOR WINDOWS NT         |                   |                   | \$667.00           |
| ANTIVIRUS Windows 98             | \$69.00           | \$69.00           | \$138.00           |
| TRAINING - WINDOWS               | \$0.00            | \$0.00            | \$0.00             |
| <b>TOTAL DELIVERED PER SACCO</b> | <b>\$1,610.00</b> | <b>\$1,610.00</b> | <b>\$10,805.25</b> |

|                    |  |  |                    |
|--------------------|--|--|--------------------|
| <b>GRAND TOTAL</b> |  |  | <b>\$50,181.25</b> |
|--------------------|--|--|--------------------|

### UNDELIVERED EQUIPMENT/SERVICES

|                                 | MASAKU          | NASSEFU         | MUNGANIA | EGERTON Invoice  |
|---------------------------------|-----------------|-----------------|----------|------------------|
| Emerge First Licence            | 1,200.00        | 1,200.00        |          |                  |
| Emerge Advanced Licence         |                 |                 |          | 30,000.00        |
| AM Fee O/S                      | 720.00          | 720.00          |          | 6,000.00         |
| E-merge 1st Imp & Training      | 4,904.40        | 4,904.40        |          |                  |
| Windows NT Training - Intro.    |                 |                 |          | 2,000.00         |
| Windows NT System Admin         |                 |                 |          | 2,500.00         |
| Windows 98 Training             |                 |                 |          | 1,500.00         |
| E-merge Advanced Imp & Training |                 |                 |          | 11,443.60        |
|                                 | 6,824.40        | 6,824.40        | -        | 53,443.60        |
| add VAT (15%)                   | 1,023.66        | 1,023.66        | -        | 8,016.54         |
|                                 | <b>7,848.06</b> | <b>7,848.06</b> | <b>-</b> | <b>61,460.14</b> |

TOTAL UNDELIVERED

77,156.26

WOCCU - SACCO Computerization  
Nov - Dec 2000

| ITEMS DELIVERED      | EGERTON    | CHEMELIL   | MASENO     |
|----------------------|------------|------------|------------|
| DESKTOP COMPUTERS    | \$1,150.00 | \$1,150.00 | \$1,150.00 |
| UPS                  |            | \$253.00   | \$253.00   |
| NETWORKING           | \$1,150.00 |            |            |
| WINDOWS 98           | \$138.00   | \$138.00   | \$138.00   |
| ANTIVIRUS Windows 98 | \$69.00    | \$69.00    | \$69.00    |
|                      | \$2,507.00 | \$1,610.00 | \$1,610.00 |

Based on Local currency

Annual  
Goal % Complete

| P-E-A-R-L-S RATIOS                              |                                                             | Goals                            | 31-Dec-97 | 31-Dec-98 | 31-Dec-99 | 31-Mar-00 | 30-Jun-00 | 30-Sep-00 |       |
|-------------------------------------------------|-------------------------------------------------------------|----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-------|
| Number of Credit Unions in this Report          |                                                             |                                  | 16        | 16        | 16        | 16        | 16        | 16        |       |
| <b>P PROTECTION</b>                             |                                                             |                                  |           |           |           |           |           |           |       |
| 1.                                              | Loan Loss Allowances / Delinq. >12 Mo.                      | 100%                             | NA        | 35.67%    | 46.05%    | 46.04%    | 99.14%    | 100.00%   | 99%   |
| 2.                                              | Net Loan Loss Allow. / Allow. Required for Delinq. 1-12 Mo. | 100% of Goal                     | 100.00%   | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 5.78%     | 0%    |
| 3.                                              | Complete Loan Charge-Off of Delinquency > 12 Mo.            | Yes                              | Yes       | No        | No        | No        | No        | No        | 0%    |
| 4.                                              | Annual Loan Charge-offs / Average Loan Portfolio            | Minimized                        | 0.24%     | 0.30%     | 0.20%     | 0.08%     | 0.08%     | 0.05%     | 155%  |
| 5.                                              | Accum. Charge-Offs Recovered / Accum Charge-Offs            | 100%                             | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%    |
| 6.                                              | Solvency                                                    | Min 100%                         | 112.79%   | 110.61%   | 111.71%   | 115.28%   | 115.71%   | 113.60%   | 102%  |
| 7.                                              | Net Institutional Capital                                   | Minimum 10%                      | 3.04%     | 2.72%     | 2.15%     | 2.07%     | 1.88%     | 1.91%     | 99%   |
| <b>E EFFECTIVE FINANCIAL STRUCTURE</b>          |                                                             |                                  |           |           |           |           |           |           |       |
| 1.                                              | Net Loans / Total Assets                                    | Between 70 - 80%                 | 71.36%    | 73.24%    | 71.95%    | 76.44%    | 75.14%    | 72.96%    | 103%  |
| 2.                                              | Liquid Investments / Total Assets                           | Max 20 %                         | 1.85%     | 1.56%     | 2.55%     | 2.08%     | 1.98%     | 1.86%     | 106%  |
| 3.                                              | Financial Investments / Total Assets                        | Max 10 %                         | 5.15%     | 5.37%     | 4.91%     | 4.28%     | 3.96%     | 4.30%     | 92%   |
| 4.                                              | Non-Financial Investments / Total Assets                    | 0%                               | 9.86%     | 8.47%     | 7.03%     | 7.50%     | 7.19%     | 6.93%     | 104%  |
| 5.                                              | Savings Deposits / Total Assets                             | Between 70 - 80%                 | 0.60%     | 1.67%     | 2.91%     | 2.49%     | 2.84%     | 2.63%     | 108%  |
| 6.                                              | External Credit / Total Assets                              | 0                                | 4.08%     | 1.73%     | 3.23%     | 4.30%     | 4.08%     | 5.25%     | 78%   |
| 7.                                              | Member Share Capital / Total Assets                         | Max 20 %                         | 78.42%    | 81.06%    | 79.62%    | 77.17%    | 76.60%    | 76.74%    | 100%  |
| 8.                                              | Institutional Capital / Total Assets                        | Minimum 10%                      | 3.12%     | 2.96%     | 2.62%     | 2.49%     | 2.60%     | 2.68%     | 97%   |
| <b>A ASSET QUALITY</b>                          |                                                             |                                  |           |           |           |           |           |           |       |
| 1.                                              | Total Delinquency / Gross Loan Portfolio                    | Less Than or Equal To 5%         | 0.00%     | 0.43%     | 0.75%     | 0.63%     | 0.63%     | 0.61%     | 104%  |
| 2.                                              | Non-Earning Assets / Total Assets                           | Less Than or Equal To 5%         | 11.78%    | 11.35%    | 13.56%    | 9.71%     | 11.73%    | 13.95%    | 84%   |
| 3.                                              | Net Zero Cost Funds / Non-earning. Assets                   | Greater Than or Equal To 100%    | 142.92%   | 134.77%   | 101.55%   | 160.93%   | 134.46%   | 104.75%   | 128%  |
| <b>R RATES OF RETURN AND COSTS (ANNUALIZED)</b> |                                                             |                                  |           |           |           |           |           |           |       |
| 1.                                              | Net Loan Income / Average Net Loan Portfolio                | Entrepreneurial Rate             | 12.65%    | 12.52%    | 13.17%    | 12.63%    | 12.42%    | 12.81%    | 97%   |
| 2.                                              | Liquid Inv. Income / Avg. Liquid Investments                | Market Rates                     | 3.93%     | 3.69%     | 2.84%     | 0.73%     | 6.17%     | 0.62%     | 1001% |
| 3.                                              | Fin. Investment Income / Avg. Fin. Investments              | Market Rates                     | 7.81%     | 6.77%     | 2.89%     | 1.68%     | 1.09%     | 2.97%     | 37%   |
| 4.                                              | Non-Fin. Inv. Income / Avg. Non-Fin. Investments            | Greater Than or Equal to R1      | 6.57%     | 7.22%     | 7.36%     | 7.93%     | 0.34%     | 7.09%     | 5%    |
| 5.                                              | Fin Costs: Savings Deposits / Avg. Savings Deposits         | Market Rates                     | 14.21%    | 11.99%    | 3.92%     | 3.84%     | 3.36%     | 3.50%     | 96%   |
| 6.                                              | Fin Costs: External Credit / Avg. External Credit           | Less Than or Equal to R5         | 18.81%    | 24.77%    | 22.48%    | 9.93%     | 10.24%    | 12.10%    | 85%   |
| 7.                                              | Fin Costs: Member Shares / Avg. Member Shares               | Greater Than or Equal to R5      | 6.19%     | 5.84%     | 6.18%     | 0.00%     | 0.00%     | 0.00%     | 25%   |
| 8.                                              | Gross Margin / Average Assets                               | Amount Needed to Cover R9, R10   | 4.73%     | 4.83%     | 4.91%     | 9.12%     | 8.84%     | 9.49%     | 93%   |
| 9.                                              | Operating Expenses / Average Assets                         | 3 -10%                           | 3.77%     | 3.94%     | 4.06%     | 3.46%     | 3.98%     | 3.95%     | 101%  |
| 10.                                             | Provisions for Risk Assets / Average Assets                 | Sufficient for Estimated Losses  | 0.00%     | 0.01%     | 0.02%     | 0.01%     | 0.07%     | 0.25%     | 30%   |
| 11.                                             | Other Income or Expense / Average Assets                    | Amount Needed                    | 0.17%     | 0.08%     | 0.15%     | 0.22%     | 0.21%     | 0.00%     | -1%   |
| 12.                                             | Net Income / Average Assets                                 | Enough to reach the goal for E8  | 0.79%     | 0.80%     | 0.68%     | 5.43%     | 4.58%     | 5.30%     | 86%   |
| <b>L LIQUIDITY</b>                              |                                                             |                                  |           |           |           |           |           |           |       |
| 1.                                              | Liquid Assets - ST Payables / Total Deposits                | Minimum 15%                      | 527.64%   | 210.17%   | 257.39%   | 191.44%   | 219.70%   | 295.64%   | 74%   |
| 2.                                              | Liquidity Reserves / Total Savings Deposits                 | 10%                              | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%    |
| 3.                                              | Non-Earning Liquid Assets / Total Assets                    | Less Than 1 %                    | 1.99%     | 2.42%     | 5.24%     | 3.40%     | 4.47%     | 6.01%     | 74%   |
| 4.                                              | Deposits in CFF / Total Available Liquidity                 | Maximum Amount                   | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%    |
| <b>S SIGNS OF GROWTH (ANNUAL GROWTH RATES)</b>  |                                                             |                                  |           |           |           |           |           |           |       |
| 1.                                              | Total Assets                                                | More Than Inflation              | 24.69%    | 16.77%    | 20.85%    | 23.06%    | 20.18%    | 18.66%    | 108%  |
| 2.                                              | Loans to Members                                            | Sufficient to Achieve Goal in E1 | 25.46%    | 19.85%    | 18.71%    | 49.54%    | 29.96%    | 20.81%    | 144%  |
| 3.                                              | Savings Deposits                                            | Sufficient to Achieve Goal in E5 | 684.58%   | 225.25%   | 110.79%   | -37.62%   | 14.88%    | 4.28%     | 348%  |
| 4.                                              | External Credit                                             | 0%                               | 67.17%    | -50.34%   | 125.47%   | 163.17%   | 77.87%    | 113.34%   | 69%   |
| 5.                                              | Share Capital                                               | Sufficient to Achieve Goal in E7 | 23.40%    | 20.71%    | 18.69%    | 10.03%    | 11.83%    | 13.17%    | 90%   |
| 6.                                              | Institutional Capital                                       | Sufficient to Achieve Goal in E8 | 17.42%    | 10.60%    | 7.02%     | 1.97%     | 18.17%    | 22.38%    | 81%   |
| 7.                                              | Membership                                                  | Minimum 5%                       | 11.70%    | 5.06%     | 0.05%     | 1.24%     | 6.28%     | -0.12%    | -2%   |
| Inflation Rate (Annualized)                     |                                                             |                                  | 11.20%    | 10.60%    | 5.10%     | 6.30%     | 7.30%     | 8.20%     |       |

47

Based on Local currency

Annual Goal

% Complete

|                                                             | 31/12/1997     | 31/12/1998     | 31/12/1999     | 31/03/2000     | 30/06/2000     | 30/09/2000     |                |
|-------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Number of Credit Unions in this Report                      | 16             | 16             | 16             | 16             | 16             | 16             |                |
| <b>Number Of CU Members</b>                                 |                |                |                |                |                |                |                |
| Men                                                         | 60,221         | 71,601         | 70,836         | 71,324         | 72,143         | 71,549         | 100.83%        |
| Women                                                       | 40,607         | 45,043         | 45,866         | 45,739         | 48,210         | 45,051         | 107.01%        |
| Gender not Reported                                         | 10,200         | 0              | 0              | 0              | 0              | 0              | 0.00%          |
| <b>Total Number Of Members</b>                              | <b>111,028</b> | <b>116,644</b> | <b>116,702</b> | <b>117,063</b> | <b>120,353</b> | <b>116,600</b> | <b>103.22%</b> |
| <b>Number of Other Service Users</b>                        |                |                |                |                |                |                |                |
| Youth                                                       | 0              | 0              | 0              | 0              | 0              | 0              | 0.00%          |
| Third Parties                                               | 0              | 0              | 0              | 0              | 0              | 0              | 0.00%          |
| <b>Total Number of Other CU Service Users</b>               | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0.00%</b>   |
| <b>Total Number Of Members &amp; Other CU Service Users</b> | <b>111,028</b> | <b>116,644</b> | <b>116,702</b> | <b>117,063</b> | <b>120,353</b> | <b>116,600</b> | <b>103.22%</b> |

**Assets**

**Earning Assets**

**Loans to Members**

|                         |                      |                      |                      |                      |                      |                      |            |
|-------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|------------|
| Short Term (<=1 Year)   | 2,292,959            | 1,979,419            | 6,079,631            | 44,279,135           | 47,760,010           | 55,014,046           | 87%        |
| Medium-Term (1-3 Years) | 2,534,995,885        | 3,039,083,985        | 3,603,591,679        | 4,003,183,742        | 4,095,234,833        | 4,112,311,834        | 100%       |
| Long-Term (> 3 Years)   | 0                    | 0                    | 1,219,917            | 0                    | 249,660              | 0                    | 0%         |
| Other Special Loans     | 1,430,815            | 1,879,703            | 2,561,258            | 12,238,251           | 11,899,301           | 12,062,971           | 99%        |
| Loan Loss Allowances    | 0                    | (300,000)            | (1,400,169)          | (1,400,169)          | (3,331,610)          | (3,282,469)          | 101%       |
| <b>Total Net Loans</b>  | <b>2,538,719,660</b> | <b>3,042,643,107</b> | <b>3,612,052,316</b> | <b>4,058,300,959</b> | <b>4,151,812,194</b> | <b>4,176,106,382</b> | <b>99%</b> |

**Liquid Investments**

|                                       |                   |                   |                    |                    |                    |                    |             |
|---------------------------------------|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|-------------|
| Liquidity Reserves - CFF              | 0                 | 0                 | 0                  | 0                  | 0                  | 0                  | 0%          |
| Other Liquidity Reserves              | 0                 | 0                 | 0                  | 0                  | 0                  | 0                  | 0%          |
| Short-Term CFF Deposits               | 0                 | 0                 | 0                  | 0                  | 0                  | 0                  | 0%          |
| Short-Term Bank Deposits              | 62,381,603        | 64,696,212        | 127,909,942        | 110,465,555        | 109,658,144        | 106,664,053        | 103%        |
| Short-Term Securities and Investments | 1,571,572         | 50,000            | 0                  | 0                  | 0                  | 0                  | 0%          |
| Other Liquid Investments 1            | 1,765,158         | 0                 | 0                  | 0                  | 0                  | 0                  | 0%          |
| Other Liquid Investments 2            | 0                 | 0                 | 0                  | 0                  | 0                  | 0                  | 0%          |
| Other Liquid Investments 3            | 0                 | 0                 | 0                  | 0                  | 0                  | 0                  | 0%          |
| Liquid Investments Allowances         | 0                 | 0                 | 0                  | 0                  | 0                  | 0                  | 0%          |
| <b>Total Liquid Investments</b>       | <b>65,718,333</b> | <b>64,746,212</b> | <b>127,909,942</b> | <b>110,465,555</b> | <b>109,658,144</b> | <b>106,664,053</b> | <b>103%</b> |

**Financial Investments**

|                                    |                    |                    |                    |                    |                    |                    |            |
|------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------|
| Shares - League/Affiliation        | 1,071,550          | 1,726,550          | 3,195,550          | 3,259,150          | 3,309,150          | 3,765,990          | 88%        |
| Long-Term CFF Deposit              | 78,713,776         | 91,029,940         | 102,290,879        | 96,181,017         | 97,511,387         | 110,382,478        | 88%        |
| Long-Term Bank Deposits            | 35,815,378         | 67,450,869         | 100,378,448        | 91,037,254         | 81,341,300         | 93,057,025         | 87%        |
| Long-Term Securities & Investments | 1,311,609          | 1,349,809          | 1,186,349          | 1,120,949          | 1,420,949          | 1,581,249          | 90%        |
| Other Financial Investments 1      | 31,301,520         | 32,614,020         | 33,296,720         | 33,296,720         | 33,208,879         | 33,329,059         | 100%       |
| Other Financial Investments 2      | 12,992,300         | 4,300,462          | 6,207,214          | 2,248,987          | 1,865,987          | 1,865,987          | 100%       |
| Other Financial Investments 3      | 22,144,190         | 24,772,929         | 0                  | 0                  | 221,500            | 2,401,672          | 9%         |
| Financial Investments Allowances   | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%         |
| <b>Total Financial Investments</b> | <b>183,350,324</b> | <b>223,244,579</b> | <b>246,555,160</b> | <b>227,144,077</b> | <b>218,879,152</b> | <b>246,383,460</b> | <b>89%</b> |

**Non-Financial Investments**

|                                        |                    |                    |                    |                    |                    |                    |             |
|----------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-------------|
| Various                                | 350,893,952        | 351,948,737        | 353,088,228        | 397,966,369        | 397,303,954        | 396,461,054        | 100%        |
| Non-Financial Investments Allowances   | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%          |
| <b>Total Non-Financial Investments</b> | <b>350,893,952</b> | <b>351,948,737</b> | <b>353,088,228</b> | <b>397,966,369</b> | <b>397,303,954</b> | <b>396,461,054</b> | <b>100%</b> |

**Total Earning Assets**

|                             |                      |                      |                      |                      |                      |                      |            |
|-----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|------------|
| <b>Total Earning Assets</b> | <b>3,138,682,269</b> | <b>3,682,582,635</b> | <b>4,339,605,646</b> | <b>4,793,876,960</b> | <b>4,877,653,443</b> | <b>4,925,614,948</b> | <b>99%</b> |
|-----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|------------|

**Additional Loan Portfolio Information**

| Delinquency Based on Outstanding Balance of Loan? | Balance       | Balance           | Balance           | Balance           | Balance           | Balance           |             |
|---------------------------------------------------|---------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------|
| <b>Delinquency</b>                                |               |                   |                   |                   |                   |                   |             |
| 1 Day to 1 Month                                  | 0             | 0                 | 0                 | 0                 | 0                 | 0                 | 0%          |
| TO 12 Months                                      | 0             | 12,224,181        | 24,181,715        | 22,695,151        | 23,024,340        | 22,615,377        | 102%        |
| More Than 12 Months                               | 0             | 840,953           | 3,040,844         | 3,041,046         | 3,360,619         | 2,825,069         | 119%        |
| <b>Total Balance Of Delinquent Loans</b>          | <b>0</b>      | <b>13,065,134</b> | <b>27,222,559</b> | <b>25,736,197</b> | <b>26,384,959</b> | <b>25,440,446</b> | <b>104%</b> |
| Loans to Members (Gross)                          | 2,538,719,660 | 3,042,943,107     | 3,613,452,485     | 4,059,701,128     | 4,155,143,804     | 4,179,388,851     | 99%         |
| Accumulated Charge-Offs (Historical)              | 9,491,671     | 17,853,168        | 24,580,847        | 27,564,479        | 27,683,268        | 26,588,465        | 104%        |
| Recovery of Loans Charged-Off (Historical)        | 0             | 0                 | 0                 | 0                 | 0                 | 0                 | 0%          |

48

Based on Local currency

Annual Goal

% Complete

31/12/1997 31/12/1998 31/12/1999 31/03/2000 30/06/2000 30/09/2000

**Non-Earning Assets****Liquid Assets**

|                             |                   |                    |                    |                    |                    |                    |            |
|-----------------------------|-------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------|
| Cash & Equivalents          | 6,412,157         | 6,854,534          | 36,949,552         | 56,474,153         | 61,897,256         | 40,105,653         | 154%       |
| Current Accounts (Checking) | 64,247,338        | 93,471,480         | 226,208,195        | 124,122,454        | 184,841,042        | 303,844,661        | 61%        |
| Foreign Currency            | 0                 | 806                | 0                  | 0                  | 0                  | 0                  | 0%         |
| Liquidity Reserves - CFF    | 0                 | 0                  | 0                  | 0                  | 0                  | 0                  | 0%         |
| Other Liquidity Reserves    | 0                 | 0                  | 0                  | 0                  | 0                  | 0                  | 0%         |
| Other Liquid Assets         | 0                 | 0                  | 0                  | 2,151              | 0                  | 0                  | 0%         |
| <b>Total Liquid Assets</b>  | <b>70,659,495</b> | <b>100,326,820</b> | <b>263,157,747</b> | <b>180,598,758</b> | <b>246,738,298</b> | <b>343,950,314</b> | <b>72%</b> |

**Accounts Receivable**

|                                  |                    |                    |                    |                    |                    |                    |            |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------|
| Debtors                          | 10,976,252         | 15,590,416         | 79,271,417         | 5,094,501          | 17,522,084         | 18,031,846         | 97%        |
| Interest Receivable              | 5,861,290          | 2,421,519          | 9,200,596          | 25,344,122         | 24,563,714         | 52,504,912         | 47%        |
| Notes Receivable                 | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%         |
| Payroll Deductions Receivable    | 201,536,680        | 186,417,697        | 118,674,418        | 64,571,671         | 100,964,855        | 120,450,095        | 84%        |
| Other Accounts Receivable        | 563,440            | 409,789            | 1,410,706          | 9,541,160          | 10,235,326         | 2,164,189          | 473%       |
| Receivable Loss Allowances       | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%         |
| <b>Total Accounts Receivable</b> | <b>218,937,662</b> | <b>204,839,421</b> | <b>208,557,137</b> | <b>104,551,454</b> | <b>153,285,980</b> | <b>193,151,041</b> | <b>79%</b> |

**Fixed Assets**

|                                          |                    |                    |                    |                    |                    |                    |            |
|------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------|
| Land                                     | 64,887,815         | 65,352,246         | 66,488,007         | 67,126,409         | 65,126,409         | 66,177,944         | 98%        |
| Buildings (Cost)                         | 32,094,865         | 50,234,505         | 64,975,412         | 79,216,472         | 68,941,450         | 76,876,488         | 90%        |
| Accumulated Depreciation - Buildings     | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%         |
| Leasehold Improvements                   | 4,587,958          | 4,866,246          | 5,928,246          | 8,614,945          | 5,388,535          | 7,069,376          | 76%        |
| Accum. Depreciation - Leasehold Improv.  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%         |
| Furniture & Equipment                    | 24,438,207         | 36,527,619         | 55,267,442         | 51,127,817         | 60,591,617         | 70,805,917         | 86%        |
| Accum. Depreciation - Furniture & Equip. | (3,347,999)        | (4,382,456)        | (5,886,782)        | (5,052,271)        | (4,649,416)        | (6,053,673)        | 77%        |
| <b>Total Net Fixed Assets</b>            | <b>122,660,846</b> | <b>152,598,160</b> | <b>186,772,325</b> | <b>201,033,372</b> | <b>195,398,595</b> | <b>214,876,052</b> | <b>91%</b> |

**Other Assets**

|                           |                  |                  |                  |                   |                   |                  |             |
|---------------------------|------------------|------------------|------------------|-------------------|-------------------|------------------|-------------|
| Assets in Liquidation     | 0                | 0                | 0                | 0                 | 0                 | 0                | 0%          |
| Organization Expenses     | 1,132,591        | 1,254,903        | 1,226,019        | 1,743,915         | 5,025,216         | 0                | 0%          |
| Prepaid Expenses          | 1,311,406        | 2,202,722        | 4,300,121        | 7,832,954         | 8,158,914         | 5,232,753        | 156%        |
| Other Deferred Assets     | 1,489,687        | 5,608,860        | 3,417,906        | 6,965,984         | 8,236,628         | 4,409,466        | 187%        |
| Accumulated Amortization  | 0                | 0                | 0                | 0                 | 0                 | 0                | 0%          |
| <b>Total Other Assets</b> | <b>3,933,684</b> | <b>9,066,485</b> | <b>8,944,046</b> | <b>16,542,853</b> | <b>21,420,758</b> | <b>9,642,219</b> | <b>222%</b> |

**Problem Assets**

|                                 |                      |                      |                      |                      |                      |                      |            |
|---------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|------------|
| Doubtful Assets                 | 2,763,013            | 3,763,892            | 11,719,992           | 953,247              | 327,297              | 100,730              | 325%       |
| Accounting Discrepancy - Assets | 5,000                | 1,111,507            | 1,690,067            | 11,671,668           | 30,859,674           | 36,364,979           | 85%        |
| Other Problem Assets            | 9,052                | 4,773                | 5,760                | 0                    | 0                    | 252,012              | 0%         |
| <b>Total Problem Assets</b>     | <b>2,777,065</b>     | <b>4,880,172</b>     | <b>13,415,819</b>    | <b>12,624,915</b>    | <b>31,186,971</b>    | <b>36,717,722</b>    | <b>85%</b> |
| <b>Total Non-Earning Assets</b> | <b>418,968,752</b>   | <b>471,711,058</b>   | <b>680,847,074</b>   | <b>515,351,351</b>   | <b>648,030,601</b>   | <b>798,337,348</b>   | <b>81%</b> |
| <b>Total Assets</b>             | <b>3,557,651,021</b> | <b>4,154,293,693</b> | <b>5,020,452,720</b> | <b>5,309,228,312</b> | <b>5,525,684,045</b> | <b>5,723,952,296</b> | <b>97%</b> |

based on Local currency

Annual Goal

% Complete

31/12/1997 31/12/1998 31/12/1999 31/03/2000 30/06/2000 30/09/2000

**LIABILITIES**

**INTEREST BEARING LIABILITIES**

**Savings Deposits**

|                               |                   |                   |                    |                    |                    |                    |             |
|-------------------------------|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|-------------|
| Regular Savings               | 21,281,057        | 66,612,588        | 138,007,598        | 117,731,346        | 142,649,689        | 132,237,206        | 108%        |
| Term/Fixed Savings            | 0                 | 850,000           | 1,353,795          | 5,800,900          | 5,020,800          | 5,313,467          | 94%         |
| Youth Savings                 | 0                 | 0                 | 0                  | 0                  | 0                  | 0                  | 0%          |
| Special Savings               | 0                 | 1,754,803         | 6,541,933          | 8,683,648          | 9,058,834          | 13,035,291         | 69%         |
| Pledged Savings               | 0                 | 0                 | 0                  | 0                  | 0                  | 0                  | 0%          |
| <b>Total Savings Deposits</b> | <b>21,281,057</b> | <b>69,217,391</b> | <b>145,903,326</b> | <b>132,215,894</b> | <b>156,729,323</b> | <b>150,585,964</b> | <b>104%</b> |

**External Credit**

|                                               |                    |                   |                    |                    |                    |                    |            |
|-----------------------------------------------|--------------------|-------------------|--------------------|--------------------|--------------------|--------------------|------------|
| External Credit - CFF (<= 1 Year)             | 4,245,780          | 126,659           | 0                  | 0                  | 0                  | 0                  | 0%         |
| External Credit - CFF (> 1 Year)              | 79,145,388         | 21,614,385        | 84,304,064         | 41,042,871         | 78,238,376         | 33,745,308         | 232%       |
| External Credit - Banks                       | 38,385,221         | 48,388,566        | 75,767,303         | 187,409,273        | 132,203,673        | 255,075,476        | 52%        |
| Other External Credit - External Institutions | 23,263,377         | 1,892,882         | 2,317,496          | 0                  | 15,000,000         | 11,725,000         | 128%       |
| <b>Total External Credit</b>                  | <b>145,039,766</b> | <b>72,022,492</b> | <b>162,388,863</b> | <b>228,452,144</b> | <b>225,442,049</b> | <b>300,545,783</b> | <b>75%</b> |

**Total Interest Bearing Liabilities**

|  |                    |                    |                    |                    |                    |                    |  |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--|
|  | <b>166,320,823</b> | <b>141,239,883</b> | <b>308,292,189</b> | <b>360,668,038</b> | <b>382,171,372</b> | <b>451,131,747</b> |  |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--|

**Non-Interest Bearing Liabilities**

|                                               |                    |                    |                    |                    |                    |                    |            |
|-----------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------|
| Short-Term Accounts Payable (<=30 Days)       | 24,089,703         | 19,596,751         | 15,531,891         | 37,950,230         | 4,525,394          | 5,414,922          | 84%        |
| External Credit Payments (<=30 Days)          | 0                  | 0                  | 0                  | 0                  | 7,532,305          | 0                  | 0%         |
| Provisions (e.g. Employee Benefits)           | 158,511,204        | 183,925,390        | 81,246,737         | 12,357,473         | 28,112,288         | 12,262,473         | 229%       |
| Accounting Discrepancy - Liabilities          | 344,059            | 840,915            | 1,539,465          | 3,229,948          | 2,220,191          | 7,564,368          | 29%        |
| Other Liabilities                             | 56,346,837         | 66,749,954         | 107,997,654        | 129,465,988        | 139,402,160        | 193,200,938        | 72%        |
| <b>Total Non-Interest Bearing Liabilities</b> | <b>239,291,802</b> | <b>271,113,009</b> | <b>206,315,747</b> | <b>183,003,639</b> | <b>181,792,338</b> | <b>218,442,701</b> | <b>83%</b> |

**Total Liabilities**

|  |                    |                    |                    |                    |                    |                    |            |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------|
|  | <b>405,612,625</b> | <b>412,352,892</b> | <b>514,607,936</b> | <b>543,671,678</b> | <b>563,963,710</b> | <b>669,574,448</b> | <b>84%</b> |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------|

**CAPITAL**

**Share Capital**

|                                   |                      |                      |                      |                      |                      |                      |            |
|-----------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|------------|
| Mandatory Shares                  | 2,629,088,539        | 3,188,305,643        | 3,801,490,309        | 3,915,325,310        | 4,058,235,453        | 4,212,145,014        | 96%        |
| Voluntary Shares                  | 160,665,399          | 179,325,815          | 195,716,174          | 181,691,579          | 174,663,168          | 180,215,939          | 97%        |
| <b>Total Member Share Capital</b> | <b>2,789,753,938</b> | <b>3,367,631,458</b> | <b>3,997,206,483</b> | <b>4,097,016,889</b> | <b>4,232,898,621</b> | <b>4,392,360,953</b> | <b>96%</b> |

**Transitory Capital**

|                                  |                    |                    |                    |                    |                    |                    |             |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-------------|
| Asset Appreciation Over Cost     | 216,270,107        | 216,270,107        | 216,769,887        | 260,872,708        | 260,872,708        | 268,726,256        | 97%         |
| Education & Social Reserves      | 0                  | 0                  | 958,347            | 0                  | 0                  | 0                  | 0%          |
| Monetary Reserves                | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%          |
| Other Reserves                   | 6,808,423          | 10,931,003         | 8,967,125          | 12,841,415         | 14,245,757         | 18,126,971         | 79%         |
| Accounting Discrepancy - Capital | 0                  | 0                  | 0                  | 27,051,742         | 26,501,897         | 0                  | 0%          |
| Undistributed Net Income         | 28,110,058         | 24,237,634         | 150,448,140        | 235,628,797        | 283,792,505        | 221,574,878        | 128%        |
| <b>Total Transitory Capital</b>  | <b>251,188,588</b> | <b>251,438,744</b> | <b>377,143,499</b> | <b>536,394,662</b> | <b>585,412,867</b> | <b>508,428,105</b> | <b>115%</b> |

**Institutional Capital**

|                                    |                    |                    |                    |                    |                    |                    |            |
|------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------|
| Statutory & Legal Reserves         | 97,016,510         | 109,098,551        | 121,621,416        | 125,280,252        | 126,346,486        | 136,230,945        | 93%        |
| Retained Earnings                  | 5,298,890          | 3,732,635          | 88,316             | 7,975,825          | 7,975,825          | 7,989,888          | 100%       |
| Special Asset Reserves             | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%         |
| Donations / Other Reserves         | 8,780,469          | 9,867,469          | 11,023,077         | 283,171            | 9,112,778          | 9,367,957          | 97%        |
| Undistributed Losses               | 0                  | 0                  | (1,238,007)        | (1,394,165)        | (26,242)           | 0                  | 0%         |
| TD Net Income (Loss) Transfer      | 0                  | 171,944            | 0                  | 0                  | 0                  | 0                  | 0%         |
| <b>Total Institutional Capital</b> | <b>111,095,869</b> | <b>122,870,599</b> | <b>131,494,802</b> | <b>132,145,083</b> | <b>143,408,847</b> | <b>153,588,790</b> | <b>93%</b> |

**Total Capital**

|  |                      |                      |                      |                      |                      |                      |            |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|------------|
|  | <b>3,152,038,395</b> | <b>3,741,940,802</b> | <b>4,505,844,784</b> | <b>4,765,556,633</b> | <b>4,961,720,335</b> | <b>5,054,377,849</b> | <b>98%</b> |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|------------|

**Total Liabilities and Capital**

|  |                      |                      |                      |                      |                      |                      |            |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|------------|
|  | <b>3,557,651,021</b> | <b>4,154,293,693</b> | <b>5,020,452,720</b> | <b>5,309,228,311</b> | <b>5,525,684,044</b> | <b>5,723,952,296</b> | <b>97%</b> |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|------------|

Annual Goal

% Complete

|                                               | 31/12/1997         | 31/12/1998         | 31/12/1999         | 31/03/2000         | 30/06/2000         | 30/09/2000         |                   |
|-----------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-------------------|
| Number of Credit Unions in this Report        | 16                 | 16                 | 16                 | 16                 | 16                 | 16                 |                   |
| <b>INCOME</b>                                 |                    |                    |                    |                    |                    |                    |                   |
| <b>INCOME FROM LOANS</b>                      |                    |                    |                    |                    |                    |                    |                   |
| Interest Income from Loans                    | 288,361,899        | 349,051,898        | 436,477,404        | 119,384,179        | 237,613,685        | 371,117,764        | 64.03%            |
| Delinquent Penalty Interest Income from Loans | 0                  | 0                  | 0                  | 0                  | 0                  | 120,255            | 0.00%             |
| Commissions/Fees from Loans                   | 181,350            | 66,945             | 1,823,806          | 1,334,109          | 2,825,773          | 3,146,784          | 89.80%            |
| Insurance Premiums for Loans                  | 0                  | 137,115            | 0                  | 0                  | 0                  | 0                  | 0.00%             |
| <b>NET LOAN INCOME</b>                        | <b>288,543,249</b> | <b>349,255,958</b> | <b>438,301,210</b> | <b>120,718,288</b> | <b>240,439,458</b> | <b>374,384,803</b> | <b>64.22%</b>     |
| Income from Liquid Investments                | 1,816,508          | 2,408,083          | 2,739,543          | 218,354            | 3,656,190          | 543,040            | 673.28%           |
| Income from Financial Investments             | 12,778,635         | 13,764,770         | 6,781,195          | 989,667            | 1,261,567          | 5,493,819          | 22.96%            |
| Income from Non-Financial Investments         | 23,019,697         | 25,384,582         | 25,941,788         | 7,426,503          | 641,787            | 19,949,152         | 3.22%             |
| Income from Grants                            | 0                  | 0                  | 0                  | 45,000             | 97,500             | 142,500            | 68.42%            |
| Income from Other Sources                     | 9,217,881          | 13,892,919         | 20,771,335         | 4,839,213          | 15,114,279         | 24,475,599         | 61.75%            |
| <b>Gross Income</b>                           | <b>335,375,970</b> | <b>404,706,312</b> | <b>494,535,071</b> | <b>134,237,025</b> | <b>261,210,781</b> | <b>424,988,913</b> | <b>61.46%</b>     |
| <b>COSTS/EXPENSES</b>                         |                    |                    |                    |                    |                    |                    |                   |
| <b>FINANCIAL COSTS</b>                        |                    |                    |                    |                    |                    |                    |                   |
| Interest Expense on Savings Deposits          | 1,705,316          | 5,423,473          | 4,221,356          | 1,330,957          | 2,535,037          | 3,900,227          | 65.00%            |
| Insurance Premiums for Savings                | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0.00%             |
| <b>Financial Cost - Savings Deposits</b>      | <b>1,705,316</b>   | <b>5,423,473</b>   | <b>4,221,356</b>   | <b>1,330,957</b>   | <b>2,535,037</b>   | <b>3,900,227</b>   | <b>65.00%</b>     |
| Financial Cost on External Credit             | 21,805,391         | 26,886,880         | 26,353,645         | 4,839,996          | 9,900,830          | 21,032,379         | 47.07%            |
| Dividend Expense on Shares                    | 156,374,994        | 179,674,487        | 227,739,998        | 8,657              | 8,657              | 52,699             | 16.43%            |
| Insurance Premiums for Shares                 | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0.00%             |
| <b>Financial Cost - Shares</b>                | <b>156,374,994</b> | <b>179,674,487</b> | <b>227,739,998</b> | <b>8,657</b>       | <b>8,657</b>       | <b>52,699</b>      | <b>16.43%</b>     |
| Taxes on Interest Paid                        | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0.00%             |
| Other Financial Costs                         | 3,779,999          | 6,331,037          | 10,976,991         | 10,582,873         | 16,208,317         | 17,162,107         | 94.44%            |
| <b>TOTAL FINANCIAL COSTS</b>                  | <b>183,665,700</b> | <b>218,315,877</b> | <b>269,291,990</b> | <b>16,762,483</b>  | <b>28,652,841</b>  | <b>42,147,412</b>  | <b>67.98%</b>     |
| Gross Margin                                  | 151,710,270        | 186,390,435        | 225,243,081        | 117,474,542        | 232,557,940        | 382,841,500        | 60.75%            |
| <b>OPERATING EXPENSES</b>                     |                    |                    |                    |                    |                    |                    |                   |
| Personnel                                     | 52,918,313         | 74,908,361         | 92,407,866         | 23,323,469         | 53,545,233         | 82,931,629         | 64.57%            |
| Governance                                    | 17,694,575         | 25,196,499         | 29,071,928         | 4,387,855          | 17,928,121         | 22,064,864         | 81.25%            |
| Marketing                                     | 1,545,566          | 2,489,027          | 1,743,200          | 392,686            | 1,247,912          | 3,422,265          | 36.46%            |
| Depreciation                                  | 5,300,470          | 5,938,698          | 5,005,974          | 218,399            | 436,798            | 1,506,694          | 28.99%            |
| Administration                                | 43,497,363         | 43,471,752         | 57,869,374         | 16,234,027         | 31,537,488         | 49,363,842         | 63.89%            |
| <b>TOTAL OPERATING EXPENSES</b>               | <b>120,956,287</b> | <b>152,004,337</b> | <b>186,098,342</b> | <b>44,556,436</b>  | <b>104,695,552</b> | <b>159,289,293</b> | <b>65.73%</b>     |
| Provision for Risk Assets                     | 68,500             | 300,000            | 1,100,169          | 148,986            | 1,931,441          | 9,991,026          | 19.33%            |
| <b>Net Income from Operations</b>             | <b>30,685,483</b>  | <b>34,086,098</b>  | <b>38,044,570</b>  | <b>72,769,120</b>  | <b>125,930,947</b> | <b>213,561,181</b> | <b>58.97%</b>     |
| <b>OTHER INCOME / EXPENSE</b>                 |                    |                    |                    |                    |                    |                    |                   |
| Previous period adjustments (Net)             | (438,273)          | (1,445,365)        | 527,703            | 0                  | 64,845             | 64,845             | 100.00%           |
| Extraordinary Items (Net)                     | (4,920,423)        | (1,827,424)        | (7,394,260)        | (2,840,608)        | (5,640,879)        | (17,565)           | 32114.31%         |
| <b>TOTAL OTHER INCOME/EXPENSE</b>             | <b>(5,358,696)</b> | <b>(3,272,789)</b> | <b>(6,866,557)</b> | <b>(2,840,608)</b> | <b>(5,576,034)</b> | <b>47,280</b>      | <b>-11793.64%</b> |
| <b>Net Income/Loss</b>                        | <b>25,326,787</b>  | <b>30,813,309</b>  | <b>31,178,013</b>  | <b>69,928,512</b>  | <b>120,354,913</b> | <b>213,608,462</b> | <b>56.34%</b>     |

|                                               | 31-Dec-98 | 31-Dec-99 | 31-Mar-00 | 30-Jun-00 | 30-Sep-00 |
|-----------------------------------------------|-----------|-----------|-----------|-----------|-----------|
| <b>Number of Credit Unions in this Report</b> | 16        | 16        | 16        | 16        | 16        |
| <b>Salary Burden</b>                          |           |           |           |           |           |
| Number Of Loans / Number of Loan Officers     | 2,763     | 2,334     | 3,187     | 3,530     | 4,128     |
| Amount Of Loans / Number of Loan Officers     | 197,942   | 405,309   | 3,406,087 | 3,673,847 | 2,292,252 |
| <b>Adjusted Returns*</b>                      |           |           |           |           |           |
| Capital                                       | 18.17%    | 34.24%    | -10.48%   | -4.35%    | 7.04%     |
| Assets                                        | 3.20%     | 6.85%     | -2.41%    | -1.02%    | 1.41%     |
| <b>Sufficiency Ratios**</b>                   |           |           |           |           |           |
| Operational Self Sufficiency                  | 109.20%   | 108.33%   | 218.31%   | 193.02%   | 200.94%   |
| Financial Self Sufficiency                    | 117.98%   | 149.24%   | 62.46%    | 84.50%    | 107.44%   |
| Subsidy Dependency Index                      | 0.27%     | -26.46%   | 25.54%    | 35.78%    | 41.41%    |
| <b>Efficiency Ratios***</b>                   |           |           |           |           |           |
| Portfolio Turnover                            | 39.65%    | 51.99%    | 18.82%    | 43.39%    | 45.62%    |
| Administrative Efficiency                     | 11.97%    | 12.21%    | 2.44%     | 5.10%     | 7.57%     |

1. The RATE used in the calculation of all ratios is inflation or market rate of the product (savings, credit, etc.), whichever is higher.
2. Required Provision Expenses are 100% of all loans delinquent greater than 12 months and either the WOCCU standard of 35% of loans delinquent from 1-12 months or local requirements where appropriate.

**\*Explanation of Adjusted Return Ratios**

**Adjusted return on Capital**

$(\text{Gross Income} - \text{Operating Subsidies} - ((\text{Average Deposits Balance} * \text{RATE}) + (\text{Average External Credit Balance} * \text{RATE}) + (\text{Average Share Balance} * \text{RATE}) + \text{Operating Expenses} + \text{Required Provision Expenses})) / (\text{Institutional Capital} + \text{Transitory Capital})$

**Adjusted Return on Assets**

$(\text{Gross Income} - \text{Operating Subsidies} - ((\text{Average Deposits Balance} * \text{RATE}) + (\text{Average External Credit Balance} * \text{RATE}) + (\text{Average Share Balance} * \text{RATE}) + \text{Operating Expenses} + \text{Required Provision Expenses})) / \text{Avg. Assets}$

**\*\*Explanation of Sufficiency Ratios**

**Operational Self Sufficiency**

$(\text{Gross Income} - \text{Operating Subsidies}) / (\text{Deposit Costs} + \text{External Credit Costs} + \text{Share Costs} + \text{Operating Expenses} + \text{Provision Expenses} + \text{Other Expenses} + \text{Operating Subsidies})$

**Financial Self Sufficiency**

$(\text{Gross Income} - \text{Operating Subsidies}) / ((\text{Average Deposits Balance} * \text{RATE}) + (\text{Average External Credit Balance} * \text{RATE}) + (\text{Average Share Balance} * \text{RATE}) + \text{Operating Expenses} + \text{Required Provision Expenses} + \text{Other Expenses} + \text{Operating Subsidies})$

**Subsidy Dependency Index**

$([\text{Average Deposits Balance} * (\text{RATE} - \text{Weighted Interest Rate } \{R5\})] + [\text{Average External Credit Balance} * (\text{RATE} - \text{Weighted Rate } \{R6\})] - [\text{Average Share Balance} * (\text{RATE} - \text{Weighted Interest Rate } \{R7\})] + [(\text{Institutional Capital} + \text{Transitory Capital}) * \text{RATE } \{\text{Savings}\}] + \text{Subsidies}) / (\text{Average Loan Portfolio} * \text{Annualized Loan Interest Rate } \{R1\})$

**\*\*\*Explanation of Efficiency Ratios**

**Portfolio Turnover**

Amount of Loans Disbursed During Current Reporting Period / Gross Average Loan Portfolio

**Administrative Efficiency**

Operating Expenses / Average Gross Loan Portfolio





World Council of Credit Unions, Inc.

**Microfinance Expansion Program (MEP)  
4<sup>th</sup> QUARTER 2000 REPORT**

**Bandari  
Savings and Credit Cooperative (SACCO)**

**Nairobi, Kenya  
February 16, 2001**

Microfinance Expansion  
Programme (MEP)  
Isaac Gathanju Road  
Off James Gichuru Road, Lavington  
P.O. Box 979 Village Market  
Nairobi, Kenya

Phone: (254) 2-48053/48122/7/9  
Fax: (254) 2-48112  
E-mail: [woccu@form-net.com](mailto:woccu@form-net.com)

*"Quality  
Credit Unions  
for Everyone"*

World Council of Credit Unions, Inc. (WOCCU), Kenya  
 Microfinance Expansion Program (MEP)  
 Bandari SACCO  
 4<sup>th</sup> Quarter, 2000, PEARLS Analysis

| SACCO Prudential Standards           | Analysis of Bandari SACCO's Status<br>By the end of the 4 <sup>th</sup> Quarter, 2000 <sup>1</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|--------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Protection</i>                    | <ul style="list-style-type: none"> <li>• Bandari SACCO has no loans delinquent over 12 months; <i>WOCCU has provided the SA CCO with the Loan Portfolio Analysis Tool to enable it continue tracking delinquency accurately. The Loan Officer and the Accountant have been trained on the use of the tool;</i></li> <li>• Bandari SACCO has provided 752.69% for loans delinquent between 1 month and 12 months; <i>some of the previously delinquent loans that had been provided for have been recovered but the SA CCO has not released the provisions. WOCCU is encouraging the SA CCO to continue providing for expected loan losses;</i></li> <li>• Bandari SACCO is fully solvent (115.69%); <i>the SA CCO does not have any problem assets, Liabilities or Capital discrepancy and has made adequate provisions against expected loan losses;</i></li> <li>• Bandari SACCO's net institutional capital is high, at 6.28% - <i>the SA CCO has capitalized revenue reserves and has provided more than the required 35% on delinquent loans hence the high net institutional capital.</i></li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <i>Effective Financial Structure</i> | <ul style="list-style-type: none"> <li>• Bandari SACCO has attained the ideal asset structure (89% of its assets are productive) in the following areas:           <ul style="list-style-type: none"> <li>• Loans – 80.14%;</li> <li>• Liquid investments – 0.64%;</li> <li>• Financial investments – 8.22%;</li> </ul> </li> <li>• Bandari SACCO does not have any non-financial investments.</li> <li>• Bandari SACCO has not attained the ideal asset financing structure:           <ul style="list-style-type: none"> <li>• Savings Deposits – 0.00%;</li> <li>• External Credit – 6.95%, <i>a decline from the June 2000 level of 11.06% - WOCCU continues to encourage the SA CCO to reduce external credit to the lowest level, 0%;</i></li> <li>• Share Capital – 80.02%;</li> <li>• Institutional Capital – 5.37%, <i>an excellent improvement over the June 2000 level of 2.06%;</i></li> </ul> </li> </ul> <p><i>Given that the SA CCO does not offer withdrawable savings services, it has appropriately maintained a low level of liquidity;</i></p> <p><i>The SA CCO continues being resistant to starting front office services for its members but WOCCU is still encouraging the SA CCO to start offering these services to its members; the SA CCO has, however, introduced instant share capital withdrawals for its members; it has also introduced special fixed deposit schemes that pay above market returns to the savers;</i></p> <p><i>External credit at 6.95% is relatively high though a decline from 11.05% in June. The SA CCO's bank loans declined by 45.74% compared to June 2000;</i></p> <p><i>The SA CCO resolved and Capitalized account discrepancy (capital); consequently, Institutional Capital grew by 150.22% not withstanding the fact that the SA CCO has not accrued for statutory reserves.</i></p> |

<sup>1</sup> The 4<sup>th</sup> quarter report presents an analysis of financial information for September 30, 2000.

World Council of Credit Unions, Inc. (WOCCU), Kenya  
 Microfinance Expansion Program (MEP)  
 Bandari SACCO  
 4<sup>th</sup> Quarter, 2000, PEARLS Analysis

| SACCO Prudential Standards       | Analysis of Bandari SACCO's Status<br>By the end of the 4 <sup>th</sup> Quarter, 2000 <sup>2</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Asset Quality</i>             | <ul style="list-style-type: none"> <li>• At 0.49%, Delinquency is negligible <i>since the SACCO is principally employee based, with a check-off arrangement with the employer, and the SACCO has also embarked on an aggressive collection program as well as recovering delinquent balances from the co-signors all of which have contributed to the reduction in delinquency;</i></li> <li>• Non-earning Assets shot up to 11.00% of total assets from 1.24% in June 2000. <i>This resulted from increased balances in checking accounts (recorded a 605.4% growth) – this money was put in the checking accounts pending the release of cheques to members for the loans approved at the end of September 2000. The employer delayed in remitting the dues for September occasioning a non-earning asset, Payroll Deductions Receivable, of Ksh 18.9 million;</i></li> <li>• Bandari SACCO is financing all its non-earning assets from institutional reserves and other non-interest bearing liabilities – zero cost funds stand at 126.78%, <i>though a decrease from 1511.75% in June 2000.</i></li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <i>Rates of return and costs</i> | <ul style="list-style-type: none"> <li>• The effective loan yield, at 12.89%, <i>is relatively low and below market but an improvement over the 10.59% recorded to June 2000. WOCCU is advising the SACCO to ensure that all revenues due to the SACCO are collected fully and on time;</i></li> <li>• Financial investments have reported a yield of 0.38% down from 0.50% to June 2000, <i>which is low. It is expected that the rate will improve at the end of the year when the banks/other financial institutions declare a return on depositors funds;</i></li> <li>• Liquid Investments reported 34.46% – <i>this is high and well above market;</i></li> </ul> <p><i>WOCCU is encouraging the SACCO to relate its interest rates closer to market – and Bandari has already introduced loan products that are charging higher rates, for shorter periods; Bandari does not have non-financial investments. The liquid and financial investments pay a return semi-annually or annually (bank savings accounts, Central Finance deposits etc);</i></p> <ul style="list-style-type: none"> <li>• Financial costs on savings deposits are nil, <i>since Bandari SACCO has no front office;</i></li> <li>• External credit costs are high, at 22.93% up from 15.26% <i>in the 3<sup>rd</sup> Quarter, and higher than the market cost of 20.60%. This is mainly because the SACCO did not accrue interest on borrowed funds in the 3<sup>rd</sup> Quarter. WOCCU continues to emphasize the need to rely on savings mobilization rather than external credit;</i></li> <li>• No dividends on member shares, <i>since dividends are determined annually post net income and Bandari SACCO does not accrue for the same;</i></li> <li>• Gross margin and Net income are both high, <i>primarily because the SACCO does not accrue for member dividends;</i></li> <li>• Operating expenses continue being low, at 3.46%, <i>primarily due to the low remuneration structure within the SACCO and the parent company subsidizing some of the SACCO operations (free housing, payroll deduction system, etc);</i></li> <li>• The SACCO does not have non-recurring incomes/expenses.</li> </ul> |

<sup>2</sup> The 4<sup>th</sup> quarter report presents an analysis of financial information for September 30, 2000.

World Council of Credit Unions, Inc. (WOCCU), Kenya  
 Microfinance Expansion Program (MEP)  
 Bandari SACCO  
 4<sup>th</sup> Quarter, 2000, PEARLS Analysis

| SACCO Prudential Standards | Analysis of Bandari SACCO's Status<br>By the end of the 4 <sup>th</sup> Quarter, 2000 <sup>3</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Liquidity</i>           | <ul style="list-style-type: none"> <li>• Non-earning liquid assets are high, at 3.79% up from 0.55% in 3<sup>rd</sup> Quarter, <i>due to increase in checking account balances noted above;</i></li> <li>• The SACCO has no money in the CFF, <i>because the league does not offer liquidity reserve facilities.</i></li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <i>Signs of Growth</i>     | <ul style="list-style-type: none"> <li>• Total assets registered excellent growth, at 27.02%, <i>which is well above inflation;</i></li> <li>• Loans registered a growth of 13.67%, <i>which is lower than S1 – the delay in remitting member dues by the parent company led to a reduced disbursement of loans in September. Furthermore, the amount in checking accounts (Ksh 18.9 million) was disbursed as loans hence the situation is expected to improve in the last quarter of 2000;</i></li> <li>• External credit grew by 440.89% to September 2000, <i>a reduction over the 3<sup>rd</sup> Quarter's growth of 1171.01%. WOCCU continues to encourage the SACCO to reduce its dependence on external credit;</i></li> <li>• Institutional capital grew by a massive 150.22%, compared to a 36.98% decline to June 2000 – <i>as noted above the SACCO capitalized some of its revenue reserves as well as resolved some of its capital accounting discrepancies;</i></li> <li>• Membership registered a marginal decline of 0.40%.</li> </ul> |

<sup>3</sup> The 4<sup>th</sup> quarter report presents an analysis of financial information for September 30, 2000.

Based on Local currency

Annual  
Goal % Complete

| P-E-A-R-L-S RATIOS                     | Goals | 31-Dec-97 | 31-Dec-98 | 31-Dec-99 | 31-Mar-00 | 30-Jun-00 | 30-Sep-00 |  |
|----------------------------------------|-------|-----------|-----------|-----------|-----------|-----------|-----------|--|
| Number of Credit Unions in this Report |       | 1         | 1         | 1         | 1         | 1         | 1         |  |

**P PROTECTION**

|                                                                |              |         |         |         |         |         |         |      |
|----------------------------------------------------------------|--------------|---------|---------|---------|---------|---------|---------|------|
| 1. Loan Loss Allowances / Delinq. >12 Mo.                      | 100%         | NA      | NA      | 100.00% | 100.00% | 100.00% | NA      | NA   |
| 2. Net Loan Loss Allow. / Allow. Required for Delinq. 1-12 Mo. | 100% of Goal | 100.00% | NA      | 103.87% | 62.05%  | 300.71% | 752.69% | 40%  |
| 3. Complete Loan Charge-Off of Delinquency > 12 Mo.            | Yes          | Yes     | Yes     | No      | No      | No      | Yes     | 0%   |
| 4. Annual Loan Charge-offs / Average Loan Portfolio            | Minimized    | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0%   |
| 5. Accum. Charge-Offs Recovered / Accum Charge-Offs            | 100%         | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0%   |
| 6. Solvency                                                    | Min 100%     | 102.26% | 104.75% | 107.93% | 123.91% | 124.95% | 115.69% | 108% |
| 7. Net Institutional Capital                                   | Minimum 10%  | 0.89%   | 1.03%   | 3.04%   | 2.11%   | 2.49%   | 6.28%   | 40%  |

**E EFFECTIVE FINANCIAL STRUCTURE**

|                                             |                  |        |        |        |        |        |        |      |
|---------------------------------------------|------------------|--------|--------|--------|--------|--------|--------|------|
| 1. Net Loans / Total Assets                 | Between 70 - 80% | 83.40% | 81.88% | 87.42% | 85.10% | 85.15% | 80.14% | 106% |
| 2. Liquid Investments / Total Assets        | Max 20 %         | 2.04%  | 1.51%  | 0.14%  | 1.22%  | 5.59%  | 0.64%  | 871% |
| 3. Financial Investments / Total Assets     | Max 10 %         | 6.27%  | 7.98%  | 7.12%  | 6.44%  | 8.02%  | 8.22%  | 98%  |
| 4. Non-Financial Investments / Total Assets | 0%               | 0.00%  | 0.00%  | 0.00%  | 0.00%  | 0.00%  | 0.00%  | 0%   |
| 5. Savings Deposits / Total Assets          | Between 70 - 80% | 0.00%  | 0.00%  | 0.00%  | 0.00%  | 0.00%  | 0.00%  | 0%   |
| 6. External Credit / Total Assets           | 0                | 8.23%  | 0.23%  | 1.94%  | 8.73%  | 11.06% | 6.95%  | 159% |
| 7. Member Share Capital / Total Assets      | Max 20 %         | 83.78% | 89.83% | 86.40% | 72.86% | 70.64% | 80.02% | 88%  |
| 8. Institutional Capital / Total Assets     | Minimum 10%      | 0.89%  | 1.03%  | 3.03%  | 2.18%  | 2.06%  | 5.37%  | 38%  |

**A ASSET QUALITY**

|                                              |                               |        |         |         |         |          |         |       |
|----------------------------------------------|-------------------------------|--------|---------|---------|---------|----------|---------|-------|
| 1. Total Delinquency / Gross Loan Portfolio  | Less Than or Equal To 5%      | 0.00%  | 0.00%   | 0.77%   | 0.77%   | 0.95%    | 0.49%   | 194%  |
| 2. Non-Earning Assets / Total Assets         | Less Than or Equal To 5%      | 8.30%  | 8.64%   | 5.33%   | 7.24%   | 1.24%    | 11.00%  | 11%   |
| 3. Net Zero Cost Funds / Non-earning. Assets | Greater Than or Equal To 100% | 96.22% | 115.07% | 218.96% | 253.34% | 1511.75% | 126.78% | 1192% |

**R RATES OF RETURN AND COSTS (ANNUALIZED)**

|                                                        |                                 |        |        |        |        |        |        |      |
|--------------------------------------------------------|---------------------------------|--------|--------|--------|--------|--------|--------|------|
| 1. Net Loan Income / Average Net Loan Portfolio        | Enterpreneurial Rate            | 10.89% | 12.66% | 13.77% | 12.80% | 10.59% | 12.89% | 82%  |
| 2. Liquid Inv. Income / Avg. Liquid Investments        | Market Rates                    | 2.46%  | 8.23%  | 1.64%  | 0.00%  | 0.00%  | 34.46% | 0%   |
| 3. Fin. Investment Income / Avg. Fin. Investments      | Market Rates                    | 3.15%  | 0.64%  | 0.07%  | 0.00%  | 0.50%  | 0.38%  | 134% |
| 4. Non-Fin. Inv. Income / Avg. Non-Fin. Investmtns     | Greater Than or Equal to R1     | NA     | NA     | NA     | NA     | NA     | NA     | NA   |
| 5. Fin Costs: Savings Deposits / Avg. Savings Deposits | Market Rates                    | NA     | NA     | NA     | NA     | NA     | NA     | NA   |
| 6. Fin Costs: External Credit / Avg. External Credit   | Less Than or Equal to R5        | 12.37% | 17.59% | 99.36% | 19.74% | 15.26% | 22.93% | 67%  |
| 7. Fin Costs: Member Shares / Avg. Member Shares       | Greater Than or Equal to R5     | 4.18%  | 5.64%  | 5.00%  | 0.00%  | 0.00%  | 0.00%  | 0%   |
| 8. Gross Margin / Average Assets                       | Amount Needed to Cover R9, R10  | 4.87%  | 5.05%  | 6.07%  | 10.03% | 8.16%  | 9.91%  | 82%  |
| 9. Operating Expenses / Average Assets                 | 3 -10%                          | 4.32%  | 4.22%  | 3.45%  | 3.69%  | 3.70%  | 3.46%  | 107% |
| 10. Provisions for Risk Assets / Average Assets        | Sufficient for Estimated Losses | 0.00%  | 0.00%  | 0.32%  | 0.00%  | 1.35%  | 1.19%  | 113% |
| 11. Other Income or Expense / Average Assets           | Amount Needed                   | 0.00%  | -1.80% | -0.30% | 0.00%  | 0.00%  | 0.00%  | 0%   |
| 12. Net Income / Average Assets                        | Enough to reach the goal for E8 | 0.55%  | 2.63%  | 2.60%  | 6.34%  | 3.11%  | 5.26%  | 59%  |

**L LIQUIDITY**

|                                                 |                |       |       |       |       |       |       |     |
|-------------------------------------------------|----------------|-------|-------|-------|-------|-------|-------|-----|
| 1. Liquid Assets - ST Payables / Total Deposits | Minimum 15%    | NA    | NA    | NA    | NA    | NA    | NA    | NA  |
| 2. Liquidity Reserves / Total Savings Deposits  | 10%            | NA    | NA    | NA    | NA    | NA    | NA    | NA  |
| 3. Non-Earning Liquid Assets / Total Assets     | Less Than 1 %  | 0.02% | 8.12% | 4.99% | 6.90% | 0.55% | 3.79% | 15% |
| 4. Deposits in CFF / Total Available Liquidity  | Maximum Amount | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0%  |

**S SIGNS OF GROWTH (ANNUAL GROWTH RATES)**

|                          |                                  |         |         |         |          |          |         |       |
|--------------------------|----------------------------------|---------|---------|---------|----------|----------|---------|-------|
| 1. Total Assets          | More Than Inflation              | 39.59%  | 20.51%  | 30.25%  | 53.79%   | 40.07%   | 27.02%  | 148%  |
| 2. Loans to Members      | Sufficient to Achieve Goal in E1 | 49.54%  | 18.31%  | 39.07%  | 41.75%   | 33.83%   | 13.67%  | 248%  |
| 3. Savings Deposits      | Sufficient to Achieve Goal in E5 | 0.00%   | 0.00%   | 0.00%   | 0.00%    | 0.00%    | 0.00%   | 0%    |
| 4. External Credit       | 0%                               | 100.00% | -96.61% | 990.57% | 1646.03% | 1171.01% | 440.89% | 266%  |
| 5. Share Capital         | Sufficient to Achieve Goal in E7 | 25.95%  | 29.21%  | 25.28%  | -17.53%  | -3.81%   | 15.17%  | -25%  |
| 6. Institutional Capital | Sufficient to Achieve Goal in E8 | 24.53%  | 39.92%  | 282.15% | -74.36%  | -36.98%  | 150.22% | -25%  |
| 7. Membership            | Minimum 5%                       | -2.63%  | -4.97%  | -1.68%  | -0.76%   | 0.16%    | -0.40%  | -249% |

Inflation Rate (Annualized)

|  |        |        |       |       |       |       |
|--|--------|--------|-------|-------|-------|-------|
|  | 11.20% | 10.60% | 5.10% | 6.30% | 7.30% | 8.20% |
|--|--------|--------|-------|-------|-------|-------|

57

Based on Local currency

Annual Goal

% Complete

|                                                             | 31/12/1997   | 31/12/1998   | 31/12/1999   | 31/03/2000   | 30/06/2000   | 30/09/2000   |                |
|-------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|
| Number of Credit Unions in this Report                      | 1            | 1            | 1            | 1            | 1            | 1            |                |
| <b>Number Of CU Members</b>                                 |              |              |              |              |              |              |                |
| Men                                                         | 2,329        | 2,213        | 2,176        | 2,172        | 2,178        | 2,170        | 100.37%        |
| Women                                                       | 1,553        | 1,476        | 1,451        | 1,448        | 1,452        | 1,446        | 100.41%        |
| Gender not Reported                                         | 0            | 0            | 0            | 0            | 0            | 0            | 0.00%          |
| <b>Total Number Of Members</b>                              | <b>3,882</b> | <b>3,689</b> | <b>3,627</b> | <b>3,620</b> | <b>3,630</b> | <b>3,616</b> | <b>100.39%</b> |
| <b>Number of Other Service Users</b>                        |              |              |              |              |              |              |                |
| Youth                                                       | 0            | 0            | 0            | 0            | 0            | 0            | 0.00%          |
| Third Parties                                               | 0            | 0            | 0            | 0            | 0            | 0            | 0.00%          |
| <b>Total Number of Other CU Service Users</b>               | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0.00%</b>   |
| <b>Total Number Of Members &amp; Other CU Service Users</b> | <b>3,882</b> | <b>3,689</b> | <b>3,627</b> | <b>3,620</b> | <b>3,630</b> | <b>3,616</b> | <b>100.39%</b> |

**Assets****Earning Assets****Loans to Members**

|                         |                    |                    |                    |                    |                    |                    |             |
|-------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-------------|
| Short Term (<=1 Year)   | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%          |
| Medium-Term (1-3 Years) | 130,582,213        | 154,400,574        | 215,696,736        | 238,008,116        | 254,076,524        | 240,329,576        | 106%        |
| Long-Term (> 3 Years)   | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%          |
| Other Special Loans     | 1,363,965          | 1,701,303          | 2,092,718          | 2,370,741          | 2,187,287          | 2,183,852          | 100%        |
| Loan Loss Allowances    | 0                  | 0                  | (700,169)          | (700,169)          | (2,541,610)        | (3,147,469)        | 81%         |
| <b>Total Net Loans</b>  | <b>131,946,178</b> | <b>156,101,877</b> | <b>217,089,285</b> | <b>239,678,688</b> | <b>253,722,201</b> | <b>239,365,959</b> | <b>106%</b> |

**Liquid Investments**

|                                       |                  |                  |                |                  |                   |                  |             |
|---------------------------------------|------------------|------------------|----------------|------------------|-------------------|------------------|-------------|
| Liquidity Reserves - CFF              | 0                | 0                | 0              | 0                | 0                 | 0                | 0%          |
| Other Liquidity Reserves              | 0                | 0                | 0              | 0                | 0                 | 0                | 0%          |
| Short-Term CFF Deposits               | 0                | 0                | 0              | 0                | 0                 | 0                | 0%          |
| Short-Term Bank Deposits              | 3,222,178        | 2,874,830        | 340,640        | 3,426,633        | 16,659,920        | 1,918,410        | 868%        |
| Short-Term Securities and Investments | 0                | 0                | 0              | 0                | 0                 | 0                | 0%          |
| Other Liquid Investments 1            | 0                | 0                | 0              | 0                | 0                 | 0                | 0%          |
| Other Liquid Investments 2            | 0                | 0                | 0              | 0                | 0                 | 0                | 0%          |
| Other Liquid Investments 3            | 0                | 0                | 0              | 0                | 0                 | 0                | 0%          |
| Liquid Investments Allowances         | 0                | 0                | 0              | 0                | 0                 | 0                | 0%          |
| <b>Total Liquid Investments</b>       | <b>3,222,178</b> | <b>2,874,830</b> | <b>340,640</b> | <b>3,426,633</b> | <b>16,659,920</b> | <b>1,918,410</b> | <b>868%</b> |

**Financial Investments**

|                                    |                  |                   |                   |                   |                   |                   |            |
|------------------------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------|
| Shares - League/Affiliation        | 77,000           | 77,000            | 87,000            | 87,000            | 87,000            | 87,000            | 100%       |
| Long-Term CFF Deposit              | 541,000          | 860,872           | 1,108,825         | 1,168,525         | 1,320,631         | 1,379,430         | 96%        |
| Long-Term Bank Deposits            | 7,318,454        | 12,298,885        | 14,498,885        | 14,898,885        | 20,498,885        | 21,098,885        | 97%        |
| Long-Term Securities & Investments | 89,449           | 89,449            | 89,449            | 89,449            | 89,449            | 89,449            | 100%       |
| Other Financial Investments 1      | 1,888,100        | 1,888,100         | 1,888,100         | 1,888,100         | 1,888,100         | 1,888,100         | 100%       |
| Other Financial Investments 2      | 0                | 0                 | 0                 | 0                 | 0                 | 0                 | 0%         |
| Other Financial Investments 3      | 0                | 0                 | 0                 | 0                 | 0                 | 0                 | 0%         |
| Financial Investments Allowances   | 0                | 0                 | 0                 | 0                 | 0                 | 0                 | 0%         |
| <b>Total Financial Investments</b> | <b>9,914,003</b> | <b>15,214,306</b> | <b>17,672,259</b> | <b>18,131,959</b> | <b>23,884,065</b> | <b>24,542,864</b> | <b>97%</b> |

**Non-Financial Investments**

|                                        |                    |                    |                    |                    |                    |                    |             |
|----------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-------------|
| Various                                | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%          |
| Non-Financial Investments Allowances   | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%          |
| <b>Total Non-Financial Investments</b> | <b>0</b>           | <b>0</b>           | <b>0</b>           | <b>0</b>           | <b>0</b>           | <b>0</b>           | <b>0%</b>   |
| <b>Total Earning Assets</b>            | <b>145,082,359</b> | <b>174,191,013</b> | <b>235,102,184</b> | <b>261,237,280</b> | <b>294,266,186</b> | <b>265,827,233</b> | <b>111%</b> |

**Additional Loan Portfolio Information**

| Delinquency Based on Outstanding Balance of Loan? | Balance     | Balance     | Balance          | Balance          | Balance          | Balance          |             |
|---------------------------------------------------|-------------|-------------|------------------|------------------|------------------|------------------|-------------|
| <b>Delinquency</b>                                |             |             |                  |                  |                  |                  |             |
| 1 Day to 1 Month                                  | 0           | 0           | 0                | 0                | 0                | 0                | 0%          |
| TO 12 Months                                      | 0           | 0           | 1,526,970        | 1,457,894        | 1,796,575        | 1,194,751        | 150%        |
| More Than 12 Months                               | 0           | 0           | 145,070          | 383,547          | 650,724          | 0                | 0%          |
| <b>Total Balance Of Delinquent Loans</b>          | <b>0</b>    | <b>0</b>    | <b>1,672,040</b> | <b>1,841,441</b> | <b>2,447,299</b> | <b>1,194,751</b> | <b>205%</b> |
| Loans to Members (Gross)                          | 131,946,178 | 156,101,877 | 217,789,454      | 240,378,857      | 256,263,811      | 242,513,428      | 106%        |
| Accumulated Charge-Offs (Historical)              | 0           | 0           | 0                | 0                | 0                | 0                | 0%          |
| Recovery of Loans Charged-Off (Historical)        | 0           | 0           | 0                | 0                | 0                | 0                | 0%          |

Based on Local currency

Annual Goal

% Complete

|                                          | 31/12/1997         | 31/12/1998         | 31/12/1999         | 31/03/2000         | 30/06/2000         | 30/09/2000         |             |
|------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-------------|
| <b>Non-Earning Assets</b>                |                    |                    |                    |                    |                    |                    |             |
| <i>Liquid Assets</i>                     |                    |                    |                    |                    |                    |                    |             |
| Cash & Equivalents                       | 36,526             | 13,780             | 37,105             | 36,869             | 36,534             | 17,254             | 212%        |
| Current Accounts (Checking)              | 0                  | 15,462,019         | 12,349,667         | 19,403,393         | 1,601,692          | 11,298,695         | 14%         |
| Foreign Currency                         | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%          |
| Liquidity Reserves - CFF                 | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%          |
| Other Liquidity Reserves                 | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%          |
| Other Liquid Assets                      | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%          |
| <b>Total Liquid Assets</b>               | <b>36,526</b>      | <b>15,475,799</b>  | <b>12,386,772</b>  | <b>19,440,262</b>  | <b>1,638,226</b>   | <b>11,315,949</b>  | <b>14%</b>  |
| <i>Accounts Receivable</i>               |                    |                    |                    |                    |                    |                    |             |
| Debtors                                  | 72,379             | 2,500              | 0                  | 0                  | 0                  | 0                  | 0%          |
| Interest Receivable                      | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%          |
| Notes Receivable                         | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%          |
| Payroll Deductions Receivable            | 12,608,761         | 0                  | 0                  | 0                  | 0                  | 18,875,494         | 0%          |
| Other Accounts Receivable                | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%          |
| Receivable Loss Allowances               | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%          |
| <b>Total Accounts Receivable</b>         | <b>12,681,140</b>  | <b>2,500</b>       | <b>0</b>           | <b>0</b>           | <b>0</b>           | <b>18,875,494</b>  | <b>0%</b>   |
| <i>Fixed Assets</i>                      |                    |                    |                    |                    |                    |                    |             |
| Land                                     | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%          |
| Buildings (Cost)                         | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%          |
| Accumulated Depreciation - Buildings     | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%          |
| Leasehold Improvements                   | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%          |
| Accum. Depreciation - Leasehold Improv.  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%          |
| Furniture & Equipment                    | 415,052            | 973,599            | 1,562,898          | 1,590,173          | 2,689,523          | 3,306,723          | 81%         |
| Accum. Depreciation - Furniture & Equip. | 0                  | 0                  | (715,622)          | (637,400)          | (637,400)          | (637,400)          | 100%        |
| <b>Total Net Fixed Assets</b>            | <b>415,052</b>     | <b>973,599</b>     | <b>847,276</b>     | <b>952,773</b>     | <b>2,052,123</b>   | <b>2,669,323</b>   | <b>77%</b>  |
| <i>Other Assets</i>                      |                    |                    |                    |                    |                    |                    |             |
| Assets in Liquidation                    | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%          |
| Organization Expenses                    | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%          |
| Prepaid Expenses                         | 0                  | 15,000             | 0                  | 0                  | 0                  | 0                  | 0%          |
| Other Deferred Assets                    | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%          |
| Accumulated Amortization                 | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%          |
| <b>Total Other Assets</b>                | <b>0</b>           | <b>15,000</b>      | <b>0</b>           | <b>0</b>           | <b>0</b>           | <b>0</b>           | <b>0%</b>   |
| <i>Problem Assets</i>                    |                    |                    |                    |                    |                    |                    |             |
| Doubtful Assets                          | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%          |
| Accounting Discrepancy - Assets          | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%          |
| Other Problem Assets                     | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%          |
| <b>Total Problem Assets</b>              | <b>0</b>           | <b>0</b>           | <b>0</b>           | <b>0</b>           | <b>0</b>           | <b>0</b>           | <b>0%</b>   |
| <b>Total Non-Earning Assets</b>          | <b>13,132,718</b>  | <b>16,466,898</b>  | <b>13,234,048</b>  | <b>20,393,035</b>  | <b>3,690,349</b>   | <b>32,860,766</b>  | <b>11%</b>  |
| <b>Total Assets</b>                      | <b>158,215,077</b> | <b>190,657,911</b> | <b>248,336,232</b> | <b>281,630,315</b> | <b>297,956,535</b> | <b>298,687,999</b> | <b>100%</b> |

Based on Local currency

Annual Goal

% Complete

31/12/1997 31/12/1998 31/12/1999 31/03/2000 30/06/2000 30/09/2000

**LIABILITIES****INTEREST BEARING LIABILITIES****Savings Deposits**

|                               |          |          |          |          |          |          |           |
|-------------------------------|----------|----------|----------|----------|----------|----------|-----------|
| Regular Savings               | 0        | 0        | 0        | 0        | 0        | 0        | 0%        |
| Term/Fixed Savings            | 0        | 0        | 0        | 0        | 0        | 0        | 0%        |
| Youth Savings                 | 0        | 0        | 0        | 0        | 0        | 0        | 0%        |
| Special Savings               | 0        | 0        | 0        | 0        | 0        | 0        | 0%        |
| Pledged Savings               | 0        | 0        | 0        | 0        | 0        | 0        | 0%        |
| <b>Total Savings Deposits</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0%</b> |

**External Credit**

|                                               |                   |                |                  |                   |                   |                   |             |
|-----------------------------------------------|-------------------|----------------|------------------|-------------------|-------------------|-------------------|-------------|
| External Credit - CFF (<= 1 Year)             | 0                 | 0              | 0                | 0                 | 0                 | 0                 | 0%          |
| External Credit - CFF (> 1 Year)              | 0                 | 0              | 0                | 1,900,000         | 1,662,499         | 1,424,998         | 117%        |
| External Credit - Banks                       | 13,024,666        | 0              | 4,816,652        | 22,683,332        | 16,278,617        | 8,833,328         | 184%        |
| Other External Credit - External Institutions | 0                 | 441,663        | 0                | 0                 | 15,000,000        | 10,500,000        | 143%        |
| <b>Total External Credit</b>                  | <b>13,024,666</b> | <b>441,663</b> | <b>4,816,652</b> | <b>24,583,332</b> | <b>32,941,116</b> | <b>20,758,326</b> | <b>159%</b> |
| <b>Total Interest Bearing Liabilities</b>     | <b>13,024,666</b> | <b>441,663</b> | <b>4,816,652</b> | <b>24,583,332</b> | <b>32,941,116</b> | <b>20,758,326</b> |             |

**Non-Interest Bearing Liabilities**

|                                               |                   |                   |                   |                   |                   |                   |             |
|-----------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------|
| Short-Term Accounts Payable (<=30 Days)       | 2,037,145         | 503,228           | 543,371           | 1,298,708         | 0                 | 0                 | 0%          |
| External Credit Payments (<=30 Days)          | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%          |
| Provisions (e.g. Employee Benefits)           | 0                 | 836,045           | 9,778,656         | 0                 | 2,176,303         | 1,478,379         | 147%        |
| Accounting Discrepancy - Liabilities          | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%          |
| Other Liabilities                             | 7,609,956         | 9,472,218         | 1,633,058         | 1,300,533         | 1,090,191         | 2,691,038         | 41%         |
| <b>Total Non-Interest Bearing Liabilities</b> | <b>9,647,101</b>  | <b>10,811,491</b> | <b>11,955,085</b> | <b>2,599,241</b>  | <b>3,266,494</b>  | <b>4,169,417</b>  | <b>78%</b>  |
| <b>Total Liabilities</b>                      | <b>22,671,767</b> | <b>11,253,154</b> | <b>16,771,737</b> | <b>27,182,573</b> | <b>36,207,610</b> | <b>24,927,743</b> | <b>145%</b> |

**CAPITAL****Share Capital**

|                                   |                    |                    |                    |                    |                    |                    |            |
|-----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------|
| Mandatory Shares                  | 132,554,190        | 171,267,345        | 214,563,012        | 205,189,198        | 210,488,608        | 238,997,167        | 88%        |
| Voluntary Shares                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%         |
| <b>Total Member Share Capital</b> | <b>132,554,190</b> | <b>171,267,345</b> | <b>214,563,012</b> | <b>205,189,198</b> | <b>210,488,608</b> | <b>238,997,167</b> | <b>88%</b> |

**Transitory Capital**

|                                  |                  |                  |                  |                   |                   |                   |             |
|----------------------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------|
| Asset Appreciation Over Cost     | 0                | 0                | 0                | 0                 | 0                 | 0                 | 0%          |
| Education & Social Reserves      | 0                | 0                | 0                | 0                 | 0                 | 0                 | 0%          |
| Monetary Reserves                | 0                | 0                | 0                | 0                 | 0                 | 0                 | 0%          |
| Other Reserves                   | 0                | 0                | 0                | 1,998,557         | 4,494,151         | 7,936,402         | 57%         |
| Accounting Discrepancy - Capital | 0                | 0                | 0                | 27,051,742        | 26,501,897        | 0                 | 0%          |
| Undistributed Net Income         | 1,579,808        | 6,165,525        | 9,465,940        | 14,069,884        | 14,118,508        | 10,793,067        | 131%        |
| <b>Total Transitory Capital</b>  | <b>1,579,808</b> | <b>6,165,525</b> | <b>9,465,940</b> | <b>43,120,183</b> | <b>45,114,556</b> | <b>18,729,469</b> | <b>241%</b> |

**Institutional Capital**

|                                    |                  |                  |                  |                  |                  |                   |            |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|-------------------|------------|
| Statutory & Legal Reserves         | 1,225,162        | 1,747,237        | 5,869,511        | 5,869,511        | 5,869,511        | 15,753,970        | 37%        |
| Retained Earnings                  | 0                | 0                | 0                | 0                | 0                | 0                 | 0%         |
| Special Asset Reserves             | 0                | 0                | 0                | 0                | 0                | 0                 | 0%         |
| Donations / Other Reserves         | 184,150          | 224,650          | 1,666,032        | 268,850          | 276,250          | 279,650           | 99%        |
| Undistributed Losses               | 0                | 0                | 0                | 0                | 0                | 0                 | 0%         |
| YTD Net Income (Loss) Transfer     | 0                | 0                | 0                | 0                | 0                | 0                 | 0%         |
| <b>Total Institutional Capital</b> | <b>1,409,312</b> | <b>1,971,887</b> | <b>7,535,543</b> | <b>6,138,361</b> | <b>6,145,761</b> | <b>16,033,620</b> | <b>38%</b> |

**Total Capital**

|                                      |                    |                    |                    |                    |                    |                    |             |
|--------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-------------|
| <b>Total Capital</b>                 | <b>135,543,310</b> | <b>179,404,757</b> | <b>231,564,495</b> | <b>254,447,742</b> | <b>261,748,925</b> | <b>273,760,256</b> | <b>96%</b>  |
| <b>Total Liabilities and Capital</b> | <b>158,215,077</b> | <b>190,657,911</b> | <b>248,336,232</b> | <b>281,630,315</b> | <b>297,956,535</b> | <b>298,687,999</b> | <b>100%</b> |



Annual Goal

% Complete

|                                               | 31/12/1997        | 31/12/1998        | 31/12/1999        | 31/03/2000       | 30/06/2000        | 30/09/2000        |               |
|-----------------------------------------------|-------------------|-------------------|-------------------|------------------|-------------------|-------------------|---------------|
| Number of Credit Unions in this Report        | 1                 | 1                 | 1                 | 1                | 1                 | 1                 |               |
| <b>INCOME</b>                                 |                   |                   |                   |                  |                   |                   |               |
| <b>INCOME FROM LOANS</b>                      |                   |                   |                   |                  |                   |                   |               |
| Interest Income from Loans                    | 11,985,633        | 18,101,404        | 25,699,959        | 7,290,575        | 12,429,326        | 22,090,928        | 56.26%        |
| Delinquent Penalty Interest Income from Loans | 0                 | 0                 | 0                 | 0                | 0                 | 0                 | 0.00%         |
| Commissions/Fees from Loans                   | 0                 | 0                 | 0                 | 0                | 0                 | 0                 | 0.00%         |
| Insurance Premiums for Loans                  | 0                 | 137,115           | 0                 | 0                | 0                 | 0                 | 0.00%         |
| <b>NET LOAN INCOME</b>                        | <b>11,985,633</b> | <b>18,238,519</b> | <b>25,699,959</b> | <b>7,290,575</b> | <b>12,429,326</b> | <b>22,090,928</b> | <b>56.26%</b> |
| Income from Liquid Investments                | 66,306            | 250,831           | 26,375            | 0                | 0                 | 292,192           | 0.00%         |
| Income from Financial Investments             | 192,515           | 79,872            | 10,987            | 0                | 52,306            | 59,626            | 87.72%        |
| Income from Non-Financial Investments         | 0                 | 0                 | 0                 | 0                | 0                 | 0                 | 0.00%         |
| Income from Grants                            | 0                 | 0                 | 0                 | 0                | 0                 | 0                 | 0.00%         |
| Income from Other Sources                     | 147,723           | 206,867           | 320,393           | 90,295           | 135,001           | 244,139           | 55.30%        |
| <b>Gross Income</b>                           | <b>12,392,177</b> | <b>18,776,089</b> | <b>26,057,714</b> | <b>7,380,870</b> | <b>12,616,633</b> | <b>22,686,885</b> | <b>55.61%</b> |
| <b>COSTS/EXPENSES</b>                         |                   |                   |                   |                  |                   |                   |               |
| <b>FINANCIAL COSTS</b>                        |                   |                   |                   |                  |                   |                   |               |
| Interest Expense on Savings Deposits          | 0                 | 0                 | 0                 | 0                | 0                 | 0                 | 0.00%         |
| Insurance Premiums for Savings                | 0                 | 0                 | 0                 | 0                | 0                 | 0                 | 0.00%         |
| <i>Financial Cost - Savings Deposits</i>      | <i>0</i>          | <i>0</i>          | <i>0</i>          | <i>0</i>         | <i>0</i>          | <i>0</i>          | <i>0.00%</i>  |
| Financial Cost on External Credit             | 805,455           | 1,184,256         | 2,612,243         | 723,294          | 1,436,391         | 2,200,810         | 65.27%        |
| Dividend Expense on Shares                    | 4,970,783         | 8,563,367         | 9,655,336         | 0                | 0                 | 0                 | 0.00%         |
| Insurance Premiums for Shares                 | 0                 | 0                 | 0                 | 0                | 0                 | 0                 | 0.00%         |
| <i>Financial Cost - Shares</i>                | <i>4,970,783</i>  | <i>8,563,367</i>  | <i>9,655,336</i>  | <i>0</i>         | <i>0</i>          | <i>0</i>          | <i>0.00%</i>  |
| Taxes on Interest Paid                        | 0                 | 0                 | 0                 | 0                | 0                 | 0                 | 0.00%         |
| Other Financial Costs                         | 0                 | 224,793           | 462,875           | 32,079           | 70,035            | 135,967           | 51.51%        |
| <b>TOTAL FINANCIAL COSTS</b>                  | <b>5,776,238</b>  | <b>9,972,416</b>  | <b>12,730,454</b> | <b>755,373</b>   | <b>1,506,426</b>  | <b>2,336,777</b>  | <b>64.47%</b> |
| Gross Margin                                  | 6,615,939         | 8,803,673         | 13,327,260        | 6,625,497        | 11,110,207        | 20,350,108        | 54.60%        |
| <b>OPERATING EXPENSES</b>                     |                   |                   |                   |                  |                   |                   |               |
| Personnel                                     | 3,820,421         | 5,053,115         | 4,767,246         | 1,550,932        | 3,070,480         | 4,620,192         | 66.46%        |
| Governance                                    | 519,902           | 715,649           | 1,296,929         | 462,912          | 567,217           | 885,167           | 64.08%        |
| Marketing                                     | 140,298           | 232,654           | 25,000            | 27,138           | 185,638           | 200,618           | 92.53%        |
| Depreciation                                  | 71,554            | 148,280           | 127,931           | 0                | 0                 | 0                 | 0.00%         |
| Administration                                | 1,308,624         | 1,209,739         | 1,359,222         | 399,090          | 1,211,382         | 1,403,764         | 86.30%        |
| <b>TOTAL OPERATING EXPENSES</b>               | <b>5,860,799</b>  | <b>7,359,437</b>  | <b>7,576,328</b>  | <b>2,440,072</b> | <b>5,034,717</b>  | <b>7,109,741</b>  | <b>70.81%</b> |
| Provision for Risk Assets                     | 0                 | 0                 | 700,169           | 0                | 1,841,441         | 2,447,300         | 75.24%        |
| <b>Net Income from Operations</b>             | <b>755,140</b>    | <b>1,444,236</b>  | <b>5,050,763</b>  | <b>4,185,425</b> | <b>4,234,049</b>  | <b>10,793,067</b> | <b>39.23%</b> |
| <b>OTHER INCOME / EXPENSE</b>                 |                   |                   |                   |                  |                   |                   |               |
| Previous period adjustments (Net)             | 0                 | (1,000)           | 659,251           | 0                | 0                 | 0                 | 0.00%         |
| Extraordinary Items (Net)                     | (1,835)           | 3,142,483         | 0                 | 0                | 0                 | 0                 | 0.00%         |
| <b>TOTAL OTHER INCOME/EXPENSE</b>             | <b>(1,835)</b>    | <b>3,141,483</b>  | <b>659,251</b>    | <b>0</b>         | <b>0</b>          | <b>0</b>          | <b>0.00%</b>  |
| <b>Net Income/Loss</b>                        | <b>753,305</b>    | <b>4,585,719</b>  | <b>5,710,014</b>  | <b>4,185,425</b> | <b>4,234,049</b>  | <b>10,793,067</b> | <b>39.23%</b> |

|                                               | 31-Dec-98  | 31-Dec-99   | 31-Mar-00   | 30-Jun-00   | 30-Sep-00   |
|-----------------------------------------------|------------|-------------|-------------|-------------|-------------|
| <b>Number of Credit Unions in this Report</b> | 1          | 1           | 1           | 1           | 1           |
| <b>Salary Burden</b>                          |            |             |             |             |             |
| Number Of Loans / Number of Loan Officers     | 1,476      | 1,932       | 2,324       | 2,056       | 2,026       |
| Amount Of Loans / Number of Loan Officers     | 78,050,939 | 108,894,727 | 120,189,429 | 128,131,906 | 121,256,714 |
| <b>Adjusted Returns*</b>                      |            |             |             |             |             |
| Capital                                       | -78.08%    | 34.62%      | -20.75%     | -21.40%     | -15.89%     |
| Assets                                        | -3.64%     | 2.68%       | -3.86%      | -3.79%      | -1.85%      |
| <b>Sufficiency Ratios**</b>                   |            |             |             |             |             |
| Operational Self Sufficiency                  | 108.33%    | 124.04%     | 230.98%     | 150.51%     | 190.75%     |
| Financial Self Sufficiency                    | 74.05%     | 126.28%     | 41.86%      | 53.33%      | 80.03%      |
| Subsidy Dependency Index                      | 47.48%     | 0.80%       | 49.04%      | 72.18%      | 69.40%      |
| <b>Efficiency Ratios***</b>                   |            |             |             |             |             |
| Portfolio Turnover                            | 16.77%     | 118.87%     | 17.69%      | 37.04%      | 63.34%      |
| Administrative Efficiency                     | 5.11%      | 4.05%       | 1.07%       | 2.03%       | 2.85%       |

1. The RATE used in the calculation of all ratios is inflation or market rate of the product (savings, credit, etc.), whichever is higher.
2. Required Provision Expenses are 100% of all loans delinquent greater than 12 months and either the WOCCU standard of 35% of loans delinquent from 1-12 months or local requirements where appropriate.

**\*Explanation of Adjusted Return Ratios**

|                                                                                                                                                                                                                                                                                                                                                |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Adjusted return on Capital</b>                                                                                                                                                                                                                                                                                                              |
| $(\text{Gross Income} - \text{Operating Subsidies} - ((\text{Average Deposits Balance} * \text{RATE}) + (\text{Average External Credit Balance} * \text{RATE}) + (\text{Average Share Balance} * \text{RATE}) + \text{Operating Expenses} + \text{Required Provision Expenses})) / (\text{Institutional Capital} + \text{Transitory Capital})$ |
| <b>Adjusted Return on Assets</b>                                                                                                                                                                                                                                                                                                               |
| $(\text{Gross Income} - \text{Operating Subsidies} - ((\text{Average Deposits Balance} * \text{RATE}) + (\text{Average External Credit Balance} * \text{RATE}) + (\text{Average Share Balance} * \text{RATE}) + \text{Operating Expenses} + \text{Required Provision Expenses})) / \text{Avg. Assets}$                                         |

**\*\*Explanation of Sufficiency Ratios**

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Operational Self Sufficiency</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| $(\text{Gross Income} - \text{Operating Subsidies}) / (\text{Deposit Costs} + \text{External Credit Costs} + \text{Share Costs} + \text{Operating Expenses} + \text{Provision Expenses} + \text{Other Expenses} + \text{Operating Subsidies})$                                                                                                                                                                                                                                        |
| <b>Financial Self Sufficiency</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| $(\text{Gross Income} - \text{Operating Subsidies}) / ((\text{Average Deposits Balance} * \text{RATE}) + (\text{Average External Credit Balance} * \text{RATE}) + (\text{Average Share Balance} * \text{RATE}) + \text{Operating Expenses} + \text{Required Provision Expenses} + \text{Other Expenses} + \text{Operating Subsidies})$                                                                                                                                                |
| <b>Subsidy Dependency Index</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| $([\text{Average Deposits Balance} * (\text{RATE} - \text{Weighted Interest Rate } \{R5\})] + [\text{Average External Credit Balance} * (\text{RATE} - \text{Weighted Rate } \{R6\})] - [\text{Average Share Balance} * (\text{RATE} - \text{Weighted Interest Rate } \{R7\})] + [(\text{Institutional Capital} + \text{Transitory Capital}) * \text{RATE } \{\text{Savings}\}] + \text{Subsidies}) / (\text{Average Loan Portfolio} * \text{Annualized Loan Interest Rate } \{R1\})$ |

**\*\*\*Explanation of Efficiency Ratios**

|                                                                                          |
|------------------------------------------------------------------------------------------|
| <b>Portfolio Turnover</b>                                                                |
| Amount of Loans Disbursed During Current Reporting Period / Gross Average Loan Portfolio |
| <b>Administrative Efficiency</b>                                                         |
| Operating Expenses / Average Gross Loan Portfolio                                        |



World Council of Credit Unions, Inc.

**Microfinance Expansion Program (MEP)  
4<sup>th</sup> QUARTER 2000 REPORT**

**Chai  
Savings and Credit Cooperative (SACCO)**

**Nairobi, Kenya  
February 16, 2001**

Microfinance Expansion  
Programme (MEP)  
Isaac Gathanju Road  
Off James Gichuru Road, Lavington  
P.O. Box 979 Village Market  
Nairobi, Kenya

Phone: (254) 2-48053/48122/7/9  
Fax: (254) 2-48112  
E-mail: [woccu@form-nct.com](mailto:woccu@form-nct.com)

*"Quality  
Credit Unions  
for Everyone"*

World Council of Credit Unions, Inc. (WOCCU), Kenya  
 Microfinance Expansion Program (MEP)  
 Chai SACCO  
 4<sup>th</sup> Quarter, 2000, PEARLS Analysis

| SACCO Prudential Standards           | Analysis of Chai SACCO's Status<br>By the end of the 4 <sup>th</sup> Quarter, 2000 <sup>1</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|--------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Protection</i>                    | <ul style="list-style-type: none"> <li>• Chai SACCO has not provided for delinquent loans; <i>WOCCU has advised Chai SACCO to measure delinquency levels accurately and provide for expected loan losses. The Loan Portfolio Analysis Tool has been installed in their computers and initial training provided to the Manager, the Accountant and the Loan Officers;</i></li> <li>• Chai SACCO has not charged off loans delinquent over 12 months; <i>the SACCO management has been advised to charge off loans delinquent for over 12 months, which they have promised to effect from 2001. The board will also be provided with the plans and formal training on the importance of charging off delinquent loans;</i></li> <li>• Chai SACCO is fully solvent at 111.47%; <i>once the SACCO has started to provide against delinquent loans, solvency is expected to improve further;</i></li> <li>• Chai SACCO has a high positive net institutional capital – 5.25%, <i>an excellent indicator. WOCCU will continue to work with the SACCO to ensure that there are no problem assets and delinquent loans are fully provided for to ensure the safety and soundness of member funds.</i></li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <i>Effective Financial Structure</i> | <ul style="list-style-type: none"> <li>• Chai SACCO has attained the ideal asset structure. 95.07% of the SACCO's assets are productive (though a marginal decrease from 95.82% in June 2000):                             <ul style="list-style-type: none"> <li>• Loans – 92.43%;</li> <li>• Liquid investments – 0.39%;</li> <li>• Financial investments – 2.25%;</li> </ul> </li> <li>• Chai SACCO does not have non-financial investments;</li> <li>• Chai SACCO has not attained the ideal asset financing structure:                             <ul style="list-style-type: none"> <li>• Savings Deposits – 0.92% up from 0.78% in June;</li> <li>• External Credit – 3.43% down from 4.28% in June;</li> <li>• Share Capital – 82.54% up from 81.19% in June;</li> <li>• Institutional Capital – 6.02% down from 6.15 in June;</li> </ul> </li> </ul> <p><i>Given that the SACCO offers limited withdrawable savings services, it has appropriately maintained a low level of liquidity. WOCCU continues to encourage the SACCO to expand its Front Office operations. External credit is low, at 3.43% – which is sourced almost 100% from the relatively cheap Central Finance Program of the League; At 6.02%, Institutional capital is relatively high, but registered a marginal decline since the SACCO does not accrue for statutory reserves; the need for high institutional capital has been explained and the management has been advised on strategies of raising institutional capital. The SACCO has committed to capitalize more of its earnings at the end of the year in order to grow institutional capital.</i></p> |

<sup>1</sup> The 4<sup>th</sup> quarter report presents an analysis of financial information for September 30, 2000.

World Council of Credit Unions, Inc. (WOCCU), Kenya  
 Microfinance Expansion Program (MEP)  
 Chai SACCO  
 4<sup>th</sup> Quarter, 2000, PEARLS Analysis

| SACCO Prudential Standards       | Analysis of Chai SACCO's Status<br>By the end of the 4 <sup>th</sup> Quarter, 2000 <sup>2</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Asset Quality</i>             | <ul style="list-style-type: none"> <li>• Delinquency remained low, at 1.84%, since Chai SACCO is principally employee based – and has a check-off arrangement with the employer;</li> <li>• Non-earning Assets increased to 4.93% of total assets; this was because of increased balances in the checking accounts; WOCCU will continue to advise the SACCO on how to achieve an optimal Liquidity level. Follow up training on the PEARLS and Business Planning Tools has already been offered to the SACCO;</li> <li>• Chai SACCO is financing all its non-earning assets from institutional reserves and other non-interest bearing liabilities – zero cost funds stand at 250.36%.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <i>Rates of return and costs</i> | <ul style="list-style-type: none"> <li>• The effective loan yield, at 13.57%, is relatively low and below market, but is in line with the nominal rate charged by the SACCO (15%);</li> <li>• Liquid Investments reported a yield of 19.38%, which is high and well above the market returns;</li> <li>• Financial investments have not reported any yield;</li> </ul> <p>WOCCU is encouraging the SACCO to review its interest rates closer to market rate which currently is at 20.60%;</p> <p>WOCCU is advising the SACCO to offer more loans products and minimize financial investment, which yield lower returns than Loans.</p> <ul style="list-style-type: none"> <li>• Financial costs on savings deposits are minimal at 0.09%, since Chai SACCO pays an annual return on front office savings. Consequently, the SACCO did not accrue for Interest on Savings deposits;</li> <li>• External credit costs are low, at 8.06%; most of this external credit is sourced from the relatively cheap Central Finance Programme of the League. WOCCU continues to emphasize the need to rely on savings mobilization rather than external credit;</li> <li>• No dividends on member shares, since Dividends are determined annually post net income and Chai SACCO does not accrue for the same;</li> </ul> <ul style="list-style-type: none"> <li>• Gross margin and Net income (at 11.29% and 5.58% respectively) are both relatively high, primarily because the SACCO does not accrue for member dividends, depreciation, interest on front office savings and provision for risk assets;</li> <li>• Operating expenses, at 5.72%, continue being low, and are within the 10% recommended PEARLS standards;</li> <li>• The SACCO's non-recurring incomes/expenses are negligible (-0.02%).</li> </ul> |

<sup>2</sup> The 4<sup>th</sup> quarter report presents an analysis of financial information for September 30, 2000.

