



2011 Latin America & the Caribbean Regional Snapshot

December 2011

The Premier Source for Microfinance Data and Analysis

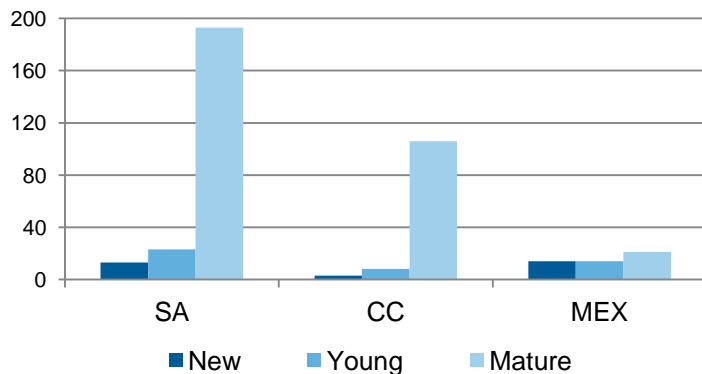


Borrowers by Subregion



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Participant MFIs by Age



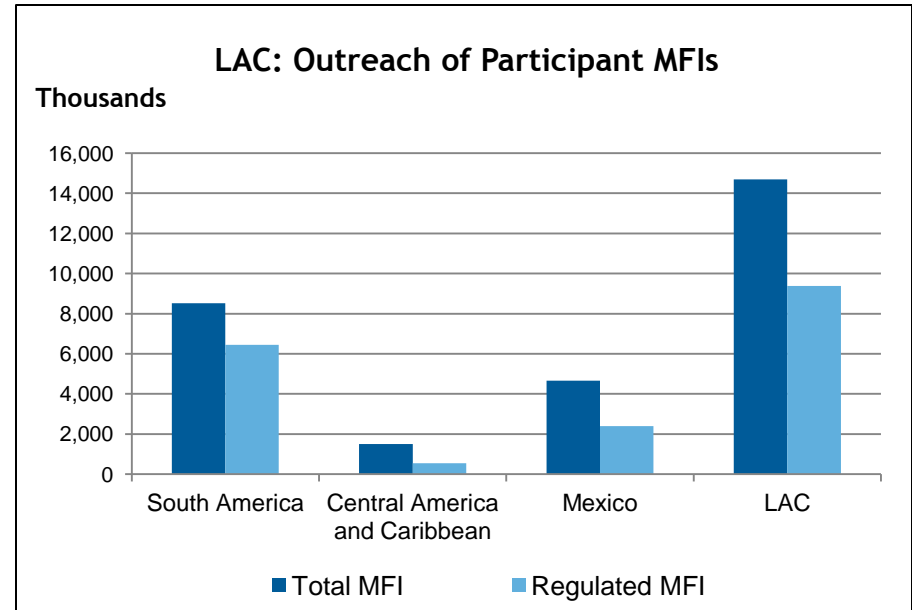
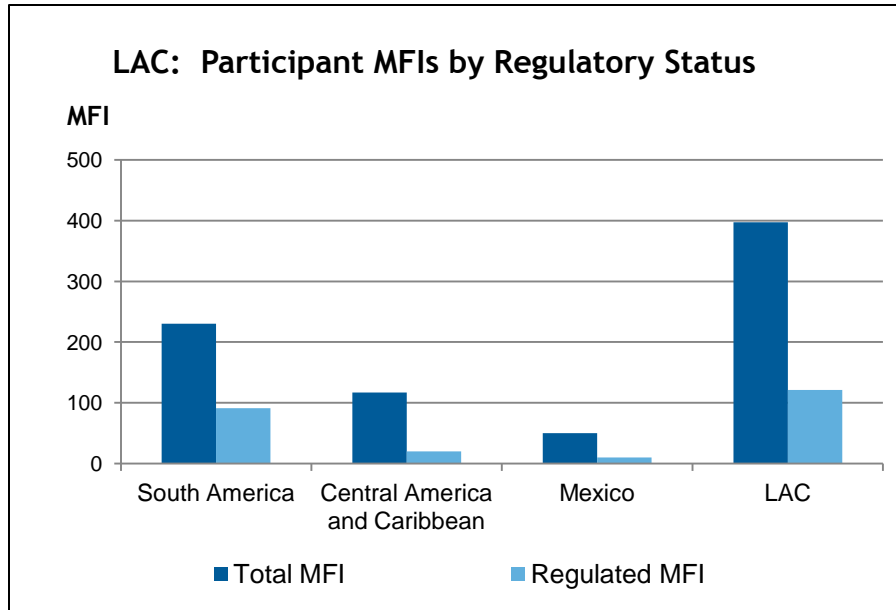
LAC is divided into three clearly differentiated sub-regions:

1. South America

2. Central America and the Caribbean

3. Mexico

- At the end of 2010, more than half (58%) of the borrowers in the region were concentrated in South America.
- The market in the region is very mature. MFIs operating more than 8 years (which qualifies as mature) represent 86% of the total MFIs reporting to MIX. The MFIs are especially mature in South America (53% out of the total in 2010).



