

# Emprende Chile

Classification by the principal vulnerability dimensions of new clients taking out their first loan in 2015, and of total clients who had a loan with the institution at the end of 2015.

Later in the chapter we examine clients in more detail, what they do and how they have performed. The lines presented are in scale with the percentages.

# 10,568

Total clients

# 2,854

New clients

1\_According to Chile's official poverty line (distinguishing between rural and urban environments). Source: Ministry for Social Development; traditional measuring method. Clients whose net income

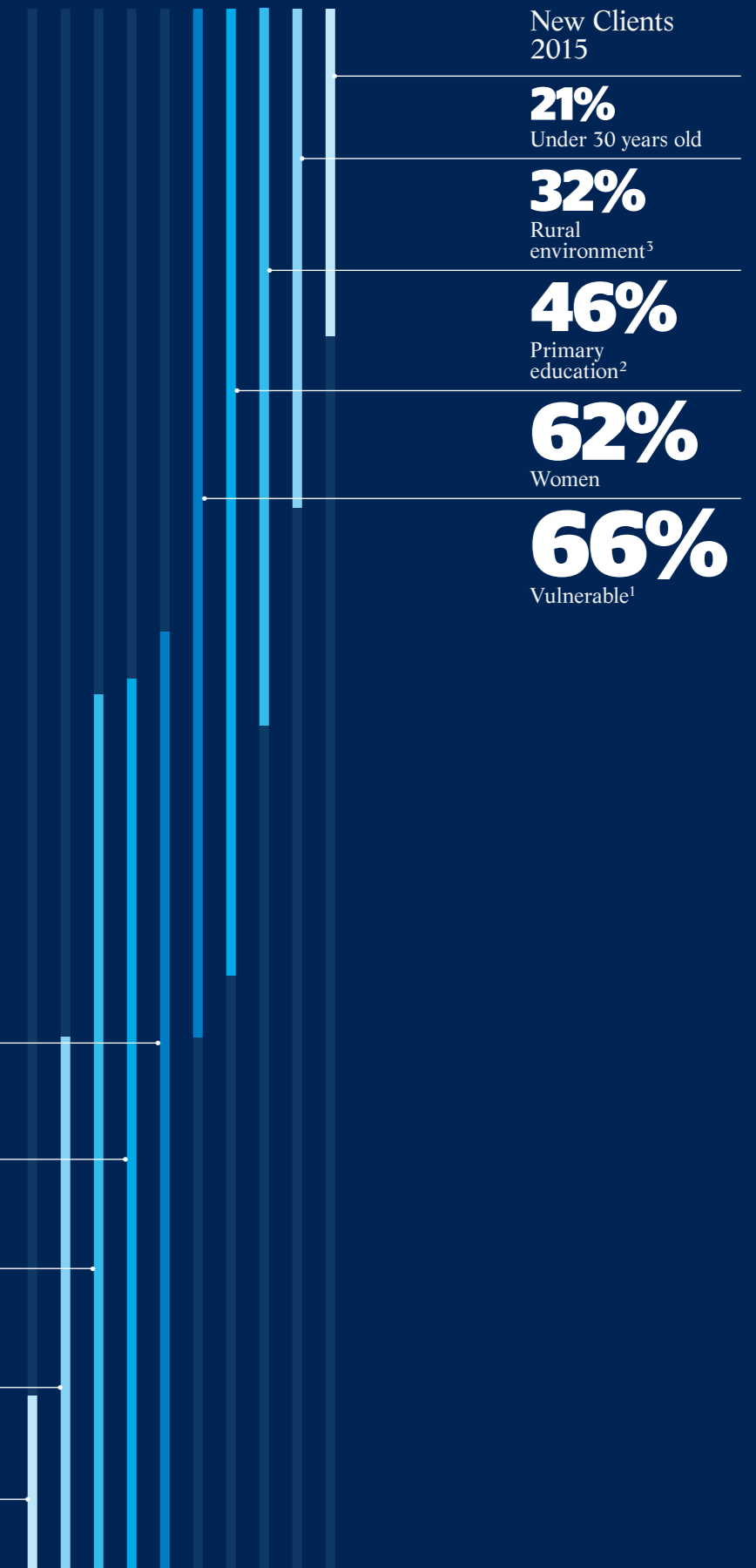
(i.e. profit obtained from their micro-enterprise) divided by the number of members in the family unit (per capita) is no more than 3 times the poverty line of their corresponding country and type of

environment (rural/urban).  
2\_Clients with primary education at best, as proportion of all credit clients.