World Council of Credit Unions, Inc. (WOCCU), Kenya  
 Microfinance Expansion Program (MEP)  
 Chai SACCO  
 4<sup>th</sup> Quarter, 2000, PEARLS Analysis

| SACCO Prudential Standards | Analysis of Chai SACCO's Status<br>By the end of the 4 <sup>th</sup> Quarter, 2000 <sup>3</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Liquidity</i>           | <ul style="list-style-type: none"> <li>• At 166.91%, liquidity is high, <i>and adequate to meet member withdrawal requirements;</i></li> <li>• Non-earning liquid assets are moderate at 1.19%, and above the recommended level of less than 1% <i>due to an increase in the checking account balances; WOCCU continues to offer PEARLS training to the SACCO management, which will help them make appropriate investment decisions;</i></li> <li>• The SACCO has no money in the CFF, <i>because the league does not offer liquidity reserve facilities.</i></li> </ul>                                                                                                                                                                                                                                                                                                                          |
| <i>Signs of Growth</i>     | <ul style="list-style-type: none"> <li>• Total assets registered vibrant growth, at 18.58%;</li> <li>• Loans registered excellent growth, at 26.52%, <i>which is well above the growth in total assets – an excellent trend;</i></li> <li>• Savings deposits grew by 42.43%, <i>WOCCU is encouraging the SACCO to expand its Front Office operations, and offering the technical assistance required to do this;</i></li> <li>• External credit grew by 106.2%, a reduction over the rate recorded to June 2000 (239.90%) <i>as a result of the SACCO relying more on Savings for lending;</i></li> <li>• Membership registered a 7.91% growth, <i>a good trend in view of the on-going retrenchment in the civil service. WOCCU is working closely with the SACCO's Marketing department to try and recruit more members especially now that the SACCO has opened its common bond.</i></li> </ul> |

<sup>3</sup> The 4<sup>th</sup> quarter report presents an analysis of financial information for September 30, 2000.

| Based on Local currency                         |                                                             | Annual                           |           |           |           |           |           |           | % Complete |
|-------------------------------------------------|-------------------------------------------------------------|----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| P-E-A-R-L-S RATIOS                              |                                                             | Goals                            | 31-Dec-97 | 31-Dec-98 | 31-Dec-99 | 31-Mar-00 | 30-Jun-00 | 30-Sep-00 |            |
| Number of Credit Unions in this Report          |                                                             |                                  | 1         | 1         | 1         | 1         | 1         | 1         |            |
| <b>P PROTECTION</b>                             |                                                             |                                  |           |           |           |           |           |           |            |
| 1.                                              | Loan Loss Allowances / Delinq. >12 Mo.                      | 100%                             | NA        | NA        |           |           |           |           |            |
| 2.                                              | Net Loan Loss Allow. / Allow. Required for Delinq. 1-12 Mo. | 100% of Goal                     | NA        | NA        |           |           |           |           |            |
| 3.                                              | Complete Loan Charge-Off of Delinquency > 12 Mo.            | Yes                              | Yes       | Yes       | No        | No        | No        | No        | 0%         |
| 4.                                              | Annual Loan Charge-offs / Average Loan Portfolio            | Minimized                        | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%         |
| 5.                                              | Accum. Charge-Offs Recovered / Accum Charge-Offs            | 100%                             | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%         |
| 6.                                              | Solvency                                                    | Min 100%                         | 110.75%   | 109.98%   | 107.63%   | 110.88%   | 109.94%   | 111.47%   | 99%        |
| 7.                                              | Net Institutional Capital                                   | Minimum 10%                      | 8.46%     | 8.06%     | 6.06%     | 5.58%     | 5.38%     | 5.25%     | 102%       |
| <b>E EFFECTIVE FINANCIAL STRUCTURE</b>          |                                                             |                                  |           |           |           |           |           |           |            |
| 1.                                              | Net Loans / Total Assets                                    | Between 70 - 80%                 | 90.40%    | 90.85%    | 87.83%    | 91.05%    | 92.50%    | 92.43%    | 100%       |
| 2.                                              | Liquid Investments / Total Assets                           | Max 20 %                         | 0.03%     | 0.44%     | 0.05%     | 1.06%     | 1.03%     | 0.39%     | 262%       |
| 3.                                              | Financial Investments / Total Assets                        | Max 10 %                         | 4.04%     | 4.05%     | 3.48%     | 2.30%     | 2.29%     | 2.25%     | 102%       |
| 4.                                              | Non-Financial Investments / Total Assets                    | 0%                               | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%         |
| 5.                                              | Savings Deposits / Total Assets                             | Between 70 - 80%                 | 0.00%     | 0.45%     | 0.80%     | 1.76%     | 0.78%     | 0.92%     | 84%        |
| 6.                                              | External Credit / Total Assets                              | 0                                | 2.94%     | 1.06%     | 2.17%     | 2.01%     | 4.28%     | 3.43%     | 125%       |
| 7.                                              | Member Share Capital / Total Assets                         | Max 20 %                         | 83.13%    | 84.87%    | 84.49%    | 81.58%    | 81.19%    | 82.54%    | 98%        |
| 8.                                              | Institutional Capital / Total Assets                        | Minimum 10%                      | 8.46%     | 8.06%     | 6.85%     | 6.32%     | 6.15%     | 6.02%     | 102%       |
| <b>A ASSET QUALITY</b>                          |                                                             |                                  |           |           |           |           |           |           |            |
| 1.                                              | Total Delinquency / Gross Loan Portfolio                    | Less Than or Equal To 5%         | 0.00%     | 0.00%     | 2.06%     | 1.93%     | 1.84%     | 1.84%     | 100%       |
| 2.                                              | Non-Earning Assets / Total Assets                           | Less Than or Equal To 5%         | 5.54%     | 4.66%     | 8.64%     | 5.59%     | 4.19%     | 4.93%     | 85%        |
| 3.                                              | Net Zero Cost Funds / Non-earning. Assets                   | Greater Than or Equal To 100%    | 251.53%   | -292.11%  | 135.97%   | 248.96%   | 310.22%   | 250.36%   | 124%       |
| <b>R RATES OF RETURN AND COSTS (ANNUALIZED)</b> |                                                             |                                  |           |           |           |           |           |           |            |
| 1.                                              | Net Loan Income / Average Net Loan Portfolio                | Entrepreneurial Rate             | 11.57%    | 11.80%    | 12.14%    | 16.59%    | 12.91%    | 13.57%    | 95%        |
| 2.                                              | Liquid Inv. Income / Avg. Liquid Investments                | Market Rates                     | 0.00%     | 2.57%     | 1.28%     | 12.70%    | 8.79%     | 19.38%    | 45%        |
| 3.                                              | Fin. Investment Income / Avg. Fin. Investments              | Market Rates                     | 19.30%    | 7.47%     | 7.59%     | 0.00%     | 0.00%     | 0.00%     | 0%         |
| 4.                                              | Non-Fin. Inv. Income / Avg. Non-Fin. Investments            | Greater Than or Equal to R1      | NA        | NA        | NA        | NA        | NA        | NA        | NA         |
| 5.                                              | Fin Costs: Savings Deposits / Avg. Savings Deposits         | Market Rates                     | NA        | 0.00%     | 1.75%     | 0.00%     | 0.00%     | 0.09%     | 0%         |
| 6.                                              | Fin Costs: External Credit / Avg. External Credit           | Less Than or Equal to R5         | 35.97%    | 25.44%    | 24.54%    | 0.00%     | 4.28%     | 8.06%     | 53%        |
| 7.                                              | Fin Costs: Member Shares / Avg. Member Shares               | Greater Than or Equal to R5      | 5.01%     | 5.97%     | 5.89%     | 0.00%     | 0.00%     | 0.00%     | 0%         |
| 8.                                              | Gross Margin / Average Assets                               | Amount Needed to Cover R9, R10   | 5.79%     | 4.70%     | 5.41%     | 13.94%    | 10.70%    | 11.29%    | 95%        |
| 9.                                              | Operating Expenses / Average Assets                         | 3 -10%                           | 4.20%     | 4.00%     | 4.70%     | 1.15%     | 5.72%     | 5.73%     | 100%       |
| 10.                                             | Provisions for Risk Assets / Average Assets                 | Sufficient for Estimated Losses  | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%         |
| 11.                                             | Other Income or Expense / Average Assets                    | Amount Needed                    | 0.00%     | -0.86%    | 0.03%     | 0.00%     | -0.02%    | -0.02%    | 66%        |
| 12.                                             | Net Income / Average Assets                                 | Enough to reach the goal for E8  | 1.60%     | 1.56%     | 0.68%     | 12.79%    | 5.00%     | 5.58%     | 90%        |
| <b>L LIQUIDITY</b>                              |                                                             |                                  |           |           |           |           |           |           |            |
| 1.                                              | Liquid Assets - ST Payables / Total Deposits                | Minimum 15%                      | NA        | 677.74%   | 894.45%   | 308.25%   | 152.23%   | 166.91%   | 91%        |
| 2.                                              | Liquidity Reserves / Total Savings Deposits                 | 10%                              | NA        | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%         |
| 3.                                              | Non-Earning Liquid Assets / Total Assets                    | Less Than 1 %                    | 3.48%     | 3.19%     | 7.38%     | 4.42%     | 0.22%     | 1.19%     | 19%        |
| 4.                                              | Deposits in CFF / Total Available Liquidity                 | Maximum Amount                   | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%         |
| <b>S SIGNS OF GROWTH (ANNUAL GROWTH RATES)</b>  |                                                             |                                  |           |           |           |           |           |           |            |
| 1.                                              | Total Assets                                                | More Than Inflation              | 31.35%    | 25.89%    | 27.60%    | 33.45%    | 23.08%    | 18.58%    | 124%       |
| 2.                                              | Loans to Members                                            | Sufficient to Achieve Goal in E1 | 36.47%    | 26.52%    | 23.36%    | 49.38%    | 34.96%    | 26.52%    | 132%       |
| 3.                                              | Savings Deposits                                            | Sufficient to Achieve Goal in E5 | 0.00%     | 100.00%   | 127.39%   | 557.05%   | 17.41%    | 42.43%    | 41%        |
| 4.                                              | External Credit                                             | 0%                               | 298.10%   | -54.55%   | 161.04%   | 0.00%     | 239.90%   | 106.20%   | 226%       |
| 5.                                              | Share Capital                                               | Sufficient to Achieve Goal in E7 | 30.45%    | 28.53%    | 27.02%    | 18.45%    | 14.34%    | 15.08%    | 95%        |
| 6.                                              | Institutional Capital                                       | Sufficient to Achieve Goal in E8 | 18.99%    | 19.81%    | 8.43%     | 0.00%     | 0.30%     | 0.31%     | 98%        |
| 7.                                              | Membership                                                  | Minimum 5%                       | 11.54%    | 4.48%     | 2.31%     | 9.39%     | 6.40%     | 7.91%     | 81%        |
| Inflation Rate (Annualized)                     |                                                             |                                  | 11.20%    | 10.60%    | 5.10%     | 6.30%     | 7.30%     | 8.20%     |            |

Based on Local currency

Annual Goal

% Complete

|                                                             | 31/12/1997    | 31/12/1998    | 31/12/1999    | 31/03/2000    | 30/06/2000    | 30/09/2000    | % Complete    |
|-------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Number of Credit Unions in this Report                      | 1             | 1             | 1             | 1             | 1             | 1             |               |
| <b>Number Of CU Members</b>                                 |               |               |               |               |               |               |               |
| Men                                                         | 8,650         | 9,090         | 9,300         | 9,517         | 9,596         | 9,900         | 96.93%        |
| Women                                                       | 5,850         | 6,060         | 6,200         | 6,345         | 6,398         | 6,521         | 98.11%        |
| Gender not Reported                                         | 0             | 0             | 0             | 0             | 0             | 0             | 0.00%         |
| <b>Total Number Of Members</b>                              | <b>14,500</b> | <b>15,150</b> | <b>15,500</b> | <b>15,862</b> | <b>15,994</b> | <b>16,421</b> | <b>97.40%</b> |
| <b>Number of Other Service Users</b>                        |               |               |               |               |               |               |               |
| Youth                                                       | 0             | 0             | 0             | 0             | 0             | 0             | 0.00%         |
| Third Parties                                               | 0             | 0             | 0             | 0             | 0             | 0             | 0.00%         |
| <b>Total Number of Other CU Service Users</b>               | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0.00%</b>  |
| <b>Total Number Of Members &amp; Other CU Service Users</b> | <b>14,500</b> | <b>15,150</b> | <b>15,500</b> | <b>15,862</b> | <b>15,994</b> | <b>16,421</b> | <b>97.40%</b> |

**Assets****Earning Assets****Loans to Members**

|                         |                    |                    |                    |                    |                    |                    |            |
|-------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------|
| Short Term (<=1 Year)   | 0                  | 0                  | 0                  | 2,514,410          | 1,950,125          | 2,010,378          | 97%        |
| Medium-Term (1-3 Years) | 281,626,990        | 356,324,519        | 439,549,502        | 490,926,786        | 514,033,243        | 524,900,760        | 98%        |
| Long-Term (> 3 Years)   | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%         |
| Other Special Loans     | 0                  | 0                  | 0                  | 209,000            | 179,000            | 161,000            | 111%       |
| Loan Loss Allowances    | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%         |
| <b>Total Net Loans</b>  | <b>281,626,990</b> | <b>356,324,519</b> | <b>439,549,502</b> | <b>493,650,196</b> | <b>516,162,368</b> | <b>527,072,138</b> | <b>98%</b> |

**Liquid Investments**

|                                       |               |                  |                |                  |                  |                  |             |
|---------------------------------------|---------------|------------------|----------------|------------------|------------------|------------------|-------------|
| Liquidity Reserves - CFF              | 0             | 0                | 0              | 0                | 0                | 0                | 0%          |
| Other Liquidity Reserves              | 0             | 0                | 0              | 0                | 0                | 0                | 0%          |
| Short-Term CFF Deposits               | 0             | 0                | 0              | 0                | 0                | 0                | 0%          |
| Short-Term Bank Deposits              | 87,691        | 1,716,559        | 244,415        | 5,744,415        | 5,744,415        | 2,244,415        | 256%        |
| Short-Term Securities and Investments | 0             | 0                | 0              | 0                | 0                | 0                | 0%          |
| Other Liquid Investments 1            | 0             | 0                | 0              | 0                | 0                | 0                | 0%          |
| Other Liquid Investments 2            | 0             | 0                | 0              | 0                | 0                | 0                | 0%          |
| Other Liquid Investments 3            | 0             | 0                | 0              | 0                | 0                | 0                | 0%          |
| Liquid Investments Allowances         | 0             | 0                | 0              | 0                | 0                | 0                | 0%          |
| <b>Total Liquid Investments</b>       | <b>87,691</b> | <b>1,716,559</b> | <b>244,415</b> | <b>5,744,415</b> | <b>5,744,415</b> | <b>2,244,415</b> | <b>256%</b> |

**Financial Investments**

|                                    |                   |                   |                   |                   |                   |                   |             |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------|
| Shares - League/Affiliation        | 25,050            | 200,050           | 600,050           | 600,050           | 600,050           | 600,050           | 100%        |
| Long-Term CFF Deposit              | 6,659,104         | 7,678,905         | 8,692,519         | 8,742,519         | 9,072,506         | 9,122,506         | 99%         |
| Long-Term Bank Deposits            | 3,000,000         | 5,000,000         | 5,000,000         | 0                 | 0                 | 0                 | 0%          |
| Long-Term Securities & Investments | 10,300            | 10,300            | 110,300           | 110,300           | 110,300           | 110,300           | 100%        |
| Other Financial Investments 1      | 2,039,520         | 2,141,220         | 2,141,220         | 2,141,220         | 2,141,220         | 2,141,220         | 100%        |
| Other Financial Investments 2      | 849,784           | 849,784           | 849,784           | 849,784           | 849,784           | 849,784           | 100%        |
| Other Financial Investments 3      | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%          |
| Financial Investments Allowances   | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%          |
| <b>Total Financial Investments</b> | <b>12,583,758</b> | <b>15,880,259</b> | <b>17,393,873</b> | <b>12,443,873</b> | <b>12,773,860</b> | <b>12,823,860</b> | <b>100%</b> |

**Non-Financial Investments**

|                                        |                    |                    |                    |                    |                    |                    |            |
|----------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------|
| Various                                | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%         |
| Non-Financial Investments Allowances   | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%         |
| <b>Total Non-Financial Investments</b> | <b>0</b>           | <b>0</b>           | <b>0</b>           | <b>0</b>           | <b>0</b>           | <b>0</b>           | <b>0%</b>  |
| <b>Total Earning Assets</b>            | <b>294,298,439</b> | <b>373,921,337</b> | <b>457,187,790</b> | <b>511,838,484</b> | <b>534,680,643</b> | <b>542,140,413</b> | <b>99%</b> |

**Additional Loan Portfolio Information**

| Delinquency Based on Outstanding Balance of Loan? | Payment     | Payment     | Balance          | Balance          | Balance          | Balance          |            |
|---------------------------------------------------|-------------|-------------|------------------|------------------|------------------|------------------|------------|
| <b>Delinquency</b>                                |             |             |                  |                  |                  |                  |            |
| 1 Day to 1 Month                                  | 0           | 0           | 0                | 0                | 0                | 0                | 0%         |
| 1 TO 12 Months                                    | 0           | 0           | 7,847,830        | 8,530,000        | 8,000,000        | 8,160,000        | 98%        |
| More Than 12 Months                               | 0           | 0           | 1,200,000        | 1,000,000        | 1,500,000        | 1,535,000        | 98%        |
| <b>Total Balance Of Delinquent Loans</b>          | <b>0</b>    | <b>0</b>    | <b>9,047,830</b> | <b>9,530,000</b> | <b>9,500,000</b> | <b>9,695,000</b> | <b>98%</b> |
| Loans to Members (Gross)                          | 281,626,990 | 356,324,519 | 439,549,502      | 493,650,196      | 516,162,368      | 527,072,138      | 98%        |
| Accumulated Charge-Offs (Historical)              | 0           | 0           | 0                | 0                | 0                | 0                | 0%         |
| Recovery of Loans Charged-Off (Historical)        | 0           | 0           | 0                | 0                | 0                | 0                | 0%         |



Based on Local currency

Annual Goal

% Complete

31/12/1997 31/12/1998 31/12/1999 31/03/2000 30/06/2000 30/09/2000

**Non-Earning Assets***Liquid Assets*

|                             |                   |                   |                   |                   |                  |                  |            |
|-----------------------------|-------------------|-------------------|-------------------|-------------------|------------------|------------------|------------|
| Cash & Equivalents          | 0                 | 0                 | 194,246           | 743,659           | 555,914          | 555,914          | 100%       |
| Current Accounts (Checking) | 10,850,828        | 12,520,922        | 36,733,034        | 23,243,316        | 699,490          | 6,219,335        | 11%        |
| Foreign Currency            | 0                 | 0                 | 0                 | 0                 | 0                | 0                | 0%         |
| Liquidity Reserves - CFF    | 0                 | 0                 | 0                 | 0                 | 0                | 0                | 0%         |
| Other Liquidity Reserves    | 0                 | 0                 | 0                 | 0                 | 0                | 0                | 0%         |
| Other Liquid Assets         | 0                 | 0                 | 0                 | 0                 | 0                | 0                | 0%         |
| <b>Total Liquid Assets</b>  | <b>10,850,828</b> | <b>12,520,922</b> | <b>36,927,280</b> | <b>23,986,975</b> | <b>1,255,404</b> | <b>6,775,249</b> | <b>19%</b> |

*Accounts Receivable*

|                                  |                  |                  |                  |                  |                   |                   |            |
|----------------------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|------------|
| Debtors                          | 3,959,458        | 2,489,076        | 2,097,581        | 1,002,443        | 13,640,560        | 11,854,783        | 115%       |
| Interest Receivable              | 0                | 0                | 0                | 0                | 0                 | 0                 | 0%         |
| Notes Receivable                 | 0                | 0                | 0                | 0                | 0                 | 0                 | 0%         |
| Payroll Deductions Receivable    | 0                | 0                | 0                | 0                | 0                 | 0                 | 0%         |
| Other Accounts Receivable        | 0                | 0                | 0                | 0                | 0                 | 1,995,772         | 0%         |
| Receivable Loss Allowances       | 0                | 0                | 0                | 0                | 0                 | 0                 | 0%         |
| <b>Total Accounts Receivable</b> | <b>3,959,458</b> | <b>2,489,076</b> | <b>2,097,581</b> | <b>1,002,443</b> | <b>13,640,560</b> | <b>13,850,555</b> | <b>98%</b> |

*Fixed Assets*

|                                          |                  |                  |                  |                  |                  |                  |             |
|------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------|
| Land                                     | 0                | 0                | 0                | 0                | 0                | 0                | 0%          |
| Buildings (Cost)                         | 0                | 0                | 0                | 0                | 0                | 0                | 0%          |
| Accumulated Depreciation - Buildings     | 0                | 0                | 0                | 0                | 0                | 0                | 0%          |
| Leasehold Improvements                   | 0                | 0                | 0                | 3,486,291        | 259,881          | 259,881          | 100%        |
| Accum. Depreciation - Leasehold Improv.  | 0                | 0                | 0                | 0                | 0                | 0                | 0%          |
| Furniture & Equipment                    | 3,274,571        | 4,071,513        | 5,823,849        | 918,688          | 6,922,547        | 6,564,487        | 105%        |
| Accum. Depreciation - Furniture & Equip. | (832,536)        | (1,158,019)      | (1,595,942)      | 0                | 0                | 0                | 0%          |
| <b>Total Net Fixed Assets</b>            | <b>2,442,035</b> | <b>2,913,494</b> | <b>4,227,907</b> | <b>4,404,979</b> | <b>7,182,428</b> | <b>6,824,368</b> | <b>105%</b> |

*Other Assets*

|                           |          |                |          |                |                  |                |             |
|---------------------------|----------|----------------|----------|----------------|------------------|----------------|-------------|
| Assets in Liquidation     | 0        | 0              | 0        | 0              | 0                | 0              | 0%          |
| Organization Expenses     | 0        | 0              | 0        | 0              | 0                | 0              | 0%          |
| Prepaid Expenses          | 0        | 364,056        | 0        | 931,088        | 1,276,982        | 648,701        | 197%        |
| Other Deferred Assets     | 0        | 0              | 0        | 0              | 0                | 0              | 0%          |
| Accumulated Amortization  | 0        | 0              | 0        | 0              | 0                | 0              | 0%          |
| <b>Total Other Assets</b> | <b>0</b> | <b>364,056</b> | <b>0</b> | <b>931,088</b> | <b>1,276,982</b> | <b>648,701</b> | <b>197%</b> |

*Problem Assets*

|                                 |          |          |          |          |          |          |           |
|---------------------------------|----------|----------|----------|----------|----------|----------|-----------|
| Doubtful Assets                 | 0        | 0        | 0        | 0        | 0        | 0        | 0%        |
| Accounting Discrepancy - Assets | 0        | 0        | 0        | 0        | 0        | 0        | 0%        |
| Other Problem Assets            | 0        | 0        | 0        | 0        | 0        | 0        | 0%        |
| <b>Total Problem Assets</b>     | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0%</b> |

**Total Non-Earning Assets**

|  |            |            |            |            |            |            |     |
|--|------------|------------|------------|------------|------------|------------|-----|
|  | 17,252,321 | 18,287,548 | 43,252,768 | 30,325,485 | 23,355,374 | 28,098,873 | 83% |
|--|------------|------------|------------|------------|------------|------------|-----|

**Total Assets**

|  |             |             |             |             |             |             |     |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-----|
|  | 311,550,760 | 392,208,885 | 500,440,558 | 542,163,969 | 558,036,017 | 570,239,286 | 98% |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-----|

Based on Local currency

Annual Goal

% Complete

31/12/1997 31/12/1998 31/12/1999 31/03/2000 30/06/2000 30/09/2000

## LIABILITIES

## INTEREST BEARING LIABILITIES

## Savings Deposits

|                               |          |                  |                  |                  |                  |                  |            |
|-------------------------------|----------|------------------|------------------|------------------|------------------|------------------|------------|
| Regular Savings               | 0        | 0                | 0                | 0                | 0                | 0                | 0%         |
| Term/Fixed Savings            | 0        | 0                | 0                | 4,500,000        | 962,000          | 0                | 0%         |
| Youth Savings                 | 0        | 0                | 0                | 0                | 0                | 0                | 0%         |
| Special Savings               | 0        | 1,754,803        | 3,990,180        | 5,031,928        | 3,374,727        | 5,260,957        | 64%        |
| Pledged Savings               | 0        | 0                | 0                | 0                | 0                | 0                | 0%         |
| <b>Total Savings Deposits</b> | <b>0</b> | <b>1,754,803</b> | <b>3,990,180</b> | <b>9,531,928</b> | <b>4,336,727</b> | <b>5,260,957</b> | <b>82%</b> |

## External Credit

|                                               |                  |                  |                   |                   |                   |                   |             |
|-----------------------------------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------|
| External Credit - CFF (<= 1 Year)             | 0                | 0                | 0                 | 0                 | 0                 | 0                 | 0%          |
| External Credit - CFF (> 1 Year)              | 9,166,667        | 4,166,661        | 10,876,662        | 10,876,662        | 19,209,996        | 16,759,997        | 115%        |
| External Credit - Banks                       | 0                | 0                | 0                 | 0                 | 4,677,028         | 2,787,566         | 168%        |
| Other External Credit - External Institutions | 0                | 0                | 0                 | 0                 | 0                 | 0                 | 0%          |
| <b>Total External Credit</b>                  | <b>9,166,667</b> | <b>4,166,661</b> | <b>10,876,662</b> | <b>10,876,662</b> | <b>23,887,024</b> | <b>19,547,563</b> | <b>122%</b> |

## Total Interest Bearing Liabilities

|  |                  |                  |                   |                   |                   |                   |  |
|--|------------------|------------------|-------------------|-------------------|-------------------|-------------------|--|
|  | <b>9,166,667</b> | <b>5,921,464</b> | <b>14,866,842</b> | <b>20,408,590</b> | <b>28,223,751</b> | <b>24,808,520</b> |  |
|--|------------------|------------------|-------------------|-------------------|-------------------|-------------------|--|

## Non-Interest Bearing Liabilities

|                                               |                   |                   |                   |                   |                   |                   |             |
|-----------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------|
| Short-Term Accounts Payable (<=30 Days)       | 606,672           | 2,344,455         | 1,481,402         | 348,794           | 398,030           | 238,524           | 167%        |
| External Credit Payments (<=30 Days)          | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%          |
| Provisions (e.g. Employee Benefits)           | 11,467,217        | 17,678,121        | 22,330,585        | 11,481            | 0                 | 0                 | 0%          |
| Accounting Discrepancy - Liabilities          | 0                 | 0                 | 0                 | 33,557            | 33,552            | 33,550            | 100%        |
| Other Liabilities                             | 3,480,967         | 0                 | 2,433,587         | 25,958,460        | 26,551,330        | 15,466,967        | 172%        |
| <b>Total Non-Interest Bearing Liabilities</b> | <b>15,554,856</b> | <b>20,022,576</b> | <b>26,245,574</b> | <b>26,352,292</b> | <b>26,982,912</b> | <b>15,739,041</b> | <b>171%</b> |

## Total Liabilities

|  |                   |                   |                   |                   |                   |                   |             |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------|
|  | <b>24,721,523</b> | <b>25,944,040</b> | <b>41,112,416</b> | <b>46,760,882</b> | <b>55,206,663</b> | <b>40,547,561</b> | <b>136%</b> |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------|

## CAPITAL

## Share Capital

|                                   |                    |                    |                    |                    |                    |                    |            |
|-----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------|
| Mandatory Shares                  | 258,989,141        | 332,867,129        | 422,815,054        | 442,272,676        | 453,059,521        | 470,692,736        | 96%        |
| Voluntary Shares                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%         |
| <b>Total Member Share Capital</b> | <b>258,989,141</b> | <b>332,867,129</b> | <b>422,815,054</b> | <b>442,272,676</b> | <b>453,059,521</b> | <b>470,692,736</b> | <b>96%</b> |

## Transitory Capital

|                                  |                  |                  |                  |                   |                   |                   |            |
|----------------------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|------------|
| Asset Appreciation Over Cost     | 0                | 0                | 0                | 0                 | 0                 | 0                 | 0%         |
| Education & Social Reserves      | 0                | 0                | 0                | 0                 | 0                 | 0                 | 0%         |
| Monetary Reserves                | 0                | 0                | 0                | 0                 | 0                 | 0                 | 0%         |
| Other Reserves                   | 0                | 0                | 0                | 0                 | 0                 | 0                 | 0%         |
| Accounting Discrepancy - Capital | 0                | 0                | 0                | 0                 | 0                 | 0                 | 0%         |
| Undistributed Net Income         | 1,468,301        | 1,801,732        | 2,253,889        | 18,871,362        | 15,460,110        | 24,662,201        | 63%        |
| <b>Total Transitory Capital</b>  | <b>1,468,301</b> | <b>1,801,732</b> | <b>2,253,889</b> | <b>18,871,362</b> | <b>15,460,110</b> | <b>24,662,201</b> | <b>63%</b> |

## Institutional Capital

|                                    |                   |                   |                   |                   |                   |                   |             |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------|
| Statutory & Legal Reserves         | 26,069,304        | 31,210,178        | 33,812,293        | 33,812,293        | 33,812,293        | 33,812,293        | 100%        |
| Retained Earnings                  | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%          |
| Special Asset Reserves             | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%          |
| Donations / Other Reserves         | 302,491           | 385,806           | 446,906           | 446,756           | 497,430           | 524,495           | 95%         |
| Undistributed Losses               | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%          |
| YTD Net Income (Loss) Transfer     | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%          |
| <b>Total Institutional Capital</b> | <b>26,371,795</b> | <b>31,595,984</b> | <b>34,259,199</b> | <b>34,259,049</b> | <b>34,309,723</b> | <b>34,336,788</b> | <b>100%</b> |

## Total Capital

|  |                    |                    |                    |                    |                    |                    |            |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------|
|  | <b>286,829,237</b> | <b>366,264,845</b> | <b>459,328,142</b> | <b>495,403,087</b> | <b>502,829,354</b> | <b>529,691,725</b> | <b>95%</b> |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------|

## Total Liabilities and Capital

|  |                    |                    |                    |                    |                    |                    |            |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------|
|  | <b>311,550,760</b> | <b>392,208,885</b> | <b>500,440,558</b> | <b>542,163,969</b> | <b>558,036,017</b> | <b>570,239,286</b> | <b>98%</b> |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------|

Annual Goal

% Complete

|                                               | 31/12/1997        | 31/12/1998        | 31/12/1999        | 31/03/2000        | 30/06/2000        | 30/09/2000        |                |
|-----------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|----------------|
| Number of Credit Unions in this Report        | 1                 | 1                 | 1                 | 1                 | 1                 | 1                 | 1              |
| <b>INCOME</b>                                 |                   |                   |                   |                   |                   |                   |                |
| <b>INCOME FROM LOANS</b>                      |                   |                   |                   |                   |                   |                   |                |
| Interest Income from Loans                    | 28,219,976        | 37,628,597        | 48,157,999        | 19,304,507        | 30,751,025        | 49,233,063        | 62.46%         |
| Delinquent Penalty Interest Income from Loans | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0.00%          |
| Commissions/Fees from Loans                   | 0                 | 0                 | 134,450           | 0                 | 0                 | 0                 | 0.00%          |
| Insurance Premiums for Loans                  | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0.00%          |
| <b>NET LOAN INCOME</b>                        | <b>28,219,976</b> | <b>37,628,597</b> | <b>48,292,449</b> | <b>19,304,507</b> | <b>30,751,025</b> | <b>49,233,063</b> | <b>62.46%</b>  |
| Income from Liquid Investments                | 0                 | 23,219            | 12,506            | 94,805            | 131,207           | 181,064           | 72.46%         |
| Income from Financial Investments             | 1,894,511         | 1,063,784         | 1,262,184         | 0                 | 0                 | 0                 | 0.00%          |
| Income from Non-Financial Investments         | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0.00%          |
| Income from Grants                            | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0.00%          |
| Income from Other Sources                     | 5                 | 4                 | 114,123           | 43,975            | 933,654           | 1,283,094         | 72.77%         |
| <b>Gross Income</b>                           | <b>30,114,492</b> | <b>38,715,604</b> | <b>49,681,262</b> | <b>19,443,287</b> | <b>31,815,886</b> | <b>50,697,221</b> | <b>62.76%</b>  |
| <b>COSTS/EXPENSES</b>                         |                   |                   |                   |                   |                   |                   |                |
| <b>FINANCIAL COSTS</b>                        |                   |                   |                   |                   |                   |                   |                |
| Interest Expense on Savings Deposits          | 0                 | 0                 | 50,357            | 0                 | 0                 | 3,288             | 0.00%          |
| Insurance Premiums for Savings                | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0.00%          |
| <i>Financial Cost - Savings Deposits</i>      | <i>0</i>          | <i>0</i>          | <i>50,357</i>     | <i>0</i>          | <i>0</i>          | <i>3,288</i>      | <i>0.00%</i>   |
| Financial Cost on External Credit             | 2,062,640         | 1,696,034         | 1,846,019         | 0                 | 371,288           | 920,000           | 40.36%         |
| Dividend Expense on Shares                    | 11,467,217        | 17,678,121        | 22,239,470        | 0                 | 0                 | 0                 | 0.00%          |
| Insurance Premiums for Shares                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0.00%          |
| <i>Financial Cost - Shares</i>                | <i>11,467,217</i> | <i>17,678,121</i> | <i>22,239,470</i> | <i>0</i>          | <i>0</i>          | <i>0</i>          | <i>0.00%</i>   |
| Taxes on Interest Paid                        | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0.00%          |
| Other Financial Costs                         | 689,928           | 2,815,549         | 1,385,788         | 1,326,145         | 3,197,275         | 4,411,276         | 72.48%         |
| <b>TOTAL FINANCIAL COSTS</b>                  | <b>14,219,785</b> | <b>22,189,704</b> | <b>25,521,634</b> | <b>1,326,145</b>  | <b>3,568,563</b>  | <b>5,334,564</b>  | <b>66.90%</b>  |
| Gross Margin                                  | 15,894,707        | 16,525,900        | 24,159,628        | 18,117,142        | 28,247,323        | 45,362,657        | 62.27%         |
| <b>OPERATING EXPENSES</b>                     |                   |                   |                   |                   |                   |                   |                |
| Personnel                                     | 7,384,459         | 10,010,182        | 14,145,946        | 871,482           | 8,525,302         | 13,231,028        | 64.43%         |
| Governance                                    | 1,491,001         | 1,702,440         | 3,017,660         | 77,240            | 2,158,927         | 3,715,300         | 58.11%         |
| Marketing                                     | 48,890            | 179,600           | 287,240           | 0                 | 207,800           | 432,003           | 48.10%         |
| Depreciation                                  | 288,976           | 325,483           | 437,923           | 0                 | 0                 | 0                 | 0.00%          |
| Administration                                | 2,297,817         | 1,856,268         | 3,085,041         | 550,947           | 4,213,918         | 5,640,859         | 74.70%         |
| <b>TOTAL OPERATING EXPENSES</b>               | <b>11,511,143</b> | <b>14,073,973</b> | <b>20,973,810</b> | <b>1,499,669</b>  | <b>15,105,947</b> | <b>23,019,190</b> | <b>65.62%</b>  |
| Provision for Risk Assets                     | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0.00%          |
| Net Income from Operations                    | 4,383,564         | 2,451,927         | 3,185,818         | 16,617,473        | 13,141,376        | 22,343,467        | 58.82%         |
| <b>OTHER INCOME / EXPENSE</b>                 |                   |                   |                   |                   |                   |                   |                |
| Previous period adjustments (Net)             | 0                 | (369,212)         | (131,548)         | 0                 | 64,845            | 64,845            | 100.00%        |
| Extraordinary Items (Net)                     | 0                 | 3,391,590         | 0                 | 0                 | 0                 | 0                 | 0.00%          |
| <b>TOTAL OTHER INCOME/EXPENSE</b>             | <b>0</b>          | <b>3,022,378</b>  | <b>(131,548)</b>  | <b>0</b>          | <b>64,845</b>     | <b>64,845</b>     | <b>100.00%</b> |
| Net Income/Loss                               | 4,383,564         | 5,474,305         | 3,054,270         | 16,617,473        | 13,206,221        | 22,408,312        | 58.93%         |

71

|                                               | 31-Dec-98   | 31-Dec-99   | 31-Mar-00   | 30-Jun-00   | 30-Sep-00   |
|-----------------------------------------------|-------------|-------------|-------------|-------------|-------------|
| <b>Number of Credit Unions in this Report</b> | 1           | 1           | 1           | 1           | 1           |
| <b>Salary Burden</b>                          |             |             |             |             |             |
| Number Of Loans / Number of Loan Officers     | 6,060       | 6,200       | 6,345       | 6,987       | 7,136       |
| Amount Of Loans / Number of Loan Officers     | 178,162,260 | 219,774,751 | 246,825,098 | 258,081,184 | 263,536,069 |
| <b>Adjusted Returns*</b>                      |             |             |             |             |             |
| Capital                                       | -25.36%     | 2.57%       | -27.49%     | -44.32%     | -28.48%     |
| Assets                                        | -2.41%      | 0.21%       | -2.80%      | -4.01%      | -2.98%      |
| <b>Sufficiency Ratios**</b>                   |             |             |             |             |             |
| Operational Self Sufficiency                  | 106.76%     | 106.85%     | 688.06%     | 170.37%     | 178.80%     |
| Financial Self Sufficiency                    | 77.43%      | 99.11%      | 54.96%      | 55.75%      | 70.50%      |
| Subsidy Dependency Index                      | 38.44%      | 1.01%       | 34.35%      | 50.18%      | 57.67%      |
| <b>Efficiency Ratios***</b>                   |             |             |             |             |             |
| Portfolio Turnover                            | 23.42%      | 20.91%      | 11.59%      | 50.17%      | 49.59%      |
| Administrative Efficiency                     | 4.41%       | 5.27%       | 0.32%       | 2.99%       | 4.41%       |

1. The RATE used in the calculation of all ratios is inflation or market rate of the product (savings, credit, etc.), whichever is higher.
2. Required Provision Expenses are 100% of all loans delinquent greater than 12 months and either the WOCCU standard of 35% of loans delinquent from 1-12 months or local requirements where appropriate.

**\*Explanation of Adjusted Return Ratios**

**Adjusted return on Capital**

(Gross Income - Operating Subsidies - ((Average Deposits Balance \* RATE) + (Average External Credit Balance \* RATE) + (Average Share Balance \* RATE) + Operating Expenses + Required Provision Expenses)) / (Institutional Capital + Transitory Capital)

**Adjusted Return on Assets**

(Gross Income - Operating Subsidies - ((Average Deposits Balance \* RATE) + (Average External Credit Balance \* RATE) + (Average Share Balance \* RATE) + Operating Expenses + Required Provision Expenses)) / Avg. Assets

**\*\*Explanation of Sufficiency Ratios**

**Operational Self Sufficiency**

(Gross Income - Operating Subsidies) / (Deposit Costs + External Credit Costs + Share Costs + Operating Expenses + Provision Expenses + Other Expenses + Operating Subsidies)

**Financial Self Sufficiency**

(Gross Income - Operating Subsidies) / ((Average Deposits Balance \* RATE) + (Average External Credit Balance \* RATE) + (Average Share Balance \* RATE) + Operating Expenses + Required Provision Expenses) + Other Expenses + Operating Subsidies)

**Subsidy Dependency Index**

((Average Deposits Balance \*(RATE - Weighted Interest Rate {R5})) + [Average External Credit Balance \* (RATE - Weighted Rate {R6})] - [Average Share Balance \* (RATE - Weighted Interest Rate {R7})]) + [(Institutional Capital + Transitory Capital) \* RATE {Savings}] + Subsidies) / (Average Loan Portfolio \* Annualized Loan Interest Rate {R1})

**\*\*\*Explanation of Efficiency Ratios**

**Portfolio Turnover**

Amount of Loans Disbursed During Current Reporting Period / Gross Average Loan Portfolio

**Administrative Efficiency**

Operating Expenses / Average Gross Loan Portfolio



World Council of Credit Unions, Inc.

**Microfinance Expansion Program (MEP)  
4<sup>th</sup> QUARTER 2000 REPORT**

**Chemelil  
Savings and Credit Cooperative (SACCO)**

**Nairobi, Kenya  
February 16, 2001**

Microfinance Expansion  
Programme (MEP)  
Isaac Gathanju Road  
Off James Gichuru Road, Lavington  
P.O. Box 979 Village Market  
Nairobi, Kenya

Phone: (254) 2-48053/48122/7/9  
Fax: (254) 2-48112  
E-mail: [woccu@form-net.com](mailto:woccu@form-net.com)

*"Quality  
Credit Unions  
for Everyone"*

**World Council of Credit Unions, Inc. (WOCCU), Kenya**  
**Microfinance Expansion Program (MEP)**  
**Chemelil SACCO**  
**4<sup>th</sup> Quarter, 2000, PEARLS Analysis**

| SACCO Prudential Standards           | Analysis of Chemelil SACCO's Status<br>By the end of the 4 <sup>th</sup> Quarter, 2000 <sup>1</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|--------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Protection</i>                    | <ul style="list-style-type: none"> <li>• P1 – P5 ratios were not computed since the SACCO does not provide for expected loan losses. <i>WOCCU has advised the SACCO to provision for expected loan losses based on actual delinquency. WOCCU has installed the Loan Portfolio Analysis Tool in their computers to assist in determining the level of delinquency;</i></li> <li>• Because delinquency has not been determined, Chemelil SACCO does not charge-off uncollectible loans; <i>Charging off plans have been presented to the board and management;</i></li> <li>• Chemelil SACCO is solvent with a solvency ratio of 122.65%;</li> <li>• Net Institutional Capital, at 8.39% is high, though it registered a marginal decline of 0.46% compared to the June 2000 level. <i>The SACCO does not have any problem assets.</i></li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <i>Effective Financial Structure</i> | <ul style="list-style-type: none"> <li>• Chemelil SACCO has not attained the ideal asset structure, – (86.81% of its assets are productive);               <ul style="list-style-type: none"> <li>• Loans: 65.40%;</li> <li>• Liquid investments: 4.80%;</li> <li>• Financial investments: 16.61%;</li> </ul> </li> <li>• The SACCO has no non-financial investments.</li> <li>• Chemelil SACCO has not attained the ideal asset financing structure:-               <ul style="list-style-type: none"> <li>• Savings Deposits: 0.00%;</li> <li>• External Credit: 0.00%;</li> <li>• Share Capital: 81.43%;</li> <li>• Institutional Capital: 8.39%;</li> </ul> </li> </ul> <p><i>WOCCU is working with Chemelil SACCO to start offering front office services in 2001. WOCCU is offering the necessary technical advise to the SACCO on how to start the front office operations;</i></p> <p><i>Financial investments continue being high. WOCCU staff are advising the management to offer the excess funds as loans. This would improve the earnings of the SACCO as well as enable the SACCO achieve the target of E1 (70-80%);</i></p> <p><i>Institutional capital is high, though it registered a marginal decline as the SACCO does not accrue for statutory reserves – it is expected to improve at the end of the year when the SACCO capitalizes 25% of its net income to legal reserves;</i></p> <p><i>External credit was NIL. WOCCU has encouraged the SACCO to continue relying on its own funds and to mobilize members' savings deposits when they start their front office operations;</i></p> |

<sup>1</sup> The 4<sup>th</sup> quarter report presents an analysis of financial information as at September 30, 2000.

World Council of Credit Unions, Inc. (WOCCU), Kenya  
 Microfinance Expansion Program (MEP)  
 Chemelil SACCO  
 4<sup>th</sup> Quarter, 2000, PEARLS Analysis

| SACCO Prudential Standards       | Analysis of Chemelil SACCO's Status<br>By the end of the 4 <sup>th</sup> Quarter, 2000 <sup>2</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Asset Quality</i>             | <ul style="list-style-type: none"> <li>• <i>The SACCO has a check-off arrangement with the employer, hence delinquency is likely to be negligible. Despite the above fact the Loan Portfolio Analysis Tool has been installed to establish the level of delinquency accurately;</i></li> <li>• <i>Non-earning assets average 13.19% of total assets. This is because of the delay in processing of deductions by the employer and accumulation of large balances in the SACCO's current/checking accounts;</i></li> <li>• <i>The SACCO finances all its non-earning assets from zero cost funds as they average 140.81%.</i></li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <i>Rates of return and costs</i> | <ul style="list-style-type: none"> <li>• <i>The effective loan yield, at 12.45%, is low and below the market rates. However, it is consistent with the nominal rate that the SACCO charges;</i></li> <li>• <i>Financial investments reported 11.79% yield, which is high and well above market;</i></li> <li>• <i>Liquid investments reported no yield;</i></li> </ul> <p><i>WOCCU continues to encourage the SACCO to review its interest rates to entrepreneurial level and to match market rates, presently at 20.60%;</i></p> <p><i>Chemelil SACCO does not have non-financial investments. The liquid and financial investments pay a return semi-annually (bank savings accounts, fixed deposits etc).</i></p> <ul style="list-style-type: none"> <li>• <i>Financial costs on savings deposits are nil, as the SACCO does not offer front office services;</i></li> <li>• <i>External credit costs are nil, since the SACCO does not have any external credit;</i></li> <li>• <i>No dividends on member shares; the SACCO does not accrue for dividend costs (dividends are determined annually post net income);</i></li> <li>• <i>Gross margin and Net income (at 10.01% and 7.02% respectively) are both high, though the SACCO does not accrue for member dividends;</i></li> <li>• <i>Operating expenses, at 2.99%, are low and within the PEARLS recommended range;</i></li> <li>• <i>The SACCO does not have non-recurring incomes/expenses, and no provisions costs as noted above.</i></li> </ul> |
| <i>Liquidity</i>                 | <ul style="list-style-type: none"> <li>• <i>The SACCO does not offer front office services and has no withdrawable deposits. Therefore, L1 could not be calculated;</i></li> <li>• <i>Non-earning liquid assets are high, at 7.52%, due to the large balance held in checking accounts. WOCCU has advised the management to reduce its investments in non-earning liquid assets in order to maximize returns.</i></li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

<sup>2</sup> The 4<sup>th</sup> quarter report presents an analysis of financial information as at September 30, 2000.

World Council of Credit Unions, Inc. (WOCCU), Kenya  
 Microfinance Expansion Program (MEP)  
 Chemelil SACCO  
 4<sup>th</sup> Quarter, 2000, PEARLS Analysis

| SACCO Prudential Standards | Analysis of Chemelil SACCO's Status<br>By the end of the 4 <sup>th</sup> Quarter, 2000 <sup>3</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Signs of Growth</i>     | <ul style="list-style-type: none"> <li>• Total assets registered a 19.93% growth – <i>this was well above inflation (8.20%);</i></li> <li>• Loans registered an impressive growth of 26.76% - <i>this was above the growth in total assets, which is ideal;</i></li> <li>• Member capital registered a moderate growth of 15.64% - <i>WOCCU is working with the SACCO to start front office operations and attract more withdrawable savings to achieve faster growth and attain the ideal asset-liability structure;</i></li> <li>• Institutional Capital's growth was marginal (by 0.57%) – <i>growth is expected to be higher at the end of the year when the SACCO capitalizes 25% of its net income to statutory and legal reserves;</i></li> <li>• Membership registered a 4.21% decline, <i>which is commendable when viewed against the backdrop of a declining sugar sector in the country. WOCCU is working with the SACCO to establish a marketing department and recruit more members from the community.</i></li> </ul> |

<sup>3</sup> The 4<sup>th</sup> quarter report presents an analysis of financial information as at September 30, 2000.



| P-E-A-R-L-S RATIOS                              |                                                             | Goals                            | Annual    |           |           |           |           | % Complete |
|-------------------------------------------------|-------------------------------------------------------------|----------------------------------|-----------|-----------|-----------|-----------|-----------|------------|
|                                                 |                                                             |                                  | 31-Dec-97 | 31-Dec-98 | 31-Dec-99 | 31-Mar-00 | 30-Jun-00 |            |
| Based on Local currency                         |                                                             |                                  |           |           |           |           |           |            |
| Number of Credit Unions in this Report          |                                                             |                                  | 1         | 1         | 1         | 1         | 1         | 1          |
| <b>P PROTECTION</b>                             |                                                             |                                  |           |           |           |           |           |            |
| 1.                                              | Loan Loss Allowances / Delinq. >12 Mo.                      | 100%                             | NA        | NA        | NA        | NA        | NA        | NA         |
| 2.                                              | Net Loan Loss Allow. / Allow. Required for Delinq. 1-12 Mo. | 100% of Goal                     | NA        | NA        | NA        | NA        | NA        | NA         |
| 3.                                              | Complete Loan Charge-Off of Delinquency > 12 Mo.            | Yes                              | Yes       | Yes       | Yes       | Yes       | Yes       | 100%       |
| 4.                                              | Annual Loan Charge-offs / Average Loan Portfolio            | Minimized                        | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%         |
| 5.                                              | Accum. Charge-Offs Recovered / Accum Charge-Offs            | 100%                             | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%         |
| 6.                                              | Solvency                                                    | Min 100%                         | 119.54%   | 119.29%   | 118.51%   | 121.10%   | 121.57%   | 99%        |
| 7.                                              | Net Institutional Capital                                   | Minimum 10%                      | 9.02%     | 9.30%     | 9.61%     | 9.26%     | 8.85%     | 105%       |
| <b>E EFFECTIVE FINANCIAL STRUCTURE</b>          |                                                             |                                  |           |           |           |           |           |            |
| 1.                                              | Net Loans / Total Assets                                    | Between 70 - 80%                 | 65.42%    | 63.99%    | 62.61%    | 69.77%    | 69.18%    | 106%       |
| 2.                                              | Liquid Investments / Total Assets                           | Max 20 %                         | 7.99%     | 6.94%     | 7.65%     | 1.01%     | 4.87%     | 102%       |
| 3.                                              | Financial Investments / Total Assets                        | Max 10 %                         | 11.22%    | 15.30%    | 14.87%    | 17.42%    | 16.85%    | 101%       |
| 4.                                              | Non-Financial Investments / Total Assets                    | 0%                               | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%         |
| 5.                                              | Savings Deposits / Total Assets                             | Between 70 - 80%                 | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%         |
| 6.                                              | External Credit / Total Assets                              | 0                                | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%         |
| 7.                                              | Member Share Capital / Total Assets                         | Max 20 %                         | 82.86%    | 83.40%    | 83.78%    | 82.21%    | 82.23%    | 101%       |
| 8.                                              | Institutional Capital / Total Assets                        | Minimum 10%                      | 9.02%     | 9.30%     | 9.61%     | 9.26%     | 8.85%     | 105%       |
| <b>A ASSET QUALITY</b>                          |                                                             |                                  |           |           |           |           |           |            |
| 1.                                              | Total Delinquency / Gross Loan Portfolio                    | Less Than or Equal To 5%         | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%         |
| 2.                                              | Non-Earning Assets / Total Assets                           | Less Than or Equal To 5%         | 15.38%    | 13.77%    | 14.87%    | 11.80%    | 9.10%     | 69%        |
| 3.                                              | Net Zero Cost Funds / Non-earning. Assets                   | Greater Than or Equal To 100%    | 111.41%   | 120.56%   | 109.09%   | 150.78%   | 195.37%   | 139%       |
| <b>R RATES OF RETURN AND COSTS (ANNUALIZED)</b> |                                                             |                                  |           |           |           |           |           |            |
| 1.                                              | Net Loan Income / Average Net Loan Portfolio                | Enterprunrial Rate               | 13.16%    | 15.16%    | 13.25%    | 12.66%    | 12.39%    | 99%        |
| 2.                                              | Liquid Inv. Income / Avg. Liquid Investments                | Market Rates                     | 3.80%     | 4.64%     | 3.98%     | 0.00%     | 0.00%     | 0%         |
| 3.                                              | Fin. Investment Income / Avg. Fin. Investments              | Market Rates                     | 10.87%    | 7.44%     | 7.03%     | 12.43%    | 13.07%    | 111%       |
| 4.                                              | Non-Fin. Inv. Income / Avg. Non-Fin. Investmnts             | Greater Than or Equal to R1      | NA        | NA        | NA        | NA        | NA        | NA         |
| 5.                                              | Fin Costs: Savings Deposits / Avg. Savings Deposits         | Market Rates                     | NA        | NA        | NA        | NA        | NA        | NA         |
| 6.                                              | Fin Costs: External Credit / Avg. External Credit           | Less Than or Equal to R5         | 0.00%     | 0.00%     | 0.00%     | NA        | NA        | NA         |
| 7.                                              | Fin Costs: Member Shares / Avg. Member Shares               | Greater Than or Equal to R5      | 0.00%     | 4.74%     | 4.56%     | 0.00%     | 0.00%     | 0%         |
| 8.                                              | Gross Margin / Average Assets                               | Amount Needed to Cover R9, R10   | 19.95%    | 7.02%     | 5.86%     | 10.62%    | 10.46%    | 105%       |
| 9.                                              | Operating Expenses / Average Assets                         | 3 -10%                           | 6.57%     | 3.81%     | 4.40%     | 2.54%     | 3.20%     | 107%       |
| 10.                                             | Provisions for Risk Assets / Average Assets                 | Sufficient for Estimated Losses  | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%         |
| 11.                                             | Other Income or Expense / Average Assets                    | Amount Needed                    | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%         |
| 12.                                             | Net Income / Average Assets                                 | Enough to reach the goal for E8  | 13.38%    | 3.21%     | 1.46%     | 8.08%     | 7.26%     | 104%       |
| <b>L LIQUIDITY</b>                              |                                                             |                                  |           |           |           |           |           |            |
| 1.                                              | Liquid Assets - ST Payables / Total Deposits                | Minimum 15%                      | NA        | NA        | NA        | NA        | NA        | NA         |
| 2.                                              | Liquidity Reserves / Total Savings Deposits                 | 10%                              | NA        | NA        | NA        | NA        | NA        | NA         |
| 3.                                              | Non-Earning Liquid Assets / Total Assets                    | Less Than 1 %                    | 8.39%     | 6.69%     | 3.48%     | 5.63%     | 2.51%     | 33%        |
| 4.                                              | Deposits in CFF / Total Available Liquidity                 | Maximum Amount                   | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%         |
| <b>S SIGNS OF GROWTH (ANNUAL GROWTH RATES)</b>  |                                                             |                                  |           |           |           |           |           |            |
| 1.                                              | Total Assets                                                | More Than Inflation              | NA        | 17.19%    | 14.14%    | 15.76%    | 17.89%    | 90%        |
| 2.                                              | Loans to Members                                            | Sufficient to Achieve Goal in E1 | NA        | 14.63%    | 11.67%    | 63.49%    | 40.83%    | 153%       |
| 3.                                              | Savings Deposits                                            | Sufficient to Achieve Goal in E5 | NA        | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%         |
| 4.                                              | External Credit                                             | 0%                               | NA        | -22.56%   | -100.00%  | 0.00%     | 0.00%     | 0%         |
| 5.                                              | Share Capital                                               | Sufficient to Achieve Goal in E7 | NA        | 17.94%    | 14.65%    | 7.98%     | 13.84%    | 88%        |
| 6.                                              | Institutional Capital                                       | Sufficient to Achieve Goal in E8 | NA        | 20.88%    | 17.87%    | 0.72%     | 0.58%     | 102%       |
| 7.                                              | Membership                                                  | Minimum 5%                       | NA        | -8.50%    | -4.48%    | -401.10%  | 23.79%    | -18%       |
| Inflation Rate (Annualized)                     |                                                             |                                  | 11.20%    | 10.60%    | 5.10%     | 6.30%     | 7.30%     | 8.20%      |

Based on Local currency

Annual Goal

% Complete

|                                                             | 31/12/1997   | 31/12/1998   | 31/12/1999   | 31/03/2000 | 30/06/2000   | 30/09/2000   |                |
|-------------------------------------------------------------|--------------|--------------|--------------|------------|--------------|--------------|----------------|
| Number of Credit Unions in this Report                      | 1            | 1            | 1            | 1          | 1            | 1            |                |
| <b>Number Of CU Members</b>                                 |              |              |              |            |              |              |                |
| Men                                                         | 805          | 736          | 700          | 0          | 787          | 681          | 115.57%        |
| Women                                                       | 536          | 491          | 472          | 0          | 524          | 454          | 115.42%        |
| Gender not Reported                                         | 0            | 0            | 0            | 0          | 0            | 0            | 0.00%          |
| <b>Total Number Of Members</b>                              | <b>1,341</b> | <b>1,227</b> | <b>1,172</b> | <b>0</b>   | <b>1,311</b> | <b>1,135</b> | <b>115.51%</b> |
| <b>Number of Other Service Users</b>                        |              |              |              |            |              |              |                |
| Youth                                                       | 0            | 0            | 0            | 0          | 0            | 0            | 0.00%          |
| Third Parties                                               | 0            | 0            | 0            | 0          | 0            | 0            | 0.00%          |
| <b>Total Number of Other CU Service Users</b>               | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>   | <b>0</b>     | <b>0</b>     | <b>0.00%</b>   |
| <b>Total Number Of Members &amp; Other CU Service Users</b> | <b>1,341</b> | <b>1,227</b> | <b>1,172</b> | <b>0</b>   | <b>1,311</b> | <b>1,135</b> | <b>115.51%</b> |

**Assets**

**Earning Assets**

| <b>Loans to Members</b> |                   |                   |                   |                   |                   |                   |             |
|-------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------|
| Short Term (<=1 Year)   | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%          |
| Medium-Term (1-3 Years) | 26,942,158        | 30,884,006        | 34,487,954        | 39,947,873        | 41,509,463        | 41,417,254        | 100%        |
| Long-Term (> 3 Years)   | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%          |
| Other Special Loans     | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%          |
| Loan Loss Allowances    | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%          |
| <b>Total Net Loans</b>  | <b>26,942,158</b> | <b>30,884,006</b> | <b>34,487,954</b> | <b>39,947,873</b> | <b>41,509,463</b> | <b>41,417,254</b> | <b>100%</b> |

| <b>Liquid Investments</b>             |                  |                  |                  |                |                  |                  |            |
|---------------------------------------|------------------|------------------|------------------|----------------|------------------|------------------|------------|
| Liquidity Reserves - CFF              | 0                | 0                | 0                | 0              | 0                | 0                | 0%         |
| Other Liquidity Reserves              | 0                | 0                | 0                | 0              | 0                | 0                | 0%         |
| Short-Term CFF Deposits               | 0                | 0                | 0                | 0              | 0                | 0                | 0%         |
| Short-Term Bank Deposits              | 3,289,216        | 3,348,142        | 4,213,035        | 576,599        | 2,921,389        | 3,036,874        | 96%        |
| Short-Term Securities and Investments | 0                | 0                | 0                | 0              | 0                | 0                | 0%         |
| Other Liquid Investments 1            | 0                | 0                | 0                | 0              | 0                | 0                | 0%         |
| Other Liquid Investments 2            | 0                | 0                | 0                | 0              | 0                | 0                | 0%         |
| Other Liquid Investments 3            | 0                | 0                | 0                | 0              | 0                | 0                | 0%         |
| Liquid Investments Allowances         | 0                | 0                | 0                | 0              | 0                | 0                | 0%         |
| <b>Total Liquid Investments</b>       | <b>3,289,216</b> | <b>3,348,142</b> | <b>4,213,035</b> | <b>576,599</b> | <b>2,921,389</b> | <b>3,036,874</b> | <b>96%</b> |

| <b>Financial Investments</b>       |                  |                  |                  |                  |                   |                   |            |
|------------------------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|------------|
| Shares - League/Affiliation        | 1,000            | 11,000           | 21,000           | 21,000           | 21,000            | 21,000            | 100%       |
| Long-Term CFF Deposit              | 0                | 0                | 0                | 0                | 0                 | 0                 | 0%         |
| Long-Term Bank Deposits            | 1,486,375        | 6,775,875        | 7,463,402        | 9,244,955        | 9,560,022         | 9,791,274         | 98%        |
| Long-Term Securities & Investments | 61,800           | 100,000          | 200,000          | 0                | 0                 | 0                 | 0%         |
| Other Financial Investments 1      | 0                | 297,300          | 297,300          | 297,300          | 297,300           | 297,300           | 100%       |
| Other Financial Investments 2      | 0                | 201,500          | 211,500          | 411,500          | 10,000            | 10,000            | 100%       |
| Other Financial Investments 3      | 3,070,335        | 0                | 0                | 0                | 221,500           | 401,500           | 55%        |
| Financial Investments Allowances   | 0                | 0                | 0                | 0                | 0                 | 0                 | 0%         |
| <b>Total Financial Investments</b> | <b>4,619,510</b> | <b>7,385,675</b> | <b>8,193,202</b> | <b>9,974,755</b> | <b>10,109,822</b> | <b>10,521,074</b> | <b>96%</b> |

| <b>Non-Financial Investments</b>       |                   |                   |                   |                   |                   |                   |            |
|----------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------|
| Various                                | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%         |
| Non-Financial Investments Allowances   | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%         |
| <b>Total Non-Financial Investments</b> | <b>0</b>          | <b>0</b>          | <b>0</b>          | <b>0</b>          | <b>0</b>          | <b>0</b>          | <b>0%</b>  |
| <b>Total Earning Assets</b>            | <b>34,850,884</b> | <b>41,617,823</b> | <b>46,894,191</b> | <b>50,499,227</b> | <b>54,540,674</b> | <b>54,975,202</b> | <b>99%</b> |

**Additional Loan Portfolio Information**

| Delinquency Based on Outstanding Balance of Loan? | Payment    | Payment    | Payment    | Payment    | Payment    | Payment    |      |
|---------------------------------------------------|------------|------------|------------|------------|------------|------------|------|
| <b>Delinquency</b>                                |            |            |            |            |            |            |      |
| 1 Day to 1 Month                                  | 0          | 0          | 0          | 0          | 0          | 0%         |      |
| 1 TO 12 Months                                    | 0          | 0          | 0          | 0          | 0          | 0%         |      |
| More Than 12 Months                               | 0          | 0          | 0          | 0          | 0          | 0%         |      |
| <b>Total Balance Of Delinquent Loans</b>          | <b>0</b>   | <b>0</b>   | <b>0</b>   | <b>0</b>   | <b>0</b>   | <b>0%</b>  |      |
| Loans to Members (Gross)                          | 26,942,158 | 30,884,006 | 34,487,954 | 39,947,873 | 41,509,463 | 41,417,254 | 100% |
| Accumulated Charge-Offs (Historical)              | 0          | 0          | 0          | 0          | 0          | 0          | 0%   |
| Recovery of Loans Charged-Off (Historical)        | 0          | 0          | 0          | 0          | 0          | 0          | 0%   |

Based on Local currency

Annual Goal

% Complete

31/12/1997 31/12/1998 31/12/1999 31/03/2000 30/06/2000 30/09/2000

**Non-Earning Assets****Liquid Assets**

|                             |                  |                  |                  |                  |                  |                  |            |
|-----------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------|
| Cash & Equivalents          | 3                | 1,326            | 114,207          | 27,890           | 0                | 26,765           | 0%         |
| Current Accounts (Checking) | 3,456,366        | 3,227,844        | 1,803,605        | 3,196,608        | 1,506,233        | 4,735,572        | 32%        |
| Foreign Currency            | 0                | 0                | 0                | 0                | 0                | 0                | 0%         |
| Liquidity Reserves - CFF    | 0                | 0                | 0                | 0                | 0                | 0                | 0%         |
| Other Liquidity Reserves    | 0                | 0                | 0                | 0                | 0                | 0                | 0%         |
| Other Liquid Assets         | 0                | 0                | 0                | 0                | 0                | 0                | 0%         |
| <b>Total Liquid Assets</b>  | <b>3,456,369</b> | <b>3,229,170</b> | <b>1,917,812</b> | <b>3,224,498</b> | <b>1,506,233</b> | <b>4,762,337</b> | <b>32%</b> |

**Accounts Receivable**

|                                  |                  |                  |                  |                  |                  |                  |             |
|----------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------|
| Debtors                          | 820              | 0                | 0                | 0                | 185,010          | 179,691          | 103%        |
| Interest Receivable              | 0                | 0                | 0                | 0                | 0                | 0                | 0%          |
| Notes Receivable                 | 0                | 0                | 0                | 0                | 0                | 0                | 0%          |
| Payroll Deductions Receivable    | 2,281,752        | 2,706,648        | 5,724,759        | 2,748,222        | 3,169,983        | 2,915,868        | 109%        |
| Other Accounts Receivable        | 0                | 0                | 0                | 0                | 110,000          | 0                | 0%          |
| Receivable Loss Allowances       | 0                | 0                | 0                | 0                | 0                | 0                | 0%          |
| <b>Total Accounts Receivable</b> | <b>2,282,572</b> | <b>2,706,648</b> | <b>5,724,759</b> | <b>2,748,222</b> | <b>3,464,993</b> | <b>3,095,559</b> | <b>112%</b> |

**Fixed Assets**

|                                          |                |                |                |                |                |                |             |
|------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|-------------|
| Land                                     | 17             | 23             | 18             | 0              | 0              | 0              | 0%          |
| Buildings (Cost)                         | 0              | 0              | 0              | 23             | 0              | 0              | 0%          |
| Accumulated Depreciation - Buildings     | 0              | 0              | 0              | 0              | 0              | 0              | 0%          |
| Leasehold Improvements                   | 0              | 0              | 0              | 0              | 0              | 0              | 0%          |
| Accum. Depreciation - Leasehold Improv.  | 0              | 0              | 0              | 0              | 0              | 0              | 0%          |
| Furniture & Equipment                    | 387,480        | 329,348        | 279,946        | 332,338        | 282,954        | 282,954        | 100%        |
| Accum. Depreciation - Furniture & Equip. | 0              | 0              | 0              | 0              | 0              | 0              | 0%          |
| <b>Total Net Fixed Assets</b>            | <b>387,497</b> | <b>329,371</b> | <b>279,964</b> | <b>332,361</b> | <b>282,954</b> | <b>282,954</b> | <b>100%</b> |

**Other Assets**

|                           |                |                |                |                |                |                |            |
|---------------------------|----------------|----------------|----------------|----------------|----------------|----------------|------------|
| Assets in Liquidation     | 0              | 0              | 0              | 0              | 0              | 0              | 0%         |
| Organization Expenses     | 207,556        | 286,630        | 115,010        | 900            | 0              | 0              | 0%         |
| Prepaid Expenses          | 0              | 92,000         | 0              | 317,640        | 250            | 5,010          | 5%         |
| Other Deferred Assets     | 0              | 1,350          | 154,296        | 130,000        | 204,298        | 204,296        | 100%       |
| Accumulated Amortization  | 0              | 0              | 0              | 0              | 0              | 0              | 0%         |
| <b>Total Other Assets</b> | <b>207,556</b> | <b>379,980</b> | <b>269,306</b> | <b>448,540</b> | <b>204,548</b> | <b>209,306</b> | <b>98%</b> |

**Problem Assets**

|                                 |          |          |          |          |          |          |           |
|---------------------------------|----------|----------|----------|----------|----------|----------|-----------|
| Doubtful Assets                 | 0        | 0        | 0        | 0        | 0        | 0        | 0%        |
| Accounting Discrepancy - Assets | 0        | 0        | 0        | 0        | 0        | 0        | 0%        |
| Other Problem Assets            | 0        | 0        | 0        | 0        | 0        | 0        | 0%        |
| <b>Total Problem Assets</b>     | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0%</b> |

|                                 |                   |                   |                   |                   |                   |                   |            |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------|
| <b>Total Non-Earning Assets</b> | <b>6,333,994</b>  | <b>6,645,169</b>  | <b>8,191,841</b>  | <b>6,753,621</b>  | <b>5,458,728</b>  | <b>8,350,156</b>  | <b>65%</b> |
| <b>Total Assets</b>             | <b>41,184,878</b> | <b>48,262,992</b> | <b>55,086,032</b> | <b>57,252,848</b> | <b>59,999,402</b> | <b>63,325,358</b> | <b>95%</b> |

Based on Local currency

Annual Goal

% Complete

31/12/1997 31/12/1998 31/12/1999 31/03/2000 30/06/2000 30/09/2000

## LIABILITIES

## INTEREST BEARING LIABILITIES

## Savings Deposits

|                               | 31/12/1997 | 31/12/1998 | 31/12/1999 | 31/03/2000 | 30/06/2000 | 30/09/2000 | % Complete |
|-------------------------------|------------|------------|------------|------------|------------|------------|------------|
| Regular Savings               | 0          | 0          | 0          | 0          | 0          | 0          | 0%         |
| Term/Fixed Savings            | 0          | 0          | 0          | 0          | 0          | 0          | 0%         |
| Youth Savings                 | 0          | 0          | 0          | 0          | 0          | 0          | 0%         |
| Special Savings               | 0          | 0          | 0          | 0          | 0          | 0          | 0%         |
| Pledged Savings               | 0          | 0          | 0          | 0          | 0          | 0          | 0%         |
| <b>Total Savings Deposits</b> | <b>0</b>   | <b>0</b>   | <b>0</b>   | <b>0</b>   | <b>0</b>   | <b>0</b>   | <b>0%</b>  |

## External Credit

|                                               |            |            |          |          |          |          |           |
|-----------------------------------------------|------------|------------|----------|----------|----------|----------|-----------|
| External Credit - CFF (<= 1 Year)             | 0          | 0          | 0        | 0        | 0        | 0        | 0%        |
| External Credit - CFF (> 1 Year)              | 0          | 0          | 0        | 0        | 0        | 0        | 0%        |
| External Credit - Banks                       | 399        | 309        | 0        | 0        | 0        | 0        | 0%        |
| Other External Credit - External Institutions | 0          | 0          | 0        | 0        | 0        | 0        | 0%        |
| <b>Total External Credit</b>                  | <b>399</b> | <b>309</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0%</b> |

## Total Interest Bearing Liabilities

399 309 0 0 0 0

## Non-Interest Bearing Liabilities

|                                               |                |                |                |                |               |               |            |
|-----------------------------------------------|----------------|----------------|----------------|----------------|---------------|---------------|------------|
| Short-Term Accounts Payable (<=30 Days)       | 181,699        | 82,279         | 45,964         | 0              | 17,787        | 69,350        | 26%        |
| External Credit Payments (<=30 Days)          | 0              | 0              | 0              | 0              | 0             | 0             | 0%         |
| Provisions (e.g. Employee Benefits)           | 49,422         | 42,000         | 190,234        | 0              | 7,000         | 7,000         | 100%       |
| Accounting Discrepancy - Liabilities          | 1              | 9              | 0              | 0              | 0             | 0             | 0%         |
| Other Liabilities                             | 158,688        | 121,154        | 157,297        | 250,549        | 309           | 0             | 0%         |
| <b>Total Non-Interest Bearing Liabilities</b> | <b>389,810</b> | <b>245,441</b> | <b>393,495</b> | <b>250,549</b> | <b>25,096</b> | <b>76,350</b> | <b>33%</b> |

## Total Liabilities

390,209 245,750 393,495 250,549 25,096 76,350 33%

## CAPITAL

## Share Capital

|                                   |                   |                   |                   |                   |                   |                   |            |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------|
| Mandatory Shares                  | 34,127,647        | 40,251,373        | 46,149,376        | 47,069,965        | 49,334,540        | 51,567,312        | 96%        |
| Voluntary Shares                  | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%         |
| <b>Total Member Share Capital</b> | <b>34,127,647</b> | <b>40,251,373</b> | <b>46,149,376</b> | <b>47,069,965</b> | <b>49,334,540</b> | <b>51,567,312</b> | <b>96%</b> |

## Transitory Capital

|                                  |                  |                  |                  |                  |                  |                  |            |
|----------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------|
| Asset Appreciation Over Cost     | 0                | 0                | 0                | 0                | 0                | 0                | 0%         |
| Education & Social Reserves      | 0                | 0                | 0                | 0                | 0                | 0                | 0%         |
| Monetary Reserves                | 0                | 0                | 0                | 0                | 0                | 0                | 0%         |
| Other Reserves                   | 778,111          | 778,111          | 778,200          | 778,111          | 778,111          | 778,111          | 100%       |
| Accounting Discrepancy - Capital | 0                | 0                | 0                | 0                | 0                | 0                | 0%         |
| Undistributed Net Income         | 2,174,155        | 2,497,404        | 2,472,327        | 3,851,999        | 4,553,930        | 5,588,361        | 81%        |
| <b>Total Transitory Capital</b>  | <b>2,952,266</b> | <b>3,275,515</b> | <b>3,250,527</b> | <b>4,630,110</b> | <b>5,332,041</b> | <b>6,366,472</b> | <b>84%</b> |

## Institutional Capital

|                                    |                  |                  |                  |                  |                  |                  |             |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------|
| Statutory & Legal Reserves         | 3,695,221        | 4,449,314        | 5,229,184        | 5,229,184        | 5,229,184        | 5,229,184        | 100%        |
| Retained Earnings                  | 0                | 0                | 0                | 0                | 0                | 0                | 0%          |
| Special Asset Reserves             | 0                | 0                | 0                | 0                | 0                | 0                | 0%          |
| Donations / Other Reserves         | 19,535           | 41,040           | 63,450           | 73,040           | 78,541           | 86,040           | 91%         |
| Undistributed Losses               | 0                | 0                | 0                | 0                | 0                | 0                | 0%          |
| YTD Net Income (Loss) Transfer     | 0                | 0                | 0                | 0                | 0                | 0                | 0%          |
| <b>Total Institutional Capital</b> | <b>3,714,756</b> | <b>4,490,354</b> | <b>5,292,634</b> | <b>5,302,224</b> | <b>5,307,725</b> | <b>5,315,224</b> | <b>100%</b> |

## Total Capital

40,794,669 48,017,242 54,692,537 57,002,299 59,974,306 63,249,008 95%

## Total Liabilities and Capital

41,184,878 48,262,992 55,086,032 57,252,848 59,999,402 63,325,358 95%

Kenya

Annual Goal

% Complete

|                                               | 31/12/1997       | 31/12/1998       | 31/12/1999       | 31/03/2000       | 30/06/2000       | 30/09/2000       |               |
|-----------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|---------------|
| Number of Credit Unions in this Report        | 1                | 1                | 1                | 1                | 1                | 1                | 1             |
| <b>INCOME</b>                                 |                  |                  |                  |                  |                  |                  |               |
| <b>INCOME FROM LOANS</b>                      |                  |                  |                  |                  |                  |                  |               |
| Interest Income from Loans                    | 3,545,463        | 4,383,959        | 4,332,046        | 1,174,476        | 2,346,772        | 3,548,053        | 66.14%        |
| Delinquent Penalty Interest Income from Loans | 0                | 0                | 0                | 0                | 0                | 0                | 0.00%         |
| Commissions/Fees from Loans                   | 0                | 0                | 0                | 0                | 0                | 0                | 0.00%         |
| Insurance Premiums for Loans                  | 0                | 0                | 0                | 0                | 0                | 0                | 0.00%         |
| <b>NET LOAN INCOME</b>                        | <b>3,545,463</b> | <b>4,383,959</b> | <b>4,332,046</b> | <b>1,174,476</b> | <b>2,346,772</b> | <b>3,548,053</b> | <b>66.14%</b> |
| Income from Liquid Investments                | 125,016          | 154,003          | 150,479          | 0                | 0                | 0                | 0.00%         |
| Income from Financial Investments             | 502,009          | 446,637          | 547,404          | 281,522          | 596,620          | 827,872          | 72.07%        |
| Income from Non-Financial Investments         | 0                | 0                | 0                | 0                | 0                | 0                | 0.00%         |
| Income from Grants                            | 0                | 0                | 0                | 0                | 0                | 0                | 0.00%         |
| Income from Other Sources                     | 0                | 0                | 0                | 37,669           | 79,938           | 96,978           | 82.43%        |
| <b>Gross Income</b>                           | <b>4,172,488</b> | <b>4,984,599</b> | <b>5,029,929</b> | <b>1,493,667</b> | <b>3,023,330</b> | <b>4,472,903</b> | <b>67.59%</b> |
| <b>COSTS/EXPENSES</b>                         |                  |                  |                  |                  |                  |                  |               |
| <b>FINANCIAL COSTS</b>                        |                  |                  |                  |                  |                  |                  |               |
| Interest Expense on Savings Deposits          | 0                | 0                | 0                | 0                | 0                | 0                | 0.00%         |
| Insurance Premiums for Savings                | 0                | 0                | 0                | 0                | 0                | 0                | 0.00%         |
| <i>Financial Cost - Savings Deposits</i>      | <i>0</i>         | <i>0</i>         | <i>0</i>         | <i>0</i>         | <i>0</i>         | <i>0</i>         | <i>0.00%</i>  |
| Financial Cost on External Credit             | 0                | 0                | 0                | 0                | 0                | 0                | 0.00%         |
| Dividend Expense on Shares                    | 0                | 1,764,043        | 1,969,816        | 0                | 0                | 0                | 0.00%         |
| Insurance Premiums for Shares                 | 0                | 0                | 0                | 0                | 0                | 0                | 0.00%         |
| <i>Financial Cost - Shares</i>                | <i>0</i>         | <i>1,764,043</i> | <i>1,969,816</i> | <i>0</i>         | <i>0</i>         | <i>0</i>         | <i>0.00%</i>  |
| Taxes on Interest Paid                        | 0                | 0                | 0                | 0                | 0                | 0                | 0.00%         |
| Other Financial Costs                         | 63,498           | 80,487           | 33,127           | 6,061            | 21,553           | 24,573           | 87.71%        |
| <b>TOTAL FINANCIAL COSTS</b>                  | <b>63,498</b>    | <b>1,844,530</b> | <b>2,002,943</b> | <b>6,061</b>     | <b>21,553</b>    | <b>24,572</b>    | <b>87.71%</b> |
| <b>Gross Margin</b>                           | <b>4,108,990</b> | <b>3,140,069</b> | <b>3,026,986</b> | <b>1,487,606</b> | <b>3,001,777</b> | <b>4,448,331</b> | <b>67.48%</b> |
| <b>OPERATING EXPENSES</b>                     |                  |                  |                  |                  |                  |                  |               |
| Personnel                                     | 711,414          | 854,246          | 764,895          | 215,410          | 425,942          | 646,141          | 65.92%        |
| Governance                                    | 336,812          | 432,883          | 520,389          | 19,817           | 59,125           | 171,283          | 34.52%        |
| Marketing                                     | 23,614           | 30,050           | 20,691           | 11,948           | 22,234           | 38,540           | 57.69%        |
| Depreciation                                  | 68,384           | 58,126           | 49,207           | 0                | 0                | 0                | 0.00%         |
| Administration                                | 212,816          | 330,070          | 916,811          | 108,671          | 410,723          | 474,183          | 86.62%        |
| <b>TOTAL OPERATING EXPENSES</b>               | <b>1,353,040</b> | <b>1,705,375</b> | <b>2,271,993</b> | <b>355,846</b>   | <b>918,024</b>   | <b>1,330,147</b> | <b>69.02%</b> |
| Provision for Risk Assets                     | 0                | 0                | 0                | 0                | 0                | 0                | 0.00%         |
| <b>Net Income from Operations</b>             | <b>2,755,950</b> | <b>1,434,694</b> | <b>754,993</b>   | <b>1,131,760</b> | <b>2,083,753</b> | <b>3,118,184</b> | <b>66.83%</b> |
| <b>OTHER INCOME / EXPENSE</b>                 |                  |                  |                  |                  |                  |                  |               |
| Previous period adjustments (Net)             | 0                | 0                | 0                | 0                | 0                | 0                | 0.00%         |
| Extraordinary Items (Net)                     | 0                | 0                | 0                | 0                | 0                | 0                | 0.00%         |
| <b>TOTAL OTHER INCOME/EXPENSE</b>             | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0.00%</b>  |
| <b>Net Income/Loss</b>                        | <b>2,755,950</b> | <b>1,434,694</b> | <b>754,993</b>   | <b>1,131,760</b> | <b>2,083,753</b> | <b>3,118,184</b> | <b>66.83%</b> |

|                                               | 31-Dec-98 | 31-Dec-99 | 31-Mar-00 | 30-Jun-00 | 30-Sep-00 |
|-----------------------------------------------|-----------|-----------|-----------|-----------|-----------|
| <b>Number of Credit Unions in this Report</b> | 1         | 1         | 1         | 1         | 1         |
| <b>Salary Burden</b>                          |           |           |           |           |           |
| Number Of Loans / Number of Loan Officers     | 0         | 0         | 0         | 0         | 0         |
| Amount Of Loans / Number of Loan Officers     | 0         | 0         | 0         | 0         | 0         |
| <b>Adjusted Returns*</b>                      |           |           |           |           |           |
| Capital                                       | -8.54%    | 1.94%     | -18.11%   | -13.28%   | -8.51%    |
| Assets                                        | -1.48%    | 0.32%     | -3.20%    | -2.41%    | -1.61%    |
| <b>Sufficiency Ratios**</b>                   |           |           |           |           |           |
| Operational Self Sufficiency                  | 140.41%   | 117.66%   | 412.72%   | 321.78%   | 330.17%   |
| Financial Self Sufficiency                    | 87.02%    | 102.71%   | 45.29%    | 67.81%    | 81.45%    |
| Subsidy Dependency Index                      | 66.63%    | 25.43%    | 75.10%    | 90.35%    | 107.10%   |
| <b>Efficiency Ratios***</b>                   |           |           |           |           |           |
| Portfolio Turnover                            | NA        | NA        | NA        | NA        | NA        |
| Administrative Efficiency                     | 5.90%     | 6.95%     | 0.96%     | 2.25%     | 3.21%     |

1. The RATE used in the calculation of all ratios is inflation or market rate of the product (savings, credit, etc.), whichever is higher.
2. Required Provision Expenses are 100% of all loans delinquent greater than 12 months and either the WOCCU standard of 35% of loans delinquent from 1-12 months or local requirements where appropriate.

**\*Explanation of Adjusted Return Ratios**

**Adjusted return on Capital**

$(\text{Gross Income} - \text{Operating Subsidies} - ((\text{Average Deposits Balance} * \text{RATE}) + (\text{Average External Credit Balance} * \text{RATE}) + (\text{Average Share Balance} * \text{RATE}) + \text{Operating Expenses} + \text{Required Provision Expenses})) / (\text{Institutional Capital} + \text{Transitory Capital})$

**Adjusted Return on Assets**

$(\text{Gross Income} - \text{Operating Subsidies} - ((\text{Average Deposits Balance} * \text{RATE}) + (\text{Average External Credit Balance} * \text{RATE}) + (\text{Average Share Balance} * \text{RATE}) + \text{Operating Expenses} + \text{Required Provision Expenses})) / \text{Avg. Assets}$

**\*\*Explanation of Sufficiency Ratios**

**Operational Self Sufficiency**

$(\text{Gross Income} - \text{Operating Subsidies}) / (\text{Deposit Costs} + \text{External Credit Costs} + \text{Share Costs} + \text{Operating Expenses} + \text{Provision Expenses} + \text{Other Expenses} + \text{Operating Subsidies})$

**Financial Self Sufficiency**

$(\text{Gross Income} - \text{Operating Subsidies}) / ((\text{Average Deposits Balance} * \text{RATE}) + (\text{Average External Credit Balance} * \text{RATE}) + (\text{Average Share Balance} * \text{RATE}) + \text{Operating Expenses} + \text{Required Provision Expenses} + \text{Other Expenses} + \text{Operating Subsidies})$

**Subsidy Dependency Index**

$([\text{Average Deposits Balance} * (\text{RATE} - \text{Weighted Interest Rate } \{R5\})] + [\text{Average External Credit Balance} * (\text{RATE} - \text{Weighted Rate } \{R6\})] - [\text{Average Share Balance} * (\text{RATE} - \text{Weighted Interest Rate } \{R7\})] + [(\text{Institutional Capital} + \text{Transitory Capital}) * \text{RATE } \{\text{Savings}\}] + \text{Subsidies}) / (\text{Average Loan Portfolio} * \text{Annualized Loan Interest Rate } \{R1\})$

**\*\*\*Explanation of Efficiency Ratios**

**Portfolio Turnover**

Amount of Loans Disbursed During Current Reporting Period / Gross Average Loan Portfolio

**Administrative Efficiency**

Operating Expenses / Average Gross Loan Portfolio



World Council of Credit Unions, Inc.

**Microfinance Expansion Program (MEP)  
4<sup>th</sup> QUARTER 2000 REPORT**

**COMOCO  
Savings and Credit Cooperative (SACCO)**

**Nairobi, Kenya  
February 16, 2001**

Microfinance Expansion  
Programme (MEP)  
Isaac Gathanju Road  
Off James Gichuru Road, Lavington  
P.O. Box 979 Village Market  
Nairobi, Kenya

Phone: (254) 2-48053/48122/7/9  
Fax: (254) 2-48112  
E-mail: [wocuu@form-net.com](mailto:wocuu@form-net.com)

*"Quality  
Credit Unions  
for Everyone"*

**World Council of Credit Unions, Inc. (WOCCU), Kenya**  
**Microfinance Expansion Program (MEP)**  
**COMOCO SACCO**  
**4<sup>th</sup> Quarter, 2000, PEARLS Analysis**

| SACCO Prudential Standards           | Analysis of COMOCO SACCO's Status<br>By the end of the 4 <sup>th</sup> Quarter, 2000 <sup>1</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|--------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Protection</i>                    | <ul style="list-style-type: none"> <li>• Ratios P1 to P5 were not computed <i>because the SACCO has not begun making provisions for loan losses and writing off loans delinquent for over 12 months. This implies that the SACCO's assets are overstated. The management has proposed to start applying these principles from the beginning of 2001 in their accounting processes. WOCCU will hold a Power Point presentation to train the management on accounting procedures in regard to loan losses.</i></li> <li>• The SACCO's solvency ratio is 105.01%. <i>This is a positive indicator because it has been steady for the past four reporting periods.</i></li> <li>• The SACCO's net institutional capital has reduced from 2.91% in June to negative 0.62% in September, <i>due to increased accounting discrepancy, caused by huge amounts of dummy balances of uncleared front office transactions. Management is advised to clear these accounts.</i></li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <i>Effective Financial Structure</i> | <ul style="list-style-type: none"> <li>• <b>COMOCO SACCO's asset structure</b> <ul style="list-style-type: none"> <li>• Earning assets are 76.06%;               <ul style="list-style-type: none"> <li>• Loans are 72.55%;</li> <li>• Liquid investments are 1.05%;</li> <li>• Financial investments are 2.46%;</li> </ul> </li> </ul> <p><i>The SACCO has a large amount of non-earning assets held up in cash and several current accounts. This explains why earning assets are low (76%). Management has been advised by WOCCU to minimize these balances and hold just the necessary level of liquidity to cater for members' withdrawals and daily operations. Liquid investments are still within the recommended standards and bearing in mind that they yielded no returns, they should be maintained as low as possible. Financial investments are also within the recommended limit.</i></p> </li> <li>• <b>COMOCO SACCO's asset financing structure:</b> <ul style="list-style-type: none"> <li>• Savings Deposits are 6.92%;</li> <li>• Share Capital is 74.98%;</li> <li>• External Credit is 0.43%, and</li> <li>• Institutional Capital is 2.25%.</li> </ul> <p><i>WOCCU has advised the SACCO to expand front office operations and mobilize savings from members to at least 70% of total assets; reasons for this have been duly communicated and technical support is continuous. The SACCO has opened up its common bond to encourage more people to open savings accounts.</i></p> <p><i>Institutional capital reduced from 2.92% in June; it is low compared to PEARLS standards. However, it is likely to go up in December when the SACCO will transfer part of its net income to legal reserves. Reducing operating costs could contribute to an increase in net income, which would consequently increase the reserves.</i></p> </li> </ul> |

<sup>1</sup> The 4<sup>th</sup> quarter report presents an analysis of financial information for September 30, 2000.



World Council of Credit Unions, Inc. (WOCCU), Kenya  
 Microfinance Expansion Program (MEP)  
**COMOCO SACCO**  
 4<sup>th</sup> Quarter, 2000, PEARLS Analysis

| SACCO Prudential Standards       | Analysis of COMOCO SACCO's Status<br>By the end of the 4 <sup>th</sup> Quarter, 2000 <sup>2</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Asset Quality</i>             | <ul style="list-style-type: none"> <li>• Total delinquency was not computed. <i>WOCCU has installed the Loan Portfolio Analysis Tool and training plans are on. This will assist the SACCO track delinquency.</i></li> <li>• The level of non-earning assets is very high (23.94%) <i>due to large balances of checking accounts and accounting discrepancies. WOCCU has advised the SACCO to minimize the level of non-earning liquid assets. Accounting technical advice will be offered to the management concerning the discrepancy.</i></li> <li>• Some of the non-earning assets are financed by interest-bearing liabilities, the ratio being 61.86%. <i>WOCCU has advised the SACCO to match non-earning assets to zero-cost funds.</i></li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <i>Rates of return and costs</i> | <ul style="list-style-type: none"> <li>• The effective loan yield, at 17.28%, is relatively high and close to the market rate (20.60%). <i>Front office lending, where loans are priced at a higher rate than the back office loans, has boosted these returns.</i></li> <li>• Financial and liquid investments have not reported a yield,</li> <li>• COMOCO SACCO does not hold non-financial investments.</li> <li>• Interest Cost on savings deposits is 2.10%, <i>a low return on members' deposits. The SACCO has been advised to pay a competitive rate on member savings.</i></li> <li>• External credit costs are modest, at 3.33%, <i>but higher than cost on savings deposits. However, they have reduced from 10.25% in March. WOCCU continues to emphasize the need to rely on savings mobilization rather than external credit;</i></li> <li>• No dividends on member shares, <i>since dividends are determined annually post net income and COMOCO SACCO does not accrue for the same.</i></li> <li>• Gross margin is high, being 12.52%.</li> <li>• Operating expenses, at 5.90%, <i>are moderate and within PEARLS standards.</i></li> <li>• The SACCO did not make provisions for loan losses, <i>but WOCCU will hold training sessions to train the management on accounting for loan losses.</i></li> <li>• The SACCO does not have non-recurring incomes/expenses.</li> <li>• The SACCO had a net income of 6.62%. <i>This may not be sufficient to support the required growth in institutional capital.</i></li> </ul> |

<sup>2</sup> The 4<sup>th</sup> quarter report presents an analysis of financial information for September 30, 2000.

