Latin America and the Caribbean 2009

MICROFINANCE ANALYSIS AND BENCHMARKING REPORT

A report from Microfinance Information Exchange (MIX) January 2010

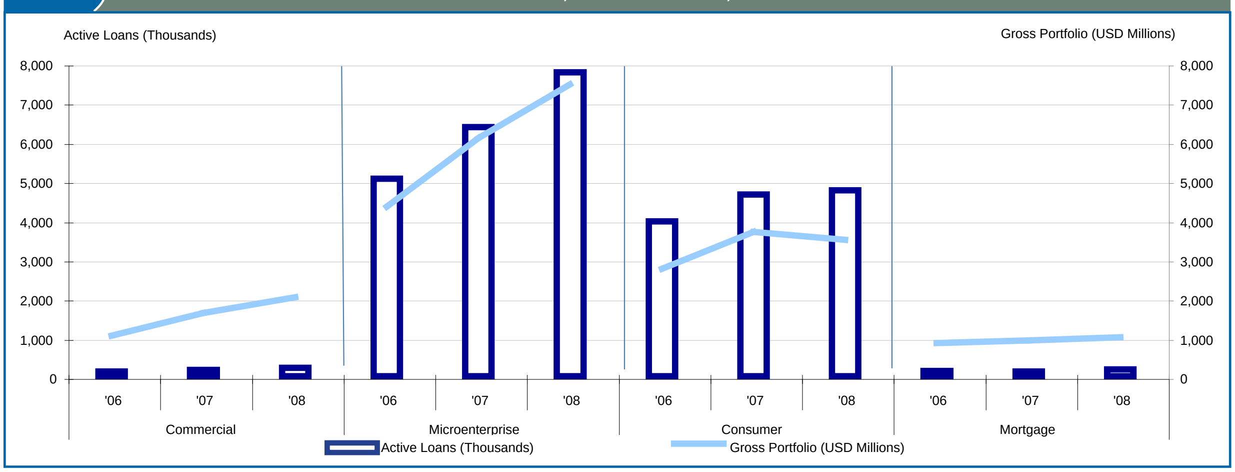
INTRODUCTION

The microfinance industry in LAC in 2008 continued to grow though at a diminished rate. The credit portfolio expanded by about 13.937 billion USD but growth slowed to an annual rate of 13.6 percent after experiencing growth of 37.1 percent in 2007. In terms of reach, the industry comprised 12.9 million loans, which grew 14.1 percent in 2008, less than the 22 percent growth reported in 2007. The economic slowdown (clients demanded less credit), over-indebtedness (clients could not continue to pay creditors) and the financial crisis (restrictions and cancelations on lines of credit throughout the region) were the primary reasons for the diminished growth as average outstanding balances remained static in 2008. In certain markets, state interventions into the financial sector are already creating negative blowback against the microfinance industry.

On the other side of the ledger, deposits accumulated just over 9 billion USD divided among 13.4 million accounts. This statistic represents mixed results as growth slowed to 15.8 percent, though the number of accounts surged by 34.5 percent. This was the result of a larger concentration of small accounts than the previous year. Other microfinance institutions (MFIs) preferred to hold more liquid assets in case of any eventuality.

Against this backdrop MFIs achieved diverse results, but a key question for them was the level of diversification that they opted for in their portfolios. In this way, institutions that showed some diversification in credit products achieved

FIGURE 1 CHANGE IN REGIONAL PORTFOLIO OF COMMERCIAL, MICROENTERPRISE, CONSUMER AND MORTGAGE CREDIT TYPES



Source: MIX / Information aggregated from 207 MFIs in LAC

Microfinance Information eXchange

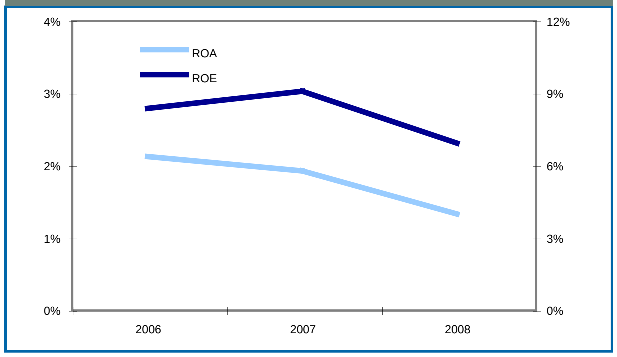
Microfinance in Latin American and the Caribbean: Key Indicators 2008

Benchmark Indicators

Indicator	Value	Trend
Loans (Millons) *	14.2	⇧
Borrowers (Millons) *	12.8	⇧
Gross Loan Portfolio (Mill. USD) *	15,303	⇧
Balance per Borrower (USD) *	1,078	⇧
Depth in Outreach **	25.5%	⇧
Total Assets (Mill. USD) *	19,443	⇧
Debt / Equity	2.9	⇧
ROA	1.3%	⇩
Nominal Yield on Portfolio	33.8%	⇩
Operating Expenses/Assets	15.8%	⇩
Portfolio at Risk > 30 days	4.2%	⇧

** Aggregated figures of 332 MFIs, other benchmarks are medians. Trend of 3 years.*
*** Balance per Borrowers / GNI per Capita.*

Profitability: Change in ROA and ROE

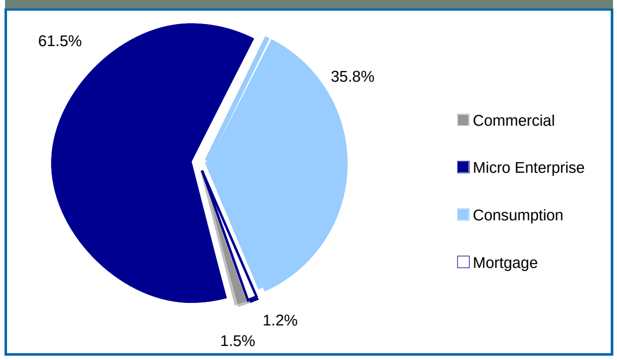


Top 10 MFI by Outreach *

#	MFI	Country	Indicator
1	CompartamosBanco	Mexico	1,155,850
2	Financiera Independencia	Mexico	1,085,963
3	Banco Caja Social	Colombia	891,482
4	Caja Popular Mexicana	Mexico	851,725
5	Crediscotia	Peru	508,457
6	CrediAmigo	Brazil	400,413
7	MiBanco	Peru	378,358
8	FMM Popayán	Colombia	241,143
9	WWB Cali	Colombia	192,258
10	Bancamía	Colombia	190,245

** Defined as Number of Borrowers.*

Credit Types: Loan Composition

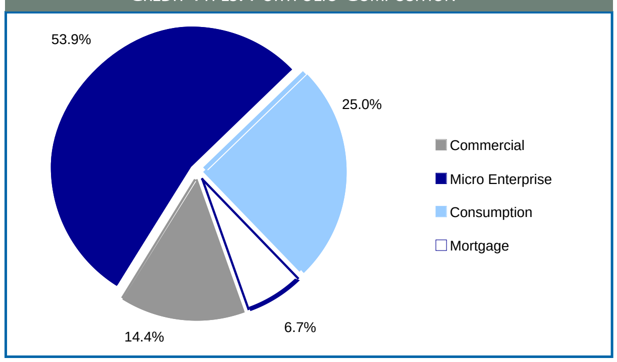


Top 10 MFI by Market Penetration *

#	MFI	Country	Indicator
1	BancoEstado	Chile	6.2%
2	CompartamosBanco	Mexico	6.1%
3	Banco Familiar	Paraguay	4.3%
4	Banco Solidario	Ecuador	2.8%
5	Financiera El Comercio	Paraguay	2.5%
6	MiBanco	Peru	2.4%
7	Fondo de Desarrollo Local	Nicaragua	2.4%
8	Fundación Paraguaya	Paraguay	2.2%
9	Banco ADOPEM	Dominican Rep.	2.1%
10	ProCredit - Nicaragua	Nicaragua	2.0%

** Defined as Number of Microenterprise Loans / Poor Population.*

Credit Types: Portfolio Composition

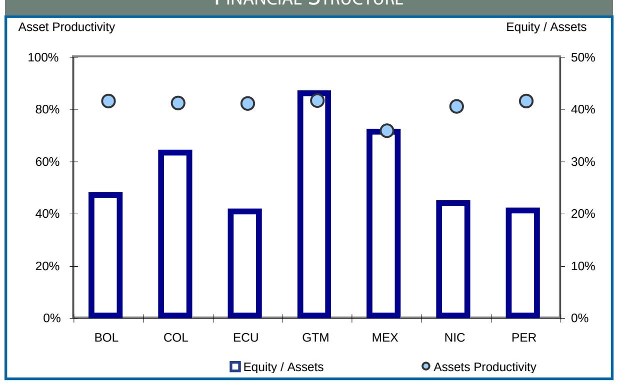


Growth in Selected Countries *

Country	Indicators		
	Borrowers	Loans	Portfolio
Bolivia	11.9%	16.0%	40.5%
Colombia	12.0%	7.8%	-8.5%
Ecuador	15.0%	14.2%	23.8%
Guatemala	12.2%	12.2%	10.4%
Mexico	27.9%	30.5%	0.9%
Nicaragua	5.0%	4.8%	15.2%
Peru	3.3%	4.2%	34.5%

** 2008 / 2007, based on aggregated figures.*

Financial Structure



higher levels of profitability and larger portfolio at risk compared with MFIs that only focused on credit to microenterprises.

EVOLUTION OF CREDIT

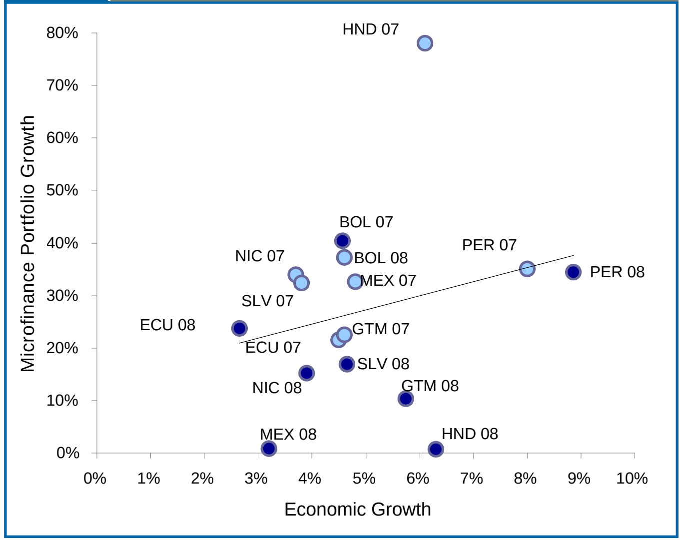
⇨ *The correlation between the credit of the MFIs and the economic activity is becoming more pro-cyclical than counter-cyclical.*

⇨ *Credit activity in the region has reduced due more to the contraction of credit for consumption (-5.5 percent) than the deceleration of credit for microenterprises (22.5 percent).*

One recurring comment about microfinance indicates that in times of economic crisis and recession the MFIs show better performance than the traditional banks given their nature and the market they serve. Based on a sample of eight countries in the region,[1] a positive correlation was observed between economic growth and aggregate growth in the portfolio of the MFIs in these countries both before and after the crisis, even though variation of observations in 2008 was greater than in previous years. Despite this increased variation, this growth is an indicator of the microfinance activity aligning itself with traditional financial activity, which is to say, it is becoming pro-cyclical and not necessarily counter-cyclical, as mentioned above.