3\_Clients have not been classified by

their environment (rural/urban). This percentage is determined by the clients found in each municipality. The extent to which each municipality is rural has been assigned as a

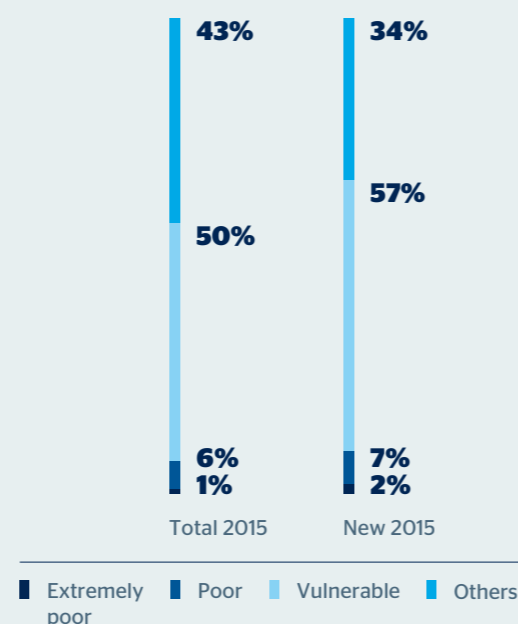
percentage using data from the CASEN survey (Survey of National Socio-Economic Factors) carried out by the Ministry for Social Development.



# Our clients and our scale

**66% of new clients in 2015 were in a situation of economic vulnerability** and over half of the total Emprende portfolio serves clients in this situation.

## Client economic vulnerability <sup>1</sup>



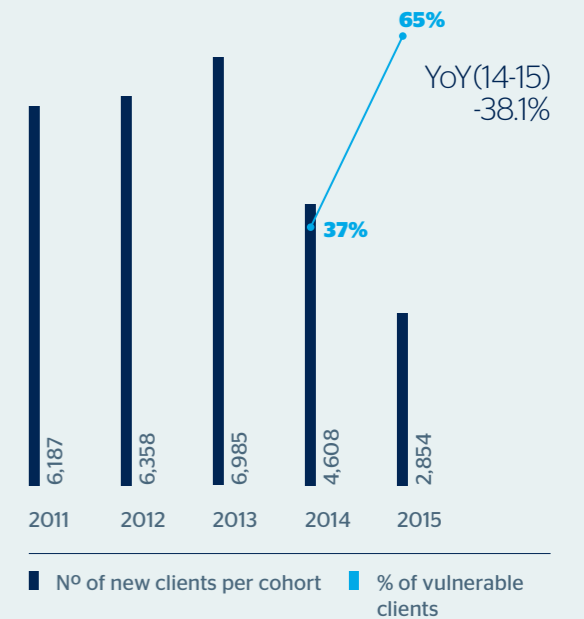
Source: Emprende. BBVAMF calculations.

1\_According to Chile's official poverty line (distinguishing between rural and urban environments). Source: Ministry for Social Development; traditional measuring method. Clients whose net income (i.e. profit obtained from their micro-enterprise) divided by the number of members in the family unit (per capita) is no more than 3 times the poverty line of their corresponding country and type of environment (rural/urban).

2\_Takes into account clients who joined during the year (new clients). No available information of clients' net income before 2014, thus the vulnerability level cannot be calculated.

Less new client acquisition and **more emphasis on vulnerable clients** compared to the previous year.