World Council of Credit Unions, Inc. (WOCCU), Kenya  
 Microfinance Expansion Program (MEP)  
 COMOCO SACCO  
 4<sup>th</sup> Quarter, 2000, PEARLS Analysis

| SACCO Prudential Standards | Analysis of COMOCO SACCO's Status<br>By the end of the 4 <sup>th</sup> Quarter, 2000 <sup>3</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Liquidity</i>           | <ul style="list-style-type: none"> <li>• Liquid assets, net of short-term payables, are high (287.52%) hence adequately meeting the members' withdrawal needs. However, too much liquidity may be unprofitable and WOCCU has advised the SACCO to reduce the number of current accounts.</li> <li>• Non-earning liquid assets are high (18.85%), because of the checking account balances. WOCCU has held discussions with the management to discuss the possibility of reducing the checking account balances.</li> <li>• The SACCO has no money in the CFF, because the league does not offer liquidity reserve facilities.</li> <li>• The SACCO has no liquidity reserves.</li> </ul>                                                                                                                                                                                                                                                                                                                 |
| <i>Signs of Growth</i>     | <ul style="list-style-type: none"> <li>• Total assets registered a growth of 23.66%, much higher than the inflation rate and a great improvement from a negative growth of -9.13% in June.</li> <li>• Loans registered a growth of 18.05%, a positive trend though lower than growth in S1 (this is a temporary condition as the SACCO was holding huge balances in the checking accounts pending the approval of loans for the month).</li> <li>• External credit reduced significantly by 127%, a positive indicator (WOCCU has encouraged the management to source money from members and avoid external credit).</li> <li>• Membership registered a decline primarily due to retrenchment in the parent company. To counter this the management has opened up the common bond so that the SACCO can serve other members who are not necessarily employees of CMC Group.</li> <li>• Share capital grew by 17.64%, well above inflation and commendable in light of the reduced membership.</li> </ul> |

<sup>3</sup> The 4<sup>th</sup> quarter report presents an analysis of financial information for September 30, 2000.

| Based on Local currency                         |                                                             | Annual                           |           |           |           |           |           |           | % Complete |
|-------------------------------------------------|-------------------------------------------------------------|----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| P-E-A-R-L-S RATIOS                              |                                                             | Goals                            | 31-Dec-97 | 31-Dec-98 | 31-Dec-99 | 31-Mar-00 | 30-Jun-00 | 30-Sep-00 |            |
| Number of Credit Unions in this Report          |                                                             |                                  | 1         | 1         | 1         | 1         | 1         | 1         |            |
| <b>P PROTECTION</b>                             |                                                             |                                  |           |           |           |           |           |           |            |
| 1.                                              | Loan Loss Allowances / Delinq. >12 Mo.                      | 100%                             | NA        | NA        | NA        | NA        | NA        | NA        | NA         |
| 2.                                              | Net Loan Loss Allow. / Allow. Required for Delinq. 1-12 Mo. | 100% of Goal                     | NA        | NA        | NA        | NA        | NA        | NA        | NA         |
| 3.                                              | Complete Loan Charge-Off of Delinquency > 12 Mo.            | Yes                              | Yes       | Yes       | Yes       | Yes       | Yes       | Yes       | 100%       |
| 4.                                              | Annual Loan Charge-offs / Average Loan Portfolio            | Minimized                        | 0.09%     | 0.32%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%         |
| 5.                                              | Accum. Charge-Offs Recovered / Accum Charge-Offs            | 100%                             | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%         |
| 6.                                              | Solvency                                                    | Min 100%                         | 101.28%   | 99.36%    | 105.13%   | 105.23%   | 105.76%   | 105.01%   | 101%       |
| 7.                                              | Net Institutional Capital                                   | Minimum 10%                      | 1.04%     | -0.54%    | 1.08%     | 3.02%     | 2.91%     | -0.62%    | -21%       |
| <b>E EFFECTIVE FINANCIAL STRUCTURE</b>          |                                                             |                                  |           |           |           |           |           |           |            |
| 1.                                              | Net Loans / Total Assets                                    | Between 70 - 80%                 | 74.88%    | 75.43%    | 75.24%    | 86.11%    | 85.57%    | 72.55%    | 118%       |
| 2.                                              | Liquid Investments / Total Assets                           | Max 20 %                         | 0.25%     | 0.13%     | 3.59%     | 1.59%     | 1.06%     | 1.05%     | 101%       |
| 3.                                              | Financial Investments / Total Assets                        | Max 10 %                         | 13.24%    | 13.02%    | 12.68%    | 7.18%     | 2.27%     | 2.46%     | 92%        |
| 4.                                              | Non-Financial Investments / Total Assets                    | 0%                               | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%         |
| 5.                                              | Savings Deposits / Total Assets                             | Between 70 - 80%                 | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 6.92%     | 0%         |
| 6.                                              | External Credit / Total Assets                              | 0                                | 9.22%     | 5.70%     | 10.78%    | 0.27%     | 0.22%     | 0.43%     | 52%        |
| 7.                                              | Member Share Capital / Total Assets                         | Max 20 %                         | 80.99%    | 85.39%    | 77.98%    | 87.02%    | 87.91%    | 74.98%    | 117%       |
| 8.                                              | Institutional Capital / Total Assets                        | Minimum 10%                      | 3.14%     | 3.05%     | 2.43%     | 3.03%     | 2.92%     | 2.25%     | 130%       |
| <b>A ASSET QUALITY</b>                          |                                                             |                                  |           |           |           |           |           |           |            |
| 1.                                              | Total Delinquency / Gross Loan Portfolio                    | Less Than or Equal To 5%         | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%         |
| 2.                                              | Non-Earning Assets / Total Assets                           | Less Than or Equal To 5%         | 11.63%    | 11.42%    | 8.48%     | 5.11%     | 11.10%    | 23.94%    | 46%        |
| 3.                                              | Net Zero Cost Funds / Non-earning. Assets                   | Greater Than or Equal To 100%    | 66.07%    | 46.55%    | 116.69%   | 248.24%   | 106.88%   | 61.86%    | 173%       |
| <b>R RATES OF RETURN AND COSTS (ANNUALIZED)</b> |                                                             |                                  |           |           |           |           |           |           |            |
| 1.                                              | Net Loan Income / Average Net Loan Portfolio                | Enterprunrial Rate               | 12.41%    | 11.51%    | 11.92%    | 12.31%    | 12.52%    | 17.28%    | 72%        |
| 2.                                              | Liquid Inv. Income / Avg. Liquid Investments                | Market Rates                     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%         |
| 3.                                              | Fin. Investment Income / Avg. Fin. Investments              | Market Rates                     | 0.78%     | 0.00%     | 0.00%     | 1.64%     | 0.53%     | 0.00%     | 0%         |
| 4.                                              | Non-Fin. Inv. Income / Avg. Non-Fin. Investmmts             | Greater Than or Equal to R1      | NA        | NA        | NA        | NA        | NA        | NA        | NA         |
| 5.                                              | Fin Costs: Savings Deposits / Avg. Savings Deposits         | Market Rates                     | NA        | NA        | NA        | NA        | NA        | 2.10%     | NA         |
| 6.                                              | Fin Costs: External Credit / Avg. External Credit           | Less Than or Equal to R5         | 3.68%     | 0.00%     | 5.88%     | 10.25%    | 5.14%     | 3.33%     | 155%       |
| 7.                                              | Fin Costs: Member Shares / Avg. Member Shares               | Greater Than or Equal to R5      | 3.98%     | 3.13%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%         |
| 8.                                              | Gross Margin / Average Assets                               | Amount Needed to Cover R9, R10   | 4.95%     | 5.99%     | 8.09%     | 9.41%     | 9.51%     | 12.52%    | 76%        |
| 9.                                              | Operating Expenses / Average Assets                         | 3 -10%                           | 4.43%     | 4.71%     | 4.87%     | 3.50%     | 5.29%     | 5.90%     | 90%        |
| 10.                                             | Provisions for Risk Assets / Average Assets                 | Sufficient for Estimated Losses  | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%         |
| 11.                                             | Other Income or Expense / Average Assets                    | Amount Needed                    | 0.06%     | 0.24%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%         |
| 12.                                             | Net Income / Average Assets                                 | Enough to reach the goal for E8  | 0.46%     | 1.03%     | 3.22%     | 5.91%     | 4.22%     | 6.62%     | 64%        |
| <b>L LIQUIDITY</b>                              |                                                             |                                  |           |           |           |           |           |           |            |
| 1.                                              | Liquid Assets - ST Payables / Total Deposits                | Minimum 15%                      | NA        | NA        | NA        | NA        | NA        | 287.52%   | NA         |
| 2.                                              | Liquidity Reserves / Total Savings Deposits                 | 10%                              | NA        | NA        | NA        | NA        | NA        | 0.00%     | 0%         |
| 3.                                              | Non-Earning Liquid Assets / Total Assets                    | Less Than 1 %                    | 8.20%     | 6.18%     | 5.31%     | 2.78%     | 8.43%     | 18.85%    | 45%        |
| 4.                                              | Deposits in CFF / Total Available Liquidity                 | Maximum Amount                   | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%         |
| <b>S SIGNS OF GROWTH (ANNUAL GROWTH RATES)</b>  |                                                             |                                  |           |           |           |           |           |           |            |
| 1.                                              | Total Assets                                                | More Than Inflation              | 2.16%     | 2.90%     | 23.21%    | -32.81%   | -9.13%    | 23.66%    | -39%       |
| 2.                                              | Loans to Members                                            | Sufficient to Achieve Goal in E1 | 13.24%    | 3.66%     | 22.91%    | 20.38%    | 17.15%    | 18.05%    | 95%        |
| 3.                                              | Savings Deposits                                            | Sufficient to Achieve Goal in E5 | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 100.00%   | 0%         |
| 4.                                              | External Credit                                             | 0%                               | -60.73%   | -36.34%   | 132.89%   | -391.83%  | -196.62%  | -127.00%  | 65%        |
| 5.                                              | Share Capital                                               | Sufficient to Achieve Goal in E7 | 21.87%    | 8.49%     | 12.51%    | 9.91%     | 15.24%    | 17.64%    | 86%        |
| 6.                                              | Institutional Capital                                       | Sufficient to Achieve Goal in E8 | 12.73%    | -0.26%    | -1.60%    | 57.28%    | 28.94%    | 11.71%    | 247%       |
| 7.                                              | Membership                                                  | Minimum 5%                       | 2.81%     | -10.87%   | 8.99%     | -2.49%    | -2.13%    | -8.33%    | 392%       |
| Inflation Rate (Annualized)                     |                                                             |                                  | 11.20%    | 10.60%    | 5.10%     | 6.30%     | 7.30%     | 8.20%     |            |

Based on Local currency

Annual Goal

% Complete

|                                                             | 31/12/1997   | 31/12/1998   | 31/12/1999   | 31/03/2000   | 30/06/2000   | 30/09/2000   | % Complete     |
|-------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|
| Number of Credit Unions in this Report                      | 1            | 1            | 1            | 1            | 1            | 1            |                |
| <b>Number Of CU Members</b>                                 |              |              |              |              |              |              |                |
| Men                                                         | 988          | 881          | 960          | 954          | 950          | 900          | 105.56%        |
| Women                                                       | 659          | 587          | 640          | 636          | 633          | 600          | 105.50%        |
| Gender not Reported                                         | 0            | 0            | 0            | 0            | 0            | 0            | 0.00%          |
| <b>Total Number Of Members</b>                              | <b>1,647</b> | <b>1,468</b> | <b>1,600</b> | <b>1,590</b> | <b>1,583</b> | <b>1,500</b> | <b>105.53%</b> |
| <b>Number of Other Service Users</b>                        |              |              |              |              |              |              |                |
| Youth                                                       | 0            | 0            | 0            | 0            | 0            | 0            | 0.00%          |
| Third Parties                                               | 0            | 0            | 0            | 0            | 0            | 0            | 0.00%          |
| <b>Total Number of Other CU Service Users</b>               | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0.00%</b>   |
| <b>Total Number Of Members &amp; Other CU Service Users</b> | <b>1,647</b> | <b>1,468</b> | <b>1,600</b> | <b>1,590</b> | <b>1,583</b> | <b>1,500</b> | <b>105.53%</b> |

**Assets****Earning Assets****Loans to Members**

|                         |                   |                   |                   |                   |                   |                   |            |
|-------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------|
| Short Term (<=1 Year)   | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%         |
| Medium-Term (1-3 Years) | 51,050,026        | 52,917,498        | 63,818,360        | 66,684,121        | 68,967,176        | 71,993,995        | 96%        |
| Long-Term (> 3 Years)   | 0                 | 0                 | 1,219,917         | 0                 | 0                 | 0                 | 0%         |
| Other Special Loans     | 0                 | 0                 | 0                 | 1,656,759         | 1,634,197         | 1,853,818         | 88%        |
| Loan Loss Allowances    | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%         |
| <b>Total Net Loans</b>  | <b>51,050,026</b> | <b>52,917,498</b> | <b>65,038,277</b> | <b>68,340,880</b> | <b>70,601,373</b> | <b>73,847,813</b> | <b>96%</b> |

**Liquid Investments**

|                                       |                |               |                  |                  |                |                  |            |
|---------------------------------------|----------------|---------------|------------------|------------------|----------------|------------------|------------|
| Liquidity Reserves - CFF              | 0              | 0             | 0                | 0                | 0              | 0                | 0%         |
| Other Liquidity Reserves              | 0              | 0             | 0                | 0                | 0              | 0                | 0%         |
| Short-Term CFF Deposits               | 0              | 0             | 0                | 0                | 0              | 0                | 0%         |
| Short-Term Bank Deposits              | 167,754        | 89,136        | 3,105,777        | 1,264,956        | 874,956        | 1,064,746        | 82%        |
| Short-Term Securities and Investments | 0              | 0             | 0                | 0                | 0              | 0                | 0%         |
| Other Liquid Investments 1            | 0              | 0             | 0                | 0                | 0              | 0                | 0%         |
| Other Liquid Investments 2            | 0              | 0             | 0                | 0                | 0              | 0                | 0%         |
| Other Liquid Investments 3            | 0              | 0             | 0                | 0                | 0              | 0                | 0%         |
| Liquid Investments Allowances         | 0              | 0             | 0                | 0                | 0              | 0                | 0%         |
| <b>Total Liquid Investments</b>       | <b>167,754</b> | <b>89,136</b> | <b>3,105,777</b> | <b>1,264,956</b> | <b>874,956</b> | <b>1,064,746</b> | <b>82%</b> |

**Financial Investments**

|                                    |                  |                  |                   |                  |                  |                  |            |
|------------------------------------|------------------|------------------|-------------------|------------------|------------------|------------------|------------|
| Shares - League/Affiliation        | 31,000           | 31,000           | 31,000            | 31,000           | 31,000           | 31,000           | 100%       |
| Long-Term CFF Deposit              | 7,648,429        | 8,271,054        | 8,381,054         | 0                | 0                | 0                | 0%         |
| Long-Term Bank Deposits            | 628,903          | 53,838           | 1,773,838         | 4,893,500        | 1,060,437        | 1,700,000        | 62%        |
| Long-Term Securities & Investments | 138,080          | 138,080          | 138,080           | 138,080          | 138,080          | 138,080          | 100%       |
| Other Financial Investments 1      | 579,000          | 639,700          | 639,700           | 639,700          | 639,700          | 639,700          | 100%       |
| Other Financial Investments 2      | 0                | 0                | 0                 | 0                | 0                | 0                | 0%         |
| Other Financial Investments 3      | 0                | 0                | 0                 | 0                | 0                | 0                | 0%         |
| Financial Investments Allowances   | 0                | 0                | 0                 | 0                | 0                | 0                | 0%         |
| <b>Total Financial Investments</b> | <b>9,025,412</b> | <b>9,133,672</b> | <b>10,963,672</b> | <b>5,702,280</b> | <b>1,869,217</b> | <b>2,508,780</b> | <b>75%</b> |

**Non-Financial Investments**

|                                        |                   |                   |                   |                   |                   |                   |            |
|----------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------|
| Various                                | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%         |
| Non-Financial Investments Allowances   | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%         |
| <b>Total Non-Financial Investments</b> | <b>0</b>          | <b>0</b>          | <b>0</b>          | <b>0</b>          | <b>0</b>          | <b>0</b>          | <b>0%</b>  |
| <b>Total Earning Assets</b>            | <b>60,243,192</b> | <b>62,140,306</b> | <b>79,107,726</b> | <b>75,308,116</b> | <b>73,345,546</b> | <b>77,421,339</b> | <b>95%</b> |

**Additional Loan Portfolio Information**

| Delinquency Based on Outstanding Balance of Loan? | Payment    | Payment    | Payment    | Payment    | Payment    | Payment    |      |
|---------------------------------------------------|------------|------------|------------|------------|------------|------------|------|
| <b>Delinquency</b>                                |            |            |            |            |            |            |      |
| 1 Day to 1 Month                                  | 0          | 0          | 0          | 0          | 0          | 0%         |      |
| 1 TO 12 Months                                    | 0          | 0          | 0          | 0          | 0          | 0%         |      |
| More Than 12 Months                               | 0          | 0          | 0          | 0          | 0          | 0%         |      |
| <b>Total Balance Of Delinquent Loans</b>          | <b>0</b>   | <b>0</b>   | <b>0</b>   | <b>0</b>   | <b>0</b>   | <b>0%</b>  |      |
| Loans to Members (Gross)                          | 51,050,026 | 52,917,498 | 65,038,277 | 68,340,880 | 70,601,373 | 73,847,813 | 96%  |
| Accumulated Charge-Offs (Historical)              | 42,367     | 210,227    | 210,227    | 210,227    | 210,227    | 210,227    | 100% |
| Recovery of Loans Charged-Off (Historical)        | 0          | 0          | 0          | 0          | 0          | 0          | 0%   |

Based on Local currency

Annual Goal

% Complete

31/12/1997 31/12/1998 31/12/1999 31/03/2000 30/06/2000 30/09/2000

**Non-Earning Assets****Liquid Assets**

|                             |                  |                  |                  |                  |                  |                   |            |
|-----------------------------|------------------|------------------|------------------|------------------|------------------|-------------------|------------|
| Cash & Equivalents          | 8,002            | 5,219            | 69,055           | 2,228            | 241,291          | 1,398,419         | 17%        |
| Current Accounts (Checking) | 5,583,188        | 4,329,903        | 4,517,312        | 2,203,527        | 6,715,753        | 17,784,906        | 38%        |
| Foreign Currency            | 0                | 0                | 0                | 0                | 0                | 0                 | 0%         |
| Liquidity Reserves - CFF    | 0                | 0                | 0                | 0                | 0                | 0                 | 0%         |
| Other Liquidity Reserves    | 0                | 0                | 0                | 0                | 0                | 0                 | 0%         |
| Other Liquid Assets         | 0                | 0                | 0                | 0                | 0                | 0                 | 0%         |
| <b>Total Liquid Assets</b>  | <b>5,591,190</b> | <b>4,335,122</b> | <b>4,586,367</b> | <b>2,205,755</b> | <b>6,957,044</b> | <b>19,183,325</b> | <b>36%</b> |

**Accounts Receivable**

|                                  |                |                |                |                |                |                |             |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|-------------|
| Debtors                          | 0              | 0              | 155,715        | 127,103        | 127,103        | 127,103        | 100%        |
| Interest Receivable              | 0              | 0              | 0              | 0              | 0              | 0              | 0%          |
| Notes Receivable                 | 0              | 0              | 0              | 0              | 0              | 0              | 0%          |
| Payroll Deductions Receivable    | 0              | 0              | 0              | 0              | 0              | 0              | 0%          |
| Other Accounts Receivable        | 563,440        | 353,619        | 93,107         | 9,800          | 9,600          | 0              | 0%          |
| Receivable Loss Allowances       | 0              | 0              | 0              | 0              | 0              | 0              | 0%          |
| <b>Total Accounts Receivable</b> | <b>563,440</b> | <b>353,619</b> | <b>248,822</b> | <b>136,903</b> | <b>136,703</b> | <b>127,103</b> | <b>108%</b> |

**Fixed Assets**

|                                          |                |                |                  |                  |                  |                  |            |
|------------------------------------------|----------------|----------------|------------------|------------------|------------------|------------------|------------|
| Land                                     | 0              | 0              | 0                | 0                | 0                | 0                | 0%         |
| Buildings (Cost)                         | 0              | 0              | 0                | 0                | 0                | 0                | 0%         |
| Accumulated Depreciation - Buildings     | 0              | 0              | 0                | 0                | 0                | 0                | 0%         |
| Leasehold Improvements                   | 0              | 0              | 0                | 0                | 0                | 0                | 0%         |
| Accum. Depreciation - Leasehold Improv.  | 0              | 0              | 0                | 0                | 0                | 0                | 0%         |
| Furniture & Equipment                    | 182,742        | 645,530        | 1,116,245        | 1,563,408        | 1,913,038        | 2,004,564        | 95%        |
| Accum. Depreciation - Furniture & Equip. | 0              | 0              | 0                | 0                | 0                | 0                | 0%         |
| <b>Total Net Fixed Assets</b>            | <b>182,742</b> | <b>645,530</b> | <b>1,116,245</b> | <b>1,563,408</b> | <b>1,913,038</b> | <b>2,004,564</b> | <b>95%</b> |

**Other Assets**

|                           |                |                |                |                |                |                |             |
|---------------------------|----------------|----------------|----------------|----------------|----------------|----------------|-------------|
| Assets in Liquidation     | 0              | 0              | 0              | 0              | 0              | 0              | 0%          |
| Organization Expenses     | 7,795          | 11,495         | 59,926         | 0              | 0              | 0              | 0%          |
| Prepaid Expenses          | 150,000        | 150,000        | 150,000        | 143,984        | 142,484        | 140,984        | 101%        |
| Other Deferred Assets     | 0              | 0              | 0              | 0              | 0              | 0              | 0%          |
| Accumulated Amortization  | 0              | 0              | 0              | 0              | 0              | 0              | 0%          |
| <b>Total Other Assets</b> | <b>157,795</b> | <b>161,495</b> | <b>209,926</b> | <b>143,984</b> | <b>142,484</b> | <b>140,984</b> | <b>101%</b> |

**Problem Assets**

|                                 |                  |                  |                  |              |              |                  |           |
|---------------------------------|------------------|------------------|------------------|--------------|--------------|------------------|-----------|
| Doubtful Assets                 | 1,434,781        | 1,554,958        | 0                | 0            | 0            | 0                | 0%        |
| Accounting Discrepancy - Assets | 0                | 962,207          | 1,168,557        | 9,333        | 8,333        | 2,915,315        | 0%        |
| Other Problem Assets            | 0                | 0                | 0                | 0            | 0            | 0                | 0%        |
| <b>Total Problem Assets</b>     | <b>1,434,781</b> | <b>2,517,165</b> | <b>1,168,557</b> | <b>9,333</b> | <b>8,333</b> | <b>2,915,315</b> | <b>0%</b> |

**Total Non-Earning Assets**

|                                 |                   |                   |                   |                   |                   |                    |            |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|------------|
| <b>Total Non-Earning Assets</b> | <b>7,929,948</b>  | <b>8,012,931</b>  | <b>7,329,917</b>  | <b>4,059,383</b>  | <b>9,157,602</b>  | <b>24,371,291</b>  | <b>38%</b> |
| <b>Total Assets</b>             | <b>68,173,140</b> | <b>70,153,237</b> | <b>86,437,643</b> | <b>79,367,498</b> | <b>82,503,148</b> | <b>101,792,630</b> | <b>81%</b> |

Based on Local currency

Annual Goal

% Complete

31/12/1997 31/12/1998 31/12/1999 31/03/2000 30/06/2000 30/09/2000

**LIABILITIES****INTEREST BEARING LIABILITIES****Savings Deposits**

|                               |          |          |          |          |          |                  |           |
|-------------------------------|----------|----------|----------|----------|----------|------------------|-----------|
| Regular Savings               | 0        | 0        | 0        | 0        | 0        | 7,042,237        | 0%        |
| Term/Fixed Savings            | 0        | 0        | 0        | 0        | 0        | 0                | 0%        |
| Youth Savings                 | 0        | 0        | 0        | 0        | 0        | 0                | 0%        |
| Special Savings               | 0        | 0        | 0        | 0        | 0        | 0                | 0%        |
| Pledged Savings               | 0        | 0        | 0        | 0        | 0        | 0                | 0%        |
| <b>Total Savings Deposits</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>7,042,237</b> | <b>0%</b> |

**External Credit**

|                                               |                  |                  |                  |                |                |                |            |
|-----------------------------------------------|------------------|------------------|------------------|----------------|----------------|----------------|------------|
| External Credit - CFF (<= 1 Year)             | 0                | 0                | 0                | 0              | 0              | 0              | 0%         |
| External Credit - CFF (> 1 Year)              | 6,283,145        | 4,000,000        | 8,669,085        | 0              | 0              | 0              | 0%         |
| External Credit - Banks                       | 0                | 0                | 646,329          | 214,826        | 182,614        | 433,836        | 42%        |
| Other External Credit - External Institutions | 0                | 0                | 0                | 0              | 0              | 0              | 0%         |
| <b>Total External Credit</b>                  | <b>6,283,145</b> | <b>4,000,000</b> | <b>9,315,414</b> | <b>214,826</b> | <b>182,614</b> | <b>433,836</b> | <b>42%</b> |

|                                           |                  |                  |                  |                |                |                  |  |
|-------------------------------------------|------------------|------------------|------------------|----------------|----------------|------------------|--|
| <b>Total Interest Bearing Liabilities</b> | <b>6,283,145</b> | <b>4,000,000</b> | <b>9,315,414</b> | <b>214,826</b> | <b>182,614</b> | <b>7,476,073</b> |  |
|-------------------------------------------|------------------|------------------|------------------|----------------|----------------|------------------|--|

**Non-Interest Bearing Liabilities**

|                                               |                  |                  |                  |                  |                  |                   |            |
|-----------------------------------------------|------------------|------------------|------------------|------------------|------------------|-------------------|------------|
| Short-Term Accounts Payable (<=30 Days)       | 0                | 0                | 0                | 0                | 0                | 0                 | 0%         |
| External Credit Payments (<=30 Days)          | 0                | 0                | 0                | 0                | 0                | 0                 | 0%         |
| Provisions (e.g. Employee Benefits)           | 2,152,539        | 2,019,294        | 3,257,724        | 1,486,709        | 1,611,890        | 2,578,306         | 63%        |
| Accounting Discrepancy - Liabilities          | 0                | 0                | 729,344          | 1,575,352        | 598,495          | 7,287,073         | 8%         |
| Other Liabilities                             | 2,378,994        | 2,091,035        | 1,108,541        | 3,400,267        | 3,400,267        | 1,037,273         | 328%       |
| <b>Total Non-Interest Bearing Liabilities</b> | <b>4,531,533</b> | <b>4,110,329</b> | <b>5,095,609</b> | <b>6,462,328</b> | <b>5,610,652</b> | <b>10,902,652</b> | <b>51%</b> |

|                          |                   |                  |                   |                  |                  |                   |            |
|--------------------------|-------------------|------------------|-------------------|------------------|------------------|-------------------|------------|
| <b>Total Liabilities</b> | <b>10,814,678</b> | <b>8,110,329</b> | <b>14,411,023</b> | <b>6,677,154</b> | <b>5,793,266</b> | <b>18,378,725</b> | <b>32%</b> |
|--------------------------|-------------------|------------------|-------------------|------------------|------------------|-------------------|------------|

**CAPITAL****Share Capital**

|                                   |                   |                   |                   |                   |                   |                   |            |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------|
| Mandatory Shares                  | 55,216,145        | 59,906,238        | 67,400,675        | 69,066,174        | 72,524,976        | 76,324,345        | 95%        |
| Voluntary Shares                  | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%         |
| <b>Total Member Share Capital</b> | <b>55,216,145</b> | <b>59,906,238</b> | <b>67,400,675</b> | <b>69,066,174</b> | <b>72,524,976</b> | <b>76,324,345</b> | <b>95%</b> |

**Transitory Capital**

|                                  |          |          |                  |                  |                  |                  |            |
|----------------------------------|----------|----------|------------------|------------------|------------------|------------------|------------|
| Asset Appreciation Over Cost     | 0        | 0        | 0                | 0                | 0                | 0                | 0%         |
| Education & Social Reserves      | 0        | 0        | 0                | 0                | 0                | 0                | 0%         |
| Monetary Reserves                | 0        | 0        | 0                | 0                | 0                | 0                | 0%         |
| Other Reserves                   | 0        | 0        | 0                | 0                | 0                | 0                | 0%         |
| Accounting Discrepancy - Capital | 0        | 0        | 0                | 0                | 0                | 0                | 0%         |
| Undistributed Net Income         | 0        | 0        | 2,523,566        | 1,221,562        | 1,779,099        | 4,802,329        | 37%        |
| <b>Total Transitory Capital</b>  | <b>0</b> | <b>0</b> | <b>2,523,566</b> | <b>1,221,562</b> | <b>1,779,099</b> | <b>4,802,329</b> | <b>37%</b> |

**Institutional Capital**

|                                    |                  |                  |                  |                  |                  |                  |             |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------|
| Statutory & Legal Reserves         | 1,782,636        | 1,961,398        | 1,961,398        | 2,013,216        | 2,013,215        | 2,013,216        | 100%        |
| Retained Earnings                  | 181,016          | (73,693)         | (119,834)        | 122,277          | 122,277          | 0                | 0%          |
| Special Asset Reserves             | 0                | 0                | 0                | 0                | 0                | 0                | 0%          |
| Donations / Other Reserves         | 178,665          | 248,965          | 260,815          | 267,115          | 270,315          | 274,015          | 99%         |
| Undistributed Losses               | 0                | 0                | 0                | 0                | 0                | 0                | 0%          |
| YTD Net Income (Loss) Transfer     | 0                | 0                | 0                | 0                | 0                | 0                | 0%          |
| <b>Total Institutional Capital</b> | <b>2,142,317</b> | <b>2,136,670</b> | <b>2,102,379</b> | <b>2,402,608</b> | <b>2,405,807</b> | <b>2,287,231</b> | <b>105%</b> |

|                      |                   |                   |                   |                   |                   |                   |            |
|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------|
| <b>Total Capital</b> | <b>57,358,462</b> | <b>62,042,908</b> | <b>72,026,620</b> | <b>72,690,344</b> | <b>76,709,882</b> | <b>83,413,905</b> | <b>92%</b> |
|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------|

|                                      |                   |                   |                   |                   |                   |                    |            |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|------------|
| <b>Total Liabilities and Capital</b> | <b>68,173,140</b> | <b>70,153,237</b> | <b>86,437,643</b> | <b>79,367,498</b> | <b>82,503,148</b> | <b>101,792,630</b> | <b>81%</b> |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|------------|

|                                               | 31/12/1997       | 31/12/1998       | 31/12/1999       | 31/03/2000       | 30/06/2000       | 30/09/2000       |               |
|-----------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|---------------|
| Number of Credit Unions in this Report        | 1                | 1                | 1                | 1                | 1                | 1                | 1             |
| <b>INCOME</b>                                 |                  |                  |                  |                  |                  |                  |               |
| <b>INCOME FROM LOANS</b>                      |                  |                  |                  |                  |                  |                  |               |
| Interest Income from Loans                    | 5,963,943        | 5,981,309        | 7,030,832        | 1,869,683        | 3,902,710        | 8,133,471        | 47.98%        |
| Delinquent Penalty Interest Income from Loans | 0                | 0                | 0                | 0                | 0                | 120,255          | 0.00%         |
| Commissions/Fees from Loans                   | 0                | 0                | 0                | 177,160          | 330,663          | 754,605          | 43.82%        |
| Insurance Premiums for Loans                  | 0                | 0                | 0                | 0                | 0                | 0                | 0.00%         |
| <b>NET LOAN INCOME</b>                        | <b>5,963,943</b> | <b>5,981,309</b> | <b>7,030,832</b> | <b>2,046,843</b> | <b>4,233,373</b> | <b>9,008,331</b> | <b>46.99%</b> |
| Income from Liquid Investments                | 0                | 0                | 0                | 0                | 0                | 0                | 0.00%         |
| Income from Financial Investments             | 64,370           | 0                | 0                | 34,095           | 16,873           | 0                | 0.00%         |
| Income from Non-Financial Investments         | 0                | 0                | 0                | 0                | 0                | 0                | 0.00%         |
| Income from Grants                            | 0                | 0                | 0                | 0                | 0                | 0                | 0.00%         |
| Income from Other Sources                     | 49,781           | 153,887          | 0                | 0                | 0                | 188,981          | 0.00%         |
| <b>Gross Income</b>                           | <b>6,078,094</b> | <b>6,135,196</b> | <b>7,030,832</b> | <b>2,080,938</b> | <b>4,250,246</b> | <b>9,197,312</b> | <b>46.21%</b> |
| <b>COSTS/EXPENSES</b>                         |                  |                  |                  |                  |                  |                  |               |
| <b>FINANCIAL COSTS</b>                        |                  |                  |                  |                  |                  |                  |               |
| Interest Expense on Savings Deposits          | 0                | 0                | 0                | 0                | 0                | 55,454           | 0.00%         |
| Insurance Premiums for Savings                | 0                | 0                | 0                | 0                | 0                | 0                | 0.00%         |
| <i>Financial Cost - Savings Deposits</i>      | <i>0</i>         | <i>0</i>         | <i>0</i>         | <i>0</i>         | <i>0</i>         | <i>55,454</i>    | <i>0.00%</i>  |
| Financial Cost on External Credit             | 409,965          | 0                | 391,485          | 121,797          | 121,797          | 121,797          | 100.00%       |
| Dividend Expense on Shares                    | 2,000,000        | 1,800,000        | 0                | 0                | 0                | 0                | 0.00%         |
| Insurance Premiums for Shares                 | 0                | 0                | 0                | 0                | 0                | 0                | 0.00%         |
| <i>Financial Cost - Shares</i>                | <i>2,000,000</i> | <i>1,800,000</i> | <i>0</i>         | <i>0</i>         | <i>0</i>         | <i>0</i>         | <i>0.00%</i>  |
| Taxes on Interest Paid                        | 0                | 0                | 0                | 0                | 0                | 0                | 0.00%         |
| Other Financial Costs                         | 326,976          | 191,925          | 305,831          | 13,852           | 123,064          | 174,089          | 70.69%        |
| <b>TOTAL FINANCIAL COSTS</b>                  | <b>2,736,941</b> | <b>1,991,925</b> | <b>697,316</b>   | <b>135,649</b>   | <b>244,861</b>   | <b>351,340</b>   | <b>69.69%</b> |
| Gross Margin                                  | 3,341,153        | 4,143,271        | 6,333,516        | 1,945,289        | 4,005,385        | 8,845,972        | 45.28%        |
| <b>OPERATING EXPENSES</b>                     |                  |                  |                  |                  |                  |                  |               |
| Personnel                                     | 1,585,615        | 1,737,054        | 1,896,514        | 516,988          | 1,353,516        | 2,372,427        | 57.05%        |
| Governance                                    | 997,912          | 1,224,323        | 1,467,378        | 150,700          | 694,575          | 1,015,607        | 68.39%        |
| Marketing                                     | 9,116            | 28,658           | 11,000           | 0                | 15,738           | 30,738           | 51.20%        |
| Depreciation                                  | 31,140           | 59,212           | 0                | 0                | 0                | 0                | 0.00%         |
| Administration                                | 367,669          | 211,115          | 435,058          | 56,039           | 162,458          | 747,147          | 21.74%        |
| <b>TOTAL OPERATING EXPENSES</b>               | <b>2,991,452</b> | <b>3,260,362</b> | <b>3,809,950</b> | <b>723,727</b>   | <b>2,226,287</b> | <b>4,165,919</b> | <b>53.44%</b> |
| Provision for Risk Assets                     | 0                | 0                | 0                | 0                | 0                | 0                | 0.00%         |
| <b>Net Income from Operations</b>             | <b>349,701</b>   | <b>882,909</b>   | <b>2,523,566</b> | <b>1,221,562</b> | <b>1,779,098</b> | <b>4,680,053</b> | <b>38.01%</b> |
| <b>OTHER INCOME / EXPENSE</b>                 |                  |                  |                  |                  |                  |                  |               |
| Previous period adjustments (Net)             | 0                | 0                | 0                | 0                | 0                | 0                | 0.00%         |
| Extraordinary Items (Net)                     | (42,367)         | (167,860)        | 0                | 0                | 0                | 0                | 0.00%         |
| <b>TOTAL OTHER INCOME/EXPENSE</b>             | <b>(42,367)</b>  | <b>(167,860)</b> | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0.00%</b>  |
| <b>Net Income/Loss</b>                        | <b>307,334</b>   | <b>715,049</b>   | <b>2,523,566</b> | <b>1,221,562</b> | <b>1,779,098</b> | <b>4,680,053</b> | <b>38.01%</b> |

|                                               | 31-Dec-98  | 31-Dec-99  | 31-Mar-00  | 30-Jun-00  | 30-Sep-00  |
|-----------------------------------------------|------------|------------|------------|------------|------------|
| <b>Number of Credit Unions in this Report</b> | 1          | 1          | 1          | 1          | 1          |
| <b>Salary Burden</b>                          |            |            |            |            |            |
| Number Of Loans / Number of Loan Officers     | 1,173      | 1,280      | 1,269      | 1,264      | 2,274      |
| Amount Of Loans / Number of Loan Officers     | 52,917,498 | 65,038,277 | 68,340,879 | 70,601,373 | 73,847,813 |
| <b>Adjusted Returns*</b>                      |            |            |            |            |            |
| Capital                                       | -210.62%   | -31.64%    | -90.50%    | -75.48%    | -19.55%    |
| Assets                                        | -6.51%     | -1.87%     | -3.96%     | -3.90%     | -1.50%     |
| <b>Sufficiency Ratios**</b>                   |            |            |            |            |            |
| Operational Self Sufficiency                  | 116.81%    | 155.99%    | 242.15%    | 171.99%    | 203.60%    |
| Financial Self Sufficiency                    | 56.66%     | 79.89%     | 38.72%     | 56.43%     | 85.50%     |
| Subsidy Dependency Index                      | 93.79%     | 60.66%     | 52.64%     | 58.86%     | 54.42%     |
| <b>Efficiency Ratios***</b>                   |            |            |            |            |            |
| Portfolio Turnover                            | 3.59%      | 20.55%     | 4.95%      | 3.25%      | 100.62%    |
| Administrative Efficiency                     | 6.27%      | 6.46%      | 1.09%      | 3.20%      | 5.77%      |

1. The RATE used in the calculation of all ratios is inflation or market rate of the product (savings, credit, etc.), whichever is higher.
2. Required Provision Expenses are 100% of all loans delinquent greater than 12 months and either the WOCCU standard of 35% of loans delinquent from 1-12 months or local requirements where appropriate.

**\*Explanation of Adjusted Return Ratios**

|                                                                                                                                                                                                                                                                                                                                                                                           |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Adjusted return on Capital</b></p> $\frac{\text{Gross Income} - \text{Operating Subsidies} - ((\text{Average Deposits Balance} * \text{RATE}) + (\text{Average External Credit Balance} * \text{RATE}) + (\text{Average Share Balance} * \text{RATE}) + \text{Operating Expenses} + \text{Required Provision Expenses})}{\text{Institutional Capital} + \text{Transitory Capital}}$ |
| <p><b>Adjusted Return on Assets</b></p> $\frac{\text{Gross Income} - \text{Operating Subsidies} - ((\text{Average Deposits Balance} * \text{RATE}) + (\text{Average External Credit Balance} * \text{RATE}) + (\text{Average Share Balance} * \text{RATE}) + \text{Operating Expenses} + \text{Required Provision Expenses})}{\text{Avg. Assets}}$                                        |

**\*\*Explanation of Sufficiency Ratios**

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Operational Self Sufficiency</b></p> $\frac{\text{Gross Income} - \text{Operating Subsidies}}{\text{Deposit Costs} + \text{External Credit Costs} + \text{Share Costs} + \text{Operating Expenses} + \text{Provision Expenses} + \text{Other Expenses} + \text{Operating Subsidies}}$                                                                                                                                                                                                                                        |
| <p><b>Financial Self Sufficiency</b></p> $\frac{\text{Gross Income} - \text{Operating Subsidies}}{((\text{Average Deposits Balance} * \text{RATE}) + (\text{Average External Credit Balance} * \text{RATE}) + (\text{Average Share Balance} * \text{RATE}) + \text{Operating Expenses} + \text{Required Provision Expenses}) + \text{Other Expenses} + \text{Operating Subsidies}}$                                                                                                                                                |
| <p><b>Subsidy Dependency Index</b></p> $\frac{([\text{Average Deposits Balance} * (\text{RATE} - \text{Weighted Interest Rate } \{R5\})] + [\text{Average External Credit Balance} * (\text{RATE} - \text{Weighted Rate } \{R6\})] - [\text{Average Share Balance} * (\text{RATE} - \text{Weighted Interest Rate } \{R7\})] + [(\text{Institutional Capital} + \text{Transitory Capital}) * \text{RATE } \{\text{Savings}\}] + \text{Subsidies})}{(\text{Average Loan Portfolio} * \text{Annualized Loan Interest Rate } \{R1\})}$ |

**\*\*\*Explanation of Efficiency Ratios**

|                                                                                                                                  |
|----------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Portfolio Turnover</b></p> <p>Amount of Loans Disbursed During Current Reporting Period / Gross Average Loan Portfolio</p> |
| <p><b>Administrative Efficiency</b></p> <p>Operating Expenses / Average Gross Loan Portfolio</p>                                 |





World Council of Credit Unions, Inc.

**Microfinance Expansion Program (MEP)  
4<sup>th</sup> QUARTER 2000 REPORT**

**Egerton University  
Savings and Credit Cooperative (SACCO)**

**Nairobi, Kenya  
February 16, 2001**

Microfinance Expansion  
Programme (MEP)  
Isaac Gathanju Road  
Off James Gichuru Road, Lavington  
P.O. Box 979 Village Market  
Nairobi, Kenya

Phone: (254) 2-48053/48122/7/9  
Fax: (254) 2-48112  
E-mail: [woccu@form-net.com](mailto:woccu@form-net.com)

*"Quality  
Credit Unions  
for Everyone"*

World Council of Credit Unions, Inc. (WOCCU), Kenya  
 Microfinance Expansion Program (MEP)  
 Egerton University SACCO  
 4<sup>th</sup> Quarter, 2000, PEARLS Analysis

| SACCO Prudential Standards           | Analysis of Egerton University SACCO's Status<br>By the end of the 4 <sup>th</sup> Quarter, 2000 <sup>1</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|--------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Protection</i>                    | <ul style="list-style-type: none"> <li>• P1 – P5 ratios were not computed since the SACCO does not provide for expected loan losses; <i>WOCCU has advised the SACCO to provide for expected loan losses. WOCCU has also loaded the Loan Portfolio Analysis Tool in their computers to assist in determining the level of delinquency.</i></li> <li>• Egerton SACCO does not charge-off uncollectible loans; <i>Charging off plans have been presented to the board and management.</i></li> <li>• Egerton University SACCO is solvent and registered a Solvency ratio of 107.70% up from 104.60%.</li> <li>• Egerton University SACCO recorded a negative Net Institutional Capital -ve 0.43%, <i>because the SACCO has a suspense account (accounting discrepancy) of Ksh 10.4 million. WOCCU is working with the SACCO and providing accounting TA to help resolve the discrepancy.</i></li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <i>Effective Financial Structure</i> | <ul style="list-style-type: none"> <li>• Egerton SACCO has not attained the ideal asset structure – (87.04% of its assets are productive):                             <ul style="list-style-type: none"> <li>• Loans: 80.27%;</li> <li>• Liquid investments: 3.13%;</li> <li>• Financial investments: 3.64%;</li> </ul> <i>The SACCO continues to maintain Liquid Investment at a minimum as it offers minimal front office services. In addition, the returns on these investments are low.</i> </li> <li>• Egerton SACCO has not attained the ideal asset financing structure:                             <ul style="list-style-type: none"> <li>• Savings Deposits: 0.32%;</li> <li>• External credit: 1.00%;</li> <li>• Share Capital: 86.27%;</li> <li>• Institutional Capital: 4.39%;</li> </ul> <i>The SACCO has not yet started offering full-scale withdrawable savings Services. Plans to start a front office are underway and WOCCU is working closely with the SACCO to offer the necessary Technical advice on the same. WOCCU continues to offer TA in PEARLS to the SACCO and has advised the board and management on how to start changing SACCO assets and liabilities to attain the ideal structure. Institutional capital declined as the SACCO does not accrue for statutory reserves. The SACCO reduced its external credit to 1.00%. WOCCU has continued to emphasize on Savings mobilization and reliance on it for funding loans.</i> </li> </ul> |

<sup>1</sup> The 4<sup>th</sup> quarter report presents an analysis of financial information as at September 30, 2000.

World Council of Credit Unions, Inc. (WOCCU), Kenya  
 Microfinance Expansion Program (MEP)  
 Egerton University SACCO  
 4<sup>th</sup> Quarter, 2000, PEARLS Analysis

| SACCO Prudential Standards       | Analysis of Egerton University SACCO's Status<br>By the end of the 4 <sup>th</sup> Quarter, 2000 <sup>2</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Asset Quality</i>             | <ul style="list-style-type: none"> <li>• At 0.14%, Delinquency is negligible, <i>since Egerton SACCO has a check-off arrangement with the Employer. In addition, WOCCU has installed the Loan Portfolio Analysis Tool in their computers to help measure the level of delinquency.</i></li> <li>• Non-earning assets are 12.95% compared to ideal of less than 5%, <i>mainly because of the accounting discrepancies noted above, which WOCCU and the SACCO are collaborating on to resolve.</i></li> <li>• Egerton SACCO does not finance all its non-earning assets from institutional reserves and other non-interest bearing liabilities – zero cost funds stand at 58.59% of non-earning assets. <i>The SACCO is being offered necessary technical advise by WOCCU on how to change the asset composition.</i></li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <i>Rates of return and costs</i> | <ul style="list-style-type: none"> <li>• The effective loan yield, at 12.98%, <i>is relatively low and below market rate. WOCCU has advised the SACCO to review its loan rates closer to the market – WOCCU is collaborating with the SACCO board and management to draw up a business plan to help determine the entrepreneurial rate;</i></li> <li>• Liquid investments have reported no yield;</li> <li>• Financial Investment have reported a return of 3.65%, <i>which is modest but fairly comparable to the market;</i></li> <li>• Egerton SACCO does not have non-financial investments;</li> <li>• Financial costs on savings deposits – NIL;</li> <li>• External credit costs are moderate at 10.68% - <i>WOCCU continues to emphasize the need to rely on savings mobilization rather than external credit;</i></li> <li>• Dividends on member shares – 0.04%; <i>the SACCO does not accrue for dividend costs (dividends are determined annually post net income);</i></li> <li>• Gross margin and Net income are both relatively high, <i>primarily because the SACCO does not accrue for member dividends;</i></li> <li>• Operating expenses continue being low at 2.41%;</li> <li>• The SACCO does not have non-recurring incomes/expenses, and no costs on provision as noted above.</li> </ul> |
| <i>Liquidity</i>                 | <ul style="list-style-type: none"> <li>• Liquidity is high <i>and adequate to meet the withdrawal needs of the members. WOCCU is offering advise on how to maintain the optimum level of liquidity;</i></li> <li>• Non-earning liquid assets are within the recommended level (0.00% compared to ideal of less than 1%) as the SACCO maintains minimal balances in its Current Accounts.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

<sup>2</sup> The 4<sup>th</sup> quarter report presents an analysis of financial information as at September 30, 2000.

World Council of Credit Unions, Inc. (WOCCU), Kenya  
 Microfinance Expansion Program (MEP)  
 Egerton University SACCO  
 4<sup>th</sup> Quarter, 2000, PEARLS Analysis

| SACCO Prudential Standards | Analysis of Egerton University SACCO's Status<br>By the end of the 4 <sup>th</sup> Quarter, 2000 <sup>3</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Signs of Growth</i>     | <ul style="list-style-type: none"> <li>• Total assets registered good growth of 24.63%, <i>this is above the inflation rate (which stood at 8.2%)</i>;</li> <li>• Loans registered good growth of 26.56%, <i>which is higher than the growth in total assets. This is a good trend</i>;</li> <li>• External credit declined by 85.16%;</li> <li>• Share capital registered good growth of 21.67%;</li> <li>• Institutional capital growth remained high of 422.52% <i>as the SACCO capitalized its reserves</i>;</li> <li>• Membership recorded a 0.75% decline, <i>an excellent performance in the face of the retrenchment in the civil service and the education sector in the country. With the opened common bond, the SACCO should realize positive growth in 2001.</i></li> </ul> |

<sup>3</sup> The 4<sup>th</sup> quarter report presents an analysis of financial information as at September 30, 2000.

Based on Local currency

Annual  
Goal % Complete

| P-E-A-R-L-S RATIOS                     | Goals | 31-Dec-97 | 31-Dec-98 | 31-Dec-99 | 31-Mar-00 | 30-Jun-00 | 30-Sep-00 |  |
|----------------------------------------|-------|-----------|-----------|-----------|-----------|-----------|-----------|--|
| Number of Credit Unions in this Report |       | 1         | 1         | 1         | 1         | 1         | 1         |  |

**P PROTECTION**

|                                                                |              |         |         |         |         |         |         |      |
|----------------------------------------------------------------|--------------|---------|---------|---------|---------|---------|---------|------|
| 1. Loan Loss Allowances / Delinq. >12 Mo.                      | 100%         | NA      | NA      | NA      | NA      | NA      | NA      | NA   |
| 2. Net Loan Loss Allow. / Allow. Required for Delinq. 1-12 Mo. | 100% of Goal | NA      |         |         |         |         |         |      |
| 3. Complete Loan Charge-Off of Delinquency > 12 Mo.            | Yes          | Yes     | Yes     | Yes     | Yes     | Yes     | Yes     | 100% |
| 4. Annual Loan Charge-offs / Average Loan Portfolio            | Minimized    | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0%   |
| 5. Accum. Charge-Offs Recovered / Accum Charge-Offs            | 100%         | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0.00%   | 0%   |
| 6. Solvency                                                    | Min 100%     | 103.93% | 107.00% | 103.04% | 104.67% | 104.60% | 107.70% | 97%  |
| 7. Net Institutional Capital                                   | Minimum 10%  | 1.22%   | 1.22%   | 0.88%   | 0.26%   | -0.74%  | -0.43%  | 58%  |

**E EFFECTIVE FINANCIAL STRUCTURE**

|                                             |                  |        |        |        |        |        |        |      |
|---------------------------------------------|------------------|--------|--------|--------|--------|--------|--------|------|
| 1. Net Loans / Total Assets                 | Between 70 - 80% | 81.79% | 86.29% | 79.30% | 84.99% | 84.15% | 80.27% | 105% |
| 2. Liquid Investments / Total Assets        | Max 20 %         | 1.50%  | 0.86%  | 7.14%  | 1.52%  | 5.74%  | 3.13%  | 183% |
| 3. Financial Investments / Total Assets     | Max 10 %         | 6.56%  | 4.11%  | 3.95%  | 4.44%  | 3.65%  | 3.64%  | 100% |
| 4. Non-Financial Investments / Total Assets | 0%               | 0.00%  | 0.00%  | 0.00%  | 0.00%  | 0.00%  | 0.00%  | 0%   |
| 5. Savings Deposits / Total Assets          | Between 70 - 80% | 0.00%  | 0.00%  | 0.00%  | 0.37%  | 0.33%  | 0.32%  | 103% |
| 6. External Credit / Total Assets           | 0                | 0.00%  | 3.24%  | 3.29%  | 1.11%  | 2.70%  | 1.00%  | 270% |
| 7. Member Share Capital / Total Assets      | Max 20 %         | 90.24% | 84.20% | 87.92% | 88.80% | 82.45% | 86.27% | 96%  |
| 8. Institutional Capital / Total Assets     | Minimum 10%      | 2.05%  | 1.78%  | 1.25%  | 0.48%  | 4.43%  | 4.39%  | 101% |

**A ASSET QUALITY**

|                                              |                               |        |         |        |         |         |        |      |
|----------------------------------------------|-------------------------------|--------|---------|--------|---------|---------|--------|------|
| 1. Total Delinquency / Gross Loan Portfolio  | Less Than or Equal To 5%      | 0.00%  | 0.48%   | 0.34%  | 0.38%   | 0.59%   | 0.14%  | 425% |
| 2. Non-Earning Assets / Total Assets         | Less Than or Equal To 5%      | 10.16% | 8.74%   | 9.61%  | 9.04%   | 6.46%   | 12.95% | 50%  |
| 3. Net Zero Cost Funds / Non-earning. Assets | Greater Than or Equal To 100% | 87.96% | 137.26% | 87.69% | 105.27% | 144.89% | 58.59% | 247% |

**R RATES OF RETURN AND COSTS (ANNUALIZED)**

|                                                        |                                 |        |        |        |        |        |        |      |
|--------------------------------------------------------|---------------------------------|--------|--------|--------|--------|--------|--------|------|
| 1. Net Loan Income / Average Net Loan Portfolio        | Enterprenurial Rate             | 10.57% | 12.36% | 12.78% | 13.24% | 10.60% | 12.98% | 82%  |
| 2. Liquid Inv. Income / Avg. Liquid Investments        | Market Rates                    | 4.18%  | 6.65%  | 1.57%  | 0.00%  | 0.00%  | 0.00%  | 0%   |
| 3. Fin. Investment Income / Avg. Fin. Investments      | Market Rates                    | 0.63%  | 9.65%  | 5.43%  | 0.00%  | 4.49%  | 3.65%  | 123% |
| 4. Non-Fin. Inv. Income / Avg. Non-Fin. Investmnts     | Greater Than or Equal to R1     | NA     | NA     | NA     | NA     | NA     | NA     | NA   |
| 5. Fin Costs: Savings Deposits / Avg. Savings Deposits | Market Rates                    | NA     | NA     | NA     | 0.00%  | 0.00%  | 0.00%  | 0%   |
| 6. Fin Costs: External Credit / Avg. External Credit   | Less Than or Equal to R5        | NA     | 21.05% | 0.77%  | 0.00%  | 14.12% | 10.68% | 132% |
| 7. Fin Costs: Member Shares / Avg. Member Shares       | Greater Than or Equal to R5     | 5.65%  | 7.12%  | 6.73%  | 0.00%  | 0.00%  | 0.04%  | 0%   |
| 8. Gross Margin / Average Assets                       | Amount Needed to Cover R9, R10  | 3.71%  | 4.43%  | 4.45%  | 8.63%  | 7.44%  | 9.49%  | 78%  |
| 9. Operating Expenses / Average Assets                 | 3 -10%                          | 3.88%  | 3.89%  | 2.54%  | 2.68%  | 2.72%  | 2.41%  | 113% |
| 10. Provisions for Risk Assets / Average Assets        | Sufficient for Estimated Losses | 0.00%  | 0.00%  | 0.00%  | 0.00%  | 0.00%  | 0.14%  | 0%   |
| 11. Other Income or Expense / Average Assets           | Amount Needed                   | 0.01%  | 0.00%  | 0.00%  | 0.00%  | 0.00%  | 0.00%  | 0%   |
| 12. Net Income / Average Assets                        | Enough to reach the goal for E8 | -0.19% | 0.54%  | 1.91%  | 5.95%  | 4.72%  | 6.94%  | 68%  |

**L LIQUIDITY**

|                                                 |                |       |       |       |          |          |         |        |
|-------------------------------------------------|----------------|-------|-------|-------|----------|----------|---------|--------|
| 1. Liquid Assets - ST Payables / Total Deposits | Minimum 15%    | NA    | NA    | NA    | 1237.09% | 2046.31% | 972.35% | 210%   |
| 2. Liquidity Reserves / Total Savings Deposits  | 10%            | NA    | NA    | NA    | 0.00%    | 0.00%    | 0.00%   | 0%     |
| 3. Non-Earning Liquid Assets / Total Assets     | Less Than 1 %  | 1.32% | 0.03% | 8.19% | 8.32%    | 1.02%    | 0.00%   | 34060% |
| 4. Deposits in CFF / Total Available Liquidity  | Maximum Amount | 0.00% | 0.00% | 0.00% | 0.00%    | 0.00%    | 0.00%   | 0%     |

**S SIGNS OF GROWTH (ANNUAL GROWTH RATES)**

|                          |                                  |        |         |         |          |         |         |      |
|--------------------------|----------------------------------|--------|---------|---------|----------|---------|---------|------|
| 1. Total Assets          | More Than Inflation              | 25.62% | 34.81%  | 14.13%  | 13.56%   | 30.64%  | 24.63%  | 124% |
| 2. Loans to Members      | Sufficient to Achieve Goal in E1 | 24.25% | 42.24%  | 4.88%   | 43.32%   | 44.80%  | 26.56%  | 169% |
| 3. Savings Deposits      | Sufficient to Achieve Goal in E5 | 0.00%  | 0.00%   | 0.00%   | 100.00%  | 100.00% | 100.00% | 100% |
| 4. External Credit       | 0%                               | 0.00%  | 100.00% | 15.76%  | -261.60% | -10.65% | -85.16% | 800% |
| 5. Share Capital         | Sufficient to Achieve Goal in E7 | 27.64% | 25.80%  | 19.16%  | 17.73%   | 16.26%  | 21.67%  | 75%  |
| 6. Institutional Capital | Sufficient to Achieve Goal in E8 | 4.81%  | 17.15%  | -20.02% | -242.58% | 621.16% | 422.52% | 147% |
| 7. Membership            | Minimum 5%                       | 3.83%  | -19.85% | -0.27%  | 6.02%    | 6.06%   | -0.75%  | -12% |

Inflation Rate (Annualized)

11.20% 10.60% 5.10% 6.30% 7.30% 8.20%

Based on Local currency

Annual Goal

% Complete

|                                                             | 31/12/1997   | 31/12/1998   | 31/12/1999   | 31/03/2000   | 30/06/2000   | 30/09/2000   |                |
|-------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|
| Number of Credit Unions in this Report                      | 1            | 1            | 1            | 1            | 1            | 1            |                |
| <b>Number Of CU Members</b>                                 |              |              |              |              |              |              |                |
| Men                                                         | 2,258        | 1,810        | 1,805        | 2,088        | 1,860        | 2,052        | 90.64%         |
| Women                                                       | 1,506        | 1,207        | 1,204        | 966          | 1,240        | 940          | 131.91%        |
| Gender not Reported                                         | 0            | 0            | 0            | 0            | 0            | 0            | 0.00%          |
| <b>Total Number Of Members</b>                              | <b>3,764</b> | <b>3,017</b> | <b>3,009</b> | <b>3,054</b> | <b>3,100</b> | <b>2,992</b> | <b>103.61%</b> |
| <b>Number of Other Service Users</b>                        |              |              |              |              |              |              |                |
| Youth                                                       | 0            | 0            | 0            | 0            | 0            | 0            | 0.00%          |
| Third Parties                                               | 0            | 0            | 0            | 0            | 0            | 0            | 0.00%          |
| <b>Total Number of Other CU Service Users</b>               | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0.00%</b>   |
| <b>Total Number Of Members &amp; Other CU Service Users</b> | <b>3,764</b> | <b>3,017</b> | <b>3,009</b> | <b>3,054</b> | <b>3,100</b> | <b>2,992</b> | <b>103.61%</b> |

**Assets**

**Earning Assets**

**Loans to Members**

|                         |                   |                    |                    |                    |                    |                    |             |
|-------------------------|-------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-------------|
| Short Term (<=1 Year)   | 0                 | 0                  | 0                  | 0                  | 7,500              | 0                  | 0%          |
| Medium-Term (1-3 Years) | 97,657,580        | 138,904,965        | 145,690,042        | 161,430,271        | 178,225,245        | 174,736,440        | 102%        |
| Long-Term (> 3 Years)   | 0                 | 0                  | 0                  | 0                  | 0                  | 0                  | 0%          |
| Other Special Loans     | 0                 | 0                  | 0                  | 0                  | 0                  | 0                  | 0%          |
| Loan Loss Allowances    | 0                 | 0                  | 0                  | 0                  | 0                  | 0                  | 0%          |
| <b>Total Net Loans</b>  | <b>97,657,580</b> | <b>138,904,965</b> | <b>145,690,042</b> | <b>161,430,271</b> | <b>178,232,745</b> | <b>174,736,440</b> | <b>102%</b> |

**Liquid Investments**

|                                       |                  |                  |                   |                  |                   |                  |             |
|---------------------------------------|------------------|------------------|-------------------|------------------|-------------------|------------------|-------------|
| Liquidity Reserves - CFF              | 0                | 0                | 0                 | 0                | 0                 | 0                | 0%          |
| Other Liquidity Reserves              | 0                | 0                | 0                 | 0                | 0                 | 0                | 0%          |
| Short-Term CFF Deposits               | 0                | 0                | 0                 | 0                | 0                 | 0                | 0%          |
| Short-Term Bank Deposits              | 779,707          | 1,387,960        | 13,108,583        | 2,895,766        | 12,166,382        | 6,814,926        | 179%        |
| Short-Term Securities and Investments | 0                | 0                | 0                 | 0                | 0                 | 0                | 0%          |
| Other Liquid Investments 1            | 1,015,158        | 0                | 0                 | 0                | 0                 | 0                | 0%          |
| Other Liquid Investments 2            | 0                | 0                | 0                 | 0                | 0                 | 0                | 0%          |
| Other Liquid Investments 3            | 0                | 0                | 0                 | 0                | 0                 | 0                | 0%          |
| Liquid Investments Allowances         | 0                | 0                | 0                 | 0                | 0                 | 0                | 0%          |
| <b>Total Liquid Investments</b>       | <b>1,794,865</b> | <b>1,387,960</b> | <b>13,108,583</b> | <b>2,895,766</b> | <b>12,166,382</b> | <b>6,814,926</b> | <b>179%</b> |

**Financial Investments**

|                                    |                  |                  |                  |                  |                  |                  |            |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------|
| Shares - League/Affiliation        | 2,400            | 22,400           | 172,400          | 201,000          | 251,000          | 257,840          | 97%        |
| Long-Term CFF Deposit              | 5,520,017        | 6,091,033        | 6,599,652        | 6,750,452        | 6,906,129        | 7,107,729        | 97%        |
| Long-Term Bank Deposits            | 1,905,550        | 100,000          | 0                | 1,000,000        | 0                | 0                | 0%         |
| Long-Term Securities & Investments | 381,800          | 381,800          | 17,000           | 16,700           | 66,700           | 66,700           | 100%       |
| Other Financial Investments 1      | 1,000            | 1,000            | 466,300          | 466,300          | 486,300          | 486,300          | 100%       |
| Other Financial Investments 2      | 17,000           | 17,000           | 1,000            | 1,000            | 10,500           | 10,500           | 100%       |
| Other Financial Investments 3      | 0                | 0                | 0                | 0                | 0                | 0                | 0%         |
| Financial Investments Allowances   | 0                | 0                | 0                | 0                | 0                | 0                | 0%         |
| <b>Total Financial Investments</b> | <b>7,827,767</b> | <b>6,613,233</b> | <b>7,256,352</b> | <b>8,435,452</b> | <b>7,720,629</b> | <b>7,929,069</b> | <b>97%</b> |

**Non-Financial Investments**

|                                        |          |          |          |          |          |          |           |
|----------------------------------------|----------|----------|----------|----------|----------|----------|-----------|
| Various                                | 0        | 0        | 0        | 0        | 0        | 0        | 0%        |
| Non-Financial Investments Allowances   | 0        | 0        | 0        | 0        | 0        | 0        | 0%        |
| <b>Total Non-Financial Investments</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0%</b> |

**Total Earning Assets**

|  |             |             |             |             |             |             |      |
|--|-------------|-------------|-------------|-------------|-------------|-------------|------|
|  | 107,280,212 | 146,906,158 | 166,054,977 | 172,761,489 | 198,119,756 | 189,480,435 | 105% |
|--|-------------|-------------|-------------|-------------|-------------|-------------|------|

**Additional Loan Portfolio Information**

| Delinquency Based on Outstanding Balance of Loan? | Payment    | Balance        | Payment        | Payment        | Payment          | Balance        |             |
|---------------------------------------------------|------------|----------------|----------------|----------------|------------------|----------------|-------------|
| <b>Delinquency</b>                                |            |                |                |                |                  |                |             |
| Day to 1 Month                                    | 0          | 0              | 0              | 0              | 0                | 0              | 0%          |
| TO 12 Months                                      | 0          | 666,839        | 495,519        | 606,203        | 1,043,494        | 240,531        | 434%        |
| More Than 12 Months                               | 0          | 0              | 0              | 0              | 0                | 0              | 0%          |
| <b>Total Balance Of Delinquent Loans</b>          | <b>0</b>   | <b>666,839</b> | <b>495,519</b> | <b>606,203</b> | <b>1,043,494</b> | <b>240,531</b> | <b>434%</b> |
| Loans to Members (Gross)                          | 97,657,580 | 138,904,965    | 145,690,042    | 161,430,271    | 178,232,745      | 174,736,440    | 102%        |
| Accumulated Charge-Offs (Historical)              | 0          | 0              | 0              | 0              | 0                | 0              | 0%          |
| Recovery of Loans Charged-Off (Historical)        | 0          | 0              | 0              | 0              | 0                | 0              | 0%          |

Based on Local currency

Annual Goal

% Complete

31/12/1997 31/12/1998 31/12/1999 31/03/2000 30/06/2000 30/09/2000

**Non-Earning Assets****Liquid Assets**

|                             |                  |               |                   |                   |                  |              |               |
|-----------------------------|------------------|---------------|-------------------|-------------------|------------------|--------------|---------------|
| Cash & Equivalents          | 1,897            | 0             | 1,938             | 35,797            | 93,470           | 6,512        | 1435%         |
| Current Accounts (Checking) | 1,574,084        | 41,173        | 15,044,737        | 15,771,788        | 2,064,336        | 0            | 0%            |
| Foreign Currency            | 0                | 0             | 0                 | 0                 | 0                | 0            | 0%            |
| Liquidity Reserves - CFF    | 0                | 0             | 0                 | 0                 | 0                | 0            | 0%            |
| Other Liquidity Reserves    | 0                | 0             | 0                 | 0                 | 0                | 0            | 0%            |
| Other Liquid Assets         | 0                | 0             | 0                 | 0                 | 0                | 0            | 0%            |
| <b>Total Liquid Assets</b>  | <b>1,575,981</b> | <b>41,173</b> | <b>15,046,675</b> | <b>15,807,585</b> | <b>2,157,806</b> | <b>6,512</b> | <b>33138%</b> |

**Accounts Receivable**

|                                  |                  |                   |                  |                |                |                   |           |
|----------------------------------|------------------|-------------------|------------------|----------------|----------------|-------------------|-----------|
| Debtors                          | 0                | 0                 | 1,478,560        | 523,672        | 166,988        | 275,125           | 61%       |
| Interest Receivable              | 0                | 0                 | 0                | 0              | 0              | 0                 | 0%        |
| Notes Receivable                 | 0                | 0                 | 0                | 0              | 0              | 0                 | 0%        |
| Payroll Deductions Receivable    | 8,805,479        | 12,353,735        | 0                | 0              | 0              | 16,568,978        | 0%        |
| Other Accounts Receivable        | 0                | 6,170             | 0                | 0              | 0              | 0                 | 0%        |
| Receivable Loss Allowances       | 0                | 0                 | 0                | 0              | 0              | 0                 | 0%        |
| <b>Total Accounts Receivable</b> | <b>8,805,479</b> | <b>12,359,905</b> | <b>1,478,560</b> | <b>523,672</b> | <b>166,988</b> | <b>16,844,103</b> | <b>1%</b> |

**Fixed Assets**

|                                          |                |                |                |                |                |                |            |
|------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|------------|
| Land                                     | 0              | 0              | 0              | 0              | 0              | 0              | 0%         |
| Buildings (Cost)                         | 0              | 0              | 0              | 0              | 0              | 0              | 0%         |
| Accumulated Depreciation - Buildings     | 0              | 0              | 0              | 0              | 0              | 0              | 0%         |
| Leasehold Improvements                   | 0              | 0              | 0              | 0              | 0              | 0              | 0%         |
| Accum. Depreciation - Leasehold Improv.  | 0              | 0              | 0              | 0              | 0              | 0              | 0%         |
| Furniture & Equipment                    | 542,874        | 559,867        | 633,818        | 645,818        | 760,276        | 950,776        | 80%        |
| Accum. Depreciation - Furniture & Equip. | 0              | 0              | 0              | 0              | 0              | 0              | 0%         |
| <b>Total Net Fixed Assets</b>            | <b>542,874</b> | <b>559,867</b> | <b>633,818</b> | <b>645,818</b> | <b>760,276</b> | <b>950,776</b> | <b>80%</b> |

**Other Assets**

|                           |                |                |              |              |              |              |             |
|---------------------------|----------------|----------------|--------------|--------------|--------------|--------------|-------------|
| Assets in Liquidation     | 0              | 0              | 0            | 0            | 0            | 0            | 0%          |
| Organization Expenses     | 207,900        | 439,357        | 0            | 0            | 0            | 0            | 0%          |
| Prepaid Expenses          | 2,665          | 0              | 0            | 0            | 0            | 0            | 0%          |
| Other Deferred Assets     | 0              | 0              | 4,579        | 2,665        | 2,665        | 2,665        | 100%        |
| Accumulated Amortization  | 0              | 0              | 0            | 0            | 0            | 0            | 0%          |
| <b>Total Other Assets</b> | <b>210,565</b> | <b>439,357</b> | <b>4,579</b> | <b>2,665</b> | <b>2,665</b> | <b>2,665</b> | <b>100%</b> |

**Problem Assets**

|                                 |                |                |                |                |                   |                   |             |
|---------------------------------|----------------|----------------|----------------|----------------|-------------------|-------------------|-------------|
| Doubtful Assets                 | 991,165        | 669,334        | 495,519        | 189,247        | 189,247           | 0                 | 0%          |
| Accounting Discrepancy - Assets | 0              | 0              | 0              | 0              | 10,395,259        | 10,395,259        | 100%        |
| Other Problem Assets            | 0              | 0              | 0              | 0              | 0                 | 0                 | 0%          |
| <b>Total Problem Assets</b>     | <b>991,165</b> | <b>669,334</b> | <b>495,519</b> | <b>189,247</b> | <b>10,584,506</b> | <b>10,395,259</b> | <b>102%</b> |

**Total Non-Earning Assets**

|                                 |                   |                   |                   |                   |                   |                   |            |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------|
| <b>Total Non-Earning Assets</b> | <b>12,126,064</b> | <b>14,069,636</b> | <b>17,659,151</b> | <b>17,168,987</b> | <b>13,672,241</b> | <b>28,199,314</b> | <b>48%</b> |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------|

**Total Assets**

|                     |                    |                    |                    |                    |                    |                    |            |
|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------|
| <b>Total Assets</b> | <b>119,406,276</b> | <b>160,975,794</b> | <b>183,714,128</b> | <b>189,930,476</b> | <b>211,791,997</b> | <b>217,679,749</b> | <b>97%</b> |
|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------|

Based on Local currency

Annual Goal

% Complete

31/12/1997 31/12/1998 31/12/1999 31/03/2000 30/06/2000 30/09/2000

## LIABILITIES

## INTEREST BEARING LIABILITIES

## Savings Deposits

|                               |          |          |          |                |                |                |             |
|-------------------------------|----------|----------|----------|----------------|----------------|----------------|-------------|
| Regular Savings               | 0        | 0        | 0        | 0              | 0              | 0              | 0%          |
| Term/Fixed Savings            | 0        | 0        | 0        | 0              | 0              | 0              | 0%          |
| Youth Savings                 | 0        | 0        | 0        | 0              | 0              | 0              | 0%          |
| Special Savings               | 0        | 0        | 0        | 700,000        | 700,000        | 700,000        | 100%        |
| Pledged Savings               | 0        | 0        | 0        | 0              | 0              | 0              | 0%          |
| <b>Total Savings Deposits</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>700,000</b> | <b>700,000</b> | <b>700,000</b> | <b>100%</b> |

## External Credit

|                                               |          |                  |                  |                  |                  |                  |             |
|-----------------------------------------------|----------|------------------|------------------|------------------|------------------|------------------|-------------|
| External Credit - CFF (<= 1 Year)             | 0        | 0                | 0                | 0                | 0                | 0                | 0%          |
| External Credit - CFF (> 1 Year)              | 0        | 3,763,481        | 6,000,000        | 2,100,000        | 5,717,384        | 517,384          | 1105%       |
| External Credit - Banks                       | 0        | 1,452,273        | 37,925           | 0                | 0                | 1,660,214        | 0%          |
| Other External Credit - External Institutions | 0        | 0                | 0                | 0                | 0                | 0                | 0%          |
| <b>Total External Credit</b>                  | <b>0</b> | <b>5,215,754</b> | <b>6,037,925</b> | <b>2,100,000</b> | <b>5,717,384</b> | <b>2,177,597</b> | <b>263%</b> |

## Total Interest Bearing Liabilities

## Non-Interest Bearing Liabilities

|                                               |                  |                  |                   |                   |                   |                  |             |
|-----------------------------------------------|------------------|------------------|-------------------|-------------------|-------------------|------------------|-------------|
| Short-Term Accounts Payable (<=30 Days)       | 43,705           | 374,817          | 0                 | 10,043,730        | 0                 | 15,000           | 0%          |
| External Credit Payments (<=30 Days)          | 0                | 0                | 0                 | 0                 | 0                 | 0                | 0%          |
| Provisions (e.g. Employee Benefits)           | 0                | 8,500,000        | 0                 | 50,000            | 80,590            | 0                | 0%          |
| Accounting Discrepancy - Liabilities          | 0                | 0                | 0                 | 0                 | 0                 | 0                | 0%          |
| Other Liabilities                             | 6,383,104        | 943,606          | 10,579,366        | 64,116            | 11,665,707        | 2,001,064        | 583%        |
| <b>Total Non-Interest Bearing Liabilities</b> | <b>6,426,809</b> | <b>9,818,423</b> | <b>10,579,366</b> | <b>10,157,846</b> | <b>11,746,297</b> | <b>2,016,064</b> | <b>583%</b> |

## Total Liabilities

## CAPITAL

## Share Capital

|                                   |                    |                    |                    |                    |                    |                    |            |
|-----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------|
| Mandatory Shares                  | 107,749,313        | 135,545,555        | 161,522,319        | 168,655,242        | 174,614,525        | 187,799,591        | 93%        |
| Voluntary Shares                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%         |
| <b>Total Member Share Capital</b> | <b>107,749,313</b> | <b>135,545,555</b> | <b>161,522,319</b> | <b>168,655,242</b> | <b>174,614,525</b> | <b>187,799,591</b> | <b>93%</b> |

## Transitory Capital

|                                  |                  |                  |                  |                  |                  |                   |            |
|----------------------------------|------------------|------------------|------------------|------------------|------------------|-------------------|------------|
| Asset Appreciation Over Cost     | 0                | 0                | 0                | 0                | 0                | 0                 | 0%         |
| Education & Social Reserves      | 0                | 0                | 0                | 0                | 0                | 0                 | 0%         |
| Monetary Reserves                | 0                | 0                | 0                | 0                | 0                | 0                 | 0%         |
| Other Reserves                   | 0                | 3,992,893        | 0                | 1,996,449        | 1,996,447        | 1,996,447         | 100%       |
| Accounting Discrepancy - Capital | 0                | 0                | 0                | 0                | 0                | 0                 | 0%         |
| Undistributed Net Income         | 2,787,953        | 3,542,113        | 3,286,124        | 5,416,541        | 7,641,084        | 13,443,325        | 57%        |
| <b>Total Transitory Capital</b>  | <b>2,787,953</b> | <b>7,535,006</b> | <b>3,286,124</b> | <b>7,412,990</b> | <b>9,637,531</b> | <b>15,439,772</b> | <b>62%</b> |

## Institutional Capital

|                                    |                  |                  |                  |                |                  |                  |            |
|------------------------------------|------------------|------------------|------------------|----------------|------------------|------------------|------------|
| Statutory & Legal Reserves         | 2,352,516        | 2,754,391        | 2,754,391        | 3,566,292      | 3,787,166        | 3,787,166        | 100%       |
| Retained Earnings                  | 0                | 0                | 208,150          | 0              | 0                | 0                | 0%         |
| Special Asset Reserves             | 0                | 0                | 0                | 0              | 0                | 0                | 0%         |
| Donations / Other Reserves         | 89,685           | 106,665          | (674,147)        | (2,661,894)    | 5,589,094        | 5,759,559        | 97%        |
| Undistributed Losses               | 0                | 0                | 0                | 0              | 0                | 0                | 0%         |
| YTD Net Income (Loss) Transfer     | 0                | 0                | 0                | 0              | 0                | 0                | 0%         |
| <b>Total Institutional Capital</b> | <b>2,442,201</b> | <b>2,861,056</b> | <b>2,288,394</b> | <b>904,398</b> | <b>9,376,260</b> | <b>9,546,725</b> | <b>98%</b> |

## Total Capital

## Total Liabilities and Capital

|                               |             |             |             |             |             |             |     |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-----|
| Total Capital                 | 112,979,467 | 145,941,617 | 167,096,837 | 176,972,630 | 193,628,316 | 212,786,088 | 91% |
| Total Liabilities and Capital | 119,406,276 | 160,975,794 | 183,714,128 | 189,930,476 | 211,791,997 | 217,679,749 | 97% |



Annual Goal

% Complete

|                                               | 31/12/1997       | 31/12/1998        | 31/12/1999        | 31/03/2000       | 30/06/2000       | 30/09/2000        |               |
|-----------------------------------------------|------------------|-------------------|-------------------|------------------|------------------|-------------------|---------------|
| Number of Credit Unions in this Report        | 1                | 1                 | 1                 | 1                | 1                | 1                 |               |
| <b>INCOME</b>                                 |                  |                   |                   |                  |                  |                   |               |
| <b>INCOME FROM LOANS</b>                      |                  |                   |                   |                  |                  |                   |               |
| Interest Income from Loans                    | 9,314,762        | 14,553,609        | 18,187,509        | 4,932,529        | 8,337,239        | 15,297,246        | 54.50%        |
| Delinquent Penalty Interest Income from Loans | 0                | 0                 | 0                 | 0                | 0                | 0                 | 0.00%         |
| Commissions/Fees from Loans                   | 0                | 66,945            | 0                 | 136,199          | 223,240          | 308,290           | 72.41%        |
| Insurance Premiums for Loans                  | 0                | 0                 | 0                 | 0                | 0                | 0                 | 0.00%         |
| <b>NET LOAN INCOME</b>                        | <b>9,314,762</b> | <b>14,620,554</b> | <b>18,187,509</b> | <b>5,068,728</b> | <b>8,560,479</b> | <b>15,605,536</b> | <b>54.86%</b> |
| Income from Liquid Investments                | 50,614           | 105,752           | 113,557           | 0                | 0                | 0                 | 0.00%         |
| Income from Financial Investments             | 39,966           | 696,845           | 376,780           | 0                | 167,477          | 207,862           | 80.57%        |
| Income from Non-Financial Investments         | 0                | 0                 | 0                 | 0                | 0                | 0                 | 0.00%         |
| Income from Grants                            | 0                | 0                 | 0                 | 0                | 0                | 0                 | 0.00%         |
| Income from Other Sources                     | 1,517            | 0                 | 100,296           | 20,740           | 24,120           | 28,494            | 84.65%        |
| <b>Gross Income</b>                           | <b>9,406,859</b> | <b>15,423,151</b> | <b>18,778,142</b> | <b>5,089,468</b> | <b>8,752,076</b> | <b>15,841,892</b> | <b>55.25%</b> |
| <b>COSTS/EXPENSES</b>                         |                  |                   |                   |                  |                  |                   |               |
| <b>FINANCIAL COSTS</b>                        |                  |                   |                   |                  |                  |                   |               |
| Interest Expense on Savings Deposits          | 0                | 0                 | 0                 | 0                | 0                | 0                 | 0.00%         |
| Insurance Premiums for Savings                | 0                | 0                 | 0                 | 0                | 0                | 0                 | 0.00%         |
| Financial Cost - Savings Deposits             | 0                | 0                 | 0                 | 0                | 0                | 0                 | 0.00%         |
| Financial Cost on External Credit             | 0                | 548,966           | 43,544            | 0                | 413,899          | 329,184           | 125.74%       |
| Dividend Expense on Shares                    | 5,432,874        | 8,662,395         | 10,000,000        | 0                | 0                | 52,699            | 0.00%         |
| Insurance Premiums for Shares                 | 0                | 0                 | 0                 | 0                | 0                | 0                 | 0.00%         |
| Financial Cost - Shares                       | 5,432,874        | 8,662,395         | 10,000,000        | 0                | 0                | 52,699            | 0.00%         |
| Taxes on Interest Paid                        | 0                | 0                 | 0                 | 0                | 0                | 0                 | 0.00%         |
| Other Financial Costs                         | 0                | 0                 | 1,070,895         | 1,068,120        | 997,300          | 1,159,236         | 86.03%        |
| <b>TOTAL FINANCIAL COSTS</b>                  | <b>5,432,874</b> | <b>9,211,361</b>  | <b>11,114,439</b> | <b>1,068,120</b> | <b>1,411,199</b> | <b>1,541,119</b>  | <b>91.57%</b> |
| Gross Margin                                  | 3,973,985        | 6,211,790         | 7,663,703         | 4,021,348        | 7,340,877        | 14,300,773        | 51.33%        |
| <b>OPERATING EXPENSES</b>                     |                  |                   |                   |                  |                  |                   |               |
| Personnel                                     | 1,554,600        | 2,205,492         | 2,155,617         | 587,665          | 1,192,351        | 1,784,608         | 66.81%        |
| Governance                                    | 967,495          | 1,385,525         | 1,628,216         | 441,943          | 1,042,312        | 1,086,860         | 95.90%        |
| Marketing                                     | 0                | 157,021           | 34,308            | 1,500            | 90,651           | 115,346           | 78.59%        |
| Depreciation                                  | 60,319           | 62,207            | 70,424            | 0                | 0                | 0                 | 0.00%         |
| Administration                                | 1,580,221        | 1,647,385         | 489,014           | 217,553          | 356,576          | 649,148           | 54.93%        |
| <b>TOTAL OPERATING EXPENSES</b>               | <b>4,162,635</b> | <b>5,457,630</b>  | <b>4,377,579</b>  | <b>1,248,661</b> | <b>2,681,890</b> | <b>3,635,962</b>  | <b>73.76%</b> |
| Provision for Risk Assets                     | 0                | 0                 | 0                 | 0                | 0                | 203,582           | 0.00%         |
| <b>Net Income from Operations</b>             | <b>(188,650)</b> | <b>754,160</b>    | <b>3,286,124</b>  | <b>2,772,687</b> | <b>4,658,987</b> | <b>10,461,229</b> | <b>44.54%</b> |
| <b>OTHER INCOME / EXPENSE</b>                 |                  |                   |                   |                  |                  |                   |               |
| Previous period adjustments (Net)             | (11,849)         | 0                 | 0                 | 0                | 0                | 0                 | 0.00%         |
| Extraordinary Items (Net)                     | 0                | 0                 | 0                 | 0                | 0                | 0                 | 0.00%         |
| <b>TOTAL OTHER INCOME/EXPENSE</b>             | <b>(11,849)</b>  | <b>0</b>          | <b>0</b>          | <b>0</b>         | <b>0</b>         | <b>0</b>          | <b>0.00%</b>  |
| <b>Net Income/Loss</b>                        | <b>(200,499)</b> | <b>754,160</b>    | <b>3,286,124</b>  | <b>2,772,687</b> | <b>4,658,987</b> | <b>10,461,229</b> | <b>44.54%</b> |

|                                               | 31-Dec-98 | 31-Dec-99  | 31-Mar-00 | 30-Jun-00 | 30-Sep-00  |
|-----------------------------------------------|-----------|------------|-----------|-----------|------------|
| <b>Number of Credit Unions in this Report</b> | 1         | 1          | 1         | 1         | 1          |
| <b>Salary Burden</b>                          |           |            |           |           |            |
| Number Of Loans / Number of Loan Officers     | 0         | 0          | 0         | 0         | 2,042      |
| Amount Of Loans / Number of Loan Officers     | 0         | 72,845,021 | 0         | 0         | 87,368,220 |
| <b>Adjusted Returns*</b>                      |           |            |           |           |            |
| Capital                                       | -36.63%   | 82.22%     | -85.16%   | -37.66%   | -12.51%    |
| Assets                                        | -2.72%    | 2.66%      | -3.79%    | -3.57%    | -1.46%     |
| <b>Sufficiency Ratios**</b>                   |           |            |           |           |            |
| Operational Self Sufficiency                  | 105.14%   | 121.21%    | 219.68%   | 213.83%   | 294.42%    |
| Financial Self Sufficiency                    | 80.20%    | 123.01%    | 38.44%    | 51.76%    | 78.71%     |
| Subsidy Dependency Index                      | 37.15%    | -6.25%     | 34.19%    | 66.54%    | 73.33%     |
| <b>Efficiency Ratios***</b>                   |           |            |           |           |            |
| Portfolio Turnover                            | 34.87%    | 4.77%      | 10.25%    | 9.89%     | 25.12%     |
| Administrative Efficiency                     | 4.61%     | 3.08%      | 0.81%     | 1.58%     | 2.06%      |

1. The RATE used in the calculation of all ratios is inflation or market rate of the product (savings, credit, etc.), whichever is higher.
2. Required Provision Expenses are 100% of all loans delinquent greater than 12 months and either the WOCCU standard of 35% of loans delinquent from 1-12 months or local requirements where appropriate.

**\*Explanation of Adjusted Return Ratios**

*Adjusted return on Capital*

(Gross Income - Operating Subsidies - ((Average Deposits Balance \* RATE) + (Average External Credit Balance \* RATE) + (Average Share Balance \* RATE) + Operating Expenses + Required Provision Expenses)) / (Institutional Capital + Transitory Capital)

*Adjusted Return on Assets*

(Gross Income - Operating Subsidies - ((Average Deposits Balance \* RATE) + (Average External Credit Balance \* RATE) + (Average Share Balance \* RATE) + Operating Expenses + Required Provision Expenses)) / Avg. Assets

**\*\*Explanation of Sufficiency Ratios**

*Operational Self Sufficiency*

(Gross Income - Operating Subsidies) / (Deposit Costs + External Credit Costs + Share Costs + Operating Expenses + Provision Expenses + Other Expenses + Operating Subsidies)

*Financial Self Sufficiency*

(Gross Income - Operating Subsidies) / ((Average Deposits Balance \* RATE) + (Average External Credit Balance \* RATE) + (Average Share Balance \* RATE) + Operating Expenses + Required Provision Expenses) + Other Expenses + Operating Subsidies)

*Subsidy Dependency Index*

((Average Deposits Balance \*(RATE - Weighted Interest Rate {R5})) + [Average External Credit Balance \* (RATE - Weighted Rate {R6})] - [Average Share Balance \* (RATE - Weighted Interest Rate {R7})] + [(Institutional Capital + Transitory Capital) \* RATE {Savings}] + Subsidies) / (Average Loan Portfolio \* Annualized Loan Interest Rate {R1})

**\*\*\*Explanation of Efficiency Ratios**

*Portfolio Turnover*

Amount of Loans Disbursed During Current Reporting Period / Gross Average Loan Portfolio

*Administrative Efficiency*

Operating Expenses / Average Gross Loan Portfolio



World Council of Credit Unions, Inc.

**Microfinance Expansion Program (MEP)  
4<sup>th</sup> QUARTER 2000 REPORT**

**Kilifi Teachers  
Savings and Credit Cooperative (SACCO)**

**Nairobi, Kenya  
February 16, 2001**

Microfinance Expansion  
Programme (MEP)  
Isaac Gathanju Road  
Off James Gichuru Road, Lavington  
P.O. Box 979 Village Market  
Nairobi, Kenya

Phone: (254) 2-48053/48122/7/9  
Fax: (254) 2-48112  
E-mail: [woccu@form-net.com](mailto:woccu@form-net.com)

*"Quality  
Credit Unions  
for Everyone"*

**World Council of Credit Unions, Inc. (WOCCU), Kenya**  
**Microfinance Expansion Program (MEP)**  
**Kilifi Teachers' SACCO**  
**4<sup>th</sup> Quarter, 2000, PEARLS Analysis**

| SACCO Prudential Standards           | Analysis of Kilifi Teachers' SACCO's Status<br>By the end of the 4 <sup>th</sup> Quarter, 2000 <sup>1</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|--------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Protection</i>                    | <ul style="list-style-type: none"> <li>• The SACCO does not provide for loan losses. The SACCO has been advised on the dangers of not providing for expected loan losses. Furthermore, the Loan Portfolio Analysis Tool has been installed in their computers to help measure the level of delinquency.</li> <li>• Kilifi Teachers' SACCO does not charge-off loans delinquent over 12 months; the need for charging off loans delinquent for over 12 months has been explained – formal Charging off plans will be presented to the board and management as per the Participation Agreement.</li> <li>• Kilifi Teachers' SACCO is fully solvent at 105.55%.</li> <li>• Kilifi Teachers' SACCO has a positive net institutional capital (0.13%), a positive sign. WOCCU has advised the SACCO on the dangers of maintaining Institutional capital at very low levels. With the help of WOCCU, the SACCO did its Business plan for 2001, which laid emphasis on the need to build up Institutional capital.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <i>Effective Financial Structure</i> | <ul style="list-style-type: none"> <li>• Kilifi Teachers' SACCO has not attained the ideal asset structure. 79.12% of the SACCO's total assets are productive, up 5.63% compared to June 2000: <ul style="list-style-type: none"> <li>• Loans went up 6.19% to hit 73.92% compared to 67.73% at June, 2000;</li> <li>• Liquid investments went down by 0.44% to stand at 0.92% compared to 1.36% for June 2000;</li> <li>• Financial investments reduced marginally by 0.12% to stand at 4.16% compared to 4.28% for June, 2000;</li> </ul> </li> <li>• Kilifi Teachers' SACCO has not attained the ideal asset financing structure: <ul style="list-style-type: none"> <li>• Savings Deposits went down to 3.99% from 5.62% in June, 2000;</li> <li>• External Credit went up marginally by 0.17% to 1.48% compared to 1.31% for June, 2000;</li> <li>• Members Share Capital went up by above 2% to stand at 81.73% compared to 79.02% for June, 2000;</li> <li>• Institutional Capital went down to 0.51% compared to 0.53% for June 2000;</li> </ul> </li> </ul> <p><i>WOCCU has advised the board and management on how to start changing the SACCO's assets and liabilities to attain the ideal structure. Follow up training on PEARLS and Business Planning has been conducted for the board and management;</i></p> <p><i>With the help of market surveys conducted by WOCCU, in conjunction with the SACCO, savings deposits are expected to go up significantly by the end of the 2<sup>nd</sup> Quarter 2001 as a result of the introduction of more savings products.</i></p> <p><i>With the help of WOCCU, the SACCO came up with the 2001 Business Plan, which the General Assembly adopted. The plan allocated a moderate amount to institutional capital. In addition, the SACCO's management is committed to PEARLS standards and growing reserves (and thus Institutional Capital).</i></p> |

<sup>1</sup> The 4<sup>th</sup> quarter report presents an analysis of financial information for September 30, 2000.

**World Council of Credit Unions, Inc. (WOCCU), Kenya**  
**Microfinance Expansion Program (MEP)**  
**Kilifi Teachers' SACCO**  
**4<sup>th</sup> Quarter, 2000, PEARLS Analysis**

| SACCO Prudential Standards       | Analysis of Kilifi Teachers' SACCO's Status<br>By the end of the 4 <sup>th</sup> Quarter, 2000 <sup>2</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Asset Quality</i>             | <ul style="list-style-type: none"> <li>• Delinquency remains low, at 1.16% - <i>Kilifi Teachers' SACCO has a check-off arrangement with the employer which helps keep delinquency levels minimal. Furthermore, WOCCU has installed the Loan Portfolio Analysis Tool in their computers and preliminary training on data entry conducted;</i></li> <li>• Non-earning Assets, at 21.01%, are higher than the recommended 5% of total assets, but have steadily declined from 30.13% in December 1999; <i>the high level is mainly due to the SACCO's investment in a building, accumulation of funds in its checking account and delayed remittances from the employer; WOCCU has advised the SACCO to complete the building and let it out so as to remove it from Fixed assets to a Non-financial investment that yields income.</i></li> <li>• Kilifi Teachers' SACCO is financing some of its non-earning assets from interest bearing liabilities – zero cost funds stand at 59.14%, an increase over the 51.45% recorded in June 2000 – <i>this is due to the investment in a building and the high level of non-earning liquid assets noted above. WOCCU has advised the SACCO not to use external credit, member shares or front office savings to fund the construction of the building.</i></li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <i>Rates of return and costs</i> | <ul style="list-style-type: none"> <li>• The effective loan yield, at 13.88%, is low and below market, <i>but above the yield reported to June, 2000 (13.25%);</i></li> <li>• Liquid investments reported no yield; <i>they pay returns semi-annually (bank savings accounts, etc.);</i></li> <li>• Financial Investments reported a low yield of 0.41% – <i>most of the SACCO's financial investments are in non-quoted firms and cannot be traded off easily. WOCCU has advised the SACCO not to invest in the securities/instruments of non quoted firms;</i></li> <li>• The SACCO does not have Non-Financial Investments <i>and, therefore, reported no yield on the same;</i></li> <li>• Financial costs on savings deposits are nil; <i>the SACCO does not accrue for these – it pays a return on savings deposits semi-annually.</i></li> <li>• External credit costs are 2.12%; <i>the SACCO has not accrued for these.</i></li> <li>• No dividends on member shares; <i>the SACCO does not accrue for dividend costs (dividends are determined annually, post net income).</i></li> <li>• Gross margin is relatively high, <i>primarily because the SACCO does not accrue for member dividends and interest on savings deposits, and does not provide for expected loan losses.</i></li> <li>• Operating expenses at, 5.48%, are low and within the 10% recommended PEARLS standards; <i>the check-off system and the low remuneration structure explain this.</i></li> <li>• The SACCO does not have non-recurring incomes/expenses, and no provisions costs as noted above.</li> </ul> <p><i>WOCCU continues to encourage Kilifi Teachers' SACCO to provide for expected loan losses and measure delinquency accurately.</i></p> |

<sup>2</sup> The 4<sup>th</sup> quarter report presents an analysis of financial information for September 30, 2000.