1 Bolivia, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, and Peru were considered because their sample was significant (more than 10 MFIs) and because there is not a strong concentration of MFIs in each market.

FIGURE 2 ECONOMIC GROWTH AND MICROFINANCE PORTFOLIO



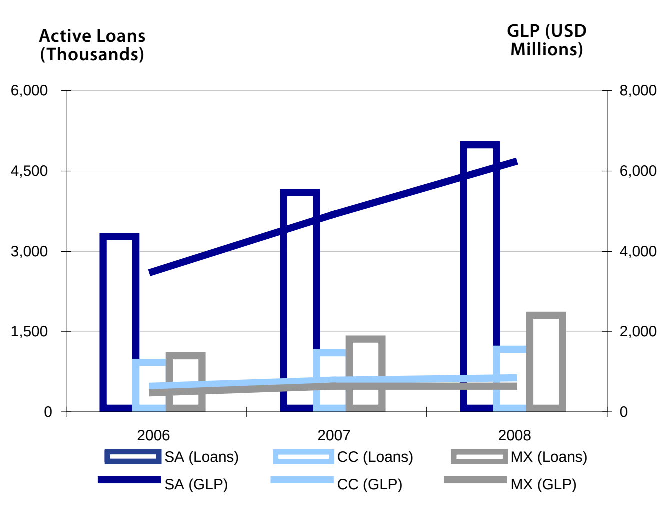
Source: MIX, World Bank

For the first time, we can see the evolution of the MFI market into different types of credit. We know that most MFIs usually concentrate on providing credit to Microenterprises – a segment that grew about 22.5 percent in 2008 in both number of loans and in portfolio size – and though this is a favorable result, it is important to note that the other segments were as decisive in the results obtained by MFIs, despite the decreased activity registered by some of those segments.

The portfolio of credit for consumption contracted 5.5 percent while the loans increased just 2.2 percent. This reflects a measure of caution from the MFIs in decreasing the level of indebtedness and resetting the market, above all in South America. The usual portfolio purchases and debt consolidations were the fastest means for growth for some MFIs and traditional banks, although the relaxing standards of evaluation and credit approval and the accompanying increase in levels of portfolio risk resulted in an impossibility to repay increasing credit in some markets.[2]

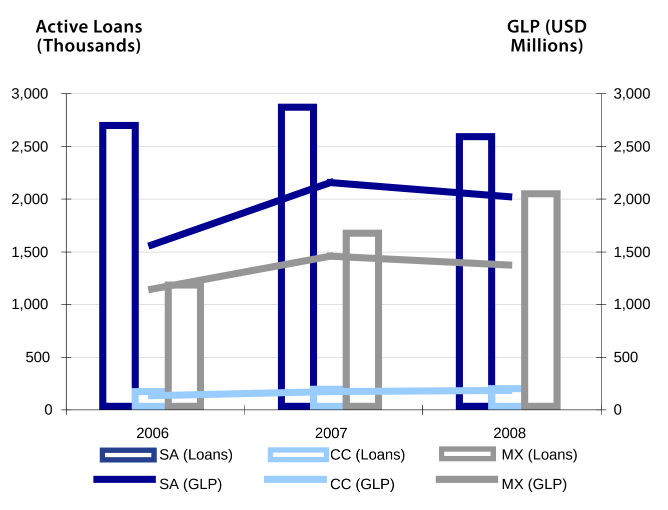
2 The large MFIs such as those in Colombia and Mexico who specialize in credit for consumption offer examples of this, as their portfolio at risk (>30 days) rose 10 percent.

FIGURE 3 CHANGE IN MICROENTERPRISE PORTFOLIO BY SUB-REGION



SA: South America / CC: Central America & Caribbean / MX: Mexico
Source: MIX / All figures are medians

FIGURE 4 CHANGE IN CONSUMER PORTFOLIO BY SUB-REGION



Source: MIX / All figures are medians

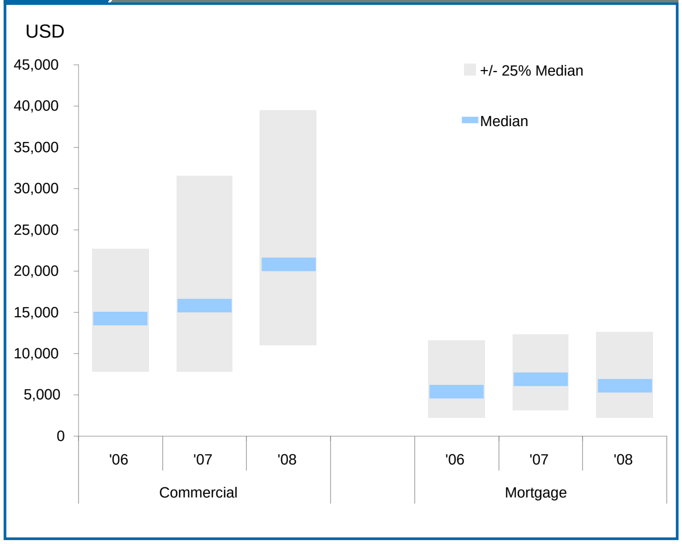
Other kinds of credit saw important growth above that seen in previous years. With credit for mortgages growing 10.1 percent and commercial credit growing 24.9 percent, these segments form an important part of the product mix which MFIs are using to diversify their portfolios.

SCATTERED GROWTH OF COMMERCIAL CREDIT

⇨ Commercial credit gained importance in MFIs' portfolios.
⇨ As MFIs continue to discover the dynamics of commercial credit, growth is extremely varied.

This kind of credit, traditionally not associated with MFIs, had interesting movement, apart from being the product with the highest average balance (9,657 USD) and representing about 15 percent of MFI portfolios. This kind of credit responded to MFIs looking to continue diversifying their portfolios by attending to a segment usually served by traditional banks, as well as to traditional MFI borrowers whose credit needs have grown and developed.

FIGURE 5 AVERAGE LOAN BALANCE FOR COMMERCIAL AND MORTGAGE CREDIT TYPES



Source: MIX / All figures are medians

FIGURE 6 AVERAGE LOAN BALANCE FOR MICROENTERPRISE AND CONSUMER CREDIT TYPES

Source: MIX

It is worth noting that growth in this sector has been very scattered and even disorderly due not only to the larger average balance year after year, but also because of the dispersion shown by this type of credit. This implies that the provision of this kind of credit by MFIs has not followed a homogenous template; instead, the MFIs have been adapting this credit technology to the best of their ability as they go.

DIFFERENTIATED IMPACT IN PORTFOLIO QUALITY

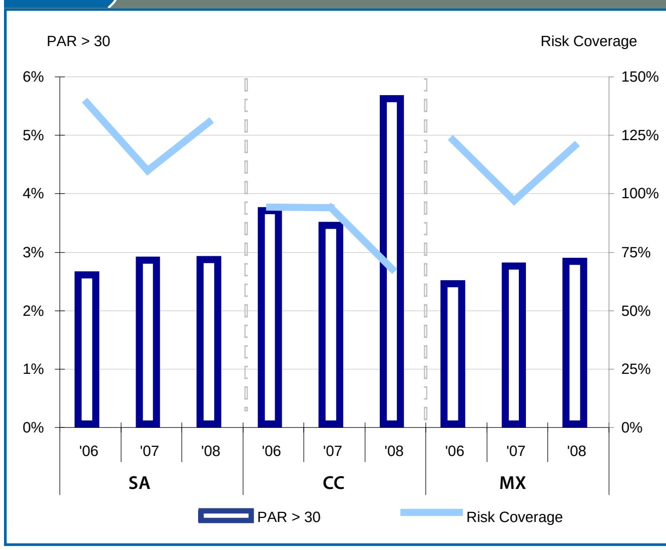
⇨ *At the sub-regional level, South America showed more stable and favorable portfolio quality indicators compared to the rapid deterioration seen in Central America.*

⇨ *MFIs focusing on credit to microenterprises experienced a more dramatic decline of their portfolios that MFIs with more diversified credit products.*

Even though important regional gain in risk indicators were seen, this development has not been homogeneous, and though this depended in part on an MFI's sub-region, the primary driver seemed to be the level of diversification in credit products of an MFI.

At the sub-regional level, the decline in the portfolio at risk greater than 30 days (PAR > 30 days) in South America was barely perceptible (as were penalties), while risk coverage increased. In Mexico there was a moderate decrease of portfolio at risk and in levels of risk, but risk coverage remained at ideal levels above 100 percent. In Central America the decline was notable for any risk indicator observed, illustrated by a risk coverage that fell to 66.3 percent, levels which would be subject to state monitoring regimes by financial supervisors in some South American countries.

FIGURE 7 PORTFOLIO QUALITY BY SUB-REGION

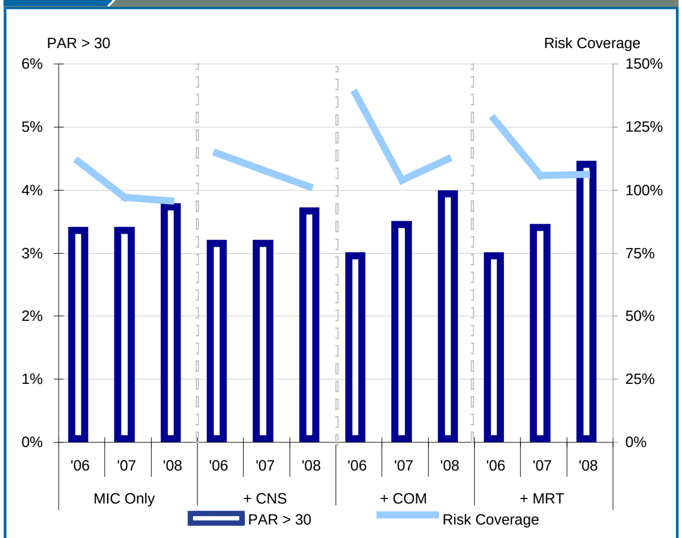


SA: South America / CC: Central America & Caribbean / MX: Mexico
Source: MIX / All figures are medians

Certainly, the levels of recuperation in Central America fell, reflecting its greater vulnerability to the local and international economic events that affected the microfinance industry over the past year. Particularly, the dramatic decline in remittances to the majority of countries was felt when loans matured and came due for repayment, contrasted with Mexico and to some degree South America, sub-regions that depend more on local economic activity.