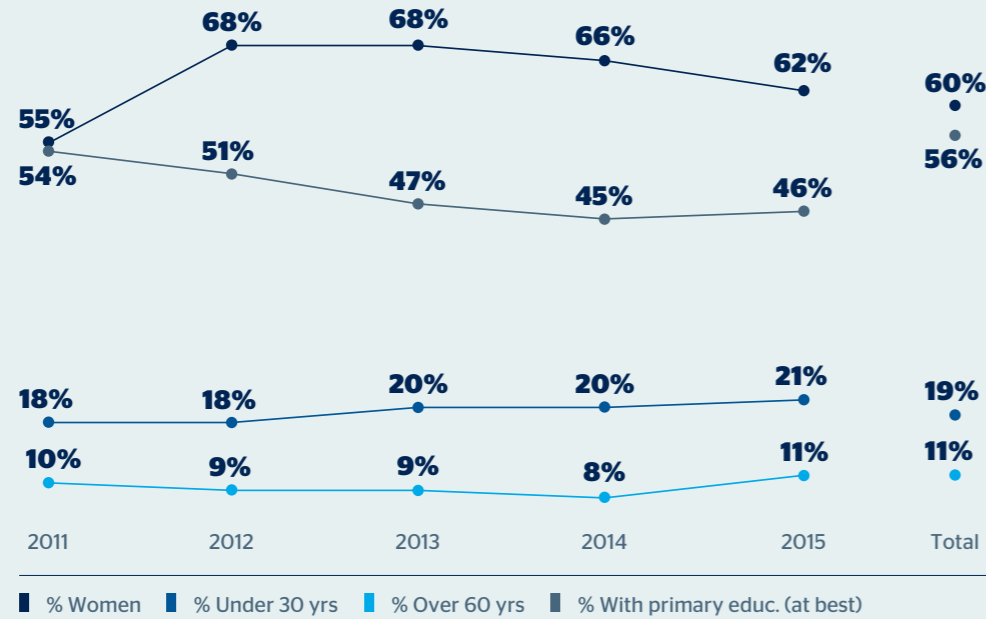
## New credit clients <sup>2</sup>



Source: Emprende. BBVAMF calculations.

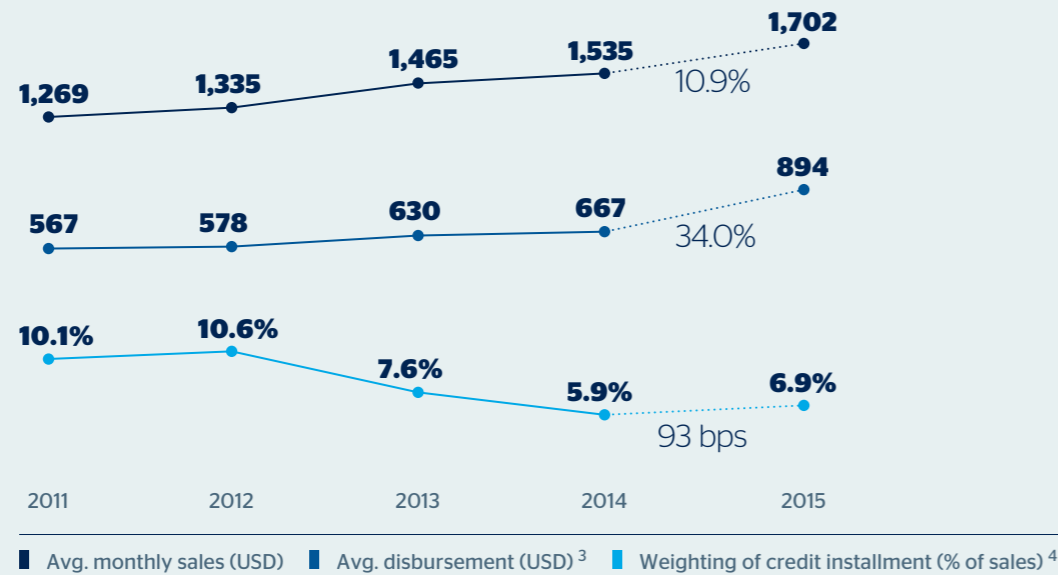
- The majority of Emprende's new clients are women and clients with primary education at best. (see next page)
- New clients' average monthly sales rose, but the weight of the installment in average sales rose too. (see next page)

**Profile of our new credit clients<sup>2</sup>**



Source: Emprende. BBVAMF calculations.

**Sales, disbursement & weight of credit installment<sup>2</sup>**



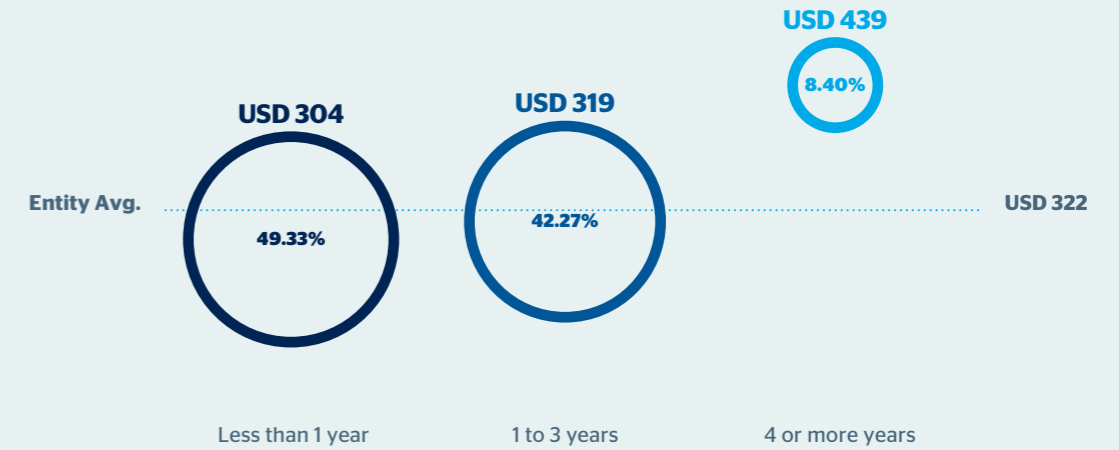
Source: Emprende. BBVAMF calculations.

