

# Microserfin Panama

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.

# 15,674

Total clients

# 5,370

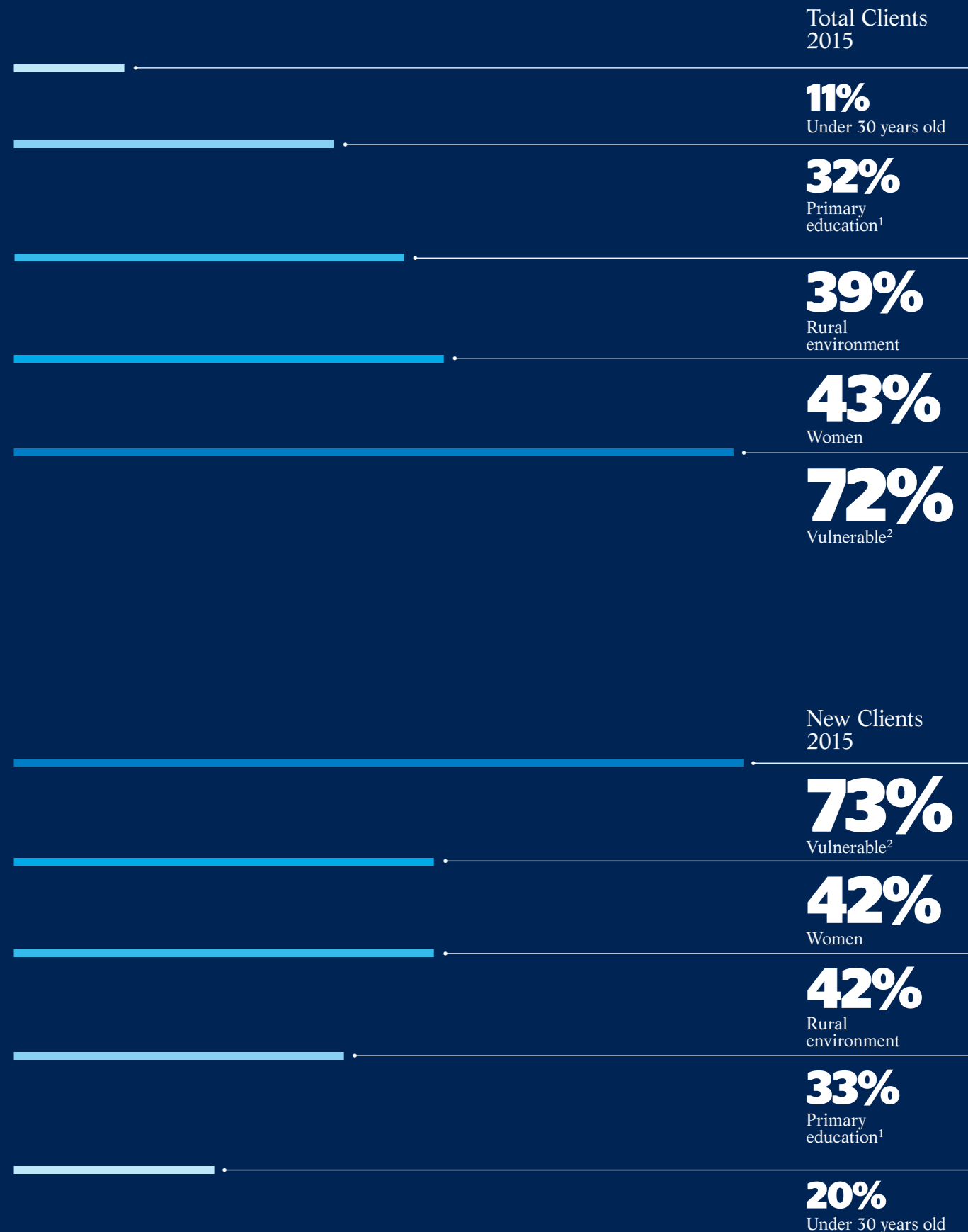
New clients

1\_According to Panama's official poverty line (distinguishing between rural and urban environments). Source: Ministry

of Finance and the Economy. 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).