Seen from the perspective of credit product offering, the MFIs that offered credit, in addition to loans directed toward microenterprises, experienced a larger drop in their PAR > 30 days than their counterparts that focused solely on credit to microenterprises. This trend is highlighted by the fact that among MFIs that diversified their portfolios, those that offered commercial credit and mortgages showed a larger decline in portfolio at risk than those that only offered credit for consumption. This can be explained in two ways: i) it has previously been mentioned that MFIs contracted their portfolio of consumption loans to confront the increasing portfolio risk, and, it seems, this had a positive effect on containing late fees, and ii) the MFIs gambled on entering segments which were new to them such as commercial credit and mortgages, making them more disposed to assuming higher levels of risk, and this is reflected in their portfolios while they learn the methodology behind the products in these new segments.

FIGURE 8 PORTFOLIO QUALITY BY CREDIT DIVERSIFICATION



MIC Only: Microenterprise Only / CNS: Consumer / COM: Commercial / MRT: Mortgage
Source: MIX / All figures are medians

On the other side, among MFIs that exclusively gave credit to microenterprises, the increase in PAR > 30 was more moderate than other MFIs that showed some level of diversification in their portfolios. These MFIs showed greater market depth (their average loan amounts were 4 to 5 times less than other MFIs) and focused on group credit methodologies that have contributed to the expansion and incorporation of new clients in the financial market. This occurred while maintaining solidarity as a guarantee base, and even though their levels of risk rose more rapidly than that of the individual methodology, it was still at lower levels.

REDUCTION OF MARGINS AND INTEREST RATES

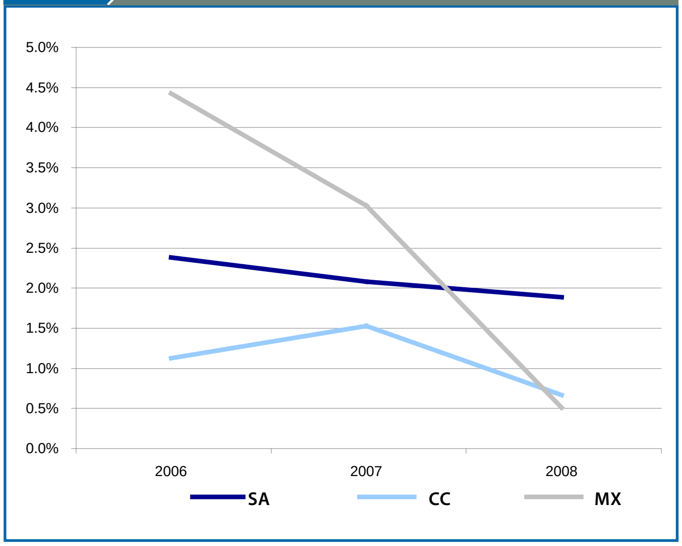
⇨ *Though returns have fallen throughout the region, South America retained more comfortable margins while returns in Mexico fell dramatically.*

⇨ *MFIs with diversified credit products had better margins than MFIs focused solely on credit to microenterprises.*

Reduced credit movement in Latin America and the Caribbean is reflected in the contracted profit margins throughout the region. Nonetheless, in MFI markets the diversification of products played a key role in generating the results observed.

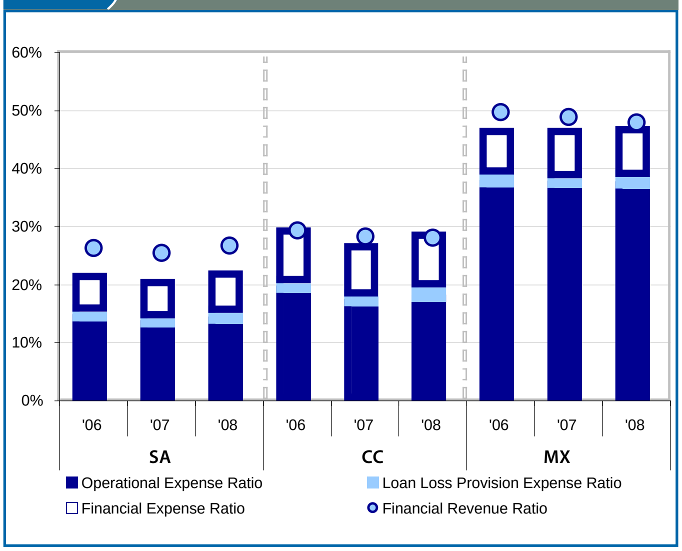
From the perspective of the market, the MFIs of South America showed a less pronounced reduction of Return on Assets (ROA) while the nominal portfolio yield increased marginally, at the same rate as components of cost (mostly financial expenses and impairment loss). This shows the competitiveness and maturity of MFIs reached over the long term, whose volatility of returns was less than the rest of the region. The case of Central America and the Caribbean was very different. This sub-region saw ROA cut nearly in half to less than 1 percent, a consequence of larger deterioration in their levels of portfolio at risk due to an increase in the ratio of impairment loss to assets of more than 1 percent.

FIGURE 9 CHANGE IN ROA BY SUB-REGION



SA: South America / CC: Central America & Caribbean / MX: Mexico
Source: MIX / All figures are medians

FIGURE 10 DECONSTRUCTING ROA BY SUB-REGION

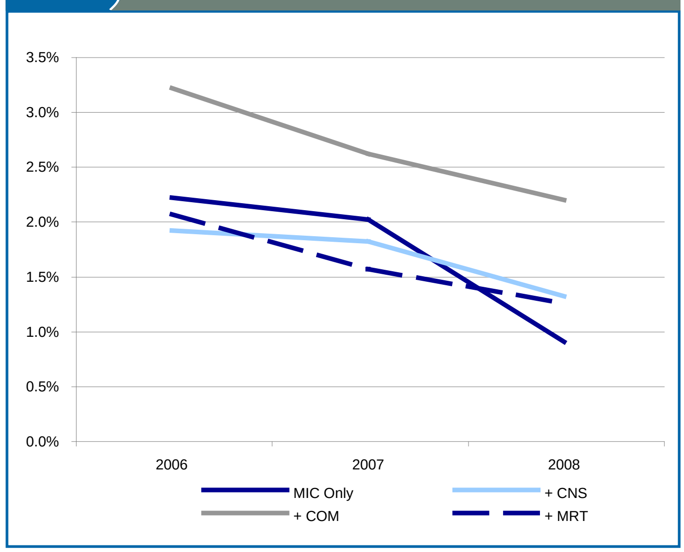


Source: MIX / All figures are medians

The greatest observed decline in return on assets (ROA) was in Mexico, which fell farther than all other sub-regions. After having improved on levels of efficiency in some form (though levels of efficiency are still far from the rest of the region), all measures of costs increased significantly, above all the operational component, which the MFIs reacted to by increasing interest rates to raise nominal profit 12 percentage points. Without a doubt, keeping interest rates static would have resulted in negative returns.

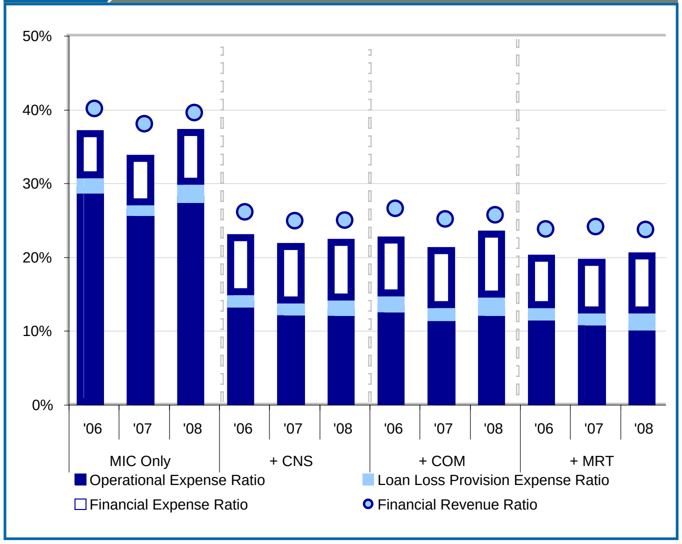
From the perspective of portfolio diversification, the MFIs focused on credit to microenterprises saw a more rapid reduction in returns compared to MFIs that chose to diversify to some extent. This is to say, these MFIs saw a less pronounced decline of portfolio quality, but this came at the cost of sacrificed results. This means these MFIs incurred higher operational costs for follow-up and borrower control as well as an increase in perception of risk when the ratio of financial costs to assets increased. It is interesting to note that a small part of this risk translated to clients given the nominal yield of portfolio increased slightly.