<sup>2</sup> Takes into account clients who joined during the year (new clients). No available information of clients' net income before 2014, vulnerability level cannot be calculated.

<sup>3</sup> Average disbursement, calculated as the average first disbursement for new clients each year.

<sup>4</sup> Weight of the installment calculated as a ratio average (installment divided by sales) of each client.

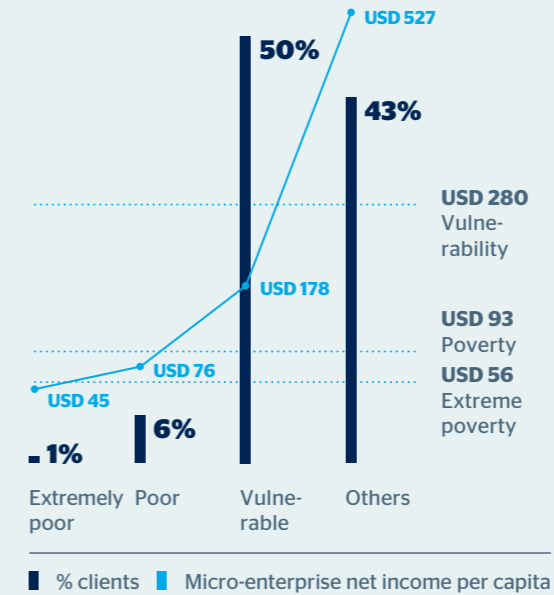
**Average per capita micro-entrepreneurial net income, by client seniority<sup>5</sup>**



Circle represents the % of total clients

Source: Emprende. BBVAMF calculations.

**Average per capita micro-entrepreneurial net income, by client vulnerability<sup>5,6</sup>**



Legend: ■ % clients ■ Micro-enterprise net income per capita

Source: Ministry for Social Development. Emprende. BBVAMF calculations.

<sup>5</sup> Data for the current portfolio as of December 31, 2015.

<sup>6</sup> Poverty lines are for the urban environment.

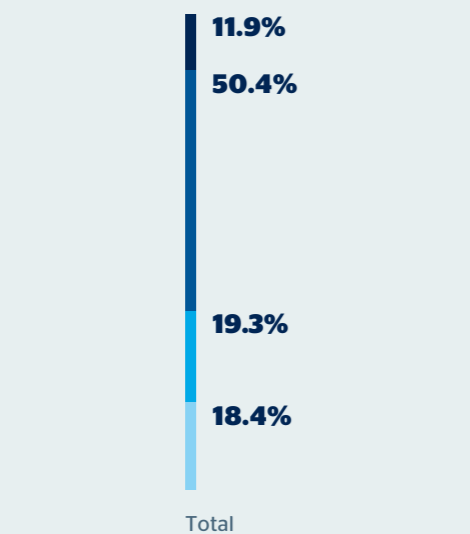
Positive correlation between per capita monthly net income and the length of time banking with Emprende.

- 50% of clients served live in situations of vulnerability, with an average net income of USD 5.90 per person, per day. 6% of the portfolio lives under the poverty line, with an average net income of USD 2.40 per person, per day.

# Our clients' enterprises

- 62% of clients run their own enterprise in the tertiary sector and nearly all of them work in trade.
- 19% of the businesses served create employment.