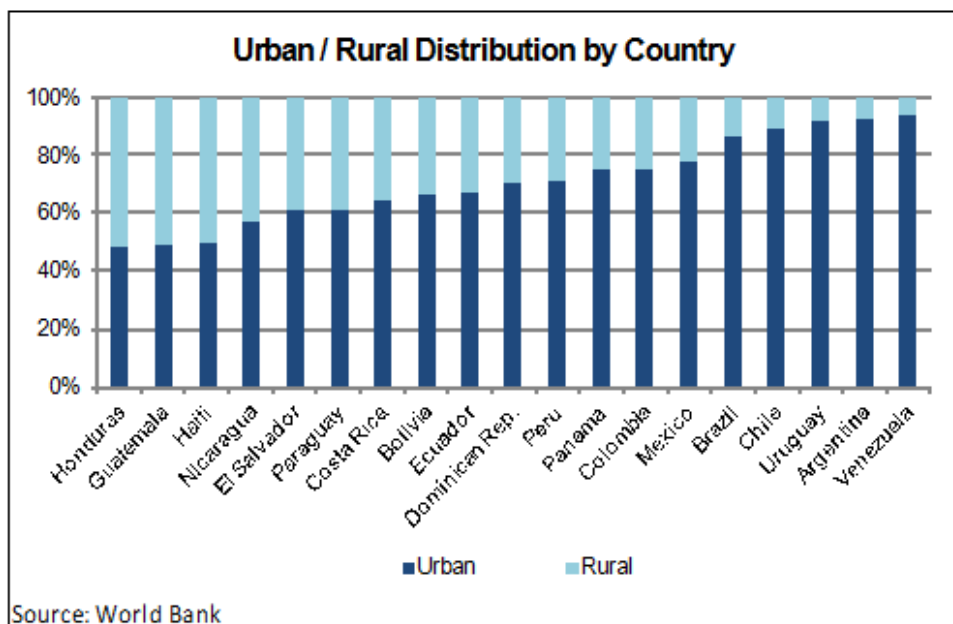
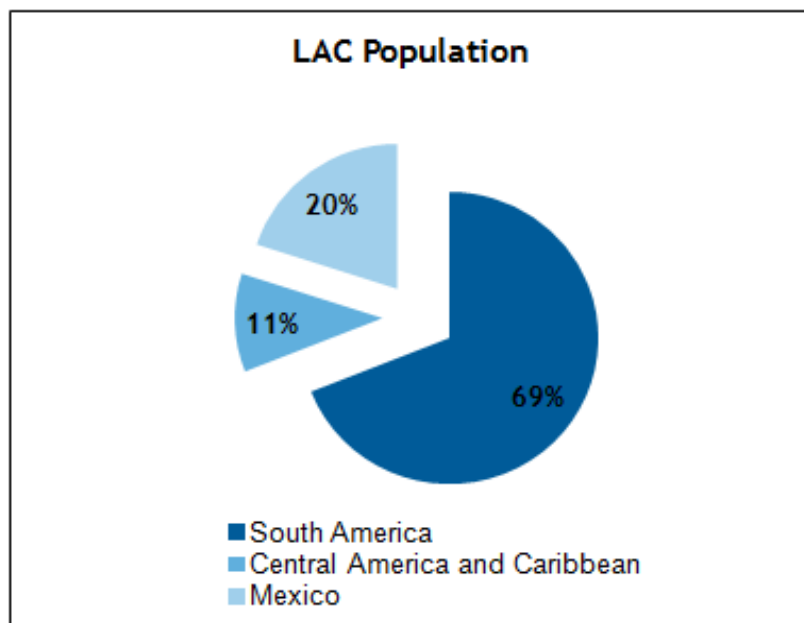
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The trend toward regulation is not yet strong in Mexico and Central America. 79% of the regulated MFIs that reported to MIX were South American (which represented 27% of reporting MFIs in the region).

How has the microfinance industry evolved in the region?

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1. • Loans
2. • Deposits
3. • Special Cases

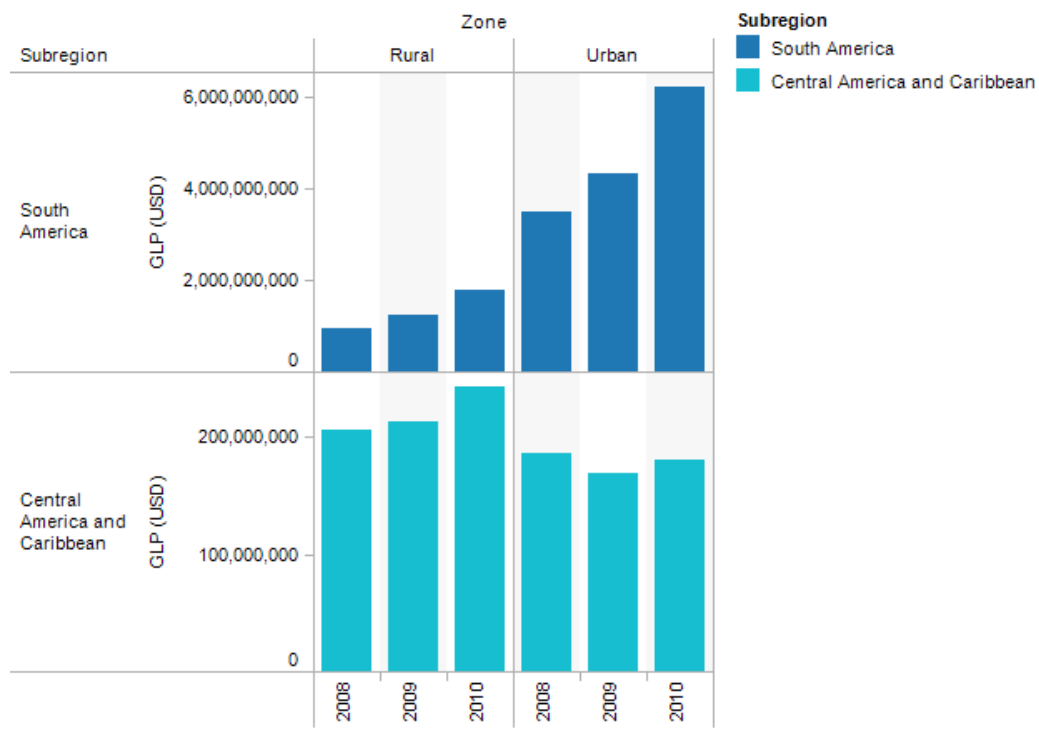


<http://data.worldbank.org/country>

Central America and the Caribbean is the sub-region with the largest rural population:

