

Championship League 2008

MIX Latin America & Caribbean 100

Microfinance in Latin America and the Caribbean skyrocketed in 2007, fueled by booming demand for financial services from micro-entrepreneurs in the region's fast-growing economies along with new funding in both debt and deposit.

The region and its microfinance institutions (MFIs) remained in the forefront of attractive investment opportunities. MFIs continued to fund 80% of the region's loan portfolios with more than US\$11.7 billion in

Want to see more?

This article contains only a small portion of the information available on Latin American & Caribbean MFIs. More complete data can be found by logging on to www.mixmarket.org, clicking on "Demand" and searching by Region "Latin America and The Caribbean."

commercial funding to keep pace with a record 37% portfolio growth during the year. However, fast growth also boosted competition, resulting in a decline in profitability. Return on assets fell from 3.1% to 2.5% and return on equity dropped from 10.6% to 9.8% as institutions felt the impact of new entrants and increasing portfolio risk across the region.

MicroEnterprise Americas and the Microfinance Information Exchange, Inc. (MIX) are pleased to present this year's *Championship League*, our annual report ranking the region's leading microfinance institutions in eight performance categories. Drawing on a survey of 193 MFIs, we analyzed the latest, high-

quality data from auditors, regulatory agencies and other third-party sources to report on MFI performance for 2007. Taken as a group, these 193 institutions in 15 countries across the region ended the year managing US\$12.8 billion in more than 11.7 million loans to low-income clients across all credit types. Credit specifically to microentrepreneurs grew by 41.7 percent to more than US\$6.2 billion in approximately 6.5 million loans.

Scale (Microenterprise)

This year's Championship League ranking begins with a fresh, new look at an increasingly diverse microfinance industry in Latin America and the Caribbean—the top 100 microfinance institutions are ordered by the number of active loans to microentrepreneurs at the end of 2007.

With almost 1.4 million loans, Mexican MFIs served more microentrepreneurs than in any other country in the region thanks in part to CompartamosBanco's massive outreach. However, with slightly fewer loans, Peru almost tripled Mexico by finishing the year with US\$1.57 billion lent to microentrepreneurs. The difference between these two important markets was due to the average loan balance, which at US\$1,192 in Peru was almost three times that of Mexico.

While traditional market leaders such as Mexico's giant CompartamosBanco contin-



GROWTH

Ranking 2007	MFI	Country	% Change in Microenterprise Loans	Absolute Change in Microenterprise Loans	Adjusted Absolute Change in Gross Loan Portfolio (US\$)
1	Apoyo Económico	Mexico	1781.3%	22,106	15,019,168
2	Forjadores de Negocios	Mexico	356.2%	10,354	2,949,964
3	Progresemos	Mexico	348.5%	5,991	1,442,566
4	Te Creemos	Mexico	332.7%	5,632	1,230,713
5	D-Miro	Ecuador	230.2%	16,288	9,485,139
6	Invirtiendo	Mexico	188.2%	10,155	4,631,460
7	Fundación San Miguel	Dominican Republic	160.5%	7,469	1,340,563
8	APROS	Mexico	136.5%	6,344	456,335
9	FINCA - Haiti	Haiti	123.2%	7,779	1,189,408
10	Emprender	Bolivia	120.9%	4,101	783,770
11	FINCA - Guatemala	Guatemala	108.2%	21,363	5,421,941
12	Friendship Bridge	Guatemala	107.8%	8,913	1,946,423
13	AMEXTRA	Mexico	107.4%	2,851	252,658
14	AgroCapital	Bolivia	106.8%	6,730	2,572,314
15	COCDEP	Mexico	99.5%	6,577	643,914
16	Visión de Finanzas	Paraguay	88.3%	13,959	30,293,879
17	CrediComún	Mexico	79.9%	2,721	3,280,491
18	FINCA - El Salvador	El Salvador	78.6%	6,052	3,519,449
19	Coop 20 de Abril	Nicaragua	77.2%	3,072	3,613,201
20	Soluciones Financieras Internacionales	Mexico	76.2%	2,529	2,385,266

ued to stand out for their huge outreach, the difference in size between most MFIs in the top positions and those further down the list was reduced when only taking microenterprise credit into account. Nor were there many significant changes in placement among the region's largest MFIs. Brazil's CRESOL BASER, a large collective of credit cooperatives operating in the southern part of the country, rose seven places, taking advantage of the tremendous potential offered by the gigantic Brazilian market.

