

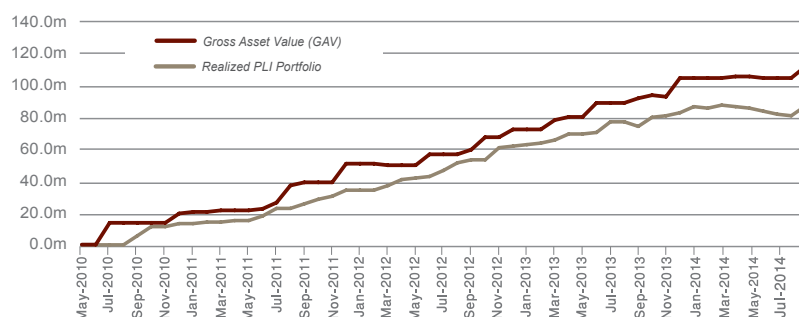
### Latest quarter market overview

Concerns about the impact of the Ebola virus on West African countries have increased in Q3. According to the WHO, at the end of August about 3,700 people had been infected, with 1,900 deaths being registered till now. While the impact of the virus on Guinea, Sierra Leone and Liberia could be significant, its impact on the microfinance sector of other African countries has been of little importance so far. However, exchanges and travel between some countries are being affected, for example, the African Microfinance Week being deferred to Q2 2015. In Nigeria, the continent's biggest economy, despite nine reported Ebola cases and new attacks from Boko Haram in Abuja in June, the economy remains stable. In the microfinance sector, the government launched a USD 134m fund earmarked for providing financial services to women, and extended its cashless policy, which was initially limited to the state of Lagos, to national level.

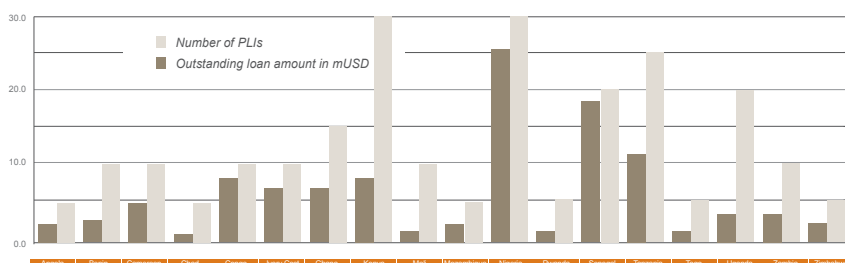
The fact that Ghanaian authorities have sought help from the IMF has shored up confidence, both domestically and abroad, causing the cedi to recover (+14% in September) from the extreme losses seen from beginning of the year (-37% until August). However, the impact of this devaluation has been devastating as several microfinance institutions have entered bankruptcy and being closed by the regulator. Togo and Benin microfinance sectors continue to suffer from an economic downturn, whereas Senegal successfully secured a USD 500m Eurobond for infrastructure and agriculture and AfDB's decision to locate its HQ in Abidjan represents a new sign of confidence in the Ivory Coast.

In Uganda, a sharp drop in inflation in August slowed the annual headline inflation rate (2.8% YTD August) and may lead to cut in interest rates in the coming months. The rebasing of GDP by 25% in September 2014 by Kenya's statistics agency puts Kenya among the lower middle-income nations and helps lower debt ratios, thus improving the nation's ability to borrow. This boost may spur economic growth, which has been affected by a drop in tourism following a series of gun and grenade attacks in the country.

### Portfolio Growth



### Invested Portfolio

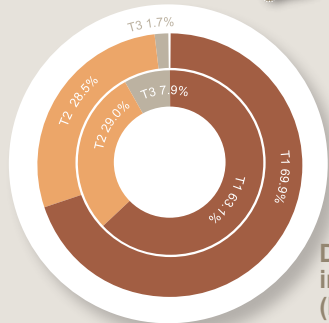
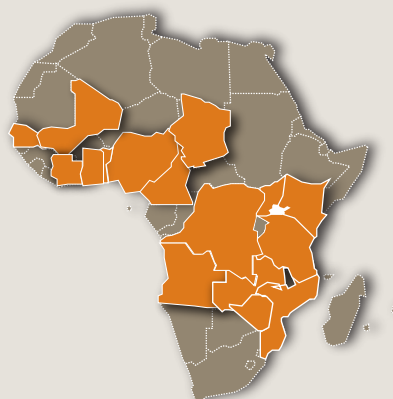


### Top 5 Countries exposures

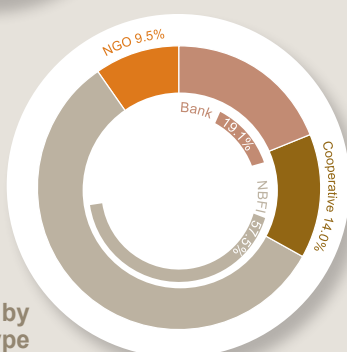
Country	Volume USD	% of portfolio
Nigeria	25.5	23.1%
Senegal	18.3	16.6%
Tanzania	11.3	10.2%
Kenya	8.8	7.9%
DRC	8.0	7.3%