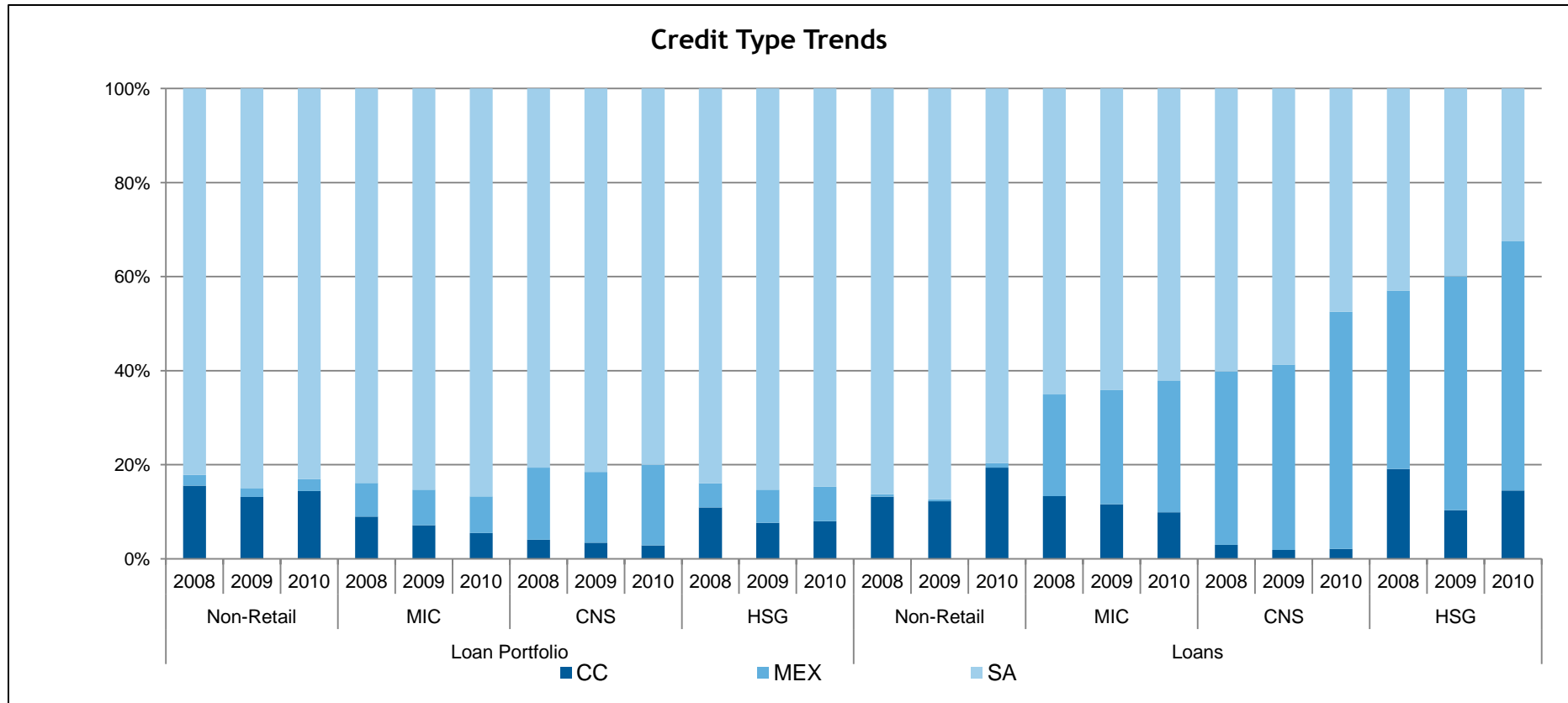
- Honduras (51.2%)
- Guatemala (50.5%)
- Haiti (50.0%)

In South America, the country with the largest population in rural areas was Paraguay (38.5%).



South America accelerated loans granted to rural areas (89.0%) between 2008 to 2010 as MFIs searched for new markets.

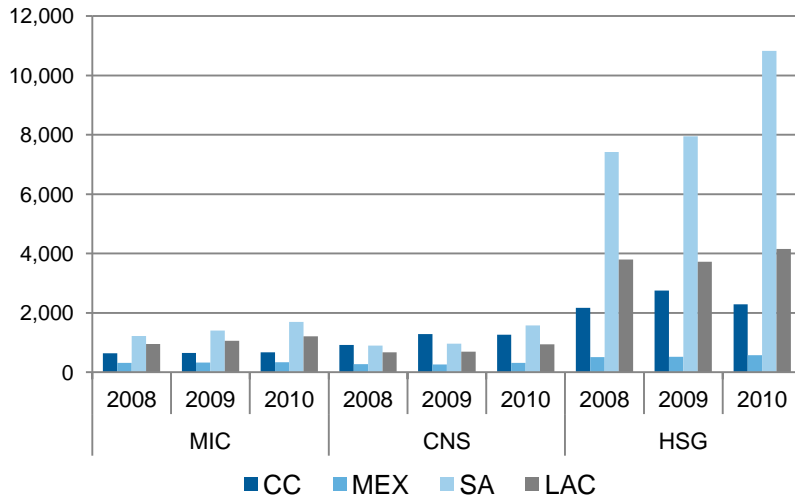
The growth in rural areas in Central America and the Caribbean (18.5%) reflects the slow recovery of the urban portfolio, which has not yet recovered to 2008 levels.



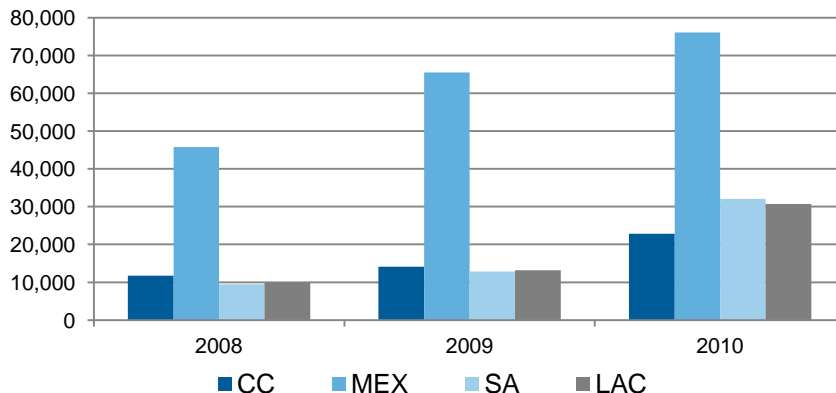
- LAC: Micro-enterprise credit remained the most dynamic in 2010.
- The most intense focus on financing of productive activities was in Central America (81.1%) and South America (74.6%) (Micro-enterprise and Commercial loans).

What kinds of loans were offered?

