

Microfinance Partners Limited		Kenya														
<i>Company Limited by shares</i>		<i>Report as of November 2005</i>														
Contacts		Synopsis														
<p>MicroRate: Gregory Thys gregory@microrate.com Tel: +221 864 7206 Fax: +221 864 7206</p> <p>Microfinance Partners Limited: Constantine Malai malai@mpl.co.ke Tel: +254 20 445 0750 Fax: +254 20 445 0752</p>		<p>MICROFINANCE PARTNERS LIMITED ("MPL") was incorporated in September 2002 to take over the microfinance program of PRIDE Africa. The company completed its separation from PRIDE in February 2004 and operates in Kenya under the SunLink brand name. MPL offers Village Banking loans to fewer than 3000 clients through a network of 4 branches in Nairobi. High drop-out rates have led to a contraction of the portfolio and the organization is in urgent need of restructuring if it is to survive as a microfinance lender in the increasingly competitive Nairobi market.</p>														
PERFORMANCE RATING																
RATING OUTLOOK																
Date of visit	November 2005															
Date of previous rating	n.a.															
Previous rating	n.a.															
<table border="1"> <tr><td colspan="2">a++</td></tr> <tr><td rowspan="3">a</td><td>α+</td></tr> <tr><td>α</td></tr> <tr><td>α-</td></tr> <tr><td rowspan="3">b</td><td>β+</td></tr> <tr><td>β</td></tr> <tr><td>β-</td></tr> <tr><td rowspan="3">g</td><td>γ+</td></tr> <tr><td>γ</td></tr> <tr><td>γ-</td></tr> </table>		a++		a	α+	α	α-	b	β+	β	β-	g	γ+	γ	γ-	Not Rated
a++																
a	α+															
	α															
	α-															
b	β+															
	β															
	β-															
g	γ+															
	γ															
	γ-															
Main Performance Indicators		Highlights														
	Dec '04	Jun '05														
Gross Portfolio ('000's)	\$1,041	\$747														
Number of active borrowers	3,123	2,425														
ROE	-209.7%	-15.5%														
Portfolio Yield	45.6%	56.2%														
Portfolio at Risk	3.1%	1.2%														
Operating Expense Ratio	38.3%	53.1%														
Avg. Outstanding Loan Size	\$333	\$308														
Borrowers per staff	125	110														
	<p>POSITIVE</p> <ul style="list-style-type: none"> • Good portfolio quality • Competent Staff and Management <p>NEGATIVE</p> <ul style="list-style-type: none"> • Lending methodology needs to be adapted to targeted clients • Financial structure not viable because of accumulated losses and liabilities inherited from PRIDE • MPL intermediates client savings, which it is neither allowed nor equipped to do • Inadequate governance structure • High client drop out 															

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