Growth

For a second year in a row, Mexican MFIs leveraged their high returns to expand rapidly, leading the ranking for growth in microenterprise loans. Apoyo Económico was the region's



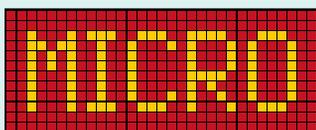
fastest-growing microenterprise lender during 2007, exploding in size with a hefty investment in infrastructure to better serve markets thirsty for financial services. Forjadores de Negocios more than quadrupled in size thanks to a healthy injection of capital and management experience from the owners of Peru's MiBanco.

Among the top-growing MFIs during 2007, lenders from other countries

also figured prominently. D-Miro placed in the top five, buoyed by fresh funding to serve an increasing number of clients in and around Guayaquil, Ecuador's largest city. Two Caribbean MFIs placed among the top ten finishers. The Dominican Republic's Fundación San Miguel Archángel and FINCA Haiti each more than doubled in size, showing the potential for growth in the sub-region.

Market Penetration

As a new addition to this year's Championship League ranking, we examine the outreach of microenterprise credit operations relative to the poor population in each Latin American and Caribbean country. MFIs from three of Latin America's lowest per-capita income countries took center stage in serving high proportions



TOP 100 MFIs IN LATIN AMERICA AND THE CARIBBEAN

Ranking			Country	Number of Microenterprise Loans Outstanding	Gross Loan Portfolio (US\$)	General Portfolio Composition †
2007	2006	MFI				
1	1	CompartamosBanco	Mexico	837,743	363,020,997	MIC
2	2	CrediAmigo	Brazil	329,071	138,397,326	Only MIC
3	3	MiBanco	Peru	245,028	357,863,485	MIC
4	4	WWB Cali	Colombia	209,693	208,605,816	MIC
5	5	FMM Popayán	Colombia	196,519	117,854,676	MIC
6	8	FMM Bucaramanga	Colombia	161,083	121,812,351	MIC
7	6	BancoEstado	Chile	158,098	569,818,143	MIC
8	7	Banco Caja Social	Colombia	140,056	210,474,298	CNS
9	10	EDPYME Edyficar	Peru	133,842	116,546,729	MIC
10	13	Banco del Trabajo	Peru	107,567	170,341,789	CNS
11	9	CMAC Arequipa	Peru	106,584	141,284,045	MIC
12	14	CAME	Mexico	105,778	18,799,325	Only MIC
13	17	BancoSol	Bolivia	103,462	177,194,966	MIC
14	11	CRECER	Bolivia	101,585	27,205,660	MIC
15	12	Banco Solidario	Ecuador	92,849	138,652,000	MIC
16	18	ProMujer - Bolivia	Bolivia	90,171	21,376,090	MIC
17	21	FINCA - Mexico	Mexico	87,428	22,242,631	Only MIC
18	15	CMAC Trujillo	Peru	85,348	133,831,249	MIC
19	16	PRODEM FFP	Bolivia	82,486	161,084,723	MIC
20	19	Credi Fé	Ecuador	76,901	162,942,594	MIC
21	28	CRESOL BASER	Brazil	76,815	174,279,043	MIC
22	24	CMM Bogotá	Colombia	74,712	51,386,699	MIC
23	29	CMM Medellín	Colombia	72,705	66,020,466	MIC
24	22	Génesis Empresarial	Guatemala	69,913	37,500,982	MIC
25	25	FIE FFP	Bolivia	67,211	141,482,586	MIC
26	23	ADOPEM	Dominican Republic	65,580	26,422,929	MIC
27	27	Fondo de Desarrollo Local	Nicaragua	59,720	39,973,859	MIC
28	26	FINCA - Ecuador	Ecuador	58,584	27,464,705	Only MIC
29	30	ProMujer - Peru	Peru	49,806	8,470,149	MIC
30	33	FinComún	Mexico	47,062	41,878,884	MIC
31	31	CMAC Sullana	Peru	43,601	74,084,219	MIC
32	40	EDPYME Confianza	Peru	41,801	45,862,003	MIC
33	54	FINCA - Guatemala	Guatemala	41,100	8,448,931	Only MIC
34	38	EDPYME Crear Arequipa	Peru	40,956	41,603,811	MIC
35	34	Fundación Mario Santo Domingo	Colombia	37,833	15,144,552	MIC
36	37	CMAC Huancayo	Peru	35,907	49,476,588	CNS
37	39	Diaconia	Bolivia	35,589	18,921,918	Only MIC
38	43	ACODEP	Nicaragua	34,584	28,460,475	CNS
39	35	BanGente	Venezuela	34,526	66,637,634	Only MIC
40	41	CMAC Cusco	Peru	34,011	54,219,087	MIC
41	36	Banco ADEMI	Dominican Republic	31,604	59,336,505	MIC
42	44	Actuar Antioquia	Colombia	29,818	27,152,469	Only MIC
43	48	Sèvis Finansye Fonkoze *	Haiti	31,069	7,216,618	MIC
44	70	Visión de Finanzas	Paraguay	29,759	64,539,550	CNS
45	57	EDPYME Proempresa	Peru	29,556	23,745,687	MIC
46	51	COAC Mushuc Runa	Ecuador	28,887	38,364,991	MIC
47	45	FinAmérica	Colombia	28,854	40,388,166	MIC
48	46	CMAC Ica	Peru	28,758	45,276,368	MIC
49	50	Apoyo Integral	El Salvador	27,773	23,865,988	MIC
50	42	FAMA	Nicaragua	27,725	21,851,585	MIC
51	47	FINCA - Nicaragua	Nicaragua	26,994	5,079,576	Only MIC
52	49	Caritas	Peru	25,358	14,758,332	Only MIC
53	58	Fundación Espoir	Ecuador	24,627	9,010,091	Only MIC
54	60	ProMujer - Nicaragua	Nicaragua	24,361	3,915,965	MIC