Average Loan Balance by Retail Products (USD)



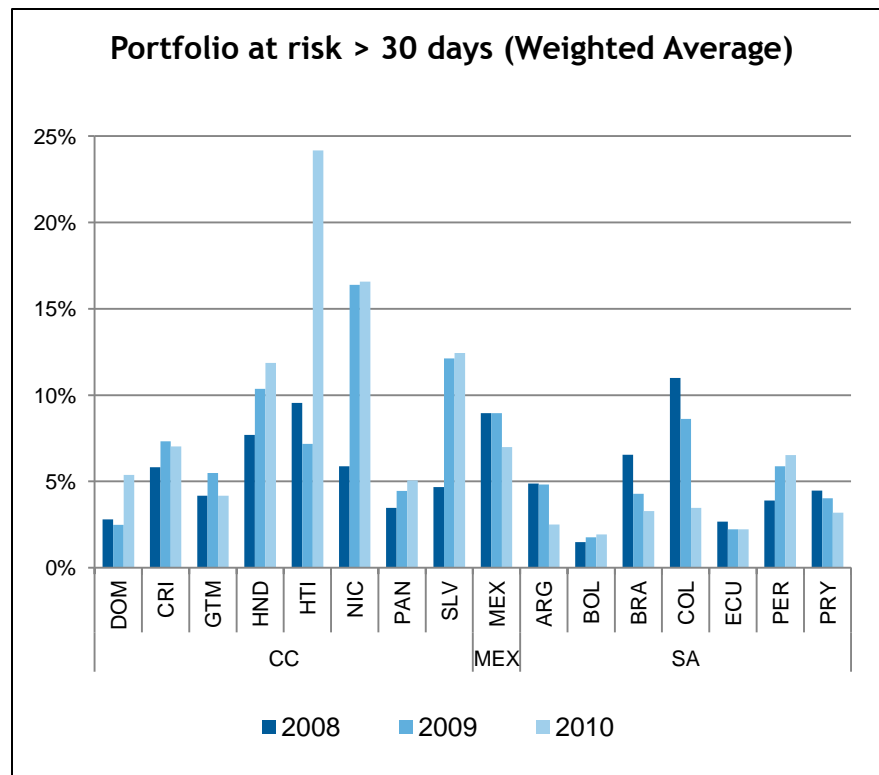
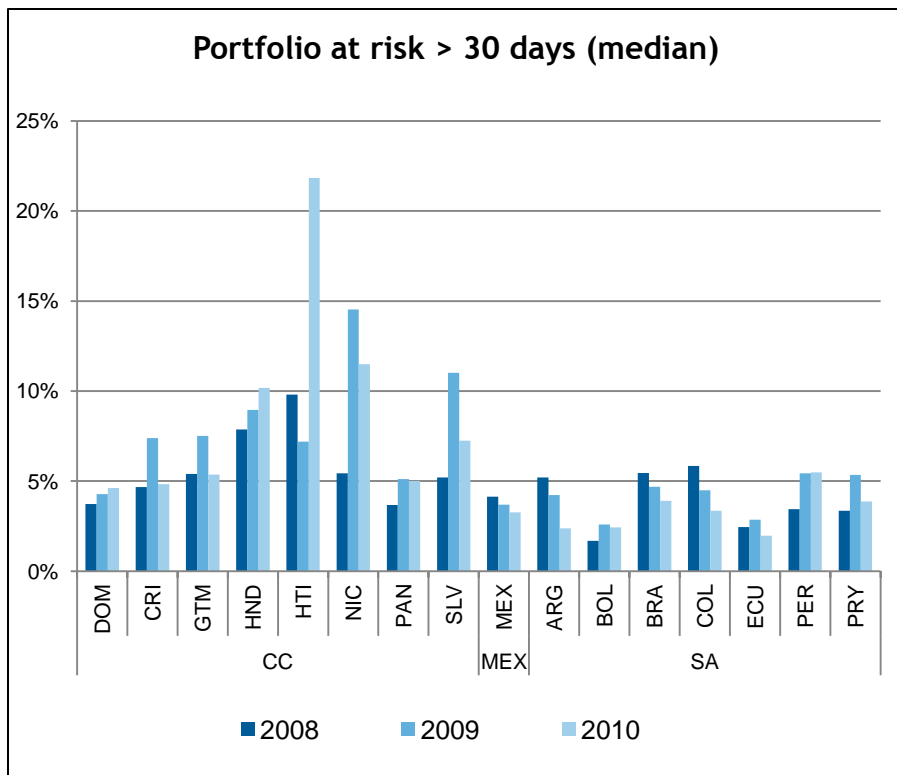
Non - Retail Loans: Average Balance (USD)



South America had higher than average credit balances in retail products relative to the other regions.

Housing credits in Mexico and Central America focused on financing housing improvements. The opposite occurred in South America, where the MFIs offered more products for the acquisition of houses.

The advance in the scale of commercial loans (25.6% in 2010) in Mexico was based on the maintenance of high average balances (USD 76 thousand versus USD 30 thousand in LAC).



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SA: Prudential regulation and self-regulation standards in most countries contributed to the presentation of risk indicators on similar levels.