FIGURE 11 CHANGE IN ROA BY CREDIT DIVERSIFICATION



MIC Only: Microenterprise Only / CNS: Consumer / COM: Commercial / MRT: Mortgage
Source: MIX / All figures are medians

FIGURE 12 DECONSTRUCTING ROA BY CREDIT DIVERSIFICATION



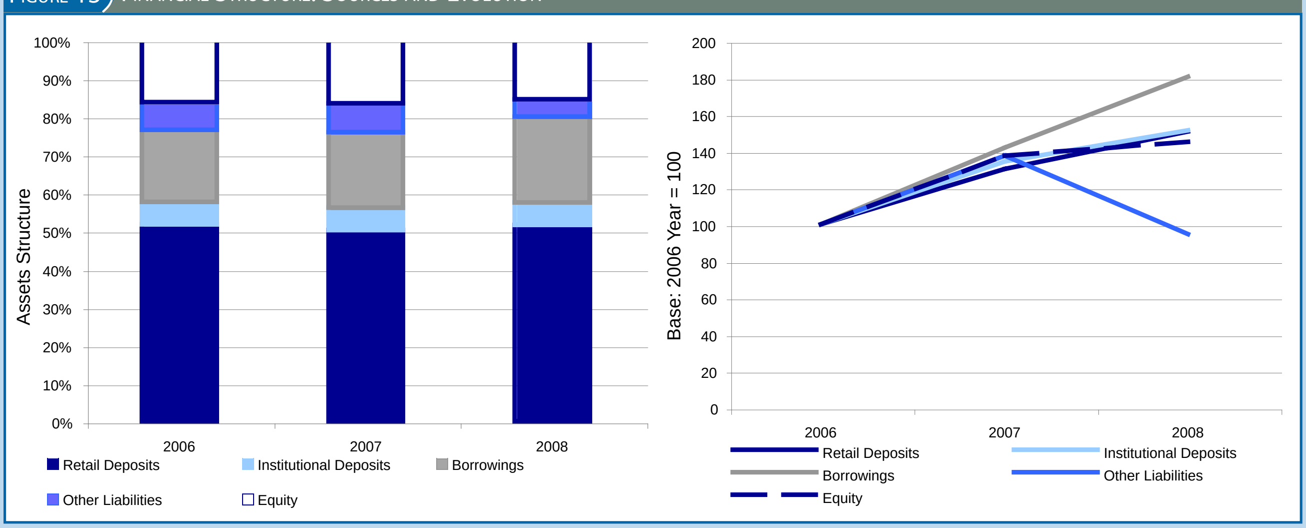
MIC Only: Microenterprise Only / CNS: Consumer / COM: Commercial / MRT: Mortgage
Source: MIX / All figures are medians

The scene was different in MFIs that showed some mix of credit products, given the lower reduction on returns and particularly the institutions that offered commercial credit; even though they did not escape from this tendency toward lower ROA, they reported the highest levels for this indicator. This last group of institutions, despite the scattered growth in the provision of this kind of credit, resulted in finding a combination that allowed them to report the highest profits. In other words, the MFIs that assumed a higher portfolio risk in choosing to diversify in this way were compensated for this risk with a higher profitability.

Financing also slowed[3]

As initially mentioned, one of the causes of the deceleration in credit activity was the slower rhythm of financing captured by MFIs. In the asset financing structure for the LAC region, deposits from the public comprised a little more than half of the financing and growth slowed to 15.8 percent, while growth of institutional deposits slowed to 12.7 percent. The borrowers were the second most important source of financing for MFIs, encompassing a little more than 22 percent and accumulating 4.621 billion USD, despite a slowdown of 27.4 percent in 2008 after seeing growth of 41.7 percent the previous year.[4] Finally, the remainder of financing was comprised of equity, making up about 16 percent of assets, though its growth in the region fell to 5.4 percent in 2008.

FIGURE 13 FINANCIAL STRUCTURE: SOURCES AND EVOLUTION



Source: MIX / All figures are aggregates

3 This analysis is based on aggregate information from 167 MFIs in the region that reported rates of finance for years 2007 and 2008. Depending on the information given, the sample could vary between graphs.

4 It is important to note that these resources gain even more importance for MFIs that do not mobilize assets from individual deposits, thereby raising borrowers' participation in the structure of assets to about 60 percent.

In the case of borrowers, from a sample of ten countries of the region we can see a high level of concentration; only the top five financiers made up 45 percent of debt. In countries such as Bolivia, Ecuador, El Salvador, and Nicaragua, the concentration of the first five lenders was lower, though in Nicaragua debt represented more than 60 percent of assets. At the other extreme the concentration in Brazil, Mexico, and Colombia was greater, with the government serving as an important financier in the case of the first two.[5]

Table 1 Borrowings Concentration By Country In 2008 (Percentages)

Country	Borrowings / Total Assets	Lenders Concentration			Average outstanding by MFI*
		First 5	First 10	First 15	
Bolivia	26.4%	29.9%	45.7%	58.6%	24.1
Brazil	31.8%	73.7%	77.7%	79.1%	8.5
Colombia	16.0%	55.4%	67.4%	75.3%	37.6
Ecuador	23.2%	31.6%	51.3%	62.0%	7.7
El Salvador	37.5%	32.4%	45.3%	54.2%	13.5
Guatemala	44.6%	41.5%	69.6%	85.3%	5.4
Honduras	43.0%	49.4%	65.4%	74.9%	6.6
Mexico	29.8%	56.1%	61.2%	62.8%	30.2
Nicaragua	61.0%	35.7%	51.2%	60.4%	19.7
Peru	25.6%	42.7%	55.8%	63.0%	21.9
Total	27.1%	45.3%	57.6%	65.0%	16.3

** US$ Millions. Average Borrowing by MFI.*
Source: MIX / All figures are aggregates

At the level of the different types of financing, the "Loan" mode increased its participation and its balance by 49.4 percent. This was the result of a reduction in other forms of financing like "bonds" (-8.0 percent) and "overdraft" (-29.3 percent). The reduction in bonds is due to postponements of some MFIs in sending them to the market until the volatile situation stabilized, while the reduction in overdrafts was essentially due to prudence on the part of lenders, considering the more burdensome conditions relative to other options like borrowings and bonds.

Table 2 Borrowings By Financing Type (Percentages)

Financing Type	2008			2007		
	Total	DC	FC	Total	DC	FC
Bonds	11.4%	92.7%	7.3%	15.8%	90.8%	9.2%
Loans	76.1%	64.3%	35.7%	64.9%	50.0%	50.0%
Overdraft	9.7%	93.5%	6.5%	17.6%	76.2%	23.8%
Subordinate Debt	2.8%	19.4%	80.6%	1.8%	25.7%	74.3%
Other	0.3%	97.7%	2.3%	0.2%	27.8%	72.2%
Total	100.0%	68.1%	31.9%	100.0%	59.4%	40.6%

DC: Domestic Currency / FC: Foreign Currency
Source: MIX / Columns correspond to each type of financing (total) and rows correspond to each currency.

MFI financing behavior indicated a major preference for local currency, as these currencies appreciated 140.6 percent, compared to appreciation of foreign currency at only 63.3 percent. This composition of currencies is very similar considering the kinds of rates, given that traditionally MFIs have financed themselves with fixed rates; however, though financing with variable rates represents little more than a third of total financing, it experienced a growth in both national currency (171.0 percent) as well as foreign currency (436.8 percent). This implies that lenders have also looked to decrease their exposure to risk by transferring part of the cost of financing to the MFIs, depending on market conditions.

Table 3 Borrowings By Rate Type (Percentages)

Rate Type	2008			2007		
	Total	DC	FC	Total	DC	FC
Fixed	63.3%	63.0%	37.0%	64.2%	64.2%	35.8%
Floating	36.7%	77.5%	22.5%	35.8%	87.2%	12.8%
Total	100.0%	67.9%	32.1%	100.0%	71.0%	29.0%

Source: MIX / Columns correspond to rate type (total) and rows correspond to each currency .

Taking into account the term of expiration for loan repayments, in countries such as Bolivia and Nicaragua, MFIs reduced their loan periods in the short-term in favor of longer-term loans, while in Peru, MFIs were able to increase the outstanding balance of short-term borrowings (less than one

5 In the case of Brazil BNDES is highlighted, while in Mexico there are funds from FIRA and PRONAFIM.

TABLE 4 BORROWINGS BY MATURITY RANGE (PERCENTAGES)

Maturity Range	2008					2007				
	Bolivia	Ecuador	Nicaragua	Peru	Other	Bolivia	Ecuador	Nicaragua	Peru	Other
Up to 1 year	7.7%	16.2%	3.9%	26.9%	15.1%	19.6%	17.9%	31.6%	6.5%	44.1%
1 to 2 years	18.1%	21.3%	29.4%	19.6%	24.7%	11.5%	23.6%	12.5%	12.6%	5.2%
2 to 3 years	29.6%	27.0%	36.0%	21.0%	21.6%	12.3%	22.5%	17.4%	15.5%	30.6%
3 to 4 years	7.4%	16.6%	16.5%	11.1%	12.0%	9.5%	13.8%	5.0%	14.4%	18.7%
4 to 5 years	21.1%	0.0%	0.1%	3.3%	4.4%	8.7%	9.5%	15.4%	25.9%	1.4%
More than 5 years	16.1%	18.9%	14.0%	18.0%	22.1%	38.3%	12.7%	18.1%	25.1%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: MIX / Columns correspond to each range of maturity (total).

year).[6] The greatest concentration of debt occurred with loans of three-year terms. It is also important to mention that despite the lower propensity to finance with bonds, part of the financing in this last form converted itself to terms of over five years.

Distinctively, the financing structure in USD (more closely related to suppliers of international funds) witnessed a range of rates; in countries like Peru and Bolivia the perception of risk was less and the larger portion of debt was concentrated at a 10 percent rate, while in Ecuador and Nicaragua the cost of financing was higher. It is necessary to point out that financing in national currency showed an elevation in costs. In other words, MFIs that succeeded in obtaining financing in foreign currency had a better perception of risk, while the other MFIs defaulted to financing in local currency, even though the costs were higher.

The onset of the financial crisis caused some funders to raise their interest rates, cancel disbursements, and shorten repayment periods due to the higher perceived risk, even though in the latter two cases it was some MFIs who took the lead against an attitude of caution; regardless, it did have a clear impact on the growth of MFIs in the region, diminishing the movement of credit.

TABLE 5 BORROWINGS BY RATE RANGES IN US DOLLARS (PERCENTAGES)

Rates Ranges in USD	2008					2007				
	Bolivia	Ecuador	Nicaragua	Peru	Other	Bolivia	Ecuador	Nicaragua	Peru	Other
= 0%	0.4%	1.1%	0.4%	0.7%	0.0%	1.6%	0.0%	2.7%	0.5%	1.5%
< 0% to 5.0%	17.5%	8.4%	0.7%	7.1%	14.0%	12.5%	9.6%	1.1%	1.0%	2.6%
< 5.0% to 7.5%	34.6%	24.6%	27.1%	39.3%	34.5%	27.7%	11.8%	11.0%	39.3%	22.0%
< 7.5% to 10.0%	46.1%	60.3%	65.6%	49.3%	25.4%	48.8%	74.8%	60.1%	42.4%	21.9%
< 10.0% to 12.5%	1.4%	5.4%	5.3%	3.0%	19.4%	8.3%	3.4%	20.1%	16.6%	27.5%
> 12.5%	0.0%	0.2%	0.9%	0.5%	6.7%	1.1%	0.5%	5.0%	0.2%	24.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: MIX / Columns correspond to each range of rates (total).