Ranking			Country	Number of Microenterprise Loans Outstanding	Gross Loan Portfolio (US\$)	General Portfolio Composition †
2007	2006	MFI				
55	59	ENLACE	El Salvador	24,348	5,049,345	MIC
56	55	FINSOL	Honduras	24,243	23,728,712	MIC
57	56	EDPYME Raíz	Peru	24,133	38,283,540	MIC
58	62	Asociación Raíz	Guatemala	23,595	21,733,815	MIC
59	63	ODEF	Honduras	23,503	19,144,275	MIC
60	53	FIELCO	Paraguay	23,423	20,744,467	MIC
61	134	D-Miro	Ecuador	23,364	13,975,959	Only MIC
62	189	Apoyo Económico	Mexico	23,347	17,470,505	Only MIC
63	76	Credi-Capital	Mexico	22,745	8,181,672	Only MIC
64	64	Caja Nor Perú	Peru	22,259	24,885,848	MIC
65	67	FINCA - Honduras	Honduras	22,194	6,638,122	Only MIC
66	89	Soluciones Financieras	Mexico	22,095	6,094,359	Only MIC
67	83	Fondo Esperanza	Chile	21,882	4,461,752	Only MIC
68	52	FADES	Bolivia	21,784	22,602,510	Only MIC
69	72	ProMujer - Mexico	Mexico	21,011	5,088,935	Only MIC
70	61	BanCovelo	Honduras	20,681	17,506,563	MIC
71	75	CRAC Señor de Luren	Peru	20,529	30,368,709	MIC
72	65	ACME	Haiti	20,112	9,350,372	Only MIC
73	71	PRISMA	Peru	19,919	7,334,512	Only MIC
74	69	EcoFuturo FFP	Bolivia	18,946	29,653,575	MIC
75	87	Fundación Paraguaya	Paraguay	18,864	7,088,663	MIC
76	88	CMAC Tacna	Peru	18,792	40,082,446	MIC
77	66	Fonkoze *	Haiti	18,227	3,382,680	Only MIC
78	74	CEAPE Maranhão	Brazil	18,189	13,904,491	Only MIC
79	94	EDPYME Alternativa	Peru	17,344	10,066,418	MIC
80	126	Friendship Bridge	Guatemala	17,181	3,585,272	Only MIC
81	104	FUNDESER	Nicaragua	17,133	12,429,833	MIC
82	81	Asociación Arariwa	Peru	16,942	3,877,411	Only MIC
83	78	Financiera Familiar	Paraguay	16,409	21,225,808	CNS
84	80	FINDESA	Nicaragua	16,228	32,248,145	CNS
85	93	Alternativa Solidaria	Mexico	16,047	3,181,383	Only MIC
86	100	FUNED	Honduras	15,861	5,890,411	MIC
87	91	CMAC Paíta	Peru	15,678	18,904,795	MIC
88	152	Invirtiendo	Mexico	15,552	8,304,835	Only MIC
89	77	Fundación Ecuatoriana de Desarrollo	Ecuador	15,238	10,080,366	Only MIC
90	82	Familia y Medio Ambiente	Honduras	15,015	8,735,260	Only MIC
91	107	Grupo Consultor para la Microempresa	Mexico	14,943	2,666,238	Only MIC
92	95	Microempresas de Antioquia	Colombia	14,381	12,764,974	MIC
93	96	Manuela Ramos	Peru	14,363	3,061,445	Only MIC
94	68	World Relief - Honduras	Honduras	14,276	4,614,844	MIC
95	85	CMAC Del Santa *	Peru	14,270	17,434,143	MIC
96	73	Interfisa	Paraguay	14,101	19,524,418	CNS
97	138	FINCA - Haiti	Haiti	14,094	1,639,010	Only MIC
98	90	AGAPE	Colombia	14,060	2,328,054	Only MIC
99	110	FODEMI	Ecuador	13,969	5,993,698	Only MIC
100	129	FINCA - El Salvador	El Salvador	13,750	6,283,663	Only MIC
Totals for 2006 (193 MFIs)				5,126,608	4,425,464,232	
Totals for 2007 (193 MFIs)				6,567,865	6,270,571,231	

