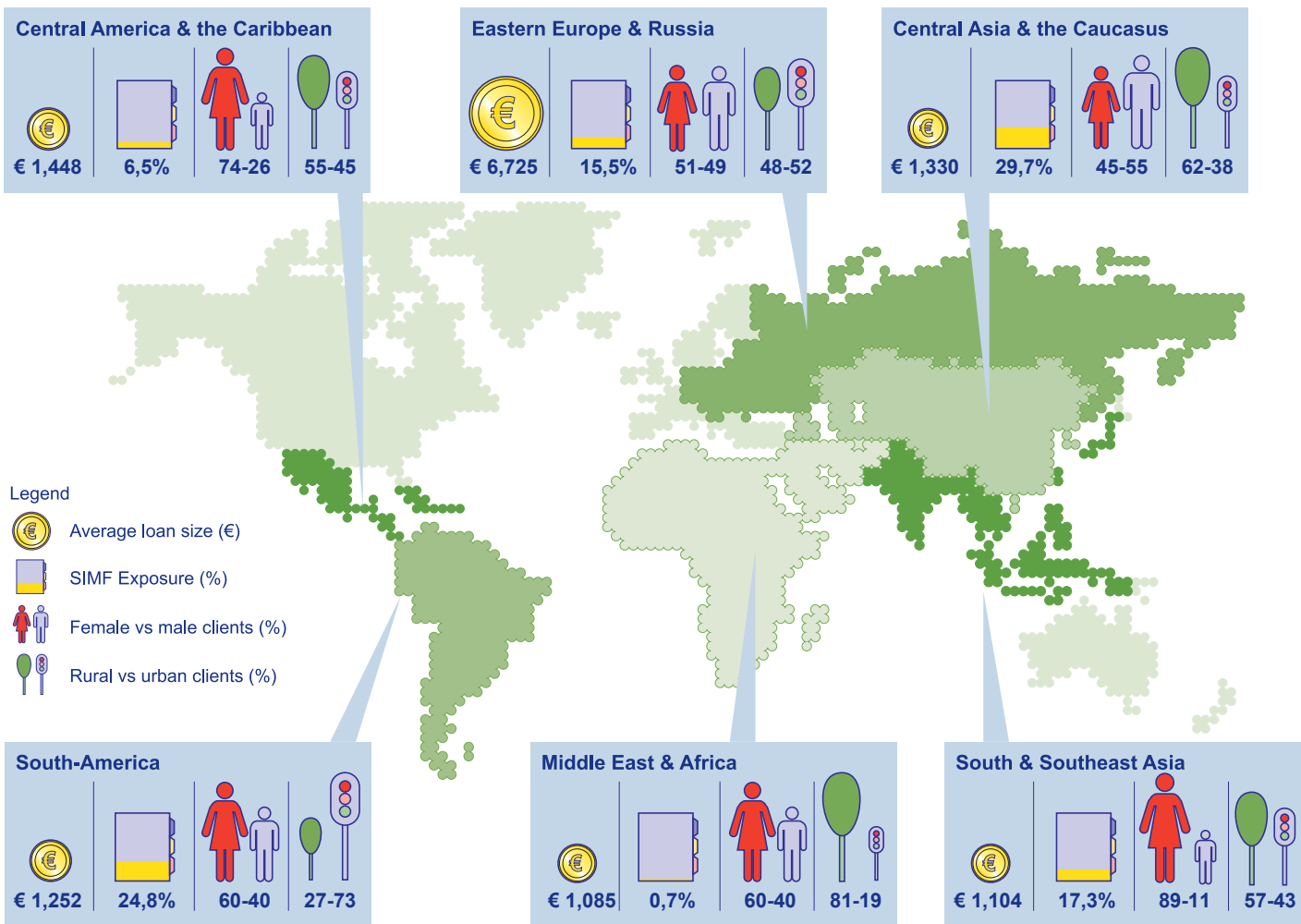
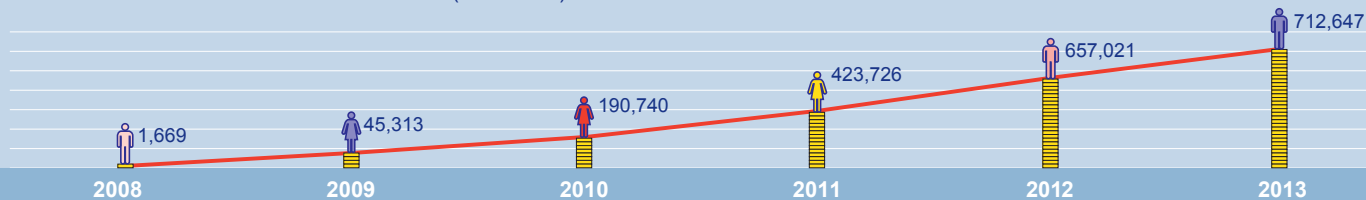


SNS Institutional Microfinance Fund II

The Fund invests in microfinance institutions that provide access to finance to poor people across the world. It focuses on the development and delivery of financial products and services for deprived communities, thereby contributing to the develop-

ment of an inclusive financial sector in the developing world. In doing so, the Fund simultaneously strives for capital appreciation and the realisation of market-rate financial returns for its investors and their beneficiaries.

Cumulative Borrower Outreach 2007-2013 (estimation)



KEY FACTS

Nr of MFIs reached



103

Nr of people reached



712,647

Average loan size



€ 2,099

Female vs male clients



66%-34%

Rural vs urban clients



50%-50%

The Principles for Investing in Inclusive Finance (PIIF) in SIMF II investments



The emergence of credit bureaus

In more mature and saturated microfinance markets, borrowers have been able to take out loans in excess of their repayment capacities. In response to this challenge, credit reporting systems (credit bureaus) help to ensure financial stability. According to the World Bank's Getting Credit Index a noticeable change of the credit bureau coverage is observed, especially in emerging markets. This change was mainly driven by the broader use of credit bureaus, more stringent adherence to client protection policies and enhancements in the regulatory environments.

SNS Impact Investing believes in the risk mitigating impact of credit bureaus and the information they provide. In 2012, SNS Impact Investing therefore started an active dialogue with the International Finance Corporation (IFC), part of the World Bank, on the current credit reporting environment for microfinance institutions (MFIs).

We actively stimulate MFIs to deliver client credit data to credit bureaus and to subtract and use essential information from them in the lending process. Furthermore, its actual use in prudent lending policies is key. SNS Impact Investing and DWM encourage and support the actual implementation of such poli-

cies, for example by requiring clear guidelines on the client's total debt exposure as a percentage of free disposable income. Accurate and timely credit information becomes even more important in markets with persistent over-indebtedness risk. In many countries oversight and regulation of MFIs is growing, bringing more MFIs under formal oversight of the regulatory bodies and thus requiring them to be a part of the credit information sharing system. Both the IFC and several MFIs notice that the attitude among microfinance borrowers is also changing. Microfinance clients realize they are being monitored and that their financial behaviour influences the MFI's credit decisions. However, several challenges remain ahead. These include for example coverage of non-regulated entities and the price and verification of data. Also in countries where solid reporting systems are already in place, it is important to remain alert with regard to the level of default rates.

While credit bureau systems for microfinance is work in progress, we plan to keep a close watch on further developments. We continue our dialogue with the IFC, Microfinance institutions and networks in the process of which we can strengthen our own decision making process.

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