Benchmarking Latin American Microfinance 2006

A report from the Microfinance Information eXchange, Inc. November 2007

In Brief

Latin American and Caribbean microfinance continued its rapid advance in 2006 as institutions quickly expanded in some of the industry's most dynamic markets. Growth was robust as the region's microfinance institutions (MFIs) increased their median loan portfolios by 50% to finish the year with 9.7 billion USD outstanding to 9.0 million borrowers, thanks to strong demand for financial services from low income clients. MFIs fueled their growth by moderately leveraging up during the year, attracting record levels of commercial funding now totaling over 9.0 billion USD. A large portion of this was in the form of voluntary savings from the public which came to 6.6 billion USD from 7.9 million savers. Microfinance clients further benefited from increasing operational efficiency throughout the region, which combined with stiff competition in some markets, allowed MFIs to lower their interest rates for another consecutive year. Despite lower prices, the region's MFIs were able to increase returns compared to 2005, reversing a downward trend in profitability.

While last year's performance may seem impressive, and there were many important advances, it was somewhat diluted by two interrelated phenomena:

1) Despite the heavy loan portfolio growth, Latin American microfinance institutions expanded only moderately in terms of number of loans and borrowers. The result was an increase in average loan balances throughout the region and especially in key markets like Bolivia, Colombia and Peru. This trend signifies that 2006's increasing efficiency measures were not entirely indicative of actual operational improvement as much as upscaling by MFIs. Cost per borrower as a measure of efficiency actually rose over the past two years, even as operating costs to loan portfolio dropped because of falling loan officer productivity. This is due to the trend towards fewer, larger loans in many markets.

2) Increasing numbers of loans relative to borrowers in countries like Colombia, Peru and Bolivia signified that more MFIs were making multiple loans to the same, often repeat, borrowers. The result was a rise in average balance per borrower compared to

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average balance per loan. This trend, combined with 2006's slight up-tick in delinquency and write-offs, may be an early warning sign of emerging over-indebtedness in some markets and the risks involved in making larger, individual loans.

New performance data also allows fresh insights into 2006 results. For the first time, we are able to categorize and measure performance for microfinance institutions based upon the intended use of the two most common loans – microenterprise and consumer. Considerable differences in performance emerge among institutions specializing in each type of credit. Institutions focusing exclusively on microenterprise credit were smaller but enjoyed strong, steady growth and saw profitability rise dramatically in 2006. On the other hand, MFIs specializing in consumer credit but with some microenterprise loans were larger, more highly leveraged and showed lower cost and income ratios.

The Microfinance Information eXchange, Inc. (MIX) presents *Benchmarking Latin American Microfinance 2006*, a comprehensive look at the latest developments in microfinance institution performance in the region. This year's report is divided into two parts to examine industry performance from two unique perspectives. The first part explores the latest performance trends in the major regional markets with an eye on the changing competitive environments in each. The second takes advantage of MIX's newest data set to track MFI performance based upon the degree of specialization in microenterprise and consumer credit. Three year trend data based on a sample of 135 microfinance institutions is used for all graphs and analyses in parts 1 and 2. The results for 2006 may differ from the *MicroBanking Bulletin Benchmarks* presented in the Latin America Tables at the end of the report which is based on a sample of 228 MFIs.

Part 1: Performance Trends in Major Latin American Microfinance Markets

Growth and profitability strengthened in most major Latin American microfinance markets, even in some of the region's most competitive countries. While MFIs lowered interest rates and improved operating efficiency, they also took advantage of demand for larger microloans to enhance portfolio growth and help boost performance in both indicators. However, larger loans and the increasing ratio of loans to borrowers presented special challenges to the region. Performance results for 2006 reveal the changing competitive environments in many of the region's major microfinance markets.

Growth in outreach slows as Latin American microfinance institutions devote record funding to larger loans and fewer borrowers

Latin America's microfinance markets experienced positive but slowing growth in outreach in 2006, while growth in scale accelerated as many Latin American MFIs lent in higher amounts to meet demand for larger individual microloans. This scenario also played out in the Central American sub-region (indicated as CA) where smaller institutions continued to grow, especially in scale.

Growth in individual markets in 2006 did not necessarily depend on the competitive environment in each country. As seen in ***Figure 1***, Bolivia (BO), one of the most competitive and mature microfinance markets in the region, saw its MFIs add 20% more loans and outstanding portfolio thanks to continued strong demand for financial services. The MFIs in Latin America with the highest median in terms of size, were found in Colombia (COL).

Figure 1 Adj Number of Active Borrowers and Adj GLP

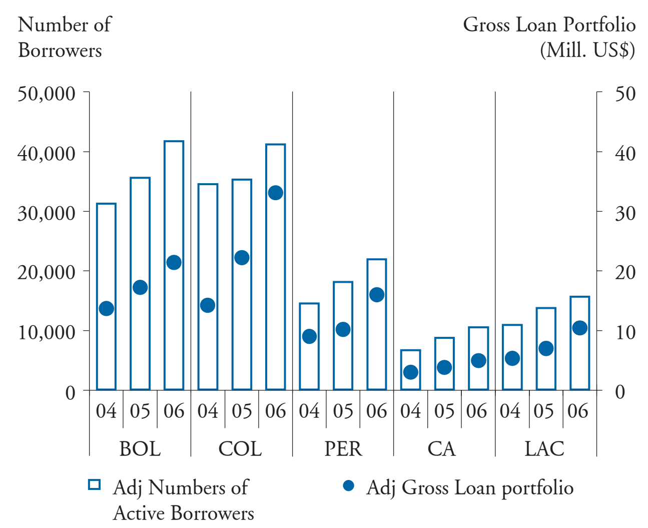
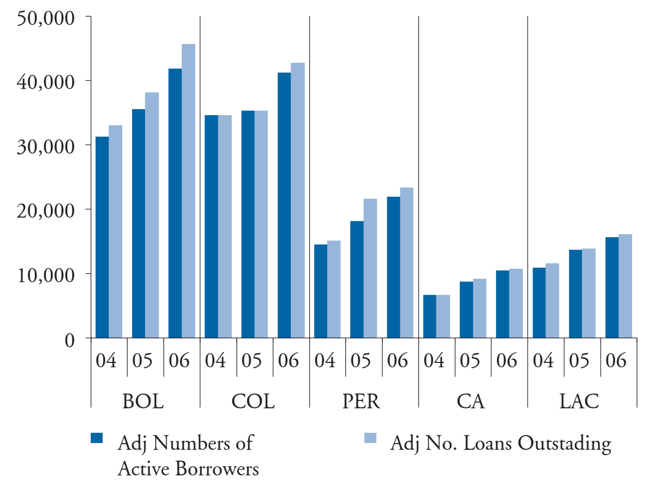


Figure 2 Change on Borrowers and Loans



Despite their size, Colombian MFIs saw loan growth accelerate in 2007 to 21% to slightly outpace Bolivia. The dominant Women's World Banking institutions expanded rapidly throughout the country, thanks to the end of their geographic non-compete agreement. Peruvian MFIs (PER), on the other hand, had a more difficult time adding loans in 2006 despite their country's geographically segmented markets. Similar to the situation in Colombia, a ban on interregional competition was lifted five years ago on the country's CMAC institutions. This culminated in rapid growth in scale and outreach into 2005 as all types of MFIs competed for new clients. 2006 saw a dramatic slow-down from 43% to 8% in loans as MFIs struggled to make new loans after years of rapid growth.

However, while growth was positive and even strong in some cases, it was also lopsided. Loan portfolios expanded rapidly in Latin America as many MFIs gave multiple loans to the same, often repeat borrowers. While the increase in loans to borrowers was modest in the region as a whole and in Central America specifically, ***Figure 2*** shows that it was significant in Bolivia, Colombia, and Peru. This may have played a role in increasing delinquency in some of these markets (to be explored in detail later in this section).

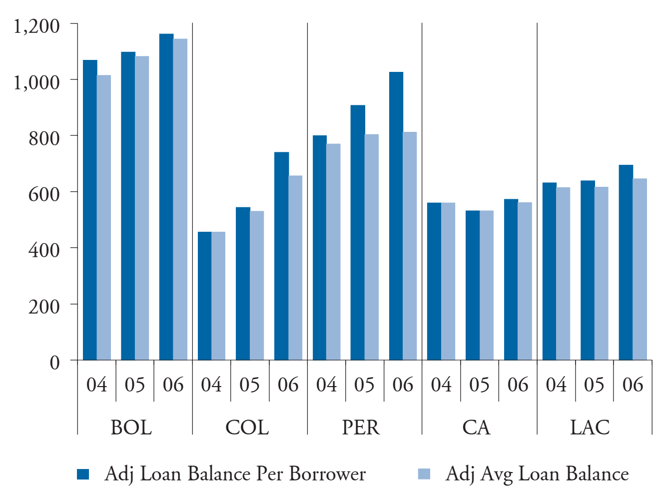
Rapid loan portfolio growth relative to growth in outreach also pushed average loan balances up by 6% to 24% during the year. Compounded by the increasing number of loans to borrowers, average balances per borrower went even higher (see ***Figure 3***). In Peru, while average loan balances increased modestly, average balance per borrower skyrocketed as MFIs increasingly gave multiple loans to the same client. Colombian MFIs scaled up rapidly to take advantage of a growing demand for individual loans, increasing both loan sizes and balances per borrower. In contrast, Bolivian institutions, already some of the most mature in the region, maintained modest growth in loan balances despite strong national competition among MFIs and the increasing ratio of loans to borrowers.