* Of the top 100 institutions, some only provided data on the volume of active loans and outstanding portfolio.

† General trend defined as:

Only MIC: 100% of Loans to Microenterprises

MIC: Loans to Microenterprises > 50% Total Loans

CNS: Loans to Consumer > 50% Total Loans

of microentrepreneurs. Institutions in Bolivia, Nicaragua and Paraguay occupied 14 of the top 20 positions, the result of years of intense growth and competition relative to their smaller populations. Assuming no client overlap, leading MFIs in these three countries served up to 12.1%, 10.9% and 8.6% of potential markets, respectively.

Some MFIs from the largest Latin American economies ranked high in terms of market penetration as well. Chile's BancoEstado took the lead, serving more than one in 20 of its nation's low-income citizens. CompartamosBanco was not far behind, capturing nearly 5% of Mexico's poor population in its quest to be the first Latin American and Caribbean MFI to actively serve one million microentrepreneurs.

Scale (Consumer)

This year we present another new scale—the top 10 MFIs ranked by the *consumer* microloan portion of their portfolio. While not a comprehensive survey of consumer lending in the region, with nearly US\$4.5 billion in portfolio and 5.2 million active loans, consumer microlending by MFIs grew by 32.2% as many institutions broadened their product lines to serve their clients' financial needs.

Consumer loans from participating MFIs did not always follow conventions. Loans easily qualified as "micro" with a median average balance at US\$825, only slightly higher than microenterprise loans. Moreover, consumer loans were not necessarily used for consumption. According to a client survey by Caja Popular Mexi-



cana, one of Latin America's largest cooperatives, 20.7% of its consumer loans were for productive use in 2007, essentially placing it among the largest microenterprise lenders in the region.

Savings

While commercial funding kept pace with 2007's strong loan portfolio growth, savings did not expand as quickly as borrowings as a funding source in the region, falling from 74% to 70% of total commercial funding. In fact, only one MFI featured in this survey became regulated during the year. Nevertheless, savings remained critical to loan portfolio growth for regulated MFIs as microsavings portfolios increased by 28.1% to US\$8.2 billion in more than 9 million accounts. Banco Caja Social Colombia led the region with more than US\$2.5 billion in voluntary savings by taking advantage of a growing economy and light competition for savers as most other Colombian MFIs were not permitted to mobilize deposits.