## Economic activity <sup>7</sup>

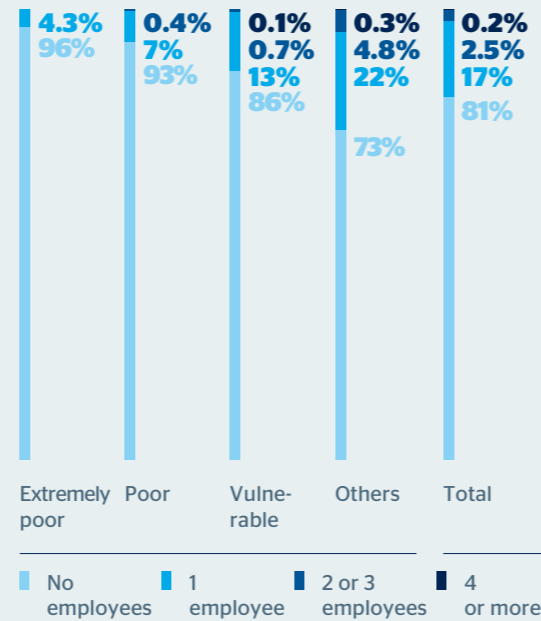


■ Services ■ Retail & Wholesale Trade  
■ Production/Transformation ■ Agriculture

Source: Emprende. BBVAMF calculations.

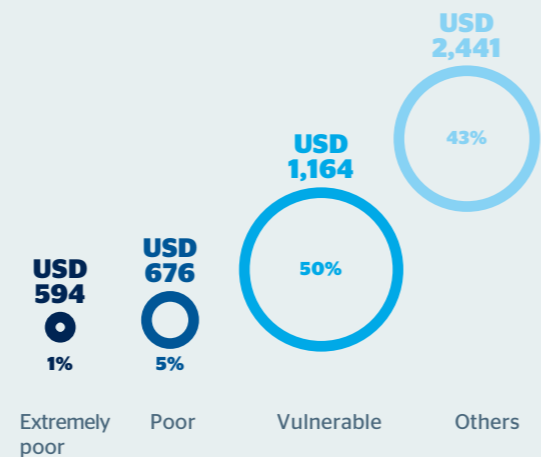
7\_Data of current portfolio as of December 31, 2015.

## Micro-enterprises' employee breakdown <sup>7</sup>



Source: Emprende. BBVAMF calculations.

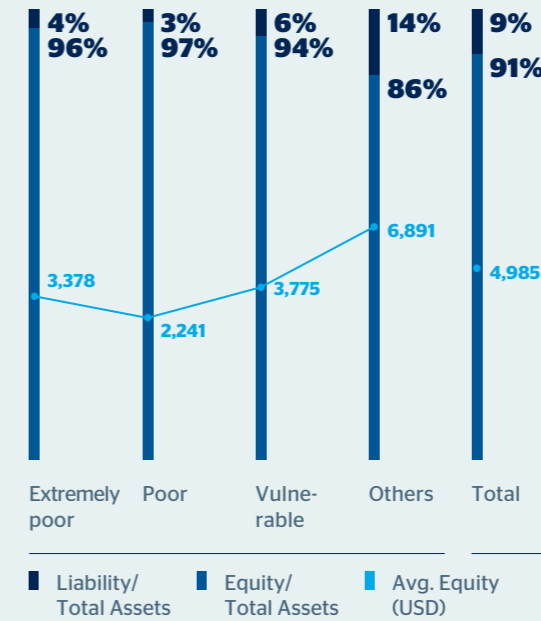
## Average monthly sales by vulnerability <sup>7</sup>



Circle represents % of total clients by vulnerability

Source: Emprende. BBVAMF calculations.

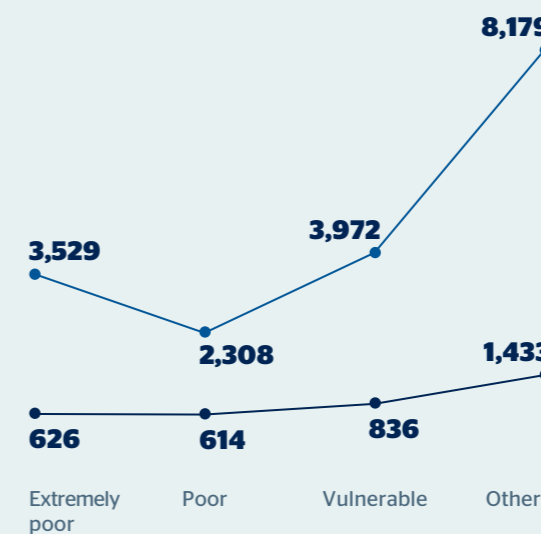
## Assets, liabilities and equity by vulnerability <sup>8,9</sup>



Source: Emprende. BBVAMF calculations.