Individual MFIs in many markets looked to make larger loans to expand into new market segments and fulfill demand for higher loan balances from new and returning clients. Some of Peru's largest CMAC institutions saw average loan balances rise by as much as 30% in 2006. In Colombia, almost all WWB institutions quickly scaled up in 2005 and 2006, some by as much as 30% annually. Despite rapid loan growth, they remained among the region's smallest balance individual lenders. Central America's two ProCredit institutions also scaled up, but at a slower pace, each averaging 10% larger loans annually.

This increase in average loan size and average balance per borrower had important implications for Latin American industry performance:

- Higher balance loans distributed income and expenses over a larger asset base, thereby lowering relative costs and interest rates on

Figure 3 Change on Balance per Borrower and per Loan



larger loans and signifying that improvements in efficiency may be due more to scaling up than actual operational improvements.

- It may be an early warning sign of over-indebtedness in some markets as MFIs, unable to grow by adding new customers, looked to offer larger, often riskier individual loans, sometimes to the same client, to continue expansion.

Latin America's MFIs were able to achieve this rapid portfolio growth thanks to strong interest in MFI investment from global and local investment communities. While Latin American institutions on the whole balanced external and internal portfolio funding, MFIs did attract record levels of investment in 2006, funding their loan portfolios with 9.0 billion USD of commercially priced debt (including deposits from the public), up 33% from 2005. Breaking this out, voluntary savings increased 24.7% to 6.6 billion USD while commercial borrowings shot up by 50.3% to 2.4 billion USD in the region.

2006 and the first half of 2007 also saw Latin American MFIs introduce new forms of funding, including microfinance's first IPO and acquisition of MFIs by multinational financial institutions. Colombian MFIs quickly increased leverage through greater access to subsidized funding, helping to allow their rapid growth. On the other hand, MFIs from Bolivia surprisingly leveraged down in 2005 and 2006 as unregulated institutions opted to fund portfolio growth through equity, thus remaining among the least leveraged of the Andean countries.

Figure 4 Change on Adj Debt Equity Ratio

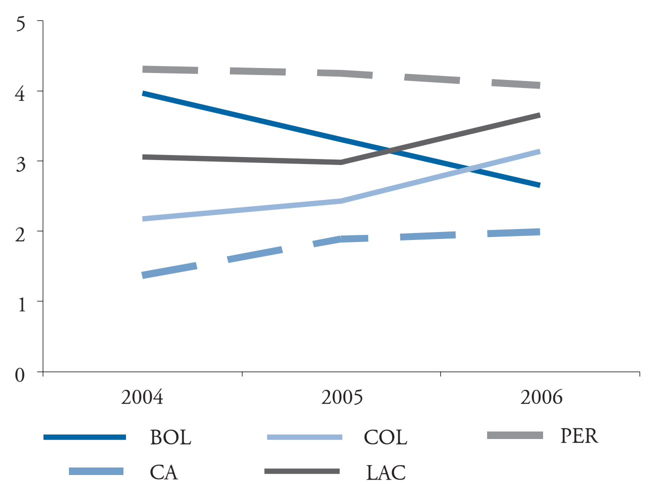
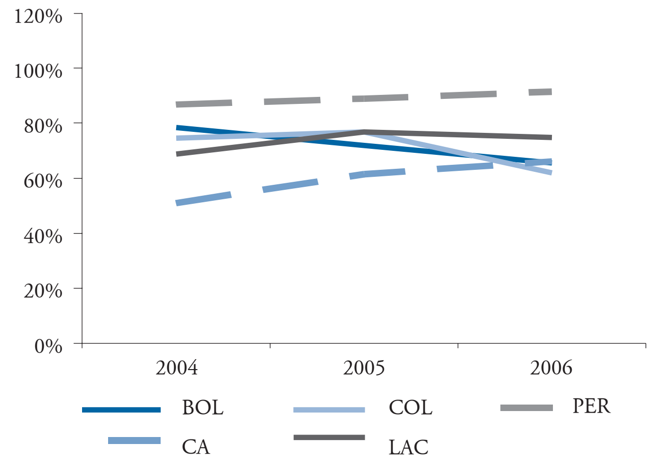


Figure 5 Change on Adj Comm Funding Liab Ratio



Profitability growth returns as interest rates and costs fall simultaneously.

Latin American microfinance enjoyed a mild bounce in profitability, measured in return on assets, after 2005's decline according to ***Figure 6***. Central American MFIs again followed suit with an even more pronounced recovery in 2006. However, two of the Andean nations, traditional leaders in the microfinance market, saw flat to decreasing ROA. Colombia was the exception, thanks to the efficient expansion into new geographic territory by the WWB institutions. Peru still maintained its lead in profitability among Latin American countries as its MFIs continued to control margins in geographically segmented markets.

The recovery in 2006 was a result of three factors: 1) Interest rates, measured as Nominal Portfolio Yield in ***Figure 7***, fell in almost all major Latin American markets in 2006 thanks to increasing competition. 2) In many markets the resulting downward pressure on income was outpaced by falling expense ratios. 3) Increasing average loan balances throughout the region added to downward pressure on costs. When added up, fewer, larger loans were less costly to service relative to their income, allowing MFIs to increase their margins.

Figure 6 Change on Adj Return on Assets

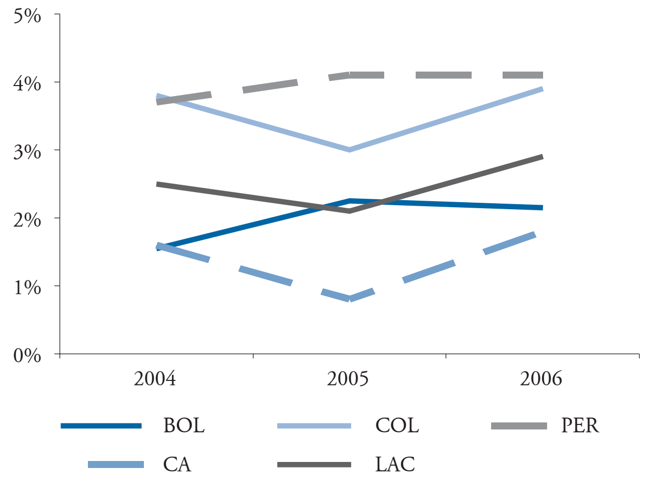
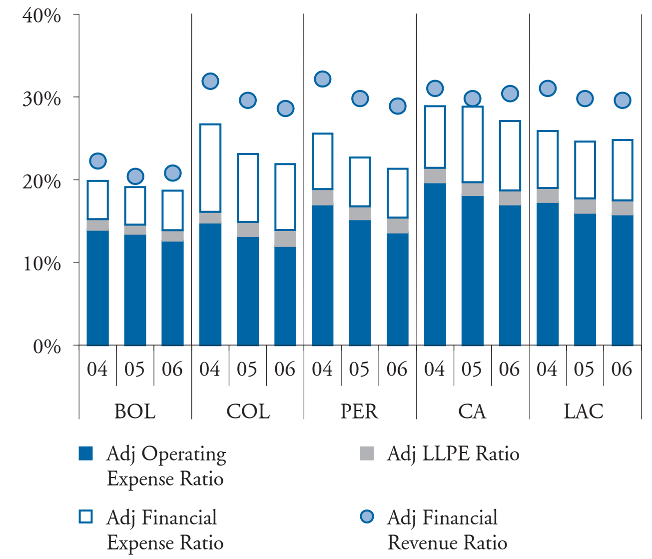
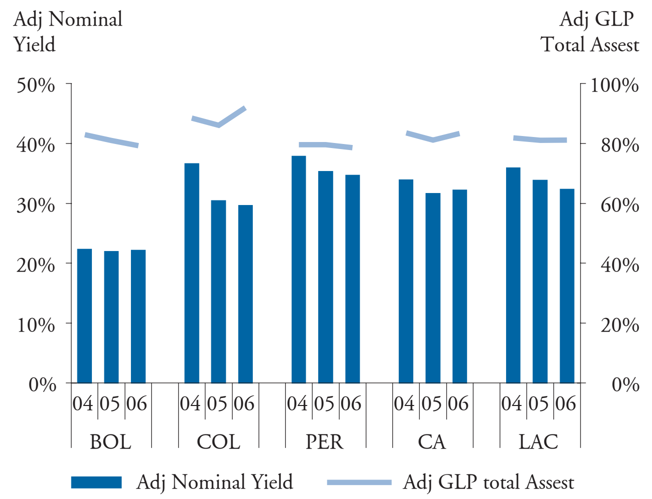


Figure 8 Change on Deconstructing Adj Return on Assets



Thus, a combination of increasing competition, upscaling, and improved operating efficiency all contributed to slight, corresponding drops in the region's income and expense profiles as seen in ***Figure 8***. However, the situation in individual markets depended on the characteristics of each. Institutions in Central America maintained interest rates more or less constant over the three year period as competition in many markets is still developing. Lower operating costs in 2006 were the main contributor to increasing profitability. Bolivian MFIs had a difficult time lowering their already rock bottom interest rates. They were however able to maintain profitability levels thanks to slight, corresponding improvements in operating costs. Colombian MFIs boosted returns by taking advantage of demand for larger loans. The lower associated costs allowed them to slash interest rates across the board to drop below 30% nominal yield for the first time.