In both Peru and Bolivia, regulated institutions sought to consolidate their hold on the savings market as the competitive landscape prepares to shift dramatically in 2008. Peruvian CMAC institutions (Municipal Savings and Credit Unions) were recently authorized to open branches in any market in the country, allowing the municipal giants to compete directly for the first time. In Bolivia, 15 NGOs, including some of the country's largest MFIs, are in the process of becoming regulated and will for the first

PENETRATION

Ranking				
2007	MFI	Country	Microenterprise Loans / Poor Population	Microenterprise Loans
1	BancoEstado	Chile	5.6%	158,098
2	CompartamosBanco	Mexico	4.6%	837,743
3	Fondo de Desarrollo Local	Nicaragua	2.4%	59,720
4	Visión de Finanzas	Paraguay	2.3%	29,759
5	FIELCO	Paraguay	1.8%	23,423
6	BancoSol	Bolivia	1.8%	103,462
7	CRECER	Bolivia	1.8%	101,585
8	ADOPEM	Dominican Republic	1.7%	65,580
9	MiBanco	Peru	1.6%	245,028
10	ProMujer - Bolivia	Bolivia	1.6%	90,171
11	Banco Solidario	Ecuador	1.5%	92,849
12	Fundación Paraguaya	Paraguay	1.5%	18,864
13	PRODEM FFP	Bolivia	1.4%	82,486
14	ACODEP	Nicaragua	1.4%	34,584
15	Financiera Familiar	Paraguay	1.3%	16,409
16	Credi Fé	Ecuador	1.3%	76,901
17	FIE FFP	Bolivia	1.2%	67,211
18	FAMA	Nicaragua	1.1%	27,725
19	Interfisa	Paraguay	1.1%	14,101
20	FINCA - Nicaragua	Nicaragua	1.1%	26,994

CONSUMER

Ranking		MFI	Country	Number of Consumer Loans Outstanding	Gross Loan Portfolio (US\$)	General Portfolio Composition †
2007	2006					
1	2	Banco Caja Social	Colombia	859,733	1,029,729,581	CNS
2	5	Financiera Independencia	Mexico	833,902	290,456,921	CNS
3	1	Caja Popular Mexicana	Mexico	775,540	1,121,808,909	CNS
4	4	Banco del Trabajo	Peru	659,984	167,720,961	CNS
5	6	Caja Libertad	Mexico	343,706	584,629,164	CNS
6	3	Banco Popular do Brasil	Brazil	243,023	17,030,909	CNS
7	8	Cooperativa Universitaria	Paraguay	115,755	100,094,647	CNS
8	7	Financiera Familiar	Paraguay	104,386	29,423,314	CNS
9	10	MiBanco	Peru	98,290	83,989,653	MIC
10	14	EDPYME Efectiva	Peru	82,315	20,479,890	CNS
Totals for 2006 (114 MFIs)				4,441,992	3,382,368,137	
Totals for 2007 (114 MFIs)				5,218,290	4,471,277,471	

† General trend defined as:

MIC: Loans to Microenterprises > 50% Total Loans

CNS: Loans to Consumer > 50% Total Loans

SAVINGS

Ranking		MFI	Country	Savings Accounts	Voluntary Savings (US\$)	Deposits to Gross Loan Portfolio
2007	2006					
1	1	Banco Caja Social	Colombia	2,450,063	2,568,440,202	107.2%
2	2	Caja Popular Mexicana	Mexico	1,307,764	1,371,500,800	120.8%
3	4	Banco del Trabajo	Peru	782,458	309,916,222	90.5%
4	3	Caja Libertad	Mexico	718,994	574,296,202	100.9%
5	5	PRODEM FFP	Bolivia	331,962	149,454,322	90.4%
6	6	CMAC Arequipa	Peru	235,732	176,404,873	71.0%
7	8	BancoEstado	Chile	219,069	325,320,545	39.5%
8	9	FIE FFP	Bolivia	207,692	99,045,597	61.9%
9	13	BancoSol	Bolivia	174,867	167,747,611	81.0%
10	8	MiBanco	Peru	166,465	279,398,531	56.2%
11	15	CMAC Cusco	Peru	142,370	106,753,978	96.9%
12	16	CMAC Trujillo	Peru	113,114	184,683,109	74.8%
13	n/a	Cooperativa Jesús Nazareno	Bolivia	102,955	71,091,639	99.9%
14	18	CMAC Sullana	Peru	102,533	93,406,498	69.4%
15	22	COAC Jardín Azuayo	Ecuador	97,509	71,933,241	99.7%
16	12	Banco Solidario	Ecuador	95,063	167,819,719	76.0%
17	22	COAC Mushuc Runa	Ecuador	93,880	32,732,884	79.0%
18	17	FinComún	Mexico	89,747	24,391,231	56.2%
19	23	CMAC Huancayo	Peru	88,303	84,290,771	78.0%
20	34	Banco ADEMI	Dominican Republic	85,599	62,382,807	52.6%
Totals for 2006 (61 MFIs)				6,902,610	6,436,073,727	
Totals for 2007 (61 MFIs)				9,088,407	8,242,736,686	