GAV	137m
NAV	110.7m
PLI Portfolio	110.3m*
Cash	25.4m
Countries	18
PLIs	46
Investments	82
Clients	193'440

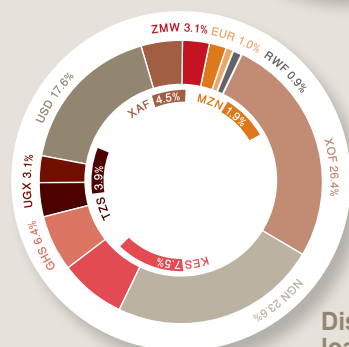
\* As per Symbiotics reporting system exchange rates



Distribution by institutional size (by invested volume)



Distribution by institutional type



Distribution of loans by currency



## QUARTERLY REPORT

Q3/2014

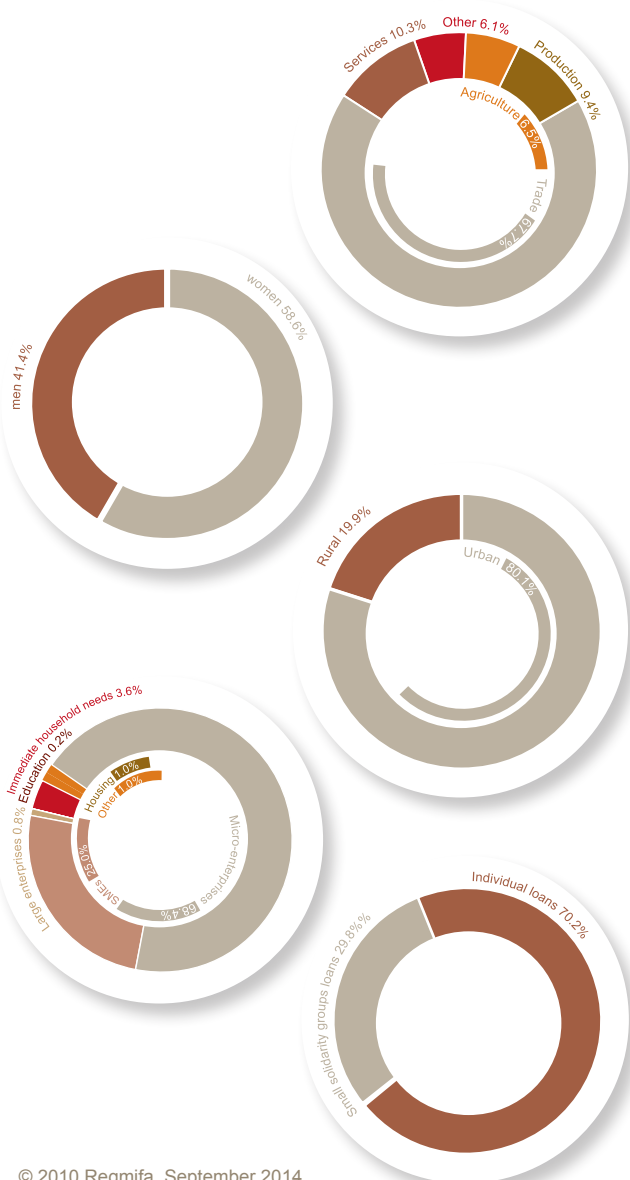
### Average Social Rating



Invested PLIs	Top 5 rating
KWFT	★★★★★
ACEP Cameroun	★★★★★
FINCA DRC	★★★★★
FINCA Tanzania	★★★★★
FINCA Uganda	★★★★★

Score	Social Value	PLI social rating
100-90	Extremely strong	★★★★★
89-80	Very strong	★★★★
79-70	Strong	★★★
69-60	Moderate	★★
59-50	Poor	★
50-0	None	-

The Investment Manager uses a social rating tool containing 100 qualitative and quantitative indicators which are split into 7 dimensions: social governance, labor climate, financial inclusion, client protection, product quality and diversity, social responsibility to the community, and environmental policy.