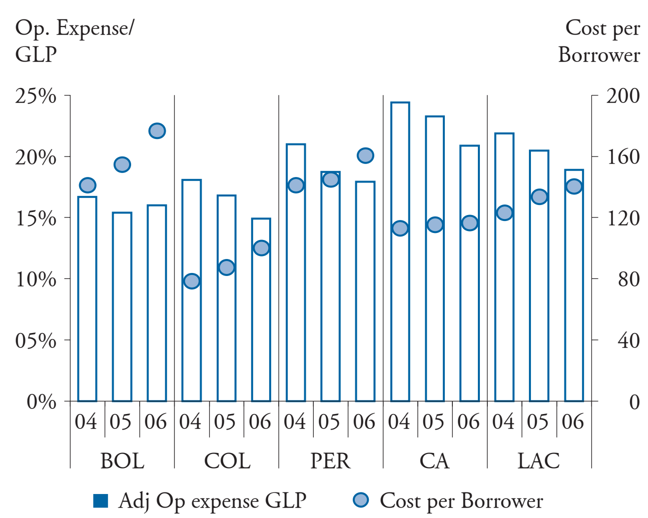
Figure 7 Nominal Yield and GLP Total Assets



Efficiency and profitability indicators paint a complex picture of the changing Latin American microfinance market. At first glance, it appears that efficiency improved significantly in each of the last three years as the ratio of operating expense to gross loan portfolio plummeted (see ***Figure 9***). However, cost per borrower rose correspondingly, pointing to gains in efficiency due more to increasing average loan sizes rather than actual improvements in lending practices and technology on an aggregated scale. A look at loan officer productivity confirms this trend region-wide: It fell by more than 10% in 2006, as more loan officers were needed to service higher balance, individual loans.

Most major Latin American markets followed this trend with the exception of Bolivia. Its MFIs had a difficult time improving on their already highly efficient operations. However they did spend significantly more per borrower each successive year because of falling loan officer productivity due

Figure 9 Change on Efficiency : Two Perspectives



to the increasing number of loans per borrower. Colombian MFIs made great strides in improving operating efficiency but saw corresponding increases in their costs per borrower.

Although Columbian loan officers remained among the most productive in Latin America, their productivity fell by nearly 30% in 2006 as MFIs granted successively larger loans.

An up-tick in delinquency may signal emerging over—indebtedness in some markets.

Falling delinquency in Latin America in 2005 reversed in 2006 to provide mild increases. ***Figure 11*** shows that while remaining below 2004 levels, this upward trend should be closely watched because, contrary to expectations, the region's rapidly expanding loan portfolios should have had a lowering effect on delinquency indicators due to their positive influence on the denominators of most indicators. There are three possible explanations for the trend: 1) the additional risk associated with larger loans; 2) expansion into risky new markets; and 3) emerging over-indebtedness in some markets.

While it is still difficult for MFIs to measure client indebtedness with other institutions, performance indicators showed that more institutions gave multiple loans to the same

Margins fall in Ecuador as competitive and political pressures rise

Despite slow, steady growth, microfinance institutions in Ecuador struggled to remain profitable in 2006 due to heavy geographic competition, pressure from falling income and rising costs, and increasing delinquency. The Ecuadorian market is populated by a large number of small cooperatives that often compete in the local markets for the same clients. Competition was fierce at the national level as well, as large-scale lenders like BancoSolidario and Banco ProCredit Ecuador fought for market share through price reductions and investment in expansion.

This heavy competition resulted in consecutive drops in interest rates and rising costs associated with further expansion in contested markets. In fact, Ecuador was the only major Latin American market to see operating efficiency decline and cost per borrower increase, despite increasing average loan balances. Additionally, delinquency steadily increased as expansion and competition tempted lenders to take on riskier clients. 2007 will be an important year to watch MFI performance in Ecuador as the organizations try to maintain financial sustainability in the face of new government restrictions on interest rates and continued competitive pressure.

Figure 10 Change on Deconstructing of Adj Return on Assets

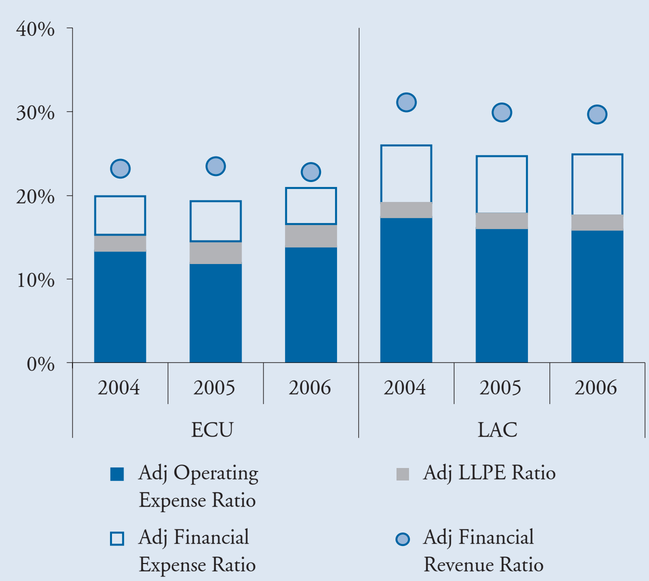
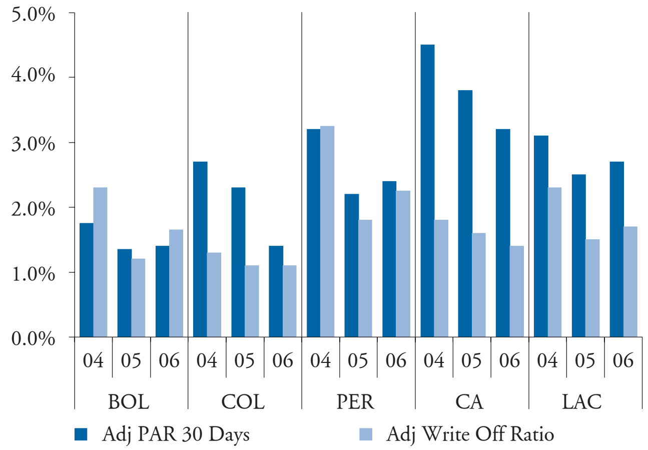


Figure 11 Change on Portfolio Quality



clients in some markets. As noted earlier, in highly saturated Peru and Bolivia, MFIs significantly increased the number of loans relative to the number of borrowers, indicating the increasing tendency of MFIs in those markets to make simultaneous loans to the same borrower. While this may be a case of borrowers taking multiple loans for different uses (microenterprise, home improvement, consumption, etc.), this tendency, combined with the increase in both delinquency and write-offs in both countries, should raise some concerns about over-indebtedness.

Columbian and Central American MFI performance painted a different picture. As in Peru and Bolivia, Colombian MFIs also increased the number of loans to borrowers as well as loan balances. However, they significantly reduced delinquency thanks to the ability of their leading institutions, freed from geographic restrictions, to satisfy demand for larger loans in less saturated markets. Institutions in Central America also significantly lowered delinquency over the past two years to bring risk on the isthmus closer to regional norms. With the exception of Nicaragua, which saw portfolio quality diminish in 2006, MFIs operating in the less mature markets in the sub-region continued to improve lending practices to reduce delinquency.

Part 2: Product Diversity and MFI Performance

For many, the term microfinance has become synonymous with small, working capital loans to microentrepreneurs. While MIX's analysis of the microfinance market focuses on institutions that provide low-balance financial services to low-income clients, particularly microentrepreneurs, it also includes institutions that serve this market with consumer, mortgage and commercial loans. In many of Latin America's most dynamic markets, institutions that traditionally offered consumer loans are now moving into the microenterprise loan market. Meanwhile, institutions specializing in working capital loans to microentrepreneurs are beginning to offer home improvement, mortgage, and even consumer loan products.

While microfinance loans may not always be used by clients for the stipulated purpose, MIX finds that categorizing institutions specializing in a certain type of credit, be it consumer or microenterprise, provides significant insight into Latin American market performance over the past three years. MIX's newest data allows us to classify MFIs based upon their particular product focus:

- **Consumer** microlenders whose mixed portfolio contains at least 50% consumer loans (CNS).
- **Microenterprise** lenders whose mixed portfolio contains at least 50% small or microenterprise loans (MIC).
- **Microenterprise-Only** lenders that exclusively serve microenterprise clients (only MIC).