n/a: not available

Ranking			Country	Adjusted Portfolio at Risk > 30 Days	Adjusted Write-off Ratio *
2007	2006	MFI			
1	n/a	FIACG	Guatemala	0.0%	0.0%
2	3	Movimiento Manuela Ramos	Peru	0.0%	0.1%
3	1	ProMujer - Peru	Peru	0.1%	0.0%
4	n/a	CrediComún	Mexico	0.1%	0.6%
5	n/a	SemiSol	Mexico	0.1%	0.7%
6	1	ADRA Peru	Peru	0.3%	0.1%
6	n/a	Alternativa Solidaria	Mexico	0.3%	0.1%
8	8	FINCA - Peru	Peru	0.3%	0.4%
9	n/a	COCDEP	Mexico	0.3%	0.8%
10	8	CRECER	Bolivia	0.5%	0.5%
10	11	Fundación Espoir	Ecuador	0.5%	0.5%
12	n/a	Fondo Esperanza	Chile	0.5%	2.1%
13	n/a	Conserva	Mexico	0.6%	0.4%
14	n/a	Cooperativa 20 de Abril	Nicaragua	0.6%	0.5%
15	7	ProMujer - Bolivia	Bolivia	0.7%	0.1%
16	n/a	FODEMI	Ecuador	0.7%	0.5%
17	12	Diaconia	Bolivia	0.7%	0.7%
18	n/a	Crece Safsa	Mexico	0.7%	2.2%
19	n/a	Grupo Consultor para la Microempresa	Mexico	0.8%	0.1%
20	27	BancoSol	Bolivia	0.8%	2.5%

n/a: not available * Write-off Ratio should be less than 3%.

time offer savings products previously available only at regulated FFPs and cooperatives.

Efficiency

Despite stiff competition in the region, Latin American and Caribbean MFIs achieved only a 3.3% increase in operating efficiency in 2007. It is possible that these modest efficiency gains for many MFIs were primarily due to a tendency to disburse larger loans as the median average loan balance across all credit types increased by 13.2% during the year. Since operating efficiency indicators can benefit from increasing loan balances and the attendant distribution of costs over larger loan portfolios, this may have been the case.

While almost all MFIs on the >US\$500 table averaged loan balances well above US\$1,000, Colombia's FMM Popayán shone among Latin

America's most efficient lenders thanks to its extremely productive staff, despite a relatively low average loan balance. On the <US\$500 table, FODEMI and FINCA Ecuador stood out among top finishers by increasing their efficiency while actually decreasing their average loan balance.

Asset Quality

Increasing competition for clients throughout the region and pressure on borrowers due to rising global commodity prices in 2007 led to rising portfolio risk in many countries and in the region as a whole. According to FINDESA's Gabriel Solorzano, "Some companies that have decided to continue growing have loosened credit standards, and thus have seen increased arrears." By region, South American MFIs saw the largest increases in delinquency, with PAR > 30 days increasing by over 30%. Peru



and Colombia led the continent, fueling worries about over-indebtedness from saturation in both markets. In Mexico, Central America and the Caribbean, portfolio risk increased by closer to 10% in each, though all remained riskier than South America on the whole.