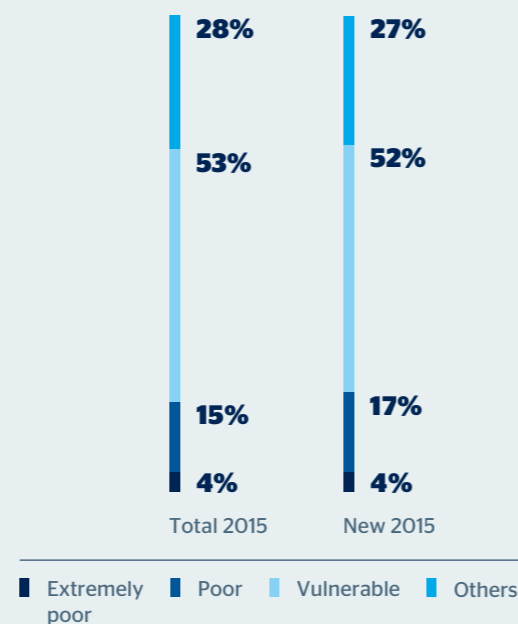
2\_Clients with primary education at best, as proportion of all credit clients.



# Our clients and our scale

Microserfin is retaining its focus on serving low-income entrepreneurs in Panama. **72% of its clients are economically vulnerable.**

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

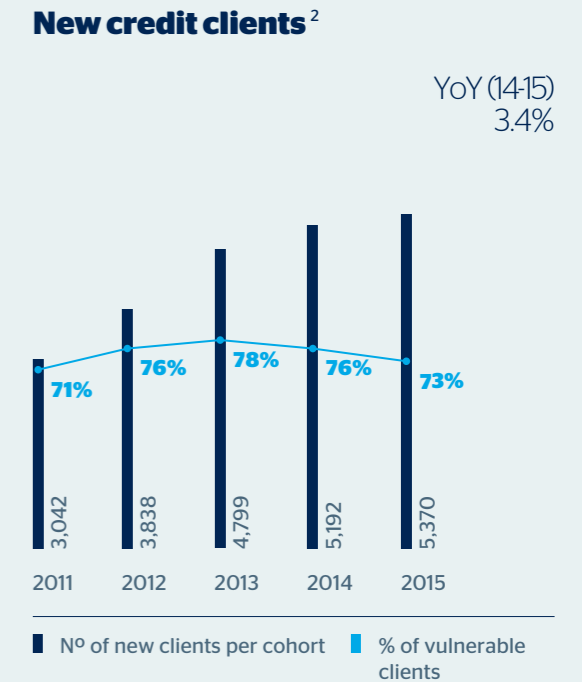


Source: Microserfin. BBVAMF calculations.

1\_According to Panama's official poverty line (distinguishing between rural and urban environments). Source: Ministry of Finance and the Economy. 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 that joined during the year (new clients).