The performance trends of all three types of lenders were considerably different over the past three years with consumer and microenterprise-only lenders often occupying the performance extremes. However, strong demand for microfinance products continued in Latin America in 2006 as all three types of institutions grew and even scaled up at similar rates. Consumer focused institutions tended to be larger and more highly leveraged, earning steady, positive returns. On the other hand, MFIs making only microenterprise loans enjoyed strong, steady growth, yet were much smaller and had higher income and cost structures thanks to their group lending focus. They also saw profits increase dramatically in 2006. MFIs lending primarily to microenterprise clients, but with a portion of their portfolio dedicated to consumer and other products, often took up the middle ground. Both microenterprise and consumer lenders continue to diversify their portfolios, and increasingly similar performance can be expected in the future.

Consumer

Institutions focused on consumer lending but with mixed portfolios were among the largest and most highly leveraged in the region. They kept costs and interest rates low to generate steady, positive returns. The group was mostly made up of larger cooperatives and non-bank financial institutions (NBFIs) offering primarily individual loan products. However, some banks and even a few non-government organizations (NGOs) were included. Their main product is significantly different from microenterprise lenders. Consumer loans tend to be larger, often do not require guaranties, are not tied to business revenues and are usually to individual clients. Some MFIs offered targeted consumer lending products by partnering with local retail chains to provide their clients credit on-site for specific purchases. Mexico's Caja Popular Mexicana offered no-interest loans to clients through retail partners who paid a fixed fee to the cooperative for each sale.

Figure 12 demontrates that institutions focusing on consumer loans edged out those specializing in microenterprise loans to grow the fastest in 2006. In Peru, consumer focused lenders like Banco del Trabajo and EDPYME Efectiva saw strong growth thanks to heavy demand for financing of consumer goods purchased through affiliated retail chains, such as grocery stores, construction supply companies and home electronics retailers. While MFIs that focused on consumer products funded the largest proportion of their loan portfolios with market priced debt, they kept their leverage fairly constant over the past two years, having found a point of equilibrium for funding their rapid portfolio growth between debt and equity (see ***Figure 13***).

Figure 12 Adj Number of Active Borrowers and Adj GLP

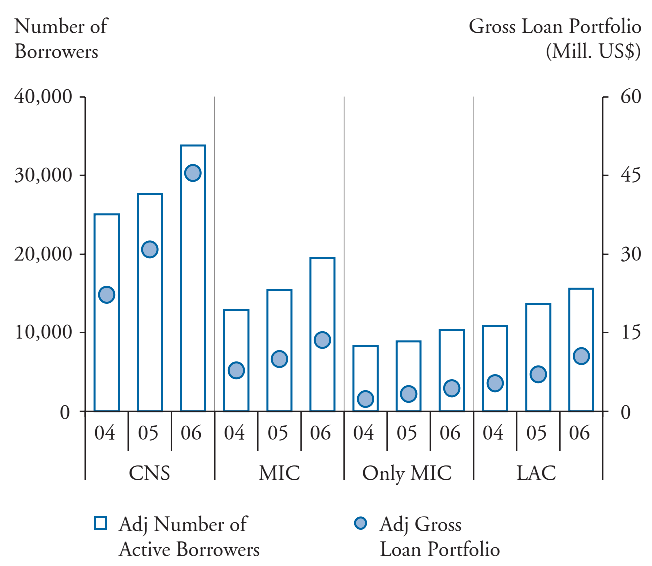
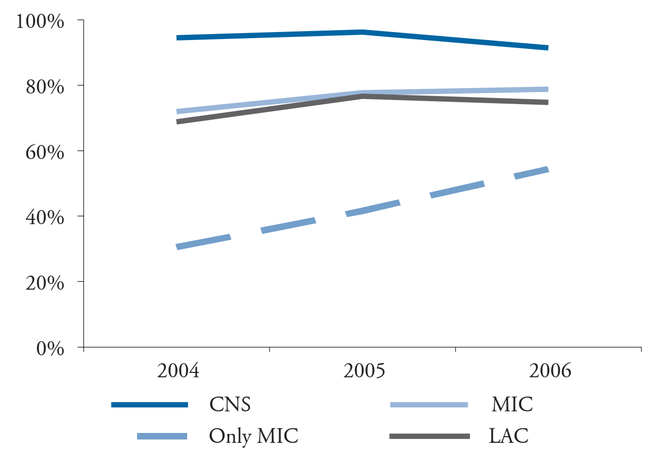


Figure 13 Change on Adj Comm Funding Liab Ratio

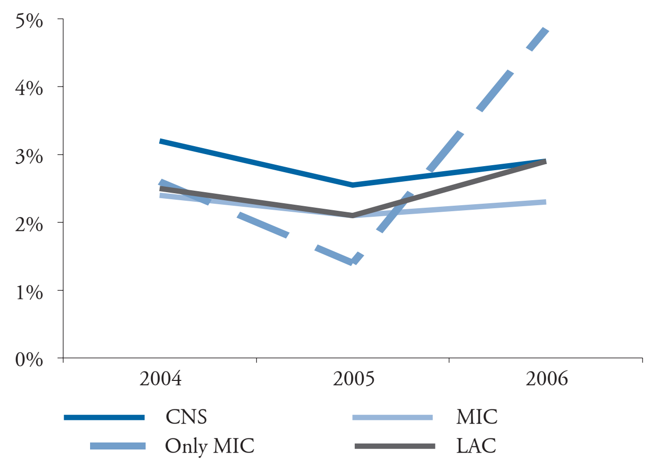


Consumer lenders maintained steady profits over the past two years, echoing the mild profitability bounce seen in the region as a whole and by diversified microenterprise lenders. However, highly leveraged consumer MFIs earned owners more than double the returns on equity of microenterprise focused institutions.

To maintain these profits, consumer focused institutions charged the lowest interest rates and enjoyed the lowest expense ratios of their peers for several reasons:

- Their focus on larger, individual loans allowed them to spread the costs of lending over a larger asset pool relative to their number of clients and loans.
- Stiff competition for consumer clients forced consumer MFIs to compete on price, keeping interest rates relatively low.
- Most MFIs in the consumer group mobilized voluntary savings as a cost effective mechanism for funding growth.
- In some cases, MFIs made consumer loans to repeat clients who already had a known credit history, thereby lowering costs and risk for the MFI.

Figure 14 Change on Adj Return on Assets



Consumer focused MFIs were highly efficient thanks to economies of scale, highly productive loan officers (on par with microenterprise), and larger average loan sizes. Not surprisingly, they also spent more per loan as loan sizes increased during the two year period. Larger consumer loans by nature are more risky, because they are often not backed up by a guaranty or a reliable income stream. While consumer lenders were able to slightly lower delinquency and write-offs over the past two years, their portfolio remained the riskiest of their peers.

Microenterprise

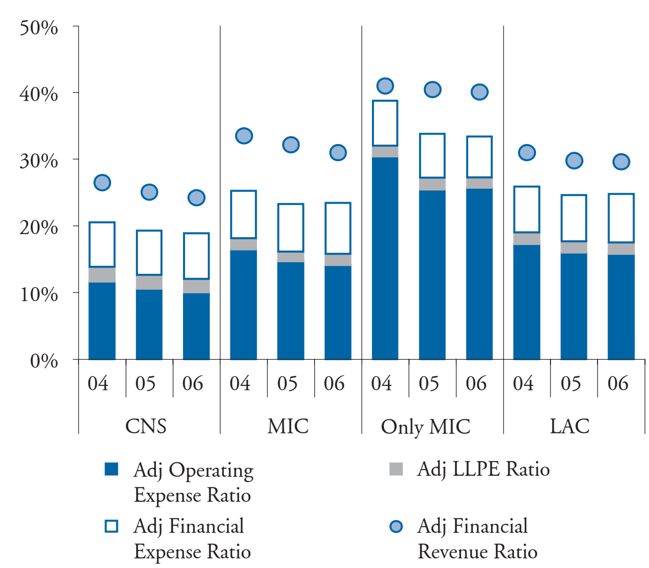
Microenterprise focused lenders with mixed portfolios often took up the middle ground between consumer and microenterprise-only lenders. They made up the majority of MFIs participating in this survey. Their ranks represent a myriad of MFIs including NGOs, banks, cooperatives and NBFIs, and their results tracked very closely to those of the region as a whole. Many lenders in this group offered a combination of individual microenterprise, consumer and group microenterprise loans with average loan balances taking up the middle ground between their peers. Several were MFIs that traditionally focused on microenterprise credit but have diversified their loan portfolios to grow and compete in new markets.

