



## MICROCAPITAL BRIEFS | TOP STORIES

### South Asian Bank CIMB To Grow Microloan Book to USD 152 million

The micro-credit division of Malaysia based CIMB bank, CIMB Express, is aiming to have a loan book of USD 152 million by end of this year. CIMB Group is the second largest provider of financial services within Malaysia with an asset base of USD 47 billion as of their 2005 annual report. CIMB Group recently launched CIMB Express, a division focusing on providing microfinance. The core product of the new division is "Xpress Cash," a term loan for personal or business use available for tenures from six months to five years. The product was first pioneered by Southern Bank (SBB) and later adapted by CIMB after the merger of the two. As a strategic move to market this product, CIMB Express is joining forces with Singer, a home appliances distributor, to promote Xpress Cash at the 125 Singer outlets and 300 sales agents' shops as well as by 4,000 agents of the mobile sales team. CIMB Express expects to maintain a net non-performing loan (NPL) ratio of between 9% and 10%. Defending these seemingly high numbers, Express head Aaron Loo states: "This is a high-risk consumer financing business. Our NPL rate will be considered to be higher than what a normal consumer bank average would be." CIMB Express has a customer base of 70,000. CIMB Group also serves areas in Singapore, Indonesia, Hong Kong, Thailand and the United Kingdom. May 24. 2007

### Blue Financial Happy with Acquisition of Microlender Future Finance

Blue Financial surpassed its profit forecast of 8.26 cents per share, almost 500% higher than the same period last year. Blue's CEO attributes this leap in part to the acquisition of Future Finance, a local microfinance company in South Africa. Blue has shareholders including institutions such as BoE, Investec, Stanlib and AIG. The Blue Financial Services Group was founded in 2001 and currently has branches across Africa: in South Africa, Botswana, Zambia, Uganda and Tanzania, with plans to expand to Kenya, Malawi, Rwanda, Cameroon, the Comoros, Lesotho, Namibia and Swaziland. May 22. 2007

### National Microfinance Bank of Tanzania Pays Out USD 6.35 million in Dividends

After reporting a net profit of USD 28 million for 2006, The National Microfinance Bank (NMB), The Republic of Tanzania's largest bank, paid out about USD 6.35 million in dividends. The Tanzanian government is the bank's top shareholder, owning 51%. NMB, founded in 1997, was created under the National Microfinance Bank Limited Incorporation Act and was initially devoted to payment services — mainly savings accounts with zero or limited borrowing services. The government since has been working to privatize the institution and recently sold just under half of its ownership to outside investors. The profit was divided among other shareholders, with RaboBank receiving USD 2 million, Nico Company USD 380,000, Exim Bank USD 332,000 and the Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA) USD 97,000. The Government of Tanzania intends to sell 21% of its shareholding in NMB sometime this year. According to Minister for Finance Zakia Meghji, despite this move, the government will continue to support the bank in its endeavors to serve the public and would not alter the close relationship the bank and the government currently share. May 30. 2007

### SNS Institutional Microfinance Fund Exceeds Goal of \$133.8 Million USD

Earlier this year, MicroCapital reported <http://microcapital.org/cblog/index.php?archives/658-SNS-Asset-Management-launches-a-micro-credit-fund-SNS-Institutional-Microfinance-Fund-in-Partnership-with-Developing-World-Markets-and-Triple-Jump.html> on the SNS Institutional Microfinance Fund, a trust created by Norway's SNS Asset Management to invest in microbanks. On January 15 <http://www.snsbank.nl/assetmanagement/index.asp?NID=7617&lngParID=26083>, 2007, the Norwegian firm began inviting Dutch investors to participate in the Fund. As the Fund's investment period closed on April 1, the Fund had accumulated USD 167,365,350, a significantly larger amount than the original target of, at today's exchange rate, USD 133,885,000. ♦♦♦

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## MICROCAPITAL BRIEFS

### Doen Foundation Buys USD 900,000 in Shares in ProCredit Holding

The Doen Foundation made two investments in ProCredit equity: one worth USD 300,000 and another worth USD 600,000. ProCredit Holdings is a global microbank network of 19 banks in transition economies and developing countries in Africa, Latin America and Eastern Europe. The entire network currently has 790,086 outstanding loans. The Doen Foundation was established in 1991 in the Netherlands by the National Postcode Lottery and reported at the end of 2005 having USD 79.15 million in total fund assets, USD 51 million of which is allocated to microfinance investments. June 13, 2007

### Microfinance Bank of Azerbaijan Borrows USD 8 Million from Blue Orchard Finance

The MicroFinance Bank of Azerbaijan (MFBA) received a significant loan from Blue Orchard Finance, a Swiss-based asset management company specializing in microfinance. The 5-year loan is on the order of USD 8 million, and marks the largest single loan ever made to MFBA by any organization. The funds will be used by MFBA to provide further loans to support the growth of Azeri micro and small businesses (see Press Release on Microcapital.org). The funds for this loan come from a USD 108 million collateralized debt obligation (CDO) structured and distributed by investment bank Morgan Stanley. MFBA's gross loan portfolio stands at USD 72 million with more than 19,000 borrowers and an average loan size of around USD 3,000. It was opened four years ago. June 13, 2007