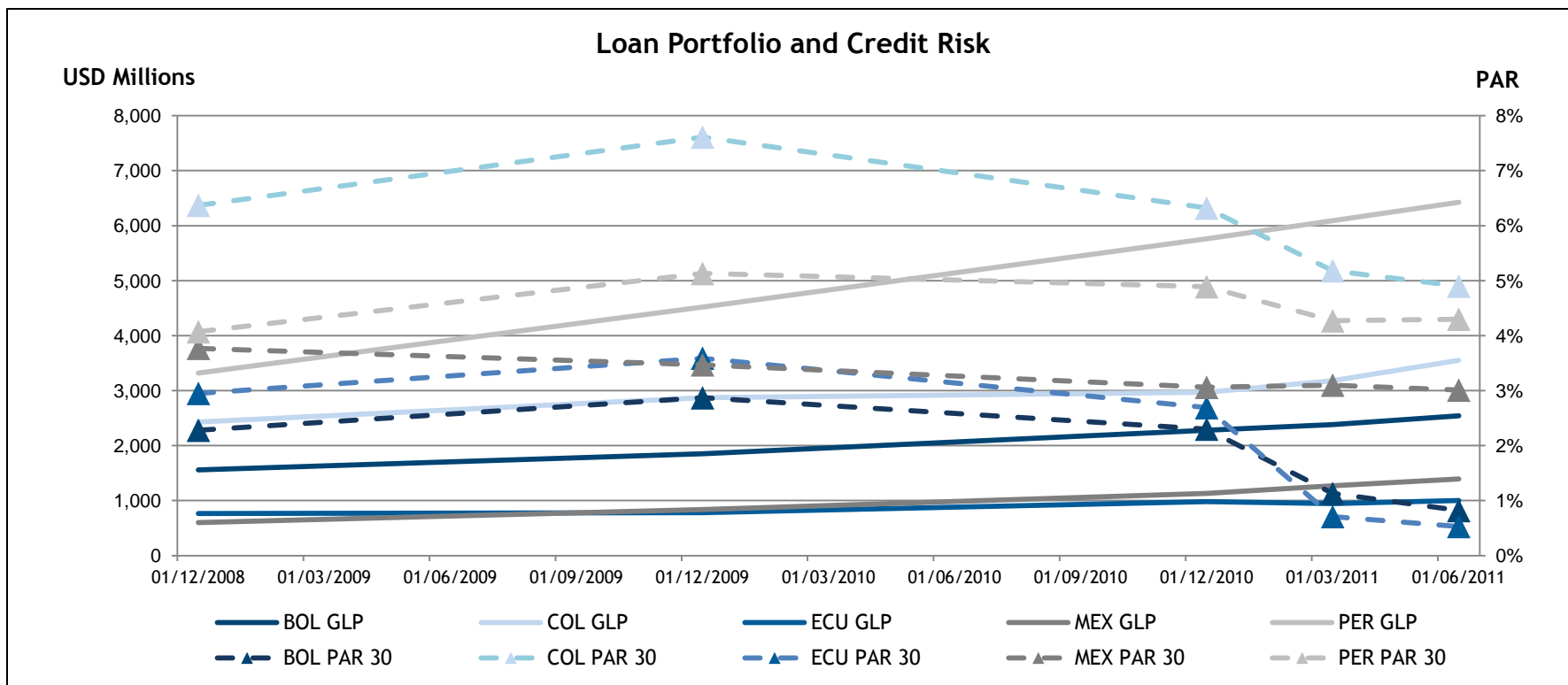
CC: The MFIs resorted to write-offs and to the refinancing of loans, which maintained high risk portfolio indicators.

MEX: Improved indicators of portfolio at risk in 2010. However, PAR around 10% is still retained for the group of MFIs intensive MFIs in consumption loans.

Country	MFI	GLP participation
Bolivia	23	100%
Colombia	5	72.4%
Ecuador	9	61.2%
Mexico	20	65.2%
Peru	37	88.2%

Based on quarterly data from a representative sample by the MFIs of 5 countries in the region.

Loan Portfolio and Credit Risk



Indicator	Ecuador	Peru
MFI Number	38	25
Participation Borrowers Country (%)	88.5%	54.7%
Total of reported loans	737,756	2,096,969
Total Borrowers declared	650,572	1,818,831
Loans per Borrower	1.1	1.2
Borrowers adjusted per cross-indebtedness	466,753	1,207,326
Loans per adjusted borrower by cross-indebtedness	1.58	1.74
Shared borrowers (%)	45.3%	55.7%

It was not possible to determine a direct correlation between portfolio risk indicators and those of cross-indebtedness. The participation of NGOs and non-regulated COAC in the Ecuador sample, which function in rural zones with limited competitors, allowed for a smaller percentage of shared borrowers.

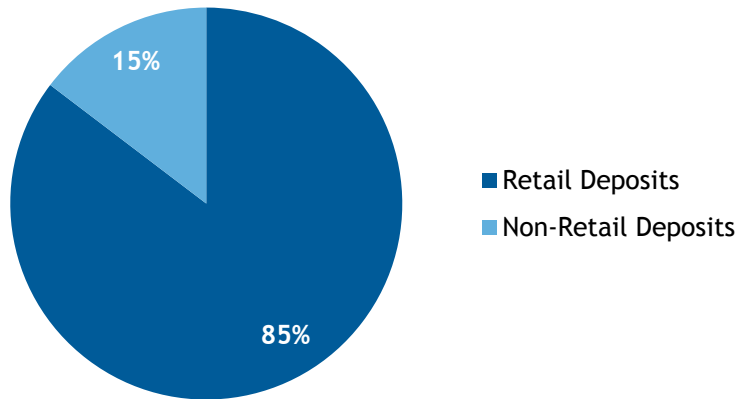
In the case of Peru, the higher percentage of Shared Borrowers was indicative of the intense competition in the country's major cities. These results were particularly influenced by the regulated MFIs (Mibanco, CMACs and Financieras especially) in the sample.

1. • Loans
2. • **Deposits**
3. • Special Cases

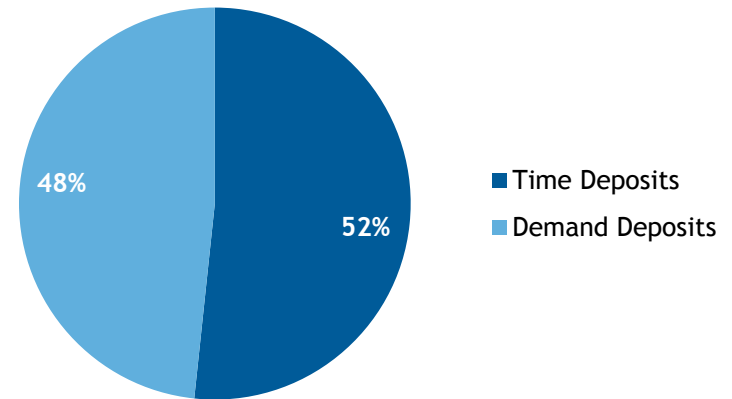
How did MFIs raise deposits?

The savings of small depositors constituted the majority of deposits (85%) received in the region.