6 According to "Global Microscope Regarding Business Climate for Microfinance" written by the Economist Intelligence Unit (2009), Peru is considered to have the best business climate for the development of microfinance. It is due to this that the country was able to attract the portion of funding displaced by the financial crisis and the corresponding difficult macroeconomic and political situation of other countries.

Does a Successful Model Exist that has Eluded the Crisis?

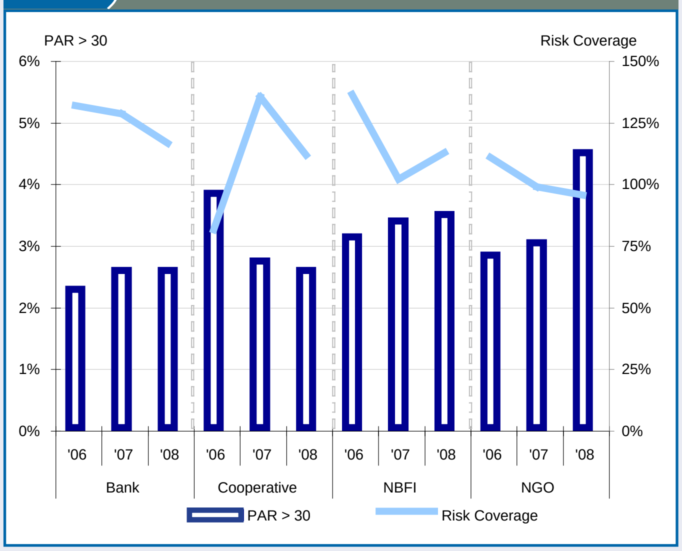
The immediate answer to this question is a categorical no, and this is because the answer depends on the convergence of various factors unique to each MFI (controllable factors such as governance, HR, technology, etc.) and to its environment (uncontrollable factors such as the market, competition, regulations, etc.).

Nevertheless, from the perspective of benchmarks, yes, patterns of success can be identified from MFIs that have common characteristics such as: legal structure, mobilization of deposits, and credit methodology. This case study will describe two categories of indicators that summarize the success of these MFIs: portfolio quality and return on assets.

From the perspective of legal structure, the portfolio risk grew most among NGOs in 2008, separating themselves from the moderate portfolio risk increases of banks. This is in spite of a risk coverage that remained close to 100 percent. NGOs showed slimmer margins due to increases in impairment loss (a consequence of increased risk) despite the decreases in operational costs. On the other side, margins were more comfortable for NBFIs and Banks.

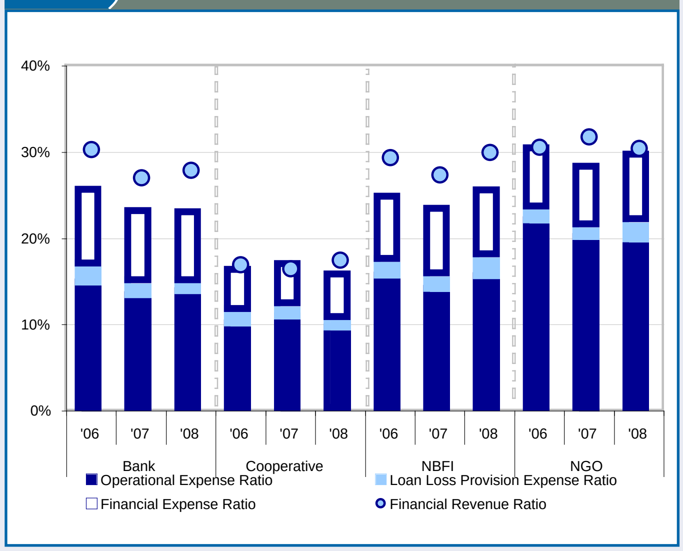
Examining the tendencies of deposit mobilization capacity, MFIs with high deposit mobilization (High FI – financial intermediation) there was no important increase in risk differing from those institutions where there was no intermediation (No FI), while those MFIs that began to mobilize deposits (Low FI) showed increasing levels of risk. Among other factors, almost all MFIs that mobilized deposits were subject to the rigors of regulation and financial supervision, which allowed them to maintain their levels of risk (including in countries like Bolivia, Ecuador, and Peru, where MFIs reduced their levels of risk). Two additional advantages of these MFIs are the scale they reached, allowing themselves to maintain relatively low operational costs, as well as their lower financial expenses which allowed them to widen their margins.

FIGURE 14 PORTFOLIO QUALITY BY CHARTER TYPE



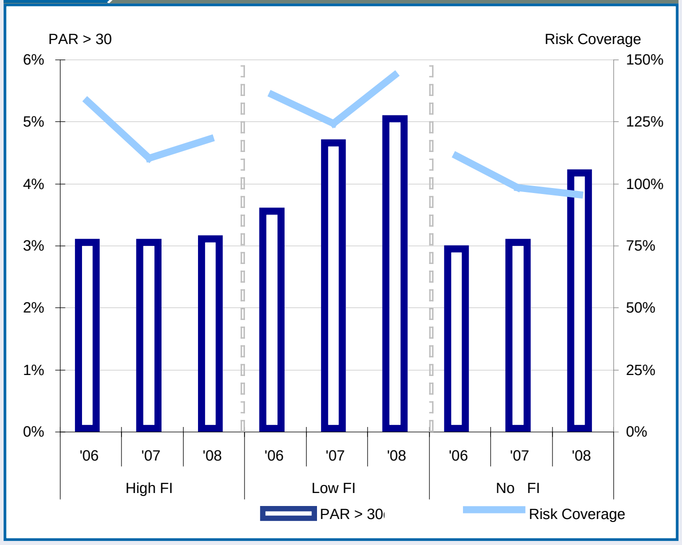
Source: MIX / All figures are medians

FIGURE 15 DECONSTRUCTING ROA BY CHARTER TYPE



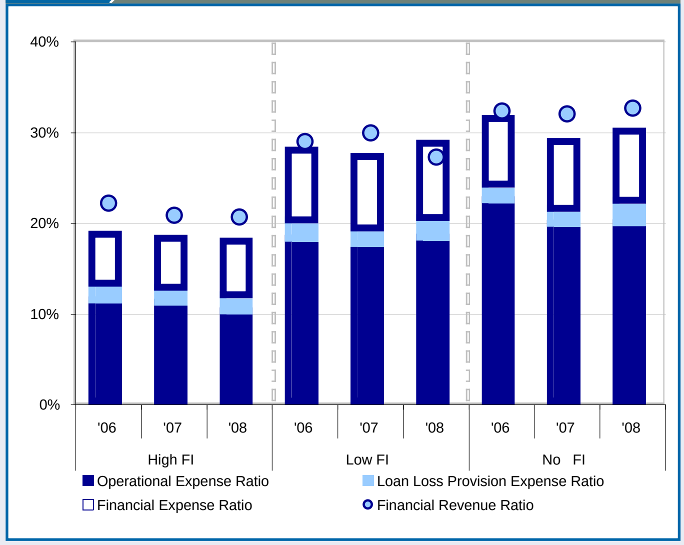
Source: MIX / All figures are medians

Figure 16 Portfolio Quality by Financial Intermediation



Source: MIX / All figures are medians

Figure 17 Deconstructing ROA by Financial Intermediation

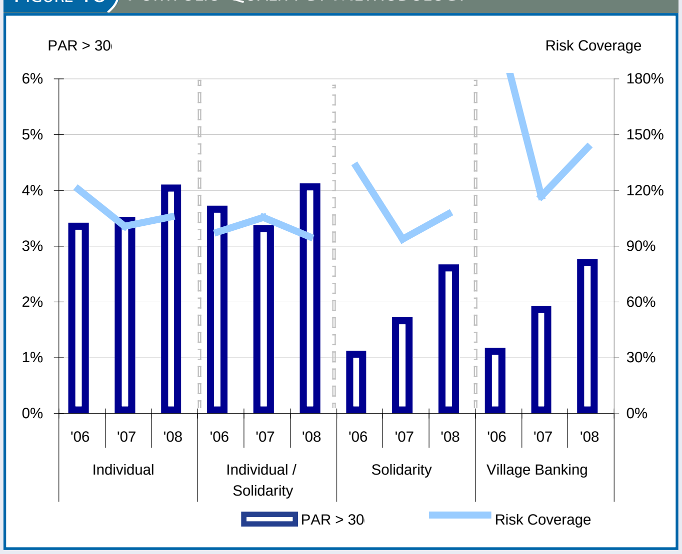


Source: MIX / All figures are medians

Finally, the evolution of credit methodologies reveals to us that the MFIs focused on Village Banks and Solidarity Groups will test the benevolence of their models; even though they had lower levels of risk, it was clearly increasing, reaching close to 3 percent in portfolio at risk greater than 30 days (PAR > 30 days) for which they increased their risk coverage, resulting in lower margins. In the case of MFIs with some individual credit component, risk levels also increased, albeit at proportionally lower levels than other cases, and it did not cause a greater reduction of margin.

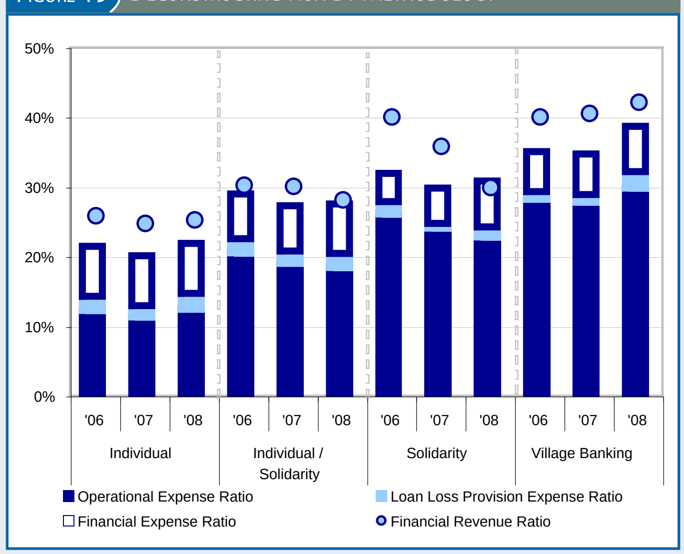
The industry was accustomed to always having prolonged growth each year and there continues to be space and opportunities for all kinds of operators. However, it may be risky to venture a declaration of which MFI's model was successful based on the previous cases, considering the principal impact of the crisis was only recently revealed and because market conditions have changed rapidly in past years.