Heavily represented in this group are the Peruvian CMAC and EDPYME institutions, all of the ProCredit affiliates from the region and many of the COAC cooperatives from Ecuador. Bolivia's BancoSol now offers a variety of loan products, including the popular SolVivienda home improvement loan, which has become one of its principal products. Ecuador's CrediFe, a division on the Banco del Pichincha, offers a similar product, Crédito Remodelación, to clients looking to remodel their homes. Nicaragua's Financiera FAMA has a wide range of products including microenterprise, consumer and home improvement loans as well as remittance services.

MFIs specializing in microenterprise products enjoyed strong, steady growth in 2006 in loans and especially portfolio, resulting in a 13% increase in average loan size. They funded their growth by increasing leverage and market priced debt, taking advantage of continuing demand for MFI investment from socially minded investors.

Figure 14 shows that similar to consumer lenders, microenterprise lenders also saw a moderate up-tick in profitability in 2006 after a mild decline in 2005. Like the rest of the region, these MFIs steadily lowered interest rates while improving operating efficiency to boost profits in 2006. These diversified microenterprise lenders also increased average loan size by 13% in 2006, which lowered both revenues and expenses over a relatively smaller pool of assets. Finally, despite increasingly diversified portfolios and increasing average loan balances, microenterprise

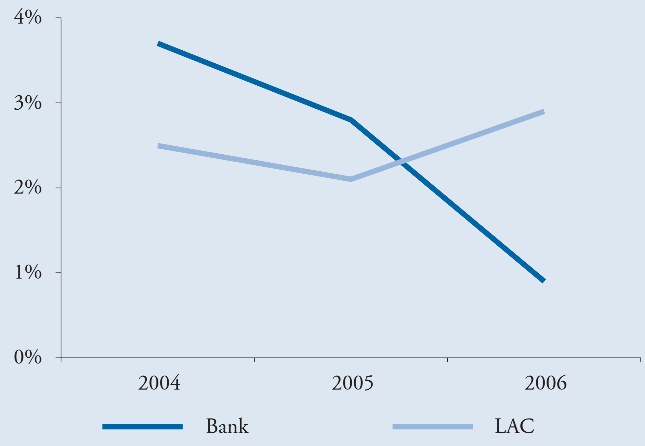
Figure 15 Change on Deconstructing of Adj Return on Assets



Microfinance banks struggle for growth and sustainability

Contrary to regional performance, banks participating in Latin America's microfinance markets met with fierce internal and external competition in 2006, putting the squeeze on both profitability and growth in outreach. While banks increased loan portfolios by 27% to US$ 4.4 billion to encompass 46% of the Latin American market, limited growth in both loans (4.1 million) and borrowers (3.7 million), representing a 42% market share, resulted in a 15% increase in average loan balances. To complicate matters, Latin American banks saw sharp drops in income combined with substantial increases in expenses during the 3 year period. Increasing competition for new clients resulted in pressure to lower interest rates. In addition, their fast expansion to capture market share put pressure on their cost structures as demonstrated by large increases in administrative costs, but not personnel costs. The result was 2006's sharp drop in return on assets, to below 1%.

Figure 16 Change on Adj Return on Assets



Heavy competition among banks to attract new borrowers and rapid expansion beyond their traditional hubs in the Latin American capitals both contributed to falling profitability. In Peru, Mi Banco and Banco del Trabajo continued to increase their presence throughout the country—at significant expense—in an effort to establish new service centers. Also, many banks invested in local points of service located in drug stores, supermarkets, and other highly frequented retailers. This move represented a large cost for training and technology investments. Finally, upscaling by "microfinance" banks and downscaling by mainstream financial institutions caused everyone to compete on more even ground. 2007's results will demonstrate whether banks' investment in expansion will pay off in the form of higher returns or if the already heavy competition will further influence results.

lenders experienced a mild increase in delinquency in 2006 to mirror the region as a whole.

Microenterprise-Only

Microenterprise-only lenders were much smaller than their peers and had higher cost and income structures. They enjoyed strong, steady growth and saw a significant increase in profitability in 2006. The vast majority of microenterprise-only lenders were smaller NGOs delivering primarily group loans to microentrepreneurs. With strong social missions, many operated in smaller, more geographically segregated niche markets. Included in this group were the majority of the FINCA and ProMujer institutions in the region. Colombia's WWB affiliates in Cali and Medellín were also represented, but differentiated themselves with their focus on delivering small, individual loans to microentrepreneurs.

Figure 17 Change on Efficiency: Two Perspectives

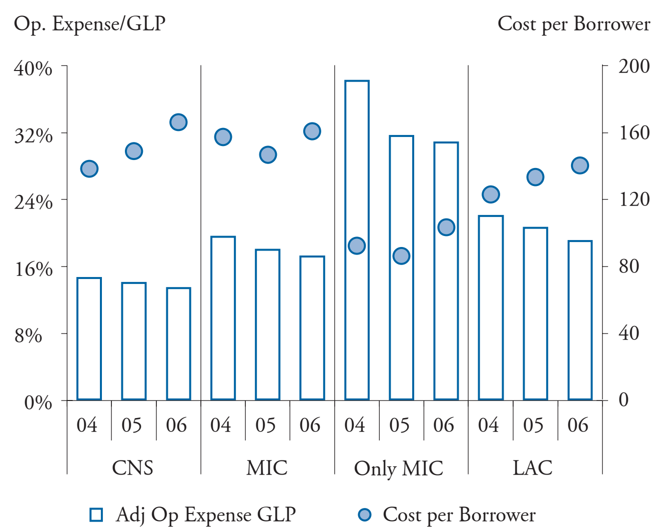
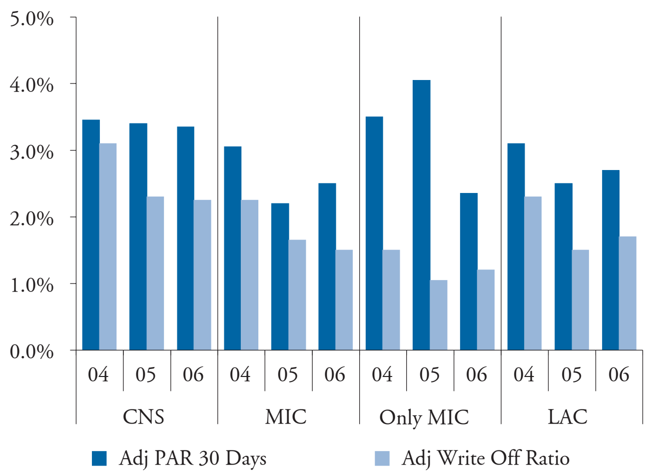


Figure 18 Change on Portfolio Quality



Despite their small size, these MFIs grew quickly, especially in portfolio, taking advantage of continuing demand for group microenterprise products and thirst for larger loans from returning clients. While taking on proportionally less debt than more diversified MFIs, they took firm steps towards commercial financial markets, increasing their access to market priced financing by 30% in 2006, while maintaining relatively low leverage.

An important story in 2006 was the strong growth in profitability experienced by microenterprise-only MFIs. Thanks to increasingly efficient use of assets in loan portfolios, these MFIs were able to lower interest rates while maintaining income. Combined with improvements in operating efficiency thanks to a combination of larger average loan balances and improved operating practices, profitability boomed. Their increasing profitability was further boosted by a dramatic fall in portfolio risk in 2006 shown in ***Figure 18***. Microenterprise-only lenders saw delinquency plummet in their portfolios by almost half during the year to lead their peers in portfolio quality.

Conclusion

There is no question that Latin American microfinance is growing increasingly diverse, not only in terms of the types of institutions but also in the different products they offer. Many traditional consumer microlenders are offering more microenterprise products to compete head-to-head with some of the biggest name players in the market. At the same time, many microenterprise lenders are diversifying with consumer, mortgage, home improvement and other varied financial instruments.

This diversification will be good for Latin American microfinance for several reasons:

- Products tailored to better fit clients' needs can reduce risk of misuse of loans.
- Cross-selling financial products to known clients will provide new opportunities for growth.
- Product diversification may allow lenders to establish monogamous relationships with their clients to cover all of their financial service needs.

At the heart of this diversification is the ever increasing competitive environment in many markets across the region. Heavy competition in more mature markets like Peru, Bolivia, and even Nicaragua, and emerging competition in Colombia and the rest of Central America, will continue to encourage MFIs to diversify their product mix in search of new growth opportunities.

However. this phenomenon does not come without risks. Diversification often means increasing loan balances per borrower as MFIs make multiple loans to repeat customers. Furthermore, MFIs entering the consumer market face lending without the strong guaranties that come with microenterprise loans or by group lending methodologies. The combination of the trends towards larger, often riskier individual loans, especially for consumer use, and rising loan balances may lead to higher delinquency, along with problems associated with over-indebtedness in the more saturated markets, as seen in the 2006 results from Peru and Bolivia. Finally, product diversification may lead some MFIs to experience mission drift from their core social principles. To track these developments and more from Latin America's ever-changing microfinance market, MIX will continue to provide the most complete, up-to-date industry analysis available.