2010 Total Deposits

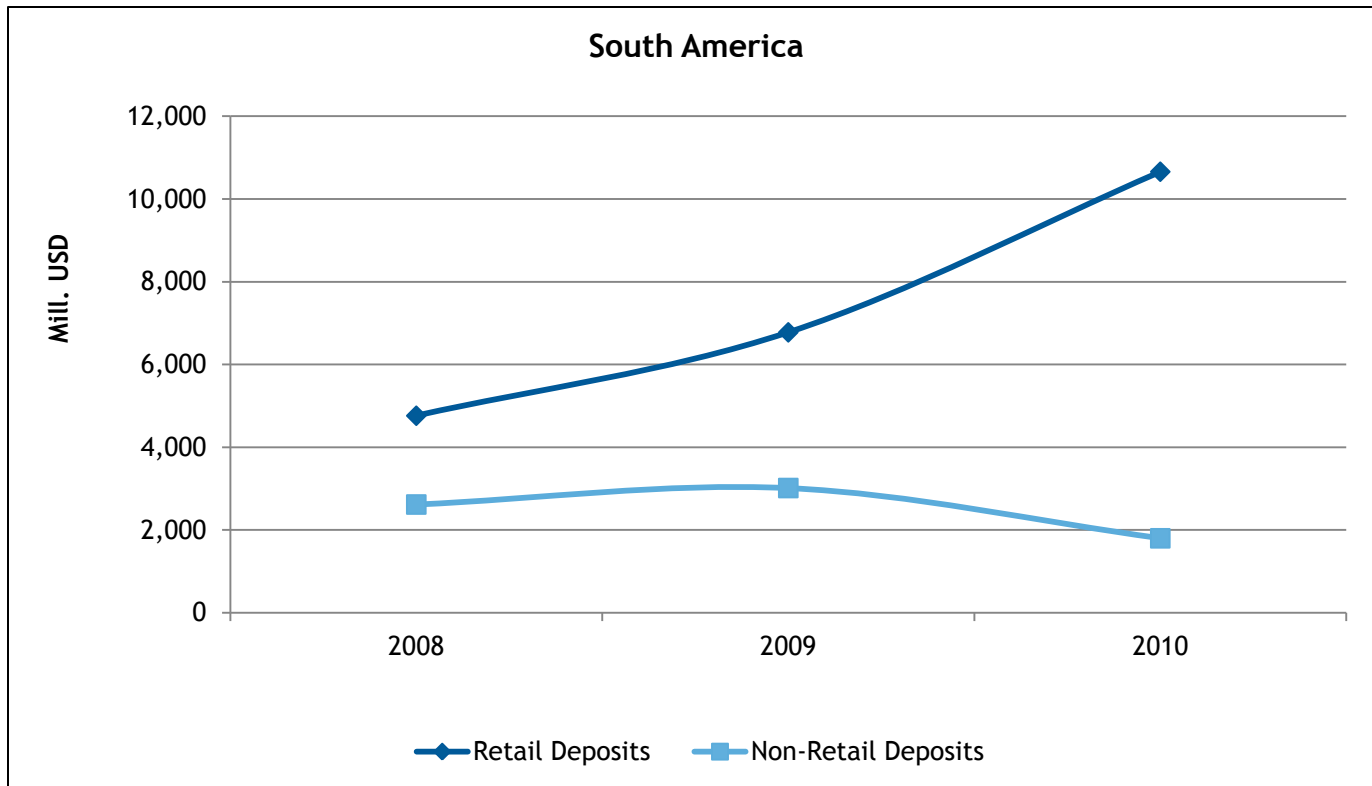


Non- Retail Voluntary Deposits

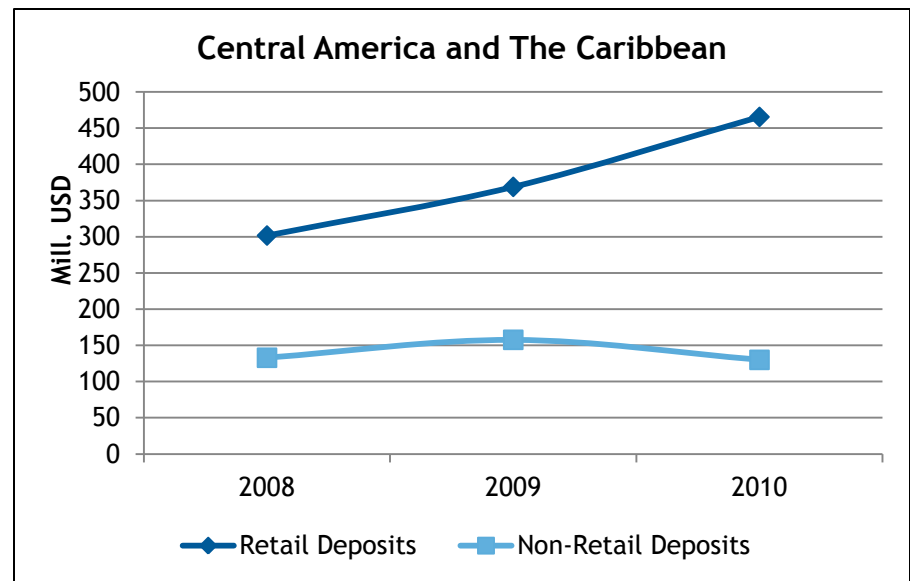
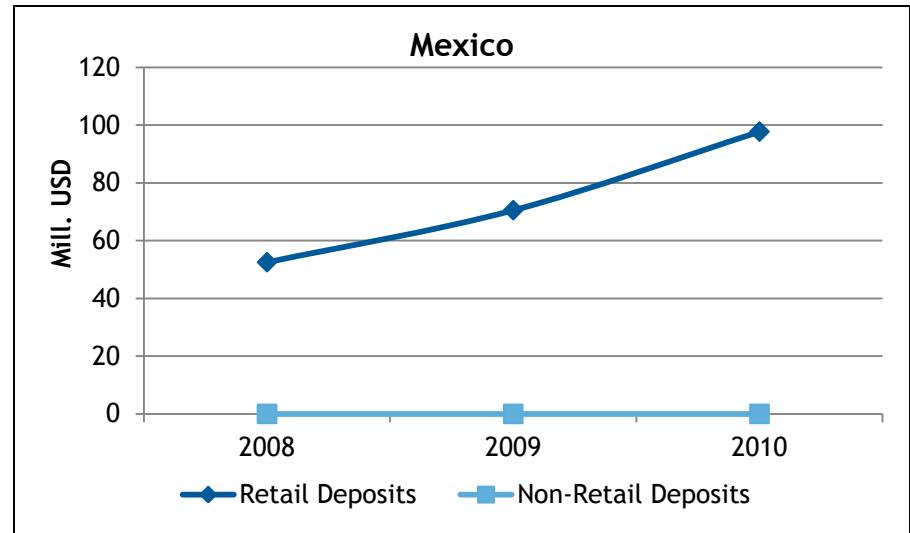


The savings solutions of the commercial banks (non-retail deposits) seem unattractive when compared to MFI's long-term deposits.