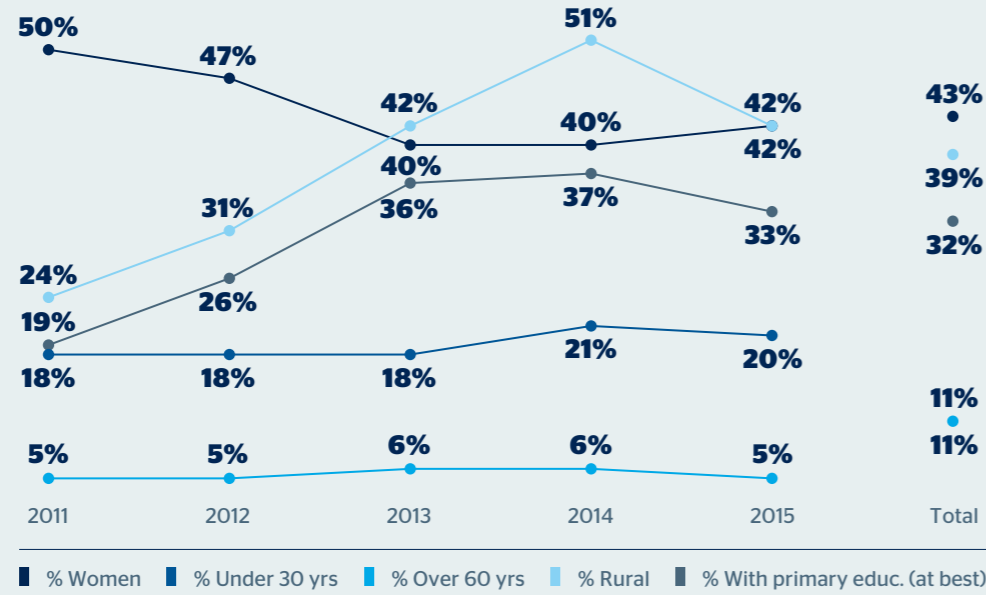
**The rate of new client acquisition has increased** in recent years, while the level of **vulnerability has remained stable, at over 70%.**



Source: Microserfin. BBVAMF calculations.

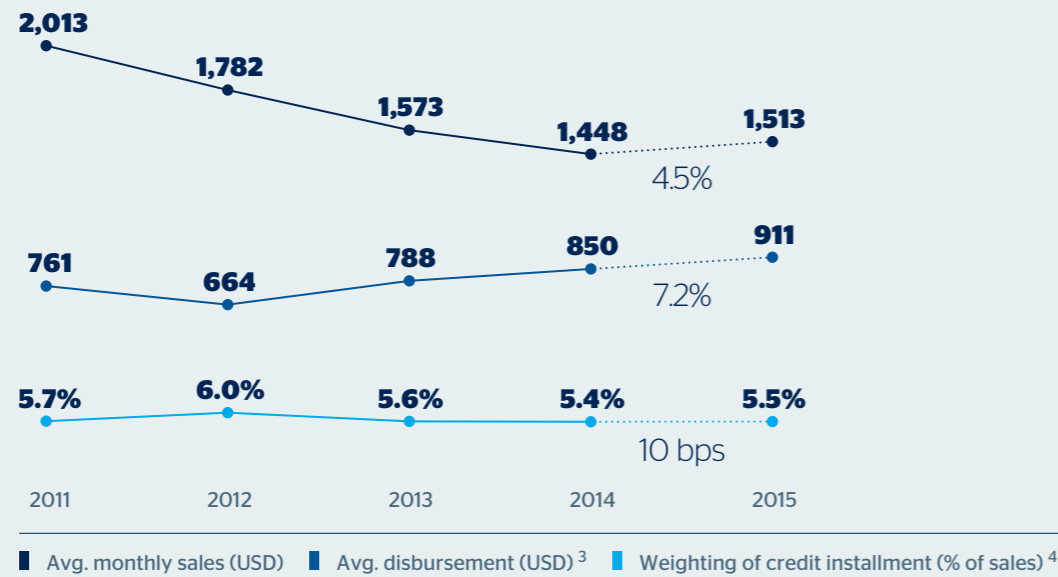
- There has been a growing trend in the last few years of acquiring clients in the educationally vulnerable group, while the proportion of women clients has remained the same over the last 3 years. Rural clients are still an important group, although slightly down from 2015. (see next page)
- The weight of the installment as a proportion of average sales remains stable over the period. (see next page)

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



Source: Microserfin. BBVAMF calculations.

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



Source: Microserfin. BBVAMF calculations.

2\_Takes into account clients that joined during the year (new clients).

3\_Average disbursement, calculated as the average first disbursement for new clients each year.