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Data and Data Preparation

The financial performance data used for all graphs and analyses in this report are drawn exclusively from the 2006 Trend Lines data set, a subset of 135 MFIs tracked over three consecutive years (2004 – 2006). The results for 2006 may differ from the *MicroBanking Bulletin Benchmarks* presented in the Latin America Tables at the end of the report, which is based on a sample of 228 MFIs.

For benchmarking purposes, MIX collects and prepares MFI financial and outreach data according to international microfinance reporting standards as applied in the MicroBanking Bulletin. Raw data is collected from the MFI, translated into standard reporting formats and crosschecked with audited financial statements, ratings and other third party due diligence reports as available. Performance results are then adjusted, using industry standard adjustments, to eliminate subsidies, to guarantee minimal provisioning for risk and to reflect the impact of inflation on institutional performance. This process increases comparability of performance results across institutions.

MIX would like to thank our network partners ASOMIF (Bolivia), COPEME (Peru), ProDesarrollo (Mexico), RADIM (Argentina), REDCAMIF (Central America), and Red Financiera Rural (Ecuador) for their valuable support throughout the year.

MFIs Participants from Latin America and The Caribbean

Benchmarks 2006 (228 MFIs)

ACCOVI, ACME, ACODEP, ACORDE, Actuar Antioquia, Actuar Caldas, Actuar Tolima, ADICH, ADIM, ADMIC, ADOPEM, ADRA - PER, ADRI, AFODENIC, Agrocapital, AGUDESA, ALSOL, AMA, AMC de R.L., AMEXTRA, Apoyo Integral, APROS, Arariwa, ASDIR, ASEA, ASEI, Asociación Raiz, ASP Financiera, ATEMEXPA, AUGE, AYNLA, Banco Ademi, Banco Da Familia, Banco del Trabajo, Banco Popular, Banco Solidario, BancoEstado, BancoSol, BanDesarrollo Microempresas, BanGente, BCSC, CACMU, CACPE Yantzaza, CAFASA, Caja Libertad, Caja Nor Perú, Caja Popular Mexicana, CAME, Caritas, CDRO, CEADe, CEAPE Maranhão, CEPESIU, CEPRODEL, CMAC Arequipa, CMAC Cusco, CMAC Del Santa, CMAC Huancayo, CMAC Ica, CMAC Maynas, CMAC Paita, CMAC Sullana, CMAC Tacna, CMAC Trujillo, CMM Bogotá, CMM Medellín, COAC Acción Rural, COAC Artesanos, COAC Chone, COAC Fondvida, COAC Jardín Azuayo, COAC JEP, COAC Kullki Wasi, COAC Luz Del Valle, COAC MCCH, COAC Mushuc Runa, COAC Sac Aiet, COAC San José, COAC Santa Anita, COCDEP, CODESARROLLO, Compartamos, Conserva, Contactar, Coop 20 de Abril, COOP Fátima, Coop Juan XXIII, Coop Universitaria, COOPAC San Martín, COOPAC Santo Cristo, COOPROGRESO, CRAC Los Andes, Crece Safsa, CRECER, Credi Fe, CrediAmigo, Credicoop, CREDIMUJER, Crysol, Despacho Amador
DESPENO, Diaconia, D-Miro, Ecofuturo FFP, EDAPROSPO, EDPYME Alternativa, EDPYME Confianza, EDPYME Crear Arequipa, EDPYME Crear Tacna, EDPYME Edyficar, EDPYME Efectiva, EDPYME Nueva Visión, EDPYME Proempresa, Emprender, ENLACE, Espacios Alternativos, EurekaSoli, FADEMYPE, FADES, FAFIDESS, FAMA, FAPE, Fassil, FDL, FED, FIDER-PAC, FIE FFP, FIE Gran Poder, FIELCO, FinAmérica, Financiera Familiar, Financiera Independencia, FINCA - ECU, FINCA - GTM, FINCA - HND, FINCA - HTI, FINCA - MEX, FINCA - NIC, FINCA - PER, FinComún, FINDESA, FINSOL, FMC, FMM Bucaramanga, FMM Popayán, FMSD, FODEM, FODEMI, FOMIC, FONCRESOL, FONDESOL, FONDESPOIR, FONDESURCO, Fonkoze, Forjadores, Fortaleza FFP, FOVIDA, FRAC, Friendship Bridge - GTM, FUDEMI, FUNBODEM, Fundación Adelante, Fundación Alternativa, Fundación Campo, Fundación Espoir, Fundación Leon 2000, Fundación Micros, Fundación Mujer, Fundación Nieborowski, Fundación Paraguaya, Fundación San Miguel, FUNDAHMICRO, FUNDAMIC, FUNDEA, FUNDECOCA, FUNDENUSE, FUNDEPYME, FUNDESER, FUNDESPE, FUNED, FUNHAVI, FUNSALDE, FYMA, Génesis Empresarial, Génesiss, Hermandad de Honduras, ICC Blusol, IDEPRO, IDESI La Libertad, IDESI Lambayeque, IMPRO, INSOTEC, Interfisa, Manuela Ramos, MCN, MiBanco, Microempresas Antioquia, Microserfin, MIDE, ODEF, OLC, Oportunidad Microfinanzas, Oriencoop, PADECOMSM, PILARH, PRESTANIC, PRISMA, Pro Mujer - BOL, Pro Mujer - MEX, Pro Mujer - NIC, Pro Mujer - PER, ProCaja, ProCredit - BOL, ProCredit - ECU, ProCredit - NIC, ProCredit - SLV, PRODEM FFP, PRODESA, SemiSol, Sogesol, Solfi, UCADE Ambato, UCADE Guaranda, UCADE Latacunga, UCADE Santo Domingo, Visión de Finanzas, World Relief - HND, WWB Cali

Trend Lines 2004–2006 (135 MFIs)

ACCOVI, ACODEP, Actuar Tolima, ADIM, ADMIC, ADOPEM, ADRA - PER, ADRI, Agrocapital, AGUDESA, AMA, AMC de R.L., Apoyo Integral, ASDIR, ASEI, AYNLA, Banco Ademi, Banco del Trabajo, Banco Solidario, BancoEstado, BancoSol, BanDesarrollo Microempresas, BanGente, Caja Nor Perú, Caja Popular Mexicana, Caritas, CDRO, CEAPE Maranhão, CEPESIU, CEPRODEL, CMAC Arequipa, CMAC Cusco, CMAC Del Santa, CMAC Huancayo, CMAC Maynas, CMAC Paita, CMAC Sullana, CMAC Tacna, CMAC Trujillo, CMM Bogotá, CMM Medellín, COAC Acción Rural, COAC Jardín Azuayo, COAC MCCH, COAC Sac Aiet, COAC San José, Compartamos, Contactar, COOPAC San Martín, COOPAC Santo Cristo, CRAC Los Andes, CRECER, Credi Fe, CrediAmigo, Credicoop, CREDIMUJER, Crysol, D-Miro, Ecofuturo FFP, EDAPROSPO, EDPYME Alternativa, EDPYME Confianza, EDPYME Crear Arequipa, EDPYME Crear Tacna, EDPYME Edyficar, EDPYME Proempresa, Emprender, ENLACE, FADES, FAFIDESS, FAMA, FAPE, FDL, FED, FIE FFP, FIE Gran Poder, FIELCO, FinAmérica, FINCA - ECU, FINCA - HND, FINCA - MEX, FINCA - PER, FinComún, FINDESA, FINSOL, FMM Bucaramanga, FMM Popayán, FMSD, FODEM, FOMIC, FONCRESOL, Friendship Bridge - GTM, FUDEMI, Fundación Alternativa, Fundación Campo, Fundación Espoir, Fundación Leon 2000, Fundación Micros, Fundación Mujer, Fundación Nieborowski, Fundación Paraguaya, FUNDAHMICRO, FUNDECOCA, FUNDENUSE, FUNDESER, FUNED, FUNSALDE, FYMA, Génesis Empresarial, Hermandad de Honduras, IDESI La Libertad, IDESI Lambayeque, IMPRO, INSOTEC, Interfisa, Manuela Ramos, MiBanco, MIDE, ODEF, PRESTANIC, PRISMA, Pro Mujer - BOL, Pro Mujer - MEX, Pro Mujer - NIC, Pro Mujer - PER, ProCredit - BOL, ProCredit - ECU, ProCredit - NIC, ProCredit - SLV, PRODEM FFP, PRODESA, Sogesol, Visión de Finanzas, World Relief - HND, WWB Cali