Despite these challenges, the MFIs with the lowest portfolio risk in the region fought off the regional upswing

EFFICIENCY

AVERAGE LOAN BALANCE > US\$500

Ranking		MFI	Country	Operating Expense/ Average Gross Loan Portfolio	Adjusted Average Loan Balance (US\$)	Adjusted Loans per Staff Member
2007	2006					
1	1	COAC Jardín Azuayo	Ecuador	4.8%	2,936	172
2	6	Credi Fe	Ecuador	4.9%	2,016	245
3	2	PRODESA	Nicaragua	5.2%	930	245
4	4	COAC San José	Ecuador	6.6%	2,310	125
5	5	BancoEstado	Chile	6.9%	3,299	268
6	n/a	CRESOL BASER	Brazil	8.0%	1,952	316
7	9	COOPAC Santo Cristo de Bagazán	Peru	8.3%	1,855	140
8	n/a	CIDRE	Bolivia	8.8%	1,071	218
9	n/a	CODESARROLLO	Ecuador	8.8%	2,000	125
10	8	COAC Mushuc Runa	Ecuador	8.9%	1,364	301
11	10	CMAC Tacna	Peru	9.4%	2,273	123
12	12	ACCOVI	El Salvador	9.4%	3,932	70
13	n/a	Cooperativa Jesús Nazareno	Bolivia	9.5%	3,013	106
14	25	ACTUAR Antioquia	Colombia	9.7%	1,202	280
15	7	CMAC Cusco	Peru	9.8%	2,400	90
16	13	CMAC Arequipa	Peru	9.9%	1,613	223
17	n/a	CRAC Señor de Luren	Peru	10.0%	1,556	163
18	n/a	Fortaleza FFP	Bolivia	10.0%	5,269	34
19	31	FMM Popayán	Colombia	10.5%	646	330
20	16	CMAC Trujillo	Peru	10.5%	1,800	190

n/a: not available

AVERAGE LOAN BALANCE < US\$500

Ranking		MFI	Country	Operating Expense/ Average Gross Loan Portfolio	Adjusted Average Loan Balance (US\$)	Adjusted Loans per Staff Member
2007	2006					
1	11	FONCRESOL	Bolivia	12.6%	381	200
2	2	CRYSOL	Guatemala	15.2%	429	313
3	5	FODEMI	Ecuador	15.6%	429	297
4	6	ProMujer - Bolivia	Bolivia	18.2%	236	168
5	n/a	FUBODE	Bolivia	19.1%	341	175
6	38	Friendship Bridge	Guatemala	19.5%	209	291
7	9	FINCA - Ecuador	Ecuador	19.6%	469	291
8	8	CRECER	Bolivia	20.5%	270	293
9	n/a	FONDESOL	Guatemala	20.7%	305	250
10	10	CrediAmigo	Brazil	20.7%	421	229
11	n/a	APROS	Mexico	22.0%	193	314
12	n/a	Fundación Mario Santo Domingo	Colombia	22.7%	429	312
13	13	ACODEP	Nicaragua	23.2%	483	243
14	21	FUNDAHMICRO	Honduras	23.6%	461	141
15	12	Asociación Arariwa	Peru	23.9%	229	261
16	n/a	Banco del Trabajo	Peru	25.0%	446	282
17	15	ProMujer - Peru	Peru	25.2%	170	289
18	20	EDPYME Efectiva	Peru	25.3%	249	295
19	n/a	Financiera CONSER	Mexico	25.5%	374	99
20	19	FUNED	Honduras	26.7%	398	146

n/a: not available

PROFITABILITY

Ranking		MFI	Country	Adjusted Return on Assets	Adjusted Return on Equity
2007	2006				
1	1	Conserva	Mexico	26.1%	46.8%
2	n/a	Financiera CONSER	Mexico	20.2%	64.6%
3	2	CompartamosBanco	Mexico	20.1%	45.8%
4	n/a	Invirtiendo	Mexico	19.9%	112.8%
5	n/a	Alternativa Solidaria	Mexico	17.8%	44.7%
6	n/a	COCDEP	Mexico	16.5%	30.9%
7	4	Financiera Independencia	Mexico	15.2%	29.6%
8	34	CEAPE Maranhão	Brazil	13.4%	28.6%
9	5	ProMujer - Peru	Peru	13.4%	25.0%
10	169	Friendship Bridge	Guatemala	13.2%	17.4%
11	8	EDPYME Efectiva	Peru	12.8%	70.5%
12	n/a	Grupo Consultor para la Microempresa	Mexico	12.5%	37.8%
13	3	CrediAmigo	Brazil	12.3%	38.3%
14	70	Fundación José Nieborowski	Nicaragua	12.1%	42.0%
15	38	FAFIDESS	Guatemala	11.6%	18.1%
16	6	Diaconia	Bolivia	11.4%	13.0%
17	29	FUNDENUSE	Nicaragua	10.0%	22.7%
18	n/a	FUBODE	Bolivia	10.0%	20.0%
19	23	Emprender	Bolivia	9.8%	40.4%
20	99	Micro Crédit National	Haiti	9.6%	50.3%