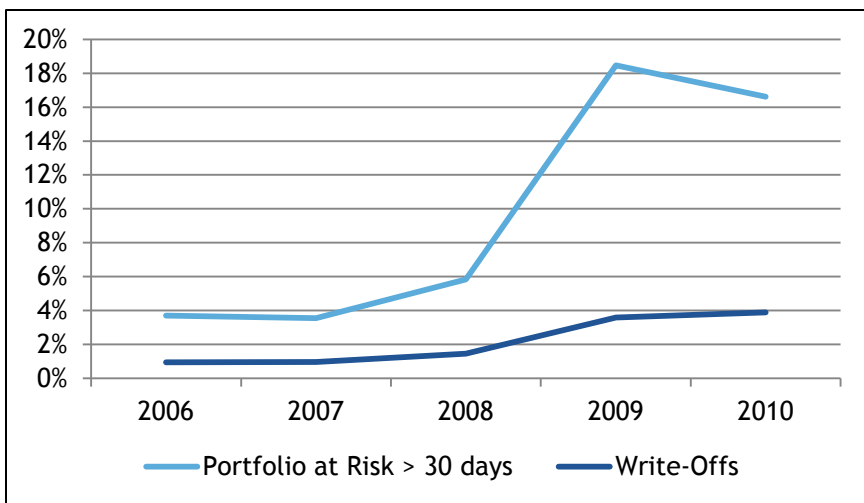
South America (which represented 95.6% of the deposits in the LAC region) was the primary driver of the dominance of small savers in portfolios.



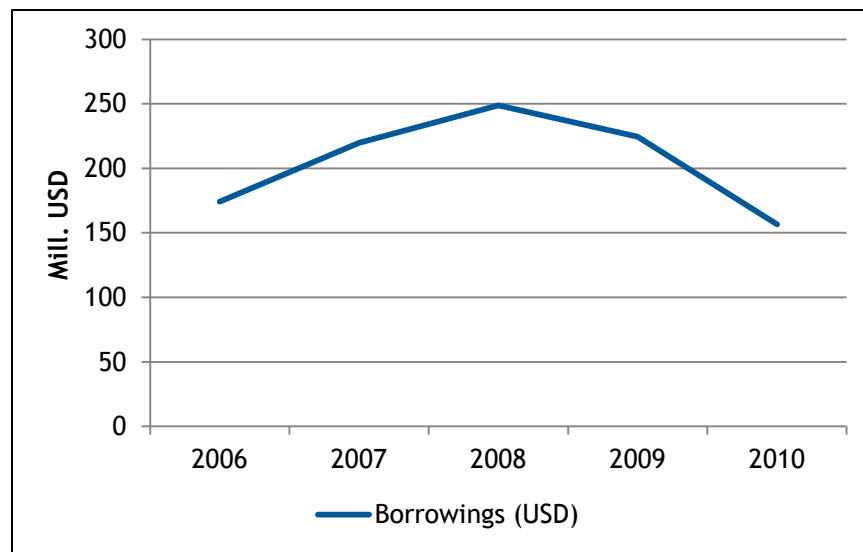
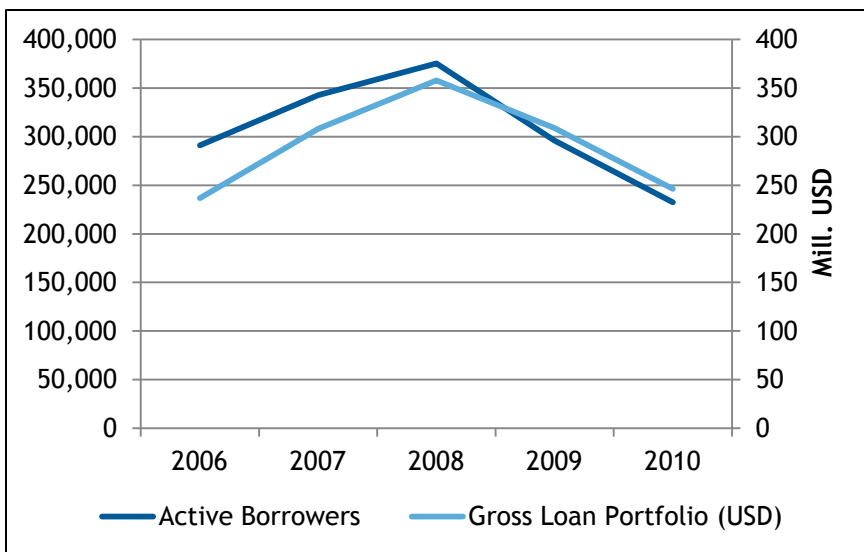
The same trend as South America was also seen in Central America and the Caribbean, where the small deposits grew more than USD 150 million in two years.



