

<b>The “Beehive Group” of Companies</b>	<b>South Africa</b>
<b>4 Seperate Legal Entities</b>	<b>Rating Report as of August 2005</b>

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Date of visit **November 2005**  
 Date of previous rating **September 2003**  
 Previous rating **Not Recommend**


**Synopsis**

Beehive EDC started operations in 1992 as a job creation project and incorporated as a not for profit company. The focus changed to enterprise development in 1994, and in 1996 Beehive started making enterprise loans with funding from Khula Finance Limited, a government wholesale finance and development institution. Over the last few years, new companies – Indlu; Beehive Financial Services (BFS); and a SACCO - have been formed to accommodate new and planned products, particularly low income housing loans and savings products. *(Please see the Group Structure section.)*

**Indlu Summary Rating Report**

Please also see the Indlu Summary Rating Report, which serves as a supplement to this “Beehive Group” Rating Report.

**Highlights (Beehive EDC)**
**POSITIVE**

- Committed management to the recovery of the institution

**NEGATIVE**

- Defunct loan portfolio after writing-off 89% in FY 2005
- Low staff morale and loan officer apathy
- Dire financial situation, with negative equity of \$715,000
- Contaminated market

<b>Beehive EDC’s Main Performance Indicators</b>		
	<b>Aug '04</b>	<b>Aug '05</b>
Gross Portfolio ('000's)	\$875	\$524
Number of active borrowers	8,021	4,088
ROE	n.a.	n.a.
Portfolio Yield	23.2%	27.9%
Portfolio at Risk	20.8%	12.0%
Operating Expense Ratio	67.5%	45.1%
Avg. Outstanding Loan Size	\$109	\$128
Borrowers per staff	573	372

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