n/a: not available

in delinquency thanks to their high quality lending practices. In several cases, high asset quality impacted the MFI's efficiency and profitability. Four institutions with low portfolio risk ranked among the region's most efficient as they spent fewer resources chasing bad debt. Several Mexican institutions moved into top positions in 2007 for their asset quality, while simultaneously finishing the year among Latin America's most profitable. ProMujer Peru stood out among all entrants, placing in the top 20 in all three categories.

Profitability

While margins generally fell across the region in 2007, microfinance was a highly lucrative endeavor for Latin America's most profitable institutions. Even though a few perennial perform-

ers like CompartamosBanco and Brazil's CrediAmigo remained near the top, the vast majority of the MFIs on this year's list appear for the first time. Some ranked highly due to improvements in institutional performance. Nicaragua's Fundación José Nieborowski and Brazil's CEAPE Maranhão dramatically increased margins to finish in the top 10 by cutting operating costs and portfolio risk. Others, such as Friendship Bridge in Guatemala and EDPYME Efectiva in Peru ranked among the region's most efficient.

In some cases, the region's most profitable MFIs operated in underserved, extremely localized markets where institutions could increase margins and increase growth by charging higher interest rates rather than improving efficiencies. This was particularly common in Mexico, where

MFIs took all seven of the top positions, each with return on assets above 15%. Of the seven, only Financiera CONSER placed in the efficiency rankings. However, the spread between results within Mexico shrank compared to previous years, showing early signs of the influence of increasing competitive forces in the market. Even CompartamosBanco saw its margins reduced (slightly) for the first time in years in the face of competition from up-and-comers like Conserva and emerging consumer giants like Banco Azteca and Banco Wal Mart.

Conclusion

Microfinance in Latin America and the Caribbean will face some of its greatest challenges going forward. Record high commodity prices may have a direct impact on the ability of many

low-income borrowers to repay loans. In addition, unfavorable public policy in some countries may undermine their microfinance sector's performance, while the increasing availability of easy consumer credit (and the accompanying risk of over-indebtedness) in others will test the balance sheets and bottom lines of many institutions. While there may be bumps in the road ahead, well-managed and diversified microfinance institutions working to provide financial services to the poor will find that there is still room for growth and sustainability in some of the world's most dynamic markets.

MIX and *MicroEnterprise Americas* would like to thank all participating institutions for sharing their financial and outreach information and advancing transparency in the region.

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Methodological Note: All data are presented in USD for the year ending December 31, 2007, and must be of sufficient quality and detail to stand up to critical scrutiny. Financial data must be provided along with third-party documents verifying the accounts. All data are reclassified to industry standard financial statement presentation and then adjusted using MIX standard *MicroBanking Bulletin* methodology. Only loan and portfolio information from the "scale" list remains unadjusted. Microfinance programs and departments within larger entities must also provide reliable allocations of income statement items to be eligible for the subsidiary top 20 lists. Otherwise, MFIs that cannot be completely analyzed are only eligible for the lists based on volume and are listed with an asterisk (*).

Following the methodology of MIX, the analysis defines a microfinance institution as one with an average size of financial products less than 250% of average individual income levels (GNI per capita) in the country where it is based. For purposes of comparison, only institutions reporting more than 5,000 clients were considered for this survey. Notable exceptions from this list have likely been excluded because they could not or would not provide or substantiate information within the allotted time frame. Some institutions could not appear in the scale list because of size but did appear in other categories due to performance.

For more information on the definitions and methods used, go to www.mixmbb.org.

MIX Credit Type Definitions:

Microenterprise: Given to persons or enterprises to finance the production or trade of goods and services; usually directly to micro- and small enterprises.

Consumer: Given to persons to finance the purchase of consumer goods and services that have no commercial or enterprise purposes, including home improvement, health and education loans.

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