- A typical disbursement represents 20% of an average client's total assets.
- On average Emprende clients report a gross margin of 51%, and the monthly loan installment represents 6% of their sales.

## Assets and average disbursement by vulnerability <sup>9</sup>



■ Avg. disbursement/transaction (USD) ■ Avg. assets (USD)

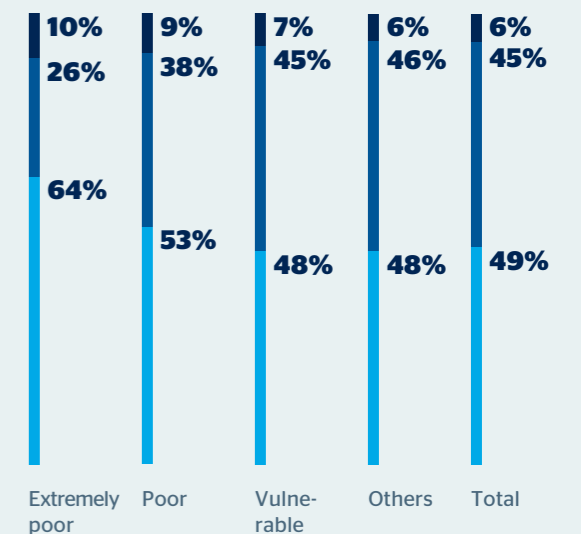
Source: Emprende. BBVAMF calculations.

8\_Assets and equity calculated at the time of credit evaluation (i.e. not including the microcredit granted).

9\_Data as of December 31, 2015.

10\_Calculations based on those clients reporting expenditures.

## Loan installment, expenses & margins (as % of sales) <sup>10</sup>



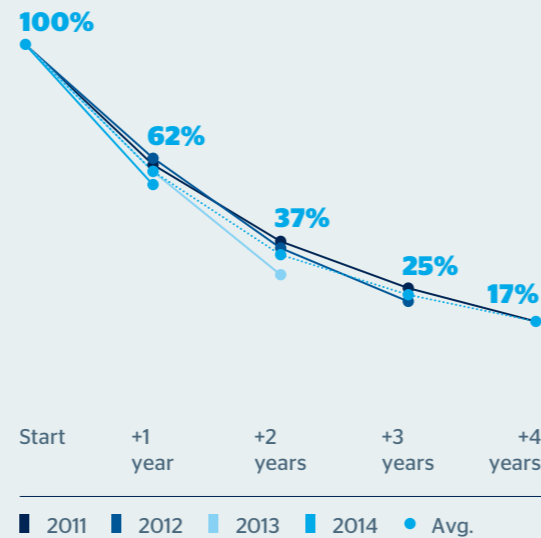
■ Loan installment (%) ■ Net income (%) ■ Expenses (%)

Source: Emprende. BBVAMF calculations.

# Our clients' development

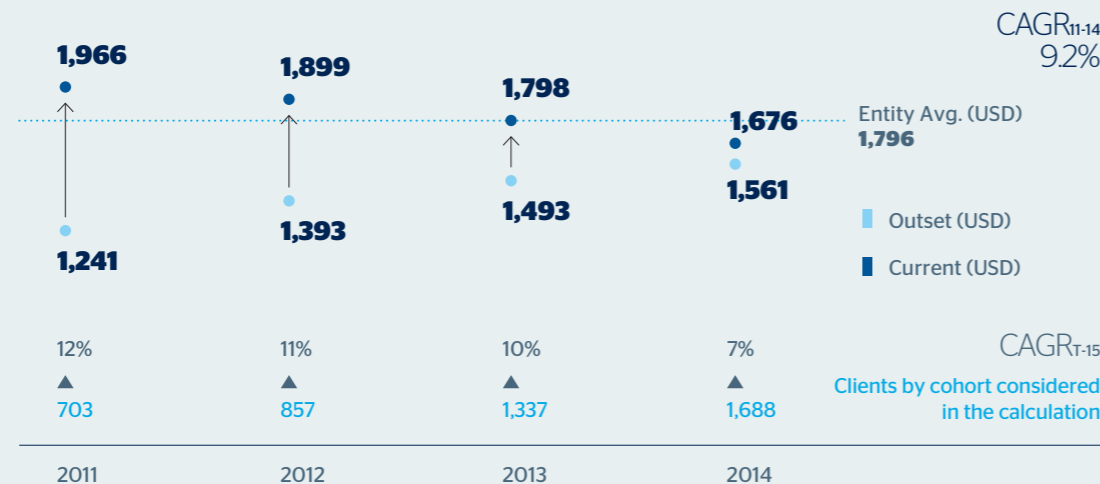
Very similar client retention rate trends in the last 4 cohorts.