Figure 18 Portfolio Quality by Methodology



Source: MIX / All figures are medians

Figure 19 Deconstructing Roa By Methodology



Source: MIX / All figures are medians

PROJECTION OF UPWARD TENDENCIES OF GROWTH

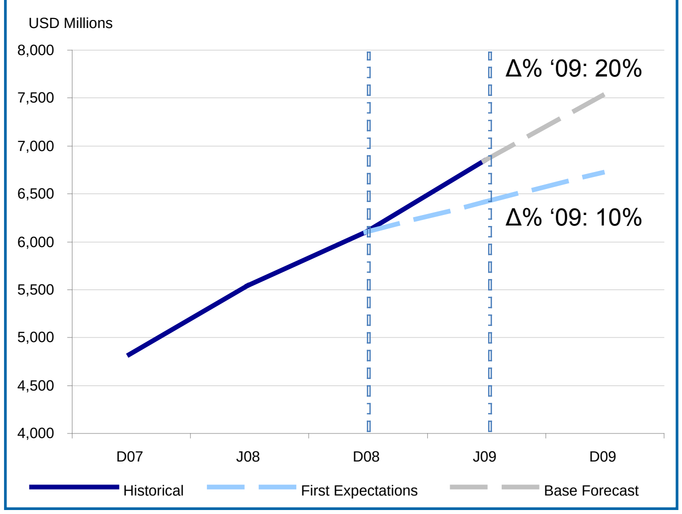
⇨ For the large-scale MFI that mobilizes deposits and is subject to supervision and regulatory regimes, portfolio growth will be at around 20 percent in 2009.

⇨ For other MFIs growth will be heterogeneous depending on how carefully they act, their positioning, and their macroeconomic environment.

Large-scale MFI portfolios in Latin America and the Caribbean have grown at a steady annual pace of approximately 30 percent, though in 2008 they grew about 14 percent and the initial market expectations placed growth in the 10 percent range for all of 2009, considering the actual levels of indebtedness per borrower. However, it is interesting to see that a sample of 23 MFIs whose aggregated portfolio represents 45 percent of the entire regional portfolio and almost all of mobilized public deposits (they are almost all regulated and supervised) reported an aggregate portfolio growth of 12.3 percent in just the first half of 2009 (Dec 2008 – June 2009), beating initial expectations for growth, which was essentially the same as the 10.2 percent growth of the second half of 2008 (June 2008 – Dec 2008). Maintaining this tendency and considering that the second half is where portfolios typically grow more (with year-end holidays), the growth should be around 20 percent for this group of MFIs in 2009.

For the rest of the MFIs (the majority in the region), this growth will be much more heterogeneous, depending on: i) their caution in contracting (continued recuperation of credit) or the boldness to continue expanding their operations (entering into new market segments, ii) their positioning and capacity to operate in niche markets, iii) macroeconomic conditions that do not further harm the businesses of their clients.

FIGURE 20 FORECAST FOR 2009 PORTFOLIO GROWTH (23 MFIs FROM LAC)



Source: MIX / All figures are aggregates

On the other side of financing, even though the natural reaction to the coming crisis was caution on the part of funding providers, well into 2009 and taking into account the diverse evolution of markets throughout the region, some funds accumulated excess liquidity, which increased pressure to invest. Later the availability of financing will not be the same for all MFIs (primarily, considering the economic, social, and political environment of each market) but those that have been known to identify clients who are ready to implement actions that do not allow them to undermine their ability to pay and have been known to adapt their products to those clients will be the first to receive and improve their access to financing.

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Latin American and the Caribbean MFI participants
Benchmarks 2008 (332 MFIs)
ACCOVI, ACME, ACORDE, Actuar Caldas, Actuar Tolima, ADICH, ADIM, ADOPEM, ADRA – PER, ADRI, AFODENIC, AGAPE, Agência do Crédito, AgroCapital, AGUDESA, ALSOL, Alternativa 19 del Sur, Alternativa Microfinanzas, AMA, AMC de R.L., AMEXTRA, ANDE, ANED, Apoyo Económico, Apoyo Integral, APROS, ASDIR, ASEI, ASIDME, Asociación Arariwa, Asociación El Balsamo, Asociación Raíz, ASODENIC, ASOPROSANRAMON, ASP Financiera, ASPIRE, ATEMEXPA, Avanzar, AYNLA, Bancamía, Banco ADEMI, Banco Amigo, Banco da Familia, Banco do Empreendedor, Banco do Vale, Banco Familiar, Banco Popular do Brasil, Banco Solidario, BancoEstado, BancoSol, BanCovelo, BANCRI, BANEX, BanGente, BCSC, CACMU, CAFASA, Caja Depac Poblana, Caja Popular Mexicana, CAME, CAMETRO, CARE – CREEME, Caritas, Caritas Esteli, Casa do Microcrédito, CCC, CDRO, CEADe, CEAPE BA, CEAPE MA, CEAPE PE, CEAPE PI, Central Cresol Baser, CEPESIU, CEPRODEL, CESOL ACJ, CIDRE, CMAC Arequipa, CMAC Cusco, CMAC Del Santa, CMAC Huancayo, CMAC Ica, CMAC Maynas, CMAC Paita, CMAC Pisco, CMAC Piura, CMAC Sullana, CMAC Tacna, CMAC Trujillo, COAC 4 de Octubre, COAC Acción Rural, COAC Ambato, COAC Artesanos, COAC Chone, COAC Fernando Daquilema, COAC Fondvida, COAC Huaycopungo, COAC Jardín Azuayo, COAC Kullki Wasi, COAC La Benéfica, COAC La Nacional, COAC Luz del Valle, COAC MCCH, COAC Minga, COAC Mushuc Runa, COAC Padre Vicente, COAC Pallatanga, COAC Sac Aiet, COAC San Antonio, COAC San Gabriel, COAC San José, COAC Santa Ana, COAC Santa Anita, COCDEP, CODESARROLLO, Columbia Microcreditos, CompartamosBanco, Comultrasan, Conserva, Contactar, Coop 20 de Abril, Coop Avances, Coop Fátima, Coop Jesús Nazareno, Coop Juan XXIII, Coop MEDA, COOPAC Chiquinquira, COOPAC León XIII, COOPAC Los Andes, COOPAC Norandino, COOPAC San Cristóbal, COOPAC San Martín, COOPAC Santa Maria, COOPAC Santo Cristo, COOPAC Santo Domingo, COOPAC Tocache, COOPROGRESO, CRAC Los Andes, CRAC Nuestra Gente, CRAC Profinanzas, CRAC Señor de Luren, CRAC Sipán, Crece Safsa, CRECER, Credi Fé, CrediAmigo, CrediAvance, Credi–Capital, CrediClub, CrediComún, Credicoop, CREDIMUJER, Crediscotia, Credisol, Créditos Pronegocio, CREDITUYO, Cresol Central, Crezcamos, Crezkamos Kapital, CRYSOL, Despacho Amador, Diaconia, D–Miro, Don Apoyo, ECLOF – ECU, EcoFuturo FFP, EDAPROSPO, EDPYME Acceso Crediticio, EDPYME Alternativa, EDPYME Confianza, EDPYME Crear Arequipa, EDPYME Credivisión, EDPYME Efectiva, EDPYME Nueva Visión, EDPYME Pro Negocios, EDPYME Proempresa, EDPYME Raíz, Emprender, ENLACE, Espacios Alternativos, FACES, Fácil SCM, FADEMYPE, FAFIDESS, FAMA OPDF, FAPE, Fassil FFP, FDL, FED, FIACG, FIDERPAC, FIE FFP, FIE Gran Poder, FIELCO, FinAmérica, FinAmigo, Financiera Edyficar, Financiera Fama, Financiera Independencia, FINCA – ECU, FINCA – GTM, FINCA – HND, FINCA – HTI, FINCA – MEX, FINCA – NIC, FINCA – PER, FINCA – SLV, FinComún, FINORTE, FINSOL, FIS, FISUR, FMM Bucaramanga, FMM Popayán, FMSD, FODEM, FODEMI, FOMIC, FONCRESOL, FONDECO, FONDESOL, FONDESURCO, Fondo Esperanza, Fonkoze, Forjadores de Negocios, Fortaleza FFP, FOVIDA, FRAC, FUBODE, FUDEMI, FUNBODEM, Fundación 4i–2000, Fundación Alternativa, Fundación Amanecer, Fundación CAMPO, Fundación Esperanza, Fundación Espoir, Fundación León 2000, Fundación MICROS, Fundación Mujer, Fundación Nieborowski, Fundación Paraguaya, FUNDAHMICRO, FUNDAMIC, FUNDEA, FUNDEBASE, FUNDECOCA, FUNDENUSE, FUNDEPYME, FUNDESER, FUNDESPE, FUNED, FUNHAVI, FUNSALDE, FVP, GCM, Génesis Empresarial, Grameen Mendoza, Grupo Río La Venta, HDH OPDF, ICC BluSol, ICC Conquista Solidária, ICC MAUCE, IDEPRO, IDER CV, IDESI Lambayeque, IDESPA, IDH, IMPRO, INSOTEC, Instituto Estrela, Interactuar, Interfisa Financiera, Invirtiendo, Manuela Ramos, MCN, Mentors – PER, MiBanco, MiBanco Venezuela, Micredito SAC, MicroCred – MEX, Microfinanciera Prisma, Microserfin, Microsol, MIDE, MUDE, ODEF Financiera, OLC, Oportunidad Microfinanzas, PADECOMSM, Popular SAFI, PRESTANIC, PRISMA, ProCaja, ProCredit – BOL, ProCredit – COL, ProCredit – ECU, ProCredit – HND, ProCredit – NIC, ProCredit – SLV, PRODEM FFP, PRODESA, Progresar, Progresemos, ProMujer – ARG, ProMujer – BOL, ProMujer – MEX, ProMujer – NIC, ProMujer – PER, Real Microcrédito, Red de Vanguardia, Rede Novo Sol, São Paulo Confia, Sartawi, SemiSol, SFF, SOCIALCRED, SOCRED, SOGESOL, SolFi, Solución Asea, Soluciones Reales, Te Creemos, UCADE Ambato, UCADE Guaranda, UCADE Latacunga, UCADE Santo Domingo, UNICREICH, Visión Banco, Vivir Soluciones, World Relief – HND, WWB Cali

Latin American and the Caribbean MFI participants

2006 - 2008 Trends (207 MFIs)