**World Council of Credit Unions, Inc. (WOCCU), Kenya**  
**Microfinance Expansion Program (MEP)**  
**Kilifi Teachers' SACCO**  
**4<sup>th</sup> Quarter, 2000, PEARLS Analysis**

| SACCO Prudential Standards | Analysis of Kilifi Teachers' SACCO's Status<br>By the end of the 4 <sup>th</sup> Quarter, 2000 <sup>3</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Liquidity</i>           | <ul style="list-style-type: none"> <li>• The SACCO posted a negative liquidity level, at -2.88%. <i>WOCCU has advised the SACCO on how to manage liquidity to avoid inability to honor short-term maturing obligations.</i></li> <li>• Non-earning liquid assets reduced to 0.16% in line with PEARLS standards as the SACCO adopted WOCCU's advice on diverting current accounts balances to loans,</li> <li>• The SACCO has no money in the CFF, because the league does not offer liquidity reserve facilities.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <i>Signs of Growth</i>     | <ul style="list-style-type: none"> <li>• Total assets registered good growth, at 16.43%;</li> <li>• Loans registered a massive 37.23% growth, – <i>(this is higher than total assets growth – an excellent trend). As the SACCO adopts and offers new products (from the results of the market survey conducted by WOCCU's marketing department) to its members, the loans are expected to grow even faster;</i></li> <li>• Savings deposits reduced by 21.90%, while share capital grew by 21.53%. <i>WOCCU is working closely with the SACCO to strategize on savings mobilization. In addition, the SACCO is being encouraged to open its common bond to accommodate more members thus boosting its share capital and savings base;</i></li> <li>• External credit grew by 34.73%; <i>the dangers of this have been explained to the SACCO. As front office savings improve, external credit is expected to go down faster as the SACCO moves towards the PEARLS target of 0% in external credit;</i></li> <li>• Membership grew by 1.84% - <i>this is excellent performance given the on-going retrenchment in the civil service and the freezing of teacher employment by the government.</i></li> </ul> |

<sup>3</sup> The 4<sup>th</sup> quarter report presents an analysis of financial information for September 30, 2000.

| P-E-A-R-L-S RATIOS                                             | Goals                            | Annual    |           |           |           |           |           | % Complete |
|----------------------------------------------------------------|----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
|                                                                |                                  | 31-Dec-97 | 31-Dec-98 | 31-Dec-99 | 31-Mar-00 | 30-Jun-00 | 30-Sep-00 |            |
| Based on Local currency                                        |                                  |           |           |           |           |           |           |            |
| Number of Credit Unions in this Report                         |                                  | 1         | 1         | 1         | 1         | 1         | 1         |            |
| <b>P PROTECTION</b>                                            |                                  |           |           |           |           |           |           |            |
| 1. Loan Loss Allowances / Delinq. >12 Mo.                      | 100%                             | NA        | NA        |           |           |           |           |            |
| 2. Net Loan Loss Allow. / Allow. Required for Delinq. 1-12 Mo. | 100% of Goal                     | 100.00%   |           | 100.00%   |           |           |           |            |
| 3. Complete Loan Charge-Off of Delinquency > 12 Mo.            | Yes                              | Yes       | Yes       | No        | No        | No        | No        | 0%         |
| 4. Annual Loan Charge-offs / Average Loan Portfolio            | Minimized                        | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%         |
| 5. Accum. Charge-Offs Recovered / Accum Charge-Offs            | 100%                             | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%         |
| 6. Solvency                                                    | Min 100%                         | 105.49%   | 103.60%   | 103.14%   | 107.81%   | 102.65%   | 105.10%   | 98%        |
| 7. Net Institutional Capital                                   | Minimum 10%                      | 0.78%     | 0.55%     | 0.14%     | 0.13%     | 0.18%     | 0.13%     | 134%       |
| <b>E EFFECTIVE FINANCIAL STRUCTURE</b>                         |                                  |           |           |           |           |           |           |            |
| 1. Net Loans / Total Assets                                    | Between 70 - 80%                 | 69.97%    | 63.58%    | 64.90%    | 68.08%    | 67.73%    | 73.92%    | 92%        |
| 2. Liquid Investments / Total Assets                           | Max 20 %                         | 1.78%     | 0.95%     | 0.31%     | 0.97%     | 1.36%     | 0.92%     | 148%       |
| 3. Financial Investments / Total Assets                        | Max 10 %                         | 5.80%     | 4.85%     | 4.66%     | 4.44%     | 4.28%     | 4.16%     | 103%       |
| 4. Non-Financial Investments / Total Assets                    | 0%                               | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%         |
| 5. Savings Deposits / Total Assets                             | Between 70 - 80%                 | 0.06%     | 1.14%     | 5.36%     | 3.16%     | 5.62%     | 3.99%     | 141%       |
| 6. External Credit / Total Assets                              | 0                                | 3.28%     | 0.53%     | 1.32%     | 1.32%     | 1.31%     | 1.48%     | 89%        |
| 7. Member Share Capital / Total Assets                         | Max 20 %                         | 83.26%    | 82.72%    | 79.04%    | 77.10%    | 79.02%    | 81.73%    | 97%        |
| 8. Institutional Capital / Total Assets                        | Minimum 10%                      | 0.78%     | 0.66%     | 0.57%     | 0.48%     | 0.53%     | 0.51%     | 103%       |
| <b>A ASSET QUALITY</b>                                         |                                  |           |           |           |           |           |           |            |
| 1. Total Delinquency / Gross Loan Portfolio                    | Less Than or Equal To 5%         | 0.00%     | 0.49%     | 0.66%     | 0.65%     | 1.16%     | 1.16%     | 100%       |
| 2. Non-Earning Assets / Total Assets                           | Less Than or Equal To 5%         | 22.44%    | 30.62%    | 30.13%    | 26.52%    | 26.64%    | 21.01%    | 127%       |
| 3. Net Zero Cost Funds / Non-earning. Assets                   | Greater Than or Equal To 100%    | 59.70%    | 50.65%    | 45.96%    | 68.14%    | 51.45%    | 59.14%    | 87%        |
| <b>R RATES OF RETURN AND COSTS (ANNUALIZED)</b>                |                                  |           |           |           |           |           |           |            |
| 1. Net Loan Income / Average Net Loan Portfolio                | Enterprenurial Rate              | 11.01%    | 13.64%    | 16.73%    | 10.74%    | 13.25%    | 13.88%    | 95%        |
| 2. Liquid Inv. Income / Avg. Liquid Investments                | Market Rates                     | 11.25%    | 11.55%    | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%         |
| 3. Fin. Investment Income / Avg. Fin. Investments              | Market Rates                     | 6.72%     | 4.50%     | 0.00%     | 0.00%     | 0.00%     | 0.41%     | 0%         |
| 4. Non-Fin. Inv. Income / Avg. Non-Fin. Investmmts             | Greater Than or Equal to R1      | NA        | NA        | NA        | NA        | NA        | NA        | NA         |
| 5. Fin Costs: Savings Deposits / Avg. Savings Deposits         | Market Rates                     | 0.00%     | 0.00%     | 34.94%    | 0.00%     | 0.00%     | 0.00%     | 0%         |
| 6. Fin Costs: External Credit / Avg. External Credit           | Less Than or Equal to R5         | 10.04%    | 22.98%    | 0.00%     | 0.00%     | 0.00%     | 2.12%     | 0%         |
| 7. Fin Costs: Member Shares / Avg. Member Shares               | Greater Than or Equal to R5      | 5.67%     | 5.91%     | 4.92%     | 0.00%     | 0.00%     | 0.00%     | 0%         |
| 8. Gross Margin / Average Assets                               | Amount Needed to Cover R9, R10   | 3.77%     | 4.24%     | 6.61%     | 6.00%     | 8.57%     | 9.57%     | 90%        |
| 9. Operating Expenses / Average Assets                         | 3 -10%                           | 3.62%     | 4.47%     | 6.23%     | 5.24%     | 6.16%     | 5.48%     | 112%       |
| 10. Provisions for Risk Assets / Average Assets                | Sufficient for Estimated Losses  | 0.06%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%         |
| 11. Other Income or Expense / Average Assets                   | Amount Needed                    | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%         |
| 12. Net Income / Average Assets                                | Enough to reach the goal for E8  | 0.09%     | -0.24%    | 0.37%     | 0.76%     | 2.41%     | 4.09%     | 59%        |
| <b>L LIQUIDITY</b>                                             |                                  |           |           |           |           |           |           |            |
| 1. Liquid Assets - ST Payables / Total Deposits                | Minimum 15%                      | 6546.79%  | 81.29%    | 16.14%    | 102.88%   | 70.06%    | -2.88%    | -4%        |
| 2. Liquidity Reserves / Total Savings Deposits                 | 10%                              | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%         |
| 3. Non-Earning Liquid Assets / Total Assets                    | Less Than 1 %                    | 2.61%     | 0.16%     | 0.86%     | 2.54%     | 3.88%     | 0.16%     | 2437%      |
| 4. Deposits in CFF / Total Available Liquidity                 | Maximum Amount                   | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%         |
| <b>S SIGNS OF GROWTH (ANNUAL GROWTH RATES)</b>                 |                                  |           |           |           |           |           |           |            |
| 1. Total Assets                                                | More Than Inflation              | 33.40%    | 24.95%    | 25.38%    | 33.85%    | 17.99%    | 16.43%    | 110%       |
| 2. Loans to Members                                            | Sufficient to Achieve Goal in E1 | 16.07%    | 13.55%    | 27.97%    | 55.15%    | 27.52%    | 37.23%    | 74%        |
| 3. Savings Deposits                                            | Sufficient to Achieve Goal in E5 | 100.00%   | 2124.54%  | 491.82%   | -144.40%  | 28.48%    | -21.90%   | -77%       |
| 4. External Credit                                             | 0%                               | 100.00%   | -79.89%   | 213.29%   | 33.01%    | 16.51%    | 34.73%    | 48%        |
| 5. Share Capital                                               | Sufficient to Achieve Goal in E7 | 25.08%    | 24.14%    | 19.81%    | 23.14%    | 17.91%    | 21.53%    | 83%        |
| 6. Institutional Capital                                       | Sufficient to Achieve Goal in E8 | 8.74%     | 6.56%     | 7.96%     | -35.54%   | 0.94%     | 0.95%     | 100%       |
| 7. Membership                                                  | Minimum 5%                       | 5.30%     | 4.90%     | 2.53%     | 3.17%     | 1.80%     | 1.84%     | 98%        |
| Inflation Rate (Annualized)                                    |                                  | 11.20%    | 10.60%    | 5.10%     | 6.30%     | 7.30%     | 8.20%     |            |

Based on Local currency

Annual Goal

% Complete

|                                                             | 31/12/1997   | 31/12/1998   | 31/12/1999   | 31/03/2000   | 30/06/2000   | 30/09/2000   |               |
|-------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Number of Credit Unions in this Report                      | 1            | 1            | 1            | 1            | 1            | 1            |               |
| <b>Number Of CU Members</b>                                 |              |              |              |              |              |              |               |
| Men                                                         | 3,160        | 3,314        | 3,398        | 3,425        | 3,429        | 3,445        | 99.54%        |
| Women                                                       | 2,106        | 2,210        | 2,266        | 2,284        | 2,286        | 2,297        | 99.52%        |
| Gender not Reported                                         | 0            | 0            | 0            | 0            | 0            | 0            | 0.00%         |
| <b>Total Number Of Members</b>                              | <b>5,266</b> | <b>5,524</b> | <b>5,664</b> | <b>5,709</b> | <b>5,715</b> | <b>5,742</b> | <b>99.53%</b> |
| <b>Number of Other Service Users</b>                        |              |              |              |              |              |              |               |
| Youth                                                       | 0            | 0            | 0            | 0            | 0            | 0            | 0.00%         |
| Third Parties                                               | 0            | 0            | 0            | 0            | 0            | 0            | 0.00%         |
| <b>Total Number of Other CU Service Users</b>               | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0.00%</b>  |
| <b>Total Number Of Members &amp; Other CU Service Users</b> | <b>5,266</b> | <b>5,524</b> | <b>5,664</b> | <b>5,709</b> | <b>5,715</b> | <b>5,742</b> | <b>99.53%</b> |

**Assets**

**Earning Assets**

**Loans to Members**

|                         |                   |                    |                    |                    |                    |                    |            |
|-------------------------|-------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------|
| Short Term (<=1 Year)   | 0                 | 0                  | 0                  | 1,942,028          | 3,625,489          | 3,894,018          | 93%        |
| Medium-Term (1-3 Years) | 93,782,237        | 106,387,285        | 135,906,181        | 152,749,059        | 150,808,490        | 169,884,727        | 89%        |
| Long-Term (> 3 Years)   | 0                 | 0                  | 0                  | 0                  | 0                  | 0                  | 0%         |
| Other Special Loans     | 66,850            | 178,400            | 468,540            | 440,364            | 648,817            | 714,301            | 91%        |
| Loan Loss Allowances    | 0                 | 0                  | 0                  | 0                  | 0                  | 0                  | 0%         |
| <b>Total Net Loans</b>  | <b>93,849,087</b> | <b>106,565,685</b> | <b>136,374,721</b> | <b>155,131,451</b> | <b>155,082,796</b> | <b>174,493,046</b> | <b>89%</b> |

**Liquid Investments**

|                                       |                  |                  |                |                  |                  |                  |             |
|---------------------------------------|------------------|------------------|----------------|------------------|------------------|------------------|-------------|
| Liquidity Reserves - CFF              | 0                | 0                | 0              | 0                | 0                | 0                | 0%          |
| Other Liquidity Reserves              | 0                | 0                | 0              | 0                | 0                | 0                | 0%          |
| Short-Term CFF Deposits               | 0                | 0                | 0              | 0                | 0                | 0                | 0%          |
| Short-Term Bank Deposits              | 2,390,302        | 1,595,783        | 650,777        | 2,203,320        | 3,103,316        | 2,162,900        | 143%        |
| Short-Term Securities and Investments | 0                | 0                | 0              | 0                | 0                | 0                | 0%          |
| Other Liquid Investments 1            | 0                | 0                | 0              | 0                | 0                | 0                | 0%          |
| Other Liquid Investments 2            | 0                | 0                | 0              | 0                | 0                | 0                | 0%          |
| Other Liquid Investments 3            | 0                | 0                | 0              | 0                | 0                | 0                | 0%          |
| Liquid Investments Allowances         | 0                | 0                | 0              | 0                | 0                | 0                | 0%          |
| <b>Total Liquid Investments</b>       | <b>2,390,302</b> | <b>1,595,783</b> | <b>650,777</b> | <b>2,203,320</b> | <b>3,103,316</b> | <b>2,162,900</b> | <b>143%</b> |

**Financial Investments**

|                                    |                  |                  |                  |                   |                  |                  |             |
|------------------------------------|------------------|------------------|------------------|-------------------|------------------|------------------|-------------|
| Shares - League/Affiliation        | 300,050          | 300,050          | 450,050          | 450,050           | 450,050          | 450,050          | 100%        |
| Long-Term CFF Deposit              | 2,937,426        | 3,276,445        | 4,785,834        | 5,110,933         | 4,785,834        | 4,805,834        | 100%        |
| Long-Term Bank Deposits            | 0                | 0                | 0                | 0                 | 0                | 0                | 0%          |
| Long-Term Securities & Investments | 120,000          | 120,000          | 120,000          | 120,000           | 120,000          | 120,000          | 100%        |
| Other Financial Investments 1      | 4,422,700        | 4,422,700        | 4,422,700        | 4,422,700         | 4,422,700        | 4,422,700        | 100%        |
| Other Financial Investments 2      | 5,000            | 5,000            | 15,000           | 6,000             | 15,000           | 15,000           | 100%        |
| Other Financial Investments 3      | 0                | 0                | 0                | 0                 | 0                | 0                | 0%          |
| Financial Investments Allowances   | 0                | 0                | 0                | 0                 | 0                | 0                | 0%          |
| <b>Total Financial Investments</b> | <b>7,785,176</b> | <b>8,124,195</b> | <b>9,793,584</b> | <b>10,109,683</b> | <b>9,793,584</b> | <b>9,813,584</b> | <b>100%</b> |

**Non-Financial Investments**

|                                        |          |          |          |          |          |          |           |
|----------------------------------------|----------|----------|----------|----------|----------|----------|-----------|
| Various                                | 0        | 0        | 0        | 0        | 0        | 0        | 0%        |
| Non-Financial Investments Allowances   | 0        | 0        | 0        | 0        | 0        | 0        | 0%        |
| <b>Total Non-Financial Investments</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0%</b> |

**Total Earning Assets**

|  |             |             |             |             |             |             |     |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-----|
|  | 104,024,565 | 116,285,663 | 146,819,082 | 167,444,454 | 167,979,696 | 186,469,530 | 90% |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-----|

**Additional Loan Portfolio Information**

| Delinquency Based on Outstanding Balance of Loan? | Payment    | Balance        | Balance        | Balance          | Balance          | Balance          |            |
|---------------------------------------------------|------------|----------------|----------------|------------------|------------------|------------------|------------|
| <b>Delinquency</b>                                |            |                |                |                  |                  |                  |            |
| 1 Day to 1 Month                                  | 0          | 0              | 0              | 0                | 0                | 0                | 0%         |
| 1 TO 12 Months                                    | 0          | 521,660        | 0              | 306,827          | 1,535,898        | 1,722,136        | 89%        |
| More Than 12 Months                               | 0          | 0              | 906,314        | 697,617          | 264,312          | 296,361          | 89%        |
| <b>Total Balance Of Delinquent Loans</b>          | <b>0</b>   | <b>521,660</b> | <b>906,314</b> | <b>1,004,444</b> | <b>1,800,210</b> | <b>2,018,497</b> | <b>89%</b> |
| Loans to Members (Gross)                          | 93,849,087 | 106,565,685    | 136,374,721    | 155,131,451      | 155,082,796      | 174,493,046      | 89%        |
| Accumulated Charge-Offs (Historical)              | 0          | 0              | 0              | 0                | 0                | 0                | 0%         |
| Recovery of Loans Charged-Off (Historical)        | 0          | 0              | 0              | 0                | 0                | 0                | 0%         |



Based on Local currency

Annual Goal

% Complete

31/12/1997 31/12/1998 31/12/1999 31/03/2000 30/06/2000 30/09/2000

**Non-Earning Assets****Liquid Assets**

|                             |                  |                |                  |                  |                  |                |              |
|-----------------------------|------------------|----------------|------------------|------------------|------------------|----------------|--------------|
| Cash & Equivalents          | 11,982           | 273,424        | 1,798,306        | 476,520          | 460,737          | 375,873        | 123%         |
| Current Accounts (Checking) | 3,490,627        | 0              | 0                | 5,317,910        | 8,424,115        | 0              | 0%           |
| Foreign Currency            | 0                | 0              | 0                | 0                | 0                | 0              | 0%           |
| Liquidity Reserves - CFF    | 0                | 0              | 0                | 0                | 0                | 0              | 0%           |
| Other Liquidity Reserves    | 0                | 0              | 0                | 0                | 0                | 0              | 0%           |
| Other Liquid Assets         | 0                | 0              | 0                | 0                | 0                | 0              | 0%           |
| <b>Total Liquid Assets</b>  | <b>3,502,609</b> | <b>273,424</b> | <b>1,798,306</b> | <b>5,794,430</b> | <b>8,884,852</b> | <b>375,873</b> | <b>2364%</b> |

**Accounts Receivable**

|                                  |                  |                   |                   |                  |                   |                  |             |
|----------------------------------|------------------|-------------------|-------------------|------------------|-------------------|------------------|-------------|
| Debtors                          | 0                | 0                 | 6,000             | 124,356          | 20,575            | 33,355           | 62%         |
| Interest Receivable              | 790,366          | 883,994           | 883,994           | 0                | 883,994           | 883,994          | 100%        |
| Notes Receivable                 | 0                | 0                 | 0                 | 0                | 0                 | 0                | 0%          |
| Payroll Deductions Receivable    | 6,413,036        | 18,469,827        | 20,011,861        | 3,027,948        | 13,130,743        | 6,597,797        | 199%        |
| Other Accounts Receivable        | 0                | 0                 | 0                 | 0                | 0                 | 0                | 0%          |
| Receivable Loss Allowances       | 0                | 0                 | 0                 | 0                | 0                 | 0                | 0%          |
| <b>Total Accounts Receivable</b> | <b>7,203,402</b> | <b>19,353,821</b> | <b>20,901,855</b> | <b>3,152,304</b> | <b>14,035,312</b> | <b>7,515,146</b> | <b>187%</b> |

**Fixed Assets**

|                                          |                   |                   |                   |                   |                   |                   |            |
|------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------|
| Land                                     | 148,200           | 148,200           | 148,200           | 148,200           | 148,200           | 148,200           | 100%       |
| Buildings (Cost)                         | 18,531,753        | 29,646,873        | 36,911,164        | 47,492,496        | 34,125,471        | 37,514,363        | 91%        |
| Accumulated Depreciation - Buildings     | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%         |
| Leasehold Improvements                   | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%         |
| Accum. Depreciation - Leasehold Improv.  | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%         |
| Furniture & Equipment                    | 661,618           | 1,766,677         | 3,305,000         | 3,837,847         | 3,597,603         | 3,822,818         | 94%        |
| Accum. Depreciation - Furniture & Equip. | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%         |
| <b>Total Net Fixed Assets</b>            | <b>19,341,571</b> | <b>31,561,750</b> | <b>40,364,364</b> | <b>51,478,543</b> | <b>37,871,274</b> | <b>41,485,381</b> | <b>91%</b> |

**Other Assets**

|                           |               |                |                |          |                |                |             |
|---------------------------|---------------|----------------|----------------|----------|----------------|----------------|-------------|
| Assets in Liquidation     | 0             | 0              | 0              | 0        | 0              | 0              | 0%          |
| Organization Expenses     | 0             | 0              | 0              | 0        | 0              | 0              | 0%          |
| Prepaid Expenses          | 56,828        | 121,331        | 213,158        | 0        | 213,158        | 213,158        | 100%        |
| Other Deferred Assets     | 0             | 0              | 41,850         | 0        | 0              | 0              | 0%          |
| Accumulated Amortization  | 0             | 0              | 0              | 0        | 0              | 0              | 0%          |
| <b>Total Other Assets</b> | <b>56,828</b> | <b>121,331</b> | <b>255,008</b> | <b>0</b> | <b>213,158</b> | <b>213,158</b> | <b>100%</b> |

**Problem Assets**

|                                 |          |          |          |          |            |          |           |
|---------------------------------|----------|----------|----------|----------|------------|----------|-----------|
| Doubtful Assets                 | 0        | 0        | 0        | 0        | 0          | 0        | 0%        |
| Accounting Discrepancy - Assets | 0        | 0        | 0        | 0        | 403        | 0        | 0%        |
| Other Problem Assets            | 0        | 0        | 0        | 0        | 0          | 0        | 0%        |
| <b>Total Problem Assets</b>     | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>403</b> | <b>0</b> | <b>0%</b> |

|                                 |                   |                   |                   |                   |                   |                   |             |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------|
| <b>Total Non-Earning Assets</b> | <b>30,104,410</b> | <b>51,310,326</b> | <b>63,319,533</b> | <b>60,425,277</b> | <b>61,004,999</b> | <b>49,589,558</b> | <b>123%</b> |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------|

|                     |                    |                    |                    |                    |                    |                    |            |
|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------|
| <b>Total Assets</b> | <b>134,128,975</b> | <b>167,595,989</b> | <b>210,138,615</b> | <b>227,869,731</b> | <b>228,984,695</b> | <b>236,059,088</b> | <b>97%</b> |
|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------|

Based on Local currency

Annual Goal

% Complete

31/12/1997 31/12/1998 31/12/1999 31/03/2000 30/06/2000 30/09/2000

## LIABILITIES

## INTEREST BEARING LIABILITIES

## Savings Deposits

|                               | 31/12/1997    | 31/12/1998       | 31/12/1999        | 31/03/2000       | 30/06/2000        | 30/09/2000       | % Complete  |
|-------------------------------|---------------|------------------|-------------------|------------------|-------------------|------------------|-------------|
| Regular Savings               | 85,550        | 1,903,092        | 11,262,877        | 7,208,250        | 12,747,182        | 8,572,133        | 149%        |
| Term/Fixed Savings            | 0             | 0                | 0                 | 0                | 115,000           | 838,700          | 14%         |
| Youth Savings                 | 0             | 0                | 0                 | 0                | 0                 | 0                | 0%          |
| Special Savings               | 0             | 0                | 0                 | 0                | 0                 | 0                | 0%          |
| Pledged Savings               | 0             | 0                | 0                 | 0                | 0                 | 0                | 0%          |
| <b>Total Savings Deposits</b> | <b>85,550</b> | <b>1,903,092</b> | <b>11,262,877</b> | <b>7,208,250</b> | <b>12,862,182</b> | <b>9,410,833</b> | <b>137%</b> |

## External Credit

|                                               |                  |                |                  |                  |                  |                  |            |
|-----------------------------------------------|------------------|----------------|------------------|------------------|------------------|------------------|------------|
| External Credit - CFF (<= 1 Year)             | 0                | 0              | 0                | 0                | 0                | 0                | 0%         |
| External Credit - CFF (> 1 Year)              | 4,400,000        | 0              | 0                | 3,000,000        | 3,000,000        | 2,500,000        | 120%       |
| External Credit - Banks                       | 0                | 884,791        | 2,771,982        | 0                | 0                | 994,511          | 0%         |
| Other External Credit - External Institutions | 0                | 0              | 0                | 0                | 0                | 0                | 0%         |
| <b>Total External Credit</b>                  | <b>4,400,000</b> | <b>884,791</b> | <b>2,771,982</b> | <b>3,000,000</b> | <b>3,000,000</b> | <b>3,494,511</b> | <b>86%</b> |

## Total Interest Bearing Liabilities

4,485,550 2,787,883 14,034,859 10,208,250 15,862,182 12,905,344

## Non-Interest Bearing Liabilities

|                                               |                   |                   |                   |                   |                   |                   |             |
|-----------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------|
| Short-Term Accounts Payable (<=30 Days)       | 292,128           | 322,237           | 631,018           | 582,179           | 2,977,129         | 2,810,001         | 106%        |
| External Credit Payments (<=30 Days)          | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%          |
| Provisions (e.g. Employee Benefits)           | 5,795,200         | 7,500,000         | 14,193,003        | 4,102,109         | 1,894,229         | 478,202           | 396%        |
| Accounting Discrepancy - Liabilities          | 0                 | 0                 | 0                 | 0                 | 0                 | 50,147            | 0%          |
| Other Liabilities                             | 5,750,162         | 13,102,918        | 8,703,055         | 22,199,573        | 21,375,934        | 15,663,731        | 136%        |
| <b>Total Non-Interest Bearing Liabilities</b> | <b>11,837,490</b> | <b>20,925,155</b> | <b>23,527,076</b> | <b>26,883,861</b> | <b>26,247,292</b> | <b>19,002,081</b> | <b>138%</b> |

## Total Liabilities

16,323,040 23,713,038 37,561,935 37,092,111 42,109,474 31,907,425 132%

## CAPITAL

## Share Capital

|                                   |                    |                    |                    |                    |                    |                    |            |
|-----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------|
| Mandatory Shares                  | 111,672,220        | 138,634,679        | 166,096,213        | 175,685,277        | 180,933,243        | 186,005,365        | 97%        |
| Voluntary Shares                  | 0                  | 0                  | 0                  | 0                  | 0                  | 6,924,350          | 0%         |
| <b>Total Member Share Capital</b> | <b>111,672,220</b> | <b>138,634,679</b> | <b>166,096,213</b> | <b>175,685,277</b> | <b>180,933,243</b> | <b>192,929,715</b> | <b>94%</b> |

## Transitory Capital

|                                  |                  |                  |                  |                   |                  |                   |            |
|----------------------------------|------------------|------------------|------------------|-------------------|------------------|-------------------|------------|
| Asset Appreciation Over Cost     | 0                | 0                | 0                | 0                 | 0                | 0                 | 0%         |
| Education & Social Reserves      | 0                | 0                | 0                | 0                 | 0                | 0                 | 0%         |
| Monetary Reserves                | 0                | 0                | 0                | 0                 | 0                | 0                 | 0%         |
| Other Reserves                   | 2,579,925        | 2,709,613        | 3,376,868        | 2,955,241         | 2,028,651        | 3,165,021         | 64%        |
| Accounting Discrepancy - Capital | 0                | 0                | 0                | 0                 | 0                | 0                 | 0%         |
| Undistributed Net Income         | 2,509,617        | 1,426,035        | 1,902,377        | 11,042,272        | 2,706,505        | 6,847,205         | 40%        |
| <b>Total Transitory Capital</b>  | <b>5,089,542</b> | <b>4,135,648</b> | <b>5,279,245</b> | <b>13,997,513</b> | <b>4,735,156</b> | <b>10,012,226</b> | <b>47%</b> |

## Institutional Capital

|                                    |                  |                  |                  |                  |                  |                  |             |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------|
| Statutory & Legal Reserves         | 979,348          | 1,026,099        | 1,102,797        | 994,505          | 1,102,797        | 1,102,797        | 100%        |
| Retained Earnings                  | 0                | 0                | 0                | 0                | 0                | 0                | 0%          |
| Special Asset Reserves             | 0                | 0                | 0                | 0                | 0                | 0                | 0%          |
| Donations / Other Reserves         | 64,825           | 86,525           | 98,425           | 100,325          | 104,025          | 106,925          | 97%         |
| Undistributed Losses               | 0                | 0                | 0                | 0                | 0                | 0                | 0%          |
| YTD Net Income (Loss) Transfer     | 0                | 0                | 0                | 0                | 0                | 0                | 0%          |
| <b>Total Institutional Capital</b> | <b>1,044,173</b> | <b>1,112,624</b> | <b>1,201,222</b> | <b>1,094,830</b> | <b>1,206,822</b> | <b>1,209,722</b> | <b>100%</b> |

## Total Capital

117,805,935 143,882,951 172,576,680 190,777,620 186,875,221 204,151,663 92%

## Total Liabilities and Capital

134,128,975 167,595,989 210,138,615 227,869,731 228,984,695 236,059,088 97%

|                                               | 31/12/1997        | 31/12/1998        | 31/12/1999        | 31/03/2000       | 30/06/2000        | 30/09/2000        | % Complete    |
|-----------------------------------------------|-------------------|-------------------|-------------------|------------------|-------------------|-------------------|---------------|
| Number of Credit Unions in this Report        | 1                 | 1                 | 1                 | 1                | 1                 | 1                 |               |
| <b>INCOME</b>                                 |                   |                   |                   |                  |                   |                   |               |
| <b>INCOME FROM LOANS</b>                      |                   |                   |                   |                  |                   |                   |               |
| Interest Income from Loans                    | 9,615,155         | 13,664,652        | 20,321,599        | 3,730,914        | 9,295,074         | 15,709,858        | 59.17%        |
| Delinquent Penalty Interest Income from Loans | 0                 | 0                 | 0                 | 0                | 0                 | 0                 | 0.00%         |
| Commissions/Fees from Loans                   | 0                 | 0                 | 0                 | 173,060          | 331,660           | 489,410           | 67.77%        |
| Insurance Premiums for Loans                  | 0                 | 0                 | 0                 | 0                | 0                 | 0                 | 0.00%         |
| <b>NET LOAN INCOME</b>                        | <b>9,615,155</b>  | <b>13,664,652</b> | <b>20,321,599</b> | <b>3,903,974</b> | <b>9,626,734</b>  | <b>16,199,268</b> | <b>59.43%</b> |
| Income from Liquid Investments                | 218,476           | 230,237           | 0                 | 0                | 0                 | 0                 | 0.00%         |
| Income from Financial Investments             | 476,214           | 357,642           | 0                 | 0                | 0                 | 30,200            | 0.00%         |
| Income from Non-Financial Investments         | 31,214            | 151,102           | 0                 | 0                | 0                 | 0                 | 0.00%         |
| Income from Grants                            | 0                 | 0                 | 0                 | 0                | 0                 | 0                 | 0.00%         |
| Income from Other Sources                     | 3,000             | 0                 | 2,944,811         | 418,393          | 986,009           | 1,426,033         | 69.14%        |
| <b>Gross Income</b>                           | <b>10,344,059</b> | <b>14,403,633</b> | <b>23,266,410</b> | <b>4,322,367</b> | <b>10,612,743</b> | <b>17,655,501</b> | <b>60.11%</b> |
| <b>COSTS/EXPENSES</b>                         |                   |                   |                   |                  |                   |                   |               |
| <b>FINANCIAL COSTS</b>                        |                   |                   |                   |                  |                   |                   |               |
| Interest Expense on Savings Deposits          | 0                 | 0                 | 2,300,000         | 0                | 0                 | 188               | 0.00%         |
| Insurance Premiums for Savings                | 0                 | 0                 | 0                 | 0                | 0                 | 0                 | 0.00%         |
| <i>Financial Cost - Savings Deposits</i>      | <i>0</i>          | <i>0</i>          | <i>2,300,000</i>  | <i>0</i>         | <i>0</i>          | <i>188</i>        | <i>0.00%</i>  |
| Financial Cost on External Credit             | 220,800           | 607,200           | 0                 | 0                | 0                 | 49,980            | 0.00%         |
| Dividend Expense on Shares                    | 5,695,200         | 7,400,000         | 7,500,000         | 0                | 0                 | 0                 | 0.00%         |
| Insurance Premiums for Shares                 | 0                 | 0                 | 0                 | 0                | 0                 | 0                 | 0.00%         |
| <i>Financial Cost - Shares</i>                | <i>5,695,200</i>  | <i>7,400,000</i>  | <i>7,500,000</i>  | <i>0</i>         | <i>0</i>          | <i>0</i>          | <i>0.00%</i>  |
| Taxes on Interest Paid                        | 0                 | 0                 | 0                 | 0                | 0                 | 0                 | 0.00%         |
| Other Financial Costs                         | 0                 | 0                 | 989,455           | 1,043,833        | 1,229,045         | 1,584,095         | 77.59%        |
| <b>TOTAL FINANCIAL COSTS</b>                  | <b>5,916,000</b>  | <b>8,007,200</b>  | <b>10,789,455</b> | <b>1,043,833</b> | <b>1,229,045</b>  | <b>1,634,263</b>  | <b>75.20%</b> |
| Gross Margin                                  | 4,428,059         | 6,396,433         | 12,476,955        | 3,278,534        | 9,383,698         | 16,021,238        | 58.57%        |
| <b>OPERATING EXPENSES</b>                     |                   |                   |                   |                  |                   |                   |               |
| Personnel                                     | 1,447,393         | 2,351,544         | 4,197,083         | 1,519,306        | 2,919,982         | 4,541,763         | 64.29%        |
| Governance                                    | 1,048,131         | 1,852,123         | 3,845,465         | 400,518          | 1,255,865         | 2,461,866         | 51.01%        |
| Marketing                                     | 126,139           | 476,007           | 258,285           | 16,930           | 24,930            | 41,930            | 59.46%        |
| Depreciation                                  | 70,841            | 82,707            | 160,299           | 0                | 0                 | 0                 | 0.00%         |
| Administration                                | 1,560,102         | 1,988,585         | 3,310,708         | 926,714          | 2,539,829         | 2,128,474         | 119.33%       |
| <b>TOTAL OPERATING EXPENSES</b>               | <b>4,252,606</b>  | <b>6,750,966</b>  | <b>11,771,840</b> | <b>2,863,468</b> | <b>6,740,606</b>  | <b>9,174,033</b>  | <b>73.47%</b> |
| Provision for Risk Assets                     | 68,500            | 0                 | 0                 | 0                | 0                 | 0                 | 0.00%         |
| Net Income from Operations                    | 106,953           | (354,533)         | 705,115           | 415,066          | 2,643,092         | 6,847,205         | 38.60%        |
| <b>OTHER INCOME / EXPENSE</b>                 |                   |                   |                   |                  |                   |                   |               |
| Previous period adjustments (Net)             | 0                 | 0                 | 0                 | 0                | 0                 | 0                 | 0.00%         |
| Extraordinary Items (Net)                     | 0                 | 0                 | 0                 | 0                | 0                 | 0                 | 0.00%         |
| <b>TOTAL OTHER INCOME/EXPENSE</b>             | <b>0</b>          | <b>0</b>          | <b>0</b>          | <b>0</b>         | <b>0</b>          | <b>0</b>          | <b>0.00%</b>  |
| <b>Net Income/Loss</b>                        | <b>106,953</b>    | <b>(354,533)</b>  | <b>705,115</b>    | <b>415,066</b>   | <b>2,643,092</b>  | <b>6,847,205</b>  | <b>38.60%</b> |



World Council of Credit Unions, Inc.

**Microfinance Expansion Program (MEP)  
4<sup>th</sup> QUARTER 2000 REPORT**

**Kipsigis Teachers  
Savings and Credit Cooperative (SACCO)**

**Nairobi, Kenya  
February 16, 2001**

Microfinance Expansion  
Programme (MEP)  
Isaac Gathanju Road  
Off James Gichuru Road, Lavington  
P.O. Box 979 Village Market  
Nairobi, Kenya

Phone: (254) 2-48053/48122/7/9  
Fax: (254) 2-48112  
E-mail: [wccu@form-net.com](mailto:wccu@form-net.com)

*"Quality  
Credit Unions  
for Everyone"*

|                                               | 31-Dec-98   | 31-Dec-99   | 31-Mar-00   | 30-Jun-00   | 30-Sep-00   |
|-----------------------------------------------|-------------|-------------|-------------|-------------|-------------|
| <b>Number of Credit Unions in this Report</b> | 1           | 1           | 1           | 1           | 1           |
| <b>Salary Burden</b>                          |             |             |             |             |             |
| Number Of Loans / Number of Loan Officers     | 4,420       | 3,015       | 3,480       | 2,910       | 2,960       |
| Amount Of Loans / Number of Loan Officers     | 106,565,685 | 136,374,721 | 155,131,451 | 155,082,796 | 174,493,046 |
| <b>Adjusted Returns*</b>                      |             |             |             |             |             |
| Capital                                       | -124.92%    | 12.56%      | -72.22%     | -183.41%    | -79.59%     |
| Assets                                        | -4.35%      | 0.43%       | -4.98%      | -4.77%      | -3.84%      |
| <b>Sufficiency Ratios**</b>                   |             |             |             |             |             |
| Operational Self Sufficiency                  | 97.60%      | 103.13%     | 110.62%     | 133.16%     | 163.35%     |
| Financial Self Sufficiency                    | 68.72%      | 99.25%      | 26.57%      | 46.67%      | 62.67%      |
| Subsidy Dependency Index                      | 48.12%      | -3.08%      | 53.11%      | 61.83%      | 70.70%      |
| <b>Efficiency Ratios***</b>                   |             |             |             |             |             |
| Portfolio Turnover                            | 12.69%      | 60.49%      | 16.56%      | 22.14%      | 32.62%      |
| Administrative Efficiency                     | 6.74%       | 9.69%       | 1.96%       | 4.35%       | 5.57%       |

1. The RATE used in the calculation of all ratios is inflation or market rate of the product (savings, credit, etc.), whichever is higher.
2. Required Provision Expenses are 100% of all loans delinquent greater than 12 months and either the WOCCU standard of 35% of loans delinquent from 1-12 months or local requirements where appropriate.

**\*Explanation of Adjusted Return Ratios**

|                                                                                                                                                                                                                                                                                                                                                      |  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <b>Adjusted return on Capital</b>                                                                                                                                                                                                                                                                                                                    |  |
| $\frac{(\text{Gross Income} - \text{Operating Subsidies} - ((\text{Average Deposits Balance} * \text{RATE}) + (\text{Average External Credit Balance} * \text{RATE}) + (\text{Average Share Balance} * \text{RATE}) + \text{Operating Expenses} + \text{Required Provision Expenses}))}{(\text{Institutional Capital} + \text{Transitory Capital})}$ |  |
| <b>Adjusted Return on Assets</b>                                                                                                                                                                                                                                                                                                                     |  |
| $\frac{(\text{Gross Income} - \text{Operating Subsidies} - ((\text{Average Deposits Balance} * \text{RATE}) + (\text{Average External Credit Balance} * \text{RATE}) + (\text{Average Share Balance} * \text{RATE}) + \text{Operating Expenses} + \text{Required Provision Expenses}))}{\text{Avg. Assets}}$                                         |  |

**\*\*Explanation of Sufficiency Ratios**

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <b>Operational Self Sufficiency</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                 |  |
| $\frac{(\text{Gross Income} - \text{Operating Subsidies})}{(\text{Deposit Costs} + \text{External Credit Costs} + \text{Share Costs} + \text{Operating Expenses} + \text{Provision Expenses} + \text{Other Expenses} + \text{Operating Subsidies})}$                                                                                                                                                                                                                                |  |
| <b>Financial Self Sufficiency</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                   |  |
| $\frac{(\text{Gross Income} - \text{Operating Subsidies})}{((\text{Average Deposits Balance} * \text{RATE}) + (\text{Average External Credit Balance} * \text{RATE}) + (\text{Average Share Balance} * \text{RATE}) + \text{Operating Expenses} + \text{Required Provision Expenses}) + \text{Other Expenses} + \text{Operating Subsidies}}$                                                                                                                                        |  |
| <b>Subsidy Dependency Index</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |
| $\frac{([\text{Average Deposits Balance} * (\text{RATE} - \text{Weighted Interest Rate } \{R5\})] + [\text{Average External Credit Balance} * (\text{RATE} - \text{Weighted Rate } \{R6\})] - [\text{Average Share Balance} * (\text{RATE} - \text{Weighted Interest Rate } \{R7\})] + [(\text{Institutional Capital} + \text{Transitory Capital}) * \text{RATE} \{Savings\}] + \text{Subsidies})}{(\text{Average Loan Portfolio} * \text{Annualized Loan Interest Rate } \{R1\})}$ |  |

**\*\*\*Explanation of Efficiency Ratios**

|                                                                                                                |  |
|----------------------------------------------------------------------------------------------------------------|--|
| <b>Portfolio Turnover</b>                                                                                      |  |
| $\frac{\text{Amount of Loans Disbursed During Current Reporting Period}}{\text{Gross Average Loan Portfolio}}$ |  |
| <b>Administrative Efficiency</b>                                                                               |  |
| $\frac{\text{Operating Expenses}}{\text{Average Gross Loan Portfolio}}$                                        |  |

World Council of Credit Unions, Inc. (WOCCU), Kenya  
 Microfinance Expansion Program (MEP)  
 Kipsigis Teachers' SACCO  
 4<sup>th</sup> Quarter, 2000, PEARLS Analysis

| SACCO Prudential Standards           | Analysis of Kipsigis Teachers SACCO's Status<br>By the end of the 4 <sup>th</sup> Quarter, 2000 <sup>1</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|--------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Protection</i>                    | <ul style="list-style-type: none"> <li>• P1 – P5 ratios were not computed since the SACCO does not provide for expected loan losses; <i>WOCCU has been offering TA in this area and the SACCO has enthusiastically embraced the Loan Portfolio Analysis Tool installed in their computers and are currently capturing loan data to assist in determining the level of delinquency accurately;</i></li> <li>• Kipsigis Teachers' SACCO does not charge-off uncollectible loans; <i>Charging off plans will be presented to the board and management in accordance with the Participation Agreement. It is expected that the SACCO will make the required provisions once the data capture exercise referred to above is complete;</i></li> <li>• Kipsigis teachers' SACCO is Solvent with a solvency ratio of 107.51%. <i>Solvency is expected to improve further once the SACCO makes the required provisions against expected loan losses;</i></li> <li>• The SACCO registered a positive Net Institutional Capital ratio, which stands at 0.53%. <i>This will improve further once the provisions are effected.</i></li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <i>Effective Financial Structure</i> | <ul style="list-style-type: none"> <li>• Kipsigis Teachers' SACCO has not attained the ideal asset structure (non-earning assets are 11.70% compared to the ideal level of less than 5%). However, it has done so in other categories of assets:                         <ul style="list-style-type: none"> <li>• Loans: 83.72%, up from 80.39% in June, 2000. <i>The SACCO managed to reduce huge amounts of cash in the bank by offering it as Loans which has a higher yield than liquid investments without jeopardizing its Liquidity;</i></li> <li>• Liquid investments: 0.09%, down from 2.73% in June, 2000;</li> <li>• Financial investments: 4.50% up from 2.04% in June, 2000;</li> </ul> </li> <li>• Kipsigis Teachers' SACCO has not attained the ideal asset financing structure:                         <ul style="list-style-type: none"> <li>• Savings Deposits: 5.84%, down from 5.99% in June, 2000;</li> <li>• External Credit: 7.37%, up from 3.59% in June, 2000;</li> <li>• Share Capital: 78.83% up from 78.33% in June, 2000;</li> <li>• Institutional Capital: 0.91%;</li> </ul> </li> </ul> <p><i>Increased demand for Loans, (S2: 18.58%), pushed the SACCO into seeking external credit. WOCCU, however, has emphasized reliance on savings rather than external credit and is working closely with the SACCO to improve the variety and quality of services offered to its members in the front office; Institutional capital has declined since the SACCO does not accrue for statutory reserves. It is expected to improve significantly at the end of the year when the SACCO will capitalize 25% of its net income to statutory and legal reserves;</i></p> <p><i>WOCCU continues to offer training in PEARLS and has advised the board and management on how to change the SACCO's assets and liabilities to attain the ideal structure as per the PEARLS standards.</i></p> |

<sup>1</sup> The 4<sup>th</sup> quarter report presents an analysis of financial information as at September 30, 2000.

World Council of Credit Unions, Inc. (WOCCU), Kenya  
 Microfinance Expansion Program (MEP)  
 Kipsigis Teachers' SACCO  
 4<sup>th</sup> Quarter, 2000, PEARLS Analysis

| SACCO Prudential Standards       | Analysis of Kipsigis Teachers SACCO's Status<br>By the end of the 4 <sup>th</sup> Quarter, 2000 <sup>2</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Asset Quality</i>             | <ul style="list-style-type: none"> <li>• At 1.26%, Delinquency is low, <i>since Kipsigis Teachers' SACCO has a check-off arrangement with the employer that minimizes default. However, it is expected that the true level of delinquency will be established once the SACCO has keyed in the loan data in to the Loan Portfolio Analysis Tool;</i></li> <li>• Non-earning assets, at 11.70%, are higher than the recommended less than 5%, <i>primarily due to the SACCO's investment in an office block. Moreover, delays in processing of members deductions by the employer and the holding of significant sums of money as cash and cash equivalent increased the ratio further. However, it is commendable that the ratio has come down from 14.85% in the last quarter;</i></li> <li>• Zero cost funds stand at 64.81%, compared to the recommended greater than 100% of non-earning assets. This means that Kipsigis Teachers SACCO is using interest-bearing funds to finance non-earning assets. <i>WOCCU's continued Financial Management TA and training in the PEARLS tool are hoped to yield positive results and ensure that the SACCO finances all its non-earning assets from institutional reserves.</i></li> </ul>                                                                                                                                                                                                                                                                                                                      |
| <i>Rates of return and costs</i> | <ul style="list-style-type: none"> <li>• The effective loan yield, at 10.86%, is relatively low and below market rate – <i>WOCCU is offering TA in the use of LPAT to ensure that delinquency is controlled. WOCCU's TA in Business Planning and Accounting is expected to help the SACCO determine the entrepreneurial rate, improve the SACCO's accounting process and ensure that all the SACCO revenue is collected;</i></li> <li>• Liquid and Financial investments have reported no yield – <i>The liquid and financial investments pay a return semi-annually (bank savings accounts, Central Finance deposits etc). The SACCO transferred most of its Liquid investment to financial investment as the latter yields a higher return than the former.</i></li> <li>• The SACCO does not have Non-Financial investments;</li> <li>• Financial costs on savings deposits: 0.00%;</li> <li>• External credit cost are modest: 7.65% - <i>WOCCU continues to emphasize the need to rely on savings mobilization rather than external credit;</i></li> <li>• No dividends on member shares; <i>the SACCO does not accrue for dividend costs (dividends are determined annually post net income).</i></li> <li>• Gross margin and Net income are relatively high, <i>primarily because the SACCO does not accrue for member dividends.</i></li> <li>• Operating expenses continue being low at 2.15% down from 2.47% in June 2000.</li> <li>• The SACCO does not have non-recurring incomes/expenses, and no provisions costs as noted above.</li> </ul> |

<sup>2</sup> The 4<sup>th</sup> quarter report presents an analysis of financial information as at September 30, 2000.

World Council of Credit Unions, Inc. (WOCCU), Kenya  
 Microfinance Expansion Program (MEP)  
 Kipsigis Teachers' SACCO  
 4<sup>th</sup> Quarter, 2000, PEARLS Analysis

| SACCO Prudential Standards | Analysis of Kipsigis Teachers SACCO's Status<br>By the end of the 4 <sup>th</sup> Quarter, 2000 <sup>3</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Liquidity</i>           | <ul style="list-style-type: none"> <li>• Given that the SACCO offers withdrawable Savings, <i>Liquidity (at 48.40%) is favourable and adequate to meet the members' withdrawal needs.</i></li> <li>• Non-earning liquid assets are high, (2.78% but down from 5.54% in June 2000) – <i>due to the huge checking account balances and cash on hand balance as noted above.</i></li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <i>Signs of Growth</i>     | <ul style="list-style-type: none"> <li>• Total assets registered good growth, at 16.35%, <i>being higher than inflation (8.20%);</i></li> <li>• Loans registered good growth, at 18.58%, <i>which is higher than the growth in total assets and in line with the PEARLS standards;</i></li> <li>• Savings deposits registered a marginal decline of 4.89%;</li> <li>• External credit grew by 82.92% – <i>WOCCU is working with the SACCO to improve its front office operations and attract more member savings in order to reduce the reliance on external credit;</i></li> <li>• Share capital registered good growth at 15.76%;</li> <li>• Institutional capital grew by 0.65%, <i>but is expected to grow further when the SACCO capitalizes 25% of its net income, at the end of the year, to statutory reserves;</i></li> <li>• Membership grew by 0.03%, <i>an excellent performance in the face of the on-going retrenchment in the civil service and a freeze on teacher recruitment by the government.</i></li> </ul> |

<sup>3</sup> The 4<sup>th</sup> quarter report presents an analysis of financial information as at September 30, 2000.



Based on Local currency

Annual  
Goal % Complete

| P-E-A-R-L-S RATIOS                              |                                                             | Goals                            | 31-Dec-97 | 31-Dec-98 | 31-Dec-99 | 31-Mar-00 | 30-Jun-00 | 30-Sep-00 |       |
|-------------------------------------------------|-------------------------------------------------------------|----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-------|
| Number of Credit Unions in this Report          |                                                             |                                  | 1         | 1         | 1         | 1         | 1         | 1         |       |
| <b>P PROTECTION</b>                             |                                                             |                                  |           |           |           |           |           |           |       |
| 1.                                              | Loan Loss Allowances / Delinq. >12 Mo.                      | 100%                             | NA        |           |           |           |           |           |       |
| 2.                                              | Net Loan Loss Allow. / Allow. Required for Delinq. 1-12 Mo. | 100% of Goal                     | NA        |           |           |           |           |           |       |
| 3.                                              | Complete Loan Charge-Off of Delinquency > 12 Mo.            | Yes                              | Yes       | No        | No        | No        | No        | No        | 0%    |
| 4.                                              | Annual Loan Charge-offs / Average Loan Portfolio            | Minimized                        | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%    |
| 5.                                              | Accum. Charge-Offs Recovered / Accum Charge-Offs            | 100%                             | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%    |
| 6.                                              | Solvency                                                    | Min 100%                         | 102.45%   | 101.66%   | 101.40%   | 103.07%   | 105.67%   | 107.51%   | 98%   |
| 7.                                              | Net Institutional Capital                                   | Minimum 10%                      | 1.30%     | 0.84%     | 0.64%     | 0.58%     | 0.57%     | 0.53%     | 107%  |
| <b>E EFFECTIVE FINANCIAL STRUCTURE</b>          |                                                             |                                  |           |           |           |           |           |           |       |
| 1.                                              | Net Loans / Total Assets                                    | Between 70 - 80%                 | 76.62%    | 82.80%    | 82.48%    | 78.74%    | 80.39%    | 83.72%    | 96%   |
| 2.                                              | Liquid Investments / Total Assets                           | Max 20 %                         | 5.01%     | 1.64%     | 0.57%     | 8.24%     | 2.73%     | 0.09%     | 3159% |
| 3.                                              | Financial Investments / Total Assets                        | Max 10 %                         | 4.08%     | 4.57%     | 4.77%     | 2.00%     | 2.04%     | 4.50%     | 45%   |
| 4.                                              | Non-Financial Investments / Total Assets                    | 0%                               | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%    |
| 5.                                              | Savings Deposits / Total Assets                             | Between 70 - 80%                 | 0.00%     | 0.00%     | 6.81%     | 6.27%     | 5.99%     | 5.84%     | 103%  |
| 6.                                              | External Credit / Total Assets                              | 0                                | 7.99%     | 4.06%     | 5.10%     | 7.90%     | 3.59%     | 7.37%     | 49%   |
| 7.                                              | Member Share Capital / Total Assets                         | Max 20 %                         | 82.21%    | 86.92%    | 79.13%    | 75.99%    | 78.33%    | 78.83%    | 99%   |
| 8.                                              | Institutional Capital / Total Assets                        | Minimum 10%                      | 1.30%     | 1.22%     | 1.02%     | 0.94%     | 0.94%     | 0.91%     | 102%  |
| <b>A ASSET QUALITY</b>                          |                                                             |                                  |           |           |           |           |           |           |       |
| 1.                                              | Total Delinquency / Gross Loan Portfolio                    | Less Than or Equal To 5%         | 0.00%     | 1.26%     | 1.27%     | 1.26%     | 1.26%     | 1.26%     | 100%  |
| 2.                                              | Non-Earning Assets / Total Assets                           | Less Than or Equal To 5%         | 14.29%    | 10.99%    | 12.18%    | 11.02%    | 14.85%    | 11.70%    | 127%  |
| 3.                                              | Net Zero Cost Funds / Non-earning. Assets                   | Greater Than or Equal To 100%    | 68.59%    | 78.69%    | 70.43%    | 86.12%    | 78.89%    | 64.81%    | 122%  |
| <b>R RATES OF RETURN AND COSTS (ANNUALIZED)</b> |                                                             |                                  |           |           |           |           |           |           |       |
| 1.                                              | Net Loan Income / Average Net Loan Portfolio                | Enterpreneurial Rate             | 12.95%    | 12.80%    | 13.24%    | 10.83%    | 11.19%    | 10.86%    | 103%  |
| 2.                                              | Liquid Inv. Income / Avg. Liquid Investments                | Market Rates                     | 1.48%     | 1.26%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%    |
| 3.                                              | Fin. Investment Income / Avg. Fin. Investments              | Market Rates                     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%    |
| 4.                                              | Non-Fin. Inv. Income / Avg. Non-Fin. Investments            | Greater Than or Equal to R1      | NA        | NA        | NA        | NA        | NA        | NA        | NA    |
| 5.                                              | Fin Costs: Savings Deposits / Avg. Savings Deposits         | Market Rates                     | NA        | NA        | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%    |
| 6.                                              | Fin Costs: External Credit / Avg. External Credit           | Less Than or Equal to R5         | 1.47%     | 6.97%     | 11.69%    | 9.98%     | 13.28%    | 7.65%     | 174%  |
| 7.                                              | Fin Costs: Member Shares / Avg. Member Shares               | Greater Than or Equal to R5      | 9.19%     | 8.10%     | 8.97%     | 0.00%     | 0.00%     | 0.00%     | 0%    |
| 8.                                              | Gross Margin / Average Assets                               | Amount Needed to Cover R9, R10   | 2.26%     | 2.95%     | 2.65%     | 7.80%     | 9.97%     | 9.47%     | 105%  |
| 9.                                              | Operating Expenses / Average Assets                         | 3 -10%                           | 1.77%     | 2.53%     | 2.56%     | 1.84%     | 2.47%     | 2.15%     | 115%  |
| 10.                                             | Provisions for Risk Assets / Average Assets                 | Sufficient for Estimated Losses  | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%    |
| 11.                                             | Other Income or Expense / Average Assets                    | Amount Needed                    | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%    |
| 12.                                             | Net Income / Average Assets                                 | Enough to reach the goal for E8  | 0.49%     | 0.42%     | 0.09%     | 5.95%     | 7.50%     | 7.32%     | 102%  |
| <b>L LIQUIDITY</b>                              |                                                             |                                  |           |           |           |           |           |           |       |
| 1.                                              | Liquid Assets - ST Payables / Total Deposits                | Minimum 15%                      | NA        | NA        | 49.10%    | 200.19%   | 137.91%   | 48.40%    | 285%  |
| 2.                                              | Liquidity Reserves / Total Savings Deposits                 | 10%                              | NA        | NA        | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%    |
| 3.                                              | Non-Earning Liquid Assets / Total Assets                    | Less Than 1 %                    | 3.46%     | 0.00%     | 2.78%     | 4.33%     | 5.54%     | 2.78%     | 199%  |
| 4.                                              | Deposits in CFF / Total Available Liquidity                 | Maximum Amount                   | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%    |
| <b>S SIGNS OF GROWTH (ANNUAL GROWTH RATES)</b>  |                                                             |                                  |           |           |           |           |           |           |       |
| 1.                                              | Total Assets                                                | More Than Inflation              | 29.18%    | 17.54%    | 34.46%    | 34.53%    | 18.93%    | 16.35%    | 116%  |
| 2.                                              | Loans to Members                                            | Sufficient to Achieve Goal in E1 | 20.52%    | 27.03%    | 33.93%    | 14.80%    | 13.36%    | 18.58%    | 72%   |
| 3.                                              | Savings Deposits                                            | Sufficient to Achieve Goal in E5 | 0.00%     | 0.00%     | 100.00%   | 0.00%     | -7.36%    | -4.89%    | 66%   |
| 4.                                              | External Credit                                             | 0%                               | 351.17%   | -40.27%   | 68.87%    | 273.27%   | -46.01%   | 82.92%    | -55%  |
| 5.                                              | Share Capital                                               | Sufficient to Achieve Goal in E7 | 20.74%    | 24.27%    | 22.42%    | 17.25%    | 16.71%    | 15.76%    | 106%  |
| 6.                                              | Institutional Capital                                       | Sufficient to Achieve Goal in E8 | 9.18%     | 10.28%    | 13.09%    | 1.04%     | 0.76%     | 0.65%     | 117%  |
| 7.                                              | Membership                                                  | Minimum 5%                       | 3.35%     | 13.26%    | 5.09%     | 9.91%     | 0.46%     | 0.03%     | 1731% |
| Inflation Rate (Annualized)                     |                                                             |                                  | 11.20%    | 10.60%    | 5.10%     | 6.30%     | 7.30%     | 8.20%     |       |

Based on Local currency

Annual Goal

% Complete

|                                                             | 31/12/1997    | 31/12/1998    | 31/12/1999    | 31/03/2000    | 30/06/2000    | 30/09/2000    | % Complete     |
|-------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| Number of Credit Unions in this Report                      | 1             | 1             | 1             | 1             | 1             | 1             |                |
| <b>Number Of CU Members</b>                                 |               |               |               |               |               |               |                |
| Men                                                         | 0             | 7,699         | 8,040         | 8,239         | 7,302         | 8,694         | 83.99%         |
| Women                                                       | 0             | 3,854         | 4,101         | 4,202         | 4,867         | 3,450         | 141.07%        |
| Gender not Reported                                         | 10,200        | 0             | 0             | 0             | 0             | 0             | 0.00%          |
| <b>Total Number Of Members</b>                              | <b>10,200</b> | <b>11,553</b> | <b>12,141</b> | <b>12,441</b> | <b>12,169</b> | <b>12,144</b> | <b>100.21%</b> |
| <b>Number of Other Service Users</b>                        |               |               |               |               |               |               |                |
| Authority                                                   | 0             | 0             | 0             | 0             | 0             | 0             | 0.00%          |
| Third Parties                                               | 0             | 0             | 0             | 0             | 0             | 0             | 0.00%          |
| <b>Total Number of Other CU Service Users</b>               | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0.00%</b>   |
| <b>Total Number of Members &amp; Other CU Service Users</b> | <b>10,200</b> | <b>11,553</b> | <b>12,141</b> | <b>12,441</b> | <b>12,169</b> | <b>12,144</b> | <b>100.21%</b> |

**Assets**

**Earning Assets**

**Loans to Members**

|                         |                    |                    |                    |                    |                    |                    |            |
|-------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------|
| Short Term (<=1 Year)   | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%         |
| Medium-Term (1-3 Years) | 337,780,787        | 429,069,826        | 574,661,825        | 595,870,392        | 612,955,531        | 654,838,665        | 94%        |
| Long-Term (> 3 Years)   | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%         |
| Other Special Loans     | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%         |
| Loan Loss Allowances    | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%         |
| <b>Total Net Loans</b>  | <b>337,780,787</b> | <b>429,069,826</b> | <b>574,661,825</b> | <b>595,870,392</b> | <b>612,955,531</b> | <b>654,838,665</b> | <b>94%</b> |

**Liquid Investments**

|                                       |                   |                  |                  |                   |                   |                |              |
|---------------------------------------|-------------------|------------------|------------------|-------------------|-------------------|----------------|--------------|
| Liquidity Reserves - CFF              | 0                 | 0                | 0                | 0                 | 0                 | 0              | 0%           |
| Other Liquidity Reserves              | 0                 | 0                | 0                | 0                 | 0                 | 0              | 0%           |
| Short-Term CFF Deposits               | 0                 | 0                | 0                | 0                 | 0                 | 0              | 0%           |
| Short-Term Bank Deposits              | 22,077,520        | 8,490,539        | 3,943,332        | 62,391,810        | 20,791,188        | 675,195        | 3079%        |
| Short-Term Securities and Investments | 0                 | 0                | 0                | 0                 | 0                 | 0              | 0%           |
| Other Liquid Investments 1            | 0                 | 0                | 0                | 0                 | 0                 | 0              | 0%           |
| Other Liquid Investments 2            | 0                 | 0                | 0                | 0                 | 0                 | 0              | 0%           |
| Other Liquid Investments 3            | 0                 | 0                | 0                | 0                 | 0                 | 0              | 0%           |
| Liquid Investments Allowances         | 0                 | 0                | 0                | 0                 | 0                 | 0              | 0%           |
| <b>Total Liquid Investments</b>       | <b>22,077,520</b> | <b>8,490,539</b> | <b>3,943,332</b> | <b>62,391,810</b> | <b>20,791,188</b> | <b>675,195</b> | <b>3079%</b> |

**Financial Investments**

|                                    |                   |                   |                   |                   |                   |                   |            |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------|
| Shares - League/Affiliation        | 40,000            | 100,000           | 600,000           | 600,000           | 600,000           | 900,000           | 67%        |
| Long-Term CFF Deposit              | 6,050,319         | 6,584,490         | 7,506,114         | 8,843,713         | 8,873,713         | 8,903,713         | 100%       |
| Long-Term Bank Deposits            | 0                 | 11,439,230        | 19,501,155        | 500               | 146,023           | 19,501,155        | 1%         |
| Long-Term Securities & Investments | 300,000           | 300,000           | 300,000           | 300,000           | 550,000           | 550,000           | 100%       |
| Other Financial Investments 1      | 5,200,000         | 5,200,000         | 5,324,000         | 5,324,000         | 5,324,000         | 5,324,000         | 100%       |
| Other Financial Investments 2      | 6,409,728         | 61,500            | 28,500            | 28,500            | 28,500            | 28,500            | 100%       |
| Other Financial Investments 3      | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%         |
| Financial Investments Allowances   | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%         |
| <b>Total Financial Investments</b> | <b>18,000,047</b> | <b>23,685,220</b> | <b>33,259,769</b> | <b>15,096,713</b> | <b>15,522,236</b> | <b>35,207,369</b> | <b>44%</b> |

**Non-Financial Investments**

|                                        |                    |                    |                    |                    |                    |                    |            |
|----------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------|
| Various                                | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%         |
| Non-Financial Investments Allowances   | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%         |
| <b>Total Non-Financial Investments</b> | <b>0</b>           | <b>0</b>           | <b>0</b>           | <b>0</b>           | <b>0</b>           | <b>0</b>           | <b>0%</b>  |
| <b>Total Earning Assets</b>            | <b>377,858,355</b> | <b>461,245,585</b> | <b>611,864,926</b> | <b>673,358,915</b> | <b>649,268,955</b> | <b>690,721,229</b> | <b>94%</b> |

**Additional Loan Portfolio Information**

| Delinquency Based on Outstanding Balance of Loan? | Payment     | Balance          | Payment          | Payment          | Payment          | Payment          |            |
|---------------------------------------------------|-------------|------------------|------------------|------------------|------------------|------------------|------------|
| <b>Delinquency</b>                                |             |                  |                  |                  |                  |                  |            |
| 1 Day to 1 Month                                  | 0           | 0                | 0                | 0                | 0                | 0                | 0%         |
| TO 12 Months                                      | 0           | 5,276,460        | 7,139,023        | 7,329,206        | 7,539,352        | 8,054,504        | 94%        |
| More Than 12 Months                               | 0           | 117,200          | 155,159          | 160,885          | 165,498          | 176,809          | 94%        |
| <b>Total Balance Of Delinquent Loans</b>          | <b>0</b>    | <b>5,393,660</b> | <b>7,294,182</b> | <b>7,490,091</b> | <b>7,704,850</b> | <b>8,231,313</b> | <b>94%</b> |
| Loans to Members (Gross)                          | 337,780,787 | 429,069,826      | 574,661,825      | 595,870,392      | 612,955,531      | 654,838,665      | 94%        |
| Accumulated Charge-Offs (Historical)              | 0           | 0                | 0                | 0                | 0                | 0                | 0%         |
| Recovery of Loans Charged-Off (Historical)        | 0           | 0                | 0                | 0                | 0                | 0                | 0%         |

118

Based on Local currency

Annual Goal

% Complete

31/12/1997 31/12/1998 31/12/1999 31/03/2000 30/06/2000 30/09/2000

**Non-Earning Assets****Liquid Assets**

|                             |                   |              |                   |                   |                   |                   |             |
|-----------------------------|-------------------|--------------|-------------------|-------------------|-------------------|-------------------|-------------|
| Cash & Equivalents          | 3,588             | 3,676        | 19,341,627        | 32,790,664        | 42,205,521        | 21,741,731        | 194%        |
| Current Accounts (Checking) | 15,260,237        | 0            | 0                 | 0                 | 0                 | 0                 | 0%          |
| Foreign Currency            | 0                 | 0            | 0                 | 0                 | 0                 | 0                 | 0%          |
| Liquidity Reserves - CFF    | 0                 | 0            | 0                 | 0                 | 0                 | 0                 | 0%          |
| Other Liquidity Reserves    | 0                 | 0            | 0                 | 0                 | 0                 | 0                 | 0%          |
| Other Liquid Assets         | 0                 | 0            | 0                 | 2,151             | 0                 | 0                 | 0%          |
| <b>Total Liquid Assets</b>  | <b>15,263,824</b> | <b>3,676</b> | <b>19,341,627</b> | <b>32,792,815</b> | <b>42,205,521</b> | <b>21,741,731</b> | <b>194%</b> |

**Accounts Receivable**

|                                  |                   |                   |                   |                   |                   |                   |             |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------|
| Debtors                          | 0                 | 0                 | 70,218            | 0                 | 53,904            | 134,272           | 40%         |
| Interest Receivable              | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%          |
| Notes Receivable                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%          |
| Payroll Deductions Receivable    | 33,693,890        | 34,919,637        | 41,558,897        | 26,705,054        | 42,051,664        | 35,370,189        | 119%        |
| Other Accounts Receivable        | 0                 | 0                 | 1,317,599         | 0                 | 0                 | 0                 | 0%          |
| Receivable Loss Allowances       | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%          |
| <b>Total Accounts Receivable</b> | <b>33,693,890</b> | <b>34,919,637</b> | <b>42,946,714</b> | <b>26,705,054</b> | <b>42,105,568</b> | <b>35,504,460</b> | <b>119%</b> |

**Fixed Assets**

|                                          |                   |                   |                   |                   |                   |                   |            |
|------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------|
| Land                                     | 518,598           | 520,218           | 520,218           | 520,218           | 520,218           | 520,218           | 100%       |
| Buildings (Cost)                         | 10,477,994        | 13,002,514        | 13,022,001        | 14,842,501        | 17,887,967        | 22,646,793        | 79%        |
| Accumulated Depreciation - Buildings     | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%         |
| Leasehold Improvements                   | 0                 | 0                 | 852,265           | 0                 | 0                 | 0                 | 0%         |
| Accum. Depreciation - Leasehold Improv.  | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%         |
| Furniture & Equipment                    | 2,653,183         | 8,138,954         | 7,639,373         | 7,868,167         | 9,987,135         | 10,466,985        | 95%        |
| Accum. Depreciation - Furniture & Equip. | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%         |
| <b>Total Net Fixed Assets</b>            | <b>13,649,775</b> | <b>21,661,686</b> | <b>22,033,857</b> | <b>23,230,886</b> | <b>28,395,320</b> | <b>33,633,996</b> | <b>84%</b> |

**Other Assets**

|                           |                |                |                |                |                |                |            |
|---------------------------|----------------|----------------|----------------|----------------|----------------|----------------|------------|
| Assets in Liquidation     | 0              | 0              | 0              | 0              | 0              | 0              | 0%         |
| Organization Expenses     | 0              | 0              | 0              | 0              | 4,710          | 0              | 0%         |
| Prepaid Expenses          | 98,013         | 3,500          | 0              | 70,218         | 157,793        | 0              | 0%         |
| Other Deferred Assets     | 299,110        | 335,397        | 566,546        | 566,546        | 354,546        | 614,545        | 58%        |
| Accumulated Amortization  | 0              | 0              | 0              | 0              | 0              | 0              | 0%         |
| <b>Total Other Assets</b> | <b>397,123</b> | <b>338,897</b> | <b>566,546</b> | <b>636,764</b> | <b>517,049</b> | <b>614,545</b> | <b>84%</b> |

**Problem Assets**

|                                 |          |          |          |          |          |          |           |
|---------------------------------|----------|----------|----------|----------|----------|----------|-----------|
| Doubtful Assets                 | 0        | 0        | 0        | 0        | 0        | 0        | 0%        |
| Accounting Discrepancy - Assets | 0        | 0        | 0        | 0        | 0        | 0        | 0%        |
| Other Problem Assets            | 0        | 0        | 0        | 0        | 0        | 0        | 0%        |
| <b>Total Problem Assets</b>     | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0%</b> |

**Total Non-Earning Assets**

|                                 |                   |                   |                   |                   |                    |                   |             |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|--------------------|-------------------|-------------|
| <b>Total Non-Earning Assets</b> | <b>63,004,612</b> | <b>56,923,896</b> | <b>84,888,744</b> | <b>83,365,519</b> | <b>113,223,458</b> | <b>91,494,732</b> | <b>124%</b> |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|--------------------|-------------------|-------------|

|                     |                    |                    |                    |                    |                    |                    |            |
|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------|
| <b>Total Assets</b> | <b>440,862,967</b> | <b>518,169,481</b> | <b>696,753,670</b> | <b>756,724,434</b> | <b>762,492,413</b> | <b>782,215,961</b> | <b>97%</b> |
|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------|

Based on Local currency

Annual Goal

% Complete

31/12/1997 31/12/1998 31/12/1999 31/03/2000 30/06/2000 30/09/2000

## LIABILITIES

## INTEREST BEARING LIABILITIES

## Savings Deposits

|                               | 31/12/1997 | 31/12/1998 | 31/12/1999        | 31/03/2000        | 30/06/2000        | 30/09/2000        | % Complete  |
|-------------------------------|------------|------------|-------------------|-------------------|-------------------|-------------------|-------------|
| Regular Savings               | 0          | 0          | 47,422,458        | 47,422,458        | 43,709,783        | 43,709,783        | 100%        |
| Term/Fixed Savings            | 0          | 0          | 0                 | 0                 | 1,971,210         | 1,971,210         | 100%        |
| Youth Savings                 | 0          | 0          | 0                 | 0                 | 0                 | 0                 | 0%          |
| Special Savings               | 0          | 0          | 0                 | 0                 | 0                 | 0                 | 0%          |
| pledged Savings               | 0          | 0          | 0                 | 0                 | 0                 | 0                 | 0%          |
| <b>Total Savings Deposits</b> | <b>0</b>   | <b>0</b>   | <b>47,422,458</b> | <b>47,422,458</b> | <b>45,680,993</b> | <b>45,680,993</b> | <b>100%</b> |

## External Credit

|                                               |                   |                   |                   |                    |                   |                    |            |
|-----------------------------------------------|-------------------|-------------------|-------------------|--------------------|-------------------|--------------------|------------|
| External Credit - CFF (<= 1 Year)             | 0                 | 0                 | 0                 | 0                  | 0                 | 0                  | 0%         |
| External Credit - CFF (> 1 Year)              | 12,228,282        | 0                 | 0                 | 0                  | 0                 | 0                  | 0%         |
| External Credit - Banks                       | 0                 | 21,042,209        | 35,534,817        | 59,744,707         | 27,382,474        | 57,656,966         | 47%        |
| Other External Credit - External Institutions | 23,000,000        | 0                 | 0                 | 0                  | 0                 | 0                  | 0%         |
| <b>Total External Credit</b>                  | <b>35,228,282</b> | <b>21,042,209</b> | <b>35,534,817</b> | <b>59,744,707</b>  | <b>27,382,474</b> | <b>57,656,966</b>  | <b>47%</b> |
| <b>Total Interest Bearing Liabilities</b>     | <b>35,228,282</b> | <b>21,042,209</b> | <b>82,957,275</b> | <b>107,167,165</b> | <b>73,063,467</b> | <b>103,337,959</b> |            |

## Non-Interest Bearing Liabilities

|                                               |                   |                   |                    |                    |                    |                    |             |
|-----------------------------------------------|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|-------------|
| Short-Term Accounts Payable (<=30 Days)       | 54,000            | 0                 | 0                  | 248,363            | 0                  | 308,504            | 0%          |
| External Credit Payments (<=30 Days)          | 0                 | 0                 | 0                  | 0                  | 0                  | 0                  | 0%          |
| Provisions (e.g. Employee Benefits)           | 31,263,392        | 34,674,224        | 1,753,801          | 125,516            | 1,975,244          | 2,376,733          | 83%         |
| Accounting Discrepancy - Liabilities          | 0                 | 0                 | 0                  | 0                  | 0                  | 0                  | 0%          |
| Other Liabilities                             | 3,016,651         | 2,630,693         | 49,656,981         | 52,309,523         | 50,878,089         | 6,908,393          | 736%        |
| <b>Total Non-Interest Bearing Liabilities</b> | <b>34,334,043</b> | <b>37,304,917</b> | <b>51,410,782</b>  | <b>52,683,402</b>  | <b>52,853,333</b>  | <b>9,593,630</b>   | <b>551%</b> |
| <b>Total Liabilities</b>                      | <b>69,562,325</b> | <b>58,347,126</b> | <b>134,368,057</b> | <b>159,850,567</b> | <b>125,916,800</b> | <b>112,931,589</b> | <b>111%</b> |

## CAPITAL

## Share Capital

|                                   |                    |                    |                    |                    |                    |                    |            |
|-----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------|
| Mandatory Shares                  | 362,418,013        | 450,368,651        | 536,829,732        | 560,368,677        | 582,560,347        | 601,806,501        | 97%        |
| Voluntary Shares                  | 0                  | 0                  | 14,524,359         | 14,666,912         | 14,737,228         | 14,777,939         | 100%       |
| <b>Total Member Share Capital</b> | <b>362,418,013</b> | <b>450,368,651</b> | <b>551,354,091</b> | <b>575,035,589</b> | <b>597,297,575</b> | <b>616,584,440</b> | <b>97%</b> |

## Transitory Capital

|                                  |                  |                  |                  |                   |                   |                   |            |
|----------------------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|------------|
| Asset Appreciation Over Cost     | 0                | 0                | 0                | 0                 | 0                 | 0                 | 0%         |
| Education & Social Reserves      | 0                | 0                | 0                | 0                 | 0                 | 0                 | 0%         |
| Monetary Reserves                | 0                | 0                | 0                | 0                 | 0                 | 0                 | 0%         |
| Other Reserves                   | 3,153,787        | 3,153,786        | 3,909,129        | 3,909,129         | 3,909,129         | 3,909,129         | 100%       |
| Accounting Discrepancy - Capital | 0                | 0                | 0                | 0                 | 0                 | 0                 | 0%         |
| Undistributed Net Income         | 19,146           | 3,405            | 1,471            | 10,789,707        | 28,220,847        | 41,635,341        | 68%        |
| <b>Total Transitory Capital</b>  | <b>3,172,933</b> | <b>3,157,191</b> | <b>3,910,600</b> | <b>14,698,836</b> | <b>32,129,976</b> | <b>45,544,470</b> | <b>71%</b> |

## Institutional Capital

|                                    |                  |                  |                  |                  |                  |                  |             |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------|
| Statutory & Legal Reserves         | 5,248,816        | 5,758,133        | 6,299,302        | 6,299,302        | 6,299,302        | 6,299,302        | 100%        |
| Retained Earnings                  | 0                | 0                | 0                | 0                | 0                | 0                | 0%          |
| Special Asset Reserves             | 0                | 0                | 0                | 0                | 0                | 0                | 0%          |
| Donations / Other Reserves         | 460,880          | 538,380          | 821,620          | 840,140          | 848,760          | 856,160          | 99%         |
| Undistributed Losses               | 0                | 0                | 0                | 0                | 0                | 0                | 0%          |
| FD Net Income (Loss) Transfer      | 0                | 0                | 0                | 0                | 0                | 0                | 0%          |
| <b>Total Institutional Capital</b> | <b>5,709,696</b> | <b>6,296,513</b> | <b>7,120,922</b> | <b>7,139,442</b> | <b>7,148,062</b> | <b>7,155,462</b> | <b>100%</b> |

## Total Capital

|                                      |                    |                    |                    |                    |                    |                    |            |
|--------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------|
| <b>Total Capital</b>                 | <b>371,300,642</b> | <b>459,822,355</b> | <b>562,385,613</b> | <b>596,873,867</b> | <b>636,575,613</b> | <b>669,284,372</b> | <b>95%</b> |
| <b>Total Liabilities and Capital</b> | <b>440,862,967</b> | <b>518,169,481</b> | <b>696,753,670</b> | <b>756,724,434</b> | <b>762,492,413</b> | <b>782,215,961</b> | <b>97%</b> |

Annual Goal

% Complete

|                                               | 31/12/1997        | 31/12/1998        | 31/12/1999        | 31/03/2000        | 30/06/2000        | 30/09/2000        |               |
|-----------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------|
| Number of Credit Unions in this Report        | 1                 | 1                 | 1                 | 1                 | 1                 | 1                 |               |
| <b>INCOME</b>                                 |                   |                   |                   |                   |                   |                   |               |
| <b>INCOME FROM LOANS</b>                      |                   |                   |                   |                   |                   |                   |               |
| Interest Income from Loans                    | 40,004,164        | 49,092,271        | 66,463,216        | 15,803,686        | 33,131,443        | 50,116,954        | 66.11%        |
| Delinquent Penalty Interest Income from Loans | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0.00%         |
| Commissions/Fees from Loans                   | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0.00%         |
| Insurance Premiums for Loans                  | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0.00%         |
| <b>NET LOAN INCOME</b>                        | <b>40,004,164</b> | <b>49,092,271</b> | <b>66,463,216</b> | <b>15,803,686</b> | <b>33,131,443</b> | <b>50,116,954</b> | <b>66.11%</b> |
| Income from Liquid Investments                | 184,089           | 193,161           | 0                 | 0                 | 0                 | 0                 | 0.00%         |
| Income from Financial Investments             | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0.00%         |
| Income from Non-Financial Investments         | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0.00%         |
| Income from Grants                            | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0.00%         |
| Income from Other Sources                     | 0                 | 900               | 0                 | 189,000           | 6,867,582         | 6,867,582         | 100.00%       |
| <b>Gross Income</b>                           | <b>40,188,253</b> | <b>49,286,332</b> | <b>66,463,216</b> | <b>15,992,686</b> | <b>39,999,025</b> | <b>56,984,536</b> | <b>70.19%</b> |
| <b>COSTS/EXPENSES</b>                         |                   |                   |                   |                   |                   |                   |               |
| <b>FINANCIAL COSTS</b>                        |                   |                   |                   |                   |                   |                   |               |
| Interest Expense on Savings Deposits          | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0.00%         |
| Insurance Premiums for Savings                | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0.00%         |
| Financial Cost - Savings Deposits             | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0.00%         |
| Financial Cost on External Credit             | 315,610           | 1,961,178         | 3,306,100         | 1,184,875         | 2,083,286         | 2,675,521         | 77.86%        |
| Dividend Expense on Shares                    | 30,451,702        | 32,916,421        | 44,923,741        | 0                 | 0                 | 0                 | 0.00%         |
| Insurance Premiums for Shares                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0.00%         |
| Financial Cost - Shares                       | 30,451,702        | 32,916,421        | 44,923,741        | 0                 | 0                 | 0                 | 0.00%         |
| Taxes on Interest Paid                        | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0.00%         |
| Other Financial Costs                         | 587,757           | 251,292           | 2,130,057         | 683,195           | 1,645,571         | 1,742,043         | 94.46%        |
| <b>TOTAL FINANCIAL COSTS</b>                  | <b>31,355,069</b> | <b>35,128,891</b> | <b>50,359,898</b> | <b>1,868,070</b>  | <b>3,728,857</b>  | <b>4,417,564</b>  | <b>84.41%</b> |
| Gross Margin                                  | 8,833,184         | 14,157,441        | 16,103,318        | 14,124,616        | 36,270,168        | 52,566,972        | 69.00%        |
| <b>OPERATING EXPENSES</b>                     |                   |                   |                   |                   |                   |                   |               |
| Personnel                                     | 3,746,438         | 5,777,473         | 6,580,596         | 1,761,869         | 4,162,393         | 5,896,860         | 70.59%        |
| Governance                                    | 1,349,102         | 2,577,107         | 3,057,934         | 321,579           | 2,494,953         | 2,978,532         | 83.76%        |
| Marketing                                     | 130,287           | 263,506           | 9,000             | 18,000            | 23,000            | 23,000            | 100.00%       |
| Depreciation                                  | 583,558           | 1,581,464         | 1,206,388         | 0                 | 0                 | 0                 | 0.00%         |
| Administration                                | 1,111,302         | 1,920,623         | 4,710,107         | 1,234,931         | 2,299,895         | 3,020,663         | 76.14%        |
| <b>TOTAL OPERATING EXPENSES</b>               | <b>6,920,687</b>  | <b>12,120,173</b> | <b>15,564,025</b> | <b>3,336,379</b>  | <b>8,980,241</b>  | <b>11,919,055</b> | <b>75.34%</b> |
| Provision for Risk Assets                     | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0.00%         |
| Net Income from Operations                    | 1,912,497         | 2,037,268         | 539,293           | 10,788,237        | 27,289,927        | 40,647,917        | 67.14%        |
| <b>OTHER INCOME / EXPENSE</b>                 |                   |                   |                   |                   |                   |                   |               |
| Previous period adjustments (Net)             | (4,790)           | 0                 | 0                 | 0                 | 0                 | 0                 | 0.00%         |
| Extraordinary Items (Net)                     | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0.00%         |
| <b>TOTAL OTHER INCOME/EXPENSE</b>             | <b>(4,790)</b>    | <b>0</b>          | <b>0</b>          | <b>0</b>          | <b>0</b>          | <b>0</b>          | <b>0.00%</b>  |
| <b>Net Income/Loss</b>                        | <b>1,907,708</b>  | <b>2,037,269</b>  | <b>539,293</b>    | <b>10,788,237</b> | <b>27,289,927</b> | <b>40,647,917</b> | <b>67.14%</b> |

|                                           | 31-Dec-98 | 31-Dec-99 | 31-Mar-00 | 30-Jun-00   | 30-Sep-00   |
|-------------------------------------------|-----------|-----------|-----------|-------------|-------------|
| Number of Credit Unions in this Report    | 1         | 1         | 1         | 1           | 1           |
| <b>Salary Burden</b>                      |           |           |           |             |             |
| Number Of Loans / Number of Loan Officers | 0         | 0         | 0         | 4,867       | 6,421       |
| Amount Of Loans / Number of Loan Officers | 0         | 0         | 0         | 306,477,766 | 327,419,333 |
| <b>Adjusted Returns*</b>                  |           |           |           |             |             |
| Capital                                   | -157.02%  | 118.69%   | -146.17%  | -53.87%     | -28.50%     |
| Assets                                    | -3.10%    | 2.16%     | -4.39%    | -2.79%      | -1.94%      |
| <b>Sufficiency Ratios**</b>               |           |           |           |             |             |
| Operational Self Sufficiency              | 104.31%   | 100.82%   | 307.29%   | 314.73%     | 348.81%     |
| Financial Self Sufficiency                | 76.55%    | 119.75%   | 32.91%    | 63.69%      | 77.27%      |
| Subsidy Dependency Index                  | 32.43%    | -21.89%   | 56.37%    | 67.37%      | 83.17%      |
| <b>Efficiency Ratios***</b>               |           |           |           |             |             |
| Portfolio Turnover                        | 23.81%    | 29.01%    | 3.62%     | 9.84%       | 15.15%      |
| Administrative Efficiency                 | 3.16%     | 3.10%     | 0.57%     | 1.49%       | 1.88%       |

1. The RATE used in the calculation of all ratios is inflation or market rate of the product (savings, credit, etc.), whichever is higher.
2. Required Provision Expenses are 100% of all loans delinquent greater than 12 months and either the WOCCU standard of 35% of loans delinquent from 1-12 months or local requirements where appropriate.

**\*Explanation of Adjusted Return Ratios**

|                                                                                                                                                                                                                                                                                                                                                |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Adjusted return on Capital</b>                                                                                                                                                                                                                                                                                                              |
| $(\text{Gross Income} - \text{Operating Subsidies} - ((\text{Average Deposits Balance} * \text{RATE}) + (\text{Average External Credit Balance} * \text{RATE}) + (\text{Average Share Balance} * \text{RATE}) + \text{Operating Expenses} + \text{Required Provision Expenses})) / (\text{Institutional Capital} + \text{Transitory Capital})$ |
| <b>Adjusted Return on Assets</b>                                                                                                                                                                                                                                                                                                               |
| $(\text{Gross Income} - \text{Operating Subsidies} - ((\text{Average Deposits Balance} * \text{RATE}) + (\text{Average External Credit Balance} * \text{RATE}) + (\text{Average Share Balance} * \text{RATE}) + \text{Operating Expenses} + \text{Required Provision Expenses})) / \text{Avg. Assets}$                                         |

**\*\*Explanation of Sufficiency Ratios**

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Operational Self Sufficiency</b>                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| $(\text{Gross Income} - \text{Operating Subsidies}) / (\text{Deposit Costs} + \text{External Credit Costs} + \text{Share Costs} + \text{Operating Expenses} + \text{Provision Expenses} + \text{Other Expenses} + \text{Operating Subsidies})$                                                                                                                                                                                                                                |
| <b>Financial Self Sufficiency</b>                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| $(\text{Gross Income} - \text{Operating Subsidies}) / ((\text{Average Deposits Balance} * \text{RATE}) + (\text{Average External Credit Balance} * \text{RATE}) + (\text{Average Share Balance} * \text{RATE}) + \text{Operating Expenses} + \text{Required Provision Expenses}) + \text{Other Expenses} + \text{Operating Subsidies}$                                                                                                                                        |
| <b>Subsidy Dependency Index</b>                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| $([\text{Average Deposits Balance} * (\text{RATE} - \text{Weighted Interest Rate } \{R5\})] + [\text{Average External Credit Balance} * (\text{RATE} - \text{Weighted Rate } \{R6\})] - [\text{Average Share Balance} * (\text{RATE} - \text{Weighted Interest Rate } \{R7\})] + [(\text{Institutional Capital} + \text{Transitory Capital}) * \text{RATE} \{Savings\}] + \text{Subsidies}) / (\text{Average Loan Portfolio} * \text{Annualized Loan Interest Rate } \{R1\})$ |

**\*\*\*Explanation of Efficiency Ratios**

|                                                                                          |
|------------------------------------------------------------------------------------------|
| <b>Portfolio Turnover</b>                                                                |
| Amount of Loans Disbursed During Current Reporting Period / Gross Average Loan Portfolio |
| <b>Administrative Efficiency</b>                                                         |
| Operating Expenses / Average Gross Loan Portfolio                                        |



World Council of Credit Unions, Inc.

**Microfinance Expansion Program (MEP)  
4<sup>th</sup> QUARTER 2000 REPORT**

**Kisumu Teachers  
Savings and Credit Cooperative (SACCO)**

**Nairobi, Kenya  
February 16, 2001**

Microfinance Expansion  
Programme (MEP)  
Isaac Gathanju Road  
Off James Gichuru Road, Lavington  
P.O. Box 979 Village Market  
Nairobi, Kenya

Phone: (254) 2-48053/48122/719  
Fax: (254) 2-48112  
E-mail: [woccu@form-net.com](mailto:woccu@form-net.com)

*"Quality  
Credit Unions  
for Everyone"*

World Council of Credit Unions, Inc. (WOCCU), Kenya  
 Microfinance Expansion Program (MEP)  
 Kisumu Teachers' SACCO  
 4<sup>th</sup> Quarter, 2000, PEARLS Analysis

| SACCO Prudential Standards           | Analysis of Kisumu Teachers' SACCO's Status<br>By the end of the 4 <sup>th</sup> Quarter, 2000 <sup>1</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|--------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Protection</i>                    | <ul style="list-style-type: none"> <li>• P1 – P5 ratios were not computed since the SACCO does not provide for expected loan losses; <i>The SACCO has been advised to provision for loan losses and the Loan Portfolio Analysis Tool installed in their computers to assist in determining the level of delinquency, and hence the required provisions;</i></li> <li>• Kisumu Teachers' SACCO does not charge-off uncollectible loans; <i>Charging off plans have been presented to the board and management;</i></li> <li>• At 99.04%, the SACCO is not solvent, although it is an improvement from 97.02% in June 2000; <i>this is primarily due to the problem assets that the SACCO has (accounting discrepancies) and the absence of provisions against expected loan losses. WOCCU is working with the SACCO to resolve the accounting differences and create the required loan loss provisions;</i></li> <li>• The SACCO has a negative Net Institutional Capital at, -2.57%, <i>again due to the problem assets and the inadequate loan loss provisions.</i></li> </ul>                                                                                                                                                                                                   |
| <i>Effective Financial Structure</i> | <ul style="list-style-type: none"> <li>• Kisumu Teachers' has not attained the ideal asset structure (only 76.79% of its assets are productive):           <ul style="list-style-type: none"> <li>• Loans: 73.46%;</li> <li>• Liquid investments: 0.85%;</li> <li>• Financial investments: 2.48%;</li> </ul> <i>WOCCU is working with the SACCO to improve the level of investment in productive assets and has already installed the PEARLS 2000 tool in the SACCO.</i> </li> </ul> <p>Kisumu Teachers' has not attained the ideal asset financing structure:</p> <ul style="list-style-type: none"> <li>• Savings Deposits: 3.24%;</li> <li>• External credit: 0.00%;</li> <li>• Share Capital: 84.25%;</li> <li>• Institutional Capital: 5.14%;</li> </ul> <p><i>WOCCU has advised the board and management on how to start changing SACCO assets and liabilities to attain the ideal structure;</i><br/> <i>Institutional capital improved marginally although the SACCO does not accrue for statutory reserves;</i><br/> <i>External credit continues being nil, which is a positive indicator; WOCCU has continued to emphasize on Savings mobilization and reliance on it for funding loans. WOCCU is working with the SACCO to improve its front office services.</i></p> |

<sup>1</sup> The 4<sup>th</sup> quarter report presents an analysis of financial information as at September 30, 2000.



**World Council of Credit Unions, Inc. (WOCCU), Kenya**  
**Microfinance Expansion Program (MEP)**  
**Kisumu Teachers' SACCO**  
**4<sup>th</sup> Quarter, 2000, PEARLS Analysis**

| SACCO Prudential Standards       | Analysis of Kisumu Teachers' SACCO's Status<br>By the end of the 4 <sup>th</sup> Quarter, 2000 <sup>2</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Asset Quality</i>             | <ul style="list-style-type: none"> <li>• Delinquency is negligible at 0.80%, since the SACCO has a check-off arrangement with the employer. In addition, the Loan Portfolio Analysis Tool has been installed in their computers to help determine the level of delinquency accurately.</li> <li>• Non-earning assets are 23.21% compared to the ideal of less than 5%. This is due to the high balances in the checking accounts, payroll deductions receivable and account discrepancy-assets. WOCCU staff are working closely with the SACCO to resolve the discrepancies;</li> <li>• The SACCO does not finance its non-earning assets from non-interest bearing funds as A3 stands at 20.64%. The SACCO is being advised on how to simultaneously grow its Zero cost funds and reduce non-earning assets.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <i>Rates of return and costs</i> | <ul style="list-style-type: none"> <li>• The effective loan yield, at 9.44%, is relatively low and below market rate. WOCCU continues to encourage the SACCO revise its interest rates to be in line with those prevailing in the market. WOCCU is working with the SACCO to draw up a business plan to help determine the entrepreneurial rate;</li> <li>• Liquid investments reported no yield;</li> <li>• Financial investments have reported a low yield (0.04%) – WOCCU's PEARLS tool is being used to show management how to evaluate and make decisions on the various investment alternatives;</li> <li>• Kisumu Teachers' SACCO does not have non-financial investments.</li> <li>• Financial costs on savings deposits at, 4.89% are good comparable to the market rates though below inflation rate;</li> <li>• External credit costs are minimal at, 0.28% - WOCCU continues to emphasize the need to rely on savings mobilization rather than external credit;</li> <li>• No dividends on member shares; the SACCO does not accrue for dividend costs (dividends are determined annually post net income);</li> <li>• Gross margin and Net income (at 6.62% and 2.09% respectively) are moderately high and registered a marginal improvement though the SACCO does not accrue for member dividends;</li> <li>• Operating expenses at, 4.53% continue being moderate and within the recommended level;</li> <li>• The SACCO does not have non-recurring incomes/expenses, and no costs on provision as noted above.</li> </ul> |

<sup>2</sup> The 4<sup>th</sup> quarter report presents an analysis of financial information as at September 30, 2000.

World Council of Credit Unions, Inc. (WOCCU), Kenya  
 Microfinance Expansion Program (MEP)  
 Kisumu Teachers' SACCO  
 4<sup>th</sup> Quarter, 2000, PEARLS Analysis

| SACCO Prudential Standards | Analysis of Kisumu Teachers' SACCO's Status<br>By the end of the 4 <sup>th</sup> Quarter, 2000 <sup>3</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Liquidity</i>           | <ul style="list-style-type: none"> <li>• Given that the SACCO offers front office services, liquidity level, at 63.87% is good. <i>PEARLS 2000 is being used to monitor and maintain the level of liquidity at the optimum;</i></li> <li>• Non-earning liquid assets, at 1.27%, are still high and above the recommended level of less than 1%, <i>though an improvement from 4.71% in June 2000.</i></li> </ul>                                                                                                                                                     |
| <i>Signs of Growth</i>     | <ul style="list-style-type: none"> <li>• Total assets registered good growth of 11.47%, <i>which is above the inflation rate (8.20%);</i></li> <li>• Loans registered a good growth of 13.07%, <i>which is above the growth in total assets;</i></li> <li>• External credit declined by an impressive 133.21%;</li> <li>• Share capital registered good growth of 19.42%;</li> <li>• Membership grew marginally by 1.01%. <i>In the light of the on-going retrenchment, and the government freeze on teacher recruitment, this is a good performance.</i></li> </ul> |

<sup>3</sup> The 4<sup>th</sup> quarter report presents an analysis of financial information as at September 30, 2000.

Based on Local currency

Annual  
Goal % Complete

| P-E-A-R-L-S RATIOS                              |                                                             | Goals                            | 31-Dec-97 | 31-Dec-98 | 31-Dec-99 | 31-Mar-00 | 30-Jun-00 | 30-Sep-00 |       |
|-------------------------------------------------|-------------------------------------------------------------|----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-------|
| Number of Credit Unions in this Report          |                                                             |                                  | 1         | 1         | 1         | 1         | 1         | 1         |       |
| <b>P PROTECTION</b>                             |                                                             |                                  |           |           |           |           |           |           |       |
| 1.                                              | Loan Loss Allowances / Delinq. >12 Mo.                      | 100%                             | NA        |           |           |           |           |           |       |
| 2.                                              | Net Loan Loss Allow. / Allow. Required for Delinq. 1-12 Mo. | 100% of Goal                     | NA        |           |           |           |           |           |       |
| 3.                                              | Complete Loan Charge-Off of Delinquency > 12 Mo.            | Yes                              | Yes       | No        | No        | No        | No        | No        | 0%    |
| 4.                                              | Annual Loan Charge-offs / Average Loan Portfolio            | Minimized                        | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%    |
| 5.                                              | Accum. Charge-Offs Recovered / Accum Charge-Offs            | 100%                             | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%    |
| 6.                                              | Solvency                                                    | Min 100%                         | 112.04%   | 108.00%   | 100.99%   | 101.30%   | 97.92%    | 99.04%    | 99%   |
| 7.                                              | Net Institutional Capital                                   | Minimum 10%                      | 10.60%    | 7.15%     | 0.79%     | 0.55%     | -2.46%    | -2.57%    | 105%  |
| <b>E EFFECTIVE FINANCIAL STRUCTURE</b>          |                                                             |                                  |           |           |           |           |           |           |       |
| 1.                                              | Net Loans / Total Assets                                    | Between 70 - 80%                 | 81.88%    | 82.31%    | 72.65%    | 79.11%    | 70.48%    | 73.46%    | 96%   |
| 2.                                              | Liquid Investments / Total Assets                           | Max 20 %                         | 0.21%     | 0.12%     | 0.06%     | 0.06%     | 0.05%     | 0.85%     | 6%    |
| 3.                                              | Financial Investments / Total Assets                        | Max 10 %                         | 4.84%     | 2.10%     | 1.73%     | 1.72%     | 1.64%     | 2.48%     | 66%   |
| 4.                                              | Non-Financial Investments / Total Assets                    | 0%                               | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%    |
| 5.                                              | Savings Deposits / Total Assets                             | Between 70 - 80%                 | 0.20%     | 0.01%     | 5.38%     | 2.79%     | 4.02%     | 3.24%     | 124%  |
| 6.                                              | External Credit / Total Assets                              | 0                                | 0.00%     | 0.00%     | 5.09%     | 3.35%     | 0.00%     | 0.00%     | 0%    |
| 7.                                              | Member Share Capital / Total Assets                         | Max 20 %                         | 87.86%    | 89.36%    | 79.86%    | 81.70%    | 80.04%    | 84.25%    | 95%   |
| 8.                                              | Institutional Capital / Total Assets                        | Minimum 10%                      | 10.60%    | 7.72%     | 5.58%     | 5.46%     | 5.10%     | 5.14%     | 99%   |
| <b>A ASSET QUALITY</b>                          |                                                             |                                  |           |           |           |           |           |           |       |
| 1.                                              | Total Delinquency / Gross Loan Portfolio                    | Less Than or Equal To 5%         | 0.00%     | 1.46%     | 0.80%     | 0.80%     | 0.80%     | 0.80%     | 100%  |
| 2.                                              | Non-Earning Assets / Total Assets                           | Less Than or Equal To 5%         | 13.07%    | 15.47%    | 25.56%    | 19.11%    | 27.83%    | 23.21%    | 120%  |
| 3.                                              | Net Zero Cost Funds / Non-earning. Assets                   | Greater Than or Equal To 100%    | 91.36%    | 65.05%    | 19.10%    | 37.93%    | 30.10%    | 20.64%    | 146%  |
| <b>R RATES OF RETURN AND COSTS (ANNUALIZED)</b> |                                                             |                                  |           |           |           |           |           |           |       |
| 1.                                              | Net Loan Income / Average Net Loan Portfolio                | Entrepreneurial Rate             | 10.93%    | 11.23%    | 12.66%    | 9.61%     | 10.49%    | 9.44%     | 111%  |
| 2.                                              | Liquid Inv. Income / Avg. Liquid Investments                | Market Rates                     | 121.60%   | 26.61%    | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%    |
| 3.                                              | Fin. Investment Income / Avg. Fin. Investments              | Market Rates                     | 1.97%     | 6.55%     | 0.15%     | 0.00%     | 1.25%     | 0.04%     | 3054% |
| 4.                                              | Non-Fin. Inv. Income / Avg. Non-Fin. Investments            | Greater Than or Equal to R1      | NA        | NA        | NA        | NA        | NA        | NA        | NA    |
| 5.                                              | Fin Costs: Savings Deposits / Avg. Savings Deposits         | Market Rates                     | 0.00%     | 2850.94%  | 4.33%     | 5.77%     | 4.22%     | 4.89%     | 86%   |
| 6.                                              | Fin Costs: External Credit / Avg. External Credit           | Less Than or Equal to R5         | 13.79%    | NA        | 26.80%    | 0.00%     | 0.00%     | 0.28%     | 0%    |
| 7.                                              | Fin Costs: Member Shares / Avg. Member Shares               | Greater Than or Equal to R5      | 3.47%     | 3.71%     | 3.71%     | 0.00%     | 0.00%     | 0.00%     | 0%    |
| 8.                                              | Gross Margin / Average Assets                               | Amount Needed to Cover R9, R10   | 5.84%     | 3.73%     | 6.54%     | 6.14%     | 6.50%     | 6.62%     | 98%   |
| 9.                                              | Operating Expenses / Average Assets                         | 3 -10%                           | 5.05%     | 5.22%     | 5.50%     | 4.11%     | 5.10%     | 4.53%     | 113%  |
| 10.                                             | Provisions for Risk Assets / Average Assets                 | Sufficient for Estimated Losses  | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%    |
| 11.                                             | Other Income or Expense / Average Assets                    | Amount Needed                    | -0.36%    | 0.03%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%    |
| 12.                                             | Net Income / Average Assets                                 | Enough to reach the goal for E8  | 1.14%     | -1.52%    | 1.04%     | 2.03%     | 1.40%     | 2.09%     | 67%   |
| <b>L LIQUIDITY</b>                              |                                                             |                                  |           |           |           |           |           |           |       |
| 1.                                              | Liquid Assets - ST Payables / Total Deposits                | Minimum 15%                      | 409.26%   | -9172.80% | 74.51%    | -190.14%  | 117.88%   | 63.87%    | 185%  |
| 2.                                              | Liquidity Reserves / Total Savings Deposits                 | 10%                              | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%    |
| 3.                                              | Non-Earning Liquid Assets / Total Assets                    | Less Than 1 %                    | 1.73%     | -0.62%    | 4.11%     | 0.80%     | 4.71%     | 1.27%     | 371%  |
| 4.                                              | Deposits in CFF / Total Available Liquidity                 | Maximum Amount                   | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%    |
| <b>S SIGNS OF GROWTH (ANNUAL GROWTH RATES)</b>  |                                                             |                                  |           |           |           |           |           |           |       |
| 1.                                              | Total Assets                                                | More Than Inflation              | 14.99%    | 23.63%    | 34.22%    | 9.15%     | 18.91%    | 11.47%    | 165%  |
| 2.                                              | Loans to Members                                            | Sufficient to Achieve Goal in E1 | 16.31%    | 24.28%    | 18.46%    | 45.65%    | 12.35%    | 13.07%    | 95%   |
| 3.                                              | Savings Deposits                                            | Sufficient to Achieve Goal in E5 | -48.52%   | -94.68%   | 84556.75% | -188.60%  | -36.54%   | -45.96%   | 126%  |
| 4.                                              | External Credit                                             | 0%                               | -100.00%  | 0.00%     | 100.00%   | -131.08%  | -200.55%  | -133.21%  | 66%   |
| 5.                                              | Share Capital                                               | Sufficient to Achieve Goal in E7 | 19.94%    | 25.73%    | 19.95%    | 18.61%    | 19.41%    | 19.42%    | 100%  |
| 6.                                              | Institutional Capital                                       | Sufficient to Achieve Goal in E8 | 26.83%    | -10.01%   | -2.88%    | 0.00%     | 0.00%     | 0.00%     | 0%    |
| 7.                                              | Membership                                                  | Minimum 5%                       | 7.96%     | 13.82%    | -1.79%    | -24.83%   | -1.12%    | 1.01%     | -111% |
| Inflation Rate (Annualized)                     |                                                             |                                  | 11.20%    | 10.60%    | 5.10%     | 6.30%     | 7.30%     | 8.20%     |       |

Based on Local currency

Annual Goal

% Complete

|                                                             | 31/12/1997   | 31/12/1998   | 31/12/1999   | 31/03/2000   | 30/06/2000   | 30/09/2000   |               |
|-------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Number of Credit Unions in this Report                      | 1            | 1            | 1            | 1            | 1            | 1            |               |
| <b>Number Of CU Members</b>                                 |              |              |              |              |              |              |               |
| Men                                                         | 3,181        | 3,621        | 3,557        | 3,336        | 3,537        | 3,583        | 98.72%        |
| Women                                                       | 2,121        | 2,414        | 2,370        | 2,224        | 2,357        | 2,389        | 98.66%        |
| Gender not Reported                                         | 0            | 0            | 0            | 0            | 0            | 0            | 0.00%         |
| <b>Total Number Of Members</b>                              | <b>5,302</b> | <b>6,035</b> | <b>5,927</b> | <b>5,560</b> | <b>5,894</b> | <b>5,972</b> | <b>98.69%</b> |
| <b>Number of Other Service Users</b>                        |              |              |              |              |              |              |               |
| Youth                                                       | 0            | 0            | 0            | 0            | 0            | 0            | 0.00%         |
| Third Parties                                               | 0            | 0            | 0            | 0            | 0            | 0            | 0.00%         |
| <b>Total Number of Other CU Service Users</b>               | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0.00%</b>  |
| <b>Total Number Of Members &amp; Other CU Service Users</b> | <b>5,302</b> | <b>6,035</b> | <b>5,927</b> | <b>5,560</b> | <b>5,894</b> | <b>5,972</b> | <b>98.69%</b> |

**Assets****Earning Assets****Loans to Members**

|                         |                    |                    |                    |                    |                    |                    |            |
|-------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------|
| Short Term (<=1 Year)   | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%         |
| Medium-Term (1-3 Years) | 119,253,260        | 148,202,209        | 175,564,546        | 195,538,143        | 186,383,689        | 192,792,120        | 97%        |
| Long-Term (> 3 Years)   | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%         |
| Other Special Loans     | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%         |
| Loan Loss Allowances    | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%         |
| <b>Total Net Loans</b>  | <b>119,253,260</b> | <b>148,202,209</b> | <b>175,564,546</b> | <b>195,538,143</b> | <b>186,383,689</b> | <b>192,792,120</b> | <b>97%</b> |

**Liquid Investments**

|                                       |                |                |                |                |                |                  |           |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|------------------|-----------|
| Liquidity Reserves - CFF              | 0              | 0              | 0              | 0              | 0              | 0                | 0%        |
| Other Liquidity Reserves              | 0              | 0              | 0              | 0              | 0              | 0                | 0%        |
| Short-Term CFF Deposits               | 0              | 0              | 0              | 0              | 0              | 0                | 0%        |
| Short-Term Bank Deposits              | 312,556        | 210,261        | 136,932        | 136,932        | 136,932        | 2,236,932        | 6%        |
| Short-Term Securities and Investments | 0              | 0              | 0              | 0              | 0              | 0                | 0%        |
| Other Liquid Investments 1            | 0              | 0              | 0              | 0              | 0              | 0                | 0%        |
| Other Liquid Investments 2            | 0              | 0              | 0              | 0              | 0              | 0                | 0%        |
| Other Liquid Investments 3            | 0              | 0              | 0              | 0              | 0              | 0                | 0%        |
| Liquid Investments Allowances         | 0              | 0              | 0              | 0              | 0              | 0                | 0%        |
| <b>Total Liquid Investments</b>       | <b>312,556</b> | <b>210,261</b> | <b>136,932</b> | <b>136,932</b> | <b>136,932</b> | <b>2,236,932</b> | <b>6%</b> |

**Financial Investments**

|                                    |                  |                  |                  |                  |                  |                  |            |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------|
| Shares - League/Affiliation        | 21,000           | 21,000           | 41,000           | 41,000           | 41,000           | 41,000           | 100%       |
| Long-Term CFF Deposit              | 118,479          | 238,480          | 478,480          | 538,480          | 598,480          | 2,758,480        | 22%        |
| Long-Term Bank Deposits            | 135,869          | 0                | 151,970          | 151,970          | 178,489          | 178,489          | 100%       |
| Long-Term Securities & Investments | 0                | 0                | 0                | 0                | 0                | 10,300           | 0%         |
| Other Financial Investments 1      | 3,352,700        | 3,520,300        | 3,520,300        | 3,520,300        | 3,520,300        | 3,520,300        | 100%       |
| Other Financial Investments 2      | 3,418,585        | 0                | 0                | 0                | 0                | 0                | 0%         |
| Other Financial Investments 3      | 0                | 0                | 0                | 0                | 0                | 0                | 0%         |
| Financial Investments Allowances   | 0                | 0                | 0                | 0                | 0                | 0                | 0%         |
| <b>Total Financial Investments</b> | <b>7,046,633</b> | <b>3,779,780</b> | <b>4,191,750</b> | <b>4,251,750</b> | <b>4,338,269</b> | <b>6,508,569</b> | <b>67%</b> |

**Non-Financial Investments**

|                                        |          |          |          |          |          |          |           |
|----------------------------------------|----------|----------|----------|----------|----------|----------|-----------|
| Various                                | 0        | 0        | 0        | 0        | 0        | 0        | 0%        |
| Non-Financial Investments Allowances   | 0        | 0        | 0        | 0        | 0        | 0        | 0%        |
| <b>Total Non-Financial Investments</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0%</b> |

**Total Earning Assets**

|                             |                    |                    |                    |                    |                    |                    |            |
|-----------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------|
| <b>Total Earning Assets</b> | <b>126,612,449</b> | <b>152,192,250</b> | <b>179,893,228</b> | <b>199,926,825</b> | <b>190,858,890</b> | <b>201,537,621</b> | <b>95%</b> |
|-----------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------|

**Additional Loan Portfolio Information**

| Delinquency Based on Outstanding Balance of Loan? | Payment     | Balance          | Payment          | Payment          | Payment          | Payment          |            |
|---------------------------------------------------|-------------|------------------|------------------|------------------|------------------|------------------|------------|
| <b>Delinquency</b>                                |             |                  |                  |                  |                  |                  |            |
| 1 Day to 1 Month                                  | 0           | 0                | 0                | 0                | 0                | 0                | 0%         |
| 1 TO 12 Months                                    | 0           | 1,747,729        | 1,272,070        | 1,416,679        | 1,350,355        | 1,396,783        | 97%        |
| More Than 12 Months                               | 0           | 412,423          | 127,384          | 141,839          | 135,199          | 139,847          | 97%        |
| <b>Total Balance Of Delinquent Loans</b>          | <b>0</b>    | <b>2,160,152</b> | <b>1,399,454</b> | <b>1,558,518</b> | <b>1,485,554</b> | <b>1,536,630</b> | <b>97%</b> |
| Loans to Members (Gross)                          | 119,253,260 | 148,202,209      | 175,564,546      | 195,538,143      | 186,383,689      | 192,792,120      | 97%        |
| Accumulated Charge-Offs (Historical)              | 0           | 0                | 0                | 0                | 0                | 0                | 0%         |
| Recovery of Loans Charged-Off (Historical)        | 0           | 0                | 0                | 0                | 0                | 0                | 0%         |