**Retention (by cohort)** <sup>11</sup>



Source: Emprede. BBVAMF calculations.

**Average monthly sales (by cohort)** (USD) <sup>12,14</sup>

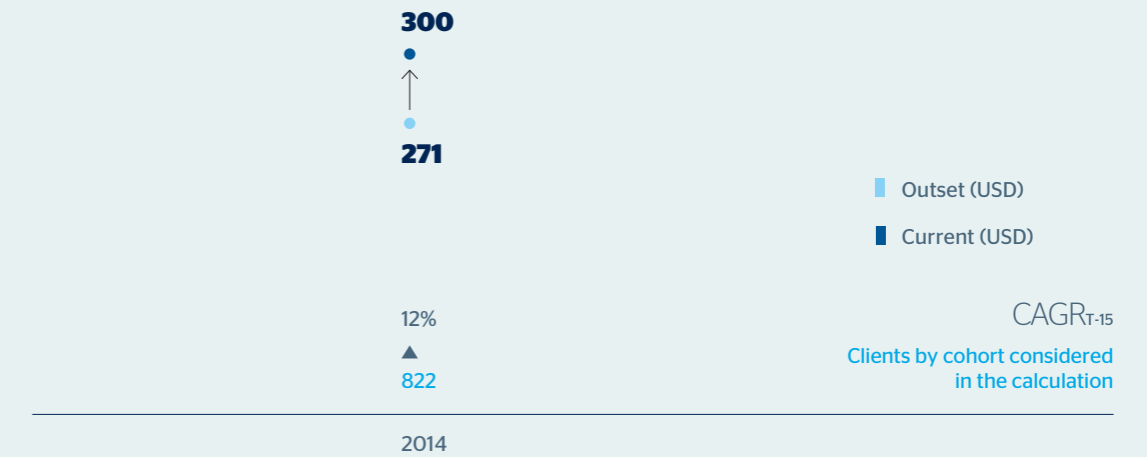


Source: Emprede. BBVAMF calculations.

• Steady sales increases reported throughout the time spent with the institution.

• After a year, on average, 38% of clients leave the MFI; after four years, the proportion of retained clients has fallen to 17%.

**Average monthly net income (by cohort)** (USD) <sup>12,13,14</sup>



Source: Emprede. BBVAMF calculations.

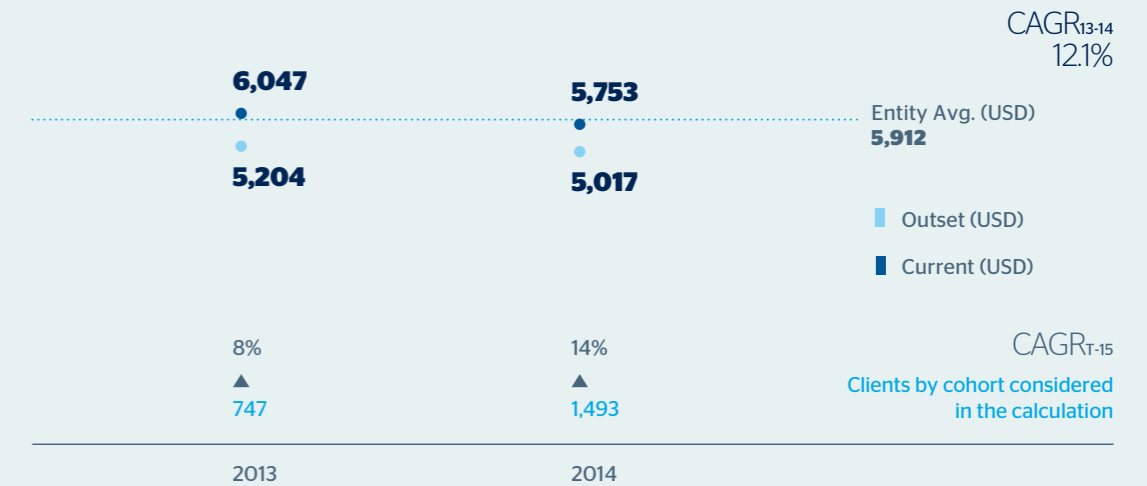
11\_Percentage of clients in each cohort current as of December 31, 2015.

