

K-Rep Bank Limited
Kenya
Limited Liability Bank
Report as of December 2004
Credit Rating

Security class	Rating scale	Currency	Rating	Date	Rating watch
Short term	National	KShs	A2	05/2006	Stable
Long term	National	KShs	BBB+	05/2006	Positive

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Synopsis

K-Rep was founded in 1984 to provide support and loans (for on lending) to NGOs involved in micro enterprise development. K-Rep eventually started making direct loans which led to the establishment of K-Rep Bank in 1999 as a subsidiary of the K-Rep Group (a company limited by guarantee). The Bank's other shareholders include the International Finance Corporation; African Development Bank; – the Netherlands Development Company (FMO); Triodos Bank and the Shorebank Corporation. Although the Bank specializes in microfinance (it makes microfinance loans to both individuals and groups), it also offers mainstream banking services, and at December 2004, had an outstanding portfolio of over \$27 million, with 30,000 active borrowers, and almost \$18 million in savings deposits.

PERFORMANCE RATING
β

Date of visit	April 2005
Previous rating	Recommend
Date of previous rating	November 2003

Highlights
POSITIVE

- Strong financial performance (although there was a slight deterioration in 2004 due to an increase in capital expenditure)
- Wide and geographically diversified branch network
- Solid, well developed organizational structure
- Ample funding sources

NEGATIVE

- Very high portfolio at risk especially in individual loans
- Susceptibility to margin pressure through competition and potential regulation

Main Performance Indicators

	Dec '03	Dec '04
Gross Portfolio ('000's)	\$20,596	\$27,241
Number of active borrowers	25,039	30,700
ROE	12.3%	10.4%
Portfolio Yield	25.2%	21.9%
Portfolio at Risk	9.7%	8.2%
Operating Expense Ratio	14.8%	14.9%
Average Loan Size*	\$569	\$645
Borrowers per Credit Officer	214	209

* Excluding wholesale loans

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