Based on Local currency

Annual Goal

% Complete

|                                          | 31/12/1997         | 31/12/1998         | 31/12/1999         | 31/03/2000         | 30/06/2000         | 30/09/2000         |             |
|------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-------------|
| <b>Non-Earning Assets</b>                |                    |                    |                    |                    |                    |                    |             |
| <b>Liquid Assets</b>                     |                    |                    |                    |                    |                    |                    |             |
| Cash & Equivalents                       | 100,828            | 102,076            | 2,608,558          | 1,865,717          | 745,551            | 1,820,520          | 41%         |
| Current Accounts (Checking)              | 2,416,796          | (1,211,186)        | 7,328,965          | 109,223            | 11,720,178         | 1,516,721          | 773%        |
| Foreign Currency                         | 0                  | 806                | 0                  | 0                  | 0                  | 0                  | 0%          |
| Liquidity Reserves - CFF                 | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%          |
| Other Liquidity Reserves                 | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%          |
| Other Liquid Assets                      | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%          |
| <b>Total Liquid Assets</b>               | <b>2,517,624</b>   | <b>-1,108,304</b>  | <b>9,937,523</b>   | <b>1,974,940</b>   | <b>12,465,729</b>  | <b>3,337,241</b>   | <b>374%</b> |
| <b>Accounts Receivable</b>               |                    |                    |                    |                    |                    |                    |             |
| Debtors                                  | 35,000             | 1,139,727          | 259,839            | 261,879            | 1,598,954          | 1,053,839          | 152%        |
| Interest Receivable                      | 4,861,046          | 386,553            | 1,096,269          | 1,096,269          | 1,096,269          | 1,096,269          | 100%        |
| Notes Receivable                         | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%          |
| Payroll Deductions Receivable            | 10,682,726         | 20,488,113         | 29,762,588         | 19,528,889         | 20,484,171         | 20,841,860         | 98%         |
| Other Accounts Receivable                | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%          |
| Receivable Loss Allowances               | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%          |
| <b>Total Accounts Receivable</b>         | <b>15,578,772</b>  | <b>22,014,393</b>  | <b>31,118,696</b>  | <b>20,887,037</b>  | <b>23,179,394</b>  | <b>22,991,968</b>  | <b>101%</b> |
| <b>Fixed Assets</b>                      |                    |                    |                    |                    |                    |                    |             |
| Land                                     | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%          |
| Buildings (Cost)                         | 0                  | 0                  | 4,566,456          | 4,674,756          | 4,709,316          | 4,789,316          | 98%         |
| Accumulated Depreciation - Buildings     | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%          |
| Leasehold Improvements                   | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%          |
| Accum. Depreciation - Leasehold Improv.  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%          |
| Furniture & Equipment                    | 417,752            | 3,013,756          | 3,505,719          | 6,439,119          | 7,342,249          | 7,415,379          | 99%         |
| Accum. Depreciation - Furniture & Equip. | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%          |
| <b>Total Net Fixed Assets</b>            | <b>417,752</b>     | <b>3,013,756</b>   | <b>8,072,175</b>   | <b>11,113,875</b>  | <b>12,051,565</b>  | <b>12,204,695</b>  | <b>99%</b>  |
| <b>Other Assets</b>                      |                    |                    |                    |                    |                    |                    |             |
| Assets in Liquidation                    | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%          |
| Organization Expenses                    | 91,112             | 25,639             | 660,762            | 594,615            | 4,138,869          | 0                  | 0%          |
| Prepaid Expenses                         | 0                  | 0                  | 11,920             | 204,675            | 131,250            | 716,188            | 18%         |
| Other Deferred Assets                    | 424,863            | 3,912,917          | 961,539            | 961,539            | 2,225,609          | 2,057,999          | 108%        |
| Accumulated Amortization                 | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%          |
| <b>Total Other Assets</b>                | <b>515,975</b>     | <b>3,938,556</b>   | <b>1,634,221</b>   | <b>1,760,829</b>   | <b>6,495,728</b>   | <b>2,774,187</b>   | <b>234%</b> |
| <b>Problem Assets</b>                    |                    |                    |                    |                    |                    |                    |             |
| Doubtful Assets                          | 0                  | 0                  | 11,007,002         | 764,000            | 11,698             | 21,952             | 53%         |
| Accounting Discrepancy - Assets          | 0                  | 0                  | 0                  | 10,740,444         | 19,382,529         | 19,593,843         | 99%         |
| Other Problem Assets                     | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%          |
| <b>Total Problem Assets</b>              | <b>0</b>           | <b>0</b>           | <b>11,007,002</b>  | <b>11,504,444</b>  | <b>19,394,227</b>  | <b>19,615,795</b>  | <b>99%</b>  |
| <b>Total Non-Earning Assets</b>          | <b>19,030,123</b>  | <b>27,858,401</b>  | <b>61,769,617</b>  | <b>47,241,125</b>  | <b>73,586,643</b>  | <b>60,923,885</b>  | <b>121%</b> |
| <b>Total Assets</b>                      | <b>145,642,572</b> | <b>180,050,651</b> | <b>241,662,845</b> | <b>247,167,950</b> | <b>264,445,533</b> | <b>262,461,506</b> | <b>101%</b> |

Based on Local currency

Annual Goal

% Complete

31/12/1997 31/12/1998 31/12/1999 31/03/2000 30/06/2000 30/09/2000

**LIABILITIES****INTEREST BEARING LIABILITIES****Savings Deposits**

|                               |                |               |                   |                  |                   |                  |             |
|-------------------------------|----------------|---------------|-------------------|------------------|-------------------|------------------|-------------|
| Regular Savings               | 288,758        | 15,358        | 12,604,595        | 6,183,915        | 9,837,104         | 7,495,508        | 131%        |
| Term/Fixed Savings            | 0              | 0             | 396,988           | 704,093          | 795,335           | 1,020,830        | 78%         |
| Birth Savings                 | 0              | 0             | 0                 | 0                | 0                 | 0                | 0%          |
| Special Savings               | 0              | 0             | 0                 | 0                | 0                 | 0                | 0%          |
| Pledged Savings               | 0              | 0             | 0                 | 0                | 0                 | 0                | 0%          |
| <b>Total Savings Deposits</b> | <b>288,758</b> | <b>15,358</b> | <b>13,001,583</b> | <b>6,888,008</b> | <b>10,632,439</b> | <b>8,516,338</b> | <b>125%</b> |

**External Credit**

|                                               |                |               |                   |                   |                   |                  |           |
|-----------------------------------------------|----------------|---------------|-------------------|-------------------|-------------------|------------------|-----------|
| External Credit - CFF (<= 1 Year)             | 0              | 0             | 0                 | 0                 | 0                 | 0                | 0%        |
| External Credit - CFF (> 1 Year)              | 0              | 0             | 0                 | 0                 | 0                 | 0                | 0%        |
| External Credit - Banks                       | 0              | 0             | 9,983,058         | 8,280,465         | 0                 | 0                | 0%        |
| Other External Credit - External Institutions | 0              | 0             | 2,317,496         | 0                 | 0                 | 0                | 0%        |
| <b>Total External Credit</b>                  | <b>0</b>       | <b>0</b>      | <b>12,300,554</b> | <b>8,280,465</b>  | <b>0</b>          | <b>0</b>         | <b>0%</b> |
| <b>Total Interest Bearing Liabilities</b>     | <b>288,758</b> | <b>15,358</b> | <b>25,302,137</b> | <b>15,168,473</b> | <b>10,632,439</b> | <b>8,516,338</b> |           |

**Non-Interest Bearing Liabilities**

|                                               |                  |                  |                  |                   |                   |                   |             |
|-----------------------------------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------|
| Short-Term Accounts Payable (<=30 Days)       | 1,648,411        | 510,715          | 387,582          | 15,208,427        | 69,254            | 134,680           | 51%         |
| External Credit Payments (<=30 Days)          | 0                | 0                | 0                | 0                 | 0                 | 0                 | 0%          |
| Provisions (e.g. Employee Benefits)           | 297,521          | 4,335,079        | 7,357,300        | 0                 | 14,641,123        | 5,926,345         | 247%        |
| Accounting Discrepancy - Liabilities          | 0                | 0                | 738,833          | 160               | 244,336           | 122,309           | 200%        |
| Other Liabilities                             | 0                | 406,415          | 1,276,372        | 0                 | 11,819,411        | 8,598,649         | 137%        |
| <b>Total Non-Interest Bearing Liabilities</b> | <b>1,945,932</b> | <b>5,252,209</b> | <b>9,760,087</b> | <b>15,208,587</b> | <b>26,774,124</b> | <b>14,781,983</b> | <b>181%</b> |

**Total Liabilities**

|                          |                  |                  |                   |                   |                   |                   |             |
|--------------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------|
| <b>Total Liabilities</b> | <b>2,234,690</b> | <b>5,267,567</b> | <b>35,062,224</b> | <b>30,377,060</b> | <b>37,406,563</b> | <b>23,298,321</b> | <b>161%</b> |
|--------------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------|

**CAPITAL****Share Capital**

|                                   |                    |                    |                    |                    |                    |                    |            |
|-----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------|
| Mandatory Shares                  | 127,968,044        | 160,558,486        | 192,984,620        | 201,937,817        | 211,658,098        | 221,123,135        | 96%        |
| Voluntary Shares                  | 0                  | 329,870            | 0                  | 0                  | 0                  | 0                  | 0%         |
| <b>Total Member Share Capital</b> | <b>127,968,044</b> | <b>160,888,356</b> | <b>192,984,620</b> | <b>201,937,817</b> | <b>211,658,098</b> | <b>221,123,135</b> | <b>96%</b> |

**Transitory Capital**

|                                  |          |          |                |                  |                  |                  |            |
|----------------------------------|----------|----------|----------------|------------------|------------------|------------------|------------|
| Asset Appreciation Over Cost     | 0        | 0        | 0              | 0                | 0                | 0                | 0%         |
| Education & Social Reserves      | 0        | 0        | 0              | 0                | 0                | 0                | 0%         |
| Monetary Reserves                | 0        | 0        | 0              | 0                | 0                | 0                | 0%         |
| Other Reserves                   | 0        | 0        | 0              | 0                | 0                | 0                | 0%         |
| Accounting Discrepancy - Capital | 0        | 0        | 0              | 0                | 0                | 0                | 0%         |
| Undistributed Net Income         | 0        | 0        | 121,836        | 1,358,908        | 1,886,707        | 4,545,886        | 42%        |
| <b>Total Transitory Capital</b>  | <b>0</b> | <b>0</b> | <b>121,836</b> | <b>1,358,908</b> | <b>1,886,707</b> | <b>4,545,886</b> | <b>42%</b> |

**Institutional Capital**

|                                    |                   |                   |                   |                   |                   |                   |             |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------|
| Statutory & Legal Reserves         | 9,117,276         | 10,040,585        | 13,494,165        | 13,494,165        | 13,494,165        | 13,494,165        | 100%        |
| Retained Earnings                  | 6,278,747         | 3,809,498         | 0                 | 0                 | 0                 | 0                 | 0%          |
| Special Asset Reserves             | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%          |
| Donations / Other Reserves         | 43,815            | 44,645            | 0                 | 0                 | 0                 | 0                 | 0%          |
| Undistributed Losses               | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%          |
| YTD Net Income (Loss) Transfer     | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%          |
| <b>Total Institutional Capital</b> | <b>15,439,838</b> | <b>13,894,728</b> | <b>13,494,165</b> | <b>13,494,165</b> | <b>13,494,165</b> | <b>13,494,165</b> | <b>100%</b> |

**Total Capital**

|                      |                    |                    |                    |                    |                    |                    |            |
|----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------|
| <b>Total Capital</b> | <b>143,407,882</b> | <b>174,783,084</b> | <b>206,600,621</b> | <b>216,790,890</b> | <b>227,038,970</b> | <b>239,163,186</b> | <b>95%</b> |
|----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------|

**Total Liabilities and Capital**

|                                      |                    |                    |                    |                    |                    |                    |             |
|--------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-------------|
| <b>Total Liabilities and Capital</b> | <b>145,642,572</b> | <b>180,050,651</b> | <b>241,662,845</b> | <b>247,167,950</b> | <b>264,445,533</b> | <b>262,461,506</b> | <b>101%</b> |
|--------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-------------|

Kenya

Annual Goal

% Complete

|                                               | 31/12/1997        | 31/12/1998        | 31/12/1999        | 31/03/2000       | 30/06/2000       | 30/09/2000        |               |
|-----------------------------------------------|-------------------|-------------------|-------------------|------------------|------------------|-------------------|---------------|
| Number of Credit Unions in this Report        | 1                 | 1                 | 1                 | 1                | 1                | 1                 |               |
| <b>INCOME</b>                                 |                   |                   |                   |                  |                  |                   |               |
| <b>INCOME FROM LOANS</b>                      |                   |                   |                   |                  |                  |                   |               |
| Interest Income from Loans                    | 12,121,192        | 15,016,685        | 20,037,681        | 3,916,641        | 8,283,057        | 12,627,070        | 65.60%        |
| Delinquent Penalty Interest Income from Loans | 0                 | 0                 | 0                 | 0                | 0                | 0                 | 0.00%         |
| Commissions/Fees from Loans                   | 0                 | 0                 | 464,550           | 528,955          | 1,179,304        | 423,912           | 278.20%       |
| Insurance Premiums for Loans                  | 0                 | 0                 | 0                 | 0                | 0                | 0                 | 0.00%         |
| <b>NET LOAN INCOME</b>                        | <b>12,121,192</b> | <b>15,016,685</b> | <b>20,502,231</b> | <b>4,445,596</b> | <b>9,462,361</b> | <b>13,050,982</b> | <b>72.50%</b> |
| Income from Liquid Investments                | 195,897           | 69,558            | 0                 | 0                | 0                | 0                 | 0.00%         |
| Income from Financial Investments             | 151,672           | 354,600           | 6,135             | 0                | 26,519           | 1,640             | 1616.99%      |
| Income from Non-Financial Investments         | 0                 | 0                 | 0                 | 0                | 0                | 0                 | 0.00%         |
| Income from Grants                            | 0                 | 0                 | 0                 | 0                | 0                | 0                 | 0.00%         |
| Income from Other Sources                     | 16,074            | 407,287           | 1,780,516         | 229,703          | 416,766          | 2,086,292         | 19.98%        |
| <b>Gross Income</b>                           | <b>12,484,835</b> | <b>15,848,130</b> | <b>22,288,882</b> | <b>4,675,299</b> | <b>9,905,646</b> | <b>15,138,914</b> | <b>65.43%</b> |
| <b>COSTS/EXPENSES</b>                         |                   |                   |                   |                  |                  |                   |               |
| <b>FINANCIAL COSTS</b>                        |                   |                   |                   |                  |                  |                   |               |
| Interest Expense on Savings Deposits          | 0                 | 4,335,079         | 281,612           | 143,015          | 248,790          | 395,125           | 62.96%        |
| Insurance Premiums for Savings                | 0                 | 0                 | 0                 | 0                | 0                | 0                 | 0.00%         |
| <b>Financial Cost - Savings Deposits</b>      | <b>0</b>          | <b>4,335,079</b>  | <b>281,612</b>    | <b>143,015</b>   | <b>248,790</b>   | <b>395,125</b>    | <b>62.96%</b> |
| Financial Cost on External Credit             | 463,777           | 76,267            | 1,648,090         | 0                | 0                | 12,722            | 0.00%         |
| Dividend Expense on Shares                    | 4,074,550         | 5,356,817         | 6,569,149         | 0                | 0                | 0                 | 0.00%         |
| Insurance Premiums for Shares                 | 0                 | 0                 | 0                 | 0                | 0                | 0                 | 0.00%         |
| <b>Financial Cost - Shares</b>                | <b>4,074,550</b>  | <b>5,356,817</b>  | <b>6,569,149</b>  | <b>0</b>         | <b>0</b>         | <b>0</b>          | <b>0.00%</b>  |
| Taxes on Interest Paid                        | 0                 | 0                 | 0                 | 0                | 0                | 0                 | 0.00%         |
| Other Financial Costs                         | 0                 | 0                 | 0                 | 789,813          | 1,452,305        | 2,195,606         | 66.15%        |
| <b>TOTAL FINANCIAL COSTS</b>                  | <b>4,538,327</b>  | <b>9,768,163</b>  | <b>8,498,851</b>  | <b>932,828</b>   | <b>1,701,095</b> | <b>2,603,453</b>  | <b>65.34%</b> |
| Gross Margin                                  | 7,946,508         | 6,079,967         | 13,790,031        | 3,742,471        | 8,204,551        | 12,535,461        | 65.45%        |
| <b>OPERATING EXPENSES</b>                     |                   |                   |                   |                  |                  |                   |               |
| Personnel                                     | 1,628,376         | 1,809,749         | 3,755,184         | 1,351,408        | 2,615,714        | 3,767,373         | 69.43%        |
| Governance                                    | 1,376,380         | 2,381,011         | 2,297,616         | 317,652          | 1,778,499        | 2,089,299         | 85.12%        |
| Marketing                                     | 210,065           | 322,630           | 405,274           | 36,686           | 163,725          | 296,678           | 55.19%        |
| Depreciation                                  | 60,730            | 453,319           | 634,878           | 0                | 0                | 0                 | 0.00%         |
| Administration                                | 3,605,764         | 3,532,507         | 4,507,362         | 799,652          | 1,881,741        | 2,424,674         | 77.61%        |
| <b>TOTAL OPERATING EXPENSES</b>               | <b>6,881,315</b>  | <b>8,499,216</b>  | <b>11,600,314</b> | <b>2,505,398</b> | <b>6,439,679</b> | <b>8,578,024</b>  | <b>75.07%</b> |
| Provision for Risk Assets                     | 0                 | 0                 | 0                 | 0                | 0                | 0                 | 0.00%         |
| Net Income from Operations                    | 1,065,193         | (2,419,249)       | 2,189,717         | 1,237,073        | 1,764,872        | 3,957,437         | 44.60%        |
| <b>OTHER INCOME / EXPENSE</b>                 |                   |                   |                   |                  |                  |                   |               |
| Previous period adjustments (Net)             | 0                 | (50,000)          | 0                 | 0                | 0                | 0                 | 0.00%         |
| Extraordinary Items (Net)                     | 485,700           | 0                 | 0                 | 0                | 0                | 0                 | 0.00%         |
| <b>TOTAL OTHER INCOME/EXPENSE</b>             | <b>485,700</b>    | <b>(50,000)</b>   | <b>0</b>          | <b>0</b>         | <b>0</b>         | <b>0</b>          | <b>0.00%</b>  |
| Net Income/Loss                               | 1,550,893         | (2,469,249)       | 2,189,717         | 1,237,073        | 1,764,872        | 3,957,437         | 44.60%        |

|                                               | 31-Dec-98  | 31-Dec-99  | 31-Mar-00  | 30-Jun-00 | 30-Sep-00   |
|-----------------------------------------------|------------|------------|------------|-----------|-------------|
| <b>Number of Credit Unions in this Report</b> | 1          | 1          | 1          | 1         | 1           |
| <b>Salary Burden</b>                          |            |            |            |           |             |
| Number Of Loans / Number of Loan Officers     | 0          | 0          | 0          | 0         | 3,781       |
| Amount Of Loans / Number of Loan Officers     | 74,101,105 | 87,782,273 | 97,769,072 | 0         | 192,792,120 |
| <b>Adjusted Returns*</b>                      |            |            |            |           |             |
| Capital                                       | -64.78%    | -12.50%    | -82.77%    | -85.71%   | -69.83%     |
| Assets                                        | -5.53%     | -0.81%     | -5.03%     | -5.15%    | -4.78%      |
| <b>Sufficiency Ratios**</b>                   |            |            |            |           |             |
| Operational Self Sufficiency                  | 86.76%     | 110.89%    | 135.98%    | 121.68%   | 135.39%     |
| Financial Self Sufficiency                    | 63.78%     | 92.90%     | 26.33%     | 40.36%    | 50.58%      |
| Subsidy Dependency Index                      | 46.82%     | 20.18%     | 61.80%     | 72.47%    | 95.14%      |
| <b>Efficiency Ratios***</b>                   |            |            |            |           |             |
| Portfolio Turnover                            | 21.65%     | 16.90%     | 10.76%     | 4.79%     | NA          |
| Administrative Efficiency                     | 6.36%      | 7.17%      | 1.35%      | 3.37%     | 4.52%       |

1. The RATE used in the calculation of all ratios is inflation or market rate of the product (savings, credit, etc.), whichever is higher.
2. Required Provision Expenses are 100% of all loans delinquent greater than 12 months and either the WOCCU standard of 35% of loans delinquent from 1-12 months or local requirements where appropriate.

**\*Explanation of Adjusted Return Ratios**

**Adjusted return on Capital**

$(\text{Gross Income} - \text{Operating Subsidies} - ((\text{Average Deposits Balance} * \text{RATE}) + (\text{Average External Credit Balance} * \text{RATE}) + (\text{Average Share Balance} * \text{RATE}) + \text{Operating Expenses} + \text{Required Provision Expenses})) / (\text{Institutional Capital} + \text{Transitory Capital})$

**Adjusted Return on Assets**

$(\text{Gross Income} - \text{Operating Subsidies} - ((\text{Average Deposits Balance} * \text{RATE}) + (\text{Average External Credit Balance} * \text{RATE}) + (\text{Average Share Balance} * \text{RATE}) + \text{Operating Expenses} + \text{Required Provision Expenses})) / \text{Avg. Assets}$

**\*\*Explanation of Sufficiency Ratios**

**Operational Self Sufficiency**

$(\text{Gross Income} - \text{Operating Subsidies}) / (\text{Deposit Costs} + \text{External Credit Costs} + \text{Share Costs} + \text{Operating Expenses} + \text{Provision Expenses} + \text{Other Expenses} + \text{Operating Subsidies})$

**Financial Self Sufficiency**

$(\text{Gross Income} - \text{Operating Subsidies}) / ((\text{Average Deposits Balance} * \text{RATE}) + (\text{Average External Credit Balance} * \text{RATE}) + (\text{Average Share Balance} * \text{RATE}) + \text{Operating Expenses} + \text{Required Provision Expenses}) + \text{Other Expenses} + \text{Operating Subsidies}$

**Subsidy Dependency Index**

$([\text{Average Deposits Balance} * (\text{RATE} - \text{Weighted Interest Rate } \{R5\})] + [\text{Average External Credit Balance} * (\text{RATE} - \text{Weighted Rate } \{R6\})] - [\text{Average Share Balance} * (\text{RATE} - \text{Weighted Interest Rate } \{R7\})] + [(\text{Institutional Capital} + \text{Transitory Capital}) * \text{RATE } \{\text{Savings}\}] + \text{Subsidies}) / (\text{Average Loan Portfolio} * \text{Annualized Loan Interest Rate } \{R1\})$

**\*\*\*Explanation of Efficiency Ratios**

**Portfolio Turnover**

Amount of Loans Disbursed During Current Reporting Period / Gross Average Loan Portfolio

**Administrative Efficiency**

Operating Expenses / Average Gross Loan Portfolio



World Council of Credit Unions, Inc. (WOCCU), Kenya  
 Microfinance Expansion Program (MEP)  
**MASAKU TRADERS' SACCO**  
 4<sup>th</sup> Quarter, 2000, PEARLS Analysis

| SACCO Prudential Standards    | Analysis of MASAKU TRADERS' SACCO's Status<br>By the end of the 4 <sup>th</sup> Quarter, 2000 <sup>1</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Protection                    | <ul style="list-style-type: none"> <li>• P1 was not computed because Masaku Traders' SACCO does not have loans delinquent for over 12 months.</li> <li>• P2 was 29.38%. Masaku SACCO made provisions of Kshs 135,000 for loan losses in September 2000. Masaku Traders' SACCO and WOCCU have agreed on a schedule (taking into account the financial ability of the SACCO to absorb the provisions) for providing against expected loan losses that will bring the amounts to the required level (100% for loans delinquent over 12 months and 35% for loans delinquent between 1 and 12 months).</li> <li>• Masaku SACCO charged off all loans delinquent for over 12 months.</li> <li>• Annual loan charge off in September was 3.81% of the average loan portfolio.</li> <li>• There were no recoveries of loans already charged off in that period. WOCCU has advised the SACCO to pursue loan defaulters for payment even after writing off their accounts. A register is being designed to keep track of the loans written off and any recoveries made thereafter. The PEARLS 2000 tool will be used to keep track of the performance of the SACCO in this area.</li> <li>• Masaku SACCO is fully solvent, the ratio having increased to 101.3%. Considering that the SACCO has made progress in the loan loss provisioning and write-off, this performance is commendable. Management is encouraged to maintain solvency above 100% at all times.</li> <li>• Net Institutional Capital was negative, at -3.05%, because of the inadequate provisions for loan losses. As the SACCO's earnings improve, the required provisions will be made and the SACCO's net institutional capital level will rise. As noted above, Masaku Traders' SACCO board and management have agreed to the provisioning schedule proposed by WOCCU and are implementing it.</li> </ul> |
| Effective Financial Structure | <ul style="list-style-type: none"> <li>• <b>Masaku SACCO's asset structure.</b> <ul style="list-style-type: none"> <li>• 90.69% of the SACCO's assets are productive.                             <ul style="list-style-type: none"> <li>• Loans have increased from 57.44% in June to 59.86%, this trend is in the right direction.</li> <li>• Liquid investments are 2.55%, and within PEARLS standards.</li> <li>• Financial investments are 28.28%; these are higher than the recommended level because of the SACCO's investment in the Central Finance Programme of the League, which secures the SACCO's CFP loan. WOCCU has advised the SACCO to reduce the financial investment and increase member loans, the reason being that the return on financial investments is low and is only realized annually or semi-annually while loan repayments are monthly hence more liquid</li> </ul> </li> <li>• The SACCO does not have non-financial investments.</li> </ul> </li> <li>• <b>The SACCO's asset financing structure:</b> <ul style="list-style-type: none"> <li>• Savings deposits are 2.31%, which is below the PEARLS standards. With WOCCU's assistance the SACCO is undertaking marketing strategies to encourage members to open savings accounts.</li> <li>• External Credit has decreased from 6.18% to 2.41%, this being a positive indicator.</li> <li>• Share Capital is 82.66%. WOCCU is still encouraging the SACCO to source more funds from front office savings than share capital (the SACCO has already opened a front office).</li> <li>• Institutional Capital is 1.9%, growth from 1.43% in June. WOCCU will offer technical advise to the management on strategies of building institutional capital further.</li> </ul> </li> </ul>                                                                                                 |

<sup>1</sup> The 4<sup>th</sup> quarter report presents an analysis of financial information as at September 30, 2000.



World Council of Credit Unions, Inc.

**Microfinance Expansion Program (MEP)  
4<sup>th</sup> QUARTER 2000 REPORT**

**Masaku Traders  
Savings and Credit Cooperative (SACCO)**

**Nairobi, Kenya  
February 16, 2001**

Microfinance Expansion  
Programme (MEP)  
Isaac Gathanju Road  
Off James Gichuru Road, Lavington  
P.O. Box 979 Village Market  
Nairobi, Kenya

Phone: (254) 2-48053/48122/7/9  
Fax: (254) 2-48112  
E-mail: [woccu@form-nct.com](mailto:woccu@form-nct.com)

*"Quality  
Credit Unions  
for Everyone"*

**World Council of Credit Unions, Inc. (WOCCU), Kenya**  
**Microfinance Expansion Program (MEP)**  
**MASAKU TRADERS' SACCO**  
**4<sup>th</sup> Quarter, 2000, PEARLS Analysis**

| SACCO Prudential Standards       | Analysis of MASAKU TRADERS' SACCO's Status<br>By the end of the 4 <sup>th</sup> Quarter, 2000 <sup>2</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Asset Quality</i>             | <ul style="list-style-type: none"> <li>• Non-earning Assets, at 9.31%, are higher than the recommended 5% of total assets <i>mainly due to assets held in interest receivable and debtors. WOCCU is working with the SACCO, and using PEARLS to assist the SACCO maximize its investments in earning assets.</i></li> <li>• The SACCO has financed some of its non-earning assets using interest-bearing sources of funds, the ratio being 82.35%. <i>However, this is an improvement from 72.21% in June. WOCCU has advised the SACCO to match non-earning assets to zero-cost funds.</i></li> <li>• Total delinquency is 32.33% of the total loan portfolio. <i>Masaku SACCO has started tracking the delinquency status of its loan portfolio as advised by WOCCU. WOCCU has installed the Loan Portfolio Analysis Tool to help the SACCO track delinquency more accurately. In addition, a draft credit policy has already been drawn and presented to the board and management of Masaku Traders' SACCO.</i></li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <i>Rates of return and costs</i> | <ul style="list-style-type: none"> <li>• The effective loan yield, at 30.81%, <i>was well above market rate (20.60%) and in line with the nominal rate charged by the SACCO (15% flat rate plus fees/penalties);</i></li> <li>• Liquid investments yielded no returns;</li> <li>• Financial investments yielded 4.84%, <i>which is moderate and close to the market rates;</i></li> <li>• Masaku SACCO does not hold non-financial investments.</li> <br/> <li>• External credit costs are modest (at 13.23%) relative to market rate, <i>but WOCCU has discouraged the SACCO from external borrowing and emphasized savings mobilization;</i></li> <li>• Masaku SACCO did not accrue for interest on member deposits, <i>and this causes overstatement of the net income and consequently total assets. WOCCU has advised the SACCO to accrue for all its costs;</i></li> <li>• No dividends on member shares – <i>the SACCO does not accrue for dividend costs since dividends are determined annually post net income.</i></li> <li>• Gross margin is relatively high at 22.99%.</li> <br/> <li>• Operating expenses, at 17.32%, are high relative to the gross margin, <i>this is mainly because of the increase in administrative costs as the SACCO has relocated to a more up market cite, front office operations also increase the stationery and security costs. WOCCU has advised the SACCO to review the expenses, undertake cost-cutting measures and reduce this rate to at most 10% of the average assets. This will help the SACCO to realize a higher net income, which will contribute to the build-up of institutional capital.</i></li> <li>• The SACCO does not have non-recurring incomes/expenses.</li> <li>• The SACCO has made a provision for loan loss at 2.85% of average assets.</li> <li>• The SACCO's net income is 2.81%, a great positive growth from -0.86% in June. <i>With reviewed operating expenses, the SACCO is able to realize an increase in net income.</i></li> </ul> |

<sup>2</sup> The 4<sup>th</sup> quarter report presents an analysis of financial information as at September 30, 2000.

World Council of Credit Unions, Inc. (WOCCU), Kenya  
 Microfinance Expansion Program (MEP)  
**MASAKU TRADERS' SACCO**  
 4<sup>th</sup> Quarter, 2000, PEARLS Analysis

| SACCO Prudential Standards | Analysis of MASAKU TRADERS SACCO's Status<br>By the end of the 4 <sup>th</sup> Quarter, 2000 <sup>3</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Liquidity</i>           | <ul style="list-style-type: none"> <li>• The SACCO has no deposits in the CFF <i>because the league does not offer this facility.</i></li> <li>• Liquidity is high, at 170.89%, <i>which is good since the SACCO has just started front office operations and needs to build and maintain the depositors confidence.</i></li> <li>• Non-earning liquid assets have reasonably reduced from 4.5% to 1.4%. <i>WOCCU has advised the SACCO to minimize these assets and is using the PEARLS tool to monitor progress.</i></li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <i>Signs of Growth</i>     | <ul style="list-style-type: none"> <li>• Total assets registered a moderate growth rate of 11.35%, <i>higher than inflation rate of 8.2%.</i></li> <li>• Loans registered a growth of 6.11%. <i>A faster rate of growth will be necessary to assist the SACCO grow to a level of above 70% and WOCCU is working closely with the SACCO, helping the management to come up with various loan products that will be appealing to members. Further, the SACCO has been advised to ensure that loans grow at a faster rate than total assets so that the 70% Loan Portfolio goal is attained.</i></li> <li>• External credit decreased significantly by 107.29%, <i>from Kshs 386,340 in June to Kshs 157,907 in September and this is a positive response to WOCCU's technical assistance.</i></li> <li>• Institutional capital grew by 35.58%. <i>However, the current level is not sufficient to support the SACCO's growth and WOCCU will train the management on how to increase the growth of institutional capital.</i></li> <li>• Membership grew by 73.37%, <i>an indicator of improved marketing services.</i></li> <li>• Share capital grew by 24.03%, <i>a healthy growth rate that was well above inflation..</i></li> </ul> |

<sup>3</sup> The 4<sup>th</sup> quarter report presents an analysis of financial information as at September 30, 2000.

Based on Local currency

Annual  
Goal % Complete

| P-E-A-R-L-S RATIOS                              |                                                             | Goals                            | 31-Dec-97 | 31-Dec-98 | 31-Dec-99 | 31-Mar-00 | 30-Jun-00 | 30-Sep-00 |       |
|-------------------------------------------------|-------------------------------------------------------------|----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-------|
| Number of Credit Unions in this Report          |                                                             |                                  | 1         | 1         | 1         | 1         | 1         | 1         |       |
| <b>P PROTECTION</b>                             |                                                             |                                  |           |           |           |           |           |           |       |
| 1.                                              | Loan Loss Allowances / Delinq. >12 Mo.                      | 100%                             | NA        |           |           | NA        | NA        | NA        | NA    |
| 2.                                              | Net Loan Loss Allow. / Allow. Required for Delinq. 1-12 Mo. | 100% of Goal                     | NA        |           |           |           | 23.96%    | 29.38%    | 82%   |
| 3.                                              | Complete Loan Charge-Off of Delinquency > 12 Mo.            | Yes                              | Yes       | No        | No        | Yes       | Yes       | Yes       | 100%  |
| 4.                                              | Annual Loan Charge-offs / Average Loan Portfolio            | Minimized                        | 0.00%     | 0.00%     | 0.00%     | 3.80%     | 4.01%     | 3.81%     | 105%  |
| 5.                                              | Accum. Charge-Offs Recovered / Accum Charge-Offs            | 100%                             | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%    |
| 6.                                              | Solvency                                                    | Min 100%                         | 101.45%   | 85.24%    | 85.98%    | 86.20%    | 98.90%    | 101.30%   | 98%   |
| 7.                                              | Net Institutional Capital                                   | Minimum 10%                      | 1.27%     | -10.26%   | -12.97%   | -12.90%   | -3.14%    | -3.05%    | 97%   |
| <b>E EFFECTIVE FINANCIAL STRUCTURE</b>          |                                                             |                                  |           |           |           |           |           |           |       |
| 1.                                              | Net Loans / Total Assets                                    | Between 70 - 80%                 | 62.67%    | 67.05%    | 62.11%    | 63.07%    | 57.44%    | 59.86%    | 96%   |
| 2.                                              | Liquid Investments / Total Assets                           | Max 20 %                         | 11.50%    | 2.48%     | 2.93%     | 1.31%     | 3.91%     | 2.55%     | 153%  |
| 3.                                              | Financial Investments / Total Assets                        | Max 10 %                         | 22.23%    | 31.23%    | 28.13%    | 29.55%    | 28.90%    | 28.28%    | 102%  |
| 4.                                              | Non-Financial Investments / Total Assets                    | 0%                               | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%    |
| 5.                                              | Savings Deposits / Total Assets                             | Between 70 - 80%                 | 0.00%     | 0.00%     | 0.00%     | 0.37%     | 2.22%     | 2.31%     | 96%   |
| 6.                                              | External Credit / Total Assets                              | 0                                | 9.44%     | 26.38%    | 13.43%    | 9.95%     | 6.18%     | 2.41%     | 256%  |
| 7.                                              | Member Share Capital / Total Assets                         | Max 20 %                         | 87.86%    | 69.51%    | 76.00%    | 82.49%    | 80.00%    | 82.66%    | 97%   |
| 8.                                              | Institutional Capital / Total Assets                        | Minimum 10%                      | 1.27%     | 3.88%     | 1.63%     | -1.09%    | 1.43%     | 1.90%     | 75%   |
| <b>A ASSET QUALITY</b>                          |                                                             |                                  |           |           |           |           |           |           |       |
| 1.                                              | Total Delinquency / Gross Loan Portfolio                    | Less Than or Equal To 5%         | 0.00%     | 50.77%    | 48.93%    | 53.52%    | 29.14%    | 32.33%    | 90%   |
| 2.                                              | Non-Earning Assets / Total Assets                           | Less Than or Equal To 5%         | 3.60%     | -0.76%    | 6.84%     | 6.06%     | 9.76%     | 9.31%     | 105%  |
| 3.                                              | Net Zero Cost Funds / Non-earning. Assets                   | Greater Than or Equal To 100%    | 75.13%    | 1315.43%  | -58.78%   | -76.37%   | 72.21%    | 82.35%    | 88%   |
| <b>R RATES OF RETURN AND COSTS (ANNUALIZED)</b> |                                                             |                                  |           |           |           |           |           |           |       |
| 1.                                              | Net Loan Income / Average Net Loan Portfolio                | Enterprenurial Rate              | 9.70%     | 15.27%    | 21.09%    | 19.71%    | 32.85%    | 30.81%    | 107%  |
| 2.                                              | Liquid Inv. Income / Avg. Liquid Investments                | Market Rates                     | 20.08%    | 23.79%    | 33.61%    | 0.00%     | 0.00%     | 0.00%     | 0%    |
| 3.                                              | Fin. Investment Income / Avg. Fin. Investments              | Market Rates                     | 0.00%     | 4.00%     | 4.10%     | 5.52%     | 5.75%     | 4.84%     | 119%  |
| 4.                                              | Non-Fin. Inv. Income / Avg. Non-Fin. Investmmts             | Greater Than or Equal to R1      | NA        | NA        | NA        | NA        | NA        | NA        | NA    |
| 5.                                              | Fin Costs: Savings Deposits / Avg. Savings Deposits         | Market Rates                     | NA        | NA        | NA        | 0.00%     | 0.00%     | 0.00%     | 0%    |
| 6.                                              | Fin Costs: External Credit / Avg. External Credit           | Less Than or Equal to R5         | 5.92%     | 16.40%    | 9.62%     | 12.32%    | 12.64%    | 13.23%    | 96%   |
| 7.                                              | Fin Costs: Member Shares / Avg. Member Shares               | Greater Than or Equal to R5      | 0.00%     | 0.00%     | 5.94%     | 0.00%     | 0.00%     | 0.00%     | 0%    |
| 8.                                              | Gross Margin / Average Assets                               | Amount Needed to Cover R9, R10   | 5.80%     | 9.46%     | 8.93%     | 15.19%    | 24.23%    | 22.99%    | 105%  |
| 9.                                              | Operating Expenses / Average Assets                         | 3 -10%                           | 5.90%     | 5.31%     | 6.56%     | 15.67%    | 22.15%    | 17.32%    | 128%  |
| 10.                                             | Provisions for Risk Assets / Average Assets                 | Sufficient for Estimated Losses  | 0.00%     | 0.00%     | 0.00%     | 9.93%     | 2.93%     | 2.85%     | 103%  |
| 11.                                             | Other Income or Expense / Average Assets                    | Amount Needed                    | -0.08%    | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%    |
| 12.                                             | Net Income / Average Assets                                 | Enough to reach the goal for E8  | -0.01%    | 4.15%     | 2.37%     | -10.41%   | -0.86%    | 2.81%     | -30%  |
| <b>L LIQUIDITY</b>                              |                                                             |                                  |           |           |           |           |           |           |       |
| 1.                                              | Liquid Assets - ST Payables / Total Deposits                | Minimum 15%                      | NA        | NA        | NA        | 1799.40%  | 379.07%   | 170.89%   | 222%  |
| 2.                                              | Liquidity Reserves / Total Savings Deposits                 | 10%                              | NA        | NA        | NA        | 0.00%     | 0.00%     | 0.00%     | 0%    |
| 3.                                              | Non-Earning Liquid Assets / Total Assets                    | Less Than 1 %                    | 0.66%     | -2.39%    | 2.71%     | 5.34%     | 4.50%     | 1.40%     | 322%  |
| 4.                                              | Deposits in CFF / Total Available Liquidity                 | Maximum Amount                   | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%    |
| <b>S SIGNS OF GROWTH (ANNUAL GROWTH RATES)</b>  |                                                             |                                  |           |           |           |           |           |           |       |
| 1.                                              | Total Assets                                                | More Than Inflation              | 40.07%    | 97.10%    | 9.87%     | -3.45%    | 7.10%     | 11.35%    | 63%   |
| 2.                                              | Loans to Members                                            | Sufficient to Achieve Goal in E1 | 82.09%    | 110.89%   | 1.77%     | 2.77%     | -8.50%    | 6.11%     | -139% |
| 3.                                              | Savings Deposits                                            | Sufficient to Achieve Goal in E5 | 0.00%     | 0.00%     | 0.00%     | 100.00%   | 100.00%   | 100.00%   | 100%  |
| 4.                                              | External Credit                                             | 0%                               | -68.60%   | 451.00%   | -44.08%   | -106.49%  | -105.05%  | -107.29%  | 102%  |
| 5.                                              | Share Capital                                               | Sufficient to Achieve Goal in E7 | 124.49%   | 55.95%    | 20.13%    | 30.56%    | 18.01%    | 24.03%    | 75%   |
| 6.                                              | Institutional Capital                                       | Sufficient to Achieve Goal in E8 | 20.95%    | 500.05%   | -53.92%   | -667.27%  | -17.99%   | 35.58%    | -51%  |
| 7.                                              | Membership                                                  | Minimum 5%                       | -29.55%   | 467.74%   | 34.09%    | 103.68%   | 82.43%    | 73.37%    | 112%  |
| Inflation Rate (Annualized)                     |                                                             |                                  | 11.20%    | 10.60%    | 5.10%     | 6.30%     | 7.30%     | 8.20%     |       |

Based on Local currency

Annual Goal

% Complete

|                                                             | 31/12/1997 | 31/12/1998 | 31/12/1999 | 31/03/2000 | 30/06/2000 | 30/09/2000 |               |
|-------------------------------------------------------------|------------|------------|------------|------------|------------|------------|---------------|
| Number of Credit Unions in this Report                      | 1          | 1          | 1          | 1          | 1          | 1          |               |
| <b>Number Of CU Members</b>                                 |            |            |            |            |            |            |               |
| Men                                                         | 18         | 136        | 184        | 216        | 199        | 262        | 75.95%        |
| Women                                                       | 13         | 40         | 52         | 81         | 134        | 104        | 128.85%       |
| Gender not Reported                                         | 0          | 0          | 0          | 0          | 0          | 0          | 0.00%         |
| <b>Total Number Of Members</b>                              | <b>31</b>  | <b>176</b> | <b>236</b> | <b>297</b> | <b>333</b> | <b>366</b> | <b>90.98%</b> |
| <b>Number of Other Service Users</b>                        |            |            |            |            |            |            |               |
| Youth                                                       | 0          | 0          | 0          | 0          | 0          | 0          | 0.00%         |
| Third Parties                                               | 0          | 0          | 0          | 0          | 0          | 0          | 0.00%         |
| <b>Total Number of Other CU Service Users</b>               | <b>0</b>   | <b>0</b>   | <b>0</b>   | <b>0</b>   | <b>0</b>   | <b>0</b>   | <b>0.00%</b>  |
| <b>Total Number Of Members &amp; Other CU Service Users</b> | <b>31</b>  | <b>176</b> | <b>236</b> | <b>297</b> | <b>333</b> | <b>366</b> | <b>90.98%</b> |

**Assets****Earning Assets****Loans to Members**

|                         |                  |                  |                  |                  |                  |                  |            |
|-------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------|
| Short Term (<=1 Year)   | 0                | 0                | 0                | 0                | 0                | 0                | 0%         |
| Medium-Term (1-3 Years) | 1,748,951        | 3,688,276        | 3,753,438        | 3,779,388        | 3,684,153        | 4,060,829        | 91%        |
| Long-Term (> 3 Years)   | 0                | 0                | 0                | 0                | 0                | 0                | 0%         |
| Other Special Loans     | 0                | 0                | 0                | 0                | 0                | 0                | 0%         |
| Loan Loss Allowances    | 0                | 0                | 0                | 0                | (90,000)         | (135,000)        | 67%        |
| <b>Total Net Loans</b>  | <b>1,748,951</b> | <b>3,688,276</b> | <b>3,753,438</b> | <b>3,779,388</b> | <b>3,594,153</b> | <b>3,925,829</b> | <b>92%</b> |

**Liquid Investments**

|                                       |                |                |                |               |                |                |             |
|---------------------------------------|----------------|----------------|----------------|---------------|----------------|----------------|-------------|
| Liquidity Reserves - CFF              | 0              | 0              | 0              | 0             | 0              | 0              | 0%          |
| Other Liquidity Reserves              | 0              | 0              | 0              | 0             | 0              | 0              | 0%          |
| Short-Term CFF Deposits               | 0              | 0              | 0              | 0             | 0              | 0              | 0%          |
| Short-Term Bank Deposits              | 320,936        | 136,302        | 176,849        | 78,714        | 244,606        | 167,508        | 146%        |
| Short-Term Securities and Investments | 0              | 0              | 0              | 0             | 0              | 0              | 0%          |
| Other Liquid Investments 1            | 0              | 0              | 0              | 0             | 0              | 0              | 0%          |
| Other Liquid Investments 2            | 0              | 0              | 0              | 0             | 0              | 0              | 0%          |
| Other Liquid Investments 3            | 0              | 0              | 0              | 0             | 0              | 0              | 0%          |
| Liquid Investments Allowances         | 0              | 0              | 0              | 0             | 0              | 0              | 0%          |
| <b>Total Liquid Investments</b>       | <b>320,936</b> | <b>136,302</b> | <b>176,849</b> | <b>78,714</b> | <b>244,606</b> | <b>167,508</b> | <b>146%</b> |

**Financial Investments**

|                                    |                |                  |                  |                  |                  |                  |            |
|------------------------------------|----------------|------------------|------------------|------------------|------------------|------------------|------------|
| Shares - League/Affiliation        | 13,000         | 33,000           | 33,000           | 33,000           | 33,000           | 33,000           | 100%       |
| Long-Term CFF Deposit              | 607,339        | 1,137,761        | 1,666,800        | 1,737,837        | 1,763,130        | 1,809,644        | 97%        |
| Long-Term Bank Deposits            | 0              | 547,134          | 0                | 0                | 0                | 0                | 0%         |
| Long-Term Securities & Investments | 0              | 0                | 0                | 0                | 0                | 0                | 0%         |
| Other Financial Investments 1      | 0              | 0                | 0                | 0                | 12,139           | 12,139           | 100%       |
| Other Financial Investments 2      | 0              | 0                | 0                | 0                | 0                | 0                | 0%         |
| Other Financial Investments 3      | 0              | 0                | 0                | 0                | 0                | 0                | 0%         |
| Financial Investments Allowances   | 0              | 0                | 0                | 0                | 0                | 0                | 0%         |
| <b>Total Financial Investments</b> | <b>620,339</b> | <b>1,717,895</b> | <b>1,699,800</b> | <b>1,770,837</b> | <b>1,808,269</b> | <b>1,854,783</b> | <b>97%</b> |

**Non-Financial Investments**

|                                        |                  |                  |                  |                  |                  |                  |            |
|----------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------|
| Various                                | 0                | 0                | 0                | 0                | 0                | 0                | 0%         |
| Non-Financial Investments Allowances   | 0                | 0                | 0                | 0                | 0                | 0                | 0%         |
| <b>Total Non-Financial Investments</b> | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0%</b>  |
| <b>Total Earning Assets</b>            | <b>2,690,226</b> | <b>5,542,473</b> | <b>5,630,087</b> | <b>5,628,939</b> | <b>5,647,028</b> | <b>5,948,120</b> | <b>95%</b> |

**Additional Loan Portfolio Information**

| Delinquency Based on Outstanding Balance of Loan? | Payment   | Balance          | Balance          | Balance          | Payment          | Payment          |            |
|---------------------------------------------------|-----------|------------------|------------------|------------------|------------------|------------------|------------|
| <b>Delinquency</b>                                |           |                  |                  |                  |                  |                  |            |
| Day to 1 Month                                    | 0         | 0                | 0                | 0                | 0                | 0                | 0%         |
| TO 12 Months                                      | 0         | 1,798,684        | 1,691,447        | 2,022,641        | 1,073,421        | 1,312,988        | 82%        |
| More Than 12 Months                               | 0         | 74,024           | 145,024          | 0                | 0                | 0                | 0%         |
| <b>Total Balance Of Delinquent Loans</b>          | <b>0</b>  | <b>1,872,708</b> | <b>1,836,471</b> | <b>2,022,641</b> | <b>1,073,421</b> | <b>1,312,988</b> | <b>82%</b> |
| Loans to Members (Gross)                          | 1,748,951 | 3,688,276        | 3,753,438        | 3,779,388        | 3,684,153        | 4,060,829        | 91%        |
| Accumulated Charge-Offs (Historical)              | 0         | 0                | 0                | 143,024          | 148,986          | 148,986          | 100%       |
| Recovery of Loans Charged-Off (Historical)        | 0         | 0                | 0                | 0                | 0                | 0                | 0%         |

Based on Local currency

Annual Goal

% Complete

31/12/1997 31/12/1998 31/12/1999 31/03/2000 30/06/2000 30/09/2000

**Non-Earning Assets****Liquid Assets**

|                             |               |                 |                |                |                |               |             |
|-----------------------------|---------------|-----------------|----------------|----------------|----------------|---------------|-------------|
| Cash & Equivalents          | 6,695         | 4,873           | 189            | 23,697         | 31,938         | 76,326        | 42%         |
| Current Accounts (Checking) | 11,627        | (136,197)       | 163,685        | 296,156        | 249,482        | 15,407        | 1619%       |
| Foreign Currency            | 0             | 0               | 0              | 0              | 0              | 0             | 0%          |
| Liquidity Reserves - CFF    | 0             | 0               | 0              | 0              | 0              | 0             | 0%          |
| Other Liquidity Reserves    | 0             | 0               | 0              | 0              | 0              | 0             | 0%          |
| Other Liquid Assets         | 0             | 0               | 0              | 0              | 0              | 0             | 0%          |
| <b>Total Liquid Assets</b>  | <b>18,322</b> | <b>-131,323</b> | <b>163,874</b> | <b>319,853</b> | <b>281,420</b> | <b>91,733</b> | <b>307%</b> |

**Accounts Receivable**

|                                  |               |          |          |          |                |                |            |
|----------------------------------|---------------|----------|----------|----------|----------------|----------------|------------|
| Debtors                          | 74,024        | 0        | 0        | 0        | 51,949         | 184,326        | 28%        |
| Interest Receivable              | 0             | 0        | 0        | 0        | 148,177        | 159,111        | 93%        |
| Notes Receivable                 | 0             | 0        | 0        | 0        | 0              | 0              | 0%         |
| Payroll Deductions Receivable    | 0             | 0        | 0        | 0        | 0              | 0              | 0%         |
| Other Accounts Receivable        | 0             | 0        | 0        | 0        | 0              | 11,830         | 0%         |
| Receivable Loss Allowances       | 0             | 0        | 0        | 0        | 0              | 0              | 0%         |
| <b>Total Accounts Receivable</b> | <b>74,024</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>200,126</b> | <b>355,267</b> | <b>56%</b> |

**Fixed Assets**

|                                          |              |               |               |               |               |               |            |
|------------------------------------------|--------------|---------------|---------------|---------------|---------------|---------------|------------|
| Land                                     | 0            | 0             | 0             | 0             | 0             | 0             | 0%         |
| Buildings (Cost)                         | 0            | 0             | 0             | 0             | 0             | 0             | 0%         |
| Accumulated Depreciation - Buildings     | 0            | 0             | 0             | 0             | 0             | 0             | 0%         |
| Leasehold Improvements                   | 0            | 0             | 0             | 0             | 0             | 0             | 0%         |
| Accum. Depreciation - Leasehold Improv.  | 0            | 0             | 0             | 0             | 0             | 0             | 0%         |
| Furniture & Equipment                    | 8,153        | 15,343        | 21,081        | 19,588        | 43,478        | 80,124        | 54%        |
| Accum. Depreciation - Furniture & Equip. | 0            | 0             | 0             | 0             | 0             | 0             | 0%         |
| <b>Total Net Fixed Assets</b>            | <b>8,153</b> | <b>15,343</b> | <b>21,081</b> | <b>19,588</b> | <b>43,478</b> | <b>80,124</b> | <b>54%</b> |

**Other Assets**

|                           |          |          |               |               |               |               |             |
|---------------------------|----------|----------|---------------|---------------|---------------|---------------|-------------|
| Assets in Liquidation     | 0        | 0        | 0             | 0             | 0             | 0             | 0%          |
| Organization Expenses     | 0        | 0        | 0             | 0             | 0             | 0             | 0%          |
| Prepaid Expenses          | 0        | 0        | 0             | 0             | 85,550        | 0             | 0%          |
| Other Deferred Assets     | 0        | 0        | 83,550        | 23,550        | 0             | 83,550        | 0%          |
| Accumulated Amortization  | 0        | 0        | 0             | 0             | 0             | 0             | 0%          |
| <b>Total Other Assets</b> | <b>0</b> | <b>0</b> | <b>83,550</b> | <b>23,550</b> | <b>85,550</b> | <b>83,550</b> | <b>102%</b> |

**Problem Assets**

|                                 |          |               |                |          |          |          |           |
|---------------------------------|----------|---------------|----------------|----------|----------|----------|-----------|
| Doubtful Assets                 | 0        | 74,024        | 145,023        | 0        | 0        | 0        | 0%        |
| Accounting Discrepancy - Assets | 0        | 0             | 0              | 0        | 0        | 0        | 0%        |
| Other Problem Assets            | 0        | 0             | 0              | 0        | 0        | 0        | 0%        |
| <b>Total Problem Assets</b>     | <b>0</b> | <b>74,024</b> | <b>145,023</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0%</b> |

**Total Non-Earning Assets**

|                                 |                |                |                |                |                |                |             |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|-------------|
| <b>Total Non-Earning Assets</b> | <b>100,499</b> | <b>-41,956</b> | <b>413,528</b> | <b>362,991</b> | <b>610,574</b> | <b>610,674</b> | <b>100%</b> |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|-------------|

**Total Assets**

|                     |                  |                  |                  |                  |                  |                  |            |
|---------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------|
| <b>Total Assets</b> | <b>2,790,725</b> | <b>5,500,517</b> | <b>6,043,615</b> | <b>5,991,930</b> | <b>6,257,602</b> | <b>6,558,794</b> | <b>95%</b> |
|---------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------|

Based on Local currency

Annual Goal

% Complete

31/12/1997 31/12/1998 31/12/1999 31/03/2000 30/06/2000 30/09/2000

**LIABILITIES****INTEREST BEARING LIABILITIES****Savings Deposits**

|                               | 31/12/1997 | 31/12/1998 | 31/12/1999 | 31/03/2000    | 30/06/2000     | 30/09/2000     | % Complete |
|-------------------------------|------------|------------|------------|---------------|----------------|----------------|------------|
| Regular Savings               | 0          | 0          | 0          | 22,150        | 138,767        | 151,699        | 91%        |
| Term/Fixed Savings            | 0          | 0          | 0          | 0             | 0              | 0              | 0%         |
| Youth Savings                 | 0          | 0          | 0          | 0             | 0              | 0              | 0%         |
| Special Savings               | 0          | 0          | 0          | 0             | 0              | 0              | 0%         |
| Pledged Savings               | 0          | 0          | 0          | 0             | 0              | 0              | 0%         |
| <b>Total Savings Deposits</b> | <b>0</b>   | <b>0</b>   | <b>0</b>   | <b>22,150</b> | <b>138,767</b> | <b>151,699</b> | <b>91%</b> |

**External Credit**

|                                               |                |                  |                |                |                |                |             |
|-----------------------------------------------|----------------|------------------|----------------|----------------|----------------|----------------|-------------|
| External Credit - CFF (<= 1 Year)             | 0              | 0                | 0              | 0              | 0              | 0              | 0%          |
| External Credit - CFF (> 1 Year)              | 0              | 0                | 811,490        | 596,078        | 386,430        | 157,907        | 245%        |
| External Credit - Banks                       | 0              | 0                | 0              | 0              | 0              | 0              | 0%          |
| Other External Credit - External Institutions | 263,377        | 1,451,219        | 0              | 0              | 0              | 0              | 0%          |
| <b>Total External Credit</b>                  | <b>263,377</b> | <b>1,451,219</b> | <b>811,490</b> | <b>596,078</b> | <b>386,430</b> | <b>157,907</b> | <b>245%</b> |
| <b>Total Interest Bearing Liabilities</b>     | <b>263,377</b> | <b>1,451,219</b> | <b>811,490</b> | <b>618,228</b> | <b>525,197</b> | <b>309,606</b> |             |

**Non-Interest Bearing Liabilities**

|                                               |               |               |                |                |                |                |             |
|-----------------------------------------------|---------------|---------------|----------------|----------------|----------------|----------------|-------------|
| Short-Term Accounts Payable (<=30 Days)       | 0             | 0             | 0              | 0              | 0              | 0              | 0%          |
| External Credit Payments (<=30 Days)          | 0             | 0             | 0              | 0              | 0              | 0              | 0%          |
| Provisions (e.g. Employee Benefits)           | 16,850        | 0             | 250,000        | 368,250        | 350,000        | 374,481        | 93%         |
| Accounting Discrepancy - Liabilities          | 0             | (10,653)      | 0              | (954)          | 0              | 0              | 0%          |
| Other Liabilities                             | 23,120        | 23,120        | 151,054        | 40,889         | 147,494        | 55,838         | 264%        |
| <b>Total Non-Interest Bearing Liabilities</b> | <b>39,970</b> | <b>12,467</b> | <b>401,054</b> | <b>408,185</b> | <b>497,494</b> | <b>430,319</b> | <b>116%</b> |

|                          |                |                  |                  |                  |                  |                |             |
|--------------------------|----------------|------------------|------------------|------------------|------------------|----------------|-------------|
| <b>Total Liabilities</b> | <b>303,347</b> | <b>1,463,686</b> | <b>1,212,544</b> | <b>1,026,413</b> | <b>1,022,691</b> | <b>739,925</b> | <b>138%</b> |
|--------------------------|----------------|------------------|------------------|------------------|------------------|----------------|-------------|

**CAPITAL****Share Capital**

|                                   |                  |                  |                  |                  |                  |                  |            |
|-----------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------|
| Mandatory Shares                  | 2,451,845        | 3,823,614        | 4,593,137        | 4,942,983        | 5,005,794        | 5,421,752        | 92%        |
| Voluntary Shares                  | 0                | 0                | 0                | 0                | 0                | 0                | 0%         |
| <b>Total Member Share Capital</b> | <b>2,451,845</b> | <b>3,823,614</b> | <b>4,593,137</b> | <b>4,942,983</b> | <b>5,005,794</b> | <b>5,421,752</b> | <b>92%</b> |

**Transitory Capital**

|                                  |          |          |                |               |                |                |            |
|----------------------------------|----------|----------|----------------|---------------|----------------|----------------|------------|
| Asset Appreciation Over Cost     | 0        | 0        | 0              | 0             | 0              | 0              | 0%         |
| Education & Social Reserves      | 0        | 0        | 0              | 0             | 0              | 0              | 0%         |
| Monetary Reserves                | 0        | 0        | 0              | 0             | 0              | 0              | 0%         |
| Other Reserves                   | 0        | 0        | 0              | 0             | 0              | 0              | 0%         |
| Accounting Discrepancy - Capital | 0        | 0        | 0              | 0             | 0              | 0              | 0%         |
| Undistributed Net Income         | 0        | 0        | 139,694        | 87,729        | 139,694        | 272,637        | 51%        |
| <b>Total Transitory Capital</b>  | <b>0</b> | <b>0</b> | <b>139,694</b> | <b>87,729</b> | <b>139,694</b> | <b>272,637</b> | <b>51%</b> |

**Institutional Capital**

|                                    |               |                |               |                |               |                |            |
|------------------------------------|---------------|----------------|---------------|----------------|---------------|----------------|------------|
| Statutory & Legal Reserves         | 12,243        | 12,243         | 58,660        | 41,338         | 58,660        | 58,660         | 100%       |
| Retained Earnings                  | (3,170)       | (3,170)        | 0             | 0              | 0             | 0              | 0%         |
| Special Asset Reserves             | 0             | 0              | 0             | 0              | 0             | 0              | 0%         |
| Donations / Other Reserves         | 26,460        | 32,200         | 39,580        | 49,625         | 57,005        | 65,820         | 87%        |
| Undistributed Losses               | 0             | 0              | 0             | (156,158)      | (26,242)      | 0              | 0%         |
| TD Net Income (Loss) Transfer      | 0             | 171,944        | 0             | 0              | 0             | 0              | 0%         |
| <b>Total Institutional Capital</b> | <b>35,533</b> | <b>213,217</b> | <b>98,240</b> | <b>-65,195</b> | <b>89,423</b> | <b>124,480</b> | <b>72%</b> |

**Total Capital**

|                                      |                  |                  |                  |                  |                  |                  |            |
|--------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------|
| <b>Total Capital</b>                 | <b>2,487,378</b> | <b>4,036,832</b> | <b>4,831,071</b> | <b>4,965,517</b> | <b>5,234,911</b> | <b>5,818,869</b> | <b>90%</b> |
| <b>Total Liabilities and Capital</b> | <b>2,790,725</b> | <b>5,500,517</b> | <b>6,043,615</b> | <b>5,991,930</b> | <b>6,257,602</b> | <b>6,558,794</b> | <b>95%</b> |

Kenya

Page 3

13-Feb-01 02:43 PM

140



Annual Goal

% Complete

|                                               | 31/12/1997     | 31/12/1998     | 31/12/1999     | 31/03/2000     | 30/06/2000     | 30/09/2000       |               |
|-----------------------------------------------|----------------|----------------|----------------|----------------|----------------|------------------|---------------|
| Number of Credit Unions in this Report        | 1              | 1              | 1              | 1              | 1              | 1                |               |
| <b>INCOME</b>                                 |                |                |                |                |                |                  |               |
| <b>INCOME FROM LOANS</b>                      |                |                |                |                |                |                  |               |
| Interest Income from Loans                    | 131,383        | 415,229        | 784,662        | 185,086        | 601,837        | 888,126          | 67.76%        |
| Delinquent Penalty Interest Income from Loans | 0              | 0              | 0              | 0              | 0              | 0                | 0.00%         |
| Commissions/Fees from Loans                   | 0              | 0              | 0              | 0              | 0              | 0                | 0.00%         |
| Insurance Premiums for Loans                  | 0              | 0              | 0              | 0              | 0              | 0                | 0.00%         |
| <b>NET LOAN INCOME</b>                        | <b>131,383</b> | <b>415,229</b> | <b>784,662</b> | <b>185,086</b> | <b>601,837</b> | <b>888,126</b>   | <b>67.76%</b> |
| Income from Liquid Investments                | 37,482         | 54,381         | 52,620         | 0              | 0              | 0                | 0.00%         |
| Income from Financial Investments             | 0              | 46,746         | 70,140         | 23,887         | 50,320         | 64,544           | 77.96%        |
| Income from Non-Financial Investments         | 0              | 0              | 0              | 0              | 0              | 0                | 0.00%         |
| Income from Grants                            | 0              | 0              | 0              | 45,000         | 90,000         | 135,000          | 66.67%        |
| Income from Other Sources                     | 2,550          | 16,396         | 0              | 0              | 51,949         | 71,619           | 72.54%        |
| <b>Gross Income</b>                           | <b>171,415</b> | <b>532,752</b> | <b>907,422</b> | <b>253,973</b> | <b>794,106</b> | <b>1,159,289</b> | <b>68.50%</b> |
| <b>COSTS/EXPENSES</b>                         |                |                |                |                |                |                  |               |
| <b>FINANCIAL COSTS</b>                        |                |                |                |                |                |                  |               |
| Interest Expense on Savings Deposits          | 0              | 0              | 0              | 0              | 0              | 0                | 0.00%         |
| Insurance Premiums for Savings                | 0              | 0              | 0              | 0              | 0              | 0                | 0.00%         |
| <i>Financial Cost - Savings Deposits</i>      | <i>0</i>       | <i>0</i>       | <i>0</i>       | <i>0</i>       | <i>0</i>       | <i>0</i>         | <i>0.00%</i>  |
| Financial Cost on External Credit             | 32,615         | 140,604        | 108,789        | 21,621         | 37,740         | 48,137           | 78.40%        |
| Dividend Expense on Shares                    | 0              | 0              | 250,000        | 0              | 0              | 0                | 0.00%         |
| Insurance Premiums for Shares                 | 0              | 0              | 0              | 0              | 0              | 0                | 0.00%         |
| <i>Financial Cost - Shares</i>                | <i>0</i>       | <i>0</i>       | <i>250,000</i> | <i>0</i>       | <i>0</i>       | <i>0</i>         | <i>0.00%</i>  |
| Taxes on Interest Paid                        | 0              | 0              | 0              | 0              | 0              | 0                | 0.00%         |
| Other Financial Costs                         | 0              | 0              | 33,310         | 4,490          | 13,150         | 23,865           | 55.10%        |
| <b>TOTAL FINANCIAL COSTS</b>                  | <b>32,615</b>  | <b>140,604</b> | <b>392,099</b> | <b>26,111</b>  | <b>50,890</b>  | <b>72,002</b>    | <b>70.68%</b> |
| Gross Margin                                  | 138,800        | 392,148        | 515,323        | 227,862        | 743,216        | 1,087,287        | 68.36%        |
| <b>OPERATING EXPENSES</b>                     |                |                |                |                |                |                  |               |
| Personnel                                     | 33,150         | 48,450         | 118,890        | 89,475         | 172,605        | 250,910          | 68.79%        |
| Governance                                    | 17,582         | 26,650         | 75,816         | 10,368         | 9,600          | 55,337           | 17.35%        |
| Marketing                                     | 0              | 41,734         | 10,114         | 16,596         | 29,935         | 50,171           | 59.67%        |
| Depreciation                                  | 1,164          | 0              | 3,654          | 0              | 0              | 0                | 0.00%         |
| Administration                                | 89,161         | 103,370        | 170,222        | 118,595        | 467,319        | 462,927          | 100.95%       |
| <b>TOTAL OPERATING EXPENSES</b>               | <b>141,057</b> | <b>220,204</b> | <b>378,696</b> | <b>235,034</b> | <b>679,459</b> | <b>819,345</b>   | <b>82.93%</b> |
| Provision for Risk Assets                     | 0              | 0              | 0              | 148,986        | 90,000         | 135,000          | 66.67%        |
| Net Income from Operations                    | (2,257)        | 171,944        | 136,627        | (156,158)      | (26,243)       | 132,942          | -19.74%       |
| <b>OTHER INCOME / EXPENSE</b>                 |                |                |                |                |                |                  |               |
| Previous period adjustments (Net)             | 1,951          | 0              | 0              | 0              | 0              | 0                | 0.00%         |
| Extraordinary Items (Net)                     | 0              | 0              | 0              | 0              | 0              | 0                | 0.00%         |
| <b>TOTAL OTHER INCOME/EXPENSE</b>             | <b>1,951</b>   | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>         | <b>0.00%</b>  |
| Net Income/Loss                               | (306)          | 171,944        | 136,627        | (156,158)      | (26,243)       | 132,942          | -19.74%       |

|                                               | 31-Dec-98 | 31-Dec-99 | 31-Mar-00 | 30-Jun-00 | 30-Sep-00 |
|-----------------------------------------------|-----------|-----------|-----------|-----------|-----------|
| <b>Number of Credit Unions in this Report</b> | 1         | 1         | 1         | 1         | 1         |
| <b>Salary Burden</b>                          |           |           |           |           |           |
| Number Of Loans / Number of Loan Officers     | 47        | 44        | 47        | 44        | 42        |
| Amount Of Loans / Number of Loan Officers     | 3,688,276 | 3,753,438 | 3,779,388 | 3,684,153 | 4,060,829 |
| <b>Adjusted Returns*</b>                      |           |           |           |           |           |
| Capital                                       | -438.97%  | -255.48%  | -4815.12% | -329.93%  | -180.53%  |
| Assets                                        | -22.58%   | -10.53%   | -18.03%   | -12.34%   | -11.19%   |
| <b>Sufficiency Ratios**</b>                   |           |           |           |           |           |
| Operational Self Sufficiency                  | 147.66%   | 117.73%   | 50.95%    | 85.83%    | 99.80%    |
| Financial Self Sufficiency                    | 36.27%    | 58.60%    | 16.09%    | 47.80%    | 58.03%    |
| Subsidy Dependency Index                      | 102.82%   | 2.77%     | 39.43%    | 33.93%    | 45.13%    |
| <b>Efficiency Ratios***</b>                   |           |           |           |           |           |
| Portfolio Turnover                            | 153.07%   | 21.45%    | 22.44%    | 28.00%    | 34.22%    |
| Administrative Efficiency                     | 8.10%     | 10.18%    | 6.24%     | 18.21%    | 21.16%    |

1. The RATE used in the calculation of all ratios is inflation or market rate of the product (savings, credit, etc.), whichever is higher.
2. Required Provision Expenses are 100% of all loans delinquent greater than 12 months and either the WOCCU standard of 35% of loans delinquent from 1-12 months or local requirements where appropriate.

**\*Explanation of Adjusted Return Ratios**

|                                                                                                                                                                                                                                                                                                                                                                                               |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Adjusted return on Capital</b></p> $\frac{(\text{Gross Income} - \text{Operating Subsidies} - ((\text{Average Deposits Balance} * \text{RATE}) + (\text{Average External Credit Balance} * \text{RATE}) + (\text{Average Share Balance} * \text{RATE}) + \text{Operating Expenses} + \text{Required Provision Expenses}))}{(\text{Institutional Capital} + \text{Transitory Capital})}$ |
| <p><b>Adjusted Return on Assets</b></p> $\frac{(\text{Gross Income} - \text{Operating Subsidies} - ((\text{Average Deposits Balance} * \text{RATE}) + (\text{Average External Credit Balance} * \text{RATE}) + (\text{Average Share Balance} * \text{RATE}) + \text{Operating Expenses} + \text{Required Provision Expenses}))}{\text{Avg. Assets}}$                                          |

**\*\*Explanation of Sufficiency Ratios**

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Operational Self Sufficiency</b></p> $\frac{(\text{Gross Income} - \text{Operating Subsidies})}{(\text{Deposit Costs} + \text{External Credit Costs} + \text{Share Costs} + \text{Operating Expenses} + \text{Provision Expenses} + \text{Other Expenses} + \text{Operating Subsidies})}$                                                                                                                                                                                                                                    |
| <p><b>Financial Self Sufficiency</b></p> $\frac{(\text{Gross Income} - \text{Operating Subsidies})}{((\text{Average Deposits Balance} * \text{RATE}) + (\text{Average External Credit Balance} * \text{RATE}) + (\text{Average Share Balance} * \text{RATE}) + \text{Operating Expenses} + \text{Required Provision Expenses}) + \text{Other Expenses} + \text{Operating Subsidies}}$                                                                                                                                              |
| <p><b>Subsidy Dependency Index</b></p> $\frac{[(\text{Average Deposits Balance} * (\text{RATE} - \text{Weighted Interest Rate } \{R5\})) + [\text{Average External Credit Balance} * (\text{RATE} - \text{Weighted Rate } \{R6\})] - [\text{Average Share Balance} * (\text{RATE} - \text{Weighted Interest Rate } \{R7\})] + [(\text{Institutional Capital} + \text{Transitory Capital}) * \text{RATE } \{\text{Savings}\}] + \text{Subsidies}]}{(\text{Average Loan Portfolio} * \text{Annualized Loan Interest Rate } \{R1\})}$ |

**\*\*\*Explanation of Efficiency Ratios**

|                                                                                                                                  |
|----------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Portfolio Turnover</b></p> <p>Amount of Loans Disbursed During Current Reporting Period / Gross Average Loan Portfolio</p> |
| <p><b>Administrative Efficiency</b></p> <p>Operating Expenses / Average Gross Loan Portfolio</p>                                 |

142



World Council of Credit Unions, Inc.

**Microfinance Expansion Program (MEP)  
4<sup>th</sup> QUARTER 2000 REPORT**

**Maseno University  
Savings and Credit Cooperative (SACCO)**

Nairobi, Kenya  
February 16, 2001

Microfinance Expansion  
Programme (MEP)  
Isaac Gathanju Road  
Off James Gichuru Road, Lavington  
P.O. Box 979 Village Market  
Nairobi, Kenya

Phone: (254) 2-48053/48122/7/9  
Fax: (254) 2-48112  
E-mail: [wccu@form-net.com](mailto:wccu@form-net.com)

*"Quality  
Credit Unions  
for Everyone"*

World Council of Credit Unions, Inc. (WOCCU), Kenya  
 Microfinance Expansion Program (MEP)  
 Maseno University SACCO  
 4<sup>th</sup> Quarter, 2000

| SACCO Prudential Standards           | Analysis of Maseno University SACCO's Status<br>By the end of the 4 <sup>th</sup> Quarter, 2000 <sup>1</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|--------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Protection</i>                    | <ul style="list-style-type: none"> <li>• P1, P2, P4, and P5 could not be measured, as the SACCO does not provide for expected loan losses. <i>The SACCO is being advised to measure the actual delinquency levels and make provisions for expected loan losses based on the actual delinquency; the SACCO has been provided with the Loan Portfolio Analysis Tool;</i></li> <li>• Solvency stands at 107.40% - and therefore, the SACCO is solvent. <i>The margin of solvency, however, is too narrow which means if the Sacco is to make the required provisions and actually charge off delinquent loans, then solvency may not be attained;</i></li> <li>• Net institutional capital is -0.31%. This is a result of the SACCO having unresolved accounting discrepancies in its assets and other problem assets. Furthermore, there was a decline in net income from 5.12% in June 2000 to 4.69% in September 2000. Operating costs also increased by 0.07% points between June and September 2000, (2.91% to 2.97% respectively). <i>The SACCO has been advised to build up institutional capital by transferring more income to reserves, resolving the accounting discrepancies, liquidating/writing off the problem assets, and cutting down on costs to improve the income.</i></li> </ul>                                                                                                                                                                                                                                                                                                              |
| <i>Effective Financial Structure</i> | <ul style="list-style-type: none"> <li>• Maseno University SACCO has attained the ideal asset structure in the following areas:                             <ul style="list-style-type: none"> <li>◆ Loans were 76.74%, compared to 77.26% in June 2000;</li> <li>◆ Liquid Investments were 0.66% compared to 0.26% in June 2000;</li> <li>◆ Financial Investments were 3.79 %, compared to 4.08% in June 2000;</li> <li>◆ Non Financial investments were 0%;</li> </ul> </li> <li>• Maseno University SACCO has not attained the ideal asset financing structure in the following areas:                             <ul style="list-style-type: none"> <li>◆ Savings Deposits were 8.12% compared to 6.16% in June 2000, (the SACCO has special fixed deposit schemes);</li> <li>◆ External Credit was 11.43%, down from 12.96% in June 2000;</li> <li>◆ Share capital was 66.90%, compared to 67.89% in June 2000 - this is in line with the PEARLS standards of encouraging the SACCOs to shift their financing away from non-withdrawable shares to withdrawable savings deposits (which have increased as noted above);</li> <li>◆ Institutional Capital was 0.32% compared to 0.34% in June 2000, (the SACCO does not transfer any of the income earned within the year to reserves until the year-end. Institutional capital is expected to go up at the end of the year when the SACCO will transfer 25% of its net income for the year to legal reserves); <i>The SACCO is being advised to build up institutional capital by cutting down on costs to improve the income.</i></li> </ul> </li> </ul> |

<sup>1</sup> The 4<sup>th</sup> quarter report presents an analysis of financial information for September 30, 2000.

World Council of Credit Unions, Inc. (WOCCU), Kenya  
 Microfinance Expansion Program (MEP)  
 Maseno University SACCO  
 4<sup>th</sup> Quarter, 2000

| SACCO Prudential Standards       | Analysis of Maseno University SACCO's Status<br>By the end of the 3 <sup>rd</sup> Quarter, 2000 <sup>2</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Asset Quality</i>             | <ul style="list-style-type: none"> <li>• Though delinquency seems to be negligible, a comprehensive measurement of delinquency has not been done. <i>WOCCU is assisting the SACCO to measure delinquency by using the LOAN PORTFOLIO ANALYSIS TOOL;</i></li> <li>• At 18.81%, Non-earning assets are higher than the PEARLS standard. The ratio is high because of funds held by the employer (payroll deductions receivable – Ksh 7.4 million) and KSh 6.5 million held in form of land. <i>The SACCO is disposing off the land to individual members, at the end of which the ratio shall be favorable;</i></li> <li>• Maseno University SACCO is using interest-bearing liabilities to finance its non-earning assets; <i>A 3 ratio stands at 68.64% in September compared to 70.90% in June 2000. This could be the reason for the low net income because most of the members' funds are tied up in non-income generating activities. Between June and September 2000 the SACCO increased the furniture and fittings by 25.43%. Non-earning assets as a whole increased by 9.96% in the same period. WOCCU has advised the SACCO to limit its investment in non-earning assets to 5% of total assets and to ensure that all these assets are financed from institutional capital and/or other non-interest bearing liabilities.</i></li> </ul> |
| <i>Rates of return and costs</i> | <ul style="list-style-type: none"> <li>• The effective loan yield is 14.02%, <i>which is in line with the nominal rate charged by the SACCO, but slightly below market rate of 20.60%;</i></li> <li>• Liquid investment income is high for September 2000 (21.98%);</li> <li>• Financial investment income have an average 0.66%, <i>which is below the market rate of 7.80%, (this is income earned from only 26.24% of the Financial investment portfolio);</i></li> <li>• The SACCO does not accrue interest on savings deposits;</li> <li>• External credit costs fell to 14.05% (September – 2000), from 14.27% in June 2000, (annualized market rate for September 2000 is 24%);</li> <li>• The Gross margin and Net income are relatively high because the SACCO does not provide for provisions for Risk Assets. However, the net income is not sufficient to grow institutional capital to the minimum required 10%. Also, the SACCO has not yet made any provisions for dividend costs so, net income is likely to be lower at the end of the year;</li> <li>• Operating expenses, at 2.97%, are low <i>and within the PEARLS standards.</i></li> </ul>                                                                                                                                                                                  |
| <i>Liquidity</i>                 | <ul style="list-style-type: none"> <li>• Non-earning liquid assets are moderate (1.09%). <i>The SACCO is using the PEARLS Tool to control and monitor the level of investment in non-earning liquid assets;</i></li> <li>• At 20.25%, liquidity is good <i>and in line with the PEARLS recommended standards.</i></li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

<sup>2</sup> The 4<sup>th</sup> quarter report presents an analysis of financial information for September 30, 2000.

World Council of Credit Unions, Inc. (WOCCU), Kenya  
 Microfinance Expansion Program (MEP)  
 Maseno University SACCO  
 4<sup>th</sup> Quarter, 2000

| SACCO Prudential Standards | Analysis of Maseno University SACCO's Status By the end of the 3 <sup>rd</sup> Quarter, 2000 <sup>3</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Signs of Growth</i>     | <ul style="list-style-type: none"> <li>• Total assets registered a rate of growth, at 29.75%, <i>an excellent rate as it is three times the inflation rate;</i></li> <li>• Loans growth declined by 4.42%, from 47.19% in June to 42.57% in September, 2000 – <i>but this is above S1, which is excellent;</i></li> <li>• Savings deposits more than doubled between June and September 2000. <i>However, these are special long-term deposit schemes that mature over time. WOCCU is working with the SACCO to start withdrawable savings as the demand for the service is very evident;</i></li> <li>• External credit grew by 18.50%, from 40.25% in June 2000. <i>WOCCU is working with the SACCO to introduce withdrawable savings to mobilize savings and reduce dependence on external credit;</i></li> <li>• Institutional capital grew by 15.61%, down from 22.68% in June 2000, <i>this is because the SACCO does not capitalize its net income until the end of the year;</i></li> <li>• The membership has grown by 1.07%, up from a –1.00% decline to June 2000. <i>This is good performance in the face of the on-going retrenchment in the higher education sector in the country. WOCCU is working with the SACCO to set up a marketing department, embark on a marketing program to increase its membership and open the membership bond.</i></li> </ul> |

<sup>3</sup> The 4<sup>th</sup> quarter report presents an analysis of financial information for September 30, 2000.

Based on Local currency

Annual

Goal % Complete

| P-E-A-R-L-S RATIOS                              |                                                             | Goals                            | 31-Dec-97 | 31-Dec-98 | 31-Dec-99 | 31-Mar-00 | 30-Jun-00 | 30-Sep-00 |      |
|-------------------------------------------------|-------------------------------------------------------------|----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|------|
| Number of Credit Unions in this Report          |                                                             |                                  | 1         | 1         | 1         | 1         | 1         | 1         |      |
| <b>P PROTECTION</b>                             |                                                             |                                  |           |           |           |           |           |           |      |
| 1.                                              | Loan Loss Allowances / Delinq. >12 Mo.                      | 100%                             | NA        | NA        | NA        | NA        | NA        | NA        | NA   |
| 2.                                              | Net Loan Loss Allow. / Allow. Required for Delinq. 1-12 Mo. | 100% of Goal                     | NA        | NA        | NA        | NA        | NA        | NA        | NA   |
| 3.                                              | Complete Loan Charge-Off of Delinquency > 12 Mo             | Yes                              | Yes       | Yes       | Yes       | Yes       | Yes       | Yes       | 100% |
| 4.                                              | Annual Loan Charge-offs / Average Loan Portfolio            | Minimized                        | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%   |
| 5.                                              | Accum. Charge-Offs Recovered / Accum Charge-Offs            | 100%                             | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%   |
| 6.                                              | Solvency                                                    | Min 100%                         | 100.77%   | 100.61%   | 105.71%   | 100.94%   | 107.15%   | 107.40%   | 100% |
| 7.                                              | Net Institutional Capital                                   | Minimum 10%                      | 0.50%     | 0.43%     | 0.35%     | -0.06%    | 0.34%     | -0.31%    | -93% |
| <b>E EFFECTIVE FINANCIAL STRUCTURE</b>          |                                                             |                                  |           |           |           |           |           |           |      |
| 1.                                              | Net Loans / Total Assets                                    | Between 70 - 80%                 | 65.73%    | 70.73%    | 71.14%    | 73.20%    | 77.26%    | 76.74%    | 101% |
| 2.                                              | Liquid Investments / Total Assets                           | Max 20 %                         | 0.88%     | 0.70%     | 0.38%     | 0.72%     | 0.26%     | 0.66%     | 39%  |
| 3.                                              | Financial Investments / Total Assets                        | Max 10 %                         | 6.11%     | 5.01%     | 7.51%     | 4.17%     | 4.05%     | 3.79%     | 107% |
| 4.                                              | Non-Financial Investments / Total Assets                    | 0%                               | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%   |
| 5.                                              | Savings Deposits / Total Assets                             | Between 70 - 80%                 | 0.00%     | 0.00%     | 3.58%     | 3.75%     | 6.16%     | 8.12%     | 76%  |
| 6.                                              | External Credit / Total Assets                              | 0                                | 26.00%    | 15.29%    | 12.28%    | 15.45%    | 12.96%    | 11.43%    | 113% |
| 7.                                              | Member Share Capital / Total Assets                         | Max 20 %                         | 69.61%    | 79.12%    | 78.33%    | 66.85%    | 67.89%    | 66.90%    | 101% |
| 8.                                              | Institutional Capital / Total Assets                        | Minimum 10%                      | 0.51%     | 0.43%     | 0.35%     | 0.35%     | 0.34%     | 0.32%     | 107% |
| <b>A ASSET QUALITY</b>                          |                                                             |                                  |           |           |           |           |           |           |      |
| 1.                                              | Total Delinquency / Gross Loan Portfolio                    | Less Than or Equal To 5%         | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%   |
| 2.                                              | Non-Earning Assets / Total Assets                           | Less Than or Equal To 5%         | 27.28%    | 23.56%    | 20.98%    | 21.91%    | 18.43%    | 18.81%    | 98%  |
| 3.                                              | Net Zero Cost Funds / Non-earning. Assets                   | Greater Than or Equal To 100%    | 16.07%    | 23.73%    | 27.67%    | 61.78%    | 70.49%    | 68.64%    | 103% |
| <b>R RATES OF RETURN AND COSTS (ANNUALIZED)</b> |                                                             |                                  |           |           |           |           |           |           |      |
| 1.                                              | Net Loan Income / Average Net Loan Portfolio                | Enterprenurial Rate              | 13.66%    | 13.04%    | 12.14%    | 13.06%    | 14.15%    | 14.02%    | 101% |
| 2.                                              | Liquid Inv. Income / Avg. Liquid Investments                | Market Rates                     | 3.43%     | 6.47%     | 10.60%    | 0.00%     | 58.27%    | 21.98%    | 265% |
| 3.                                              | Fin. Investment Income / Avg. Fin. Investments              | Market Rates                     | 0.22%     | 0.57%     | 0.64%     | 0.00%     | 0.99%     | 0.66%     | 151% |
| 4.                                              | Non-Fin. Inv. Income / Avg. Non-Fin. Investments            | Greater Than or Equal to R1      | NA        | NA        | NA        | NA        | NA        | NA        | NA   |
| 5.                                              | Fin Costs: Savings Deposits / Avg. Savings Deposits         | Market Rates                     | NA        | NA        | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%   |
| 6.                                              | Fin Costs: External Credit / Avg. External Credit           | Less Than or Equal to R5         | 12.62%    | 9.29%     | 12.50%    | 20.94%    | 14.27%    | 14.05%    | 102% |
| 7.                                              | Fin Costs: Member Shares / Avg. Member Shares               | Greater Than or Equal to R5      | 3.54%     | 3.83%     | 3.81%     | 0.00%     | 0.00%     | 0.00%     | 0%   |
| 8.                                              | Gross Margin / Average Assets                               | Amount Needed to Cover R9, R10   | 4.03%     | 3.87%     | 3.53%     | 4.78%     | 8.01%     | 7.66%     | 105% |
| 9.                                              | Operating Expenses / Average Assets                         | 3 -10%                           | 3.99%     | 3.80%     | 3.49%     | 2.11%     | 2.90%     | 2.97%     | 98%  |
| 10.                                             | Provisions for Risk Assets / Average Assets                 | Sufficient for Estimated Losses  | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%   |
| 11.                                             | Other Income or Expense / Average Assets                    | Amount Needed                    | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%   |
| 12.                                             | Net Income / Average Assets                                 | Enough to reach the goal for E8  | 0.05%     | 0.07%     | 0.04%     | 2.66%     | 5.11%     | 4.69%     | 109% |
| <b>L LIQUIDITY</b>                              |                                                             |                                  |           |           |           |           |           |           |      |
| 1.                                              | Liquid Assets - ST Payables / Total Deposits                | Minimum 15%                      | NA        | NA        | 23.87%    | 263.27%   | 20.12%    | 20.25%    | 99%  |
| 2.                                              | Liquidity Reserves / Total Savings Deposits                 | 10%                              | NA        | NA        | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%   |
| 3.                                              | Non-Earning Liquid Assets / Total Assets                    | Less Than 1 %                    | 0.18%     | 0.66%     | 1.13%     | 9.29%     | 1.06%     | 1.09%     | 97%  |
| 4.                                              | Deposits in CFF / Total Available Liquidity                 | Maximum Amount                   | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%   |
| <b>S SIGNS OF GROWTH (ANNUAL GROWTH RATES)</b>  |                                                             |                                  |           |           |           |           |           |           |      |
| 1.                                              | Total Assets                                                | More Than Inflation              | 85.90%    | 32.00%    | 27.02%    | 42.28%    | 27.54%    | 29.75%    | 93%  |
| 2.                                              | Loans to Members                                            | Sufficient to Achieve Goal in E1 | 49.68%    | 42.06%    | 27.74%    | 55.15%    | 47.19%    | 42.57%    | 111% |
| 3.                                              | Savings Deposits                                            | Sufficient to Achieve Goal in E5 | 0.00%     | 0.00%     | 100.00%   | 62.85%    | 191.16%   | 236.09%   | 81%  |
| 4.                                              | External Credit                                             | 0%                               | 535.06%   | -22.38%   | 2.00%     | 157.07%   | 40.25%    | 18.50%    | 218% |
| 5.                                              | Share Capital                                               | Sufficient to Achieve Goal in E7 | 47.51%    | 50.04%    | 25.75%    | -22.70%   | -2.87%    | 5.97%     | -48% |
| 6.                                              | Institutional Capital                                       | Sufficient to Achieve Goal in E8 | 8.69%     | 12.12%    | 2.07%     | 42.92%    | 22.68%    | 15.61%    | 145% |
| 7.                                              | Membership                                                  | Minimum 5%                       | 1.69%     | 3.00%     | 8.41%     | -2.01%    | -1.00%    | 1.07%     | -94% |
| Inflation Rate (Annualized)                     |                                                             |                                  | 11.20%    | 10.60%    | 5.10%     | 6.30%     | 7.30%     | 8.20%     |      |

Based on Local currency

Annual Goal

% Complete

|                                                             | 31/12/1997 | 31/12/1998 | 31/12/1999   | 31/03/2000   | 30/06/2000   | 30/09/2000   |               |
|-------------------------------------------------------------|------------|------------|--------------|--------------|--------------|--------------|---------------|
| Number of Credit Unions in this Report                      | 1          | 1          | 1            | 1            | 1            | 1            |               |
| <b>Number Of CU Members</b>                                 |            |            |              |              |              |              |               |
| Men                                                         | 537        | 557        | 604          | 601          | 601          | 664          | 90.51%        |
| Women                                                       | 364        | 371        | 402          | 400          | 400          | 350          | 114.29%       |
| Gender not Reported                                         | 0          | 0          | 0            | 0            | 0            | 0            | 0.00%         |
| <b>Total Number Of Members</b>                              | <b>901</b> | <b>928</b> | <b>1,006</b> | <b>1,001</b> | <b>1,001</b> | <b>1,014</b> | <b>98.72%</b> |
| <b>Number of Other Service Users</b>                        |            |            |              |              |              |              |               |
| Youth                                                       | 0          | 0          | 0            | 0            | 0            | 0            | 0.00%         |
| Third Parties                                               | 0          | 0          | 0            | 0            | 0            | 0            | 0.00%         |
| <b>Total Number of Other CU Service Users</b>               | <b>0</b>   | <b>0</b>   | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0.00%</b>  |
| <b>Total Number Of Members &amp; Other CU Service Users</b> | <b>901</b> | <b>928</b> | <b>1,006</b> | <b>1,001</b> | <b>1,001</b> | <b>1,014</b> | <b>98.72%</b> |

**Assets**

**Earning Assets**

**Loans to Members**

|                         |                   |                   |                   |                   |                   |                   |            |
|-------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------|
| Short Term (<=1 Year)   | 0                 | 0                 | 0                 | 0                 | 0                 | 3,082,445         | 0%         |
| Medium-Term (1-3 Years) | 27,904,676        | 39,640,252        | 50,636,705        | 57,601,281        | 62,550,105        | 63,737,520        | 98%        |
| Long-Term (> 3 Years)   | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%         |
| Other Special Loans     | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%         |
| Loan Loss Allowances    | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%         |
| <b>Total Net Loans</b>  | <b>27,904,676</b> | <b>39,640,252</b> | <b>50,636,705</b> | <b>57,601,281</b> | <b>62,550,105</b> | <b>66,819,965</b> | <b>94%</b> |

**Liquid Investments**

|                                       |                |                |                |                |                |                |            |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|------------|
| Liquidity Reserves - CFF              | 0              | 0              | 0              | 0              | 0              | 0              | 0%         |
| Other Liquidity Reserves              | 0              | 0              | 0              | 0              | 0              | 0              | 0%         |
| Short-Term CFF Deposits               | 0              | 0              | 0              | 0              | 0              | 0              | 0%         |
| Short-Term Bank Deposits              | 372,708        | 393,896        | 269,275        | 569,961        | 211,101        | 576,716        | 37%        |
| Short-Term Securities and Investments | 0              | 0              | 0              | 0              | 0              | 0              | 0%         |
| Other Liquid Investments 1            | 0              | 0              | 0              | 0              | 0              | 0              | 0%         |
| Other Liquid Investments 2            | 0              | 0              | 0              | 0              | 0              | 0              | 0%         |
| Other Liquid Investments 3            | 0              | 0              | 0              | 0              | 0              | 0              | 0%         |
| Liquid Investments Allowances         | 0              | 0              | 0              | 0              | 0              | 0              | 0%         |
| <b>Total Liquid Investments</b>       | <b>372,708</b> | <b>393,896</b> | <b>269,275</b> | <b>569,961</b> | <b>211,101</b> | <b>576,716</b> | <b>37%</b> |

**Financial Investments**

|                                    |                  |                  |                  |                  |                  |                  |            |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------|
| Shares - League/Affiliation        | 10,000           | 60,000           | 70,000           | 70,000           | 70,000           | 70,000           | 100%       |
| Long-Term CFF Deposit              | 735,171          | 804,545          | 844,306          | 844,306          | 844,306          | 865,620          | 98%        |
| Long-Term Bank Deposits            | 1,609,407        | 1,671,172        | 4,068,227        | 2,000,172        | 2,000,172        | 0                | 0%         |
| Long-Term Securities & Investments | 0                | 0                | 0                | 0                | 0                | 0                | 0%         |
| Other Financial Investments 1      | 241,600          | 269,800          | 363,200          | 363,200          | 363,400          | 363,400          | 100%       |
| Other Financial Investments 2      | 0                | 0                | 0                | 0                | 0                | 0                | 0%         |
| Other Financial Investments 3      | 0                | 0                | 0                | 0                | 0                | 2,000,172        | 0%         |
| Financial Investments Allowances   | 0                | 0                | 0                | 0                | 0                | 0                | 0%         |
| <b>Total Financial Investments</b> | <b>2,596,178</b> | <b>2,805,517</b> | <b>5,345,733</b> | <b>3,277,678</b> | <b>3,277,878</b> | <b>3,299,192</b> | <b>99%</b> |

**Non-Financial Investments**

|                                        |          |          |          |          |          |          |           |
|----------------------------------------|----------|----------|----------|----------|----------|----------|-----------|
| Various                                | 0        | 0        | 0        | 0        | 0        | 0        | 0%        |
| Non-Financial Investments Allowances   | 0        | 0        | 0        | 0        | 0        | 0        | 0%        |
| <b>Total Non-Financial Investments</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0%</b> |

**Total Earning Assets**

|  |            |            |            |            |            |            |     |
|--|------------|------------|------------|------------|------------|------------|-----|
|  | 30,873,562 | 42,839,665 | 56,251,713 | 61,448,920 | 66,039,084 | 70,695,873 | 93% |
|--|------------|------------|------------|------------|------------|------------|-----|

**Additional Loan Portfolio Information**

| Delinquency Based on Outstanding Balance of Loan? | Payment    | Balance    | Payment    | Payment    | Payment    | Payment    |           |
|---------------------------------------------------|------------|------------|------------|------------|------------|------------|-----------|
| <b>Delinquency</b>                                |            |            |            |            |            |            |           |
| 1 Day to 1 Month                                  | 0          | 0          | 0          | 0          | 0          | 0          | 0%        |
| TO 12 Months                                      | 0          | 0          | 0          | 0          | 0          | 0          | 0%        |
| More Than 12 Months                               | 0          | 0          | 0          | 0          | 0          | 0          | 0%        |
| <b>Total Balance Of Delinquent Loans</b>          | <b>0</b>   | <b>0</b>   | <b>0</b>   | <b>0</b>   | <b>0</b>   | <b>0</b>   | <b>0%</b> |
| Loans to Members (Gross)                          | 27,904,676 | 39,640,252 | 50,636,705 | 57,601,281 | 62,550,105 | 66,819,965 | 94%       |
| Accumulated Charge-Offs (Historical)              | 0          | 0          | 0          | 0          | 0          | 0          | 0%        |
| Recovery of Loans Charged-Off (Historical)        | 0          | 0          | 0          | 0          | 0          | 0          | 0%        |

148



Based on Local currency

Annual Goal

% Complete

31/12/1997 31/12/1998 31/12/1999 31/03/2000 30/06/2000 30/09/2000

**Non-Earning Assets****Liquid Assets**

|                             |               |                |                |                  |                |                |            |
|-----------------------------|---------------|----------------|----------------|------------------|----------------|----------------|------------|
| Cash & Equivalents          | 75,426        | 368,789        | 550,152        | 7,309,642        | 854,407        | 950,859        | 90%        |
| Current Accounts (Checking) | 0             | 0              | 252,012        | 0                | 0              | 0              | 0%         |
| Foreign Currency            | 0             | 0              | 0              | 0                | 0              | 0              | 0%         |
| Liquidity Reserves - CFF    | 0             | 0              | 0              | 0                | 0              | 0              | 0%         |
| Other Liquidity Reserves    | 0             | 0              | 0              | 0                | 0              | 0              | 0%         |
| Other Liquid Assets         | 0             | 0              | 0              | 0                | 0              | 0              | 0%         |
| <b>Total Liquid Assets</b>  | <b>75,426</b> | <b>368,789</b> | <b>802,164</b> | <b>7,309,642</b> | <b>854,407</b> | <b>950,859</b> | <b>90%</b> |

**Accounts Receivable**

|                                  |                  |                  |                  |                |                  |                  |            |
|----------------------------------|------------------|------------------|------------------|----------------|------------------|------------------|------------|
| Debtors                          | 252,012          | 252,012          | 0                | 252,012        | 252,012          | 0                | 0%         |
| Interest Receivable              | 0                | 0                | 0                | 0              | 0                | 0                | 0%         |
| Notes Receivable                 | 0                | 0                | 0                | 0              | 0                | 0                | 0%         |
| Payroll Deductions Receivable    | 3,285,061        | 3,912,601        | 4,697,734        | 0              | 6,436,923        | 7,402,308        | 87%        |
| Other Accounts Receivable        | 0                | 0                | 0                | 0              | 0                | 0                | 0%         |
| Receivable Loss Allowances       | 0                | 0                | 0                | 0              | 0                | 0                | 0%         |
| <b>Total Accounts Receivable</b> | <b>3,537,073</b> | <b>4,164,613</b> | <b>4,697,734</b> | <b>252,012</b> | <b>6,688,935</b> | <b>7,402,308</b> | <b>90%</b> |

**Fixed Assets**

|                                          |                  |                  |                  |                  |                  |                  |            |
|------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------|
| Land                                     | 7,864,598        | 8,284,287        | 8,429,428        | 8,485,842        | 6,485,842        | 6,493,842        | 100%       |
| Buildings (Cost)                         | 0                | 0                | 0                | 0                | 0                | 0                | 0%         |
| Accumulated Depreciation - Buildings     | 0                | 0                | 0                | 0                | 0                | 0                | 0%         |
| Leasehold Improvements                   | 0                | 0                | 209,735          | 188,762          | 188,762          | 188,762          | 100%       |
| Accum. Depreciation - Leasehold Improv.  | 0                | 0                | 0                | 0                | 0                | 0                | 0%         |
| Furniture & Equipment                    | 72,604           | 144,556          | 576,658          | 467,908          | 483,407          | 606,357          | 80%        |
| Accum. Depreciation - Furniture & Equip. | 0                | 0                | 0                | 0                | 0                | 0                | 0%         |
| <b>Total Net Fixed Assets</b>            | <b>7,937,202</b> | <b>8,428,843</b> | <b>9,215,821</b> | <b>9,142,511</b> | <b>7,158,010</b> | <b>7,288,960</b> | <b>98%</b> |

**Other Assets**

|                           |               |                |                |                |                |                |             |
|---------------------------|---------------|----------------|----------------|----------------|----------------|----------------|-------------|
| Assets in Liquidation     | 0             | 0              | 0              | 0              | 0              | 0              | 0%          |
| Organization Expenses     | 0             | 0              | 0              | 0              | 0              | 0              | 0%          |
| Prepaid Expenses          | 5,840         | 8,425          | 33,691         | 34,690         | 37,691         | 8,525          | 442%        |
| Other Deferred Assets     | 22,500        | 232,235        | 182,500        | 182,500        | 182,500        | 182,500        | 100%        |
| Accumulated Amortization  | 0             | 0              | 0              | 0              | 0              | 0              | 0%          |
| <b>Total Other Assets</b> | <b>28,340</b> | <b>240,660</b> | <b>216,191</b> | <b>217,190</b> | <b>220,191</b> | <b>191,025</b> | <b>115%</b> |

**Problem Assets**

|                                 |              |          |          |                |          |                |           |
|---------------------------------|--------------|----------|----------|----------------|----------|----------------|-----------|
| Doubtful Assets                 | 0            | 0        | 0        | 0              | 0        | 0              | 0%        |
| Accounting Discrepancy - Assets | 5,000        | 0        | 0        | 318,779        | 0        | 297,350        | 0%        |
| Other Problem Assets            | 2            | 3        | 0        | 0              | 0        | 252,012        | 0%        |
| <b>Total Problem Assets</b>     | <b>5,002</b> | <b>3</b> | <b>0</b> | <b>318,779</b> | <b>0</b> | <b>549,362</b> | <b>0%</b> |

**Total Non-Earning Assets**

|                                 |                   |                   |                   |                   |                   |                   |            |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------|
| <b>Total Non-Earning Assets</b> | <b>11,583,043</b> | <b>13,202,908</b> | <b>14,931,910</b> | <b>17,240,134</b> | <b>14,921,543</b> | <b>16,382,514</b> | <b>91%</b> |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------|

|                     |                   |                   |                   |                   |                   |                   |            |
|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------|
| <b>Total Assets</b> | <b>42,456,605</b> | <b>56,042,573</b> | <b>71,183,623</b> | <b>78,689,054</b> | <b>80,960,627</b> | <b>87,078,387</b> | <b>93%</b> |
|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------|

Based on Local currency

Annual Goal

% Complete

31/12/1997 31/12/1998 31/12/1999 31/03/2000 30/06/2000 30/09/2000

**LIABILITIES**

**INTEREST BEARING LIABILITIES**

*Savings Deposits*

|                               |          |          |                  |                  |                  |                  |            |
|-------------------------------|----------|----------|------------------|------------------|------------------|------------------|------------|
| Regular Savings               | 0        | 0        | 0                | 0                | 0                | 0                | 0%         |
| Term/Fixed Savings            | 0        | 0        | 0                | 0                | 0                | 0                | 0%         |
| Youth Savings                 | 0        | 0        | 0                | 0                | 0                | 0                | 0%         |
| Special Savings               | 0        | 0        | 2,551,753        | 2,951,720        | 4,984,107        | 7,074,334        | 70%        |
| Pledged Savings               | 0        | 0        | 0                | 0                | 0                | 0                | 0%         |
| <b>Total Savings Deposits</b> | <b>0</b> | <b>0</b> | <b>2,551,753</b> | <b>2,951,720</b> | <b>4,984,107</b> | <b>7,074,334</b> | <b>70%</b> |

*External Credit*

|                                               |                   |                  |                   |                   |                   |                   |             |
|-----------------------------------------------|-------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------|
| External Credit - CFF (<= 1 Year)             | 0                 | 0                | 0                 | 0                 | 0                 | 0                 | 0%          |
| External Credit - CFF (> 1 Year)              | 824,585           | 0                | 1,897,329         | 1,337,328         | 963,694           | 403,693           | 239%        |
| External Credit - Banks                       | 10,212,949        | 8,567,337        | 6,841,177         | 10,823,256        | 9,528,733         | 9,548,785         | 100%        |
| Other External Credit - External Institutions | 0                 | 0                | 0                 | 0                 | 0                 | 0                 | 0%          |
| <b>Total External Credit</b>                  | <b>11,037,534</b> | <b>8,567,337</b> | <b>8,738,506</b>  | <b>12,160,584</b> | <b>10,492,427</b> | <b>9,952,478</b>  | <b>105%</b> |
| <b>Total Interest Bearing Liabilities</b>     | <b>11,037,534</b> | <b>8,567,337</b> | <b>11,290,259</b> | <b>15,112,304</b> | <b>15,476,534</b> | <b>17,026,812</b> |             |

**Non-Interest Bearing Liabilities**

|                                               |                   |                   |                   |                   |                   |                   |            |
|-----------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------|
| Short-Term Accounts Payable (<=30 Days)       | 0                 | 54,887            | 462,306           | 108,747           | 62,500            | 94,883            | 66%        |
| External Credit Payments (<=30 Days)          | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%         |
| Provisions (e.g. Employee Benefits)           | 913,993           | 48,827            | 0                 | 53,731            | 104,378           | 70,927            | 147%       |
| Accounting Discrepancy - Liabilities          | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%         |
| Other Liabilities                             | 719,072           | 2,759,199         | 342,710           | 9,967,495         | 6,065,116         | 6,245,507         | 97%        |
| <b>Total Non-Interest Bearing Liabilities</b> | <b>1,633,065</b>  | <b>2,862,913</b>  | <b>805,016</b>    | <b>10,129,973</b> | <b>6,231,994</b>  | <b>6,411,317</b>  | <b>97%</b> |
| <b>Total Liabilities</b>                      | <b>12,670,599</b> | <b>11,430,250</b> | <b>12,095,275</b> | <b>25,242,277</b> | <b>21,708,528</b> | <b>23,438,129</b> | <b>93%</b> |

**CAPITAL**

*Share Capital*

|                                   |                   |                   |                   |                   |                   |                   |            |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------|
| Mandatory Shares                  | 29,552,948        | 37,541,900        | 49,181,468        | 52,607,267        | 54,965,828        | 58,257,915        | 94%        |
| Voluntary Shares                  | 0                 | 6,800,000         | 6,580,000         | 0                 | 0                 | 0                 | 0%         |
| <b>Total Member Share Capital</b> | <b>29,552,948</b> | <b>44,341,900</b> | <b>55,761,468</b> | <b>52,607,267</b> | <b>54,965,828</b> | <b>58,257,915</b> | <b>94%</b> |

*Transitory Capital*

|                                  |               |               |                  |                |                  |                  |            |
|----------------------------------|---------------|---------------|------------------|----------------|------------------|------------------|------------|
| Asset Appreciation Over Cost     | 0             | 0             | 0                | 0              | 0                | 0                | 0%         |
| Education & Social Reserves      | 0             | 0             | 958,347          | 0              | 0                | 0                | 0%         |
| Monetary Reserves                | 0             | 0             | 0                | 0              | 0                | 0                | 0%         |
| Other Reserves                   | 0             | 0             | 0                | 0              | 0                | 0                | 0%         |
| Accounting Discrepancy - Capital | 0             | 0             | 0                | 0              | 0                | 0                | 0%         |
| Undistributed Net Income         | 17,467        | 28,696        | 2,121,806        | 566,372        | 4,011,633        | 5,106,705        | 79%        |
| <b>Total Transitory Capital</b>  | <b>17,467</b> | <b>28,696</b> | <b>3,080,153</b> | <b>566,372</b> | <b>4,011,633</b> | <b>5,106,705</b> | <b>79%</b> |

*Institutional Capital*

|                                    |                |                |                |                |                |                |             |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|-------------|
| Statutory & Legal Reserves         | 175,941        | 197,577        | 197,577        | 222,188        | 222,188        | 222,188        | 100%        |
| Retained Earnings                  | 0              | 0              | 0              | 0              | 0              | 0              | 0%          |
| Special Asset Reserves             | 0              | 0              | 0              | 0              | 0              | 0              | 0%          |
| Donations / Other Reserves         | 39,650         | 44,150         | 49,150         | 50,950         | 52,450         | 53,450         | 98%         |
| Undistributed Losses               | 0              | 0              | 0              | 0              | 0              | 0              | 0%          |
| Net Income (Loss) Transfer         | 0              | 0              | 0              | 0              | 0              | 0              | 0%          |
| <b>Total Institutional Capital</b> | <b>215,591</b> | <b>241,727</b> | <b>246,727</b> | <b>273,138</b> | <b>274,638</b> | <b>275,638</b> | <b>100%</b> |

**Total Capital**

|                                      |                   |                   |                   |                   |                   |                   |            |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------|
| <b>Total Capital</b>                 | <b>29,786,006</b> | <b>44,612,323</b> | <b>59,088,348</b> | <b>53,446,777</b> | <b>59,252,099</b> | <b>63,640,257</b> | <b>93%</b> |
| <b>Total Liabilities and Capital</b> | <b>42,456,605</b> | <b>56,042,573</b> | <b>71,183,623</b> | <b>78,689,054</b> | <b>80,960,627</b> | <b>87,078,387</b> | <b>93%</b> |

150

|                                               | 31/12/1997       | 31/12/1998       | 31/12/1999       | 31/03/2000       | 30/06/2000       | 30/09/2000       | % Complete    |
|-----------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|---------------|
| Number of Credit Unions in this Report        | 1                | 1                | 1                | 1                | 1                | 1                |               |
| <b>INCOME</b>                                 |                  |                  |                  |                  |                  |                  |               |
| <b>INCOME FROM LOANS</b>                      |                  |                  |                  |                  |                  |                  |               |
| Interest Income from Loans                    | 3,180,006        | 4,405,090        | 5,478,698        | 1,761,590        | 3,993,831        | 6,179,584        | 64.63%        |
| Delinquent Penalty Interest Income from Loans | 0                | 0                | 0                | 0                | 0                | 0                | 0.00%         |
| Commissions/Fees from Loans                   | 0                | 0                | 0                | 0                | 0                | 0                | 0.00%         |
| Insurance Premiums for Loans                  | 0                | 0                | 0                | 0                | 0                | 0                | 0.00%         |
| <b>NET LOAN INCOME</b>                        | <b>3,180,006</b> | <b>4,405,090</b> | <b>5,478,698</b> | <b>1,761,590</b> | <b>3,993,831</b> | <b>6,179,584</b> | <b>64.63%</b> |
| Income from Liquid Investments                | 12,800           | 24,800           | 35,155           | 0                | 69,784           | 69,784           | 100.00%       |
| Income from Financial Investments             | 4,395            | 15,260           | 25,960           | 0                | 21,314           | 21,314           | 100.00%       |
| Income from Non-Financial Investments         | 0                | 0                | 0                | 0                | 0                | 0                | 0.00%         |
| Income from Grants                            | 0                | 0                | 0                | 0                | 0                | 0                | 0.00%         |
| Income from Other Sources                     | 0                | 0                | 1,300            | 4,100            | 7,200            | 52,000           | 13.85%        |
| <b>Gross Income</b>                           | <b>3,197,201</b> | <b>4,445,150</b> | <b>5,541,113</b> | <b>1,765,690</b> | <b>4,092,129</b> | <b>6,322,682</b> | <b>64.72%</b> |
| <b>COSTS/EXPENSES</b>                         |                  |                  |                  |                  |                  |                  |               |
| <b>FINANCIAL COSTS</b>                        |                  |                  |                  |                  |                  |                  |               |
| Interest Expense on Savings Deposits          | 0                | 0                | 0                | 0                | 0                | 0                | 0.00%         |
| Insurance Premiums for Savings                | 0                | 0                | 0                | 0                | 0                | 0                | 0.00%         |
| Financial Cost - Savings Deposits             | 0                | 0                | 0                | 0                | 0                | 0                | 0.00%         |
| Financial Cost on External Credit             | 805,876          | 911,043          | 1,081,539        | 545,504          | 684,331          | 985,588          | 69.43%        |
| Dividend Expense on Shares                    | 877,578          | 1,414,781        | 1,907,813        | 0                | 0                | 0                | 0.00%         |
| Insurance Premiums for Shares                 | 0                | 0                | 0                | 0                | 0                | 0                | 0.00%         |
| Financial Cost - Shares                       | 877,578          | 1,414,781        | 1,907,813        | 0                | 0                | 0                | 0.00%         |
| Taxes on Interest Paid                        | 0                | 0                | 0                | 0                | 0                | 0                | 0.00%         |
| Other Financial Costs                         | 197,163          | 213,944          | 306,593          | 327,513          | 367,856          | 789,530          | 46.59%        |
| <b>TOTAL FINANCIAL COSTS</b>                  | <b>1,880,617</b> | <b>2,539,768</b> | <b>3,295,945</b> | <b>873,017</b>   | <b>1,052,187</b> | <b>1,775,118</b> | <b>59.27%</b> |
| Gross Margin                                  | 1,316,584        | 1,905,382        | 2,245,168        | 892,673          | 3,039,942        | 4,547,564        | 66.85%        |
| <b>OPERATING EXPENSES</b>                     |                  |                  |                  |                  |                  |                  |               |
| Personnel                                     | 179,284          | 382,273          | 636,755          | 173,186          | 420,678          | 572,315          | 73.50%        |
| Governance                                    | 603,412          | 825,924          | 826,259          | 67,535           | 504,055          | 772,580          | 65.24%        |
| Marketing                                     | 25,100           | 37,133           | 39,300           | 140,424          | 108,517          | 270,293          | 40.15%        |
| Depreciation                                  | 11,611           | 42,765           | 129,724          | 0                | 0                | 0                | 0.00%         |
| Administration                                | 482,421          | 584,422          | 587,338          | 13,633           | 67,984           | 147,852          | 45.98%        |
| <b>TOTAL OPERATING EXPENSES</b>               | <b>1,301,828</b> | <b>1,872,517</b> | <b>2,219,376</b> | <b>394,778</b>   | <b>1,101,234</b> | <b>1,763,040</b> | <b>62.46%</b> |
| Provision for Risk Assets                     | 0                | 0                | 0                | 0                | 0                | 0                | 0.00%         |
| <b>Net Income from Operations</b>             | <b>14,756</b>    | <b>32,865</b>    | <b>25,792</b>    | <b>497,895</b>   | <b>1,938,708</b> | <b>2,784,524</b> | <b>69.62%</b> |
| <b>OTHER INCOME / EXPENSE</b>                 |                  |                  |                  |                  |                  |                  |               |
| Previous period adjustments (Net)             | 0                | 0                | 0                | 0                | 0                | 0                | 0.00%         |
| Extraordinary Items (Net)                     | 0                | 0                | 0                | 0                | 0                | 0                | 0.00%         |
| <b>TOTAL OTHER INCOME/EXPENSE</b>             | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0.00%</b>  |
| <b>Net Income/Loss</b>                        | <b>14,756</b>    | <b>32,865</b>    | <b>25,792</b>    | <b>497,895</b>   | <b>1,938,708</b> | <b>2,784,524</b> | <b>69.62%</b> |

|                                               | 31-Dec-98 | 31-Dec-99 | 31-Mar-00 | 30-Jun-00 | 30-Sep-00 |
|-----------------------------------------------|-----------|-----------|-----------|-----------|-----------|
| <b>Number of Credit Unions in this Report</b> | 1         | 1         | 1         | 1         | 1         |
| <b>Salary Burden</b>                          |           |           |           |           |           |
| Number Of Loans / Number of Loan Officers     | 0         | 0         | 0         | 0         | 0         |
| Amount Of Loans / Number of Loan Officers     | 0         | 0         | 0         | 0         | 0         |
| <b>Adjusted Returns*</b>                      |           |           |           |           |           |
| Capital                                       | -1394.80% | -26.54%   | -352.35%  | -47.87%   | -26.67%   |
| Assets                                        | -7.66%    | -1.39%    | -3.95%    | -2.57%    | -1.71%    |
| <b>Sufficiency Ratios**</b>                   |           |           |           |           |           |
| Operational Self Sufficiency                  | 100.74%   | 100.47%   | 139.27%   | 190.03%   | 178.70%   |
| Financial Self Sufficiency                    | 52.72%    | 82.33%    | 34.96%    | 62.84%    | 73.97%    |
| Subsidy Dependency Index                      | 87.02%    | 20.23%    | 12.46%    | 40.52%    | 49.47%    |
| <b>Efficiency Ratios***</b>                   |           |           |           |           |           |
| Portfolio Turnover                            | 34.75%    | 24.36%    | NA        | 19.83%    | NA        |
| Administrative Efficiency                     | 5.54%     | 4.92%     | 0.73%     | 1.83%     | 2.73%     |

1. The RATE used in the calculation of all ratios is inflation or market rate of the product (savings, credit, etc.), whichever is higher.