12\_Data of current clients as of December 31, 2015, and include only those clients whose data has been updated in the last 12 months. The situation at the outset is shown (data in their cohort year) and their situation at the end of December 2015.

13\_There is no information prior to 2014 on clients' net income.

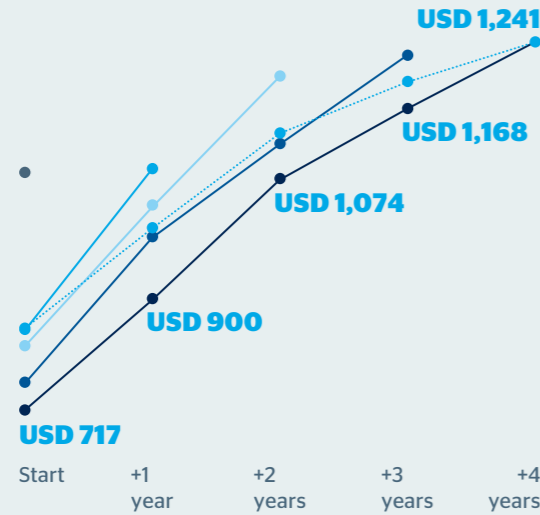
14\_There is insufficient information about net income, sales and assets for the 2015 cohort.

**Average assets (by cohort)** (USD) <sup>12,14</sup>



Source: Emprede. BBVAMF calculations.

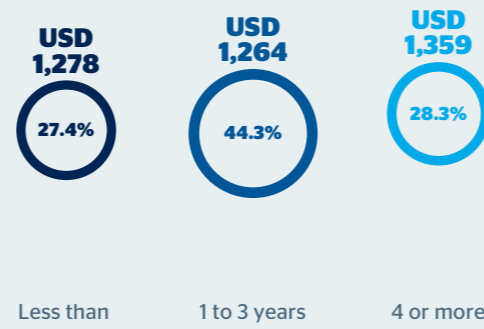
**Average disbursement per transaction (by cohort)<sup>15</sup>**



■ 2011 ■ 2012 ■ 2013 ■ 2014  
● Avg.

Source: Emprende. BBVAMF calculations.

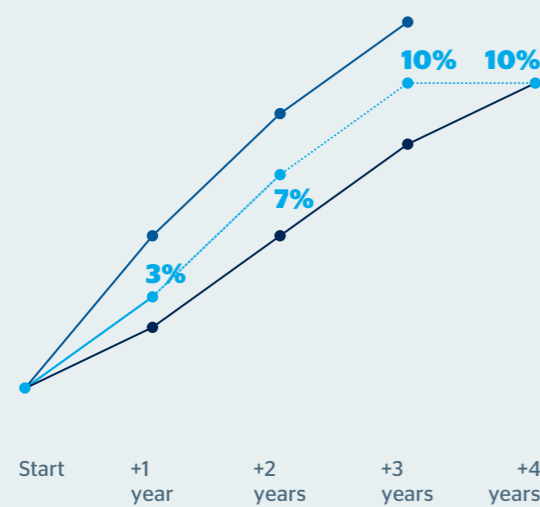
**Average monthly sales by employee<sup>17</sup>**



Circle represents % of total clients whose micro-enterprise has, at least, one employee

Source: Emprende. BBVAMF calculations.

**Job creation (by cohort)<sup>16</sup>**



■ 2011 ■ 2012 ■ 2013 ■ 2014  
● Avg.

Source: Emprende. BBVAMF calculations.

- Sustained growth in the average loan which nearly doubles over 4 years, showing a tendency to increase with each successive cohort.
- On average, by the third year 10% of Emprende's clients have generated at least one new job.

15\_Average disbursement, calculated as the total disbursement made in a year divided by the number of transactions by each client participating in the disbursement in said year.

16\_Proportion of businesses from those still current in each cohort which have increased their payroll.

17\_Only includes clients with at least one employee.

# Activity data

**Summary of activity<sup>18</sup>**

	Total
Gross loan portfolio (USD)	10,937,056
Total disbursed in 2015 (USD)	12,046,655
Nº transactions in 2015	12,169
Average disbursement in 2015 (USD)	990
Deposits & other (USD)	NA
Nº Employees	159
Nº Offices	21
Clients receiving financial education	NA

Source: Emprende. BBVAMF calculations.

18\_Data as of December 31, 2015.