4\_Weight of the installment calculated as a ratio average (installment divided by sales) of each client.

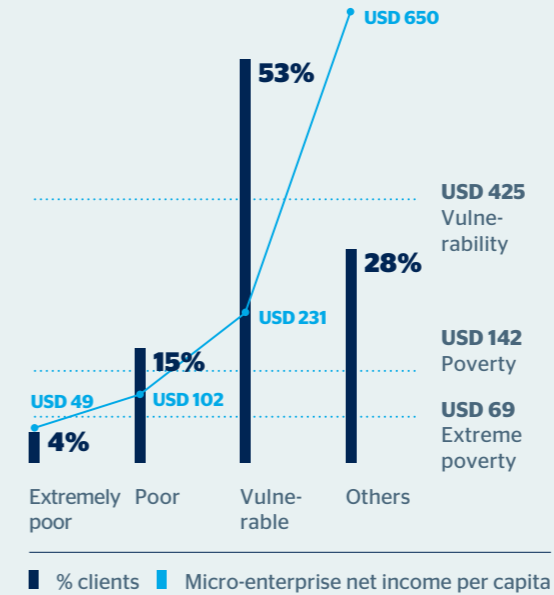
**Average per capita micro-entrepreneurial net income, by client seniority<sup>5</sup>**



Circle represents the % of total clients

Source: Microserfin. BBVAMF calculations.

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



5\_Data as of December 31, 2015.

6\_Poverty lines are for the urban environment.

Source: Ministry of Finance and the Economy. Microserfin. BBVAMF calculations.

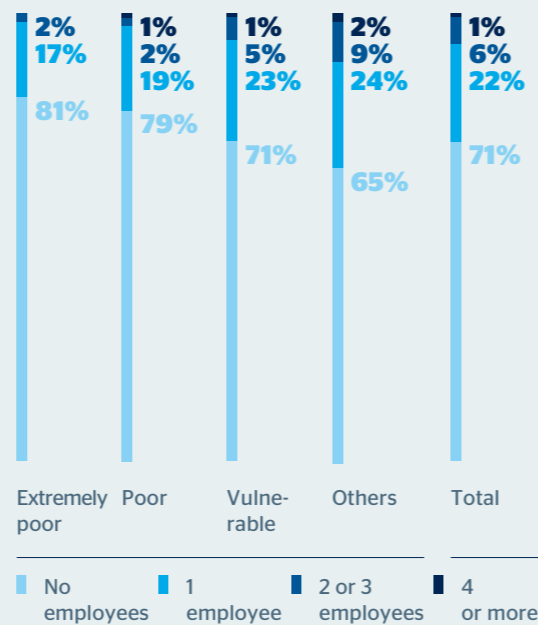
The average monthly per capita net income is USD 323, one of the highest in the Group.

- The per capita net income of those who have been clients for less than a year is slightly higher than for those who have been banking with Microserfin for 1 to 3 years (USD 294) because new clients have higher incomes – nevertheless, there is a rising trend after more time with the MFI (USD 381 after 4 or more years).
- 72% of those served live on an average of USD 6.50 per person per day. 19% exist on just USD 3.00 per person per day.

# Our clients' enterprises

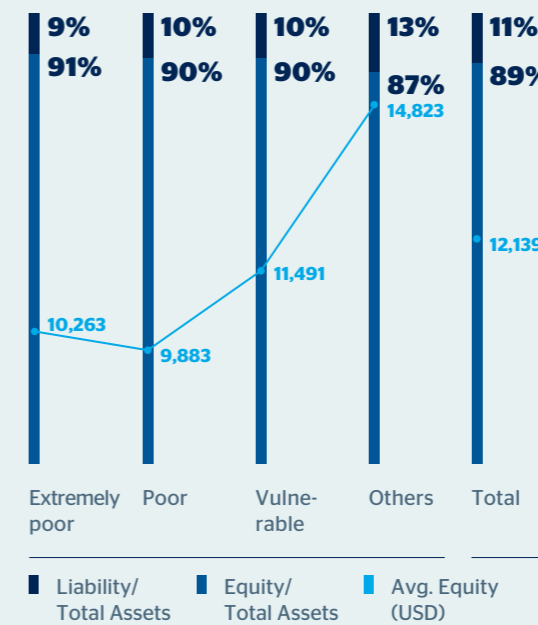
- Clients' activities are equally balanced between different sectors, with agriculture leading in the case of rural clients, and trade when it comes to clients in urban environments.