ACCOVI, ACME, ACORDE, Actuar Caldas, Actuar Tolima, ADICH, ADIM, ADOPEM, ADRA - PER, ADRI, AFODENIC, AgroCapital, AGUDESA, ALSOL, AMA, AMC de R.L., AMEXTRA, Apoyo Integral, APROS, ASDIR, ASEI, Asociación Arariwa, Asociación Raíz, ASP Financiera, ATEMEXPA, AYNLA, Banco ADEMI, Banco da Familia, Banco Familiar, Banco Popular do Brasil, Banco Solidario, BancoEstado, BancoSol, BanCovelo, BANEX, BanGente, BCSC, CACMU, CAFASA, Caja Popular Mexicana, CAME, Caritas, CDRO, CEADe, CEAPE MA, CEPESIU, CEPRODEL, CMAC Arequipa, CMAC Cusco, CMAC Del Santa, CMAC Huancayo, CMAC Ica, CMAC Maynas, CMAC Paita, CMAC Sullana, CMAC Tacna, CMAC Trujillo, COAC Acción Rural, COAC Artesanos, COAC Chone, COAC Fondvida, COAC Jardín Azuayo, COAC Kullki Wasi, COAC Luz del Valle, COAC MCCH, COAC Mushuc Runa, COAC Sac Aiet, COAC San José, COAC Santa Anita, COCDEP, CODESARROLLO, CompartamosBanco, Conserva, Contactar, Coop 20 de Abril, Coop Fátima, Coop Juan XXIII, Coop MEDA, COOPAC San Martín, COOPAC Santo Cristo, COOPROGRESO, CRAC Los Andes, Crece Safsa, CRECER, Credi Fé, CrediAmigo, CrediAvance, Credi-Capital, Credicoop, CREDIMUJER, Crediscotia, Crezkamos Kapital, CRYSOL, Despacho Amador, Diaconia, D-Miro, EcoFuturo FFP, EDAPROSPO, EDPYME Alternativa, EDPYME Confianza, EDPYME Crear Arequipa, EDPYME Efectiva, EDPYME Nueva Visión, EDPYME Proempresa, Emprender, ENLACE, Espacios Alternativos, FADEMYPE, FAFIDESS, FAMA OPDF, FAPE, Fassil FFP, FDL, FED, FIDERPAC, FIE FFP, FIE Gran Poder, FIELCO, FinAmérica, Financiera Edyficar, Financiera Fama, Financiera Independencia, FINCA - ECU, FINCA - GTM, FINCA - HND, FINCA - HTI, FINCA - MEX, FINCA - NIC, FINCA - PER, FinComún, FINSOL, FMM Bucaramanga, FMM Popayán, FMSD, FODEM, FODEMI, FOMIC, FONCRESOL, FONDESOL, FONDESURCO, Fonkoze, Forjadores de Negocios, Fortaleza FFP, FOVIDA, FRAC, FUDEMI, FUNBODEM, Fundación Alternativa, Fundación CAMPO, Fundación Espoir, Fundación León 2000, Fundación MICROS, Fundación Mujer, Fundación Nieborowski, Fundación Paraguaya, FUNDAHMICRO, FUNDAMIC, FUNDEA, FUNDECOCA, FUNDENUSE, FUNDEPYME, FUNDESER, FUNDESPE, FUNED, FUNHAVI, FUNSALDE, Génesis Empresarial, HDH OPDF, ICC BluSol, IDEPRO, IDESI Lambayeque, IMPRO, INSOTEC, Interactuar, Interfisa Financiera, Manuela Ramos, MCN, MiBanco, Microserfin, MIDE, ODEF Financiera, OLC, Oportunidad Microfinanzas, PADECOMSM, PRESTANIC, PRISMA, ProCaja, ProCredit - BOL, ProCredit - ECU, ProCredit - NIC, ProCredit - SLV, PRODEM FFP, PRODESA, ProMujer - BOL, ProMujer - MEX, ProMujer - NIC, ProMujer - PER, SemiSol, SOGESOL, SolFi, UCADE Ambato, UCADE Guaranda, UCADE Latacunga, UCADE Santo Domingo, Visión Banco, World Relief - HND, WWB Cali

Category *	Peer Group	Definition
Sub-Regions	MX	51 MFIs from Mexico
	CC	88 MFIs from Central America and the Caribbean: Costa Rica (9), Dominican Republic (4), El Salvador (13), Guatemala (16), Haiti (6), Honduras (14), Nicaragua (23) and Panama (3)
	SA	193 MFIs from South America: Argentina (7), Bolivia (23), Brazil (27), Chile (3), Colombia (18), Ecuador (47), Paraguay (6), Peru (60) and Venezuela (2)
Credit Types	MIC Only	117 MFIs who offered just microenterpriese loans (MIC)
	+ CNS	198 MFIs who offered consumer loans (CNS), in addition to microenterpriese loans (MIC)
	+ COM	82 MFIs who offered commercial loans (COM), in addition to microenterpriese loans (MIC)
	+ MRT	108 MFIs who offered mortgage loans (MRT), in addition to microenterpriese loans (MIC)

** The Peer Groups in the category "Sub-Regions" are mutually exclusive (the sum is 332 MFIs).*
The Peer Groups in the category "Credit Types" are not mutually exclusive (the sum is greater than 332 MFIs).

Indicator Definitions

INSTITUTIONAL CHARACTERISTICS	
Number of MFIs	Sample size of group
Age	Years functioning as an MFI
Total Assets	Total Assets, adjusted for inflation and standardized provisioning for loan impairment and write-offs
Offices	Number, including head office
Personnel	Total number of staff members
FINANCING STRUCTURE	
Capital/ Asset Ratio	Adjusted Total Equity / Adjusted Total Assets
Debt to Equity	Adjusted Total Liabilities / Adjusted Total Equity
Deposits to Loans	Deposits / Adjusted Gross Loan Portfolio
Deposits to Total Assets	Deposits / Adjusted Total Assets
Portfolio to Assets	Adjusted Gross Loan Portfolio / Adjusted Total Assets
OUTREACH INDICATORS	
Number of Active Borrowers	Number of borrowers with loans outstanding, adjusted for standardized write-offs
Percent of Women Borrowers	Number of active women borrowers / Adjusted Number of Active Borrowers
Number of Loans Outstanding	Number of loans outstanding, adjusted for standardized write-offs
Gross Loan Portfolio	Gross Loan Portfolio, adjusted for standardized write-offs
Average Loan Balance per Borrower	Adjusted Gross Loan Portfolio / Adjusted Number of Active Borrowers
Average Loan Balance per Borrower/ GNI per Capita	Adjusted Average Loan Balance per Borrower / GNI per Capita
Average Outstanding Balance	Adjusted Gross Loan Portfolio / Adjusted Number of Loans Outstanding
Average Outstanding Balance / GNI per Capita	Adjusted Average Outstanding Balance / GNI per Capita
Number of Depositors	Number of depositors with any type of deposit account
Number of Deposit Accounts	Number of all deposit accounts
Deposits	Total value of all deposit accounts
Average Deposit Balance per Depositor	Deposits / Number of Depositors
Average Deposit Balance per Depositor / GNI per capita	Average Deposit Balance per Depositor / GNI per Capita
Average Deposit Account Balance	Deposits / Number of Deposit Accounts
Average Deposit Account Balance / GNI per capita	Average Deposit Account Balance / GNI per Capita
MACROECONOMIC INDICATORS	
GNI per Capita	Total income generated by a country's residents, irrespective of location / Total number of residents (World Development Indicators)
GDP Growth Rate	Annual growth in the total output of goods and services occurring within the territory of a given country (World Development Indicators)
Deposit Rate	Interest rate offered to resident customers for demand, time, or savings deposits (IMF/International Financial Statistics)
Inflation Rate	Annual change in average consumer prices (IMF/International Financial Statistics)
Financial Depth	Money aggregate including currency, deposits and electronic currency (M3) / GDP, measuring the monetization of the economy (IMF/International Financial Statistics)
OVERALL FINANCIAL PERFORMANCE	
Return on Assets	(Adjusted Net Operating Income - Taxes) / Adjusted Average Total Assets
Return on Equity	(Adjusted Net Operating Income - Taxes) / Adjusted Average Total Equity
Operational Self-Sufficiency	Financial Revenue / (Financial Expense + Impairment Losses on Loans + Operating Expense)
Financial Self-Sufficiency	Adjusted Financial Revenue / Adjusted (Financial Expense + Impairment Losses on Loans + Operating Expense)
REVENUES	
Financial Revenue/Assets	Adjusted Financial Revenue / Adjusted Average Total Assets
Profit Margin	Adjusted Net Operating Income / Adjusted Financial Revenue
Yield on Gross Portfolio (nominal)	Adjusted Financial Revenue from Loan Portfolio / Adjusted Average Gross Loan Portfolio
Yield on Gross Portfolio (real)	(Adjusted Yield on Gross Portfolio (nominal) - Inflation Rate) / (1 + Inflation Rate)
EXPENSES	
Total Expense/ Assets	Adjusted (Financial Expense + Net Impairment Loss + Operating Expense) / Adjusted Average Total Assets
Financial Expense/Assets	Adjusted Financial Expense / Adjusted Average Total Assets
Provision for Loan Impairment/ Assets	Adjusted Impairment Losses on Loans / Adjusted Average Total Assets
Operating Expense / Assets	Adjusted Operating Expense / Adjusted Average Total Assets
Personnel Expense/ Assets	Adjusted Personnel Expense / Adjusted Average Total Assets
Administrative Expense/ Assets	Adjusted Administrative Expense / Adjusted Average Total Assets
Adjustment Expense/ Assets	(Unadjusted Net Operating Income - Adjusted Net Operating Income) / Adjusted Average Total Assets
EFFICIENCY	
Operating Expense/ Loan Portfolio	Adjusted Operating Expense / Adjusted Average Gross Loan Portfolio
Personnel Expense/ Loan Portfolio	Adjusted Personnel Expense / Adjusted Average Gross Loan Portfolio
Average Salary/ GNI per Capita	Adjusted Average Personnel Expense / GNI per capita
Cost per Borrower	Adjusted Operating Expense / Adjusted Average Number of Active Borrowers
Cost per Loan	Adjusted Operating Expense / Adjusted Average Number of Loans
PRODUCTIVITY	
Borrowers per Staff Member	Adjusted Number of Active Borrowers / Number of Personnel
Loans per Staff Member	Adjusted Number of Loans Outstanding / Number of Personnel
Borrowers per Loan Officer	Adjusted Number of Active Borrowers / Number of Loan Officers
Loans per Loan Officer	Adjusted Number of Loans Outstanding / Number of Loan Officers
Depositors per Staff Member	Number of Depositors / Number of Personnel
Deposit Accounts per Staff Member	Number of Deposit Accounts / Number of Personnel
Personnel Allocation Ratio	Number of Loan Officers / Number of Personnel
RISK AND LIQUIDITY	
Portfolio at Risk > 30 Days	Outstanding balance, portfolio overdue > 30 Days + renegotiated portfolio / Adjusted Gross Loan Portfolio
Portfolio at Risk > 90 Days	Outstanding balance, portfolio overdue > 90 Days + renegotiated portfolio / Adjusted Gross Loan Portfolio
Write-off Ratio	Adjusted Value of loans written-off / Adjusted Average Gross Loan Portfolio
Loan Loss Rate	(Adjusted Write-offs - Value of Loans Recovered) / Adjusted Average Gross Loan Portfolio
Risk Coverage Ratio	Adjusted Impairment Loss Allowance / PAR > 30 Days
Non-earning Liquid Assets as a % of Total Assets	Adjusted Cash and banks / Adjusted Total Assets