### Citi Plays Both Sides

Coming on the heels of several very large loans to microbanks, Citigroup Inc. will launch a charitable fund in late June through which individuals and organizations can make donations of at least USD 50,000 to microfinance institutions, the new vehicle is called the Citi Microfinance Donor Fund. Citi plans to distribute the money it has collected within two years of the fund closing. June 13, 2007

### Dutch Oikocredit Makes 20 Loans Worldwide Totaling USD 20MM

Oikocredit of the Netherlands made twenty separate loans to microfinance institutions (MFIs) worldwide between March 22, 2007 and April 25, 2007. Centro de Apoio aos Pequenos Empreendimentos (CEAPE) of Brazil borrowed USD 308,417. CEAPE reported at the end of 2005 having a gross loan portfolio of USD 3.8 million and USD 4.5 million in total assets. Its capital to asset ratio during the same time period was 57.74% and its ratio of debt to equity was 73.18%. Kompanion of Kyrgyzstan received a USD 368,476 loan. At the end of 2006, its gross loan portfolio was USD 6.9 million and its total assets were USD 8.3 million. Its capital to asset ratio was 70.55% and its debt to equity ratio was 41.75%. Another USD 1.6 million in loans went to the Cooperative Rural Bank of Bulacan (CRBB) which does not currently report to the MIX Market or make its financial information readily available to the public. VF Credo, a nonprofit based in Benin received a USD 1 million loan and at the end of 2005 reported a gross loan portfolio of USD 8 million and USD 10.4 million in total assets. Its capital to asset ratio during that time was 36.29% and its debt to equity ratio was 175.56%. Gromada, another MFI that does not report to the MIX Market or make its financial data publicly available, received a USD 119,192 loan. Microcredit organization Sunrise, a nonbank financial institution based in Sarajevo, received a USD 1.9 million loan. Sunrise reported to the MIX Market at the end of 2006 as having a gross loan portfolio of USD 27.5 million and USD 30.4 million in total assets. Its capital to asset ratio is 24.81% and its debt to equity ratio is 303.14%. Oikocredit made another USD 1.3 million loan to the Agency for Finance in Kosovo, which at the end of 2006 reported a gross loan portfolio USD 4 million and USD 4.4 million in total assets. Its capital to asset ratio

is 38.65% and its debt to equity ratio is 158.72%. Oikocredit made a loan of USD 1.07 million to the Rural Credit Cooperative Development Foundation (RCCDF) of Russia, which does not report to the MIX Market. The Union Rural Bank Ltd, which does also not report to the MIX Market, received a USD 220,000. The Mutuelle d'Epargne et de Credit de la Zone de Potou of Senegal received a USD 606,000 loan. It last reported to the MIX Market at the end of 2003. Bai Tushum MCC/MCA of Kyrgyzstan received two loans from Oikocredit: one of USD 1.5 million and another of USD 1 million. Bai Tushum reported a gross loan portfolio of USD 9.9 million and USD 15.4 million in total assets. Its capital to asset ratio is 33.38% and its ratio of debt to equity is 199.6%. The Fondo de Desarrollo Regional (FONDESURCO) of Peru was the recipient of two loans: a USD 175,000 loan and a USD 161,685 loan. It reported to the MIX Market at the end of 2005 a gross loan portfolio of USD 1.5 million and USD 1.78 million in total assets. During the same time period, its capital to asset ratio was 51.58% and its debt to equity ratio was 93.97%. Also receiving a loan was Huellas Grameen Bank, a microfinance institution (MFI) serving Latin America that does not report to the MIX Market. It received a USD 100,000. Pride Microfinance of Malawi received a USD 1.74 million loan on March 23, 2007. Pride last reported to the MIX Market at the end of 2004, when it had a gross loan portfolio of USD 1.5 million and USD 1.6 million in total assets. Its capital to asset ratio was 20.59% and its debt to equity ratio was 385.72%. Heavy hitter Activists for Social Alternatives (ASA), a nonprofit NGO based in Bangladesh that was established in 1979, received a USD 1.13 million loan and reported at the end of 2005 a gross loan portfolio of USD 255 million and USD 298 million in total assets. Its capital to asset ratio during the same time was 53.6% and its debt to equity ratio was 86.57%. Edpyme Edyficar of Peru received a USD 3.2 million loan. As of the end of 2006, its gross loan portfolio was USD 79.3 million and its total assets were USD 96.7 million. Its capital to asset ratio during the same time period was 17.06% and its debt to equity ratio was 486.10%. Also, a loan of USD 662,175 went to Cooperative Credo which does not report to the MIX Market. USD 1.3 million was lent to the Small Enterprises Foundation (SEF), which has branches in Tanzania and South Africa. Oikocredit reports USD 304 million in fund assets. June 12, 2007

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Summaries and recommendations on the key papers. Save time and keep up to date. *6 papers reviewed this month.*

### WHO'S WHO IN MICROCAPITAL

How do you get to know an organization? Learn about the people who manage and direct the players in microfinance. *2 organizations profiled this month: Intellectual Capital Advisory Services Pvt. Ltd (Intellectap), Mumbai, India and Aga Khan Development Network (AKDN), Switzerland*



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