2. Required Provision Expenses are 100% of all loans delinquent greater than 12 months and either the WOCCU standard of 35% of loans delinquent from 1-12 months or local requirements where appropriate.

**\*Explanation of Adjusted Return Ratios**

*Adjusted return on Capital*

$(\text{Gross Income} - \text{Operating Subsidies} - ((\text{Average Deposits Balance} * \text{RATE}) + (\text{Average External Credit Balance} * \text{RATE}) + (\text{Average Share Balance} * \text{RATE}) + \text{Operating Expenses} + \text{Required Provision Expenses})) / (\text{Institutional Capital} + \text{Transitory Capital})$

*Adjusted Return on Assets*

$(\text{Gross Income} - \text{Operating Subsidies} - ((\text{Average Deposits Balance} * \text{RATE}) + (\text{Average External Credit Balance} * \text{RATE}) + (\text{Average Share Balance} * \text{RATE}) + \text{Operating Expenses} + \text{Required Provision Expenses})) / \text{Avg. Assets}$

**\*\*Explanation of Sufficiency Ratios**

*Operational Self Sufficiency*

$(\text{Gross Income} - \text{Operating Subsidies}) / (\text{Deposit Costs} + \text{External Credit Costs} + \text{Share Costs} + \text{Operating Expenses} + \text{Provision Expenses} + \text{Other Expenses} + \text{Operating Subsidies})$

*Financial Self Sufficiency*

$(\text{Gross Income} - \text{Operating Subsidies}) / ((\text{Average Deposits Balance} * \text{RATE}) + (\text{Average External Credit Balance} * \text{RATE}) + (\text{Average Share Balance} * \text{RATE}) + \text{Operating Expenses} + \text{Required Provision Expenses} + \text{Other Expenses} + \text{Operating Subsidies})$

*Subsidy Dependency Index*

$([\text{Average Deposits Balance} * (\text{RATE} - \text{Weighted Interest Rate } \{R5\})] + [\text{Average External Credit Balance} * (\text{RATE} - \text{Weighted Rate } \{R6\})] - [\text{Average Share Balance} * (\text{RATE} - \text{Weighted Interest Rate } \{R7\})] + [(\text{Institutional Capital} + \text{Transitory Capital}) * \text{RATE } \{\text{Savings}\}] + \text{Subsidies}) / (\text{Average Loan Portfolio} * \text{Annualized Loan Interest Rate } \{R1\})$

**\*\*\*Explanation of Efficiency Ratios**

*Portfolio Turnover*

Amount of Loans Disbursed During Current Reporting Period / Gross Average Loan Portfolio

*Administrative Efficiency*

Operating Expenses / Average Gross Loan Portfolio



World Council of Credit Unions, Inc.

**Microfinance Expansion Program (MEP)  
4<sup>th</sup> QUARTER 2000 REPORT**

**Mungania Tea Growers  
Savings and Credit Cooperative (SACCO)**

**Nairobi, Kenya  
February 16, 2001**

Microfinance Expansion  
Programme (MEP)  
Isaac Gathanju Road  
Off James Gichuru Road, Lavington  
P.O. Box 979 Village Market  
Nairobi, Kenya

Phone: (254) 2-48053/48122/7/9

Fax: (254) 2-48112

[www.wccu-net.com](http://www.wccu-net.com)

***"Quality  
Credit Unions  
for Everyone"***

World Council of Credit Unions, Inc. (WOCCU), Kenya  
 Microfinance Expansion Program (MEP)  
 Mungania Tea Growers' SACCO  
 4<sup>th</sup> Quarter, 2000, PEARLS Analysis

| SACCO Prudential Standards           | Analysis of Mungania Tea Growers' SACCO's Status<br>By the end of the 4 <sup>th</sup> Quarter, 2000 <sup>1</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|--------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Protection</i>                    | <ul style="list-style-type: none"> <li>• Mungania SACCO does not provide for loan losses. The SACCO is being advised to provision for loan losses; formal training and plans will be drawn up in accordance with the Participation Agreement. In addition the Loan Portfolio Analysis Tool has been installed in their computers to help measure accurately the level of delinquency.</li> <li>• Mungania Tea Growers' SACCO does not charge-off loans delinquent over 12 months; formal charging off plans will be presented to the board and management as per the Participation Agreement.</li> <li>• Mungania Tea Growers' SACCO is fully solvent at 109.94%, and has a positive net institutional capital of 1.31%, both positive indicators. WOCCU has advised the SACCO on the importance of sufficient Institutional Capital. The SACCO is committed to growing its Institutional Capital.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <i>Effective Financial Structure</i> | <ul style="list-style-type: none"> <li>• Though the SACCO improved on its productive assets, it did not attain the ideal asset structure with productive assets being 75.54% of total assets only:           <ul style="list-style-type: none"> <li>• Loans improved by 1.15% to 56.31% compared to 55.16% for June, though below the recommended level;</li> <li>• Liquid investments dropped marginally to 0.29%;</li> <li>• Financial investments slightly went up by 0.06% to stand at 18.94%, which is above the recommended level;</li> <li>• The SACCO does not have non-financial investments;</li> </ul> </li> <li>• Mungania Tea Growers' SACCO has not attained the ideal asset financing structure:           <ul style="list-style-type: none"> <li>• Savings Deposits – 13.28%, down from 20.35% in June, 2000;</li> <li>• External Credit hit 40.08% level, 6.02% up compared to June, 2000;</li> <li>• Member Share Capital proportion to total assets was 38.43%, up from 38.22% in June, 2000;</li> <li>• Institutional Capital dropped marginally to 2.49% compared to 2.56% in June, 2000.</li> </ul> </li> </ul> <p><i>Financial investments are high due to the SACCO's bankers requirements that the overdraft facility be 50% secured by deposits in the bank;</i></p> <p><i>External credit went up due to the increased demand for loans; WOCCU is working very closely with the SACCO to improve the quality and variety of the SACCO's front office services in order to attract more savers. A member survey has already been completed by WOCCU.</i></p> <p><i>On Institutional capital the SACCO has been advised on how to grow Institutional reserves; the ratio will go up at the end of the year when the SACCO will capitalize 25% of its net income to statutory and legal reserves;</i></p> <p><i>WOCCU has done follow up training on the PEARLS tool and has advised the board and management on how to start changing the SACCO's assets and liabilities to attain the ideal structure. A tentative business plan for 2001 has been developed with the management and will be presented to the board for approval.</i></p> |

<sup>1</sup> The 4<sup>th</sup> quarter report presents an analysis of financial information as at September 30, 2000.

**World Council of Credit Unions, Inc. (WOCCU), Kenya**  
**Microfinance Expansion Program (MEP)**  
**Mungania Tea Growers' SACCO**  
**4<sup>th</sup> Quarter, 2000, PEARLS Analysis**

| SACCO Prudential Standards       | Analysis of Mungania Tea Growers' SACCO's Status<br>By the end of the 4 <sup>th</sup> Quarter, 2000 <sup>2</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Asset Quality</i>             | <ul style="list-style-type: none"> <li>• Delinquency is negligible and is coming down (from 2.19% in June 2000 to 1.74% in September 2000), <i>since Mungania Tea Growers' SACCO has a check-off arrangement with the marketing agent; WOCCU continues to encourage the SACCO to provide for Loan Losses. The Loan Portfolio Analysis Tool has been installed in their computers to help measure the level of delinquency accurately.</i></li> <li>• Non-earning Assets, at 24.46%, are higher than the recommended less than 5% of total assets, <i>mainly because of the SACCO's investment in a leasehold building, huge funds in its checking account and cash on hand and accrued interest income;</i></li> <li>• Mungania Tea Growers' SACCO is financing some of its non-earning assets from interest bearing liabilities – zero cost funds stand at 28.77% - <i>this is due to the high level of non-earning liquid assets as noted above, and investment in a leasehold building. The SACCO has been advised on how to change its asset and Liability composition.</i></li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <i>Rates of return and costs</i> | <ul style="list-style-type: none"> <li>• The effective loan yield, at 38.73%, is high and above market – <i>it is comparable to the nominal rate that the SACCO charges;</i></li> <li>• Liquid investments reported no yield;</li> <li>• Financial Investments reported a minimal yield of 2.38%;</li> <li>• Mungania Tea Growers' does not have non-financial investments.</li> </ul> <p><i>The liquid and financial investments pay a return semi-annually/ annually (bank savings accounts, Central Finance deposits, etc).</i></p> <p><i>The SACCO continued to charge a high interest rate as a result of using expensive external credit to fund Loans. WOCCU continues to emphasize on Savings mobilization rather than reliance on external credit.</i></p> <ul style="list-style-type: none"> <li>• Financial costs on savings deposits at 3.24% are moderate, <i>but are comparable to the market;</i></li> <li>• External credit costs are high, at 14.75%, <i>but below the market (20.60%) – WOCCU is advising the SACCO to mobilize savings and reduce reliance on external credit;</i></li> <li>• No dividends on member shares; <i>the SACCO does not accrue for dividend costs (dividends are determined annually, post net income);</i></li> <li>• Gross margin and Net income (at 16.36% and 5.98% respectively) are both relatively high, <i>primarily because the SACCO does not accrue for member dividends;</i></li> <li>• Operating expenses, at 10.36%, are above the 10.00% maximum recommended (but down from 10.51% in June, 2000); <i>the SACCO offers front office services, with manual operations – inducing high staff numbers and personnel costs;</i></li> <li>• The SACCO does not have provisions costs as noted above.</li> </ul> |

<sup>2</sup> The 4<sup>th</sup> quarter report presents an analysis of financial information as at September 30, 2000.

World Council of Credit Unions, Inc. (WOCCU), Kenya  
 Microfinance Expansion Program (MEP)  
 Mungania Tea Growers' SACCO  
 4<sup>th</sup> Quarter, 2000, PEARLS Analysis

| SACCO Prudential Standards | Analysis of Mungania Tea Growers' SACCO's Status<br>By the end of the 4 <sup>th</sup> Quarter, 2000 <sup>3</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Liquidity</i>           | <ul style="list-style-type: none"> <li>• The SACCO's liquidity level, at 26.89%, is adequate and above the PEARLS recommended minimum of 15%. <i>The SACCO's is able to honor its short-term maturing obligations.</i></li> <li>• Non-earning liquid assets are high at 4.20%, <i>due to the huge cash on hand and checking account balances noted above;</i></li> <li>• The SACCO has no money in the CFF, <i>because the league does not offer liquidity reserve facilities;</i></li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <i>Signs of Growth</i>     | <ul style="list-style-type: none"> <li>• Total assets registered excellent growth, at 61.41%, <i>which is well above inflation (8.20%);</i></li> <li>• Loans registered excellent growth, at 358.33% <i>(this is higher than total assets growth – an excellent trend);</i></li> <li>• Savings deposits dropped by 41.47%, <i>with the help of WOCCU the SACCO will design various savings products with a view to increasing savings deposits;</i></li> <li>• External credit grew by 594.94%, a reduction from the June 2000 702.69% growth; <i>the dangers of dependency on external credit have been explained to the SACCO;</i></li> <li>• Institutional capital grew by 37.58%; <i>the SACCO has been encouraged to keep up the trend and build up its reserves to the recommended level;</i></li> <li>• Membership grew by 15.25% - <i>the SACCO has embarked on serious recruitment drives spearheaded by the marketing officer hired by the SACCO with the help of WOCCU.</i></li> </ul> |

<sup>3</sup> The 4<sup>th</sup> quarter report presents an analysis of financial information as at September 30, 2000.



Based on Local currency

Annual  
Goal % Complete

| P-E-A-R-L-S RATIOS                              |                                                             | Goals                            | 31-Dec-97 | 31-Dec-98 | 31-Dec-99 | 31-Mar-00 | 30-Jun-00 | 30-Sep-00 |       |
|-------------------------------------------------|-------------------------------------------------------------|----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-------|
| Number of Credit Unions in this Report          |                                                             |                                  | 1         | 1         | 1         | 1         | 1         | 1         |       |
| <b>P PROTECTION</b>                             |                                                             |                                  |           |           |           |           |           |           |       |
| 1.                                              | Loan Loss Allowances / Delinq. >12 Mo.                      | 100%                             | NA        |           |           |           |           |           |       |
| 2.                                              | Net Loan Loss Allow. / Allow. Required for Delinq. 1-12 Mo. | 100% of Goal                     | NA        |           |           |           |           |           |       |
| 3.                                              | Complete Loan Charge-Off of Delinquency > 12 Mo.            | Yes                              | Yes       | No        | No        | No        | No        | No        | 0%    |
| 4.                                              | Annual Loan Charge-offs / Average Loan Portfolio            | Minimized                        | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%    |
| 5.                                              | Accum. Charge-Offs Recovered / Accum Charge-Offs            | 100%                             | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%    |
| 6.                                              | Solvency                                                    | Min 100%                         | 106.65%   | 103.07%   | 102.52%   | 105.60%   | 107.47%   | 109.94%   | 98%   |
| 7.                                              | Net Institutional Capital                                   | Minimum 10%                      | 2.25%     | -0.45%    | -0.94%    | -0.29%    | 1.27%     | 1.31%     | 97%   |
| <b>E EFFECTIVE FINANCIAL STRUCTURE</b>          |                                                             |                                  |           |           |           |           |           |           |       |
| 1.                                              | Net Loans / Total Assets                                    | Between 70 - 80%                 | 19.99%    | 6.83%     | 22.29%    | 54.53%    | 55.16%    | 56.31%    | 98%   |
| 2.                                              | Liquid Investments / Total Assets                           | Max 20 %                         | 2.31%     | 23.61%    | 23.59%    | 4.97%     | 0.33%     | 0.29%     | 115%  |
| 3.                                              | Financial Investments / Total Assets                        | Max 10 %                         | 27.39%    | 34.24%    | 26.74%    | 19.09%    | 18.88%    | 18.94%    | 100%  |
| 4.                                              | Non-Financial Investments / Total Assets                    | 0%                               | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%    |
| 5.                                              | Savings Deposits / Total Assets                             | Between 70 - 80%                 | 0.00%     | 36.34%    | 28.17%    | 17.53%    | 20.35%    | 13.28%    | 153%  |
| 6.                                              | External Credit / Total Assets                              | 0                                | 3.68%     | 2.78%     | 10.71%    | 37.46%    | 34.06%    | 40.08%    | 85%   |
| 7.                                              | Member Share Capital / Total Assets                         | Max 20 %                         | 87.89%    | 49.58%    | 52.00%    | 38.20%    | 38.22%    | 38.43%    | 99%   |
| 8.                                              | Institutional Capital / Total Assets                        | Minimum 10%                      | 2.25%     | 2.18%     | 2.83%     | 1.17%     | 2.56%     | 2.49%     | 103%  |
| <b>A ASSET QUALITY</b>                          |                                                             |                                  |           |           |           |           |           |           |       |
| 1.                                              | Total Delinquency / Gross Loan Portfolio                    | Less Than or Equal To 5%         | 0.00%     | 80.06%    | 34.17%    | 3.01%     | 2.19%     | 1.74%     | 125%  |
| 2.                                              | Non-Earning Assets / Total Assets                           | Less Than or Equal To 5%         | 50.31%    | 35.32%    | 27.38%    | 21.41%    | 25.63%    | 24.46%    | 105%  |
| 3.                                              | Net Zero Cost Funds / Non-earning. Assets                   | Greater Than or Equal To 100%    | 16.76%    | 24.55%    | 19.55%    | 24.95%    | 23.72%    | 28.77%    | 82%   |
| <b>R RATES OF RETURN AND COSTS (ANNUALIZED)</b> |                                                             |                                  |           |           |           |           |           |           |       |
| 1.                                              | Net Loan Income / Average Net Loan Portfolio                | Enterprenurial Rate              | 231.51%   | 256.86%   | 110.74%   | 32.74%    | 43.66%    | 38.73%    | 113%  |
| 2.                                              | Liquid Inv. Income / Avg. Liquid Investments                | Market Rates                     | 47.50%    | 11.95%    | 6.27%     | 0.00%     | 0.00%     | 0.00%     | 0%    |
| 3.                                              | Fin. Investment Income / Avg. Fin. Investments              | Market Rates                     | 0.00%     | 0.89%     | 0.00%     | 0.00%     | 0.00%     | 2.38%     | 0%    |
| 4.                                              | Non-Fin. Inv. Income / Avg. Non-Fin. Investmmts             | Greater Than or Equal to R1      | NA        | NA        | NA        | NA        | NA        | NA        | NA    |
| 5.                                              | Fin Costs: Savings Deposits / Avg. Savings Deposits         | Market Rates                     | NA        | 1.85%     | 3.81%     | 3.17%     | 2.82%     | 3.24%     | 87%   |
| 6.                                              | Fin Costs: External Credit / Avg. External Credit           | Less Than or Equal to R5         | 820.11%   | 635.32%   | 77.66%    | 10.00%    | 18.33%    | 14.75%    | 124%  |
| 7.                                              | Fin Costs: Member Shares / Avg. Member Shares               | Greater Than or Equal to R5      | 0.08%     | 0.00%     | 5.86%     | 0.00%     | 0.00%     | 0.00%     | 0%    |
| 8.                                              | Gross Margin / Average Assets                               | Amount Needed to Cover R9, R10   | 24.52%    | 19.52%    | 16.51%    | 15.91%    | 18.15%    | 16.36%    | 111%  |
| 9.                                              | Operating Expenses / Average Assets                         | 3 -10%                           | 21.34%    | 16.08%    | 13.12%    | 12.11%    | 10.51%    | 10.36%    | 101%  |
| 10.                                             | Provisions for Risk Assets / Average Assets                 | Sufficient for Estimated Losses  | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%    |
| 11.                                             | Other Income or Expense / Average Assets                    | Amount Needed                    | 2.53%     | 1.73%     | 1.27%     | 0.00%     | 0.34%     | 0.03%     | 1087% |
| 12.                                             | Net Income / Average Assets                                 | Enough to reach the goal for E8  | 0.65%     | 1.72%     | 2.12%     | 3.80%     | 7.30%     | 5.98%     | 122%  |
| <b>L LIQUIDITY</b>                              |                                                             |                                  |           |           |           |           |           |           |       |
| 1.                                              | Liquid Assets - ST Payables / Total Deposits                | Minimum 15%                      | NA        | 91.68%    | 120.48%   | 68.34%    | 43.16%    | 26.89%    | 161%  |
| 2.                                              | Liquidity Reserves / Total Savings Deposits                 | 10%                              | NA        | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%    |
| 3.                                              | Non-Earning Liquid Assets / Total Assets                    | Less Than 1 %                    | 18.05%    | 9.84%     | 11.15%    | 7.72%     | 8.87%     | 4.20%     | 211%  |
| 4.                                              | Deposits in CFF / Total Available Liquidity                 | Maximum Amount                   | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%    |
| <b>S SIGNS OF GROWTH (ANNUAL GROWTH RATES)</b>  |                                                             |                                  |           |           |           |           |           |           |       |
| 1.                                              | Total Assets                                                | More Than Inflation              | 104.48%   | 99.27%    | 33.90%    | 160.52%   | 83.51%    | 61.41%    | 136%  |
| 2.                                              | Loans to Members                                            | Sufficient to Achieve Goal in E1 | 140.21%   | -31.93%   | 337.17%   | 972.50%   | 502.26%   | 358.33%   | 140%  |
| 3.                                              | Savings Deposits                                            | Sufficient to Achieve Goal in E5 | 0.00%     | 100.00%   | 3.80%     | -51.54%   | 4.61%     | -41.47%   | -899% |
| 4.                                              | External Credit                                             | 0%                               | 100.00%   | 50.60%    | 415.99%   | 1562.92%  | 702.69%   | 594.94%   | 118%  |
| 5.                                              | Share Capital                                               | Sufficient to Achieve Goal in E7 | 103.45%   | 12.42%    | 40.42%    | 11.55%    | 8.26%     | 10.63%    | 78%   |
| 6.                                              | Institutional Capital                                       | Sufficient to Achieve Goal in E8 | 70.36%    | 92.57%    | 74.27%    | -169.54%  | 56.39%    | 37.58%    | 150%  |
| 7.                                              | Membership                                                  | Minimum 5%                       | 100.00%   | 3.57%     | 3.45%     | 8.14%     | 13.80%    | 15.25%    | 90%   |
| Inflation Rate (Annualized)                     |                                                             |                                  | 11.20%    | 10.60%    | 5.10%     | 6.30%     | 7.30%     | 8.20%     |       |

Based on Local currency

Annual Goal

% Complete

|                                                             | 31/12/1997   | 31/12/1998   | 31/12/1999   | 31/03/2000   | 30/06/2000   | 30/09/2000   |               |
|-------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Number of Credit Unions in this Report                      | 1            | 1            | 1            | 1            | 1            | 1            |               |
| <b>Number Of CU Members</b>                                 |              |              |              |              |              |              |               |
| Men                                                         | 2,450        | 2,538        | 2,626        | 2,679        | 2,806        | 2,926        | 95.90%        |
| Women                                                       | 1,634        | 1,692        | 1,750        | 1,786        | 1,871        | 1,951        | 95.90%        |
| Gender not Reported                                         | 0            | 0            | 0            | 0            | 0            | 0            | 0.00%         |
| <b>Total Number Of Members</b>                              | <b>4,084</b> | <b>4,230</b> | <b>4,376</b> | <b>4,465</b> | <b>4,677</b> | <b>4,877</b> | <b>95.90%</b> |
| <b>Number of Other Service Users</b>                        |              |              |              |              |              |              |               |
| Youth                                                       | 0            | 0            | 0            | 0            | 0            | 0            | 0.00%         |
| Third Parties                                               | 0            | 0            | 0            | 0            | 0            | 0            | 0.00%         |
| <b>Total Number of Other CU Service Users</b>               | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0.00%</b>  |
| <b>Total Number Of Members &amp; Other CU Service Users</b> | <b>4,084</b> | <b>4,230</b> | <b>4,376</b> | <b>4,465</b> | <b>4,677</b> | <b>4,877</b> | <b>95.90%</b> |

**Assets**

**Earning Assets**

**Loans to Members**

|                         |                  |                  |                   |                   |                   |                   |            |
|-------------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|------------|
| Short Term (<=1 Year)   | 2,292,959        | 1,979,419        | 6,026,875         | 39,738,581        | 42,127,160        | 45,975,344        | 92%        |
| Medium-Term (1-3 Years) | 2,202,922        | 1,080,778        | 7,351,302         | 6,076,159         | 4,755,522         | 3,388,220         | 140%       |
| Long-Term (> 3 Years)   | 0                | 0                | 0                 | 0                 | 0                 | 0                 | 0%         |
| Other Special Loans     | 0                | 0                | 0                 | 0                 | 0                 | 0                 | 0%         |
| Loan Loss Allowances    | 0                | 0                | 0                 | 0                 | 0                 | 0                 | 0%         |
| <b>Total Net Loans</b>  | <b>4,495,882</b> | <b>3,060,197</b> | <b>13,378,177</b> | <b>45,814,740</b> | <b>46,882,682</b> | <b>49,363,564</b> | <b>95%</b> |

**Liquid Investments**

|                                       |                |                   |                   |                  |                |                |             |
|---------------------------------------|----------------|-------------------|-------------------|------------------|----------------|----------------|-------------|
| Liquidity Reserves - CFF              | 0              | 0                 | 0                 | 0                | 0              | 0              | 0%          |
| Other Liquidity Reserves              | 0              | 0                 | 0                 | 0                | 0              | 0              | 0%          |
| Short-Term CFF Deposits               | 0              | 0                 | 0                 | 0                | 0              | 0              | 0%          |
| Short-Term Bank Deposits              | 12,195         | 10,529,814        | 14,158,273        | 4,174,550        | 283,627        | 255,045        | 111%        |
| Short-Term Securities and Investments | 508,408        | 50,000            | 0                 | 0                | 0              | 0              | 0%          |
| Other Liquid Investments 1            | 0              | 0                 | 0                 | 0                | 0              | 0              | 0%          |
| Other Liquid Investments 2            | 0              | 0                 | 0                 | 0                | 0              | 0              | 0%          |
| Other Liquid Investments 3            | 0              | 0                 | 0                 | 0                | 0              | 0              | 0%          |
| Liquid Investments Allowances         | 0              | 0                 | 0                 | 0                | 0              | 0              | 0%          |
| <b>Total Liquid Investments</b>       | <b>520,603</b> | <b>10,579,814</b> | <b>14,158,273</b> | <b>4,174,550</b> | <b>283,627</b> | <b>255,045</b> | <b>111%</b> |

**Financial Investments**

|                                    |                  |                   |                   |                   |                   |                   |            |
|------------------------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------|
| Shares - League/Affiliation        | 20,000           | 40,000            | 59,000            | 59,000            | 59,000            | 59,000            | 100%       |
| Long-Term CFF Deposit              | 1,083,213        | 2,409,840         | 2,531,383         | 2,531,183         | 2,531,183         | 2,596,054         | 98%        |
| Long-Term Bank Deposits            | 4,600,000        | 12,397,982        | 12,955,891        | 12,955,891        | 12,955,891        | 13,455,891        | 96%        |
| Long-Term Securities & Investments | 45,000           | 45,000            | 45,000            | 45,000            | 45,000            | 45,000            | 100%       |
| Other Financial Investments 1      | 411,200          | 453,200           | 453,200           | 453,200           | 453,200           | 453,200           | 100%       |
| Other Financial Investments 2      | 0                | 0                 | 0                 | 0                 | 0                 | 0                 | 0%         |
| Other Financial Investments 3      | 0                | 0                 | 0                 | 0                 | 0                 | 0                 | 0%         |
| Financial Investments Allowances   | 0                | 0                 | 0                 | 0                 | 0                 | 0                 | 0%         |
| <b>Total Financial Investments</b> | <b>6,159,413</b> | <b>15,346,022</b> | <b>16,044,474</b> | <b>16,044,274</b> | <b>16,044,274</b> | <b>16,609,145</b> | <b>97%</b> |

**Non-Financial Investments**

|                                        |                   |                   |                   |                   |                   |                   |            |
|----------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------|
| Various                                | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%         |
| Non-Financial Investments Allowances   | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%         |
| <b>Total Non-Financial Investments</b> | <b>0</b>          | <b>0</b>          | <b>0</b>          | <b>0</b>          | <b>0</b>          | <b>0</b>          | <b>0%</b>  |
| <b>Total Earning Assets</b>            | <b>11,175,898</b> | <b>28,986,033</b> | <b>43,580,924</b> | <b>66,033,564</b> | <b>63,210,583</b> | <b>66,227,754</b> | <b>95%</b> |

**Additional Loan Portfolio Information**

| Delinquency Based on Outstanding Balance of Loan? | Payment   | Balance          | Balance          | Balance          | Balance          | Balance        |             |
|---------------------------------------------------|-----------|------------------|------------------|------------------|------------------|----------------|-------------|
| <b>Delinquency</b>                                |           |                  |                  |                  |                  |                |             |
| 1 Day to 1 Month                                  | 0         | 0                | 0                | 0                | 0                | 0              | 0%          |
| 1 TO 12 Months                                    | 0         | 2,212,809        | 4,208,856        | 1,025,701        | 685,245          | 533,684        | 128%        |
| More Than 12 Months                               | 0         | 237,306          | 361,893          | 352,540          | 340,268          | 327,052        | 104%        |
| <b>Total Balance Of Delinquent Loans</b>          | <b>0</b>  | <b>2,450,115</b> | <b>4,570,749</b> | <b>1,378,241</b> | <b>1,025,513</b> | <b>860,736</b> | <b>119%</b> |
| Loans to Members (Gross)                          | 4,495,882 | 3,060,197        | 13,378,177       | 45,814,740       | 46,882,682       | 49,363,564     | 95%         |
| Accumulated Charge-Offs (Historical)              | 0         | 0                | 0                | 0                | 0                | 0              | 0%          |
| Recovery of Loans Charged-Off (Historical)        | 0         | 0                | 0                | 0                | 0                | 0              | 0%          |

158

Based on Local currency

Annual Goal

% Complete

31/12/1997 31/12/1998 31/12/1999 31/03/2000 30/06/2000 30/09/2000

**Non-Earning Assets****Liquid Assets**

|                             |                  |                  |                  |                  |                  |                  |             |
|-----------------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------|
| Cash & Equivalents          | 1,553,706        | 3,952,249        | 3,639,033        | 2,700,481        | 4,617,336        | 1,818,142        | 254%        |
| Current Accounts (Checking) | 2,505,561        | 456,934          | 3,049,681        | 3,784,954        | 2,925,703        | 1,861,571        | 157%        |
| Foreign Currency            | 0                | 0                | 0                | 0                | 0                | 0                | 0%          |
| Liquidity Reserves - CFF    | 0                | 0                | 0                | 0                | 0                | 0                | 0%          |
| Other Liquidity Reserves    | 0                | 0                | 0                | 0                | 0                | 0                | 0%          |
| Other Liquid Assets         | 0                | 0                | 0                | 0                | 0                | 0                | 0%          |
| <b>Total Liquid Assets</b>  | <b>4,059,267</b> | <b>4,409,183</b> | <b>6,688,714</b> | <b>6,485,435</b> | <b>7,543,039</b> | <b>3,679,713</b> | <b>205%</b> |

**Accounts Receivable**

|                                  |                |                  |                |                  |                  |                  |            |
|----------------------------------|----------------|------------------|----------------|------------------|------------------|------------------|------------|
| Debtors                          | 776,484        | 2,664,763        | 708,515        | 76,780           | 84,780           | 88,320           | 96%        |
| Interest Receivable              | 2,000          | 24,138           | 190,088        | 2,109,007        | 5,130,015        | 7,290,851        | 70%        |
| Notes Receivable                 | 0              | 0                | 0              | 0                | 0                | 0                | 0%         |
| Payroll Deductions Receivable    | 0              | 0                | 0              | 0                | 0                | 0                | 0%         |
| Other Accounts Receivable        | 0              | 0                | 0              | 0                | 0                | 0                | 0%         |
| Receivable Loss Allowances       | 0              | 0                | 0              | 0                | 0                | 0                | 0%         |
| <b>Total Accounts Receivable</b> | <b>778,484</b> | <b>2,688,901</b> | <b>898,603</b> | <b>2,185,787</b> | <b>5,214,795</b> | <b>7,379,171</b> | <b>71%</b> |

**Fixed Assets**

|                                          |                  |                  |                  |                  |                  |                  |            |
|------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------|
| Land                                     | 0                | 0                | 360,625          | 360,625          | 360,625          | 1,404,160        | 26%        |
| Buildings (Cost)                         | 0                | 0                | 0                | 0                | 0                | 0                | 0%         |
| Accumulated Depreciation - Buildings     | 0                | 0                | 0                | 0                | 0                | 0                | 0%         |
| Leasehold Improvements                   | 4,587,958        | 4,866,246        | 4,866,246        | 4,866,246        | 4,866,246        | 4,866,246        | 100%       |
| Accum. Depreciation - Leasehold Improv.  | 0                | 0                | 0                | 0                | 0                | 0                | 0%         |
| Furniture & Equipment                    | 1,730,655        | 3,257,731        | 2,857,417        | 3,528,619        | 2,888,467        | 4,593,050        | 63%        |
| Accum. Depreciation - Furniture & Equip. | 0                | 0                | 0                | (749,653)        | (256,798)        | (1,571,055)      | 16%        |
| <b>Total Net Fixed Assets</b>            | <b>6,318,613</b> | <b>8,123,977</b> | <b>8,084,288</b> | <b>8,005,837</b> | <b>7,858,540</b> | <b>9,292,401</b> | <b>85%</b> |

**Other Assets**

|                           |                |                |                |                |                |                |             |
|---------------------------|----------------|----------------|----------------|----------------|----------------|----------------|-------------|
| Assets in Liquidation     | 0              | 0              | 0              | 0              | 0              | 0              | 0%          |
| Organization Expenses     | 0              | 0              | 0              | 0              | 0              | 0              | 0%          |
| Prepaid Expenses          | 157,698        | 122,421        | 42,000         | 500,064        | 420,099        | 386,402        | 109%        |
| Other Deferred Assets     | 0              | 318,250        | 286,946        | 296,916        | 233,900        | 188,504        | 124%        |
| Accumulated Amortization  | 0              | 0              | 0              | 0              | 0              | 0              | 0%          |
| <b>Total Other Assets</b> | <b>157,698</b> | <b>440,671</b> | <b>328,946</b> | <b>796,980</b> | <b>653,999</b> | <b>574,906</b> | <b>114%</b> |

**Problem Assets**

|                                 |          |                |                |                |                |                |             |
|---------------------------------|----------|----------------|----------------|----------------|----------------|----------------|-------------|
| Doubtful Assets                 | 0        | 0              | 0              | 0              | 0              | 0              | 0%          |
| Accounting Discrepancy - Assets | 0        | 167,300        | 427,300        | 517,300        | 517,300        | 517,300        | 100%        |
| Other Problem Assets            | 0        | 0              | 0              | 0              | 0              | 0              | 0%          |
| <b>Total Problem Assets</b>     | <b>0</b> | <b>167,300</b> | <b>427,300</b> | <b>517,300</b> | <b>517,300</b> | <b>517,300</b> | <b>100%</b> |

**Total Non-Earning Assets**

|                                 |                   |                   |                   |                   |                   |                   |             |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------|
| <b>Total Non-Earning Assets</b> | <b>11,314,063</b> | <b>15,830,032</b> | <b>16,427,851</b> | <b>17,991,339</b> | <b>21,787,673</b> | <b>21,443,491</b> | <b>102%</b> |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------|

**Total Assets**

|                     |                   |                   |                   |                   |                   |                   |            |
|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------|
| <b>Total Assets</b> | <b>22,489,960</b> | <b>44,816,065</b> | <b>60,008,775</b> | <b>84,024,903</b> | <b>84,998,256</b> | <b>87,671,245</b> | <b>97%</b> |
|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------|

Based on Local currency

Annual Goal

% Complete

31/12/1997 31/12/1998 31/12/1999 31/03/2000 30/06/2000 30/09/2000

**LIABILITIES**

**INTEREST BEARING LIABILITIES**

*Savings Deposits*

|                               |          |                   |                   |                   |                   |                   |             |
|-------------------------------|----------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------|
| Regular Savings               | 0        | 16,284,369        | 15,946,727        | 14,133,917        | 16,115,796        | 10,159,137        | 159%        |
| Term/Fixed Savings            | 0        | 0                 | 956,807           | 596,807           | 1,177,255         | 1,482,727         | 79%         |
| Youth Savings                 | 0        | 0                 | 0                 | 0                 | 0                 | 0                 | 0%          |
| Special Savings               | 0        | 0                 | 0                 | 0                 | 0                 | 0                 | 0%          |
| Pledged Savings               | 0        | 0                 | 0                 | 0                 | 0                 | 0                 | 0%          |
| <b>Total Savings Deposits</b> | <b>0</b> | <b>16,284,369</b> | <b>16,903,534</b> | <b>14,730,724</b> | <b>17,293,051</b> | <b>11,641,864</b> | <b>149%</b> |

*External Credit*

|                                               |                |                   |                   |                   |                   |                   |            |
|-----------------------------------------------|----------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------|
| External Credit - CFF (<= 1 Year)             | 0              | 0                 | 0                 | 0                 | 0                 | 0                 | 0%         |
| External Credit - CFF (> 1 Year)              | 0              | 0                 | 6,360,502         | 6,476,034         | 3,056,109         | 3,234,360         | 94%        |
| External Credit - Banks                       | 827,203        | 1,245,781         | 67,650            | 25,000,000        | 25,894,748        | 31,902,659        | 81%        |
| Other External Credit - External Institutions | 0              | 0                 | 0                 | 0                 | 0                 | 0                 | 0%         |
| <b>Total External Credit</b>                  | <b>827,203</b> | <b>1,245,781</b>  | <b>6,428,152</b>  | <b>31,476,034</b> | <b>28,950,857</b> | <b>35,137,019</b> | <b>82%</b> |
| <b>Total Interest Bearing Liabilities</b>     | <b>827,203</b> | <b>17,530,150</b> | <b>23,331,686</b> | <b>46,206,758</b> | <b>46,243,908</b> | <b>46,778,883</b> |            |

**Non-Interest Bearing Liabilities**

|                                               |                  |                   |                   |                   |                   |                   |            |
|-----------------------------------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------|
| Short-Term Accounts Payable (<=30 Days)       | 146,401          | 59,737            | 481,854           | 592,370           | 363,081           | 804,372           | 45%        |
| External Credit Payments (<=30 Days)          | 0                | 0                 | 0                 | 0                 | 0                 | 0                 | 0%         |
| Provisions (e.g. Employee Benefits)           | 212,822          | 0                 | 426,545           | 752,330           | 377,782           | 244,823           | 154%       |
| Accounting Discrepancy - Liabilities          | 0                | 0                 | 0                 | 0                 | 0                 | 0                 | 0%         |
| Other Liabilities                             | 222,821          | 2,643,295         | 1,089,415         | 523,477           | 707,753           | 614,821           | 115%       |
| <b>Total Non-Interest Bearing Liabilities</b> | <b>582,043</b>   | <b>2,703,032</b>  | <b>1,997,814</b>  | <b>1,868,177</b>  | <b>1,448,616</b>  | <b>1,664,016</b>  | <b>87%</b> |
| <b>Total Liabilities</b>                      | <b>1,409,246</b> | <b>20,233,182</b> | <b>25,329,500</b> | <b>48,074,935</b> | <b>47,692,524</b> | <b>48,442,899</b> | <b>98%</b> |

**CAPITAL**

*Share Capital*

|                                   |                   |                   |                   |                   |                   |                   |            |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------|
| Mandatory Shares                  | 4,587,959         | 4,866,247         | 5,878,555         | 5,878,555         | 5,971,315         | 5,974,235         | 100%       |
| Voluntary Shares                  | 15,178,633        | 17,354,662        | 25,325,014        | 26,222,151        | 26,517,014        | 27,718,256        | 96%        |
| <b>Total Member Share Capital</b> | <b>19,766,592</b> | <b>22,220,909</b> | <b>31,203,569</b> | <b>32,100,706</b> | <b>32,488,329</b> | <b>33,692,491</b> | <b>96%</b> |

*Transitory Capital*

|                                  |                |                  |                  |                  |                  |                  |            |
|----------------------------------|----------------|------------------|------------------|------------------|------------------|------------------|------------|
| Asset Appreciation Over Cost     | 0              | 0                | 0                | 0                | 0                | 0                | 0%         |
| Education & Social Reserves      | 0              | 0                | 0                | 0                | 0                | 0                | 0%         |
| Monetary Reserves                | 0              | 0                | 0                | 0                | 0                | 0                | 0%         |
| Other Reserves                   | 0              | 0                | 0                | 0                | 0                | 43,921           | 0%         |
| Accounting Discrepancy - Capital | 0              | 0                | 0                | 0                | 0                | 0                | 0%         |
| Undistributed Net Income         | 807,467        | 1,386,290        | 1,775,354        | 2,867,707        | 2,638,916        | 3,311,987        | 80%        |
| <b>Total Transitory Capital</b>  | <b>807,467</b> | <b>1,386,290</b> | <b>1,775,354</b> | <b>2,867,707</b> | <b>2,638,916</b> | <b>3,355,908</b> | <b>79%</b> |

*Institutional Capital*

|                                    |                |                |                  |                |                  |                  |             |
|------------------------------------|----------------|----------------|------------------|----------------|------------------|------------------|-------------|
| Statutory & Legal Reserves         | 506,656        | 935,874        | 1,655,622        | 935,875        | 1,655,622        | 1,655,622        | 100%        |
| Retained Earnings                  | 0              | 0              | 0                | 0              | 0                | 0                | 0%          |
| Special Asset Reserves             | 0              | 0              | 0                | 0              | 0                | 0                | 0%          |
| Donations / Other Reserves         | 0              | 39,810         | 44,730           | 45,680         | 522,865          | 524,325          | 100%        |
| Undistributed Losses               | 0              | 0              | 0                | 0              | 0                | 0                | 0%          |
| YTD Net Income (Loss) Transfer     | 0              | 0              | 0                | 0              | 0                | 0                | 0%          |
| <b>Total Institutional Capital</b> | <b>506,656</b> | <b>975,684</b> | <b>1,700,352</b> | <b>981,555</b> | <b>2,178,487</b> | <b>2,179,947</b> | <b>100%</b> |

|                                      |                   |                   |                   |                   |                   |                   |            |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------|
| <b>Total Capital</b>                 | <b>21,080,714</b> | <b>24,582,883</b> | <b>34,679,275</b> | <b>35,949,968</b> | <b>37,305,732</b> | <b>39,228,346</b> | <b>95%</b> |
| <b>Total Liabilities and Capital</b> | <b>22,489,960</b> | <b>44,816,065</b> | <b>60,008,775</b> | <b>84,024,903</b> | <b>84,998,256</b> | <b>87,671,245</b> | <b>97%</b> |

160

|                                               | 31/12/1997       | 31/12/1998        | 31/12/1999        | 31/03/2000       | 30/06/2000       | 30/09/2000        |                |
|-----------------------------------------------|------------------|-------------------|-------------------|------------------|------------------|-------------------|----------------|
| Number of Credit Unions in this Report        | 1                | 1                 | 1                 | 1                | 1                | 1                 | 1              |
| <b>INCOME</b>                                 |                  |                   |                   |                  |                  |                   |                |
| <b>INCOME FROM LOANS</b>                      |                  |                   |                   |                  |                  |                   |                |
| Interest Income from Loans                    | 7,189,242        | 9,704,103         | 9,102,226         | 2,413,195        | 6,461,828        | 9,020,536         | 71.63%         |
| Delinquent Penalty Interest Income from Loans | 0                | 0                 | 0                 | 0                | 0                | 0                 | 0.00%          |
| Commissions/Fees from Loans                   | 181,350          | 0                 | 0                 | 2,500            | 97,567           | 99,267            | 98.29%         |
| Insurance Premiums for Loans                  | 0                | 0                 | 0                 | 0                | 0                | 0                 | 0.00%          |
| <b>NET LOAN INCOME</b>                        | <b>7,370,592</b> | <b>9,704,103</b>  | <b>9,102,226</b>  | <b>2,415,695</b> | <b>6,559,395</b> | <b>9,119,803</b>  | <b>71.92%</b>  |
| Income from Liquid Investments                | 137,432          | 663,430           | 775,448           | 0                | 0                | 0                 | 0.00%          |
| Income from Financial Investments             | 0                | 95,584            | 0                 | 0                | 0                | 291,501           | 0.00%          |
| Income from Non-Financial Investments         | 0                | 0                 | 0                 | 0                | 0                | 0                 | 0.00%          |
| Income from Grants                            | 0                | 0                 | 0                 | 0                | 0                | 0                 | 0.00%          |
| Income from Other Sources                     | 1,060            | 2,843,482         | 5,359,050         | 1,079,994        | 2,389,304        | 3,417,050         | 69.92%         |
| <b>Gross Income</b>                           | <b>7,509,084</b> | <b>13,306,599</b> | <b>15,236,724</b> | <b>3,495,689</b> | <b>8,948,699</b> | <b>12,828,354</b> | <b>69.76%</b>  |
| <b>COSTS/EXPENSES</b>                         |                  |                   |                   |                  |                  |                   |                |
| <b>FINANCIAL COSTS</b>                        |                  |                   |                   |                  |                  |                   |                |
| Interest Expense on Savings Deposits          | 0                | 151,020           | 631,960           | 124,929          | 240,592          | 347,453           | 69.24%         |
| Insurance Premiums for Savings                | 0                | 0                 | 0                 | 0                | 0                | 0                 | 0.00%          |
| <i>Financial Cost - Savings Deposits</i>      | <i>0</i>         | <i>151,020</i>    | <i>631,960</i>    | <i>124,929</i>   | <i>240,592</i>   | <i>347,453</i>    | <i>69.24%</i>  |
| Financial Cost on External Credit             | 3,391,974        | 6,585,057         | 2,979,663         | 472,533          | 1,616,834        | 2,300,791         | 70.27%         |
| Dividend Expense on Shares                    | 11,337           | 0                 | 1,566,132         | 0                | 0                | 0                 | 0.00%          |
| Insurance Premiums for Shares                 | 0                | 0                 | 0                 | 0                | 0                | 0                 | 0.00%          |
| <i>Financial Cost - Shares</i>                | <i>11,337</i>    | <i>0</i>          | <i>1,566,132</i>  | <i>0</i>         | <i>0</i>         | <i>0</i>          | <i>0.00%</i>   |
| Taxes on Interest Paid                        | 0                | 0                 | 0                 | 0                | 0                | 0                 | 0.00%          |
| Other Financial Costs                         | 0                | 0                 | 1,406,879         | 41,330           | 529,790          | 1,109,858         | 47.73%         |
| <b>TOTAL FINANCIAL COSTS</b>                  | <b>3,403,311</b> | <b>6,736,077</b>  | <b>6,584,634</b>  | <b>638,792</b>   | <b>2,387,216</b> | <b>3,758,102</b>  | <b>63.52%</b>  |
| Gross Margin                                  | 4,105,773        | 6,570,522         | 8,652,090         | 2,856,897        | 6,561,483        | 9,070,252         | 72.34%         |
| <b>OPERATING EXPENSES</b>                     |                  |                   |                   |                  |                  |                   |                |
| Personnel                                     | 770,875          | 1,974,723         | 2,840,111         | 727,052          | 1,472,915        | 2,271,496         | 64.84%         |
| Governance                                    | 341,667          | 704,809           | 1,380,088         | 260,133          | 708,604          | 1,409,548         | 50.27%         |
| Marketing                                     | 425,274          | 160,999           | 124,725           | 41,395           | 88,654           | 101,547           | 87.30%         |
| Depreciation                                  | 235,997          | 284,809           | 643,201           | 128,399          | 256,798          | 385,472           | 66.62%         |
| Administration                                | 1,799,333        | 2,285,532         | 1,888,575         | 1,017,348        | 1,271,031        | 1,572,637         | 80.82%         |
| <b>TOTAL OPERATING EXPENSES</b>               | <b>3,573,146</b> | <b>5,410,872</b>  | <b>6,876,700</b>  | <b>2,174,327</b> | <b>3,798,002</b> | <b>5,740,700</b>  | <b>66.16%</b>  |
| Provision for Risk Assets                     | 0                | 0                 | 0                 | 0                | 0                | 0                 | 0.00%          |
| Net Income from Operations                    | 532,627          | 1,159,650         | 1,775,390         | 682,570          | 2,763,481        | 3,329,552         | 83.00%         |
| <b>OTHER INCOME / EXPENSE</b>                 |                  |                   |                   |                  |                  |                   |                |
| Previous period adjustments (Net)             | (423,585)        | (580,825)         | 0                 | 0                | 0                | 0                 | 0.00%          |
| Extraordinary Items (Net)                     | 0                | 0                 | (666,581)         | 0                | (124,565)        | (17,565)          | 709.17%        |
| <b>TOTAL OTHER INCOME/EXPENSE</b>             | <b>(423,585)</b> | <b>(580,825)</b>  | <b>(666,581)</b>  | <b>0</b>         | <b>(124,565)</b> | <b>(17,565)</b>   | <b>709.17%</b> |
| Net Income/Loss                               | 109,042          | 578,825           | 1,108,809         | 682,570          | 2,638,916        | 3,311,987         | 79.68%         |

|                                               | 31-Dec-98 | 31-Dec-99 | 31-Mar-00  | 30-Jun-00  | 30-Sep-00  |
|-----------------------------------------------|-----------|-----------|------------|------------|------------|
| <b>Number of Credit Unions in this Report</b> | 1         | 1         | 1          | 1          | 1          |
| <b>Salary Burden</b>                          |           |           |            |            |            |
| Number Of Loans / Number of Loan Officers     | 0         | 505       | 956        | 990        | 1,042      |
| Amount Of Loans / Number of Loan Officers     | 0         | 4,459,392 | 15,271,580 | 15,627,561 | 16,454,521 |
| <b>Adjusted Returns*</b>                      |           |           |            |            |            |
| Capital                                       | 149.82%   | 97.78%    | -97.86%    | -24.20%    | -0.32%     |
| Assets                                        | 10.52%    | 6.48%     | -5.23%     | -1.38%     | -0.02%     |
| <b>Sufficiency Ratios**</b>                   |           |           |            |            |            |
| Operational Self Sufficiency                  | 109.55%   | 113.19%   | 124.26%    | 144.68%    | 135.05%    |
| Financial Self Sufficiency                    | 136.23%   | 115.04%   | 47.86%     | 84.07%     | 91.92%     |
| Subsidy Dependency Index                      | -32.36%   | -35.70%   | 21.23%     | 9.89%      | 16.78%     |
| <b>Efficiency Ratios***</b>                   |           |           |            |            |            |
| Portfolio Turnover                            | NA        | 583.98%   | 131.44%    | 172.35%    | 174.78%    |
| Administrative Efficiency                     | 143.22%   | 83.67%    | 7.35%      | 8.19%      | 11.93%     |

1. The RATE used in the calculation of all ratios is inflation or market rate of the product (savings, credit, etc.), whichever is higher.
2. Required Provision Expenses are 100% of all loans delinquent greater than 12 months and either the WOCCU standard of 35% of loans delinquent from 1-12 months or local requirements where appropriate.

**\*Explanation of Adjusted Return Ratios**

**Adjusted return on Capital**

$(\text{Gross Income} - \text{Operating Subsidies} - ((\text{Average Deposits Balance} * \text{RATE}) + (\text{Average External Credit Balance} * \text{RATE}) + (\text{Average Share Balance} * \text{RATE}) + \text{Operating Expenses} + \text{Required Provision Expenses})) / (\text{Institutional Capital} + \text{Transitory Capital})$

**Adjusted Return on Assets**

$(\text{Gross Income} - \text{Operating Subsidies} - ((\text{Average Deposits Balance} * \text{RATE}) + (\text{Average External Credit Balance} * \text{RATE}) + (\text{Average Share Balance} * \text{RATE}) + \text{Operating Expenses} + \text{Required Provision Expenses})) / \text{Avg. Assets}$

**\*\*Explanation of Sufficiency Ratios**

**Operational Self Sufficiency**

$(\text{Gross Income} - \text{Operating Subsidies}) / (\text{Deposit Costs} + \text{External Credit Costs} + \text{Share Costs} + \text{Operating Expenses} + \text{Provision Expenses} + \text{Other Expenses} + \text{Operating Subsidies})$

**Financial Self Sufficiency**

$(\text{Gross Income} - \text{Operating Subsidies}) / ((\text{Average Deposits Balance} * \text{RATE}) + (\text{Average External Credit Balance} * \text{RATE}) + (\text{Average Share Balance} * \text{RATE}) + \text{Operating Expenses} + \text{Required Provision Expenses} + \text{Other Expenses} + \text{Operating Subsidies})$

**Subsidy Dependency Index**

$([\text{Average Deposits Balance} * (\text{RATE} - \text{Weighted Interest Rate } \{R5\})] + [\text{Average External Credit Balance} * (\text{RATE} - \text{Weighted Rate } \{R6\})] - [\text{Average Share Balance} * (\text{RATE} - \text{Weighted Interest Rate } \{R7\})] + [(\text{Institutional Capital} + \text{Transitory Capital}) * \text{RATE} \{Savings\}] + \text{Subsidies}) / (\text{Average Loan Portfolio} * \text{Annualized Loan Interest Rate } \{R1\})$

**\*\*\*Explanation of Efficiency Ratios**

**Portfolio Turnover**

Amount of Loans Disbursed During Current Reporting Period / Gross Average Loan Portfolio

**Administrative Efficiency**

Operating Expenses / Average Gross Loan Portfolio



World Council of Credit Unions, Inc.

**Microfinance Expansion Program (MEP)  
4<sup>th</sup> QUARTER 2000 REPORT**

**Narok Teachers  
Savings and Credit Cooperative (SACCO)**

**Nairobi, Kenya  
February 16, 2001**

Microfinance Expansion  
Programme (MEP)  
Isaac Gathanju Road  
Off James Gichuru Road, Lavington  
P.O. Box 979 Village Market  
Nairobi, Kenya

Phone: (254) 2-48053/48122/7/9  
Fax: (254) 2-48112  
E-mail: [woccu@form-net.com](mailto:woccu@form-net.com)

*"Quality  
Credit Unions  
for Everyone"*

World Council of Credit Unions, Inc. (WOCCU), Kenya  
 Microfinance Expansion Program (MEP)  
 Narok Teachers' SACCO  
 4<sup>th</sup> Quarter, 2000, PEARLS Analysis

| SACCO Prudential Standards           | Analysis of Narok Teachers' SACCO's Status<br>By the end of the 4th Quarter, 2000 <sup>1</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|--------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Protection</i>                    | <ul style="list-style-type: none"> <li>• During the period, the SACCO did not provide for Loan losses or make any charge-off for loans delinquent over 12 months. <i>The SACCO's management is being advised to provision for loan losses; formal training and plans have been drawn up in accordance with the Participation Agreement. To facilitate the ascertainment of an accurate figure for delinquency and provisions for loan losses the Loan Portfolio Analysis Tool has been installed in the SACCO's computers. The SACCO is enthusiastic about the tool and data capture is in progress.</i></li> <li>• Narok Teachers' SACCO is fully solvent, at 102.43%, and has a positive net institutional capital of 0.71%, <i>both positive indicators.</i></li> <li>• The SACCO is being advised on how to improve on its Institutional Capital and other reserves.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <i>Effective Financial Structure</i> | <ul style="list-style-type: none"> <li>• Narok Teachers' SACCO has attained the ideal asset structure (92.85% of its assets are productive):                             <ul style="list-style-type: none"> <li>• Loans decreased marginally to 81.36% from 82.69% in June;</li> <li>• Liquid investments increased to 2.05% from 0.81% in June, 2000;</li> <li>• Financial investments were at 8.30% of Total Assets;</li> <li>• Non-financial investments decreased to 1.14% of Total Assets.</li> </ul> </li> <li>• Narok Teachers' SACCO has not attained the ideal asset financing structure:                             <ul style="list-style-type: none"> <li>• Savings Deposits increased marginally to 3.93%;</li> <li>• External Credit went down from 4.38% in June to 2.99% this quarter;</li> <li>• Share Capital went up slightly by 0.18% to 90.73%;</li> <li>• Institutional Capital was at 0.71%.</li> </ul> </li> </ul> <p><i>External credit is coming down, a positive trend; WOCCU continues to stress the need for savings mobilization and lending from deposits rather than relying on external credit. WOCCU is working closely with the management on how to implement findings of the marketing survey and is advising on the need for a marketing person in the SACCO;</i><br/> <i>The SACCO has been advised on the need, and how, to grow Institutional Capital;</i><br/> <i>WOCCU is advising the board and management on how to start changing the SACCO's assets and liabilities to attain the ideal structure.</i></p> |
| <i>Asset Quality</i>                 | <ul style="list-style-type: none"> <li>• Delinquency was not ascertained, but is likely to be high as indicated by R1. <i>However, Narok Teachers' SACCO has a check-off arrangement with the employer and will be advised to closely monitor returns to ensure that all loans are being recovered on time. In addition, the Loan Portfolio Analysis Tool has been installed in their computers to facilitate the measurement of delinquency.</i></li> <li>• Non-earning Assets, at 7.14%, are higher than the recommended less than 5% of total assets, <i>mainly because of the SACCO's investment in furniture and fittings for the front office and huge funds in its checking account. WOCCU has installed, and is training, the SACCO on the use of PEARLS 2000 to monitor the level of non-earning assets.</i></li> <li>• Narok Teachers' SACCO is financing some of its non-earning assets from interest bearing liabilities; zero cost funds stand at 32.82%, <i>WOCCU has advised the SACCO to ensure that it uses institutional reserves to finance non-earning assets.</i></li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

<sup>1</sup> The 4th Quarter report presents an analysis of financial information as at September 30, 2000.



World Council of Credit Unions, Inc. (WOCCU), Kenya  
 Microfinance Expansion Program (MEP)  
 Narok Teachers' SACCO  
 4<sup>th</sup> Quarter, 2000, PEARLS Analysis

| SACCO Prudential Standards       | Analysis of Narok Teachers' SACCO's Status<br>By the end of the 4th Quarter, 2000 <sup>2</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Rates of return and costs</i> | <ul style="list-style-type: none"> <li>• The effective loan yield, at 6.69%, is very low compared to the market's 20.60%. <i>Moreover, when compared to the SACCO's nominal rate of 12%, this may be an indication that delinquency is high, or that the SACCO is not collecting all its revenues due from the members;</i></li> <li>• Liquid investments reported no yield;</li> <li>• Financial investments reported a low yield of 2.92%;</li> <li>• Non-financial investment reported a high yield of 88.18%;<br/><i>The liquid and financial investments pay a return semi-annually/annually (bank savings accounts, Central Finance deposits, etc).</i><br/><i>WOCCU is encouraging the SACCO to concentrate on its core business of savings and lending better rather than invest more in non-financial investments, (bookshop). Currently, through the help of WOCCU the SACCO has embarked on a departmentalization exercise in its head office, branch and the bookshop (see the notes after analysis).</i></li> <li>• Financial costs on savings deposits are NIL as the SACCO does not accrue or provide for the costs during the financial period. <i>WOCCU is currently advising the SACCO on the best Accounting Practices.</i></li> <li>• External credit costs, at 7.99%, are moderate. <i>However, WOCCU is encouraging the SACCO to mobilize savings and gradually phase out external credit;</i></li> <li>• No dividends on member shares; <i>the SACCO does not accrue for dividend costs (dividends are determined annually, post net income);</i></li> <li>• Gross margin, at 4.59% is low vis a viz. the level of operating expenses (4.25%). <i>Further, having not accrued for member dividends or provided against expected loan losses, it is unlikely that the SACCO would realize a surplus at the end of the year. WOCCU is offering TA on how to price the loans, reduce delinquency and control operating expenses in order to be more profitable;</i></li> <li>• The SACCO does not have provision costs as noted above.</li> </ul> |
| <i>Liquidity</i>                 | <ul style="list-style-type: none"> <li>• Non-earning liquid assets are high at 5.74%, <i>due to the huge checking account balances, furniture, fittings and equipment noted above;</i></li> <li>• The SACCO has no money in the CFF, <i>because the league does not offer liquidity reserve facilities;</i></li> <li>• At 198.19, liquidity is good, <i>given that the SACCO offers front office services to its members. WOCCU is training the SACCO on how to use the PEARLS 2000 tool to monitor liquidity and avoid excess liquidity, which is expensive for the SACCO.</i></li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

<sup>2</sup> The 4th Quarter report presents an analysis of financial information as at September 30, 2000.

World Council of Credit Unions, Inc. (WOCCU), Kenya  
 Microfinance Expansion Program (MEP)  
 Narok Teachers' SACCO  
 4<sup>th</sup> Quarter, 2000, PEARLS Analysis

| SACCO Prudential Standards | Analysis of Narok Teachers' SACCO's Status<br>By the end of the 4th Quarter, 2000 <sup>3</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Signs of Growth</i>     | <ul style="list-style-type: none"> <li>• Total assets registered good growth, at 17.52%, <i>which is well above inflation (8.20%);</i></li> <li>• Loans registered good growth, at 30.87% <i>(this is higher than total assets growth – an excellent trend);</i></li> <li>• Savings deposits grew by 100%, <i>since the SACCO has just started offering front office operations to its members.</i></li> <li>• External credit declined by 71.14%, <i>as the SACCO realizes reliance in savings rather than dependence on external credit.</i></li> <li>• Institutional capital grew by 302.52 as the SACCO recovers from losses to surplus</li> <li>• Membership declined by 25.00%. <i>The SACCO has been advised to hire a marketing person and the need to establish a marketing department. With the implementation of this idea and the market survey all parameters directly affected by increase in membership are bound to improve.</i></li> </ul> |

**NOTES:**

- During this 1<sup>st</sup> Quarter, 2001 the SACCO appealed to WOCCU for technical advise in accounting and front office operations.
- WOCCU advisors have visited the SACCO and are helping the SACCO to establish:
  - The number of members in the SACCO;
  - How much is members Share Capital;
  - Deposits in Front office;
  - Departmentalization and staff re-deployment.

The above exercise is in progress, thus the above parameters for reporting purposes could vary in the next Quarter.

---

<sup>3</sup> The 4th Quarter report presents an analysis of financial information as at September 30, 2000.

Based on Local currency

Annual  
Goal % Complete

| P-E-A-R-L-S RATIOS                              |                                                             | Goals                            | 31-Dec-97 | 31-Dec-98 | 31-Dec-99 | 31-Mar-00 | 30-Jun-00 | 30-Sep-00 |       |
|-------------------------------------------------|-------------------------------------------------------------|----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-------|
| Number of Credit Unions in this Report          |                                                             |                                  | 1         | 1         | 1         | 1         | 1         | 1         |       |
| <b>P PROTECTION</b>                             |                                                             |                                  |           |           |           |           |           |           |       |
| 1.                                              | Loan Loss Allowances / Delinq. >12 Mo.                      | 100%                             | NA        | NA        | NA        | NA        | NA        | NA        | NA    |
| 2.                                              | Net Loan Loss Allow. / Allow. Required for Delinq. 1-12 Mo. | 100% of Goal                     | NA        | NA        | NA        | NA        | NA        | NA        | NA    |
| 3.                                              | Complete Loan Charge-Off of Delinquency > 12 Mo.            | Yes                              | Yes       | Yes       | Yes       | Yes       | Yes       | Yes       | 100%  |
| 4.                                              | Annual Loan Charge-offs / Average Loan Portfolio            | Minimized                        | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%    |
| 5.                                              | Accum. Charge-Offs Recovered / Accum Charge-Offs            | 100%                             | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%    |
| 6.                                              | Solvency                                                    | Min 100%                         | 102.54%   | 101.93%   | 99.31%    | 101.45%   | 101.44%   | 102.43%   | 99%   |
| 7.                                              | Net Institutional Capital                                   | Minimum 10%                      | 1.22%     | 1.09%     | -0.63%    | -0.62%    | 0.75%     | 0.71%     | 105%  |
| <b>E EFFECTIVE FINANCIAL STRUCTURE</b>          |                                                             |                                  |           |           |           |           |           |           |       |
| 1.                                              | Net Loans / Total Assets                                    | Between 70 - 80%                 | 76.06%    | 82.62%    | 74.74%    | 76.94%    | 82.69%    | 81.36%    | 102%  |
| 2.                                              | Liquid Investments / Total Assets                           | Max 20 %                         | 0.00%     | 0.06%     | 0.24%     | 2.44%     | 0.81%     | 2.05%     | 40%   |
| 3.                                              | Financial Investments / Total Assets                        | Max 10 %                         | 8.21%     | 8.36%     | 7.12%     | 7.23%     | 8.61%     | 8.30%     | 104%  |
| 4.                                              | Non-Financial Investments / Total Assets                    | 0%                               | 2.16%     | 2.44%     | 2.09%     | 3.02%     | 2.13%     | 1.14%     | 187%  |
| 5.                                              | Savings Deposits / Total Assets                             | Between 70 - 80%                 | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 3.67%     | 3.93%     | 93%   |
| 6.                                              | External Credit / Total Assets                              | 0                                | 2.94%     | 0.44%     | 7.27%     | 5.42%     | 4.38%     | 2.99%     | 146%  |
| 7.                                              | Member Share Capital / Total Assets                         | Max 20 %                         | 87.85%    | 92.65%    | 91.02%    | 93.18%    | 90.55%    | 90.73%    | 100%  |
| 8.                                              | Institutional Capital / Total Assets                        | Minimum 10%                      | 1.22%     | 1.09%     | -0.63%    | -0.62%    | 0.75%     | 0.71%     | 105%  |
| <b>A ASSET QUALITY</b>                          |                                                             |                                  |           |           |           |           |           |           |       |
| 1.                                              | Total Delinquency / Gross Loan Portfolio                    | Less Than or Equal To 5%         | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%    |
| 2.                                              | Non-Earning Assets / Total Assets                           | Less Than or Equal To 5%         | 13.57%    | 6.53%     | 15.81%    | 10.38%    | 5.75%     | 7.14%     | 81%   |
| 3.                                              | Net Zero Cost Funds / Non-earning. Assets                   | Greater Than or Equal To 100%    | 67.83%    | 105.92%   | 10.83%    | 13.48%    | 24.37%    | 32.82%    | 74%   |
| <b>R RATES OF RETURN AND COSTS (ANNUALIZED)</b> |                                                             |                                  |           |           |           |           |           |           |       |
| 1.                                              | Net Loan Income / Average Net Loan Portfolio                | Enterpreneurial Rate             | 10.41%    | 8.93%     | 9.04%     | 8.83%     | 5.93%     | 6.69%     | 89%   |
| 2.                                              | Liquid Inv. Income / Avg. Liquid Investments                | Market Rates                     | NA        | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%    |
| 3.                                              | Fin. Investment Income / Avg. Fin. Investments              | Market Rates                     | 0.43%     | 0.57%     | 0.02%     | 4.67%     | 4.08%     | 2.92%     | 140%  |
| 4.                                              | Non-Fin. Inv. Income / Avg. Non-Fin. Investmtns             | Greater Than or Equal to R1      | 27.48%    | 37.38%    | 37.44%    | 54.45%    | 68.12%    | 88.18%    | 77%   |
| 5.                                              | Fin Costs: Savings Deposits / Avg. Savings Deposits         | Market Rates                     | NA        | NA        | NA        | NA        | 0.00%     | 0.00%     | 0%    |
| 6.                                              | Fin Costs: External Credit / Avg. External Credit           | Less Than or Equal to R5         | 29.68%    | 9.61%     | 22.23%    | 12.73%    | 12.02%    | 7.99%     | 150%  |
| 7.                                              | Fin Costs: Member Shares / Avg. Member Shares               | Greater Than or Equal to R5      | 3.15%     | 3.21%     | 2.51%     | 0.04%     | 0.02%     | 0.00%     | 0%    |
| 8.                                              | Gross Margin / Average Assets                               | Amount Needed to Cover R9, R10   | 8.10%     | 3.42%     | 3.49%     | 5.13%     | 2.96%     | 4.59%     | 64%   |
| 9.                                              | Operating Expenses / Average Assets                         | 3 -10%                           | 7.28%     | 3.58%     | 5.77%     | 4.33%     | 4.66%     | 4.25%     | 109%  |
| 10.                                             | Provisions for Risk Assets / Average Assets                 | Sufficient for Estimated Losses  | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%    |
| 11.                                             | Other Income or Expense / Average Assets                    | Amount Needed                    | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%    |
| 12.                                             | Net Income / Average Assets                                 | Enough to reach the goal for E8  | 0.82%     | -0.17%    | -2.28%    | 0.80%     | -1.69%    | 0.34%     | -496% |
| <b>L LIQUIDITY</b>                              |                                                             |                                  |           |           |           |           |           |           |       |
| 1.                                              | Liquid Assets - ST Payables / Total Deposits                | Minimum 15%                      | NA        | NA        | NA        | NA        | 155.53%   | 198.19%   | 78%   |
| 2.                                              | Liquidity Reserves / Total Savings Deposits                 | 10%                              | NA        | NA        | NA        | NA        | 0.00%     | 0.00%     | 0%    |
| 3.                                              | Non-Earning Liquid Assets / Total Assets                    | Less Than 1 %                    | 6.35%     | 0.07%     | 7.60%     | 5.68%     | 4.89%     | 5.74%     | 85%   |
| 4.                                              | Deposits in CFF / Total Available Liquidity                 | Maximum Amount                   | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%    |
| <b>S SIGNS OF GROWTH (ANNUAL GROWTH RATES)</b>  |                                                             |                                  |           |           |           |           |           |           |       |
| 1.                                              | Total Assets                                                | More Than Inflation              | NA        | 15.08%    | 35.24%    | 4.93%     | 14.52%    | 17.52%    | 83%   |
| 2.                                              | Loans to Members                                            | Sufficient to Achieve Goal in E1 | NA        | 24.99%    | 22.34%    | 16.89%    | 37.38%    | 30.87%    | 121%  |
| 3.                                              | Savings Deposits                                            | Sufficient to Achieve Goal in E5 | NA        | 0.00%     | 0.00%     | 0.00%     | 100.00%   | 100.00%   | 100%  |
| 4.                                              | External Credit                                             | 0%                               | NA        | -82.70%   | 2122.25%  | -98.11%   | -71.05%   | -71.14%   | 100%  |
| 5.                                              | Share Capital                                               | Sufficient to Achieve Goal in E7 | NA        | 21.35%    | 32.87%    | 14.56%    | 13.42%    | 17.04%    | 79%   |
| 6.                                              | Institutional Capital                                       | Sufficient to Achieve Goal in E8 | NA        | 2.57%     | -178.43%  | 0.60%     | 455.43%   | 302.52%   | 151%  |
| 7.                                              | Membership                                                  | Minimum 5%                       | NA        | -11.59%   | 26.42%    | 0.00%     | 0.00%     | -25.00%   | 0%    |
| Inflation Rate (Annualized)                     |                                                             |                                  | 11.20%    | 10.60%    | 5.10%     | 6.30%     | 7.30%     | 8.20%     |       |

Based on Local currency

Annual Goal

% Complete

|                                                             | 31/12/1997   | 31/12/1998   | 31/12/1999   | 31/03/2000   | 30/06/2000   | 30/09/2000   |                |
|-------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|
| Number of Credit Unions in this Report                      | 1            | 1            | 1            | 1            | 1            | 1            |                |
| <b>Number Of CU Members</b>                                 |              |              |              |              |              |              |                |
| Men                                                         | 1,362        | 1,204        | 1,522        | 1,522        | 1,522        | 1,236        | 123.14%        |
| Women                                                       | 907          | 802          | 1,014        | 1,014        | 1,014        | 824          | 123.06%        |
| Gender not Reported                                         | 0            | 0            | 0            | 0            | 0            | 0            | 0.00%          |
| <b>Total Number Of Members</b>                              | <b>2,269</b> | <b>2,006</b> | <b>2,536</b> | <b>2,536</b> | <b>2,536</b> | <b>2,060</b> | <b>123.11%</b> |
| <b>Number of Other Service Users</b>                        |              |              |              |              |              |              |                |
| Youth                                                       | 0            | 0            | 0            | 0            | 0            | 0            | 0.00%          |
| Third Parties                                               | 0            | 0            | 0            | 0            | 0            | 0            | 0.00%          |
| <b>Total Number of Other CU Service Users</b>               | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0.00%</b>   |
| <b>Total Number Of Members &amp; Other CU Service Users</b> | <b>2,269</b> | <b>2,006</b> | <b>2,536</b> | <b>2,536</b> | <b>2,536</b> | <b>2,060</b> | <b>123.11%</b> |

**Assets**

**Earning Assets**

**Loans to Members**

|                         |                   |                   |                   |                   |                   |                   |            |
|-------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------|
| Short Term (<=1 Year)   | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%         |
| Medium-Term (1-3 Years) | 42,208,351        | 52,757,884        | 64,545,926        | 67,260,192        | 76,580,491        | 79,504,342        | 96%        |
| Long-Term (> 3 Years)   | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%         |
| Other Special Loans     | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%         |
| Loan Loss Allowances    | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%         |
| <b>Total Net Loans</b>  | <b>42,208,351</b> | <b>52,757,884</b> | <b>64,545,926</b> | <b>67,260,192</b> | <b>76,580,491</b> | <b>79,504,342</b> | <b>96%</b> |

**Liquid Investments**

|                                       |          |               |                |                  |                |                  |            |
|---------------------------------------|----------|---------------|----------------|------------------|----------------|------------------|------------|
| Liquidity Reserves - CFF              | 0        | 0             | 0              | 0                | 0              | 0                | 0%         |
| Other Liquidity Reserves              | 0        | 0             | 0              | 0                | 0              | 0                | 0%         |
| Short-Term CFF Deposits               | 0        | 0             | 0              | 0                | 0              | 0                | 0%         |
| Short-Term Bank Deposits              | 0        | 39,198        | 209,245        | 2,135,613        | 753,281        | 2,007,199        | 38%        |
| Short-Term Securities and Investments | 0        | 0             | 0              | 0                | 0              | 0                | 0%         |
| Other Liquid Investments 1            | 0        | 0             | 0              | 0                | 0              | 0                | 0%         |
| Other Liquid Investments 2            | 0        | 0             | 0              | 0                | 0              | 0                | 0%         |
| Other Liquid Investments 3            | 0        | 0             | 0              | 0                | 0              | 0                | 0%         |
| Liquid Investments Allowances         | 0        | 0             | 0              | 0                | 0              | 0                | 0%         |
| <b>Total Liquid Investments</b>       | <b>0</b> | <b>39,198</b> | <b>209,245</b> | <b>2,135,613</b> | <b>753,281</b> | <b>2,007,199</b> | <b>38%</b> |

**Financial Investments**

|                                    |                  |                  |                  |                  |                  |                  |            |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------|
| Shares - League/Affiliation        | 280,000          | 280,000          | 280,000          | 315,000          | 315,000          | 315,000          | 100%       |
| Long-Term CFF Deposit              | 4,104,494        | 4,886,569        | 5,696,626        | 5,800,458        | 5,959,361        | 6,096,289        | 98%        |
| Long-Term Bank Deposits            | 0                | 0                | 0                | 0                | 1,500,000        | 1,500,000        | 100%       |
| Long-Term Securities & Investments | 0                | 0                | 0                | 34,900           | 34,900           | 34,900           | 100%       |
| Other Financial Investments 1      | 169,000          | 169,000          | 169,000          | 169,000          | 169,000          | 169,000          | 100%       |
| Other Financial Investments 2      | 0                | 0                | 0                | 0                | 0                | 0                | 0%         |
| Other Financial Investments 3      | 0                | 0                | 0                | 0                | 0                | 0                | 0%         |
| Financial Investments Allowances   | 0                | 0                | 0                | 0                | 0                | 0                | 0%         |
| <b>Total Financial Investments</b> | <b>4,553,494</b> | <b>5,335,569</b> | <b>6,145,626</b> | <b>6,319,358</b> | <b>7,978,261</b> | <b>8,115,189</b> | <b>98%</b> |

**Non-Financial Investments**

|                                        |                   |                   |                   |                   |                   |                   |             |
|----------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------|
| Various                                | 1,200,000         | 1,558,208         | 1,805,679         | 2,635,779         | 1,973,364         | 1,110,464         | 178%        |
| Non-Financial Investments Allowances   | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%          |
| <b>Total Non-Financial Investments</b> | <b>1,200,000</b>  | <b>1,558,208</b>  | <b>1,805,679</b>  | <b>2,635,779</b>  | <b>1,973,364</b>  | <b>1,110,464</b>  | <b>178%</b> |
| <b>Total Earning Assets</b>            | <b>47,961,845</b> | <b>59,690,859</b> | <b>72,706,476</b> | <b>78,350,941</b> | <b>87,285,397</b> | <b>90,737,194</b> | <b>96%</b>  |

**Additional Loan Portfolio Information**

| Delinquency Based on Outstanding Balance of Loan? | Payment    | Payment    | Payment    | Payment    | Payment    | Payment    |           |
|---------------------------------------------------|------------|------------|------------|------------|------------|------------|-----------|
| <b>Delinquency</b>                                |            |            |            |            |            |            |           |
| 1 Day to 1 Month                                  | 0          | 0          | 0          | 0          | 0          | 0          | 0%        |
| 1 TO 12 Months                                    | 0          | 0          | 0          | 0          | 0          | 0          | 0%        |
| More Than 12 Months                               | 0          | 0          | 0          | 0          | 0          | 0          | 0%        |
| <b>Total Balance Of Delinquent Loans</b>          | <b>0</b>   | <b>0</b>   | <b>0</b>   | <b>0</b>   | <b>0</b>   | <b>0</b>   | <b>0%</b> |
| Loans to Members (Gross)                          | 42,208,351 | 52,757,884 | 64,545,926 | 67,260,192 | 76,580,491 | 79,504,342 | 96%       |
| Accumulated Charge-Offs (Historical)              | 0          | 0          | 0          | 0          | 0          | 0          | 0%        |
| Recovery of Loans Charged-Off (Historical)        | 0          | 0          | 0          | 0          | 0          | 0          | 0%        |

Based on Local currency

Annual Goal

% Complete

31/12/1997 31/12/1998 31/12/1999 31/03/2000 30/06/2000 30/09/2000

**Non-Earning Assets****Liquid Assets**

|                             |                  |               |                  |                  |                  |                  |            |
|-----------------------------|------------------|---------------|------------------|------------------|------------------|------------------|------------|
| Cash & Equivalents          | 0                | 41,079        | 0                | 0                | 0                | 0                | 0%         |
| Current Accounts (Checking) | 3,525,426        | 2,724         | 6,562,068        | 4,968,673        | 4,533,102        | 5,611,978        | 81%        |
| Foreign Currency            | 0                | 0             | 0                | 0                | 0                | 0                | 0%         |
| Liquidity Reserves - CFF    | 0                | 0             | 0                | 0                | 0                | 0                | 0%         |
| Other Liquidity Reserves    | 0                | 0             | 0                | 0                | 0                | 0                | 0%         |
| Other Liquid Assets         | 0                | 0             | 0                | 0                | 0                | 0                | 0%         |
| <b>Total Liquid Assets</b>  | <b>3,525,426</b> | <b>43,803</b> | <b>6,562,068</b> | <b>4,968,673</b> | <b>4,533,102</b> | <b>5,611,978</b> | <b>81%</b> |

**Accounts Receivable**

|                                  |                  |                  |                  |                  |          |          |           |
|----------------------------------|------------------|------------------|------------------|------------------|----------|----------|-----------|
| Debtors                          | 77,274           | 77,274           | 77,274           | 2,250,109        | 0        | 0        | 0%        |
| Interest Receivable              | 0                | 0                | 0                | 0                | 0        | 0        | 0%        |
| Notes Receivable                 | 0                | 0                | 0                | 0                | 0        | 0        | 0%        |
| Payroll Deductions Receivable    | 3,733,090        | 3,818,780        | 6,394,856        | 0                | 0        | 0        | 0%        |
| Other Accounts Receivable        | 0                | 50,000           | 0                | 0                | 0        | 0        | 0%        |
| Receivable Loss Allowances       | 0                | 0                | 0                | 0                | 0        | 0        | 0%        |
| <b>Total Accounts Receivable</b> | <b>3,810,364</b> | <b>3,946,054</b> | <b>6,472,130</b> | <b>2,250,109</b> | <b>0</b> | <b>0</b> | <b>0%</b> |

**Fixed Assets**

|                                          |                |                |                |                  |                |                  |            |
|------------------------------------------|----------------|----------------|----------------|------------------|----------------|------------------|------------|
| Land                                     | 0              | 0              | 0              | 0                | 0              | 0                | 0%         |
| Buildings (Cost)                         | 0              | 0              | 0              | 0                | 0              | 0                | 0%         |
| Accumulated Depreciation - Buildings     | 0              | 0              | 0              | 0                | 0              | 0                | 0%         |
| Leasehold Improvements                   | 0              | 0              | 0              | 0                | 0              | 0                | 0%         |
| Accum. Depreciation - Leasehold Improv.  | 0              | 0              | 0              | 0                | 0              | 0                | 0%         |
| Furniture & Equipment                    | 193,462        | 176,942        | 616,582        | 1,629,916        | 796,627        | 1,368,598        | 58%        |
| Accum. Depreciation - Furniture & Equip. | 0              | 0              | 0              | 0                | 0              | 0                | 0%         |
| <b>Total Net Fixed Assets</b>            | <b>193,462</b> | <b>176,942</b> | <b>616,582</b> | <b>1,629,916</b> | <b>796,627</b> | <b>1,368,598</b> | <b>58%</b> |

**Other Assets**

|                           |          |          |              |                |          |          |           |
|---------------------------|----------|----------|--------------|----------------|----------|----------|-----------|
| Assets in Liquidation     | 0        | 0        | 0            | 0              | 0        | 0        | 0%        |
| Organization Expenses     | 0        | 0        | 6,000        | 0              | 0        | 0        | 0%        |
| Prepaid Expenses          | 0        | 0        | 0            | 222,000        | 0        | 0        | 0%        |
| Other Deferred Assets     | 0        | 0        | 0            | 0              | 0        | 0        | 0%        |
| Accumulated Amortization  | 0        | 0        | 0            | 0              | 0        | 0        | 0%        |
| <b>Total Other Assets</b> | <b>0</b> | <b>0</b> | <b>6,000</b> | <b>222,000</b> | <b>0</b> | <b>0</b> | <b>0%</b> |

**Problem Assets**

|                                 |          |          |          |          |          |          |           |
|---------------------------------|----------|----------|----------|----------|----------|----------|-----------|
| Doubtful Assets                 | 0        | 0        | 0        | 0        | 0        | 0        | 0%        |
| Accounting Discrepancy - Assets | 0        | 0        | 0        | 0        | 0        | 0        | 0%        |
| Other Problem Assets            | 0        | 0        | 0        | 0        | 0        | 0        | 0%        |
| <b>Total Problem Assets</b>     | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0%</b> |

|                                 |                   |                   |                   |                   |                   |                   |            |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------|
| <b>Total Non-Earning Assets</b> | <b>7,529,252</b>  | <b>4,166,799</b>  | <b>13,656,780</b> | <b>9,070,698</b>  | <b>5,329,729</b>  | <b>6,980,576</b>  | <b>76%</b> |
| <b>Total Assets</b>             | <b>55,491,097</b> | <b>63,857,658</b> | <b>86,363,256</b> | <b>87,421,638</b> | <b>92,615,126</b> | <b>97,717,770</b> | <b>95%</b> |

Based on Local currency

Annual Goal

% Complete

31/12/1997 31/12/1998 31/12/1999 31/03/2000 30/06/2000 30/09/2000

**LIABILITIES**

**INTEREST BEARING LIABILITIES**

**Savings Deposits**

|                               |          |          |          |          |                  |                  |            |
|-------------------------------|----------|----------|----------|----------|------------------|------------------|------------|
| Regular Savings               | 0        | 0        | 0        | 0        | 3,399,031        | 3,844,324        | 88%        |
| Term/Fixed Savings            | 0        | 0        | 0        | 0        | 0                | 0                | 0%         |
| Gift Savings                  | 0        | 0        | 0        | 0        | 0                | 0                | 0%         |
| Special Savings               | 0        | 0        | 0        | 0        | 0                | 0                | 0%         |
| Unpledged Savings             | 0        | 0        | 0        | 0        | 0                | 0                | 0%         |
| <b>Total Savings Deposits</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>3,399,031</b> | <b>3,844,324</b> | <b>88%</b> |

**External Credit**

|                                               |                  |                |                  |                  |                  |                  |             |
|-----------------------------------------------|------------------|----------------|------------------|------------------|------------------|------------------|-------------|
| External Credit - CFF (<= 1 Year)             | 1,632,726        | 0              | 0                | 0                | 0                | 0                | 0%          |
| External Credit - CFF (> 1 Year)              | 0                | 0              | 6,277,614        | 4,741,936        | 4,053,200        | 2,925,228        | 139%        |
| External Credit - Banks                       | 0                | 282,489        | 0                | 0                | 0                | 0                | 0%          |
| Other External Credit - External Institutions | 0                | 0              | 0                | 0                | 0                | 0                | 0%          |
| <b>Total External Credit</b>                  | <b>1,632,726</b> | <b>282,489</b> | <b>6,277,614</b> | <b>4,741,936</b> | <b>4,053,200</b> | <b>2,925,228</b> | <b>139%</b> |

**Total Interest Bearing Liabilities**

**1,632,726 282,489 6,277,614 4,741,936 4,053,200 2,925,228 139%**

**Non-Interest Bearing Liabilities**

|                                               |                  |                  |                  |               |               |               |             |
|-----------------------------------------------|------------------|------------------|------------------|---------------|---------------|---------------|-------------|
| Short-Term Accounts Payable (<=30 Days)       | 1,943,269        | 574,399          | 185,833          | 38,000        | 0             | 0             | 0%          |
| External Credit Payments (<=30 Days)          | 0                | 0                | 0                | 0             | 0             | 0             | 0%          |
| Provisions (e.g. Employee Benefits)           | 1,591,543        | 1,848,022        | 1,767,767        | 0             | 0             | 0             | 0%          |
| Accounting Discrepancy - Liabilities          | 335,057          | 851,559          | 70,823           | 0             | 43,639        | 43,638        | 100%        |
| Other Liabilities                             | 0                | 0                | 0                | 0             | 0             | 0             | 0%          |
| <b>Total Non-Interest Bearing Liabilities</b> | <b>3,869,869</b> | <b>3,273,980</b> | <b>2,024,423</b> | <b>38,000</b> | <b>43,639</b> | <b>43,638</b> | <b>100%</b> |

**Total Liabilities**

**5,502,595 3,556,469 8,302,037 4,779,936 7,495,870 6,813,190 110%**

**CAPITAL**

**Share Capital**

|                                   |                   |                   |                   |                   |                   |                   |            |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------|
| Mandatory Shares                  | 48,751,243        | 59,161,636        | 78,606,808        | 81,456,684        | 83,863,864        | 88,656,997        | 95%        |
| Voluntary Shares                  | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%         |
| <b>Total Member Share Capital</b> | <b>48,751,243</b> | <b>59,161,636</b> | <b>78,606,808</b> | <b>81,456,684</b> | <b>83,863,864</b> | <b>88,656,997</b> | <b>95%</b> |

**Transitory Capital**

|                                  |                |                |          |                  |                |                  |            |
|----------------------------------|----------------|----------------|----------|------------------|----------------|------------------|------------|
| Asset Appreciation Over Cost     | 0              | 0              | 0        | 0                | 0              | 0                | 0%         |
| Education & Social Reserves      | 0              | 0              | 0        | 0                | 0              | 0                | 0%         |
| Monetary Reserves                | 0              | 0              | 0        | 0                | 0              | 0                | 0%         |
| Other Reserves                   | 0              | 0              | 0        | 0                | 0              | 0                | 0%         |
| Accounting Discrepancy - Capital | 0              | 0              | 0        | 0                | 0              | 0                | 0%         |
| Undistributed Net Income         | 559,026        | 443,909        | 0        | 1,729,767        | 561,993        | 1,554,115        | 36%        |
| <b>Total Transitory Capital</b>  | <b>559,026</b> | <b>443,909</b> | <b>0</b> | <b>1,729,767</b> | <b>561,993</b> | <b>1,554,115</b> | <b>36%</b> |

**Institutional Capital**

|                                          |                |                |                 |                 |                |                |             |
|------------------------------------------|----------------|----------------|-----------------|-----------------|----------------|----------------|-------------|
| Statutory & Legal Reserves               | 660,473        | 677,074        | 673,148         | 673,148         | 673,148        | 673,148        | 100%        |
| Retained Earnings                        | 0              | 0              | 0               | 0               | 0              | 0              | 0%          |
| Special Asset Reserves                   | 0              | 0              | 0               | 0               | 0              | 0              | 0%          |
| Donations / Other Reserves               | 17,760         | 18,570         | 19,270          | 20,110          | 20,250         | 20,320         | 100%        |
| Undistributed Losses                     | 0              | 0              | (1,238,007)     | (1,238,007)     | 0              | 0              | 0%          |
| Undistributed Net Income (Loss) Transfer | 0              | 0              | 0               | 0               | 0              | 0              | 0%          |
| <b>Total Institutional Capital</b>       | <b>678,233</b> | <b>695,644</b> | <b>-545,589</b> | <b>-544,749</b> | <b>693,398</b> | <b>693,468</b> | <b>100%</b> |

**Total Capital**

**49,988,502 60,301,189 78,061,219 82,641,702 85,119,256 90,904,580 94%**

**Total Liabilities and Capital**

**55,491,097 63,857,658 86,363,256 87,421,638 92,615,126 97,717,770 95%**

Annual Goal

% Complete

|                                               | 31/12/1997       | 31/12/1998       | 31/12/1999       | 31/03/2000       | 30/06/2000       | 30/09/2000       |               |
|-----------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|---------------|
| Number of Credit Unions in this Report        | 1                | 1                | 1                | 1                | 1                | 1                | 1             |
| <b>INCOME</b>                                 |                  |                  |                  |                  |                  |                  |               |
| <b>INCOME FROM LOANS</b>                      |                  |                  |                  |                  |                  |                  |               |
| Interest Income from Loans                    | 4,393,302        | 4,239,846        | 5,302,728        | 1,450,608        | 2,085,258        | 3,617,937        | 57.64%        |
| Delinquent Penalty Interest Income from Loans | 0                | 0                | 0                | 0                | 0                | 0                | 0.00%         |
| Commissions/Fees from Loans                   | 0                | 0                | 0                | 0                | 0                | 0                | 0.00%         |
| Insurance Premiums for Loans                  | 0                | 0                | 0                | 0                | 0                | 0                | 0.00%         |
| <b>NET LOAN INCOME</b>                        | <b>4,393,302</b> | <b>4,239,846</b> | <b>5,302,728</b> | <b>1,450,608</b> | <b>2,085,258</b> | <b>3,617,937</b> | <b>57.64%</b> |
| Income from Liquid Investments                | 48,940           | 0                | 0                | 0                | 0                | 0                | 0.00%         |
| Income from Financial Investments             | 19,800           | 28,081           | 874              | 72,503           | 143,735          | 156,345          | 91.93%        |
| Income from Non-Financial Investments         | 329,713          | 515,480          | 629,788          | 301,450          | 641,787          | 965,152          | 66.50%        |
| Income from Grants                            | 0                | 0                | 0                | 0                | 0                | 0                | 0.00%         |
| Income from Other Sources                     | 3,800            | 815              | 4,220            | 4,012            | 173,653          | 174,033          | 99.78%        |
| <b>Gross Income</b>                           | <b>4,795,555</b> | <b>4,784,222</b> | <b>5,937,610</b> | <b>1,828,573</b> | <b>3,044,433</b> | <b>4,913,467</b> | <b>61.96%</b> |
| <b>COSTS/EXPENSES</b>                         |                  |                  |                  |                  |                  |                  |               |
| <b>FINANCIAL COSTS</b>                        |                  |                  |                  |                  |                  |                  |               |
| Interest Expense on Savings Deposits          | 0                | 0                | 0                | 0                | 0                | 0                | 0.00%         |
| Insurance Premiums for Savings                | 0                | 0                | 0                | 0                | 0                | 0                | 0.00%         |
| <i>Financial Cost - Savings Deposits</i>      | <i>0</i>         | <i>0</i>         | <i>0</i>         | <i>0</i>         | <i>0</i>         | <i>0</i>         | <i>0.00%</i>  |
| Financial Cost on External Credit             | 484,575          | 92,071           | 729,214          | 174,836          | 309,463          | 276,088          | 112.09%       |
| Dividend Expense on Shares                    | 1,535,664        | 1,731,984        | 1,729,767        | 8,657            | 8,657            | 0                | 0.00%         |
| Insurance Premiums for Shares                 | 0                | 0                | 0                | 0                | 0                | 0                | 0.00%         |
| <i>Financial Cost - Shares</i>                | <i>1,535,664</i> | <i>1,731,984</i> | <i>1,729,767</i> | <i>8,657</i>     | <i>8,657</i>     | <i>0</i>         | <i>0.00%</i>  |
| Taxes on Interest Paid                        | 0                | 0                | 0                | 0                | 0                | 0                | 0.00%         |
| Other Financial Costs                         | -528,276         | 922,195          | 855,948          | 533,992          | 1,404,554        | 1,462,551        | 96.03%        |
| <b>TOTAL FINANCIAL COSTS</b>                  | <b>2,548,515</b> | <b>2,746,250</b> | <b>3,314,929</b> | <b>717,485</b>   | <b>1,722,674</b> | <b>1,738,639</b> | <b>99.08%</b> |
| Gross Margin                                  | 2,247,040        | 2,037,972        | 2,622,681        | 1,111,088        | 1,321,759        | 3,174,828        | 41.63%        |
| <b>OPERATING EXPENSES</b>                     |                  |                  |                  |                  |                  |                  |               |
| Personnel                                     | 607,411          | 727,175          | 993,419          | 558,405          | 1,008,936        | 1,241,770        | 81.25%        |
| Governance                                    | 789,740          | 645,398          | 952,115          | 206,459          | 267,309          | 517,244          | 51.68%        |
| Marketing                                     | 40,150           | 60,500           | 29,604           | 16,000           | 19,000           | 24,000           | 79.17%        |
| Depreciation                                  | 21,491           | 19,720           | 17,691           | 0                | 0                | 0                | 0.00%         |
| Administration                                | 561,669          | 683,696          | 2,339,094        | 156,793          | 782,466          | 1,155,634        | 67.71%        |
| <b>TOTAL OPERATING EXPENSES</b>               | <b>2,020,461</b> | <b>2,136,489</b> | <b>4,331,923</b> | <b>937,657</b>   | <b>2,077,710</b> | <b>2,938,648</b> | <b>70.70%</b> |
| Provision for Risk Assets                     | 0                | 0                | 0                | 0                | 0                | 0                | 0.00%         |
| Net Income from Operations                    | 226,579          | (98,517)         | (1,709,242)      | 173,431          | (755,951)        | 236,180          | -320.07%      |
| <b>OTHER INCOME / EXPENSE</b>                 |                  |                  |                  |                  |                  |                  |               |
| Previous period adjustments (Net)             | 0                | 0                | 0                | 0                | 0                | 0                | 0.00%         |
| Extraordinary Items (Net)                     | 0                | 0                | 0                | 0                | 0                | 0                | 0.00%         |
| <b>TOTAL OTHER INCOME/EXPENSE</b>             | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0.00%</b>  |
| Net Income/Loss                               | 226,579          | (98,517)         | (1,709,242)      | 173,431          | (755,951)        | 236,180          | -320.07%      |

|                                               | 31-Dec-98 | 31-Dec-99 | 31-Mar-00 | 30-Jun-00 | 30-Sep-00 |
|-----------------------------------------------|-----------|-----------|-----------|-----------|-----------|
| <b>Number of Credit Unions in this Report</b> | 1         | 1         | 1         | 1         | 1         |
| <b>Salary Burden</b>                          |           |           |           |           |           |
| Number Of Loans / Number of Loan Officers     | 0         | 0         | 0         | 0         | 0         |
| Amount Of Loans / Number of Loan Officers     | 0         | 0         | 0         | 0         | 0         |
| <b>Adjusted Returns*</b>                      |           |           |           |           |           |
| Capital                                       | -290.36%  | 541.39%   | -383.31%  | -439.11%  | -253.10%  |
| Assets                                        | -5.54%    | -3.93%    | -5.23%    | -6.12%    | -5.98%    |
| <b>Sufficiency Ratios**</b>                   |           |           |           |           |           |
| Operational Self Sufficiency                  | 97.98%    | 77.65%    | 110.48%   | 80.11%    | 105.05%   |
| Financial Self Sufficiency                    | 53.07%    | 60.92%    | 26.48%    | 30.56%    | 40.73%    |
| Subsidy Dependency Index                      | 78.57%    | 22.85%    | 45.20%    | 74.51%    | 114.78%   |
| <b>Efficiency Ratios***</b>                   |           |           |           |           |           |
| Portfolio Turnover                            | 22.22%    | 20.10%    | NA        | 16.73%    | NA        |
| Administrative Efficiency                     | 4.50%     | 7.39%     | 1.42%     | 2.89%     | 3.77%     |

1. The RATE used in the calculation of all ratios is inflation or market rate of the product (savings, credit, etc.), whichever is higher.
2. Required Provision Expenses are 100% of all loans delinquent greater than 12 months and either the WOCCU standard of 35% of loans delinquent from 1-12 months or local requirements where appropriate.