Category	Peer Group	Definition
Types of Credit	Consumer	MFIs specialized in Consumer Loans, Consumer Loans/Total Loans >50%
	Micro Enterprise	MFIs specialized in Microenterprise Loans, Microenterprise Loans/Total Loans > 50%
	Only Micro Enterprise	MFIs only making Microenterprise Loans, Microenterprise Loans/Total Loans = 100%
Charter Type	Bank	MFIs with Bank charter type
	Credit Union	MFIs with Credit Union/Cooperative charter type
	NBFI	MFIs with Non Bank Financial Institution charter type
	NGO	MFIs with Non Governmental Organization charter type
Countries and Regions	Bolivia	LAC MFIs with GLP <US$ 4 millions
	Colombia	LAC MFIs with GLP between US$ 4 and US$ 15 millions
	Ecuador	LAC MFIs with GLP >US$ 15 millions
	Mexico	LAC MFIs from Bolivia
	Nicaragua	LAC MFIs from Colombia
	Peru	LAC MFIs from Ecuador
	Central America	LAC MFIs from Nicaragua
	The Caribbean	LAC MFIs from Peru

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
Commercial Funding Liabilities Ratio	(Voluntary and Time Deposits + Borrowings at Commercial Interest Rates)/Adjusted Average Gross Loan Portfolio
Debt to Equity	Adjusted Total Liabilities/Adjusted Total Equity
Deposits to Loans	Voluntary Deposits/Adjusted Gross Loan Portfolio
Deposits to Total Assets	Voluntary 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 Voluntary Depositors	Number of depositors with voluntary deposit and time deposit accounts
Number of Voluntary Deposit Accounts	Number of voluntary deposit and time deposit accounts
Voluntary Deposits	Total value of voluntary deposit and time deposit accounts
Average Deposit Balance per Depositor	Voluntary Deposits/Number of Voluntary Depositors
Average Deposit Account Balance	Voluntary Depositors/Number of Voluntary Deposit Accounts
MACROECONOMIC INDICATORS	
GNI per Capita	Total income generated by a country's residents, irrespective of location/Total number of residents
GDP Growth Rate	Annual growth in the total output of goods and services occurring within the territory of a given country
Deposit Rate	Interest rate offered to resident customers for demand, time, or savings deposits
Inflation Rate	Annual change in average consumer prices
Financial Depth	Money aggregate including currency, deposits and electronic currency (M3)/GDP
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 Loan Loss Provision Expense + 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	(Adjusted Net Operating Income - Unadjusted 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
Voluntary Depositors per Staff Member	Number of Voluntary 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

Latin America

	LAC	Consumer	Types of Credit Micro Enterprise	Only Micro Enterprise	Bank	Charter Type Credit Union	NBFI	NGO
INSTITUTIONAL CHARACTERISTICS								
Number of MFIs	228	31	100	93	17	27	61	123
Age	12	16	13	10	12	10	12	13
Total Assets	7,405,608	63,790,018	11,763,503	3,219,040	165,950,126	11,399,502	27,983,168	3,904,022
Offices	8	17	11	6	47	8	14	5
Personnel	90	234	105	45	788	52	183	48
FINANCING STRUCTURE								
Capital/Asset Ratio	25.9%	17.1%	21.5%	39.7%	12.3%	18.7%	18.5%	42.1%
Commercial Funding Liabilities Ratio	68.7%	89.4%	82.1%	48.2%	99.0%	89.2%	91.4%	53.8%
Debt to Equity	2.7	4.8	3.7	1.4	7.1	4.4	4.4	1.3
Deposits to Loans	0.0%	71.9%	0.0%	0.0%	47.7%	76.6%	0.0%	0.0%
Deposits to Total Assets	0.0%	55.7%	0.0%	0.0%	39.2%	62.2%	0.0%	0.0%
Portfolio to Assets	80.5%	78.3%	81.3%	79.1%	80.7%	81.4%	77.2%	81.3%
OUTREACH INDICATORS								
Number of Active Borrowers	10,661	39,818	12,813	6,589	100,883	5,728	19,602	6,657
Percent of Women Borrowers	62.6%	51.3%	55.5%	76.0%	50.2%	51.4%	53.7%	70.9%
Number of Loans Outstanding	10,818	49,474	13,078	6,589	100,883	5,728	20,421	6,909
Gross Loan Portfolio	5,692,249	49,934,958	10,755,760	2,474,918	129,818,600	9,207,086	23,870,455	2,914,270
Average Loan Balance per Borrower	678	1,453	963	361	1,500	1,509	973	434
Average Loan Balance per Borrower/GNI per Capita	32.8%	55.7%	49.5%	14.1%	55.1%	57.4%	45.9%	20.9%
Average Outstanding Balance	642	1,236	895	361	1,334	1,444	919	434
Average Outstanding Balance/GNI per Capita	30.7%	48.0%	44.2%	13.8%	44.3%	57.0%	39.9%	19.7%
Number of Voluntary Depositors	0	25,514	0	0	79,992	15,136	0	0
Number of Voluntary Deposit Accounts	0	27,400	0	0	79,992	16,228	0	0
Voluntary Deposits	0	26,450,460	0	0	44,607,000	6,764,460	0	0
Average Deposit Balance per Depositor	0	710	0	0	732	487	0	0
Average Deposit Account Balance	0	704	0	0	682	407	0	0
MACROECONOMIC INDICATORS								
GNI per Capita	2,610	2,610	2,425	2,610	2,610	2,630	2,610	2,400
GDP Growth Rate	4.0%	4.0%	4.1%	3.9%	4.1%	3.9%	4.1%	4.0%
Deposit Rate	4.1%	4.1%	4.5%	4.1%	4.9%	4.1%	3.3%	4.5%
Inflation Rate	4.0%	3.4%	4.3%	3.6%	4.2%	3.0%	3.6%	4.3%
Financial Depth	31.1%	29.2%	35.6%	29.2%	35.6%	24.5%	29.2%	35.6%
OVERALL FINANCIAL PERFORMANCE								
Return on Assets	2.1%	2.5%	1.9%	2.4%	0.9%	0.4%	3.4%	2.2%
Return on Equity	8.4%	20.0%	7.9%	8.3%	7.6%	3.5%	18.3%	5.8%
Operational Self-Sufficiency	117.1%	120.7%	117.9%	113.1%	110.6%	112.3%	120.7%	118.1%
Financial Self-Sufficiency	110.7%	111.8%	111.0%	109.0%	105.4%	105.2%	116.3%	108.8%
REVENUES								
Financial Revenue/Assets	29.1%	23.2%	27.5%	37.4%	30.3%	17.5%	29.1%	31.3%
Profit Margin	9.7%	10.5%	9.9%	8.3%	5.1%	5.0%	14.0%	8.1%
Yield on Gross Portfolio (nominal)	32.5%	26.0%	30.8%	42.3%	26.0%	18.3%	33.9%	35.4%
Yield on Gross Portfolio (real)	26.4%	20.9%	23.0%	38.1%	20.5%	14.6%	29.2%	28.1%
EXPENSES								
Total Expense/Assets	26.7%	20.8%	23.9%	36.7%	29.1%	15.9%	25.1%	31.4%
Financial Expense/Assets	6.4%	6.5%	6.8%	5.9%	7.8%	4.6%	7.2%	6.5%
Provision for Loan Impairment/Assets	1.7%	2.4%	1.7%	1.6%	2.3%	1.4%	1.8%	1.6%
Operating Expense/Assets	17.0%	11.7%	13.7%	26.0%	15.3%	9.9%	15.2%	23.2%
Personnel Expense/Assets	9.1%	4.7%	7.5%	14.4%	7.7%	4.5%	8.6%	11.8%
Administrative Expense/Assets	7.8%	6.4%	6.2%	11.4%	7.5%	5.1%	7.0%	9.6%
Adjustment Expense/Assets	1.1%	0.4%	1.2%	1.3%	0.4%	0.4%	0.5%	1.8%
EFFICIENCY								
Operating Expense/Loan Portfolio	20.9%	14.6%	16.6%	35.7%	18.9%	12.0%	18.6%	27.3%
Personnel Expense/Loan Portfolio	11.2%	6.0%	9.0%	18.0%	8.2%	5.6%	10.2%	14.5%
Average Salary/GNI per Capita	396.4%	410.3%	445.7%	291.5%	508.6%	350.3%	457.7%	365.1%
Cost per Borrower	146	175	159	116	235	157	186	111
Cost per Loan	141	148	150	116	207	156	163	104
PRODUCTIVITY								
Borrowers per Staff Member	119	139	114	133	116	125	111	126
Loans per Staff Member	127	166	123	132	142	126	123	129
Borrowers per Loan Officer	241	240	231	269	272	269	211	262
Loans per Loan Officer	259	271	243	269	302	279	240	263
Voluntary Depositors per Staff Member	0	120	0	0	103	296	0	0
Deposit Accounts per Staff Member	0	174	0	0	103	334	0	0
Personnel Allocation Ratio	52.9%	57.6%	53.9%	51.9%	58.0%	44.4%	58.1%	52.3%
RISK AND LIQUIDITY								
Portfolio at Risk> 30 Days	3.0%	4.0%	2.8%	2.6%	2.7%	3.7%	2.9%	2.8%
Portfolio at Risk> 90 Days	1.5%	2.2%	1.3%	1.3%	1.0%	2.3%	1.3%	1.4%
Write-off Ratio	1.8%	3.0%	1.7%	1.3%	1.3%	2.1%	2.0%	1.5%
Loan Loss Rate	1.5%	2.9%	1.3%	0.9%	1.3%	1.9%	1.9%	1.1%
Risk Coverage Ratio	113.2%	97.7%	121.4%	116.3%	126.7%	79.6%	138.3%	107.1%
Non-earning Liquid Assets as a % of Total Assets	6.9%	8.5%	6.7%	6.5%	3.9%	8.5%	8.9%	6.5%