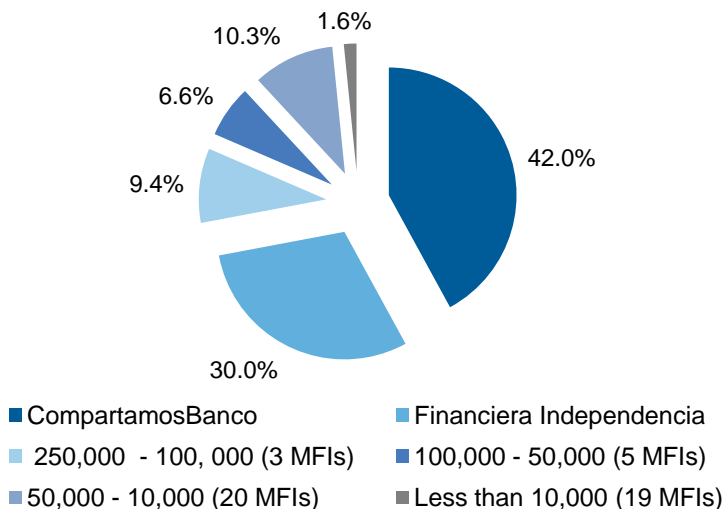
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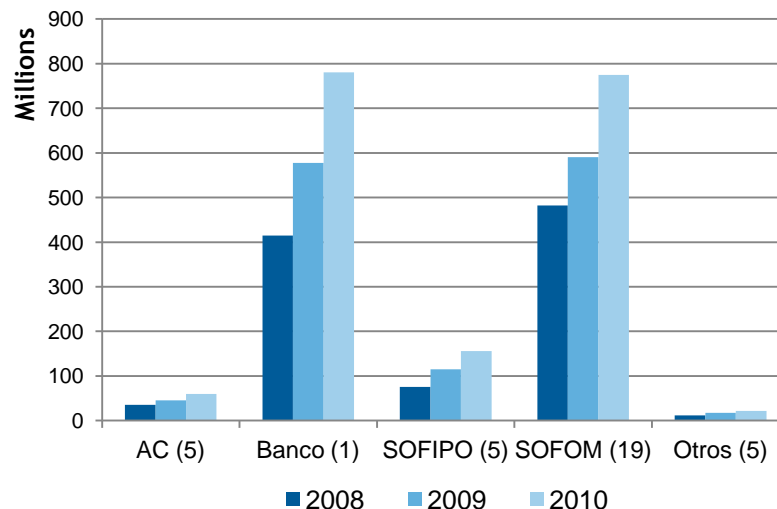
The indicators affected by the "No Payment" movement reached their most critical level during the years 2009 and 2010, after the withdrawal of the international financing for MFI operations as well as because of the international financial crisis.



Number of Borrowers as of December 2010



Cartera por Forma Legal local



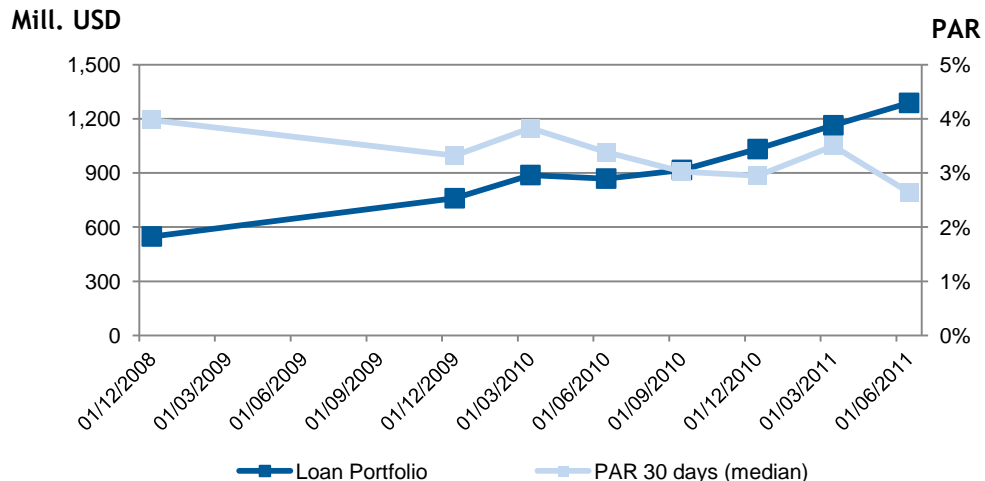
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The Mexican market had the largest range of borrowers per MFI in the region (CompartamosBanco and Financiera Independencia focused on financing Microenterprise and Consumption, respectively).

SOFOMs are non-regulated institutions and the most-used legal form for Mexican MFIs. While many are very small, their large market share comes from Financiera Independencia (60.4% of the SOFOM market).

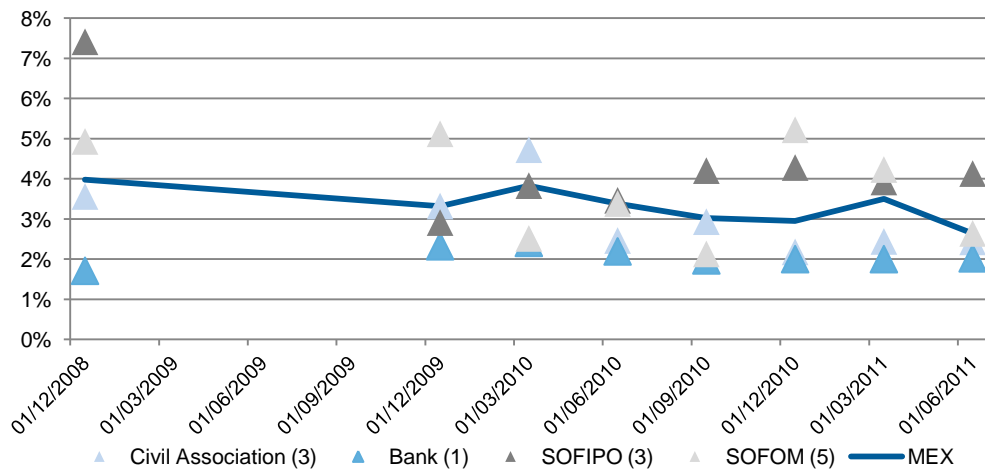
Loan Portfolio and Portfolio at Risk > 30 days



This information is based on a sample of 13 MFIs that reported quarterly information in 2010 and 2011 (represents 57.6% of the total loan portfolio as of December 2010).

The increase in loan portfolio in the first quarter of 2011 (24.8%) surpassed the similar quarter in 2010 (14.3%).

Portfolio at Risk > 30 days (median)



For the first time, the national PAR > 30 median was under 3% due to improvement in the risk levels of the SOFOMES. The group of Regulated Financial Societies (SOFIPOs as per its initials in Spanish) were not able to reduce their NPLs which have remained at similar levels since September 2010.

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