**\*Explanation of Adjusted Return Ratios**

|                                                                                                                                                                                                                                                                                                                                                |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Adjusted return on Capital</b>                                                                                                                                                                                                                                                                                                              |
| $(\text{Gross Income} - \text{Operating Subsidies} - ((\text{Average Deposits Balance} * \text{RATE}) + (\text{Average External Credit Balance} * \text{RATE}) + (\text{Average Share Balance} * \text{RATE}) + \text{Operating Expenses} + \text{Required Provision Expenses})) / (\text{Institutional Capital} + \text{Transitory Capital})$ |
| <b>Adjusted Return on Assets</b>                                                                                                                                                                                                                                                                                                               |
| $(\text{Gross Income} - \text{Operating Subsidies} - ((\text{Average Deposits Balance} * \text{RATE}) + (\text{Average External Credit Balance} * \text{RATE}) + (\text{Average Share Balance} * \text{RATE}) + \text{Operating Expenses} + \text{Required Provision Expenses})) / \text{Avg. Assets}$                                         |

**\*\*Explanation of Sufficiency Ratios**

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Operational Self Sufficiency</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| $(\text{Gross Income} - \text{Operating Subsidies}) / (\text{Deposit Costs} + \text{External Credit Costs} + \text{Share Costs} + \text{Operating Expenses} + \text{Provision Expenses} + \text{Other Expenses} + \text{Operating Subsidies})$                                                                                                                                                                                                                                        |
| <b>Financial Self Sufficiency</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| $(\text{Gross Income} - \text{Operating Subsidies}) / ((\text{Average Deposits Balance} * \text{RATE}) + (\text{Average External Credit Balance} * \text{RATE}) + (\text{Average Share Balance} * \text{RATE}) + \text{Operating Expenses} + \text{Required Provision Expenses}) + \text{Other Expenses} + \text{Operating Subsidies}$                                                                                                                                                |
| <b>Subsidy Dependency Index</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| $([\text{Average Deposits Balance} * (\text{RATE} - \text{Weighted Interest Rate } \{R5\})] + [\text{Average External Credit Balance} * (\text{RATE} - \text{Weighted Rate } \{R6\})] - [\text{Average Share Balance} * (\text{RATE} - \text{Weighted Interest Rate } \{R7\})] + [(\text{Institutional Capital} + \text{Transitory Capital}) * \text{RATE } \{\text{Savings}\}] + \text{Subsidies}) / (\text{Average Loan Portfolio} * \text{Annualized Loan Interest Rate } \{R1\})$ |

**\*\*\*Explanation of Efficiency Ratios**

|                                                                                          |
|------------------------------------------------------------------------------------------|
| <b>Portfolio Turnover</b>                                                                |
| Amount of Loans Disbursed During Current Reporting Period / Gross Average Loan Portfolio |
| <b>Administrative Efficiency</b>                                                         |
| Operating Expenses / Average Gross Loan Portfolio                                        |

172





World Council of Credit Unions, Inc.

**Microfinance Expansion Program (MEP)  
4<sup>th</sup> QUARTER 2000 REPORT**

**Nassefu  
Savings and Credit Cooperative (SACCO)**

**Nairobi, Kenya  
February 16, 2001**

Microfinance Expansion  
Programme (MEP)  
Isaac Gathanju Road  
Off James Gichuru Road, Lavington  
P.O. Box 979 Village Market  
Nairobi, Kenya

Phone: (254) 2-48053/48122/7/9  
Fax: (254) 2-48112  
E-mail: [woccu@form-net.com](mailto:woccu@form-net.com)

*"Quality  
Credit Unions  
for Everyone"*

World Council of Credit Unions, Inc. (WOCCU), Kenya  
 Microfinance Expansion Program (MEP)  
 NASSEFU SACCO  
 4<sup>th</sup> Quarter, 2000, PEARLS Analysis

| SACCO Prudential Standards           | Analysis of NASSEFU SACCO's Status<br>By the end of the 4 <sup>th</sup> Quarter, 2000 <sup>1</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|--------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Protection</i>                    | <ul style="list-style-type: none"> <li>• P1, P2, P3, P4 and P5 could not be measured since the SACCO does not provide for expected loan losses. <i>WOCCU has trained the management of the SACCO on how to track delinquency and account for loan losses. Further training will be provided to the SACCO. In addition, the Loan Portfolio Analysis Tool has also been installed in the SACCO to facilitate this.</i></li> <li>• NASSEFU SACCO is fully solvent, at 102.74%. <i>WOCCU has advised the SACCO to maintain its total assets above total liabilities, and the rationale for doing that.</i></li> <li>• At 0.23%, NASSEFU's net institutional capital is still very low. <i>This indicates that the residual value of the SACCO is low. WOCCU has advised the SACCO to grow this ratio to at least 10% of its total assets and technical support in doing this is being offered.</i></li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <i>Effective Financial Structure</i> | <ul style="list-style-type: none"> <li>• <b>NASSEFU SACCO's asset structure:</b> <ul style="list-style-type: none"> <li>• Earning assets are 88.49%                             <ul style="list-style-type: none"> <li>• Loans are 83.45% of total assets, <i>a reasonable ratio that is in line with the PEARLS standards.</i></li> <li>• Liquid investments are 0.05% of total assets. <i>This is reasonable since the SACCO has limited front office services (started in December 2000). WOCCU has advised the SACCO to ensure there is enough liquidity for the front office in order to build and maintain members' confidence.</i></li> <li>• Financial investments are 4.99%, <i>and within PEARLS standards.</i></li> <li>• The SACCO does not hold any non-financial investments.</li> </ul> </li> </ul> </li> <li>• <b>The SACCO's asset financing structure:</b> <ul style="list-style-type: none"> <li>• Savings deposits were 0%, <i>since the SACCO had not started front office operations. However, with WOCCU's technical assistance the SACCO began front office operations in the first week of December.</i></li> <li>• External credit is 3.36%, <i>an excellent reduction from 7.72% in June. WOCCU has advised the SACCO to avoid using external credit and source for funds from the front office.</i></li> <li>• Share Capital is 92.25%. <i>This ratio will gradually reduce as the front office operations pick up and savings deposits increase.</i></li> <li>• Institutional capital is 0.54%. <i>WOCCU has advised the SACCO to continue growing its institutional capital, and meetings will be held with the SACCO management to suggest ways of doing this.</i></li> </ul> </li> </ul> |
| <i>Asset Quality</i>                 | <ul style="list-style-type: none"> <li>• Total delinquency is 0.36%, <i>a small amount and less than the standard 5%. The Loan Portfolio Analysis Tool will be used to determine the true level of delinquency.</i></li> <li>• Non-earning assets, at 11.51% are high <i>due to large checking account balances and payroll deduction receivable. The SACCO has been advised to reduce this ratio to less than 5%.</i></li> <li>• Zero-cost funds are not matched with non-earning assets. The ratio is 35.547%. <i>The SACCO's zero-cost funds such as institutional capital are very low compared to the non-earning assets stated above. The management has been advised by WOCCU to ensure that non-earning assets are financed by non-interest bearing liabilities.</i></li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

<sup>1</sup> The 4<sup>th</sup> quarter report presents an analysis of financial information as at September 30, 2000.

World Council of Credit Unions, Inc. (WOCCU), Kenya  
 Microfinance Expansion Program (MEP)  
 NASSEFU SACCO  
 4<sup>th</sup> Quarter, 2000, PEARLS Analysis

| SACCO Prudential Standards       | Analysis of NASSEFU SACCO's Status<br>By the end of the 4 <sup>th</sup> Quarter, 2000 <sup>2</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Rates of return and costs</i> | <ul style="list-style-type: none"> <li>• The effective loan yield was 8.88%, <i>below market rate (20.60%) and the nominal rate charged (15%). This could be an indicator of a higher level of delinquency. WOCCU has advised the SACCO to undertake necessary collection measures to avoid delinquency. LPAT will be used to assist in the determination of the true level of delinquency.</i></li> <li>• There were no returns on liquid and financial investments. <i>WOCCU has advised the SACCO to minimize investments that have no returns.</i></li> <li>• No dividends on member shares; <i>the SACCO does not accrue for dividend costs (dividends are determined annually post net income);</i></li> <li>• Gross margin is 6.71%.</li> <li>• Operating expenses are 3.56%. <i>They are within PEARLS standards.</i></li> <li>• The SACCO does not have non-recurring incomes/expenses.</li> <li>• The SACCO did not make a provision for expected loan losses.</li> <li>• The SACCO's net income is 3.15%. <i>This cannot sufficiently support building up the SACCO's institutional capital to the required minimum of 10% of total assets. WOCCU is giving TA to the SACCO to ensure that it retains more of its earnings to build institutional capital.</i></li> </ul> |
| <i>Liquidity</i>                 | <ul style="list-style-type: none"> <li>• The SACCO had no liquidity reserves in September <i>because it had no savings deposits.</i></li> <li>• The SACCO has no deposits in CFF <i>because the league does not offer this facility.</i></li> <li>• The SACCO's non-earning liquid assets are 4.28%, <i>held in current accounts pending the disbursement of loans to members.</i></li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <i>Signs of Growth</i>           | <ul style="list-style-type: none"> <li>• Total assets registered a growth of 7.66%, lower than inflation rate (8.20%).</li> <li>• Loans grew by 4.69%.</li> <li>• External credit decreased significantly by 94.98%.</li> <li>• Share capital grew by 25.82%.</li> <li>• Institutional capital grew by 43.31%.</li> <li>• Membership grew by 14.24%.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

<sup>2</sup> The 4<sup>th</sup> quarter report presents an analysis of financial information as at September 30, 2000.

Based on Local currency

| P-E-A-R-L-S RATIOS                                             | Goals                            | 31-Dec-97 | 31-Dec-98 | 31-Dec-99 | 31-Mar-00 | 30-Jun-00 | Annual  |            |
|----------------------------------------------------------------|----------------------------------|-----------|-----------|-----------|-----------|-----------|---------|------------|
|                                                                |                                  |           |           |           |           |           | Goal    | % Complete |
| Number of Credit Unions in this Report                         |                                  | 1         | 1         | 1         | 1         | 1         | 1       |            |
| <b>P PROTECTION</b>                                            |                                  |           |           |           |           |           |         |            |
| 1. Loan Loss Allowances / Delinq. >12 Mo.                      | 100%                             | NA        | NA        | NA        |           |           |         |            |
| 2. Net Loan Loss Allow. / Allow. Required for Delinq. 1-12 Mo. | 100% of Goal                     | NA        | NA        | NA        | 100.00%   | 100.00%   | 100.00% | 100%       |
| 3. Complete Loan Charge-Off of Delinquency > 12 Mo.            | Yes                              | Yes       | Yes       | Yes       | No        | No        | No      | 0%         |
| 4. Annual Loan Charge-offs / Average Loan Portfolio            | Minimized                        | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%   | 0%         |
| 5. Accum. Charge-Offs Recovered / Accum Charge-Offs            | 100%                             | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%   | 0%         |
| 6. Solvency                                                    | Min 100%                         | 100.53%   | 100.67%   | 101.36%   | 101.98%   | 102.21%   | 102.74% | 99%        |
| 7. Net Institutional Capital                                   | Minimum 10%                      | 0.48%     | 0.52%     | 0.43%     | 0.14%     | 0.15%     | 0.23%   | 63%        |
| <b>E EFFECTIVE FINANCIAL STRUCTURE</b>                         |                                  |           |           |           |           |           |         |            |
| 1. Net Loans / Total Assets                                    | Between 70 - 80%                 | 92.91%    | 95.23%    | 85.25%    | 84.31%    | 83.77%    | 83.45%  | 100%       |
| 2. Liquid Investments / Total Assets                           | Max 20 %                         | 2.90%     | 2.64%     | 0.18%     | 2.01%     | 0.05%     | 0.05%   | 99%        |
| 3. Financial Investments / Total Assets                        | Max 10 %                         | 3.72%     | 4.42%     | 7.10%     | 7.00%     | 7.13%     | 4.99%   | 143%       |
| 4. Non-Financial Investments / Total Assets                    | 0%                               | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%   | 0%         |
| 5. Savings Deposits / Total Assets                             | Between 70 - 80%                 | 0.00%     | 1.09%     | 0.00%     | 0.00%     | 0.00%     | 0.00%   | 0%         |
| 6. External Credit / Total Assets                              | 0                                | 4.17%     | 0.00%     | 12.37%    | 10.87%    | 7.72%     | 3.36%   | 230%       |
| 7. Member Share Capital / Total Assets                         | Max 20 %                         | 91.08%    | 94.03%    | 81.72%    | 82.37%    | 85.62%    | 92.25%  | 93%        |
| 8. Institutional Capital / Total Assets                        | Minimum 10%                      | 0.48%     | 0.52%     | 0.43%     | 0.41%     | 0.41%     | 0.54%   | 76%        |
| <b>A ASSET QUALITY</b>                                         |                                  |           |           |           |           |           |         |            |
| 1. Total Delinquency / Gross Loan Portfolio                    | Less Than or Equal To 5%         | 0.00%     | 0.00%     | 0.00%     | 0.31%     | 0.31%     | 0.36%   | 86%        |
| 2. Non-Earning Assets / Total Assets                           | Less Than or Equal To 5%         | 0.48%     | -2.29%    | 7.47%     | 6.67%     | 9.05%     | 11.51%  | 79%        |
| 3. Net Zero Cost Funds / Non-earning. Assets                   | Greater Than or Equal To 100%    | 992.00%   | -213.60%  | 78.98%    | 97.22%    | 70.74%    | 35.47%  | 199%       |
| <b>R RATES OF RETURN AND COSTS (ANNUALIZED)</b>                |                                  |           |           |           |           |           |         |            |
| 1. Net Loan Income / Average Net Loan Portfolio                | Enterprenurial Rate              | 12.09%    | 11.79%    | 11.50%    | 8.93%     | 8.93%     | 8.88%   | 101%       |
| 2. Liquid Inv. Income / Avg. Liquid Investments                | Market Rates                     | 49.93%    | 12.57%    | 0.00%     | 0.00%     | 0.00%     | 0.00%   | 0%         |
| 3. Fin. Investment Income / Avg. Fin. Investments              | Market Rates                     | 0.00%     | 11.64%    | 5.59%     | 0.00%     | 0.00%     | 0.00%   | 0%         |
| 4. Non-Fin. Inv. Income / Avg. Non-Fin. Investmmts             | Greater Than or Equal to R1      | NA        | NA        | NA        | NA        | NA        | NA      | NA         |
| 5. Fin Costs: Savings Deposits / Avg. Savings Deposits         | Market Rates                     | NA        | 0.00%     | 0.00%     | NA        | NA        | NA      | NA         |
| 6. Fin Costs: External Credit / Avg. External Credit           | Less Than or Equal to R5         | 55.08%    | 182.09%   | 6.29%     | 7.70%     | 2.66%     | 3.53%   | 75%        |
| 7. Fin Costs: Member Shares / Avg. Member Shares               | Greater Than or Equal to R5      | 0.00%     | 3.42%     | 5.47%     | 0.00%     | 0.00%     | 0.00%   | 0%         |
| 8. Gross Margin / Average Assets                               | Amount Needed to Cover R9, R10   | 7.93%     | 5.79%     | 5.20%     | 5.74%     | 6.59%     | 6.71%   | 98%        |
| 9. Operating Expenses / Average Assets                         | 3 -10%                           | 7.88%     | 5.14%     | 4.98%     | 3.36%     | 4.28%     | 3.56%   | 120%       |
| 10. Provisions for Risk Assets / Average Assets                | Sufficient for Estimated Losses  | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%   | 0%         |
| 11. Other Income or Expense / Average Assets                   | Amount Needed                    | -0.04%    | 0.63%     | 0.00%     | 0.00%     | 0.00%     | 0.00%   | 0%         |
| 12. Net Income / Average Assets                                | Enough to reach the goal for E8  | 0.09%     | 0.02%     | 0.22%     | 2.38%     | 2.31%     | 3.15%   | 73%        |
| <b>L LIQUIDITY</b>                                             |                                  |           |           |           |           |           |         |            |
| 1. Liquid Assets - ST Payables / Total Deposits                | Minimum 15%                      | NA        | -136.90%  | NA        | NA        | NA        | NA      | NA         |
| 2. Liquidity Reserves / Total Savings Deposits                 | 10%                              | NA        | 0.00%     | NA        | NA        | NA        | NA      | NA         |
| 3. Non-Earning Liquid Assets / Total Assets                    | Less Than 1 %                    | -8.27%    | -2.71%    | 1.41%     | 0.41%     | 0.67%     | 4.28%   | 16%        |
| 4. Deposits in CFF / Total Available Liquidity                 | Maximum Amount                   | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%   | 0%         |
| <b>S SIGNS OF GROWTH (ANNUAL GROWTH RATES)</b>                 |                                  |           |           |           |           |           |         |            |
| 1. Total Assets                                                | More Than Inflation              | 40.16%    | 24.89%    | 39.35%    | 21.10%    | 14.50%    | 7.66%   | 189%       |
| 2. Loans to Members                                            | Sufficient to Achieve Goal in E1 | 44.67%    | 28.01%    | 24.75%    | 16.45%    | 10.77%    | 4.69%   | 230%       |
| 3. Savings Deposits                                            | Sufficient to Achieve Goal in E5 | 0.00%     | 100.00%   | -100.00%  | 0.00%     | 0.00%     | 0.00%   | 0%         |
| 4. External Credit                                             | 0%                               | 77.60%    | -100.00%  | 100.00%   | -30.08%   | -66.42%   | -94.98% | 143%       |
| 5. Share Capital                                               | Sufficient to Achieve Goal in E7 | 37.61%    | 28.93%    | 21.11%    | 24.47%    | 24.77%    | 25.82%  | 96%        |
| 6. Institutional Capital                                       | Sufficient to Achieve Goal in E8 | 34.00%    | 33.70%    | 15.45%    | 2.25%     | 3.93%     | 43.31%  | 9%         |
| 7. Membership                                                  | Minimum 5%                       | 100.00%   | -26.75%   | -9.49%    | 12.43%    | 12.61%    | 14.24%  | 89%        |
| Inflation Rate (Annualized)                                    |                                  | 11.20%    | 10.60%    | 5.10%     | 6.30%     | 7.30%     | 8.20%   |            |

Based on Local currency

Annual Goal

% Complete

|                                                             | 31/12/1997   | 31/12/1998   | 31/12/1999   | 31/03/2000   | 30/06/2000   | 30/09/2000   |               |
|-------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Number of Credit Unions in this Report                      | 1            | 1            | 1            | 1            | 1            | 1            | 1             |
| <b>Number Of CU Members</b>                                 |              |              |              |              |              |              |               |
| Men                                                         | 680          | 680          | 615          | 643          | 668          | 443          | 150.79%       |
| Women                                                       | 830          | 426          | 386          | 389          | 396          | 665          | 59.55%        |
| Gender not Reported                                         | 0            | 0            | 0            | 0            | 0            | 0            | 0.00%         |
| <b>Total Number Of Members</b>                              | <b>1,510</b> | <b>1,106</b> | <b>1,001</b> | <b>1,032</b> | <b>1,064</b> | <b>1,108</b> | <b>96.03%</b> |
| <b>Number of Other Service Users</b>                        |              |              |              |              |              |              |               |
| Youth                                                       | 0            | 0            | 0            | 0            | 0            | 0            | 0.00%         |
| Third Parties                                               | 0            | 0            | 0            | 0            | 0            | 0            | 0.00%         |
| <b>Total Number of Other CU Service Users</b>               | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0.00%</b>  |
| <b>Total Number Of Members &amp; Other CU Service Users</b> | <b>1,510</b> | <b>1,106</b> | <b>1,001</b> | <b>1,032</b> | <b>1,064</b> | <b>1,108</b> | <b>96.03%</b> |

**Assets****Earning Assets****Loans to Members**

|                         |                   |                   |                   |                   |                   |                   |             |
|-------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------|
| Short Term (<=1 Year)   | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%          |
| Medium-Term (1-3 Years) | 58,189,033        | 74,487,248        | 92,921,129        | 96,731,032        | 97,912,082        | 96,192,624        | 102%        |
| Long-Term (> 3 Years)   | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%          |
| Other Special Loans     | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%          |
| Loan Loss Allowances    | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%          |
| <b>Total Net Loans</b>  | <b>58,189,033</b> | <b>74,487,248</b> | <b>92,921,129</b> | <b>96,731,032</b> | <b>97,912,082</b> | <b>96,192,624</b> | <b>102%</b> |

**Liquid Investments**

|                                       |                  |                  |                |                  |               |               |             |
|---------------------------------------|------------------|------------------|----------------|------------------|---------------|---------------|-------------|
| Liquidity Reserves - CFF              | 0                | 0                | 0              | 0                | 0             | 0             | 0%          |
| Other Liquidity Reserves              | 0                | 0                | 0              | 0                | 0             | 0             | 0%          |
| Short-Term CFF Deposits               | 0                | 0                | 0              | 0                | 0             | 0             | 0%          |
| Short-Term Bank Deposits              | 0                | 2,063,407        | 195,237        | 2,308,107        | 59,094        | 59,094        | 100%        |
| Short-Term Securities and Investments | 1,063,164        | 0                | 0              | 0                | 0             | 0             | 0%          |
| Other Liquid Investments 1            | 750,000          | 0                | 0              | 0                | 0             | 0             | 0%          |
| Other Liquid Investments 2            | 0                | 0                | 0              | 0                | 0             | 0             | 0%          |
| Other Liquid Investments 3            | 0                | 0                | 0              | 0                | 0             | 0             | 0%          |
| Liquid Investments Allowances         | 0                | 0                | 0              | 0                | 0             | 0             | 0%          |
| <b>Total Liquid Investments</b>       | <b>1,813,164</b> | <b>2,063,407</b> | <b>195,237</b> | <b>2,308,107</b> | <b>59,094</b> | <b>59,094</b> | <b>100%</b> |

**Financial Investments**

|                                    |                  |                  |                  |                  |                  |                  |             |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------|
| Shares - League/Affiliation        | 10,000           | 10,000           | 110,000          | 110,000          | 110,000          | 110,000          | 100%        |
| Long-Term CFF Deposit              | 2,255,608        | 3,383,541        | 5,123,356        | 5,273,356        | 5,423,356        | 5,573,356        | 97%         |
| Long-Term Bank Deposits            | 0                | 0                | 2,437,360        | 2,587,360        | 2,737,360        | 0                | 0%          |
| Long-Term Securities & Investments | 0                | 0                | 0                | 0                | 0                | 0                | 0%          |
| Other Financial Investments 1      | 0                | 0                | 0                | 0                | 0                | 0                | 0%          |
| Other Financial Investments 2      | 63,000           | 63,000           | 63,000           | 63,000           | 63,000           | 63,000           | 100%        |
| Other Financial Investments 3      | 0                | 0                | 0                | 0                | 0                | 0                | 0%          |
| Financial Investments Allowances   | 0                | 0                | 0                | 0                | 0                | 0                | 0%          |
| <b>Total Financial Investments</b> | <b>2,328,608</b> | <b>3,456,541</b> | <b>7,733,716</b> | <b>8,033,716</b> | <b>8,333,716</b> | <b>5,746,356</b> | <b>145%</b> |

**Non-Financial Investments**

|                                        |          |          |          |          |          |          |           |
|----------------------------------------|----------|----------|----------|----------|----------|----------|-----------|
| Various                                | 0        | 0        | 0        | 0        | 0        | 0        | 0%        |
| Non-Financial Investments Allowances   | 0        | 0        | 0        | 0        | 0        | 0        | 0%        |
| <b>Total Non-Financial Investments</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0%</b> |

|                             |                   |                   |                    |                    |                    |                    |             |
|-----------------------------|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|-------------|
| <b>Total Earning Assets</b> | <b>62,330,805</b> | <b>80,007,196</b> | <b>100,850,082</b> | <b>107,072,855</b> | <b>106,304,892</b> | <b>101,998,074</b> | <b>104%</b> |
|-----------------------------|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|-------------|

**Additional Loan Portfolio Information**

| Delinquency Based on Outstanding Balance of Loan? | Payment    | Balance    | Payment    | Payment        | Payment        | Payment        |            |
|---------------------------------------------------|------------|------------|------------|----------------|----------------|----------------|------------|
| <b>Delinquency</b>                                |            |            |            |                |                |                |            |
| Day to 1 Month                                    | 0          | 0          | 0          | 0              | 0              | 0              | 0%         |
| TO 12 Months                                      | 0          | 0          | 0          | 0              | 0              | 0              | 0%         |
| More Than 12 Months                               | 0          | 0          | 0          | 304,618        | 304,618        | 350,000        | 87%        |
| <b>Total Balance Of Delinquent Loans</b>          | <b>0</b>   | <b>0</b>   | <b>0</b>   | <b>304,618</b> | <b>304,618</b> | <b>350,000</b> | <b>87%</b> |
| Loans to Members (Gross)                          | 58,189,033 | 74,487,248 | 92,921,129 | 96,731,032     | 97,912,082     | 96,192,624     | 102%       |
| Accumulated Charge-Offs (Historical)              | 0          | 0          | 0          | 0              | 0              | 0              | 0%         |
| Recovery of Loans Charged-Off (Historical)        | 0          | 0          | 0          | 0              | 0              | 0              | 0%         |

Based on Local currency

Annual Goal

% Complete

31/12/1997 31/12/1998 31/12/1999 31/03/2000 30/06/2000 30/09/2000

**Non-Earning Assets**

**Liquid Assets**

|                             |                   |                   |                  |                |                |                  |            |
|-----------------------------|-------------------|-------------------|------------------|----------------|----------------|------------------|------------|
| Cash & Equivalents          | 1,615,807         | 108,252           | 0                | 60,679         | 2,124          | 6,436            | 33%        |
| Current Accounts (Checking) | (6,794,008)       | (2,230,364)       | 1,534,984        | 409,984        | 784,984        | 4,927,375        | 16%        |
| Foreign Currency            | 0                 | 0                 | 0                | 0              | 0              | 0                | 0%         |
| Liquidity Reserves - CFF    | 0                 | 0                 | 0                | 0              | 0              | 0                | 0%         |
| Other Liquidity Reserves    | 0                 | 0                 | 0                | 0              | 0              | 0                | 0%         |
| Other Liquid Assets         | 0                 | 0                 | 0                | 0              | 0              | 0                | 0%         |
| <b>Total Liquid Assets</b>  | <b>-5,178,201</b> | <b>-2,122,112</b> | <b>1,534,984</b> | <b>470,663</b> | <b>787,108</b> | <b>4,933,811</b> | <b>16%</b> |

**Accounts Receivable**

|                                  |                  |                |                  |                  |                  |                  |             |
|----------------------------------|------------------|----------------|------------------|------------------|------------------|------------------|-------------|
| Debtors                          | 524,566          | 211,343        | 95,117           | 95,117           | 95,117           | 95,117           | 100%        |
| Interest Receivable              | 0                | 0              | 0                | 0                | 0                | 0                | 0%          |
| Notes Receivable                 | 0                | 0              | 0                | 0                | 0                | 0                | 0%          |
| Payroll Deductions Receivable    | 4,844,442        | 0              | 6,103,049        | 6,598,128        | 9,158,016        | 7,235,208        | 127%        |
| Other Accounts Receivable        | 0                | 0              | 0                | 0                | 0                | 35,593           | 0%          |
| Receivable Loss Allowances       | 0                | 0              | 0                | 0                | 0                | 0                | 0%          |
| <b>Total Accounts Receivable</b> | <b>5,369,008</b> | <b>211,343</b> | <b>6,198,166</b> | <b>6,693,245</b> | <b>9,253,134</b> | <b>7,365,918</b> | <b>126%</b> |

**Fixed Assets**

|                                          |                |                |                |                |                |                |             |
|------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|-------------|
| Land                                     | 0              | 0              | 0              | 0              | 0              | 0              | 0%          |
| Buildings (Cost)                         | 0              | 0              | 0              | 0              | 0              | 0              | 0%          |
| Accumulated Depreciation - Buildings     | 0              | 0              | 0              | 0              | 0              | 0              | 0%          |
| Leasehold Improvements                   | 0              | 0              | 0              | 73,646         | 73,646         | 0              | 0%          |
| Accum. Depreciation - Leasehold Improv.  | 0              | 0              | 0              | 0              | 0              | 0              | 0%          |
| Furniture & Equipment                    | 109,035        | 121,655        | 382,497        | 389,497        | 389,497        | 394,497        | 99%         |
| Accum. Depreciation - Furniture & Equip. | 0              | 0              | 0              | 0              | 0              | 0              | 0%          |
| <b>Total Net Fixed Assets</b>            | <b>109,035</b> | <b>121,655</b> | <b>382,497</b> | <b>463,143</b> | <b>463,143</b> | <b>394,497</b> | <b>117%</b> |

**Other Assets**

|                           |          |          |               |               |               |                |            |
|---------------------------|----------|----------|---------------|---------------|---------------|----------------|------------|
| Assets in Liquidation     | 0        | 0        | 0             | 0             | 0             | 0              | 0%         |
| Organization Expenses     | 0        | 0        | 31,880        | 29,781        | 72,618        | 0              | 0%         |
| Prepaid Expenses          | 0        | 0        | 0             | 880           | 0             | 0              | 0%         |
| Other Deferred Assets     | 0        | 0        | 0             | 0             | 0             | 575,267        | 0%         |
| Accumulated Amortization  | 0        | 0        | 0             | 0             | 0             | 0              | 0%         |
| <b>Total Other Assets</b> | <b>0</b> | <b>0</b> | <b>31,880</b> | <b>30,661</b> | <b>72,618</b> | <b>575,267</b> | <b>13%</b> |

**Problem Assets**

|                                 |          |          |          |          |          |          |           |
|---------------------------------|----------|----------|----------|----------|----------|----------|-----------|
| Doubtful Assets                 | 0        | 0        | 0        | 0        | 0        | 0        | 0%        |
| Accounting Discrepancy - Assets | 0        | 0        | 3        | 0        | 0        | 0        | 0%        |
| Other Problem Assets            | 0        | 0        | 0        | 0        | 0        | 0        | 0%        |
| <b>Total Problem Assets</b>     | <b>0</b> | <b>0</b> | <b>3</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0%</b> |

|                                 |                |                   |                  |                  |                   |                   |            |
|---------------------------------|----------------|-------------------|------------------|------------------|-------------------|-------------------|------------|
| <b>Total Non-Earning Assets</b> | <b>299,842</b> | <b>-1,789,114</b> | <b>8,147,530</b> | <b>7,657,712</b> | <b>10,576,003</b> | <b>13,269,493</b> | <b>80%</b> |
|---------------------------------|----------------|-------------------|------------------|------------------|-------------------|-------------------|------------|

|                     |                   |                   |                    |                    |                    |                    |             |
|---------------------|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|-------------|
| <b>Total Assets</b> | <b>62,630,647</b> | <b>78,218,082</b> | <b>108,997,612</b> | <b>114,730,567</b> | <b>116,880,895</b> | <b>115,267,567</b> | <b>101%</b> |
|---------------------|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|-------------|

178

Reported on Local currency

Annual Goal

% Complete

31/12/1997 31/12/1998 31/12/1999 31/03/2000 30/06/2000 30/09/2000

## LIABILITIES

## INTEREST BEARING LIABILITIES

## Savings Deposits

|                               | 31/12/1997 | 31/12/1998     | 31/12/1999 | 31/03/2000 | 30/06/2000 | 30/09/2000 | % Complete |
|-------------------------------|------------|----------------|------------|------------|------------|------------|------------|
| Regular Savings               | 0          | 0              | 0          | 0          | 0          | 0          | 0%         |
| Term/Fixed Savings            | 0          | 850,000        | 0          | 0          | 0          | 0          | 0%         |
| Youth Savings                 | 0          | 0              | 0          | 0          | 0          | 0          | 0%         |
| Special Savings               | 0          | 0              | 0          | 0          | 0          | 0          | 0%         |
| pledged Savings               | 0          | 0              | 0          | 0          | 0          | 0          | 0%         |
| <b>Total Savings Deposits</b> | <b>0</b>   | <b>850,000</b> | <b>0</b>   | <b>0</b>   | <b>0</b>   | <b>0</b>   | <b>0%</b>  |

## External Credit

|                                               |                  |                |                   |                   |                  |                  |             |
|-----------------------------------------------|------------------|----------------|-------------------|-------------------|------------------|------------------|-------------|
| External Credit - CFF (<= 1 Year)             | 2,613,054        | 0              | 0                 | 0                 | 0                | 0                | 0%          |
| External Credit - CFF (> 1 Year)              | 0                | 0              | 7,299,983         | 5,748,663         | 4,197,343        | 2,646,023        | 159%        |
| External Credit - Banks                       | 0                | 0              | 6,187,641         | 6,727,425         | 4,823,172        | 0                | 0%          |
| Other External Credit - External Institutions | 0                | 0              | 0                 | 0                 | 0                | 1,225,000        | 0%          |
| <b>Total External Credit</b>                  | <b>2,613,054</b> | <b>0</b>       | <b>13,487,624</b> | <b>12,476,088</b> | <b>9,020,515</b> | <b>3,871,023</b> | <b>233%</b> |
| <b>Total Interest Bearing Liabilities</b>     | <b>2,613,054</b> | <b>850,000</b> | <b>13,487,624</b> | <b>12,476,088</b> | <b>9,020,515</b> | <b>3,871,023</b> |             |

## Non-Interest Bearing Liabilities

|                                               |                  |                  |                   |                   |                   |                  |             |
|-----------------------------------------------|------------------|------------------|-------------------|-------------------|-------------------|------------------|-------------|
| Short-Term Accounts Payable (<=30 Days)       | 1,248,995        | 1,104,986        | 211,296           | 1,091,890         | 213,773           | 138,046          | 155%        |
| External Credit Payments (<=30 Days)          | 0                | 0                | 0                 | 0                 | 0                 | 0                | 0%          |
| Provisions (e.g. Employee Benefits)           | 1,400,000        | 2,218,414        | 4,716,488         | 0                 | 134,420           | 0                | 0%          |
| Accounting Discrepancy - Liabilities          | 0                | 0                | 0                 | 0                 | 0                 | 0                | 0%          |
| Other Liabilities                             | 23,575           | 0                | 299,633           | 4,484,264         | 4,920,200         | 1,650,362        | 298%        |
| <b>Total Non-Interest Bearing Liabilities</b> | <b>2,672,570</b> | <b>3,323,400</b> | <b>5,227,417</b>  | <b>5,576,154</b>  | <b>5,268,393</b>  | <b>1,788,408</b> | <b>295%</b> |
| <b>Total Liabilities</b>                      | <b>5,285,624</b> | <b>4,173,400</b> | <b>18,715,041</b> | <b>18,052,242</b> | <b>14,288,908</b> | <b>5,659,431</b> | <b>252%</b> |

## CAPITAL

## Share Capital

|                                   |                   |                   |                   |                   |                    |                    |            |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|------------|
| Mandatory Shares                  | 57,043,156        | 73,546,596        | 89,075,304        | 94,504,796        | 100,074,295        | 106,339,940        | 94%        |
| Voluntary Shares                  | 0                 | 0                 | 0                 | 0                 | 0                  | 0                  | 0%         |
| <b>Total Member Share Capital</b> | <b>57,043,156</b> | <b>73,546,596</b> | <b>89,075,304</b> | <b>94,504,796</b> | <b>100,074,295</b> | <b>106,339,940</b> | <b>94%</b> |

## Transitory Capital

|                                  |          |               |                |                  |                  |                  |            |
|----------------------------------|----------|---------------|----------------|------------------|------------------|------------------|------------|
| Asset Appreciation Over Cost     | 0        | 0             | 0              | 0                | 0                | 0                | 0%         |
| Education & Social Reserves      | 0        | 0             | 0              | 0                | 0                | 0                | 0%         |
| Monetary Reserves                | 0        | 0             | 0              | 0                | 0                | 0                | 0%         |
| Other Reserves                   | 0        | 0             | 604,988        | 905,988          | 741,328          | 0                | 0%         |
| Accounting Discrepancy - Capital | 0        | 0             | 0              | 0                | 0                | 0                | 0%         |
| Undistributed Net Income         | 0        | 94,495        | 136,340        | 799,002          | 1,301,305        | 2,650,797        | 49%        |
| <b>Total Transitory Capital</b>  | <b>0</b> | <b>94,495</b> | <b>741,328</b> | <b>1,704,990</b> | <b>2,042,633</b> | <b>2,650,797</b> | <b>77%</b> |

## Institutional Capital

|                                    |                |                |                |                |                |                |            |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|------------|
| Statutory & Legal Reserves         | 197,612        | 377,341        | 431,289        | 431,289        | 431,289        | 431,289        | 100%       |
| Retained Earnings                  | 79,635         | 0              | 0              | 0              | 0              | 136,340        | 0%         |
| Special Asset Reserves             | 0              | 0              | 0              | 0              | 0              | 0              | 0%         |
| Donations / Other Reserves         | 24,620         | 26,250         | 34,650         | 37,250         | 43,770         | 49,770         | 88%        |
| Undistributed Losses               | 0              | 0              | 0              | 0              | 0              | 0              | 0%         |
| YTD Net Income (Loss) Transfer     | 0              | 0              | 0              | 0              | 0              | 0              | 0%         |
| <b>Total Institutional Capital</b> | <b>301,867</b> | <b>403,591</b> | <b>465,939</b> | <b>468,539</b> | <b>475,059</b> | <b>617,399</b> | <b>77%</b> |

## Total Capital

|                                      |                   |                   |                    |                    |                    |                    |             |
|--------------------------------------|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|-------------|
| <b>Total Capital</b>                 | <b>57,345,023</b> | <b>74,044,682</b> | <b>90,282,571</b>  | <b>96,678,325</b>  | <b>102,591,987</b> | <b>109,608,136</b> | <b>94%</b>  |
| <b>Total Liabilities and Capital</b> | <b>62,630,647</b> | <b>78,218,082</b> | <b>108,997,612</b> | <b>114,730,567</b> | <b>116,880,895</b> | <b>115,267,567</b> | <b>101%</b> |

Annual Goal

% Complete

|                                               | 31/12/1997       | 31/12/1998       | 31/12/1999        | 31/03/2000       | 30/06/2000       | 30/09/2000       |               |
|-----------------------------------------------|------------------|------------------|-------------------|------------------|------------------|------------------|---------------|
| Number of Credit Unions in this Report        | 1                | 1                | 1                 | 1                | 1                | 1                | 1             |
| <b>INCOME</b>                                 |                  |                  |                   |                  |                  |                  |               |
| <b>INCOME FROM LOANS</b>                      |                  |                  |                   |                  |                  |                  |               |
| Interest Income from Loans                    | 5,950,672        | 7,824,479        | 9,629,997         | 2,111,245        | 4,246,466        | 6,303,396        | 67.37%        |
| Delinquent Penalty Interest Income from Loans | 0                | 0                | 0                 | 0                | 0                | 0                | 0.00%         |
| Commissions/Fees from Loans                   | 0                | 0                | 0                 | 0                | 0                | 0                | 0.00%         |
| Insurance Premiums for Loans                  | 0                | 0                | 0                 | 0                | 0                | 0                | 0.00%         |
| <b>NET LOAN INCOME</b>                        | <b>5,950,672</b> | <b>7,824,479</b> | <b>9,629,997</b>  | <b>2,111,245</b> | <b>4,246,466</b> | <b>6,303,396</b> | <b>67.37%</b> |
| Income from Liquid Investments                | 608,721          | 243,633          | 0                 | 0                | 0                | 0                | 0.00%         |
| Income from Financial Investments             | 0                | 336,759          | 312,840           | 0                | 0                | 0                | 0.00%         |
| Income from Non-Financial Investments         | 0                | 0                | 0                 | 0                | 0                | 0                | 0.00%         |
| Income from Grants                            | 0                | 0                | 0                 | 0                | 0                | 0                | 0.00%         |
| Income from Other Sources                     | 218,259          | 283,267          | 93,400            | 0                | 200              | 13,200           | 1.52%         |
| <b>Gross Income</b>                           | <b>6,777,652</b> | <b>8,688,138</b> | <b>10,036,237</b> | <b>2,111,245</b> | <b>4,246,666</b> | <b>6,316,596</b> | <b>67.23%</b> |
| <b>COSTS/EXPENSES</b>                         |                  |                  |                   |                  |                  |                  |               |
| <b>FINANCIAL COSTS</b>                        |                  |                  |                   |                  |                  |                  |               |
| Interest Expense on Savings Deposits          | 1,400,000        | 0                | 0                 | 0                | 0                | 0                | 0.00%         |
| Insurance Premiums for Savings                | 0                | 0                | 0                 | 0                | 0                | 0                | 0.00%         |
| Financial Cost - Savings Deposits             | 1,400,000        | 0                | 0                 | 0                | 0                | 0                | 0.00%         |
| Financial Cost on External Credit             | 1,124,835        | 2,379,048        | 423,916           | 249,085          | 149,206          | 229,935          | 64.89%        |
| Dividend Expense on Shares                    | 0                | 2,230,435        | 4,450,000         | 0                | 0                | 0                | 0.00%         |
| Insurance Premiums for Shares                 | 0                | 0                | 0                 | 0                | 0                | 0                | 0.00%         |
| Financial Cost - Shares                       | 0                | 2,230,435        | 4,450,000         | 0                | 0                | 0                | 0.00%         |
| Taxes on Interest Paid                        | 0                | 0                | 0                 | 0                | 0                | 0                | 0.00%         |
| Other Financial Costs                         | 0                | 0                | 295,350           | 261,694          | 388,310          | 439,837          | 88.28%        |
| <b>TOTAL FINANCIAL COSTS</b>                  | <b>2,524,835</b> | <b>4,609,483</b> | <b>5,169,266</b>  | <b>510,779</b>   | <b>537,516</b>   | <b>669,772</b>   | <b>80.25%</b> |
| Gross Margin                                  | 4,252,817        | 4,078,655        | 4,866,971         | 1,600,466        | 3,709,150        | 5,646,824        | 65.69%        |
| <b>OPERATING EXPENSES</b>                     |                  |                  |                   |                  |                  |                  |               |
| Personnel                                     | 1,642,925        | 1,832,962        | 2,623,590         | 764,911          | 1,375,425        | 1,930,999        | 71.23%        |
| Governance                                    | 817,688          | 1,253,617        | 1,462,856         | 73,100           | 688,248          | 739,757          | 93.04%        |
| Marketing                                     | 0                | 18,885           | 8,000             | 0                | 32,313           | 32,313           | 100.00%       |
| Depreciation                                  | 15,576           | 17,380           | 86,578            | 0                | 0                | 0                | 0.00%         |
| Administration                                | 1,749,895        | 496,623          | 484,344           | 99,793           | 311,860          | 292,957          | 106.45%       |
| <b>TOTAL OPERATING EXPENSES</b>               | <b>4,226,084</b> | <b>3,619,467</b> | <b>4,665,368</b>  | <b>937,804</b>   | <b>2,407,846</b> | <b>2,996,026</b> | <b>80.37%</b> |
| Provision for Risk Assets                     | 0                | 0                | 0                 | 0                | 0                | 0                | 0.00%         |
| <b>Net Income from Operations</b>             | <b>26,733</b>    | <b>459,188</b>   | <b>201,603</b>    | <b>662,662</b>   | <b>1,301,304</b> | <b>2,650,798</b> | <b>49.09%</b> |
| <b>OTHER INCOME / EXPENSE</b>                 |                  |                  |                   |                  |                  |                  |               |
| Previous period adjustments (Net)             | 0                | (444,328)        | 0                 | 0                | 0                | 0                | 0.00%         |
| Extraordinary Items (Net)                     | 20,237           | 0                | 0                 | 0                | 0                | 0                | 0.00%         |
| <b>TOTAL OTHER INCOME/EXPENSE</b>             | <b>20,237</b>    | <b>(444,328)</b> | <b>0</b>          | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0.00%</b>  |
| <b>Net Income/Loss</b>                        | <b>46,970</b>    | <b>14,860</b>    | <b>201,603</b>    | <b>662,662</b>   | <b>1,301,304</b> | <b>2,650,798</b> | <b>49.09%</b> |



|                                               | 31-Dec-98  | 31-Dec-99  | 31-Mar-00  | 30-Jun-00  | 30-Sep-00  |
|-----------------------------------------------|------------|------------|------------|------------|------------|
| <b>Number of Credit Unions in this Report</b> | 1          | 1          | 1          | 1          | 1          |
| <b>Salary Burden</b>                          |            |            |            |            |            |
| Number Of Loans / Number of Loan Officers     | 0          | 0          | 1.304      | 1.303      | 798        |
| Amount Of Loans / Number of Loan Officers     | 74,487,248 | 92,921,129 | 96,731,032 | 97,912,082 | 96,192,624 |
| <b>Adjusted Returns*</b>                      |            |            |            |            |            |
| Capital                                       | -454.18%   | -36.11%    | -268.49%   | -252.32%   | -184.62%   |
| Assets                                        | -3.21%     | -0.47%     | -5.22%     | -5.49%     | -5.20%     |
| <b>Sufficiency Ratios**</b>                   |            |            |            |            |            |
| Operational Self Sufficiency                  | 105.58%    | 102.05%    | 145.75%    | 144.18%    | 172.31%    |
| Financial Self Sufficiency                    | 79.34%     | 93.21%     | 25.72%     | 38.65%     | 49.39%     |
| Subsidy Dependency Index                      | 35.46%     | 7.37%      | 56.60%     | 82.11%     | 99.80%     |
| <b>Efficiency Ratios***</b>                   |            |            |            |            |            |
| Portfolio Turnover                            | 24.57%     | 2.20%      | 23.28%     | 68.76%     | 79.97%     |
| Administrative Efficiency                     | 5.46%      | 5.57%      | 0.99%      | 2.47%      | 3.09%      |

1. The RATE used in the calculation of all ratios is inflation or market rate of the product (savings, credit, etc.), whichever is higher.
2. Required Provision Expenses are 100% of all loans delinquent greater than 12 months and either the WOCCU standard of 35% of loans delinquent from 1-12 months or local requirements where appropriate.

**\*Explanation of Adjusted Return Ratios**

**Adjusted return on Capital**

$(\text{Gross Income} - \text{Operating Subsidies} - ((\text{Average Deposits Balance} * \text{RATE}) + (\text{Average External Credit Balance} * \text{RATE}) + (\text{Average Share Balance} * \text{RATE}) + \text{Operating Expenses} + \text{Required Provision Expenses})) / (\text{Institutional Capital} + \text{Transitory Capital})$

**Adjusted Return on Assets**

$(\text{Gross Income} - \text{Operating Subsidies} - ((\text{Average Deposits Balance} * \text{RATE}) + (\text{Average External Credit Balance} * \text{RATE}) + (\text{Average Share Balance} * \text{RATE}) + \text{Operating Expenses} + \text{Required Provision Expenses})) / \text{Avg. Assets}$

**\*\*Explanation of Sufficiency Ratios**

**Operational Self Sufficiency**

$(\text{Gross Income} - \text{Operating Subsidies}) / (\text{Deposit Costs} + \text{External Credit Costs} + \text{Share Costs} + \text{Operating Expenses} + \text{Provision Expenses} + \text{Other Expenses} + \text{Operating Subsidies})$

**Financial Self Sufficiency**

$(\text{Gross Income} - \text{Operating Subsidies}) / ((\text{Average Deposits Balance} * \text{RATE}) + (\text{Average External Credit Balance} * \text{RATE}) + (\text{Average Share Balance} * \text{RATE}) + \text{Operating Expenses} + \text{Required Provision Expenses} + \text{Other Expenses} + \text{Operating Subsidies})$

**Subsidy Dependency Index**

$([\text{Average Deposits Balance} * (\text{RATE} - \text{Weighted Interest Rate } \{R5\})] + [\text{Average External Credit Balance} * (\text{RATE} - \text{Weighted Rate } \{R6\})] - [\text{Average Share Balance} * (\text{RATE} - \text{Weighted Interest Rate } \{R7\})] + [(\text{Institutional Capital} + \text{Transitory Capital}) * \text{RATE } \{\text{Savings}\}] + \text{Subsidies}) / (\text{Average Loan Portfolio} * \text{Annualized Loan Interest Rate } \{R1\})$

**\*\*\*Explanation of Efficiency Ratios**

**Portfolio Turnover**

Amount of Loans Disbursed During Current Reporting Period / Gross Average Loan Portfolio

**Administrative Efficiency**

Operating Expenses / Average Gross Loan Portfolio



World Council of Credit Unions, Inc.

**Microfinance Expansion Program (MEP)  
4<sup>th</sup> QUARTER 2000 REPORT**

**Ndege Chai  
Savings and Credit Cooperative (SACCO)**

**Nairobi, Kenya  
February 16, 2001**

Microfinance Expansion  
Programme (MEP)  
Isaac Gathanju Road  
Off James Gichuru Road, Lavington  
P.O. Box 979 Village Market  
Nairobi, Kenya

Phone: (254) 2-48053/48122/7/9  
Fax: (254) 2-48112  
E-mail: [woccu@form-net.com](mailto:woccu@form-net.com)

*"Quality  
Credit Unions  
for Everyone"*

182

World Council of Credit Unions, Inc. (WOCCU), Kenya  
 Microfinance Expansion Program (MEP)  
 Ndege Chai SACCO  
 4<sup>th</sup> Quarter, 2000, PEARLS Analysis

| SACCO Prudential Standards           | Analysis of Ndege Chai SACCO's Status<br>By the end of the 4 <sup>th</sup> Quarter, 2000 <sup>1</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|--------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Protection</i>                    | <ul style="list-style-type: none"> <li>• P1 – P5 ratios were not computed since the SACCO does not provide for expected loan losses; <i>WOCCU has advised the SACCO to provision for loan losses and has also installed the Loan Portfolio Analysis Tool in their computers to assist in determining the level of delinquency.</i></li> <li>• Ndege Chai SACCO does not charge-off uncollectible loans; <i>once the true level of delinquency has been established, charging off plans will be presented to the board and management.</i></li> <li>• Ndege Chai is solvent and registered a Solvency ratio of 107.33% up from 105.82% in June 2000.</li> <li>• Ndege Chai has a positive net institutional capital, which currently stands at 1.56%.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <i>Effective Financial Structure</i> | <ul style="list-style-type: none"> <li>• Ndege Chai SACCO has attained the ideal asset structure (96.00% of its assets are productive):                             <ul style="list-style-type: none"> <li>• Loans: 92.63%;</li> <li>• Liquid investments: 0.23%;</li> <li>• Financial investments: 3.14%;</li> </ul> <i>The SACCO continues to maintain Liquid Investment at a minimum since it does not offer front office services. In addition, the returns on the investments are low.</i> </li> <li>• Ndege Chai SACCO has not attained the ideal asset financing structure:                             <ul style="list-style-type: none"> <li>• Savings Deposits: 0.00%;</li> <li>• External credit: 1.84%;</li> <li>• Share Capital: 91.09%;</li> <li>• Institutional Capital: 1.56%;</li> </ul> <i>The SACCO has not yet started offering withdrawable savings. Plans to start front office operations are underway and the SACCO is being offered necessary Technical advice by WOCCU on the same.</i><br/> <i>WOCCU has advised the board and management on how to start changing SACCO assets and liabilities to attain the ideal structure. The PEARLS 2000 tool has been installed in the SACCO to assist in this endeavour.</i><br/> <i>Institutional capital declined marginally, as the SACCO does not accrue for statutory reserves.</i> </li> </ul> |

<sup>1</sup> The 4<sup>th</sup> quarter report presents an analysis of financial information as at September 30, 2000.

World Council of Credit Unions, Inc. (WOCCU), Kenya  
 Microfinance Expansion Program (MEP)  
 Ndege Chai SACCO  
 4<sup>th</sup> Quarter, 2000, PEARLS Analysis

| SACCO Prudential Standards       | Analysis of Ndege Chai SACCO's Status<br>By the end of the 4 <sup>th</sup> Quarter, 2000 <sup>2</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Asset Quality</i>             | <ul style="list-style-type: none"> <li>• Ndege Chai SACCO has not measured delinquency but it is likely to be negligible, <i>since Ndege Chai SACCO has a check-off arrangement with the Marketing agent (as R1 indicates the rate realized is very close to the nominal rate charged by the SACCO).</i></li> <li>• Non-earning assets are 4.00% compared to the ideal of less than 5%.</li> <li>• Ndege Chai SACCO is financing all its non-earning assets from institutional reserves and other non-interest bearing liabilities – zero cost funds stand at 176.54% of non-earning assets.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <i>Rates of return and costs</i> | <ul style="list-style-type: none"> <li>• The effective loan yield, at 11.74%, <i>is relatively low and below market rate, but compares very well with the nominal rate charged by the SACCO. WOCCU is working with the SACCO to draw up a business plan to help determine the entrepreneurial rate;</i></li> <li>• Liquid investments have reported no yield;</li> <li>• Financial investments have reported a moderately low yield of 2.44%;</li> <li>• Ndege Chai SACCO does not have non-financial investments.<br/><i>The liquid and financial investments pay a return semi-annually (bank savings accounts, Central Finance deposits etc).</i></li> <li>• Financial costs on savings deposits – NIL;</li> <li>• External credit costs are moderately high at, 12.51%, a decline from 12.79% in June 2000, <i>but are below the market rates of 24% - WOCCU continues to emphasize the need to rely on savings mobilization rather than external credit;</i></li> <li>• No dividends on member shares; <i>the SACCO does not accrue for dividend costs (dividends are determined annually post net income);</i></li> <li>• Gross margin and Net income are relatively high, at 9.26% and 7.33% respectively, <i>primarily because the SACCO does not accrue for member dividends;</i></li> <li>• Operating expenses continue being low, at 1.93%;</li> <li>• The SACCO does not have non-recurring incomes/expenses, and no costs on provision as noted above.</li> </ul> |

<sup>2</sup> The 4<sup>th</sup> quarter report presents an analysis of financial information as at September 30, 2000.

World Council of Credit Unions, Inc. (WCCU), Kenya  
 Microfinance Expansion Program (MEP)  
 Ndege Chai SACCO  
 4<sup>th</sup> Quarter, 2000, PEARLS Analysis

| SACCO Prudential Standards | Analysis of Ndege Chai SACCO's Status<br>By the end of the 4 <sup>th</sup> Quarter, 2000 <sup>3</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Liquidity</i>           | <ul style="list-style-type: none"> <li>• The level of Non-earning liquid assets is within the recommended level (0.11% compared to the ideal of less than 1%) as the SACCO maintains minimal balances in its Current Accounts.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <i>Signs of Growth</i>     | <ul style="list-style-type: none"> <li>• Total assets registered good growth, at 34.18%, <i>which is an improvement over the rate recorded to June 2000 (28.50) despite the reduction in membership over the quarter;</i></li> <li>• Loans registered excellent growth, at 44.93%, <i>which is higher than the growth in total assets;</i></li> <li>• External credit declined by 57.09%, <i>an excellent trend that brings the SACCO closer to the 0% external credit recommended by the PEARLS standards;</i></li> <li>• Share capital registered good growth, at 42.17%, <i>again despite the reduction in membership in the quarter;</i></li> <li>• Institutional capital grew by 2.46%, <i>and is expected to grow further when the SACCO capitalizes 25% of its net income to statutory and legal reserves at the close of the year;</i></li> <li>• Membership growth to September 2000 was 37.03%, <i>a good performance. In the current quarter, the SACCO lost over 1400 members due to the low tea season. It is expected that there will be a recovery in the last quarter of year 2000 as the tea season picks up.</i></li> </ul> |

<sup>3</sup> The 4<sup>th</sup> quarter report presents an analysis of financial information as at September 30, 2000.

| Based on Local currency                         |                                                           | Annual                           |            |           |           |           |           |           |
|-------------------------------------------------|-----------------------------------------------------------|----------------------------------|------------|-----------|-----------|-----------|-----------|-----------|
|                                                 |                                                           | Goal                             | % Complete |           |           |           |           |           |
| P-E-A-R-L-S RATIOS                              |                                                           | Goals                            | 31-Dec-97  | 31-Dec-98 | 31-Dec-99 | 31-Mar-00 | 30-Jun-00 | 30-Sep-00 |
| Number of Credit Unions in this Report          |                                                           |                                  | 1          | 1         | 1         | 1         | 1         | 1         |
| <b>PROTECTION</b>                               |                                                           |                                  |            |           |           |           |           |           |
| 1.                                              | Loan Loss Allowances Delinq. >12 Mo.                      | 100%                             | NA         | NA        | NA        | NA        | NA        | NA        |
| 2.                                              | Net Loan Loss Allow. Allow. Required for Delinq. 1-12 Mo. | 100% of Goal                     | NA         | NA        | NA        | NA        | NA        | NA        |
|                                                 | Complete Loan Charge-Off of Delinquency > 12 Mo.          | Yes                              | Yes        | Yes       | Yes       | Yes       | Yes       | 100%      |
|                                                 | Annual Loan Charge-offs / Average Loan Portfolio          | Minimized                        | 0.00%      | 0.03%     | 0.00%     | 0.00%     | 0.00%     | 0%        |
| 3.                                              | Accum. Charge-Offs Recovered / Accum Charge-Offs          | 100%                             | 0.00%      | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%        |
| 6.                                              | Solvency                                                  | Min 100%                         | 104.62%    | 103.52%   | 102.47%   | 105.03%   | 105.82%   | 107.33%   |
| 7.                                              | Net Institutional Capital                                 | Minimum 10%                      | 3.43%      | 2.81%     | 1.93%     | 1.77%     | 1.71%     | 1.56%     |
| <b>E EFFECTIVE FINANCIAL STRUCTURE</b>          |                                                           |                                  |            |           |           |           |           |           |
| 1.                                              | Net Loans / Total Assets                                  | Between 70 - 80%                 | 85.73%     | 86.15%    | 87.04%    | 91.42%    | 91.85%    | 92.63%    |
| 2.                                              | Liquid Investments / Total Assets                         | Max 20 %                         | 0.27%      | 0.29%     | 0.19%     | 0.26%     | 0.17%     | 0.23%     |
| 3.                                              | Financial Investments / Total Assets                      | Max 10 %                         | 8.08%      | 7.44%     | 6.52%     | 3.27%     | 3.16%     | 3.14%     |
| 4.                                              | Non-Financial Investments / Total Assets                  | 0%                               | 0.00%      | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%        |
| 5.                                              | Savings Deposits / Total Assets                           | Between 70 - 80%                 | 0.00%      | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%        |
| 6.                                              | External Credit / Total Assets                            | 0                                | 4.52%      | 0.15%     | 4.05%     | 2.82%     | 2.56%     | 1.84%     |
| 7.                                              | Member Share Capital / Total Assets                       | Max 20 %                         | 84.28%     | 89.60%    | 86.93%    | 92.08%    | 91.78%    | 91.09%    |
| 8.                                              | Institutional Capital / Total Assets                      | Minimum 10%                      | 3.43%      | 2.81%     | 1.93%     | 1.77%     | 1.71%     | 1.56%     |
| <b>A ASSET QUALITY</b>                          |                                                           |                                  |            |           |           |           |           |           |
| 1.                                              | Total Delinquency / Gross Loan Portfolio                  | Less Than or Equal To 5%         | 0.00%      | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%        |
| 2.                                              | Non-Earning Assets / Total Assets                         | Less Than or Equal To 5%         | 5.92%      | 6.13%     | 6.25%     | 5.05%     | 4.81%     | 4.00%     |
| 3.                                              | Net Zero Cost Funds / Non-earning Assets                  | Greater Than or Equal To 100%    | 189.08%    | 167.36%   | 144.26%   | 100.94%   | 117.57%   | 176.54%   |
| <b>R RATES OF RETURN AND COSTS (ANNUALIZED)</b> |                                                           |                                  |            |           |           |           |           |           |
| 1.                                              | Net Loan Income / Average Net Loan Portfolio              | Entrepreneurial Rate             | 12.44%     | 12.56%    | 12.35%    | 11.69%    | 12.14%    | 11.74%    |
| 2.                                              | Liquid Inv. Income / Avg. Liquid Investments              | Market Rates                     | 7.03%      | 83.69%    | 3.95%     | 0.00%     | 0.00%     | 0.00%     |
| 3.                                              | Fin. Investment Income / Avg. Fin. Investments            | Market Rates                     | 4.63%      | 1.49%     | 3.38%     | 0.06%     | 5.38%     | 2.44%     |
| 4.                                              | Non-Fin. Inv. Income / Avg. Non-Fin. Investments          | Greater Than or Equal to R1      | NA         | NA        | NA        | NA        | NA        | NA        |
| 5.                                              | Fin Costs: Savings Deposits / Avg. Savings Deposits       | Market Rates                     | NA         | NA        | NA        | NA        | NA        | NA        |
| 6.                                              | Fin Costs: External Credit / Avg. External Credit         | Less Than or Equal to R5         | 12.74%     | 11.94%    | 6.28%     | 12.80%    | 12.79%    | 12.51%    |
| 7.                                              | Fin Costs: Member Shares / Avg. Member Shares             | Greater Than or Equal to R5      | 8.32%      | 8.42%     | 8.72%     | 0.00%     | 0.00%     | 0%        |
| 8.                                              | Gross Margin / Average Assets                             | Amount Needed to Cover R9, R10   | 2.60%      | 2.28%     | 2.10%     | 8.30%     | 9.39%     | 9.26%     |
| 9.                                              | Operating Expenses / Average Assets                       | 3 -10%                           | 2.39%      | 2.10%     | 1.99%     | 2.40%     | 2.02%     | 1.93%     |
| 10.                                             | Provisions for Risk Assets / Average Assets               | Sufficient for Estimated Losses  | 0.00%      | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%        |
| 11.                                             | Other Income or Expense / Average Assets                  | Amount Needed                    | 0.00%      | 0.03%     | 0.00%     | 0.00%     | 0.00%     | 0%        |
| 12.                                             | Net Income / Average Assets                               | Enough to reach the goal for E8  | 0.21%      | 0.15%     | 0.11%     | 5.90%     | 7.37%     | 7.33%     |
| <b>L LIQUIDITY</b>                              |                                                           |                                  |            |           |           |           |           |           |
| 1.                                              | Liquid Assets - ST Payables / Total Deposits              | Minimum 15%                      | NA         | NA        | NA        | NA        | NA        | NA        |
| 2.                                              | Liquidity Reserves / Total Savings Deposits               | 10%                              | NA         | NA        | NA        | NA        | NA        | NA        |
| 3.                                              | Non-Earning Liquid Assets / Total Assets                  | Less Than 1 %                    | 0.03%      | 0.36%     | 2.50%     | 0.60%     | 0.11%     | 0.08%     |
| 4.                                              | Deposits in CFF / Total Available Liquidity               | Maximum Amount                   | 0.00%      | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%        |
| <b>S SIGNS OF GROWTH (ANNUAL GROWTH RATES)</b>  |                                                           |                                  |            |           |           |           |           |           |
| 1.                                              | Total Assets                                              | More Than Inflation              | 22.62%     | 31.18%    | 57.37%    | 40.91%    | 28.50%    | 34.18%    |
| 2.                                              | Loans to Members                                          | Sufficient to Achieve Goal in E1 | 19.76%     | 31.81%    | 59.00%    | 63.17%    | 41.17%    | 44.93%    |
| 3.                                              | Savings Deposits                                          | Sufficient to Achieve Goal in E5 | 0.00%      | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%        |
| 4.                                              | External Credit                                           | 0%                               | 100.00%    | -95.79%   | 4287.65%  | -93.18%   | -55.75%   | -57.09%   |
| 5.                                              | Share Capital                                             | Sufficient to Achieve Goal in E7 | 19.97%     | 39.46%    | 52.69%    | 67.10%    | 41.27%    | 42.17%    |
| 6.                                              | Institutional Capital                                     | Sufficient to Achieve Goal in E8 | 7.32%      | 7.38%     | 7.93%     | 4.89%     | 2.75%     | 2.46%     |
| 7.                                              | Membership                                                | Minimum 5%                       | 23.40%     | 34.24%    | 37.38%    | 77.05%    | 93.28%    | 37.03%    |
| Inflation Rate (Annualized)                     |                                                           |                                  | 11.20%     | 10.60%    | 5.10%     | 6.30%     | 7.30%     | 8.20%     |

ased on Local currency

Annual Goal

% Complete

|                                                             | 31/12/1997   | 31/12/1998   | 31/12/1999   | 31/03/2000   | 30/06/2000    | 30/09/2000   |                |
|-------------------------------------------------------------|--------------|--------------|--------------|--------------|---------------|--------------|----------------|
| Number of Credit Unions in this Report                      | 1            | 1            | 1            | 1            | 1             | 1            | 1              |
| <b>Number Of CU Members</b>                                 |              |              |              |              |               |              |                |
| Men                                                         | 2,443        | 3,279        | 4,508        | 5,370        | 6,500         | 5,758        | 112.89%        |
| Women                                                       | 1,628        | 2,186        | 3,000        | 3,580        | 4,500         | 3,837        | 117.28%        |
| Gender not Reported                                         | 0            | 0            | 0            | 0            | 0             | 0            | 0.00%          |
| <b>Total Number Of Members</b>                              | <b>4,071</b> | <b>5,465</b> | <b>7,508</b> | <b>8,950</b> | <b>11,000</b> | <b>9,595</b> | <b>114.64%</b> |
| <b>Number of Other Service Users</b>                        |              |              |              |              |               |              |                |
| Youth                                                       | 0            | 0            | 0            | 0            | 0             | 0            | 0.00%          |
| Third Parties                                               | 0            | 0            | 0            | 0            | 0             | 0            | 0.00%          |
| <b>Total Number of Other CU Service Users</b>               | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>      | <b>0</b>     | <b>0.00%</b>   |
| <b>Total Number Of Members &amp; Other CU Service Users</b> | <b>4,071</b> | <b>5,465</b> | <b>7,508</b> | <b>8,950</b> | <b>11,000</b> | <b>9,595</b> | <b>114.64%</b> |

**Assets****Earning Assets****Loans to Members**

|                         |                   |                   |                    |                    |                    |                    |            |
|-------------------------|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|------------|
| Short Term (<=1 Year)   | 0                 | 0                 | 0                  | 0                  | 0                  | 0                  | 0%         |
| Medium-Term (1-3 Years) | 57,004,564        | 75,140,443        | 119,471,511        | 138,293,514        | 144,002,620        | 159,769,328        | 90%        |
| Long-Term (> 3 Years)   | 0                 | 0                 | 0                  | 0                  | 0                  | 0                  | 0%         |
| Other Special Loans     | 0                 | 0                 | 0                  | 0                  | 0                  | 0                  | 0%         |
| Loan Loss Allowances    | 0                 | 0                 | 0                  | 0                  | 0                  | 0                  | 0%         |
| <b>Total Net Loans</b>  | <b>57,004,564</b> | <b>75,140,443</b> | <b>119,471,511</b> | <b>138,293,514</b> | <b>144,002,620</b> | <b>159,769,328</b> | <b>90%</b> |

**Liquid Investments**

|                                       |                |                |                |                |                |                |            |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|------------|
| Liquidity Reserves - CFF              | 0              | 0              | 0              | 0              | 0              | 0              | 0%         |
| Other Liquidity Reserves              | 0              | 0              | 0              | 0              | 0              | 0              | 0%         |
| Short-Term CFF Deposits               | 0              | 0              | 0              | 0              | 0              | 0              | 0%         |
| Short-Term Bank Deposits              | 179,080        | 250,121        | 265,847        | 386,841        | 265,847        | 391,601        | 68%        |
| Short-Term Securities and Investments | 0              | 0              | 0              | 0              | 0              | 0              | 0%         |
| Other Liquid Investments 1            | 0              | 0              | 0              | 0              | 0              | 0              | 0%         |
| Other Liquid Investments 2            | 0              | 0              | 0              | 0              | 0              | 0              | 0%         |
| Other Liquid Investments 3            | 0              | 0              | 0              | 0              | 0              | 0              | 0%         |
| Liquid Investments Allowances         | 0              | 0              | 0              | 0              | 0              | 0              | 0%         |
| <b>Total Liquid Investments</b>       | <b>179,080</b> | <b>250,121</b> | <b>265,847</b> | <b>386,841</b> | <b>265,847</b> | <b>391,601</b> | <b>68%</b> |

**Financial Investments**

|                                    |                  |                  |                  |                  |                  |                  |            |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------|
| Shares - League/Affiliation        | 31,050           | 31,050           | 131,050          | 131,050          | 131,050          | 281,050          | 47%        |
| Long-Term CFF Deposit              | 2,578,065        | 2,858,038        | 3,253,268        | 3,302,768        | 3,312,768        | 3,469,613        | 95%        |
| Long-Term Bank Deposits            | 0                | 0                | 0                | 0                | 0                | 0                | 0%         |
| Long-Term Securities & Investments | 45,000           | 45,000           | 46,340           | 146,340          | 146,340          | 296,340          | 49%        |
| Other Financial Investments 1      | 539,800          | 539,800          | 539,800          | 539,800          | 539,800          | 539,800          | 100%       |
| Other Financial Investments 2      | 2,177,203        | 3,015,678        | 4,976,430        | 827,203          | 827,203          | 827,203          | 100%       |
| Other Financial Investments 3      | 0                | 0                | 0                | 0                | 0                | 0                | 0%         |
| Financial Investments Allowances   | 0                | 0                | 0                | 0                | 0                | 0                | 0%         |
| <b>Total Financial Investments</b> | <b>5,371,118</b> | <b>6,489,566</b> | <b>8,946,888</b> | <b>4,947,161</b> | <b>4,957,161</b> | <b>5,414,005</b> | <b>92%</b> |

**Non-Financial Investments**

|                                        |          |          |          |          |          |          |           |
|----------------------------------------|----------|----------|----------|----------|----------|----------|-----------|
| Various                                | 0        | 0        | 0        | 0        | 0        | 0        | 0%        |
| Non-Financial Investments Allowances   | 0        | 0        | 0        | 0        | 0        | 0        | 0%        |
| <b>Total Non-Financial Investments</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0%</b> |

**Total Earning Assets**

|                             |                   |                   |                    |                    |                    |                    |            |
|-----------------------------|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|------------|
| <b>Total Earning Assets</b> | <b>62,554,762</b> | <b>81,880,130</b> | <b>128,684,246</b> | <b>143,627,515</b> | <b>149,225,628</b> | <b>165,574,934</b> | <b>90%</b> |
|-----------------------------|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|------------|

**Additional Loan Portfolio Information**

| Delinquency Based on Outstanding Balance of Loan? | Payment    | Payment    | Payment     | Payment     | Payment     | Payment     |           |
|---------------------------------------------------|------------|------------|-------------|-------------|-------------|-------------|-----------|
| <b>Delinquency</b>                                |            |            |             |             |             |             |           |
| 1 Day to 1 Month                                  | 0          | 0          | 0           | 0           | 0           | 0           | 0%        |
| 1 TO 12 Months                                    | 0          | 0          | 0           | 0           | 0           | 0           | 0%        |
| More Than 12 Months                               | 0          | 0          | 0           | 0           | 0           | 0           | 0%        |
| <b>Total Balance Of Delinquent Loans</b>          | <b>0</b>   | <b>0</b>   | <b>0</b>    | <b>0</b>    | <b>0</b>    | <b>0</b>    | <b>0%</b> |
| Loans to Members (Gross)                          | 57,004,564 | 75,140,443 | 119,471,511 | 138,293,514 | 144,002,620 | 159,769,328 | 90%       |
| Accumulated Charge-Offs (Historical)              | 120,142    | 141,646    | 141,646     | 141,646     | 141,646     | 141,646     | 100%      |
| Recovery of Loans Charged-Off (Historical)        | 0          | 0          | 0           | 0           | 0           | 0           | 0%        |

Based on Local currency

Annual Goal

% Complete

31/12/1997 31/12/1998 31/12/1999 31/03/2000 30/06/2000 30/09/2000

**Non-Earning Assets**

|                                          | 31/12/1997        | 31/12/1998        | 31/12/1999         | 31/03/2000         | 30/06/2000         | 30/09/2000         | % Complete  |
|------------------------------------------|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|-------------|
| <b>Liquid Assets</b>                     |                   |                   |                    |                    |                    |                    |             |
| Cash & Equivalents                       | 7,379             | 23,843            | 0                  | 56,880             | 16,880             | 1,908              | 885%        |
| Current Accounts (Checking)              | 11,340            | 290,737           | 3,426,180          | 852,537            | 149,310            | 132,559            | 113%        |
| Foreign Currency                         | 0                 | 0                 | 0                  | 0                  | 0                  | 0                  | 0%          |
| Liquidity Reserves - CFF                 | 0                 | 0                 | 0                  | 0                  | 0                  | 0                  | 0%          |
| Other Liquidity Reserves                 | 0                 | 0                 | 0                  | 0                  | 0                  | 0                  | 0%          |
| Other Liquid Assets                      | 0                 | 0                 | 0                  | 0                  | 0                  | 0                  | 0%          |
| <b>Total Liquid Assets</b>               | <b>18,719</b>     | <b>314,580</b>    | <b>3,426,180</b>   | <b>909,417</b>     | <b>166,190</b>     | <b>134,467</b>     | <b>124%</b> |
| <b>Accounts Receivable</b>               |                   |                   |                    |                    |                    |                    |             |
| Debtors                                  | 182,499           | 250,993           | 210,994            | 160,000            | 423,294            | 1,311,620          | 32%         |
| Interest Receivable                      | 0                 | 0                 | 0                  | 0                  | 0                  | 0                  | 0%          |
| Notes Receivable                         | 0                 | 0                 | 0                  | 0                  | 0                  | 0                  | 0%          |
| Payroll Deductions Receivable            | 3,520,898         | 4,579,097         | 4,420,674          | 5,963,430          | 6,493,231          | 4,642,393          | 140%        |
| Other Accounts Receivable                | 0                 | 0                 | 0                  | 0                  | 0                  | 120,994            | 0%          |
| Receivable Loss Allowances               | 0                 | 0                 | 0                  | 0                  | 0                  | 0                  | 0%          |
| <b>Total Accounts Receivable</b>         | <b>3,703,397</b>  | <b>4,830,090</b>  | <b>4,631,668</b>   | <b>6,123,430</b>   | <b>6,916,525</b>   | <b>6,075,007</b>   | <b>114%</b> |
| <b>Fixed Assets</b>                      |                   |                   |                    |                    |                    |                    |             |
| Land                                     | 0                 | 0                 | 0                  | 0                  | 0                  | 0                  | 0%          |
| Buildings (Cost)                         | 0                 | 0                 | 0                  | 0                  | 0                  | 0                  | 0%          |
| Accumulated Depreciation - Buildings     | 0                 | 0                 | 0                  | 0                  | 0                  | 0                  | 0%          |
| Leasehold Improvements                   | 0                 | 0                 | 0                  | 0                  | 0                  | 0                  | 0%          |
| Accum. Depreciation - Leasehold Improv.  | 0                 | 0                 | 0                  | 0                  | 0                  | 0                  | 0%          |
| Furniture & Equipment                    | 246,734           | 228,887           | 432,736            | 517,781            | 517,781            | 751,232            | 69%         |
| Accum. Depreciation - Furniture & Equip. | (30,842)          | (28,611)          | (54,092)           | (54,092)           | (54,092)           | (54,092)           | 100%        |
| <b>Total Net Fixed Assets</b>            | <b>215,892</b>    | <b>200,276</b>    | <b>378,644</b>     | <b>463,689</b>     | <b>463,689</b>     | <b>697,140</b>     | <b>67%</b>  |
| <b>Other Assets</b>                      |                   |                   |                    |                    |                    |                    |             |
| Assets in Liquidation                    | 0                 | 0                 | 0                  | 0                  | 0                  | 0                  | 0%          |
| Organization Expenses                    | 0                 | 0                 | 0                  | 0                  | 0                  | 0                  | 0%          |
| Prepaid Expenses                         | 0                 | 0                 | 0                  | 0                  | 0                  | 0                  | 0%          |
| Other Deferred Assets                    | 0                 | 0                 | 144,500            | 142,300            | 0                  | 0                  | 0%          |
| Accumulated Amortization                 | 0                 | 0                 | 0                  | 0                  | 0                  | 0                  | 0%          |
| <b>Total Other Assets</b>                | <b>0</b>          | <b>0</b>          | <b>144,500</b>     | <b>142,300</b>     | <b>0</b>           | <b>0</b>           | <b>0%</b>   |
| <b>Problem Assets</b>                    |                   |                   |                    |                    |                    |                    |             |
| Doubtful Assets                          | 0                 | 0                 | 0                  | 0                  | 0                  | 0                  | 0%          |
| Accounting Discrepancy - Assets          | 0                 | 0                 | 0                  | 0                  | 0                  | 0                  | 0%          |
| Other Problem Assets                     | 0                 | 0                 | 0                  | 0                  | 0                  | 0                  | 0%          |
| <b>Total Problem Assets</b>              | <b>0</b>          | <b>0</b>          | <b>0</b>           | <b>0</b>           | <b>0</b>           | <b>0</b>           | <b>0%</b>   |
| <b>Total Non-Earning Assets</b>          | <b>3,938,008</b>  | <b>5,344,946</b>  | <b>8,580,992</b>   | <b>7,638,836</b>   | <b>7,546,404</b>   | <b>6,906,614</b>   | <b>109%</b> |
| <b>Total Assets</b>                      | <b>66,492,770</b> | <b>87,225,076</b> | <b>137,265,238</b> | <b>151,266,351</b> | <b>156,772,032</b> | <b>172,481,548</b> | <b>91%</b>  |



Annual Goal

% Complete

|                                               | 31/12/1997       | 31/12/1998       | 31/12/1999        | 31/03/2000       | 30/06/2000       | 30/09/2000        |               |
|-----------------------------------------------|------------------|------------------|-------------------|------------------|------------------|-------------------|---------------|
| Number of Credit Unions in this Report        | 1                | 1                | 1                 | 1                | 1                | 1                 |               |
| <b>INCOME</b>                                 |                  |                  |                   |                  |                  |                   |               |
| <b>INCOME FROM LOANS</b>                      |                  |                  |                   |                  |                  |                   |               |
| Interest Income from Loans                    | 6,505,764        | 8,300,750        | 12,013,360        | 3,755,357        | 7,972,991        | 12,304,318        | 64.80%        |
| Delinquent Penalty Interest Income from Loans | 0                | 0                | 0                 | 0                | 0                | 0                 | 0.00%         |
| Commissions/Fees from Loans                   | 0                | 0                | 0                 | 0                | 0                | 0                 | 0.00%         |
| Insurance Premiums for Loans                  | 0                | 0                | 0                 | 0                | 0                | 0                 | 0.00%         |
| <b>NET LOAN INCOME</b>                        | <b>6,505,764</b> | <b>8,300,750</b> | <b>12,013,360</b> | <b>3,755,357</b> | <b>7,972,991</b> | <b>12,304,318</b> | <b>64.80%</b> |
| Income from Liquid Investments                | 12,166           | 179,596          | 10,193            | 0                | 0                | 0                 | 0.00%         |
| Income from Financial Investments             | 190,927          | 88,634           | 261,250           | 959              | 186,403          | 131,439           | 141.82%       |
| Income from Non-Financial Investments         | 0                | 0                | 0                 | 0                | 0                | 0                 | 0.00%         |
| Income from Grants                            | 0                | 0                | 0                 | 0                | 7,500            | 7,500             | 100.00%       |
| Income from Other Sources                     | 50,139           | 2,340            | 4,840             | 1,150            | 2,550            | 102,905           | 2.48%         |
| <b>Gross Income</b>                           | <b>6,758,996</b> | <b>8,571,320</b> | <b>12,289,643</b> | <b>3,757,466</b> | <b>8,169,444</b> | <b>12,546,162</b> | <b>65.12%</b> |
| <b>COSTS/EXPENSES</b>                         |                  |                  |                   |                  |                  |                   |               |
| <b>FINANCIAL COSTS</b>                        |                  |                  |                   |                  |                  |                   |               |
| Interest Expense on Savings Deposits          | 0                | 0                | 0                 | 0                | 0                | 0                 | 0.00%         |
| Insurance Premiums for Savings                | 0                | 0                | 0                 | 0                | 0                | 0                 | 0.00%         |
| <i>Financial Cost - Savings Deposits</i>      | <i>0</i>         | <i>0</i>         | <i>0</i>          | <i>0</i>         | <i>0</i>         | <i>0</i>          | <i>0.00%</i>  |
| Financial Cost on External Credit             | 191,640          | 187,120          | 178,557           | 156,769          | 305,114          | 409,962           | 74.43%        |
| Dividend Expense on Shares                    | 4,275,317        | 5,652,468        | 8,612,955         | 0                | 0                | 0                 | 0.00%         |
| Insurance Premiums for Shares                 | 0                | 0                | 0                 | 0                | 0                | 0                 | 0.00%         |
| <i>Financial Cost - Shares</i>                | <i>4,275,317</i> | <i>5,652,468</i> | <i>8,612,955</i>  | <i>0</i>         | <i>0</i>         | <i>0</i>          | <i>0.00%</i>  |
| Taxes on Interest Paid                        | 0                | 0                | 0                 | 0                | 0                | 0                 | 0.00%         |
| Other Financial Costs                         | 722,133          | 979,799          | 1,144,507         | 616,399          | 979,058          | 1,367,368         | 71.60%        |
| <b>TOTAL FINANCIAL COSTS</b>                  | <b>5,189,090</b> | <b>6,819,387</b> | <b>9,936,019</b>  | <b>773,167</b>   | <b>1,284,172</b> | <b>1,777,330</b>  | <b>72.25%</b> |
| Gross Margin                                  | 1,569,906        | 1,751,933        | 2,353,624         | 2,984,299        | 6,885,272        | 10,768,832        | 63.94%        |
| <b>OPERATING EXPENSES</b>                     |                  |                  |                   |                  |                  |                   |               |
| Personnel                                     | 564,858          | 606,201          | 837,792           | 279,676          | 585,573          | 905,895           | 64.64%        |
| Governance                                    | 470,871          | 503,159          | 608,750           | 225,630          | 330,940          | 616,305           | 53.70%        |
| Marketing                                     | 19,700           | 62,698           | 75,170            | 16,354           | 49,840           | 93,806            | 53.13%        |
| Depreciation                                  | 30,842           | 28,611           | 54,092            | 0                | 0                | 0                 | 0.00%         |
| Administration                                | 354,748          | 412,375          | 654,367           | 341,361          | 517,788          | 627,939           | 82.46%        |
| <b>TOTAL OPERATING EXPENSES</b>               | <b>1,441,019</b> | <b>1,613,044</b> | <b>2,230,171</b>  | <b>863,021</b>   | <b>1,484,141</b> | <b>2,243,945</b>  | <b>66.14%</b> |
| Provision for Risk Assets                     | 0                | 0                | 0                 | 0                | 0                | 0                 | 0.00%         |
| <b>Net Income from Operations</b>             | <b>128,887</b>   | <b>138,889</b>   | <b>123,453</b>    | <b>2,121,278</b> | <b>5,401,131</b> | <b>8,524,887</b>  | <b>63.36%</b> |
| <b>OTHER INCOME / EXPENSE</b>                 |                  |                  |                   |                  |                  |                   |               |
| Previous period adjustments (Net)             | 0                | 0                | 0                 | 0                | 0                | 0                 | 0.00%         |
| Extraordinary Items (Net)                     | 0                | (21,504)         | 0                 | 0                | 0                | 0                 | 0.00%         |
| <b>TOTAL OTHER INCOME/EXPENSE</b>             | <b>0</b>         | <b>(21,504)</b>  | <b>0</b>          | <b>0</b>         | <b>0</b>         | <b>0</b>          | <b>0.00%</b>  |
| <b>Net Income/Loss</b>                        | <b>128,887</b>   | <b>117,385</b>   | <b>123,453</b>    | <b>2,121,278</b> | <b>5,401,131</b> | <b>8,524,887</b>  | <b>63.36%</b> |

189

based on Local currency

Annual Goal

% Complete

31/12/1997 31/12/1998 31/12/1999 31/03/2000 30/06/2000 30/09/2000

## LIABILITIES

## INTEREST BEARING LIABILITIES

## Savings Deposits

|                               |          |          |          |          |          |          |           |
|-------------------------------|----------|----------|----------|----------|----------|----------|-----------|
| Regular Savings               | 0        | 0        | 0        | 0        | 0        | 0        | 0%        |
| Term/Fixed Savings            | 0        | 0        | 0        | 0        | 0        | 0        | 0%        |
| Current Savings               | 0        | 0        | 0        | 0        | 0        | 0        | 0%        |
| Special Savings               | 0        | 0        | 0        | 0        | 0        | 0        | 0%        |
| Mortgaged Savings             | 0        | 0        | 0        | 0        | 0        | 0        | 0%        |
| <b>Total Savings Deposits</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0%</b> |

## External Credit

|                                               |                  |                |                  |                  |                  |                  |             |
|-----------------------------------------------|------------------|----------------|------------------|------------------|------------------|------------------|-------------|
| External Credit - CFF (<= 1 Year)             | 0                | 126,659        | 0                | 0                | 0                | 0                | 0%          |
| External Credit - CFF (> 1 Year)              | 2,940,940        | 0              | 5,557,357        | 4,266,170        | 4,012,170        | 3,175,718        | 126%        |
| External Credit - Banks                       | 66,590           | 0              | 0                | 0                | 0                | 0                | 0%          |
| Other External Credit - External Institutions | 0                | 0              | 0                | 0                | 0                | 0                | 0%          |
| <b>Total External Credit</b>                  | <b>3,007,530</b> | <b>126,659</b> | <b>5,557,357</b> | <b>4,266,170</b> | <b>4,012,170</b> | <b>3,175,718</b> | <b>126%</b> |
| <b>Total Interest Bearing Liabilities</b>     | <b>3,007,530</b> | <b>126,659</b> | <b>5,557,357</b> | <b>4,266,170</b> | <b>4,012,170</b> | <b>3,175,718</b> |             |

## Non-Interest Bearing Liabilities

|                                               |                  |                  |                   |                  |                  |                  |             |
|-----------------------------------------------|------------------|------------------|-------------------|------------------|------------------|------------------|-------------|
| Short-Term Accounts Payable (<=30 Days)       | 378,603          | 322,104          | 602,265           | 581,942          | 371,480          | 647,793          | 57%         |
| External Credit Payments (<=30 Days)          | 0                | 0                | 0                 | 0                | 0                | 0                | 0%          |
| Provisions (e.g. Employee Benefits)           | 4,462,203        | 5,851,672        | 8,815,499         | 102,780          | 102,781          | 12,780           | 804%        |
| Accounting Discrepancy - Liabilities          | 0                | 0                | 0                 | 0                | 0                | 0                | 0%          |
| Other Liabilities                             | 17,096           | 17,021           | 18,265            | 18,265           | 18,266           | 16,304           | 112%        |
| <b>Total Non-Interest Bearing Liabilities</b> | <b>4,857,902</b> | <b>6,190,797</b> | <b>9,436,029</b>  | <b>702,987</b>   | <b>492,526</b>   | <b>676,878</b>   | <b>73%</b>  |
| <b>Total Liabilities</b>                      | <b>7,865,432</b> | <b>6,317,456</b> | <b>14,993,386</b> | <b>4,969,157</b> | <b>4,504,696</b> | <b>3,852,596</b> | <b>117%</b> |

## CAPITAL

## Share Capital

|                                   |                   |                   |                    |                    |                    |                    |            |
|-----------------------------------|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|------------|
| Mandatory Shares                  | 56,039,404        | 78,153,030        | 119,329,188        | 139,289,712        | 143,887,320        | 157,112,615        | 92%        |
| Voluntary Shares                  | 0                 | 0                 | 0                  | 0                  | 0                  | 0                  | 0%         |
| <b>Total Member Share Capital</b> | <b>56,039,404</b> | <b>78,153,030</b> | <b>119,329,188</b> | <b>139,289,712</b> | <b>143,887,320</b> | <b>157,112,615</b> | <b>92%</b> |

## Transitory Capital

|                                  |                |                |                |                  |                  |                  |            |
|----------------------------------|----------------|----------------|----------------|------------------|------------------|------------------|------------|
| Asset Appreciation Over Cost     | 0              | 0              | 0              | 0                | 0                | 0                | 0%         |
| Education & Social Reserves      | 0              | 0              | 0              | 0                | 0                | 0                | 0%         |
| Monetary Reserves                | 0              | 0              | 0              | 0                | 0                | 0                | 0%         |
| Other Reserves                   | 296,600        | 296,600        | 297,940        | 297,940          | 297,940          | 297,940          | 100%       |
| Accounting Discrepancy - Capital | 0              | 0              | 0              | 0                | 0                | 0                | 0%         |
| Undistributed Net Income         | 10,209         | 8,590          | 1,072          | 4,033,629        | 5,402,204        | 8,525,960        | 63%        |
| <b>Total Transitory Capital</b>  | <b>306,809</b> | <b>305,190</b> | <b>299,012</b> | <b>4,331,569</b> | <b>5,700,144</b> | <b>8,823,900</b> | <b>65%</b> |

## Institutional Capital

|                                    |                  |                  |                  |                  |                  |                  |             |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------|
| Statutory & Legal Reserves         | 2,160,325        | 2,279,330        | 2,410,302        | 2,410,302        | 2,410,302        | 2,410,302        | 100%        |
| Retained Earnings                  | 0                | 0                | 0                | 0                | 0                | 0                | 0%          |
| Special Asset Reserves             | 0                | 0                | 0                | 0                | 0                | 0                | 0%          |
| Donations / Other Reserves         | 120,800          | 170,070          | 233,350          | 265,611          | 269,570          | 282,135          | 96%         |
| Undistributed Losses               | 0                | 0                | 0                | 0                | 0                | 0                | 0%          |
| ATD Net Income (Loss) Transfer     | 0                | 0                | 0                | 0                | 0                | 0                | 0%          |
| <b>Total Institutional Capital</b> | <b>2,281,125</b> | <b>2,449,400</b> | <b>2,643,652</b> | <b>2,675,913</b> | <b>2,679,872</b> | <b>2,692,437</b> | <b>100%</b> |

## Total Capital

|                      |                   |                   |                    |                    |                    |                    |            |
|----------------------|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|------------|
| <b>Total Capital</b> | <b>58,627,338</b> | <b>80,907,620</b> | <b>122,271,852</b> | <b>146,297,194</b> | <b>152,267,336</b> | <b>168,628,952</b> | <b>90%</b> |
|----------------------|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|------------|

## Total Liabilities and Capital

|                                      |                   |                   |                    |                    |                    |                    |            |
|--------------------------------------|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|------------|
| <b>Total Liabilities and Capital</b> | <b>66,492,770</b> | <b>87,225,076</b> | <b>137,265,238</b> | <b>151,266,351</b> | <b>156,772,032</b> | <b>172,481,548</b> | <b>91%</b> |
|--------------------------------------|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|------------|

Kenya

Page 3

13-Feb-01 02:45 PM

190

|                                        | 31-Dec-98 | 31-Dec-99 | 31-Mar-00 | 30-Jun-00 | 30-Sep-00  |
|----------------------------------------|-----------|-----------|-----------|-----------|------------|
| Number of Credit Unions in this Report | 1         | 1         | 1         | 1         | 1          |
| <b>Salary Burden</b>                   |           |           |           |           |            |
| Number Of Loans                        | 0         | 0         | 0         | 0         | 1,955      |
| Number of Loan Officers                | 0         | 0         | 0         | 0         | 39,942,332 |
| <b>Adjusted Returns*</b>               |           |           |           |           |            |
| Capital                                | -19.68%   | 127.96%   | -79.93%   | -47.26%   | -20.39%    |
| Assets                                 | -0.71%    | 3.35%     | -3.88%    | -2.57%    | -1.43%     |
| <b>Sufficiency Ratios**</b>            |           |           |           |           |            |
| Operational Self Sufficiency           | 101.65%   | 101.01%   | 229.65%   | 294.83%   | 311.81%    |
| Financial Self Sufficiency             | 84.92%    | 127.11%   | 37.67%    | 62.30%    | 77.14%     |
| Subsidy Dependency Index               | 11.72%    | -28.85%   | 38.74%    | 54.30%    | 68.50%     |
| <b>Efficiency Ratios***</b>            |           |           |           |           |            |
| Portfolio Turnover                     | 27.45%    | 45.56%    | 43.51%    | 51.42%    | 74.98%     |
| Administrative Efficiency              | 2.44%     | 2.29%     | 0.67%     | 1.05%     | 1.48%      |

1. The RATE used in the calculation of all ratios is inflation or market rate of the product (savings, credit, etc.), whichever is higher.
2. Required Provision Expenses are 100% of all loans delinquent greater than 12 months and either the WOCCU standard of 35% of loans delinquent from 1-12 months or local requirements where appropriate.