### Social Outreach Aggregate Fund Portfolio

Portfolio Outstanding (USD)	110.3m
Number of Partner Lending Institutions	46
Number of PLI branches (avg)	42
Client retention rate	96.92%
Average Loan to Micro Clients (USD)	570
Estimated Total Micro Clients	193,440

### Invested PLI Portfolio

Invested PLI profile	Simple Average	Median
Total Assets (USD)	52,015,654	31,001,166
Gross loan portfolio (USD)	36,799,264	23,749,330
Number of active borrowers	61,352	18,041
Average loan size (USD)	1,584	1,040
Debt/Equity ratio	4.00	3.31
Portfolio yield	41.68%	44.35%
Operating expense ratio	34.51%	31.35%
Operational self-sufficiency	105.51%	105.45%
Return on Equity	-4.28%	8.17%
Return on Assets	-0.43%	1.29%
PAR > 30 days	5.13%	4.35%
Write off ratio	1.07%	0.68%

### Social Outreach

Client and Product Information	%Total	Clients
<b>Distribution by Activity</b>		
Agriculture	6.5%	12,545
Production	9.4%	18,219
Trade	67.7%	130,977
Service	10.3%	19,886
Other	6.1%	11,813
<b>Distribution by Gender</b>		
Women	58.6%	113,356
Men	41.4%	80,084
<b>Distribution by Location</b>		
Urban borrowers	80.1%	154,965
Rural borrowers	19.9%	38,475
<b>Distribution by Lending Methodology</b>		
Individual loans	70.2%	135,720
Small solidarity group loans	29.8%	57,720
<b>Distribution by Product Type</b>		
Micro-enterprises	68.4%	132,344
Small and medium enterprises	25.0%	48,281
Large enterprises	0.8%	1,616
Education	0.2%	426
Immediate household needs	3.6%	6,882
Housing	1.0%	1,945
Other loan portfolio	1.0%	1,946



### Investee Country Profile - Kenya

Population	<b>45 million</b>
Pop. living in poverty	<b>43.4%</b>
Human dev. rank	<b>147/187</b>
GDP per capita	<b>USD 1,800</b>
Real GDP growth (2010e)	<b>5.1%</b>
Inflation rate	<b>5.8%</b>
Forex (12m)	<b>9.5% /USD</b>
Private credit	<b>39.6% /GDP</b>
FDI net inflow	<b>USD 2654 million</b>
Remittances	<b>USD 1213 million</b>

### REGMIFA Investors



### Country - Kenya

Kenya is the largest East African economy and is home to 45 million people, a large portion of which living in poverty. The country's economy has witnessed a continuous growth of around 5% in the past few years despite rough political protestations and violence in 2007 as well as tensions with neighboring Somalia. This growth is being fuelled by strong consumption and investments, especially in infrastructure (transport and power). However, high unemployment rates and chronic budget deficit remains an ongoing concern. Moreover, inadequate rainfalls in 2014 could add pressure on inflation via higher hydro-electricity and food prices. Microfinance in Kenya started in the early 1990s through donor support towards small-scale and microenterprises. Today, this growing sector can be characterised by few solid players sharing the market with numerous small institutions, and weak governance and controls systems. Safaricom and Equity Banks's M-Pesa program has dramatically changed and increased the financial inclusion scheme in the region, enabling customers to save and access immediate credit up to KES 20,000 (USD 241).

### MFI story - ECLOF Kenya

Kenya Ecumenical Church Loan Fund (ECLOF) was established by the National Council of Churches of Kenya as an autonomous unit to provide loans to churches and related institutions. The NGO was set up by ECLOF International and is still affiliated to this Swiss development organization which provides limited funding coupled with fund raising support and strategy guidance. The MFI has a good geographical coverage with 16 branches and 16 sub-branches in Nairobi, Eastern, Central, Western, Rift Valley and Nyanza provinces. Gross loan portfolio (GLP) growth remained moderate between 2011 (19%) and 2013 (27%), dipping in 2012 (5%) due to the change in management and important measures to address fraud and mismanagement. ECLOF has a stable funding strategy, with compulsory savings and borrowings each accounting for 35% of assets and equity making up around 20% of the capital structure. ECLOF aims to transform into a microfinance bank in 2015/16, and also aims to expand in agriculture by rolling out seven specialized loans along the value chain with the aim of reaching 10% of GLP in the sector by Dec-14.

### Client Story - Mrs. Rebecca Wanjiku Kabuti

Mrs. Rebecca Wanjiku Kabuti has been a client of the Ecumenical Church Loan Fund since 2001 at the time when the NGO started its operations. Thanks to the partnership with ECLOF Kenya, Mrs. Wanjiku Kabuti was able to launch a cloths and dressmaker shop alone four years later. Today, her business has grown and she employs three people. Mrs. Kabuti purchases clothes directly from Dubai or Istanbul and then sell them in Thika, an industrial town in Kiambu County, which is located 40 km east of the capital Nairobi. She is a customer of Co-Operative Bank in which she deposits her savings while her only loan outstanding is with ECLOF Kenya for an amount of 1.5 million shilling (USD 17,000). ECLOF's branch is conveniently located close to her shop and she appreciates the MFI's responsiveness. She hopes that ECLOF will decrease their interest rates and offer savings accounts in the future which would ensure Mrs. Wanjiku's continued commitment towards ECLOF. Her goal is to move into a larger and better located place in Thika three years from now.



Mrs. Rebecca Wanjiku Kabuti in her store

### Contacts

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