Benchmarks for Latin American and the Caribbean

	Credit Types			
	MIC Only	MIC + CNS	MIC + COM	MIC + MRT
INSTITUTIONAL CHARACTERISTICS				
Number of MFIs	117	198	82	108
Age	13	15	16	16
Total Assets	5,814,306	35,155,571	72,285,322	58,322,784
Offices	9	13	25	21
Personnel	97	204	388	304
FINANCING STRUCTURE				
Capital/ Asset Ratio	37.4%	17.2%	15.2%	16.0%
Debt to Equity	1.6	4.8	5.6	5.3
Deposits to Loans	0.0%	30.9%	66.9%	45.7%
Deposits to Total Assets	0.0%	25.9%	50.7%	36.4%
Portfolio to Assets	80.2%	82.4%	82.0%	82.4%
OUTREACH INDICATORS				
Number of Active Borrowers	12,588	20,844	37,544	27,772
Percent of Women Borrowers	80.4%	51.3%	49.3%	51.6%
Number of Loans Outstanding	12,846	20,844	44,089	28,563
Gross Loan Portfolio	4,330,988	27,093,512	57,189,771	45,871,849
Average Loan Balance per Borrower	349	1,340	1,675	1,729
Average Loan Balance per Borrower/ GNI per Capita	11.7%	55.5%	60.2%	64.3%
Average Outstanding Balance	344	1,225	1,540	1,665
Average Outstanding Balance / GNI per Capita	11.1%	50.1%	50.6%	57.2%
Number of Depositors	0	13,682	29,478	30,130
Number of Deposit Accounts	0	13,682	33,064	33,537
Deposits	0	4,197,346	39,683,973	16,191,651
Average Deposit Balance per Depositor	0	235	733	489
Average Deposit Balance per Depositor / GNI per capita	0.0%	8.0%	25.0%	17.5%
Average Deposit Account Balance	0	207	707	435
Average Deposit Account Balance / GNI per capita	0.0%	7.0%	25.0%	14.0%
MACROECONOMIC INDICATORS				
GNI per Capita	3,410	3,110	3,410	2,850
GDP Growth Rate	3.2%	5.1%	7.5%	5.7%
Deposit Rate	4.0%	4.6%	3.6%	4.6%
Inflation Rate	4.7%	5.0%	3.5%	4.7%
Financial Depth	27.1%	30.9%	30.9%	40.6%
OVERALL FINANCIAL PERFORMANCE				
Return on Assets	0.9%	1.3%	2.2%	1.2%
Return on Equity	4.1%	7.1%	14.6%	7.0%
Operational Self-Sufficiency	107.9%	114.9%	119.6%	112.8%
Financial Self-Sufficiency	102.5%	109.0%	114.1%	107.4%
REVENUES				
Financial Revenue/Assets	39.6%	25.1%	25.8%	23.8%
Profit Margin	2.5%	8.3%	12.4%	7.9%
Yield on Gross Portfolio (nominal)	44.1%	28.3%	29.5%	27.8%
Yield on Gross Portfolio (real)	39.2%	21.5%	23.8%	21.3%
EXPENSES				
Total Expense/ Assets	37.5%	22.5%	22.0%	20.8%
Financial Expense/Assets	6.6%	7.4%	8.1%	7.3%
Provision for Loan Impairment/ Assets	2.5%	2.1%	2.5%	2.3%
Operating Expense / Assets	27.4%	12.1%	12.1%	10.2%
Personnel Expense/ Assets	16.3%	6.5%	6.6%	5.3%
Administrative Expense/ Assets	10.9%	5.4%	5.3%	5.1%
Adjustment Expense/ Assets	1.1%	0.5%	0.2%	0.5%
EFFICIENCY				
Operating Expense/ Loan Portfolio	33.2%	14.8%	14.8%	13.4%
Personnel Expense/ Loan Portfolio	19.3%	7.7%	8.2%	6.6%
Average Salary/ GNI per Capita	265.0%	449.5%	473.0%	455.0%
Cost per Borrower	123	185	233	227
Cost per Loan	123	177	211	204
PRODUCTIVITY				
Borrowers per Staff Member	122	114	96	95
Loans per Staff Member	124	122	105	102
Borrowers per Loan Officer	233	291	252	259
Loans per Loan Officer	233	320	279	277
Depositors per Staff Member	0	90	90	102
Deposit Accounts per Staff Member	0	94	96	114
Personnel Allocation Ratio	50.0%	38.6%	40.2%	39.1%
RISK AND LIQUIDITY				
Portfolio at Risk > 30 Days	3.7%	3.6%	3.9%	4.4%
Portfolio at Risk > 90 Days	2.1%	2.4%	2.5%	2.8%
Write-off Ratio	2.6%	2.1%	2.5%	1.8%
Loan Loss Rate	2.2%	2.0%	2.4%	1.7%
Risk Coverage Ratio	94.3%	100.0%	110.9%	104.9%
Non-earning Liquid Assets as a % of Total Assets	10.0%	11.1%	13.8%	12.4%

Benchmarks for Latin American and the Caribbean

	Sub-Regions			
	SA	CC	MX	LAC
INSTITUTIONAL CHARACTERISTICS				
Number of MFIs	193	88	51	332
Age	15	15	9	13
Total Assets	24,896,599	8,786,764	6,584,629	8,289,728
Offices	11	10	13	9
Personnel	155	103	133	86
FINANCING STRUCTURE				
Capital/ Asset Ratio	20.5%	25.6%	25.9%	24.7%
Debt to Equity	3.8	2.9	2.8	2.9
Deposits to Loans	0.0%	0.0%	6.6%	0.0%
Deposits to Total Assets	0.0%	0.0%	4.5%	0.0%
Portfolio to Assets	84.1%	81.5%	74.8%	80.6%
OUTREACH INDICATORS				
Number of Active Borrowers	20,334	12,348	14,700	9,768
Percent of Women Borrowers	54.6%	62.6%	90.0%	59.6%
Number of Loans Outstanding	20,707	12,886	14,700	9,844
Gross Loan Portfolio	19,970,161	7,178,691	4,543,986	6,724,075
Average Loan Balance per Borrower	1,040	837	275	780
Average Loan Balance per Borrower/ GNI per Capita	32.3%	45.2%	2.9%	25.5%
Average Outstanding Balance	941	751	275	739
Average Outstanding Balance / GNI per Capita	30.8%	41.7%	2.9%	24.9%
Number of Depositors	0	0	1,208	0
Number of Deposit Accounts	0	0	1,208	0
Deposits	0	0	93,568	0
Average Deposit Balance per Depositor	0	0	15	0
Average Deposit Balance per Depositor / GNI per capita	0.0%	0.0%	0.0%	0.0%
Average Deposit Account Balance	0	0	15	0
Average Deposit Account Balance / GNI per capita	0.0%	0.0%	0.0%	0.0%
MACROECONOMIC INDICATORS				
GNI per Capita	3,410	2,450	9,400	3,410
GDP Growth Rate	5.4%	5.7%	3.2%	5.3%
Deposit Rate	2.3%	8.8%	4.0%	4.0%
Inflation Rate	5.0%	6.1%	3.2%	4.9%
Financial Depth	30.9%	42.2%	26.4%	30.9%
OVERALL FINANCIAL PERFORMANCE				
Return on Assets	1.9%	0.6%	0.5%	1.3%
Return on Equity	9.4%	4.1%	2.4%	6.2%
Operational Self-Sufficiency	117.3%	112.3%	104.2%	112.3%
Financial Self-Sufficiency	114.4%	104.7%	102.1%	107.1%
REVENUES				
Financial Revenue/Assets	26.7%	28.1%	59.4%	27.9%
Profit Margin	12.6%	4.5%	2.1%	6.5%
Yield on Gross Portfolio (nominal)	29.0%	34.0%	74.8%	33.8%
Yield on Gross Portfolio (real)	25.0%	22.9%	68.1%	26.7%
EXPENSES				
Total Expense/ Assets	22.3%	28.3%	48.9%	26.4%
Financial Expense/Assets	6.0%	8.4%	7.5%	6.8%
Provision for Loan Impairment/ Assets	2.0%	2.5%	2.0%	2.0%
Operating Expense / Assets	13.2%	17.1%	36.6%	15.8%
Personnel Expense/ Assets	7.3%	8.7%	20.5%	8.7%
Administrative Expense/ Assets	5.4%	7.6%	12.5%	6.4%
Adjustment Expense/ Assets	0.3%	2.2%	1.1%	1.1%
EFFICIENCY				
Operating Expense/ Loan Portfolio	16.6%	21.5%	49.0%	22.3%
Personnel Expense/ Loan Portfolio	9.0%	11.2%	29.9%	12.5%
Average Salary/ GNI per Capita	412.0%	490.0%	131.0%	341.5%
Cost per Borrower	175	149	165	178
Cost per Loan	157	146	165	167
PRODUCTIVITY				
Borrowers per Staff Member	130	97	109	107
Loans per Staff Member	139	104	109	112
Borrowers per Loan Officer	296	260	221	262
Loans per Loan Officer	343	275	221	278
Depositors per Staff Member	0	0	39	0
Deposit Accounts per Staff Member	0	0	39	0
Personnel Allocation Ratio	43.1%	40.3%	53.7%	43.8%
RISK AND LIQUIDITY				
Portfolio at Risk > 30 Days	2.8%	5.6%	2.8%	4.2%
Portfolio at Risk > 90 Days	1.8%	3.2%	1.3%	2.4%
Write-off Ratio	1.9%	2.3%	1.9%	2.3%
Loan Loss Rate	1.7%	2.0%	1.9%	1.9%
Risk Coverage Ratio	129.0%	66.3%	119.0%	93.7%
Non-earning Liquid Assets as a % of Total Assets	10.0%	10.4%	11.4%	10.9%

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