**\*Explanation of Adjusted Return Ratios**

**Adjusted return on Capital**

$(\text{Gross Income} - \text{Operating Subsidies} - ((\text{Average Deposits Balance} * \text{RATE}) + (\text{Average External Credit Balance} * \text{RATE}) + (\text{Average Share Balance} * \text{RATE}) + \text{Operating Expenses} + \text{Required Provision Expenses})) / (\text{Institutional Capital} + \text{Transitory Capital})$

**Adjusted Return on Assets**

$(\text{Gross Income} - \text{Operating Subsidies} - ((\text{Average Deposits Balance} * \text{RATE}) + (\text{Average External Credit Balance} * \text{RATE}) + (\text{Average Share Balance} * \text{RATE}) + \text{Operating Expenses} + \text{Required Provision Expenses})) / \text{Avg. Assets}$

**\*\*Explanation of Sufficiency Ratios**

**Operational Self Sufficiency**

$(\text{Gross Income} - \text{Operating Subsidies}) / (\text{Deposit Costs} + \text{External Credit Costs} + \text{Share Costs} + \text{Operating Expenses} + \text{Provision Expenses} + \text{Other Expenses} + \text{Operating Subsidies})$

**Financial Self Sufficiency**

$(\text{Gross Income} - \text{Operating Subsidies}) / ((\text{Average Deposits Balance} * \text{RATE}) + (\text{Average External Credit Balance} * \text{RATE}) + (\text{Average Share Balance} * \text{RATE}) + \text{Operating Expenses} + \text{Required Provision Expenses} + \text{Other Expenses} + \text{Operating Subsidies})$

**Subsidy Dependency Index**

$([(\text{Average Deposits Balance} * (\text{RATE} - \text{Weighted Interest Rate } \{R5\})) + [\text{Average External Credit Balance} * (\text{RATE} - \text{Weighted Rate } \{R6\})] - [\text{Average Share Balance} * (\text{RATE} - \text{Weighted Interest Rate } \{R7\})] + [(\text{Institutional Capital} + \text{Transitory Capital}) * \text{RATE } \{\text{Savings}\}] + \text{Subsidies}) / (\text{Average Loan Portfolio} * \text{Annualized Loan Interest Rate } \{R1\})$

**\*\*\*Explanation of Efficiency Ratios**

**Portfolio Turnover**

$\text{Amount of Loans Disbursed During Current Reporting Period} / \text{Gross Average Loan Portfolio}$

**Administrative Efficiency**

$\text{Operating Expenses} / \text{Average Gross Loan Portfolio}$



World Council of Credit Unions, Inc.

**Microfinance Expansion Program (MEP)  
4<sup>th</sup> QUARTER 2000 REPORT**

**Nyeri Tea Growers  
Savings and Credit Cooperative (SACCO)**

**Nairobi, Kenya  
February 16, 2001**

Microfinance Expansion  
Programme (MEP)  
Isaac Gathanju Road  
Off James Gichuru Road, Lavington  
P.O. Box 979 Village Market  
Nairobi, Kenya

Phone: (254) 2-48053/48122/7/9  
Fax: (254) 2-48112  
E-mail: [wccu@form-net.com](mailto:wccu@form-net.com)

*"Quality  
Credit Unions  
for Everyone"*

World Council of Credit Unions, Inc. (WOCCU), Kenya  
 Microfinance Expansion Program (MEP)  
 Nyeri Tea SACCO  
 4<sup>th</sup> Quarter, 2000, PEARLS Analysis

| SACCO Prudential Standards           | Analysis of Nyeri Tea SACCO's Status<br>By the end of the 4 <sup>th</sup> Quarter, 2000 <sup>1</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|--------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Protection</i>                    | <ul style="list-style-type: none"> <li>• P1-P5 ratios were not computed since the SACCO has not provide for expected loan losses; <i>WOCCU has advised the SACCO to provision for loan losses and the Loan Portfolio Analysis Tool will be installed in their computers to assist in determining the level of delinquency;</i></li> <li>• <i>Nyeri Tea SACCO does not charge-off uncollectible loans; once the LPAT has been installed and delinquency levels established accurately, provisioning and charging off plans will be presented to the board and management;</i></li> <li>• The SACCO is solvent at 103.51%, an improvement from 102.4% in June 2000;</li> <li>• The SACCO has a positive Net Institutional Capital, at 0.98%.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <i>Effective Financial Structure</i> | <ul style="list-style-type: none"> <li>• Nyeri Tea SACCO has not attained the ideal asset structure (only 73.77% of its assets are productive):                             <ul style="list-style-type: none"> <li>• Loans: 53.95% - an improvement over the June 2000 level (48.42%);</li> <li>• Liquid investments: 4.35% - an improvement over the June 2000 level (2.81%);</li> <li>• Financial investments: 15.47%;</li> <li>• The SACCO does not have non financial investments;</li> </ul> </li> </ul> <p><i>Given that the SACCO offers withdrawable savings, it has maintained an appropriate level of Liquid investments;</i></p> <p>Nyeri tea has not attained the ideal asset financing structure:</p> <ul style="list-style-type: none"> <li>• Savings Deposits: 29.05%;</li> <li>• External Credit: 23.61%;</li> <li>• Share Capital: 41.59%;</li> <li>• Institutional Capital: 0.99%;</li> </ul> <p><i>The SACCO continues to maintain Financial Investment high due to the bankers requirement that overdraft facilities be 50% secured by deposits in the bank;</i><br/> <i>Institutional capital improved marginally although the SACCO does not accrue for statutory reserves; these are expected to go up substantially once the SACCO capitalizes 25% of its net income at the end of the year;</i><br/> <i>External credit is high at 23.61% due to the huge demand for loans; WOCCU has continued to emphasize on savings mobilization and reliance on it for funding loan.</i><br/> <i>WOCCU will continue to work with the SACCO to improve the front office services offered to the members to attract more savings.</i></p> |

<sup>1</sup> The 4<sup>th</sup> quarter report presents an analysis of financial information as at September 30, 2000.

World Council of Credit Unions, Inc. (WOCCU), Kenya  
 Microfinance Expansion Program (MEP)  
 Nyeri Tea SACCO  
 4<sup>th</sup> Quarter, 2000, PEARLS Analysis

| SACCO Prudential Standards       | Analysis of Nyeri Tea SACCO's Status<br>By the end of the 4 <sup>th</sup> Quarter, 2000 <sup>2</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Asset Quality</i>             | <ul style="list-style-type: none"> <li>• Although delinquency has not been captured completely, it is likely to be negligible, <i>since the SACCO has a check-off arrangement with the marketing agent. In addition, the Loan Portfolio Analysis Tool will be installed in their computers to help determine the level of delinquency accurately.</i></li> <li>• Non-earning assets are 26.23% compared to the ideal of less than 5%. <i>This is due to the high balances in the checking accounts and accrued interest receivable, investment in an office block and other office equipment. It is expected that the PEARLS 2000 tool will assist the SACCO monitor the level of these investments.</i></li> <li>• The SACCO does not finance most of its non-earning assets from non-interest bearing funds as A3 stands at 21.90%. <i>The SACCO is being advised on how to simultaneously grow its zero cost funds and reduce non-earning assets.</i></li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <i>Rates of return and costs</i> | <ul style="list-style-type: none"> <li>• The effective loan yield, at 25.35%, <i>is good and in accordance with the prevailing market rates.</i></li> <li>• Liquid investments reported no yield;</li> <li>• Financial investments have reported a yield of 5.89%, <i>which although below inflation, is competitive and in line with the market rates;</i></li> <li>• Nyeri Tea SACCO does not have non-financial investments.<br/><i>The liquid and financial investments pay a return semi-annually (bank savings accounts, Central Finance deposits etc).</i></li> <li>• Financial costs on savings deposits at, 10.03%, <i>are good and above the market rates;</i></li> <li>• External credit costs are moderately high, at 13.81%, though good compared to R1, which stands at 25.35%, and lower than the market rates (20.60%) - <i>WOCCU continues to emphasize the need to rely on savings mobilization rather than external credit;</i></li> <li>• No dividends on member shares; <i>the SACCO does not accrue for dividend costs (dividends are determined annually post net income);</i></li> <li>• Gross margin, at 11.55%, is relatively low compared to operating expenses at 12.10% resulting to a negative Net Income (-0.55%); <i>WOCCU will work with the SACCO to explore ways of reducing operating expenses as well as determine the entrepreneurial rate for the SACCO;</i></li> <li>• The SACCO does not have non-recurring incomes/expenses, and no costs on provision as noted above.</li> </ul> |

<sup>2</sup> The 4<sup>th</sup> quarter report presents an analysis of financial information as at September 30, 2000.

World Council of Credit Unions, Inc. (WOCCU), Kenya  
 Microfinance Expansion Program (MEP)  
 Nyeri Tea SACCO  
 4<sup>th</sup> Quarter, 2000, PEARLS Analysis

| SACCO Prudential Standards | Analysis of Nyeri Tea SACCO's Status<br>By the end of the 4 <sup>th</sup> Quarter, 2000 <sup>3</sup>                                                                                                                                                                                                                                                                                           |
|----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Liquidity</i>           | <ul style="list-style-type: none"> <li>• Given that the SACCO offers front office services, liquidity level at, 26.10% is good, <i>and in line with the PEARLS standards;</i></li> <li>• Non-earning liquid assets at, 3.23%, are still high and above the recommended level of less than 1%. <i>However, this is a commendable improvement from 15.47% in June 2000.</i></li> </ul>           |
| <i>Signs of Growth</i>     | <ul style="list-style-type: none"> <li>• Total assets registered excellent growth, at 38.26%, <i>which is above inflation;</i></li> <li>• Loans registered an impressive growth, at 321.52%, <i>well above the total assets growth;</i></li> <li>• Membership declined by 21.47%, <i>but is expected to improve in the last quarter of 2000 as the tea picking season improves;</i></li> </ul> |

---

<sup>3</sup> The 4<sup>th</sup> quarter report presents an analysis of financial information as at September 30, 2000.

Based on Local currency

Annual  
Goal % Complete

| P-E-A-R-L-S RATIOS                              |                                                           | Goals                            | 31-Dec-97 | 31-Dec-98 | 31-Dec-99 | 31-Mar-00 | 30-Jun-00 | 30-Sep-00 |      |
|-------------------------------------------------|-----------------------------------------------------------|----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|------|
| Number of Credit Unions in this Report          |                                                           |                                  | 1         | 1         | 1         | 1         | 1         | 1         |      |
| <b>P PROTECTION</b>                             |                                                           |                                  |           |           |           |           |           |           |      |
| 1.                                              | Loan Loss Allowances Delinq. >12 Mo.                      | 100%                             | NA        | NA        | NA        | NA        | NA        | NA        | NA   |
| 2.                                              | Net Loan Loss Allow. Allow. Required for Delinq. 1-12 Mo. | 100% of Goal                     | NA        | NA        | NA        | NA        | NA        | NA        | NA   |
| 3.                                              | Complete Loan Charge-Off of Delinquency > 12 Mo.          | Yes                              | Yes       | Yes       | Yes       | Yes       | Yes       | Yes       | 100% |
| 4.                                              | Annual Loan Charge-offs / Average Loan Portfolio          | Minimized                        | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%   |
| 5.                                              | Accum. Charge-Offs Recovered Accum Charge-Offs            | 100%                             | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%   |
| 6.                                              | Solvency                                                  | Min 100%                         | 98.80%    | 102.41%   | 105.33%   | 102.41%   | 102.40%   | 103.51%   | 99%  |
| 7.                                              | Net Institutional Capital                                 | Minimum 10%                      | -1.21%    | 1.62%     | 1.93%     | 1.69%     | 1.02%     | 0.98%     | 103% |
| <b>E EFFECTIVE FINANCIAL STRUCTURE</b>          |                                                           |                                  |           |           |           |           |           |           |      |
| 1.                                              | Net Loans / Total Assets                                  | Between 70 - 80%                 | 84.04%    | 70.64%    | 20.34%    | 56.75%    | 48.42%    | 53.95%    | 90%  |
| 2.                                              | Liquid Investments / Total Assets                         | Max 20 %                         | 2.11%     | 1.63%     | 52.83%    | 4.12%     | 2.81%     | 4.35%     | 65%  |
| 3.                                              | Financial Investments Total Assets                        | Max 10 %                         | 0.80%     | 11.67%    | 10.41%    | 17.46%    | 15.80%    | 15.47%    | 102% |
| 4.                                              | Non-Financial Investments / Total Assets                  | 0%                               | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%   |
| 5.                                              | Savings Deposits / Total Assets                           | Between 70 - 80%                 | 36.08%    | 49.53%    | 41.48%    | 31.55%    | 33.23%    | 29.05%    | 114% |
| 6.                                              | External Credit / Total Assets                            | 0                                | 0.00%     | 0.00%     | 0.00%     | 18.85%    | 23.83%    | 23.61%    | 101% |
| 7.                                              | Member Share Capital / Total Assets                       | Max 20 %                         | 64.52%    | 47.21%    | 52.89%    | 47.10%    | 39.17%    | 41.59%    | 94%  |
| 8.                                              | Institutional Capital / Total Assets                      | Minimum 10%                      | -1.19%    | 1.30%     | 1.27%     | 1.11%     | 0.92%     | 0.99%     | 93%  |
| <b>A ASSET QUALITY</b>                          |                                                           |                                  |           |           |           |           |           |           |      |
| 1.                                              | Total Delinquency / Gross Loan Portfolio                  | Less Than or Equal To 5%         | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%   |
| 2.                                              | Non-Earning Assets / Total Assets                         | Less Than or Equal To 5%         | 13.05%    | 16.06%    | 16.42%    | 21.68%    | 32.97%    | 26.23%    | 126% |
| 3.                                              | Net Zero Cost Funds / Non-earning. Assets                 | Greater Than or Equal To 100%    | -4.77%    | 22.25%    | 38.34%    | 14.26%    | 11.77%    | 21.90%    | 54%  |
| <b>R RATES OF RETURN AND COSTS (ANNUALIZED)</b> |                                                           |                                  |           |           |           |           |           |           |      |
| 1.                                              | Net Loan Income / Average Net Loan Portfolio              | Entrepreneurial Rate             | 12.33%    | 14.75%    | 20.24%    | 25.10%    | 31.44%    | 25.35%    | 124% |
| 2.                                              | Liquid Inv. Income / Avg. Liquid Investments              | Market Rates                     | 6.20%     | 15.30%    | 5.37%     | 1.12%     | 3.46%     | 0.00%     | 0%   |
| 3.                                              | Fin. Investment Income / Avg. Fin. Investments            | Market Rates                     | 0.00%     | 0.00%     | 5.23%     | 0.00%     | 0.00%     | 5.89%     | 0%   |
| 4.                                              | Non-Fin. Inv. Income / Avg. Non-Fin. Investments          | Greater Than or Equal to R1      | NA        | NA        | NA        | NA        | NA        | NA        | NA   |
| 5.                                              | Fin Costs: Savings Deposits / Avg. Savings Deposits       | Market Rates                     | 2.65%     | 2.70%     | 2.09%     | 10.52%    | 8.98%     | 10.03%    | 90%  |
| 6.                                              | Fin Costs: External Credit / Avg. External Credit         | Less Than or Equal to R5         | 51.58%    | NA        | NA        | 12.25%    | 11.01%    | 13.81%    | 80%  |
| 7.                                              | Fin Costs: Member Shares / Avg. Member Shares             | Greater Than or Equal to R5      | 0.00%     | 3.44%     | 4.36%     | 0.00%     | 0.00%     | 0.00%     | 0%   |
| 8.                                              | Gross Margin / Average Assets                             | Amount Needed to Cover R9, R10   | 21.92%    | 16.46%    | 13.19%    | 12.31%    | 12.20%    | 11.55%    | 106% |
| 9.                                              | Operating Expenses / Average Assets                       | 3 -10%                           | 22.66%    | 12.49%    | 10.99%    | 11.62%    | 10.96%    | 12.10%    | 91%  |
| 10.                                             | Provisions for Risk Assets / Average Assets               | Sufficient for Estimated Losses  | 0.00%     | 0.39%     | 0.40%     | 0.00%     | 0.00%     | 0.00%     | 0%   |
| 11.                                             | Other Income or Expense / Average Assets                  | Amount Needed                    | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%   |
| 12.                                             | Net Income / Average Assets                               | Enough to reach the goal for E8  | -0.74%    | 3.58%     | 1.80%     | 0.69%     | 1.24%     | -0.55%    | -45% |
| <b>L LIQUIDITY</b>                              |                                                           |                                  |           |           |           |           |           |           |      |
| 1.                                              | Liquid Assets - ST Payables / Total Deposits              | Minimum 15%                      | 20.80%    | 16.60%    | 133.42%   | 25.23%    | 55.01%    | 26.10%    | 211% |
| 2.                                              | Liquidity Reserves / Total Savings Deposits               | 10%                              | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%   |
| 3.                                              | Non-Earning Liquid Assets / Total Assets                  | Less Than 1 %                    | 5.40%     | 6.59%     | 2.86%     | 3.84%     | 15.47%    | 3.23%     | 479% |
| 4.                                              | Deposits in CFF / Total Available Liquidity               | Maximum Amount                   | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%   |
| <b>S SIGNS OF GROWTH (ANNUAL GROWTH RATES)</b>  |                                                           |                                  |           |           |           |           |           |           |      |
| 1.                                              | Total Assets                                              | More Than Inflation              | 54.12%    | 68.68%    | 6.82%     | 58.20%    | 77.41%    | 38.26%    | 202% |
| 2.                                              | Loans to Members                                          | Sufficient to Achieve Goal in E1 | 89.80%    | 41.76%    | -69.23%   | 880.13%   | 460.98%   | 321.52%   | 143% |
| 3.                                              | Savings Deposits                                          | Sufficient to Achieve Goal in E5 | 871.75%   | 131.55%   | -10.54%   | -51.82%   | 22.08%    | -13.12%   | -59% |
| 4.                                              | External Credit                                           | 0%                               | -100.00%  | 0.00%     | 0.00%     | 100.00%   | 100.00%   | 100.00%   | 100% |
| 5.                                              | Share Capital                                             | Sufficient to Achieve Goal in E7 | 28.83%    | 23.42%    | 19.66%    | 7.94%     | 5.29%     | 1.63%     | 326% |
| 6.                                              | Institutional Capital                                     | Sufficient to Achieve Goal in E8 | -262.29%  | 284.41%   | 4.07%     | 0.44%     | 0.36%     | 0.28%     | 129% |
| 7.                                              | Membership                                                | Minimum 5%                       | 6.69%     | 67.78%    | -17.63%   | -26.23%   | -30.50%   | -21.47%   | 70%  |
| Inflation Rate (Annualized)                     |                                                           |                                  | 11.20%    | 10.60%    | 5.10%     | 6.30%     | 7.30%     | 8.20%     |      |



Based on Local currency

Annual Goal

% Complete

|                                                             | 31/12/1997   | 31/12/1998   | 31/12/1999   | 31/03/2000   | 30/06/2000   | 30/09/2000   |                |
|-------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|
| Number of Credit Unions in this Report                      | 1            | 1            | 1            | 1            | 1            | 1            |                |
| <b>Number Of CU Members</b>                                 |              |              |              |              |              |              |                |
| Men                                                         | 3,009        | 5,843        | 4,154        | 3,875        | 3,521        | 3,484        | 101.06%        |
| Women                                                       | 2,000        | 2,561        | 2,768        | 2,594        | 2,348        | 2,322        | 101.12%        |
| Gender not Reported                                         | 0            | 0            | 0            | 0            | 0            | 0            | 0.00%          |
| <b>Total Number Of Members</b>                              | <b>5,009</b> | <b>8,404</b> | <b>6,922</b> | <b>6,469</b> | <b>5,869</b> | <b>5,806</b> | <b>101.09%</b> |
| <b>Number of Other Service Users</b>                        |              |              |              |              |              |              |                |
| Youth                                                       | 0            | 0            | 0            | 0            | 0            | 0            | 0.00%          |
| Third Parties                                               | 0            | 0            | 0            | 0            | 0            | 0            | 0.00%          |
| <b>Total Number of Other CU Service Users</b>               | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0.00%</b>   |
| <b>Total Number Of Members &amp; Other CU Service Users</b> | <b>5,009</b> | <b>8,404</b> | <b>6,922</b> | <b>6,469</b> | <b>5,869</b> | <b>5,806</b> | <b>101.09%</b> |

**Assets****Earning Assets****Loans to Members**

|                         |                   |                   |                   |                   |                   |                   |            |
|-------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------|
| Short Term (<=1 Year)   | 0                 | 0                 | 52,756            | 84,116            | 49,736            | 51,861            | 96%        |
| Medium-Term (1-3 Years) | 48,695,815        | 69,333,461        | 21,885,628        | 61,207,379        | 63,456,537        | 65,296,455        | 97%        |
| Long-Term (> 3 Years)   | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%         |
| Other Special Loans     | 0                 | 0                 | 0                 | 7,250,000         | 7,250,000         | 7,150,000         | 101%       |
| Loan Loss Allowances    | 0                 | (300,000)         | (700,000)         | (700,000)         | (700,000)         | 0                 | 0%         |
| <b>Total Net Loans</b>  | <b>48,695,815</b> | <b>69,033,461</b> | <b>21,238,384</b> | <b>67,841,495</b> | <b>70,056,273</b> | <b>72,498,316</b> | <b>97%</b> |

**Liquid Investments**

|                                       |                  |                  |                   |                  |                  |                  |            |
|---------------------------------------|------------------|------------------|-------------------|------------------|------------------|------------------|------------|
| Liquidity Reserves - CFF              | 0                | 0                | 0                 | 0                | 0                | 0                | 0%         |
| Other Liquidity Reserves              | 0                | 0                | 0                 | 0                | 0                | 0                | 0%         |
| Short-Term CFF Deposits               | 0                | 0                | 0                 | 0                | 0                | 0                | 0%         |
| Short-Term Bank Deposits              | 1,221,388        | 1,595,158        | 55,153,295        | 4,923,940        | 4,062,822        | 5,847,719        | 69%        |
| Short-Term Securities and Investments | 0                | 0                | 0                 | 0                | 0                | 0                | 0%         |
| Other Liquid Investments 1            | 0                | 0                | 0                 | 0                | 0                | 0                | 0%         |
| Other Liquid Investments 2            | 0                | 0                | 0                 | 0                | 0                | 0                | 0%         |
| Other Liquid Investments 3            | 0                | 0                | 0                 | 0                | 0                | 0                | 0%         |
| Liquid Investments Allowances         | 0                | 0                | 0                 | 0                | 0                | 0                | 0%         |
| <b>Total Liquid Investments</b>       | <b>1,221,388</b> | <b>1,595,158</b> | <b>55,153,295</b> | <b>4,923,940</b> | <b>4,062,822</b> | <b>5,847,719</b> | <b>69%</b> |

**Financial Investments**

|                                    |                |                   |                   |                   |                   |                   |             |
|------------------------------------|----------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------|
| Shares - League/Affiliation        | 10,000         | 10,000            | 10,000            | 10,000            | 10,000            | 10,000            | 100%        |
| Long-Term CFF Deposit              | 9,790          | 9,655             | 9,655             | 9,655             | 9,655             | 9,655             | 100%        |
| Long-Term Bank Deposits            | 0              | 10,935,933        | 10,396,900        | 20,396,900        | 22,396,900        | 20,313,686        | 110%        |
| Long-Term Securities & Investments | 0              | 0                 | 0                 | 0                 | 0                 | 0                 | 0%          |
| Other Financial Investments 1      | 441,000        | 441,000           | 441,000           | 441,000           | 441,000           | 441,000           | 100%        |
| Other Financial Investments 2      | 1,000          | 11,000            | 11,000            | 11,000            | 11,000            | 11,000            | 100%        |
| Other Financial Investments 3      | 0              | 0                 | 0                 | 0                 | 0                 | 0                 | 0%          |
| Financial Investments Allowances   | 0              | 0                 | 0                 | 0                 | 0                 | 0                 | 0%          |
| <b>Total Financial Investments</b> | <b>461,790</b> | <b>11,407,588</b> | <b>10,868,555</b> | <b>20,868,555</b> | <b>22,868,555</b> | <b>20,785,341</b> | <b>110%</b> |

**Non-Financial Investments**

|                                        |          |          |          |          |          |          |           |
|----------------------------------------|----------|----------|----------|----------|----------|----------|-----------|
| Various                                | 0        | 0        | 0        | 0        | 0        | 0        | 0%        |
| Non-Financial Investments Allowances   | 0        | 0        | 0        | 0        | 0        | 0        | 0%        |
| <b>Total Non-Financial Investments</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0%</b> |

|                             |                   |                   |                   |                   |                   |                   |            |
|-----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------|
| <b>Total Earning Assets</b> | <b>50,378,993</b> | <b>82,036,207</b> | <b>87,260,234</b> | <b>93,633,990</b> | <b>96,987,650</b> | <b>99,131,376</b> | <b>98%</b> |
|-----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------|

**Additional Loan Portfolio Information**

| Delinquency Based on Outstanding Balance of Loan? | Payment    | Payment    | Payment    | Payment    | Payment    | Payment    |           |
|---------------------------------------------------|------------|------------|------------|------------|------------|------------|-----------|
| <b>Delinquency</b>                                |            |            |            |            |            |            |           |
| 1 Day to 1 Month                                  | 0          | 0          | 0          | 0          | 0          | 0          | 0%        |
| 1 TO 12 Months                                    | 0          | 0          | 0          | 0          | 0          | 0          | 0%        |
| More Than 12 Months                               | 0          | 0          | 0          | 0          | 0          | 0          | 0%        |
| <b>Total Balance Of Delinquent Loans</b>          | <b>0</b>   | <b>0</b>   | <b>0</b>   | <b>0</b>   | <b>0</b>   | <b>0</b>   | <b>0%</b> |
| Loans to Members (Gross)                          | 48,695,815 | 69,333,461 | 21,938,384 | 68,541,495 | 70,756,273 | 72,498,316 | 98%       |
| Accumulated Charge-Offs (Historical)              | 0          | 0          | 0          | 0          | 0          | 0          | 0%        |
| Recovery of Loans Charged-Off (Historical)        | 0          | 0          | 0          | 0          | 0          | 0          | 0%        |

Based on Local currency

Annual Goal

% Complete

|                                          | 31/12/1997        | 31/12/1998        | 31/12/1999         | 31/03/2000         | 30/06/2000         | 30/09/2000         | % Complete   |
|------------------------------------------|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|--------------|
| <b>Non-Earning Assets</b>                |                   |                   |                    |                    |                    |                    |              |
| <b>Liquid Assets</b>                     |                   |                   |                    |                    |                    |                    |              |
| Cash & Equivalents                       | 2,776,033         | 1,902,287         | 1,161,387          | 4,087,589          | 5,452,515          | 4,091,337          | 133%         |
| Current Accounts (Checking)              | 351,873           | 4,538,707         | 1,820,701          | 502,752            | 16,933,409         | 251,769            | 6726%        |
| Foreign Currency                         | 0                 | 0                 | 0                  | 0                  | 0                  | 0                  | 0%           |
| Liquidity Reserves - CFF                 | 0                 | 0                 | 0                  | 0                  | 0                  | 0                  | 0%           |
| Other Liquidity Reserves                 | 0                 | 0                 | 0                  | 0                  | 0                  | 0                  | 0%           |
| Other Liquid Assets                      | 0                 | 0                 | 0                  | 0                  | 0                  | 0                  | 0%           |
| <b>Total Liquid Assets</b>               | <b>3,127,906</b>  | <b>6,440,994</b>  | <b>2,982,088</b>   | <b>4,590,341</b>   | <b>22,385,924</b>  | <b>4,343,106</b>   | <b>515%</b>  |
| <b>Accounts Receivable</b>               |                   |                   |                    |                    |                    |                    |              |
| Debtors                                  | 0                 | 0                 | 0                  | 221,030            | 362,188            | 305,511            | 119%         |
| Interest Receivable                      | 207,878           | 1,126,834         | 0                  | 3,186,225          | 6,600,366          | 9,811,779          | 67%          |
| Notes Receivable                         | 0                 | 0                 | 0                  | 0                  | 0                  | 0                  | 0%           |
| Payroll Deductions Receivable            | 0                 | 0                 | 0                  | 0                  | 0                  | 0                  | 0%           |
| Other Accounts Receivable                | 0                 | 0                 | 0                  | 0                  | 0                  | 0                  | 0%           |
| Receivable Loss Allowances               | 0                 | 0                 | 0                  | 0                  | 0                  | 0                  | 0%           |
| <b>Total Accounts Receivable</b>         | <b>207,878</b>    | <b>1,126,834</b>  | <b>0</b>           | <b>3,407,255</b>   | <b>6,962,555</b>   | <b>10,117,290</b>  | <b>69%</b>   |
| <b>Fixed Assets</b>                      |                   |                   |                    |                    |                    |                    |              |
| Land                                     | 0                 | 0                 | 0                  | 0                  | 0                  | 0                  | 0%           |
| Buildings (Cost)                         | 3,085,118         | 7,585,118         | 10,475,791         | 12,206,696         | 12,218,696         | 11,926,017         | 102%         |
| Accumulated Depreciation - Buildings     | 0                 | 0                 | 0                  | 0                  | 0                  | 0                  | 0%           |
| Leasehold Improvements                   | 0                 | 0                 | 0                  | 0                  | 0                  | 0                  | 0%           |
| Accum. Depreciation - Leasehold Improv.  | 0                 | 0                 | 0                  | 0                  | 0                  | 0                  | 0%           |
| Furniture & Equipment                    | 3,340,538         | 3,386,488         | 4,978,139          | 6,002,493          | 6,273,758          | 9,906,438          | 63%          |
| Accum. Depreciation - Furniture & Equip. | (2,484,621)       | (3,195,826)       | (3,521,126)        | (3,611,126)        | (3,701,126)        | (3,791,126)        | 98%          |
| <b>Total Net Fixed Assets</b>            | <b>3,941,035</b>  | <b>7,775,780</b>  | <b>11,932,804</b>  | <b>14,598,062</b>  | <b>14,791,328</b>  | <b>18,041,329</b>  | <b>82%</b>   |
| <b>Other Assets</b>                      |                   |                   |                    |                    |                    |                    |              |
| Assets in Liquidation                    | 0                 | 0                 | 0                  | 0                  | 0                  | 0                  | 0%           |
| Organization Expenses                    | 0                 | 0                 | 17,016             | 0                  | 0                  | 0                  | 0%           |
| Prepaid Expenses                         | 78,049            | 119,306           | 1,575,790          | 3,109,962          | 2,810,289          | 2,537,567          | 111%         |
| Other Deferred Assets                    | 197,803           | 246,689           | 625,600            | 212,274            | 204,140            | 204,140            | 100%         |
| Accumulated Amortization                 | 0                 | 0                 | 0                  | 0                  | 0                  | 0                  | 0%           |
| <b>Total Other Assets</b>                | <b>275,852</b>    | <b>365,995</b>    | <b>2,218,406</b>   | <b>3,322,236</b>   | <b>3,014,429</b>   | <b>2,741,707</b>   | <b>110%</b>  |
| <b>Problem Assets</b>                    |                   |                   |                    |                    |                    |                    |              |
| Doubtful Assets                          | 0                 | 0                 | 0                  | 0                  | 0                  | 6,330              | 0%           |
| Accounting Discrepancy - Assets          | 0                 | (18,000)          | 0                  | 0                  | 555,850            | 0                  | 0%           |
| Other Problem Assets                     | 9,050             | 4,770             | 5,760              | 0                  | 0                  | 0                  | 0%           |
| <b>Total Problem Assets</b>              | <b>9,050</b>      | <b>-13,230</b>    | <b>5,760</b>       | <b>0</b>           | <b>555,850</b>     | <b>6,330</b>       | <b>8781%</b> |
| <b>Total Non-Earning Assets</b>          | <b>7,561,721</b>  | <b>15,696,373</b> | <b>17,139,058</b>  | <b>25,917,894</b>  | <b>47,710,086</b>  | <b>35,249,761</b>  | <b>135%</b>  |
| <b>Total Assets</b>                      | <b>57,940,714</b> | <b>97,732,580</b> | <b>104,399,292</b> | <b>119,551,884</b> | <b>144,697,736</b> | <b>134,381,137</b> | <b>108%</b>  |

Based on Local currency

Annual Goal

% Complete

31/12/1997 31/12/1998 31/12/1999 31/03/2000 30/06/2000 30/09/2000

## LIABILITIES

## INTEREST BEARING LIABILITIES

## Savings Deposits

|                               |                   |                   |                   |                   |                   |                   |             |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------|
| Regular Savings               | 20,906,749        | 48,409,769        | 43,308,151        | 37,713,213        | 48,076,490        | 39,042,090        | 123%        |
| Term/Fixed Savings            | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%          |
| Youth Savings                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%          |
| Special Savings               | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%          |
| Pledged Savings               | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%          |
| <b>Total Savings Deposits</b> | <b>20,906,749</b> | <b>48,409,769</b> | <b>43,308,151</b> | <b>37,713,213</b> | <b>48,076,490</b> | <b>39,042,090</b> | <b>123%</b> |

## External Credit

|                                               |                   |                   |                   |                   |                   |                   |             |
|-----------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------|
| External Credit - CFF (<= 1 Year)             | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%          |
| External Credit - CFF (> 1 Year)              | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%          |
| External Credit - Banks                       | 0                 | 0                 | 0                 | 22,535,602        | 34,476,882        | 31,729,205        | 109%        |
| Other External Credit - External Institutions | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%          |
| <b>Total External Credit</b>                  | <b>0</b>          | <b>0</b>          | <b>0</b>          | <b>22,535,602</b> | <b>34,476,882</b> | <b>31,729,205</b> | <b>109%</b> |
| <b>Total Interest Bearing Liabilities</b>     | <b>20,906,749</b> | <b>48,409,769</b> | <b>43,308,151</b> | <b>60,248,816</b> | <b>82,553,372</b> | <b>70,771,294</b> |             |

## Non-Interest Bearing Liabilities

|                                               |                   |                   |                   |                   |                   |                   |             |
|-----------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------|
| Short-Term Accounts Payable (<=30 Days)       | 0                 | 0                 | 353,886           | 0                 | 0                 | 0                 | 0%          |
| External Credit Payments (<=30 Days)          | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%          |
| Provisions (e.g. Employee Benefits)           | 0                 | 28,978            | 100,000           | 1,208,945         | 2,165,417         | 800,000           | 271%        |
| Accounting Discrepancy - Liabilities          | 0                 | 0                 | 465               | 219,163           | 771,631           | 27,651            | 2791%       |
| Other Liabilities                             | 338,038           | 1,184,380         | 870,022           | 465               | 163,887           | 3,554,638         | 5%          |
| <b>Total Non-Interest Bearing Liabilities</b> | <b>338,038</b>    | <b>1,213,358</b>  | <b>1,324,373</b>  | <b>1,428,573</b>  | <b>3,100,936</b>  | <b>4,382,289</b>  | <b>71%</b>  |
| <b>Total Liabilities</b>                      | <b>21,244,787</b> | <b>49,623,127</b> | <b>44,632,524</b> | <b>61,677,389</b> | <b>85,654,308</b> | <b>75,153,583</b> | <b>114%</b> |

## CAPITAL

## Share Capital

|                                   |                   |                   |                   |                   |                   |                   |             |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------|
| Mandatory Shares                  | 9,042,944         | 9,611,472         | 12,860,516        | 15,678,405        | 15,744,313        | 15,772,935        | 100%        |
| Voluntary Shares                  | 28,342,964        | 36,531,993        | 42,354,127        | 40,627,529        | 40,930,062        | 40,112,607        | 102%        |
| <b>Total Member Share Capital</b> | <b>37,385,908</b> | <b>46,143,465</b> | <b>55,214,643</b> | <b>56,305,934</b> | <b>56,674,375</b> | <b>55,885,542</b> | <b>101%</b> |

## Transitory Capital

|                                  |          |                |                  |                |                  |                  |            |
|----------------------------------|----------|----------------|------------------|----------------|------------------|------------------|------------|
| Asset Appreciation Over Cost     | 0        | 0              | 0                | 0              | 0                | 0                | 0%         |
| Education & Social Reserves      | 0        | 0              | 0                | 0              | 0                | 0                | 0%         |
| Monetary Reserves                | 0        | 0              | 0                | 0              | 0                | 0                | 0%         |
| Other Reserves                   | 0        | 0              | 0                | 0              | 0                | 0                | 0%         |
| Accounting Discrepancy - Capital | 0        | 0              | 0                | 0              | 0                | 0                | 0%         |
| Undistributed Net Income         | 0        | 693,627        | 3,227,964        | 242,901        | 1,042,492        | 2,015,051        | 52%        |
| <b>Total Transitory Capital</b>  | <b>0</b> | <b>693,627</b> | <b>3,227,964</b> | <b>242,901</b> | <b>1,042,492</b> | <b>2,015,051</b> | <b>52%</b> |

## Institutional Capital

|                                    |                 |                  |                  |                  |                  |                  |             |
|------------------------------------|-----------------|------------------|------------------|------------------|------------------|------------------|-------------|
| Statutory & Legal Reserves         | 495,937         | 1,193,041        | 1,193,041        | 1,193,041        | 1,193,041        | 1,193,041        | 100%        |
| Retained Earnings                  | (1,237,338)     | 0                | 0                | 0                | 0                | 0                | 0%          |
| Special Asset Reserves             | 0               | 0                | 0                | 0                | 0                | 0                | 0%          |
| Donations / Other Reserves         | 51,420          | 79,320           | 131,120          | 132,620          | 133,520          | 133,920          | 100%        |
| Undistributed Losses               | 0               | 0                | 0                | 0                | 0                | 0                | 0%          |
| YTD Net Income (Loss) Transfer     | 0               | 0                | 0                | 0                | 0                | 0                | 0%          |
| <b>Total Institutional Capital</b> | <b>-689,981</b> | <b>1,272,361</b> | <b>1,324,161</b> | <b>1,325,661</b> | <b>1,326,561</b> | <b>1,326,961</b> | <b>100%</b> |

|                      |                   |                   |                   |                   |                   |                   |             |
|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------|
| <b>Total Capital</b> | <b>36,695,927</b> | <b>48,109,453</b> | <b>59,766,768</b> | <b>57,874,495</b> | <b>59,043,428</b> | <b>59,227,554</b> | <b>100%</b> |
|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------|

|                                      |                   |                   |                    |                    |                    |                    |             |
|--------------------------------------|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|-------------|
| <b>Total Liabilities and Capital</b> | <b>57,940,714</b> | <b>97,732,580</b> | <b>104,399,292</b> | <b>119,551,884</b> | <b>144,697,736</b> | <b>134,381,137</b> | <b>108%</b> |
|--------------------------------------|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|-------------|

Kenya

Page 3

13-Feb-01 02:46 PM

Based on Local currency

Annual Goal

% Complete

|                                        | 31/12/1997 | 31/12/1998 | 31/12/1999 | 31/03/2000 | 30/06/2000 | 30/09/2000 |   |
|----------------------------------------|------------|------------|------------|------------|------------|------------|---|
| Number of Credit Unions in this Report | 1          | 1          | 1          | 1          | 1          | 1          | 1 |

| <b>INCOME</b>                                 |                   |                   |                   |                  |                   |                   |               |
|-----------------------------------------------|-------------------|-------------------|-------------------|------------------|-------------------|-------------------|---------------|
| <b>INCOME FROM LOANS</b>                      |                   |                   |                   |                  |                   |                   |               |
| Interest Income from Loans                    | 4,585,603         | 8,680,264         | 7,911,306         | 2,470,587        | 6,492,461         | 7,847,238         | 82.74%        |
| Delinquent Penalty Interest Income from Loans | 0                 | 0                 | 0                 | 0                | 0                 | 0                 | 0.00%         |
| Commissions/Fees from Loans                   | 0                 | 0                 | 1,224,806         | 316,235          | 663,339           | 1,071,300         | 61.92%        |
| Insurance Premiums for Loans                  | 0                 | 0                 | 0                 | 0                | 0                 | 0                 | 0.00%         |
| <b>NET LOAN INCOME</b>                        | <b>4,585,603</b>  | <b>8,680,264</b>  | <b>9,136,112</b>  | <b>2,786,822</b> | <b>7,155,800</b>  | <b>8,918,538</b>  | <b>80.24%</b> |
| Income from Liquid Investments                | 118,569           | 215,483           | 1,523,749         | 84,088           | 511,359           | 0                 | 0.00%         |
| Income from Financial Investments             | 0                 | 0                 | 582,435           | 0                | 0                 | 699,822           | 0.00%         |
| Income from Non-Financial Investments         | 0                 | 0                 | 0                 | 0                | 0                 | 0                 | 0.00%         |
| Income from Grants                            | 0                 | 0                 | 0                 | 0                | 0                 | 0                 | 0.00%         |
| Income from Other Sources                     | 8,215,704         | 9,424,657         | 7,894,088         | 2,057,130        | 3,046,353         | 5,965,044         | 51.07%        |
| <b>Gross Income</b>                           | <b>12,919,876</b> | <b>18,320,404</b> | <b>19,136,384</b> | <b>4,928,040</b> | <b>10,713,512</b> | <b>15,583,404</b> | <b>68.75%</b> |

| <b>COSTS/EXPENSES</b>                    |                   |                   |                   |                  |                  |                   |               |
|------------------------------------------|-------------------|-------------------|-------------------|------------------|------------------|-------------------|---------------|
| <b>FINANCIAL COSTS</b>                   |                   |                   |                   |                  |                  |                   |               |
| Interest Expense on Savings Deposits     | 305,316           | 937,374           | 957,427           | 1,063,013        | 2,045,655        | 3,098,720         | 66.02%        |
| Insurance Premiums for Savings           | 0                 | 0                 | 0                 | 0                | 0                | 0                 | 0.00%         |
| <b>Financial Cost - Savings Deposits</b> | <b>305,316</b>    | <b>937,374</b>    | <b>957,427</b>    | <b>1,063,013</b> | <b>2,045,655</b> | <b>3,098,720</b>  | <b>66.02%</b> |
| Financial Cost on External Credit        | 1,481,182         | 2,483,339         | 2,105,339         | 344,065          | 945,972          | 1,644,923         | 57.51%        |
| Dividend Expense on Shares               | 0                 | 1,435,957         | 2,209,289         | 0                | 0                | 0                 | 0.00%         |
| Insurance Premiums for Shares            | 0                 | 0                 | 0                 | 0                | 0                | 0                 | 0.00%         |
| <b>Financial Cost - Shares</b>           | <b>0</b>          | <b>1,435,957</b>  | <b>2,209,289</b>  | <b>0</b>         | <b>0</b>         | <b>0</b>          | <b>0.00%</b>  |
| Taxes on Interest Paid                   | 0                 | 0                 | 0                 | 0                | 0                | 0                 | 0.00%         |
| Other Financial Costs                    | 663,618           | 651,053           | 538,689           | 83,185           | 144,709          | 490,399           | 29.51%        |
| <b>TOTAL FINANCIAL COSTS</b>             | <b>2,450,116</b>  | <b>5,507,723</b>  | <b>5,810,744</b>  | <b>1,490,263</b> | <b>3,136,336</b> | <b>5,234,042</b>  | <b>59.92%</b> |
| <b>Gross Margin</b>                      | <b>10,469,760</b> | <b>12,812,681</b> | <b>13,325,640</b> | <b>3,437,777</b> | <b>7,577,176</b> | <b>10,349,362</b> | <b>73.21%</b> |

| <b>OPERATING EXPENSES</b>         |                   |                  |                   |                  |                  |                   |                 |
|-----------------------------------|-------------------|------------------|-------------------|------------------|------------------|-------------------|-----------------|
| Personnel                         | 4,469,629         | 3,915,626        | 4,602,735         | 1,639,717        | 3,053,284        | 4,807,822         | 63.51%          |
| Governance                        | 1,545,588         | 1,872,150        | 1,929,315         | 225,015          | 402,907          | 1,664,649         | 24.20%          |
| Marketing                         | 10,400            | 8,000            | 22,000            | 49,715           | 185,937          | 132,671           | 140.15%         |
| Depreciation                      | 1,652,199         | 711,205          | 1,383,984         | 90,000           | 180,000          | 1,121,222         | 16.05%          |
| Administration                    | 3,145,690         | 3,217,283        | 3,172,764         | 1,240,538        | 2,984,169        | 3,119,525         | 95.66%          |
| <b>TOTAL OPERATING EXPENSES</b>   | <b>10,823,506</b> | <b>9,724,264</b> | <b>11,110,798</b> | <b>3,244,985</b> | <b>6,806,296</b> | <b>10,845,888</b> | <b>62.75%</b>   |
| Provision for Risk Assets         | 0                 | 300,000          | 400,000           | 0                | 0                | 0                 | 0.00%           |
| <b>Net Income from Operations</b> | <b>(353,746)</b>  | <b>2,788,417</b> | <b>1,814,842</b>  | <b>192,792</b>   | <b>770,880</b>   | <b>(496,526)</b>  | <b>-155.25%</b> |

| <b>OTHER INCOME / EXPENSE</b>     |          |          |          |          |          |          |              |
|-----------------------------------|----------|----------|----------|----------|----------|----------|--------------|
| Previous period adjustments (Net) | 0        | 0        | 0        | 0        | 0        | 0        | 0.00%        |
| Extraordinary Items (Net)         | 0        | 0        | 0        | 0        | 0        | 0        | 0.00%        |
| <b>TOTAL OTHER INCOME/EXPENSE</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0.00%</b> |

|                        |                  |                  |                  |                |                |                  |                |
|------------------------|------------------|------------------|------------------|----------------|----------------|------------------|----------------|
| <b>Net Income/Loss</b> | <b>(353,746)</b> | <b>2,788,417</b> | <b>1,814,842</b> | <b>192,792</b> | <b>770,880</b> | <b>(496,526)</b> | <b>-64.41%</b> |
|------------------------|------------------|------------------|------------------|----------------|----------------|------------------|----------------|

-200-

|                                               | 31-Dec-98 | 31-Dec-99 | 31-Mar-00 | 30-Jun-00 | 30-Sep-00  |
|-----------------------------------------------|-----------|-----------|-----------|-----------|------------|
| <b>Number of Credit Unions in this Report</b> | 1         | 1         | 1         | 1         | 1          |
| <b>Salary Burden</b>                          |           |           |           |           |            |
| Number Of Loans                               | 0         | 0         | 0         | 0         | 1,215      |
| Number of Loan Officers                       |           |           |           |           |            |
| Amount Of Loans                               | 0         | 0         | 0         | 0         | 18,124,579 |
| Number of Loan Officers                       |           |           |           |           |            |
| <b>Adjusted Returns*</b>                      |           |           |           |           |            |
| Capital                                       | 25.19%    | 49.06%    | -330.37%  | -229.16%  | -186.41%   |
| Assets                                        | 0.64%     | 2.21%     | -4.63%    | -4.11%    | -4.46%     |
| <b>Sufficiency Ratios**</b>                   |           |           |           |           |            |
| Operational Self Sufficiency                  | 117.95%   | 110.48%   | 104.07%   | 107.75%   | 96.91%     |
| Financial Self Sufficiency                    | 99.16%    | 109.72%   | 48.35%    | 65.78%    | 69.87%     |
| Subsidy Dependency Index                      | 32.27%    | 2.79%     | 8.83%     | 22.43%    | 35.93%     |
| <b>Efficiency Ratios***</b>                   |           |           |           |           |            |
| Portfolio Turnover                            | 34.46%    | -104.63%  | 104.56%   | 2.17%     | NA         |
| Administrative Efficiency                     | 16.48%    | 24.35%    | 7.17%     | 9.77%     | 15.14%     |

1. The RATE used in the calculation of all ratios is inflation or market rate of the product (savings, credit, etc.), whichever is higher.
2. Required Provision Expenses are 100% of all loans delinquent greater than 12 months and either the WOCCU standard of 35% of loans delinquent from 1-12 months or local requirements where appropriate.

**\*Explanation of Adjusted Return Ratios**

**Adjusted return on Capital**

$(\text{Gross Income} - \text{Operating Subsidies} - ((\text{Average Deposits Balance} * \text{RATE}) + (\text{Average External Credit Balance} * \text{RATE}) + (\text{Average Share Balance} * \text{RATE}) + \text{Operating Expenses} + \text{Required Provision Expenses})) / (\text{Institutional Capital} + \text{Transitory Capital})$

**Adjusted Return on Assets**

$(\text{Gross Income} - \text{Operating Subsidies} - ((\text{Average Deposits Balance} * \text{RATE}) + (\text{Average External Credit Balance} * \text{RATE}) + (\text{Average Share Balance} * \text{RATE}) + \text{Operating Expenses} + \text{Required Provision Expenses})) / \text{Avg. Assets}$

**\*\*Explanation of Sufficiency Ratios**

**Operational Self Sufficiency**

$(\text{Gross Income} - \text{Operating Subsidies}) / (\text{Deposit Costs} + \text{External Credit Costs} + \text{Share Costs} + \text{Operating Expenses} + \text{Provision Expenses} + \text{Other Expenses} + \text{Operating Subsidies})$

**Financial Self Sufficiency**

$(\text{Gross Income} - \text{Operating Subsidies}) / ((\text{Average Deposits Balance} * \text{RATE}) + (\text{Average External Credit Balance} * \text{RATE}) + (\text{Average Share Balance} * \text{RATE}) + \text{Operating Expenses} + \text{Required Provision Expenses} + \text{Other Expenses} + \text{Operating Subsidies})$

**Subsidy Dependency Index**

$([\text{Average Deposits Balance} * (\text{RATE} - \text{Weighted Interest Rate } \{R5\})] + [\text{Average External Credit Balance} * (\text{RATE} - \text{Weighted Rate } \{R6\})] - [\text{Average Share Balance} * (\text{RATE} - \text{Weighted Interest Rate } \{R7\})] + [(\text{Institutional Capital} + \text{Transitory Capital}) * \text{RATE } \{\text{Savings}\}] + \text{Subsidies}) / (\text{Average Loan Portfolio} * \text{Annualized Loan Interest Rate } \{R1\})$

**\*\*\*Explanation of Efficiency Ratios**

**Portfolio Turnover**

Amount of Loans Disbursed During Current Reporting Period / Gross Average Loan Portfolio

**Administrative Efficiency**

Operating Expenses / Average Gross Loan Portfolio



World Council of Credit Unions, Inc.

**Microfinance Expansion Program (MEP)  
4<sup>th</sup> QUARTER 2000 REPORT**

**Ukulima  
Savings and Credit Cooperative (SACCO)**

**Nairobi, Kenya  
February 16, 2001**

Microfinance Expansion  
Programme (MEP)  
Isaac Gathanju Road  
Off James Gichuru Road, Lavington  
P.O. Box 979 Village Market  
Nairobi, Kenya

Phone: (254) 2-48053/48122/7/9  
Fax: (254) 2-48112  
E-mail: [wccu@form-net.com](mailto:wccu@form-net.com)

*"Quality  
Credit Unions  
for Everyone"*

World Council of Credit Unions, Inc. (WOCCU), Kenya  
 Microfinance Expansion Program (MEP)  
 Ukulima SACCO  
 4<sup>th</sup> Quarter, 2000, PEARLS Analysis

| SACCO Prudential Standards           | Analysis of Ukulima SACCO's Status<br>By the end of the 4 <sup>th</sup> Quarter, 2000 <sup>1</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|--------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Protection</i>                    | <ul style="list-style-type: none"> <li>• P1 – P5 ratios were not computed since the SACCO does not provide for expected loan losses; <i>WOCCU has advised the SACCO to make provision for loan losses based on delinquency. WOCCU will install the Loan Portfolio Analysis Tool in their computers to assist in determining the level of delinquency.</i></li> <li>• The SACCO does not charge-off uncollectible loans; <i>Charging off plans have been presented to the board and management and will be effected once the level of delinquency has been established.</i></li> <li>• The SACCO is solvent and registered a Solvency ratio of 122.14%, <i>down from 128.07% in June, the decline being attributable to the accounting discrepancies that the SACCO had in the fourth quarter. WOCCU is working with the SACCO and offering Accounting TA to streamline the accounting process and resolve the discrepancies;</i></li> <li>• At 2.15%, Net Institutional Capital is low, <i>due to the problem assets noted above.</i></li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <i>Effective Financial Structure</i> | <ul style="list-style-type: none"> <li>• Ukulima SACCO has not attained the ideal asset structure (85% of its assets are productive).                             <ul style="list-style-type: none"> <li>• Loans: 63.02%;</li> <li>• Liquid investments: 3.10%;</li> <li>• Financial investments: 3.00%;</li> <li>• Non-financial investment: 15.88%;</li> </ul> <i>The SACCO continues to maintain Liquid Investments at a minimum as they yield low returns; WOCCU has emphasized on the need to reduce investing in non-financial assets, as the yields are lower than for loans. Consequently, the SACCO has adhered to this principle as indicated in E 4 (15.88%) compared to 16.64% in June 2000.</i> </li> <li>• The SACCO has not attained the ideal asset financing structure:                             <ul style="list-style-type: none"> <li>• Savings Deposits: 0.49%;</li> <li>• External Credit: 4.40%;</li> <li>• Share Capital: 73.52%;</li> <li>• Institutional Capital: 2.26%;</li> </ul> <i>WOCCU is advising the board and management on how to start changing the SACCO's assets and liabilities to attain the ideal structure. With the recent market survey we expect the SACCO's savings deposits to shoot up by the end of the 2<sup>nd</sup> Quarter, 2001. Institutional capital declined as the SACCO does not accrue for statutory reserves. External credit is still high, at 4.40%. WOCCU continues to advise the SACCO to rely on savings mobilization rather than external credit.</i> </li> </ul> |

<sup>1</sup> The 4<sup>th</sup> quarter report presents an analysis of financial information as at September 30, 2000.

World Council of Credit Unions, Inc. (WOCCU), Kenya  
 Microfinance Expansion Program (MEP)  
 Ukulima SACCO  
 4<sup>th</sup> Quarter, 2000, PEARLS Analysis

| SACCO Prudential Standards       | Analysis of Ukulima SACCO's Status<br>By the end of the 4 <sup>th</sup> Quarter, 2000 <sup>2</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Asset Quality</i>             | <ul style="list-style-type: none"> <li>• Delinquency was not measured. <i>However, the SACCO has a check-off arrangement with the employer and delinquency is likely to be low. In addition, WOCCU will install the Loan Portfolio Analysis Tool in their computer to help measure the SACCO's delinquency level accurately.</i></li> <li>• Non-earning assets are high, at 15.00%, compared to the ideal of less than 5%. <i>This is due to an increase in the checking account balances as the SACCO prepared to pay dividends for the last financial year (2000).</i></li> <li>• Ukulima SACCO finances all its non-earning assets from institutional reserves and other non-interest bearing liabilities – zero cost funds stand at 143.17% of non-earning assets. <i>WOCCU is offering the necessary technical advice on how to maintain the ratio above 100%.</i></li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <i>Rates of return and costs</i> | <ul style="list-style-type: none"> <li>• The effective loan yield, at 13.04%, is <i>relatively low and below market rate (20.60%). However, it is in line with the nominal rate charged by the SACCO. This suggests that delinquency is likely to be low (as noted above), and that the SACCO is recovering all its revenues;</i></li> <li>• Liquid investments have reported no yield;</li> <li>• Financial investments have recorded a return of 5.13%, <i>which is moderate and in line with the market return;</i></li> <li>• Non-financial investments have reported a yield of 6.77%, <i>which is moderate but below the return realized from loans. WOCCU has advised the SACCO to limit its investment in non-financial assets so as to maximize returns;</i></li> <li>• Financial costs on savings deposits – NIL;</li> <li>• External credit costs are moderate at 15.79%;</li> <li>• No dividends on member shares; <i>the SACCO does not accrue for dividend costs (dividends are determined annually post net income);</i><br/> <i>WOCCU continues to emphasize the need to rely on savings mobilization rather than external credit and is working with Ukulima SACCO to improve the front office services;</i></li> <li>• Gross margin and Net income are relatively high, <i>primarily because the SACCO does not accrue for member dividends;</i></li> <li>• Operating expenses continue being low, at 3.56%;</li> <li>• The SACCO does not have non-recurring incomes/expenses, and no provision costs as noted above.</li> </ul> |

<sup>2</sup> The 4<sup>th</sup> quarter report presents an analysis of financial information as at September 30, 2000.



World Council of Credit Unions, Inc. (WOCCU), Kenya  
 Microfinance Expansion Program (MEP)  
 Ukulima SACCO  
 4<sup>th</sup> Quarter, 2000, PEARLS Analysis

| SACCO Prudential Standards | Analysis of Ukulima SACCO's Status<br>By the end of the 4 <sup>th</sup> Quarter, 2000 <sup>3</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Liquidity</i>           | <ul style="list-style-type: none"> <li>• Liquidity, at 2731.17%, is good given that the SACCO offers front office services. <i>As noted above, the high liquidity is caused by the SACCO's accumulation of funds in its checking accounts to meet the dividend pay-out for the last financial year. With the use of PEARLS 2000, WOCCU is advising Ukulima SACCO on how to achieve an optimal liquidity policy.</i></li> <li>• The level of Non-earning liquid assets is high, at 10.31%, compared to the ideal of less than 1.00% – <i>as the SACCO has huge balances in checking accounts and cash in hand. WOCCU is offering PEARLS and financial management training to assist the SACCO make effective investment decisions.</i></li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <i>Signs of Growth</i>     | <ul style="list-style-type: none"> <li>• Total assets registered good growth – of 15.97%, <i>an improvement over the growth registered to June 2000 (13.78%);</i></li> <li>• Loans registered a relatively slower growth of 10.22%, <i>as the SACCO used the resources at its disposal to pay off dividends for the last financial year. Loans growth is expected to pick up in the last quarter of 2000;</i></li> <li>• Savings deposits registered an impressive growth of 84.92%, <i>an improvement over the 31.25% registered to June 2000. As the SACCO implements the findings of the market survey carried out by WOCCU, growth in savings deposits is expected to be higher;</i></li> <li>• Institutional capital grew by 10.28% - <i>institutional capital is expected to record higher growth at the end of the year when the SACCO capitalizes 25% of its net income to statutory and legal reserves;</i></li> <li>• Share capital registered modest growth of 6.93%. <i>However, this performance is commendable when viewed against the decline in membership as the government continues to effect the civil service retrenchment program.</i></li> </ul> |

<sup>3</sup> The 4<sup>th</sup> quarter report presents an analysis of financial information as at September 30, 2000.

Based on Local currency

Annual

Goal % Complete

| P-E-A-R-L-S RATIOS                                             | Goals                            | 31-Dec-97 | 31-Dec-98 | 31-Dec-99 | 31-Mar-00 | 30-Jun-00 | 30-Sep-00 |      |
|----------------------------------------------------------------|----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|------|
| Number of Credit Unions in this Report                         |                                  | 1         | 1         | 1         | 1         | 1         | 1         |      |
| <b>P PROTECTION</b>                                            |                                  |           |           |           |           |           |           |      |
| 1. Loan Loss Allowances / Delinq. >12 Mo.                      | 100%                             | NA        | NA        | NA        | NA        | NA        | NA        | NA   |
| 2. Net Loan Loss Allow. / Allow. Required for Delinq. 1-12 Mo. | 100% of Goal                     | NA        | NA        | NA        | NA        | NA        | NA        | NA   |
| 3. Complete Loan Charge-Off of Delinquency > 12 Mo.            | Yes                              | Yes       | Yes       | Yes       | Yes       | Yes       | Yes       | 100% |
| 4. Annual Loan Charge-offs / Average Loan Portfolio            | Minimized                        | 0.50%     | 0.66%     | 0.49%     | 0.18%     | 0.19%     | 0.12%     | 156% |
| 5. Accum. Charge-Offs Recovered / Accum Charge-Offs            | 100%                             | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%   |
| 6. Solvency                                                    | Min 100%                         | 120.89%   | 117.62%   | 122.30%   | 127.09%   | 128.07%   | 122.14%   | 105% |
| 7. Net Institutional Capital                                   | Minimum 10%                      | 2.69%     | 2.55%     | 2.34%     | 2.46%     | 2.36%     | 2.15%     | 110% |
| <b>E EFFECTIVE FINANCIAL STRUCTURE</b>                         |                                  |           |           |           |           |           |           |      |
| 1. Net Loans / Total Assets                                    | Between 70 - 80%                 | 63.36%    | 65.53%    | 65.55%    | 71.38%    | 68.83%    | 63.02%    | 109% |
| 2. Liquid Investments / Total Assets                           | Max 20 %                         | 1.53%     | 1.50%     | 1.43%     | 0.75%     | 1.74%     | 3.10%     | 56%  |
| 3. Financial Investments / Total Assets                        | Max 10 %                         | 4.62%     | 4.36%     | 3.64%     | 3.58%     | 2.84%     | 3.00%     | 95%  |
| 4. Non-Financial Investments / Total Assets                    | 0%                               | 19.13%    | 17.58%    | 15.80%    | 17.30%    | 16.64%    | 15.85%    | 105% |
| 5. Savings Deposits / Total Assets                             | Between 70 - 80%                 | 0.00%     | 0.00%     | 0.34%     | 0.22%     | 0.36%     | 0.49%     | 74%  |
| 6. External Credit / Total Assets                              | 0                                | 3.15%     | 1.23%     | 1.77%     | 1.37%     | 1.72%     | 4.40%     | 39%  |
| 7. Member Share Capital / Total Assets                         | Max 20 %                         | 73.74%    | 77.80%    | 78.27%    | 76.61%    | 76.00%    | 73.52%    | 103% |
| 8. Institutional Capital / Total Assets                        | Minimum 10%                      | 2.71%     | 2.62%     | 2.35%     | 2.46%     | 2.37%     | 2.26%     | 105% |
| <b>A ASSET QUALITY</b>                                         |                                  |           |           |           |           |           |           |      |
| 1. Total Delinquency / Gross Loan Portfolio                    | Less Than or Equal To 5%         | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%   |
| 2. Non-Earning Assets / Total Assets                           | Less Than or Equal To 5%         | 11.36%    | 11.03%    | 13.58%    | 6.99%     | 9.95%     | 15.00%    | 66%  |
| 3. Net Zero Cost Funds / Non-earning Assets                    | Greater Than or Equal To 100%    | 203.26%   | 189.44%   | 144.42%   | 311.77%   | 220.21%   | 143.17%   | 154% |
| <b>R RATES OF RETURN AND COSTS (ANNUALIZED)</b>                |                                  |           |           |           |           |           |           |      |
| 1. Net Loan Income / Average Net Loan Portfolio                | Entrepreneurial Rate             | 12.53%    | 11.94%    | 12.74%    | 12.26%    | 12.61%    | 13.04%    | 97%  |
| 2. Liquid Inv. Income / Avg. Liquid Investments                | Market Rates                     | 0.00%     | 0.00%     | 0.13%     | 0.65%     | 16.15%    | 0.00%     | 0%   |
| 3. Fin. Investment Income / Avg. Fin. Investments              | Market Rates                     | 11.96%    | 11.85%    | 3.96%     | 2.84%     | 0.00%     | 5.13%     | 0%   |
| 4. Non-Fin. Inv. Income / Avg. Non-Fin. Investments            | Greater Than or Equal to R1      | 6.48%     | 7.06%     | 7.21%     | 7.66%     | 0.00%     | 6.77%     | 0%   |
| 5. Fin Costs: Savings Deposits / Avg. Savings Deposits         | Market Rates                     | NA        | NA        | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%   |
| 6. Fin Costs: External Credit / Avg. External Credit           | Less Than or Equal to R5         | 19.70%    | 19.56%    | 27.80%    | 9.58%     | 7.11%     | 15.79%    | 45%  |
| 7. Fin Costs: Member Shares / Avg. Member Shares               | Greater Than or Equal to R5      | 6.76%     | 5.73%     | 6.33%     | 0.00%     | 0.00%     | 0.00%     | 0%   |
| 8. Gross Margin / Average Assets                               | Amount Needed to Cover R9, R10   | 4.23%     | 4.78%     | 4.45%     | 9.08%     | 8.30%     | 9.26%     | 90%  |
| 9. Operating Expenses / Average Assets                         | 3 -10%                           | 3.12%     | 3.57%     | 3.62%     | 3.70%     | 3.33%     | 3.56%     | 94%  |
| 10. Provisions for Risk Assets / Average Assets                | Sufficient for Estimated Losses  | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.41%     | 0%   |
| 11. Other Income or Expense / Average Assets                   | Amount Needed                    | 0.31%     | 0.43%     | 0.32%     | 0.51%     | 0.48%     | 0.00%     | 0%   |
| 12. Net Income / Average Assets                                | Enough to reach the goal for E8  | 0.79%     | 0.79%     | 0.51%     | 4.87%     | 4.48%     | 5.29%     | 85%  |
| <b>L LIQUIDITY</b>                                             |                                  |           |           |           |           |           |           |      |
| 1. Liquid Assets - ST Payables / Total Deposits                | Minimum 15%                      | NA        | NA        | 2152.66%  | 1183.92%  | 1935.08%  | 2731.17%  | 71%  |
| 2. Liquidity Reserves / Total Savings Deposits                 | 10%                              | NA        | NA        | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%   |
| 3. Non-Earning Liquid Assets / Total Assets                    | Less Than 1 %                    | 1.22%     | 2.82%     | 6.25%     | 2.20%     | 5.60%     | 10.31%    | 54%  |
| 4. Deposits in CFF / Total Available Liquidity                 | Maximum Amount                   | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0.00%     | 0%   |
| <b>S SIGNS OF GROWTH (ANNUAL GROWTH RATES)</b>                 |                                  |           |           |           |           |           |           |      |
| 1. Total Assets                                                | More Than Inflation              | 14.26%    | 9.01%     | 11.58%    | 11.15%    | 13.78%    | 15.97%    | 86%  |
| 2. Loans to Members                                            | Sufficient to Achieve Goal in E1 | 15.08%    | 12.73%    | 11.62%    | 47.81%    | 24.49%    | 10.22%    | 240% |
| 3. Savings Deposits                                            | Sufficient to Achieve Goal in E5 | 0.00%     | 0.00%     | 100.00%   | -129.84%  | 31.25%    | 84.92%    | 37%  |
| 4. External Credit                                             | 0%                               | 30.41%    | -57.26%   | 60.32%    | -81.70%   | 7.66%     | 236.78%   | 3%   |
| 5. Share Capital                                               | Sufficient to Achieve Goal in E7 | 13.94%    | 15.02%    | 12.26%    | 2.41%     | 7.54%     | 6.93%     | 109% |
| 6. Institutional Capital                                       | Sufficient to Achieve Goal in E8 | 8.97%     | 5.59%     | 0.01%     | 30.92%    | 15.46%    | 10.28%    | 150% |
| 7. Membership                                                  | Minimum 5%                       | -2.53%    | -1.24%    | -4.69%    | 0.00%     | 0.00%     | -6.66%    | 0%   |
| Inflation Rate (Annualized)                                    |                                  | 11.20%    | 10.60%    | 5.10%     | 6.30%     | 7.30%     | 8.20%     |      |

Local currency

Annual Goal

% Complete

31/12/1997 31/12/1998 31/12/1999 31/03/2000 30/06/2000 30/09/2000

| of Credit Unions in this Report            | 1      | 1      | 1      | 1      | 1      | 1      |         |
|--------------------------------------------|--------|--------|--------|--------|--------|--------|---------|
| Number Of CU Members                       | 28,351 | 28,000 | 26,687 | 26,687 | 26,687 | 25,351 | 105.27% |
| Not Reported                               | 18,900 | 18,666 | 17,790 | 17,790 | 17,790 | 16,901 | 105.26% |
| Number Of Members                          | 47,251 | 46,666 | 44,477 | 44,477 | 44,477 | 42,252 | 105.27% |
| Number of Other Service Users              | 0      | 0      | 0      | 0      | 0      | 0      | 0.00%   |
| Number of Other CU Service Users           | 0      | 0      | 0      | 0      | 0      | 0      | 0.00%   |
| Number Of Members & Other CU Service Users | 47,251 | 46,666 | 44,477 | 44,477 | 44,477 | 42,252 | 105.27% |

Assets

| to Members                       |               |               |               |               |               |               |      |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|------|
| Term (<=1 Year)                  | 0             | 0             | 0             | 0             | 0             | 0             | 0%   |
| Medium-Term (1-3 Years)          | 1,158,366,322 | 1,305,864,761 | 1,457,650,894 | 1,631,080,037 | 1,635,333,962 | 1,569,468,978 | 104% |
| Term (> 3 Years)                 | 0             | 0             | 0             | 0             | 249,660       | 0             | 0%   |
| Special Loans                    | 0             | 0             | 0             | 311,387       | 0             | 0             | 0%   |
| Loans Allowances                 | 0             | 0             | 0             | 0             | 0             | 0             | 0%   |
| Net Loans                        | 1,158,366,322 | 1,305,864,761 | 1,457,650,894 | 1,631,391,424 | 1,635,583,622 | 1,569,468,978 | 104% |
| Investments                      |               |               |               |               |               |               |      |
| Reserves - CFF                   | 0             | 0             | 0             | 0             | 0             | 0             | 0%   |
| Liquidity Reserves               | 0             | 0             | 0             | 0             | 0             | 0             | 0%   |
| Term CFF Deposits                | 0             | 0             | 0             | 0             | 0             | 0             | 0%   |
| Term Bank Deposits               | 27,948,372    | 29,975,106    | 31,738,430    | 17,247,399    | 41,379,268    | 77,204,773    | 54%  |
| Term Securities and Investments  | 0             | 0             | 0             | 0             | 0             | 0             | 0%   |
| Liquid Investments 1             | 0             | 0             | 0             | 0             | 0             | 0             | 0%   |
| Liquid Investments 2             | 0             | 0             | 0             | 0             | 0             | 0             | 0%   |
| Liquid Investments 3             | 0             | 0             | 0             | 0             | 0             | 0             | 0%   |
| Investments Allowances           | 0             | 0             | 0             | 0             | 0             | 0             | 0%   |
| Net Liquid Investments           | 27,948,372    | 29,975,106    | 31,738,430    | 17,247,399    | 41,379,268    | 77,204,773    | 54%  |
| Financial Investments            |               |               |               |               |               |               |      |
| League/Affiliation               | 200,000       | 500,000       | 500,000       | 500,000       | 500,000       | 500,000       | 100% |
| Term CFF Deposit                 | 37,865,322    | 42,538,712    | 45,613,007    | 45,526,833    | 46,110,335    | 55,884,555    | 83%  |
| Term Bank Deposits               | 15,130,820    | 6,230,820     | 22,130,820    | 22,907,121    | 8,307,121     | 5,517,645     | 151% |
| Term Securities & Investments    | 120,180       | 120,180       | 120,180       | 120,180       | 120,180       | 120,180       | 100% |
| Financial Investments 1          | 12,015,900    | 12,630,900    | 12,630,900    | 12,630,900    | 12,510,720    | 12,630,900    | 99%  |
| Financial Investments 2          | 51,000        | 76,000        | 51,000        | 51,000        | 51,000        | 51,000        | 100% |
| Financial Investments 3          | 19,073,855    | 24,772,929    | 0             | 0             | 0             | 0             | 0%   |
| Financial Investments Allowances | 0             | 0             | 0             | 0             | 0             | 0             | 0%   |
| Net Financial Investments        | 84,457,077    | 86,869,541    | 81,045,907    | 81,736,034    | 67,599,356    | 74,704,280    | 90%  |
| Non-Financial Investments        |               |               |               |               |               |               |      |
| Financial Investments Allowances | 349,693,952   | 350,390,529   | 351,282,549   | 395,330,590   | 395,330,590   | 395,350,590   | 100% |
| Net Non-Financial Investments    | 349,693,952   | 350,390,529   | 351,282,549   | 395,330,590   | 395,330,590   | 395,350,590   | 100% |
| Earning Assets                   | 1,620,465,723 | 1,773,099,937 | 1,921,717,780 | 2,125,705,447 | 2,139,892,836 | 2,116,728,621 | 101% |

Loan Portfolio Information

| Frequency Based on Outstanding Balance of Loan? | Payment       | Payment       | Payment       | Payment       | Payment       | Payment       |      |
|-------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|------|
| Frequency                                       |               |               |               |               |               |               |      |
| 1 Month                                         | 0             | 0             | 0             | 0             | 0             | 0%            |      |
| 2-12 Months                                     | 0             | 0             | 0             | 0             | 0             | 0%            |      |
| More Than 12 Months                             | 0             | 0             | 0             | 0             | 0             | 0%            |      |
| Balance Of Delinquent Loans                     | 0             | 0             | 0             | 0             | 0             | 0%            |      |
| Members (Gross)                                 | 1,158,366,322 | 1,305,864,761 | 1,457,650,894 | 1,631,391,424 | 1,635,583,622 | 1,569,468,978 | 104% |
| Estimated Charge-Offs (Historical)              | 9,329,162     | 17,501,295    | 24,228,974    | 27,069,582    | 27,182,409    | 26,087,606    | 104% |
| Frequency of Loans Charged-Off (Historical)     | 0             | 0             | 0             | 0             | 0             | 0%            |      |

207

Based on Local currency

Annual Goal

% Complete

31/12/1997 31/12/1998 31/12/1999 31/03/2000 30/06/2000 30/09/2000

## Non-Earning Assets

## Liquid Assets

|                             |                   |                   |                    |                   |                    |                    |            |
|-----------------------------|-------------------|-------------------|--------------------|-------------------|--------------------|--------------------|------------|
| Cash & Equivalents          | 214,285           | 53,661            | 7,433,749          | 6,255,841         | 6,583,038          | 7,217,658          | 91%        |
| Current Accounts (Checking) | 22,003,393        | 56,178,263        | 131,621,564        | 44,061,634        | 126,533,254        | 249,488,773        | 51%        |
| Foreign Currency            | 0                 | 0                 | 0                  | 0                 | 0                  | 0                  | 0%         |
| Liquidity Reserves - CFF    | 0                 | 0                 | 0                  | 0                 | 0                  | 0                  | 0%         |
| Other Liquidity Reserves    | 0                 | 0                 | 0                  | 0                 | 0                  | 0                  | 0%         |
| Other Liquid Assets         | 0                 | 0                 | 0                  | 0                 | 0                  | 0                  | 0%         |
| <b>Total Liquid Assets</b>  | <b>22,217,678</b> | <b>56,231,924</b> | <b>139,055,313</b> | <b>50,317,475</b> | <b>133,116,292</b> | <b>256,706,431</b> | <b>52%</b> |

## Accounts Receivable

|                                  |                    |                   |                   |                   |                   |                   |            |
|----------------------------------|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------|
| Debtors                          | 5,021,736          | 8,502,728         | 74,111,604        | 0                 | 459,649           | 2,388,785         | 19%        |
| Interest Receivable              | 0                  | 0                 | 7,030,245         | 18,952,621        | 10,704,893        | 33,262,908        | 32%        |
| Notes Receivable                 | 0                  | 0                 | 0                 | 0                 | 0                 | 0                 | 0%         |
| Payroll Deductions Receivable    | 111,667,545        | 85,169,259        | 0                 | 0                 | 40,124            | 0                 | 0%         |
| Other Accounts Receivable        | 0                  | 0                 | 0                 | 9,531,360         | 10,115,726        | 0                 | 0%         |
| Receivable Loss Allowances       | 0                  | 0                 | 0                 | 0                 | 0                 | 0                 | 0%         |
| <b>Total Accounts Receivable</b> | <b>116,689,281</b> | <b>93,671,987</b> | <b>81,141,849</b> | <b>28,483,981</b> | <b>21,320,392</b> | <b>35,651,693</b> | <b>60%</b> |

## Fixed Assets

|                                          |                   |                   |                   |                   |                   |                   |            |
|------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------|
| Land                                     | 56,356,402        | 56,399,518        | 57,029,518        | 57,611,524        | 57,611,524        | 57,611,524        | 100%       |
| Buildings (Cost)                         | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%         |
| Accumulated Depreciation - Buildings     | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%         |
| Leasehold Improvements                   | 0                 | 0                 | 0                 | 0                 | 0                 | 1,754,487         | 0%         |
| Accum. Depreciation - Leasehold Improv.  | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%         |
| Furniture & Equipment                    | 10,201,754        | 9,696,773         | 21,535,484        | 15,376,458        | 15,703,278        | 18,290,937        | 86%        |
| Accum. Depreciation - Furniture & Equip. | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%         |
| <b>Total Net Fixed Assets</b>            | <b>66,558,156</b> | <b>66,096,291</b> | <b>78,565,002</b> | <b>72,987,982</b> | <b>73,314,802</b> | <b>77,656,948</b> | <b>94%</b> |

## Other Assets

|                           |                  |                  |                  |                  |                  |                |             |
|---------------------------|------------------|------------------|------------------|------------------|------------------|----------------|-------------|
| Assets in Liquidation     | 0                | 0                | 0                | 0                | 0                | 0              | 0%          |
| Organization Expenses     | 618,228          | 491,782          | 335,425          | 1,118,619        | 809,019          | 0              | 0%          |
| Prepaid Expenses          | 762,313          | 1,206,683        | 2,273,562        | 2,297,753        | 2,883,368        | 576,218        | 500%        |
| Other Deferred Assets     | 545,411          | 562,022          | 366,000          | 4,447,694        | 4,828,970        | 296,000        | 1631%       |
| Accumulated Amortization  | 0                | 0                | 0                | 0                | 0                | 0              | 0%          |
| <b>Total Other Assets</b> | <b>1,925,952</b> | <b>2,260,487</b> | <b>2,974,987</b> | <b>7,864,066</b> | <b>8,521,357</b> | <b>872,218</b> | <b>977%</b> |

## Problem Assets

|                                 |                |                  |                |               |                |                  |           |
|---------------------------------|----------------|------------------|----------------|---------------|----------------|------------------|-----------|
| Doubtful Assets                 | 337,067        | 1,465,576        | 72,448         | 0             | 126,352        | 72,448           | 174%      |
| Accounting Discrepancy - Assets | 0              | 0                | 94,207         | 85,812        | 0              | 2,645,913        | 0%        |
| Other Problem Assets            | 0              | 0                | 0              | 0             | 0              | 0                | 0%        |
| <b>Total Problem Assets</b>     | <b>337,067</b> | <b>1,465,576</b> | <b>166,655</b> | <b>85,812</b> | <b>126,352</b> | <b>2,718,361</b> | <b>5%</b> |

## Total Non-Earning Assets

|                                 |                    |                    |                    |                    |                    |                    |            |
|---------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------|
| <b>Total Non-Earning Assets</b> | <b>207,728,134</b> | <b>219,726,265</b> | <b>301,903,806</b> | <b>159,739,316</b> | <b>236,399,195</b> | <b>373,605,651</b> | <b>63%</b> |
|---------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------|

## Total Assets

|                     |                      |                      |                      |                      |                      |                      |            |
|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|------------|
| <b>Total Assets</b> | <b>1,828,193,857</b> | <b>1,992,826,202</b> | <b>2,223,621,586</b> | <b>2,285,444,763</b> | <b>2,376,292,031</b> | <b>2,490,334,272</b> | <b>95%</b> |
|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|------------|

Based on Local currency

Annual Goal

% Complete

31/12/1997 31/12/1998 31/12/1999 31/03/2000 30/06/2000 30/09/2000

## LIABILITIES

## INTEREST BEARING LIABILITIES

## Savings Deposits

|                               | 31/12/1997 | 31/12/1998 | 31/12/1999       | 31/03/2000       | 30/06/2000       | 30/09/2000        | % Complete |
|-------------------------------|------------|------------|------------------|------------------|------------------|-------------------|------------|
| Regular Savings               | 0          | 0          | 7,462,790        | 5,047,443        | 8,625,536        | 12,220,295        | 71%        |
| Term/Fixed Savings            | 0          | 0          | 0                | 0                | 0                | 0                 | 0%         |
| Youth Savings                 | 0          | 0          | 0                | 0                | 0                | 0                 | 0%         |
| Special Savings               | 0          | 0          | 0                | 0                | 0                | 0                 | 0%         |
| Pledged Savings               | 0          | 0          | 0                | 0                | 0                | 0                 | 0%         |
| <b>Total Savings Deposits</b> | <b>0</b>   | <b>0</b>   | <b>7,462,790</b> | <b>5,047,443</b> | <b>8,625,536</b> | <b>12,220,295</b> | <b>71%</b> |

## External Credit

|                                               |                   |                   |                   |                   |                   |                    |            |
|-----------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|------------|
| External Credit - CFF (<= 1 Year)             | 0                 | 0                 | 0                 | 0                 | 0                 | 0                  | 0%         |
| External Credit - CFF (> 1 Year)              | 43,301,769        | 9,684,243         | 30,554,042        | 0                 | 31,979,551        | 0                  | 0%         |
| External Credit - Banks                       | 14,253,414        | 14,913,377        | 8,880,072         | 31,399,660        | 8,959,405         | 109,528,406        | 8%         |
| Other External Credit - External Institutions | 0                 | 0                 | 0                 | 0                 | 0                 | 0                  | 0%         |
| <b>Total External Credit</b>                  | <b>57,555,183</b> | <b>24,597,620</b> | <b>39,434,114</b> | <b>31,399,660</b> | <b>40,938,956</b> | <b>109,528,406</b> | <b>37%</b> |
| <b>Total Interest Bearing Liabilities</b>     | <b>57,555,183</b> | <b>24,597,620</b> | <b>46,896,904</b> | <b>36,447,103</b> | <b>49,564,492</b> | <b>121,748,701</b> |            |

## Non-Interest Bearing Liabilities

|                                               |                    |                    |                   |                   |                   |                    |            |
|-----------------------------------------------|--------------------|--------------------|-------------------|-------------------|-------------------|--------------------|------------|
| Short-Term Accounts Payable (<=30 Days)       | 15,508,675         | 13,342,907         | 10,145,114        | 7,807,080         | 52,360            | 153,768            | 34%        |
| External Credit Payments (<=30 Days)          | 0                  | 0                  | 0                 | 0                 | 7,532,305         | 0                  | 0%         |
| Provisions (e.g. Employee Benefits)           | 98,888,502         | 98,344,714         | 6,309,135         | 4,095,622         | 2,491,131         | (2,085,503)        | -119%      |
| Accounting Discrepancy - Liabilities          | 9,001              | 0                  | 0                 | 1,402,670         | 528,538           | 0                  | 0%         |
| Other Liabilities                             | 26,224,593         | 31,354,900         | 29,678,298        | 8,948,112         | 598,206           | 128,696,354        | 0%         |
| <b>Total Non-Interest Bearing Liabilities</b> | <b>140,630,771</b> | <b>143,042,521</b> | <b>46,132,547</b> | <b>22,253,484</b> | <b>11,202,540</b> | <b>126,764,619</b> | <b>9%</b>  |
| <b>Total Liabilities</b>                      | <b>198,185,954</b> | <b>167,640,141</b> | <b>93,029,451</b> | <b>58,700,587</b> | <b>60,767,032</b> | <b>248,513,320</b> | <b>24%</b> |

## CAPITAL

## Share Capital

|                                   |                      |                      |                      |                      |                      |                      |            |
|-----------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|------------|
| Mandatory Shares                  | 1,230,924,328        | 1,432,201,692        | 1,633,604,332        | 1,650,721,882        | 1,713,548,865        | 1,740,292,473        | 98%        |
| Voluntary Shares                  | 117,143,802          | 118,309,290          | 106,932,674          | 100,174,987          | 92,478,864           | 90,682,787           | 102%       |
| <b>Total Member Share Capital</b> | <b>1,348,068,130</b> | <b>1,550,510,982</b> | <b>1,740,537,006</b> | <b>1,750,896,869</b> | <b>1,806,027,729</b> | <b>1,830,975,260</b> | <b>99%</b> |

## Transitory Capital

|                                  |                    |                    |                    |                    |                    |                    |             |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-------------|
| Asset Appreciation Over Cost     | 216,270,107        | 216,270,107        | 216,769,887        | 260,872,708        | 260,872,708        | 268,726,256        | 97%         |
| Education & Social Reserves      | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%          |
| Monetary Reserves                | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%          |
| Other Reserves                   | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%          |
| Accounting Discrepancy - Capital | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0%          |
| Undistributed Net Income         | 16,176,909         | 6,145,813          | 121,018,380        | 158,679,455        | 192,327,478        | 85,819,912         | 224%        |
| <b>Total Transitory Capital</b>  | <b>232,447,016</b> | <b>222,415,920</b> | <b>337,788,267</b> | <b>419,552,163</b> | <b>453,200,186</b> | <b>354,546,168</b> | <b>128%</b> |

## Institutional Capital

|                                    |                   |                   |                   |                   |                   |                   |             |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------|
| Statutory & Legal Reserves         | 42,337,044        | 44,478,736        | 44,478,736        | 48,094,603        | 48,094,603        | 48,094,603        | 100%        |
| Retained Earnings                  | 0                 | 0                 | 0                 | 7,853,548         | 7,853,548         | 7,853,548         | 100%        |
| Special Asset Reserves             | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%          |
| Donations / Other Reserves         | 7,155,713         | 7,780,423         | 7,788,126         | 346,993           | 348,933           | 351,373           | 99%         |
| Undistributed Losses               | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%          |
| YTD Net Income (Loss) Transfer     | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0%          |
| <b>Total Institutional Capital</b> | <b>49,492,757</b> | <b>52,259,159</b> | <b>52,266,862</b> | <b>56,295,144</b> | <b>56,297,084</b> | <b>56,299,524</b> | <b>100%</b> |

## Total Capital

|                      |                      |                      |                      |                      |                      |                      |             |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-------------|
| <b>Total Capital</b> | <b>1,630,007,903</b> | <b>1,825,186,061</b> | <b>2,130,592,135</b> | <b>2,226,744,176</b> | <b>2,315,524,999</b> | <b>2,241,820,952</b> | <b>103%</b> |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-------------|

## Total Liabilities and Capital

|                                      |                      |                      |                      |                      |                      |                      |            |
|--------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|------------|
| <b>Total Liabilities and Capital</b> | <b>1,828,193,857</b> | <b>1,992,826,202</b> | <b>2,223,621,586</b> | <b>2,285,444,763</b> | <b>2,376,292,031</b> | <b>2,490,334,272</b> | <b>95%</b> |
|--------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|------------|

|                                               | Annual Goal        |                    |                    |                    |                    |                    | % Complete    |
|-----------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------|
|                                               | 31/12/1997         | 31/12/1998         | 31/12/1999         | 31/03/2000         | 30/06/2000         | 30/09/2000         |               |
| Number of Credit Unions in this Report        | 1                  | 1                  | 1                  | 1                  | 1                  | 1                  | 1             |
| <b>INCOME</b>                                 |                    |                    |                    |                    |                    |                    |               |
| <b>INCOME FROM LOANS</b>                      |                    |                    |                    |                    |                    |                    |               |
| Interest Income from Loans                    | 135,655,639        | 147,059,651        | 176,023,586        | 47,213,500         | 97,282,367         | 148,199,987        | 65.64%        |
| Delinquent Penalty Interest Income from Loans | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0.00%         |
| Commissions/Fees from Loans                   | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0.00%         |
| Insurance Premiums for Loans                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0.00%         |
| <b>NET LOAN INCOME</b>                        | <b>135,655,639</b> | <b>147,059,651</b> | <b>176,023,586</b> | <b>47,213,500</b>  | <b>97,282,367</b>  | <b>148,199,987</b> | <b>65.64%</b> |
| Income from Liquid Investments                | 0                  | 0                  | 39,461             | 39,461             | 2,943,840          | 0                  | 0.00%         |
| Income from Financial Investments             | 9,242,256          | 10,154,326         | 3,324,206          | 576,701            | 0                  | 3,001,653          | 0.00%         |
| Income from Non-Financial Investments         | 22,658,770         | 24,718,000         | 25,312,000         | 7,125,053          | 0                  | 18,984,000         | 0.00%         |
| Income from Grants                            | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0.00%         |
| Income from Other Sources                     | 508,269            | 553,017            | 2,154,298          | 663,053            | 0                  | 2,458,155          | 0.00%         |
| <b>Gross Income</b>                           | <b>168,064,934</b> | <b>182,484,994</b> | <b>206,853,551</b> | <b>55,617,768</b>  | <b>100,226,207</b> | <b>172,643,795</b> | <b>58.05%</b> |
| <b>COSTS/EXPENSES</b>                         |                    |                    |                    |                    |                    |                    |               |
| <b>FINANCIAL COSTS</b>                        |                    |                    |                    |                    |                    |                    |               |
| Interest Expense on Savings Deposits          | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0.00%         |
| Insurance Premiums for Savings                | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0.00%         |
| <i>Financial Cost - Savings Deposits</i>      | <i>0</i>           | <i>0</i>           | <i>0</i>           | <i>0</i>           | <i>0</i>           | <i>0</i>           | <i>0.00%</i>  |
| Financial Cost on External Credit             | 10,014,447         | 8,034,697          | 8,899,147          | 845,618            | 1,425,509          | 8,826,941          | 16.15%        |
| Dividend Expense on Shares                    | 85,582,772         | 83,067,698         | 104,156,530        | 0                  | 0                  | 0                  | 0.00%         |
| Insurance Premiums for Shares                 | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0.00%         |
| <i>Financial Cost - Shares</i>                | <i>85,582,772</i>  | <i>83,067,698</i>  | <i>104,156,530</i> | <i>0</i>           | <i>0</i>           | <i>0</i>           | <i>0.00%</i>  |
| Taxes on Interest Paid                        | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0.00%         |
| Other Financial Costs                         | 650                | 0                  | 17,687             | 3,751,172          | 3,644,741          | 51,813             | 7034.41%      |
| <b>TOTAL FINANCIAL COSTS</b>                  | <b>95,597,869</b>  | <b>91,102,395</b>  | <b>113,073,364</b> | <b>4,596,790</b>   | <b>5,070,250</b>   | <b>8,878,754</b>   | <b>57.11%</b> |
| Gross Margin                                  | 72,467,065         | 91,382,599         | 93,780,187         | 51,020,978         | 95,155,957         | 163,765,041        | 58.11%        |
| <b>OPERATING EXPENSES</b>                     |                    |                    |                    |                    |                    |                    |               |
| Personnel                                     | 22,771,465         | 35,622,097         | 41,491,493         | 10,715,987         | 21,190,138         | 34,090,029         | 62.16%        |
| Governance                                    | 5,021,292          | 7,093,732          | 4,705,142          | 1,127,254          | 4,964,985          | 1,885,531          | 263.32%       |
| Marketing                                     | 336,533            | 408,952            | 383,489            | 0                  | 0                  | 1,538,611          | 0.00%         |
| Depreciation                                  | 2,096,088          | 2,063,410          | 0                  | 0                  | 0                  | 0                  | 0.00%         |
| Administration                                | 23,270,131         | 22,992,159         | 29,759,347         | 8,952,369          | 12,058,350         | 25,495,458         | 47.30%        |
| <b>TOTAL OPERATING EXPENSES</b>               | <b>53,495,509</b>  | <b>68,180,350</b>  | <b>76,339,471</b>  | <b>20,795,610</b>  | <b>38,213,473</b>  | <b>63,009,629</b>  | <b>60.65%</b> |
| Provision for Risk Assets                     | 0                  | 0                  | 0                  | 0                  | 0                  | 7,205,144          | 0.00%         |
| <b>Net Income from Operations</b>             | <b>18,971,556</b>  | <b>23,202,249</b>  | <b>17,440,716</b>  | <b>30,225,368</b>  | <b>56,942,484</b>  | <b>93,550,268</b>  | <b>60.87%</b> |
| <b>OTHER INCOME / EXPENSE</b>                 |                    |                    |                    |                    |                    |                    |               |
| Previous period adjustments (Net)             | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0.00%         |
| Extraordinary Items (Net)                     | (5,382,158)        | (8,172,133)        | (6,727,679)        | (2,840,608)        | (5,516,314)        | 0                  | 0.00%         |
| <b>TOTAL OTHER INCOME/EXPENSE</b>             | <b>(5,382,158)</b> | <b>(8,172,133)</b> | <b>(6,727,679)</b> | <b>(2,840,608)</b> | <b>(5,516,314)</b> | <b>0</b>           | <b>0.00%</b>  |
| <b>Net Income/Loss</b>                        | <b>13,589,398</b>  | <b>15,030,116</b>  | <b>10,713,037</b>  | <b>27,384,760</b>  | <b>51,426,170</b>  | <b>93,550,268</b>  | <b>54.97%</b> |

|                                               | 31-Dec-98 | 31-Dec-99 | 31-Mar-00 | 30-Jun-00 | 30-Sep-00 |
|-----------------------------------------------|-----------|-----------|-----------|-----------|-----------|
| <b>Number of Credit Unions in this Report</b> | 1         | 1         | 1         | 1         | 1         |
| <b>Salary Burden</b>                          |           |           |           |           |           |
| Number Of Loans                               |           |           |           |           |           |
| Number of Loan Officers                       | 0         | 0         | 0         | 0         | 0         |
| Amount Of Loans                               |           |           |           |           |           |
| Number of Loan Officers                       | 0         | 0         | 0         | 0         | 0         |
| <b>Adjusted Returns*</b>                      |           |           |           |           |           |
| Capital                                       | -18.02%   | 7.02%     | -16.41%   | -13.93%   | -11.36%   |
| Assets                                        | -2.59%    | 1.30%     | -3.46%    | -3.04%    | -1.92%    |
| <b>Sufficiency Ratios**</b>                   |           |           |           |           |           |
| Operational Self Sufficiency                  | 114.57%   | 109.21%   | 219.03%   | 231.56%   | 218.28%   |
| Financial Self Sufficiency                    | 78.66%    | 115.26%   | 40.47%    | 57.33%    | 78.71%    |
| Subsidy Dependency Index                      | 69.23%    | 7.64%     | 65.71%    | 82.01%    | 90.24%    |
| <b>Efficiency Ratios***</b>                   |           |           |           |           |           |
| Portfolio Turnover                            | 11.97%    | 10.99%    | NA        | 10.89%    | NA        |
| Administrative Efficiency                     | 5.53%     | 5.52%     | 1.35%     | 2.34%     | 3.93%     |

1. The RATE used in the calculation of all ratios is inflation or market rate of the product (savings, credit, etc.), whichever is higher.
2. Required Provision Expenses are 100% of all loans delinquent greater than 12 months and either the WOCCU standard of 35% of loans delinquent from 1-12 months or local requirements where appropriate.

**\*Explanation of Adjusted Return Ratios**

**Adjusted return on Capital**

$(\text{Gross Income} - \text{Operating Subsidies} - ((\text{Average Deposits Balance} * \text{RATE}) + (\text{Average External Credit Balance} * \text{RATE}) + (\text{Average Share Balance} * \text{RATE}) + \text{Operating Expenses} + \text{Required Provision Expenses})) / (\text{Institutional Capital} + \text{Transitory Capital})$

**Adjusted Return on Assets**

$(\text{Gross Income} - \text{Operating Subsidies} - ((\text{Average Deposits Balance} * \text{RATE}) + (\text{Average External Credit Balance} * \text{RATE}) + (\text{Average Share Balance} * \text{RATE}) + \text{Operating Expenses} + \text{Required Provision Expenses})) / \text{Avg. Assets}$

**\*\*Explanation of Sufficiency Ratios**

**Operational Self Sufficiency**

$(\text{Gross Income} - \text{Operating Subsidies}) / (\text{Deposit Costs} + \text{External Credit Costs} + \text{Share Costs} + \text{Operating Expenses} + \text{Provision Expenses} + \text{Other Expenses} + \text{Operating Subsidies})$

**Financial Self Sufficiency**

$(\text{Gross Income} - \text{Operating Subsidies}) / ((\text{Average Deposits Balance} * \text{RATE}) + (\text{Average External Credit Balance} * \text{RATE}) + (\text{Average Share Balance} * \text{RATE}) + \text{Operating Expenses} + \text{Required Provision Expenses}) + \text{Other Expenses} + \text{Operating Subsidies}$

**Subsidy Dependency Index**

$([\text{Average Deposits Balance} * (\text{RATE} - \text{Weighted Interest Rate } \{R5\})] + [\text{Average External Credit Balance} * (\text{RATE} - \text{Weighted Rate } \{R6\})] - [\text{Average Share Balance} * (\text{RATE} - \text{Weighted Interest Rate } \{R7\})]) + [(\text{Institutional Capital} + \text{Transitory Capital}) * \text{RATE } \{\text{Savings}\}] + \text{Subsidies}) / (\text{Average Loan Portfolio} * \text{Annualized Loan Interest Rate } \{R1\})$

**\*\*\*Explanation of Efficiency Ratios**

**Portfolio Turnover**

Amount of Loans Disbursed During Current Reporting Period / Gross Average Loan Portfolio

**Administrative Efficiency**

Operating Expenses / Average Gross Loan Portfolio