	Bolivia	Colombia	Ecuador	Countries and Regions Mexico	Nicaragua	Peru	Central America	The Caribbean
INSTITUTIONAL CHARACTERISTICS								
Number of MFIs	18	14	33	30	20	38	68	9
Age	14	20	9	9	13	13	13	12
Total Assets	24,135,163	31,099,906	5,085,708	44,639,213	9,533,668	13,782,653	56,881,019	8,916,795
Offices	12	14	5	9	10	10	7	17
Personnel	178	182	41	71	101	143	72	188
FINANCING STRUCTURE								
Capital/Asset Ratio	27.6%	24.6%	21.5%	29.0%	23.6%	19.8%	37.5%	13.9%
Commercial Funding Liabilities Ratio	75.9%	66.7%	76.1%	49.3%	75.4%	88.1%	60.4%	68.7%
Debt to Equity	2.7	3.1	3.7	2.4	3.2	3.8	1.7	1.6
Deposits to Loans	0.0%	0.0%	58.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Deposits to Total Assets	0.0%	0.0%	47.8%	0.0%	0.0%	0.0%	0.0%	0.0%
Portfolio to Assets	78.3%	93.1%	82.4%	73.6%	81.7%	79.9%	80.4%	69.7%
OUTREACH INDICATORS								
Number of Active Borrowers	13,366	36,039	4,446	8,471	13,206	20,299	8,744	10,164
Percent of Women Borrowers	52.7%	64.7%	54.7%	86.0%	58.9%	53.2%	69.8%	69.0%
Number of Loans Outstanding	13,717	36,039	4,725	8,471	13,637	22,686	8,744	10,164
Gross Loan Portfolio	18,650,707	27,741,055	4,389,116	35,916,333	7,727,207	11,665,233	45,048,295	7,049,863
Average Loan Balance per Borrower	1,398	783	987	4,049	670	1,039	6,372	354
Average Loan Balance per Borrower/GNI per Capita	138.5%	34.2%	37.5%	5.1%	73.7%	39.9%	38.8%	70.7%
Average Outstanding Balance	1,343	770	913	4,049	641	871	6,288	354
Average Outstanding Balance/GNI per Capita	133.0%	33.7%	34.7%	5.1%	70.5%	33.4%	37.0%	70.7%
Number of Voluntary Depositors	0	0	3,224	0	0	0	0	0
Number of Voluntary Deposit Accounts	0	0	4,605	0	0	0	0	0
Voluntary Deposits	0	0	1,449,071	0	0	0	0	0
Average Deposit Balance per Depositor	0	0	227	0	0	0	0	0
Average Deposit Account Balance	0	0	217	0	0	0	0	0
MACROECONOMIC INDICATORS								
GNI per Capita	1,010	2,290	2,630	79,540	910	2,610	26,114	450
GDP Growth Rate	4.1%	5.1%	3.9%	3.0%	4.0%	6.7%	4.0%	2.0%
Deposit Rate	4.0%	6.3%	4.1%	3.3%	4.9%	3.2%	4.9%	6.2%
Inflation Rate	4.3%	4.3%	3.0%	3.6%	10.2%	2.0%	6.5%	10.3%
Financial Depth	51.6%	35.6%	24.5%	28.6%	40.6%	29.2%	40.6%	41.1%
OVERALL FINANCIAL PERFORMANCE								
Return on Assets	2.0%	2.0%	0.4%	4.2%	2.3%	4.4%	1.1%	2.4%
Return on Equity	10.5%	8.1%	2.7%	20.2%	7.1%	17.6%	3.0%	15.9%
Operational Self-Sufficiency	116.6%	113.9%	112.1%	115.3%	119.4%	129.6%	117.8%	108.3%
Financial Self-Sufficiency	114.4%	109.4%	105.2%	111.0%	107.3%	125.8%	105.2%	105.4%
REVENUES								
Financial Revenue/ Assets	20.8%	26.8%	22.7%	46.7%	33.0%	29.6%	29.4%	40.6%
Profit Margin	12.5%	8.5%	5.0%	9.9%	6.7%	20.6%	5.0%	5.2%
Yield on Gross Portfolio (nominal)	22.7%	26.6%	24.1%	63.8%	32.9%	34.1%	32.7%	61.2%
Yield on Gross Portfolio (real)	17.7%	21.3%	20.5%	58.1%	20.6%	31.5%	24.2%	46.1%
EXPENSES								
Total Expense/Assets	18.1%	21.4%	21.4%	45.7%	29.7%	23.3%	27.2%	46.0%
Financial Expense/Assets	4.4%	7.0%	4.2%	6.5%	10.6%	6.0%	8.2%	12.7%
Provision for Loan Impairment/Assets	1.1%	2.1%	1.4%	1.9%	2.2%	1.9%	1.5%	2.4%
Operating Expense/Assets	12.8%	12.7%	13.8%	35.0%	14.8%	14.1%	17.9%	30.2%
Personnel Expense/Assets	6.8%	6.2%	6.6%	17.4%	7.5%	8.2%	9.8%	15.5%
Administrative Expense/Assets	6.2%	6.0%	6.0%	14.7%	6.8%	6.7%	8.3%	12.7%
Adjustment Expense/Assets	0.0%	0.9%	0.6%	1.0%	2.6%	0.3%	2.6%	0.6%
EFFICIENCY								
Operating Expense/Loan Portfolio	15.3%	14.6%	16.6%	47.8%	18.6%	17.5%	23.4%	45.3%
Personnel Expense/Loan Portfolio	8.5%	7.8%	8.8%	26.0%	10.3%	9.9%	12.7%	23.3%
Average Salary/GNI per Capita	935.3%	432.3%	348.5%	143.0%	812.6%	384.3%	438.9%	912.5%
Cost per Borrower	185	107	152	1,741	102	163	1,244	169
Cost per Loan	177	102	148	1,741	101	147	1,199	168
PRODUCTIVITY								
Borrowers per Staff Member	79	169	136	127	117	138	111	88
Loans per Staff Member	82	172	136	127	117	155	114	88
Borrowers per Loan Officer	144	283	301	263	236	231	224	187
Loans per Loan Officer	153	301	338	263	238	268	229	187
Voluntary Depositors per Staff Member	0	0	125	0	0	0	0	0
Deposit Accounts per Staff Member	0	0	134	0	0	0	0	0
Personnel Allocation Ratio	57.8%	54.7%	44.9%	50.0%	54.2%	60.6%	54.2%	47.1%
RISK AND LIQUIDITY								
Portfolio at Risk> 30 Days	1.2%	3.7%	3.0%	3.3%	3.0%	2.4%	3.4%	4.1%
Portfolio at Risk> 90 Days	0.8%	1.9%	1.9%	1.4%	1.1%	1.4%	1.4%	2.6%
Write-off Ratio	1.6%	1.2%	1.6%	1.4%	1.5%	2.3%	1.5%	1.9%
Loan Loss Rate	1.2%	0.9%	1.5%	1.2%	1.1%	2.2%	1.0%	1.9%
Risk Coverage Ratio	371.6%	96.7%	95.1%	114.1%	108.2%	154.5%	91.9%	114.2%
Non-earning Liquid Assets as a % of Total Assets	5.5%	1.9%	8.5%	6.7%	7.6%	10.7%	6.6%	13.0%

MIX 2006 Benchmarks

This publication is part of a series of regional industry benchmarking reports produced by the Microfinance Information eXchange:

- Benchmarking African Microfinance
- Benchmarking Asian Microfinance
- Benchmarking Arab Microfinance
- Benchmarking Latin American Microfinance
- Benchmarking Microfinance in Eastern Europe and Central Asia

The regional reports are based on 2006 benchmark data, collected from 704 microfinance institutions located in Sub-Saharan Africa, Asia, Eastern Europe and Central Asia, Latin America and the Caribbean, and the Middle East and North Africa. The series represents the most methodologically consistent in-depth reports on the performance of microfinance providers produced to date. To view the other regional reports and all MIX publications, go to www.themix.org.

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MIX is a non-profit company founded by CGAP (the Consultative Group to Assist the Poor) and others, and sponsored by CGAP, the Citi Foundation, Deutsche Bank Americas Foundation, Omidyar Network, Open Society Institute & the Soros Economic Development Fund, Rockdale Foundation and others.

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The Benchmarking Latin American Microfinance 2006 report was produced with help from:

Asofin, Asociación Entidades Financieras Especializadas en Micro Finanzas	Finanzas y Microempresa, A.C.	Red Centroamericana de Microfinanzas, Nicaragua	COPEME, Peru	Red Financiera Rural, Ecuador