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



Source: Microserfin. BBVAMF calculations.

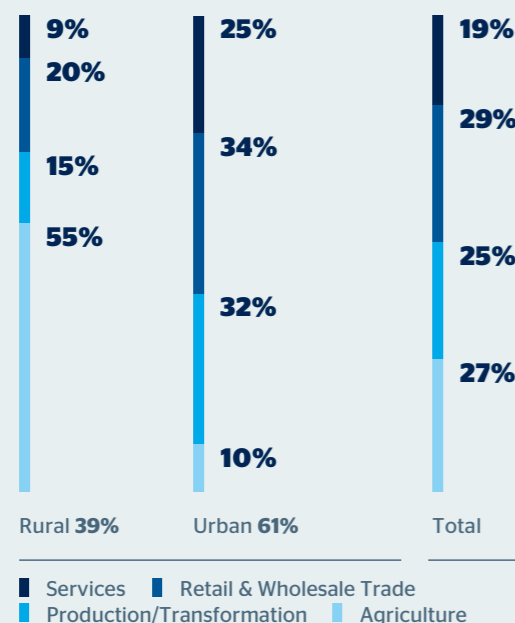
## Assets, liabilities and equity by vulnerability<sup>8,9</sup>



Source: Microserfin. BBVAMF calculations.

- 29% of clients generate at least one job other than their own, but in most cases, the client is the only employee of their business.
- More vulnerable clients are less highly leveraged: liabilities make up 9% of the assets of extremely poor clients and 13% in the case of non-vulnerable clients.
- The weight of the installment is similar, whatever the vulnerability level; on average it represents 6% of sales. Average gross margin is 45%.

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



Source: Microserfin. BBVAMF calculations.

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



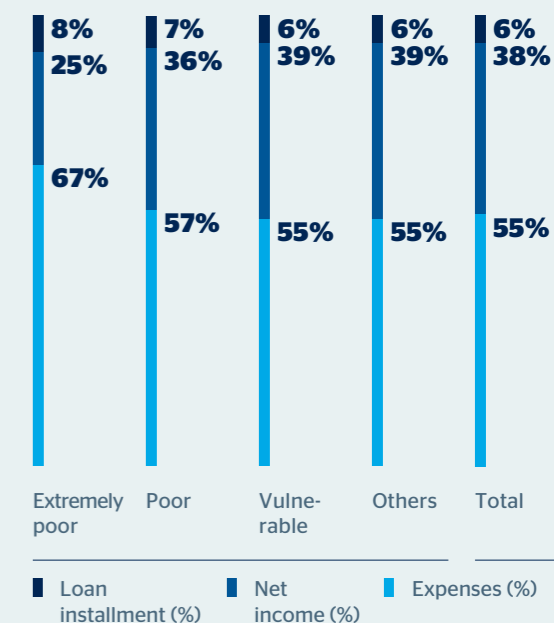
Source: Microserfin. BBVAMF calculations.

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



Source: Microserfin. BBVAMF calculations.

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



Source: Microserfin. BBVAMF calculations.

<sup>7</sup>Data as of December 31, 2015.

<sup>8</sup>Assets and equity calculated at the time of credit evaluation (i.e. not including the microcredit granted).

<sup>9</sup>Data as of December 31, 2015.

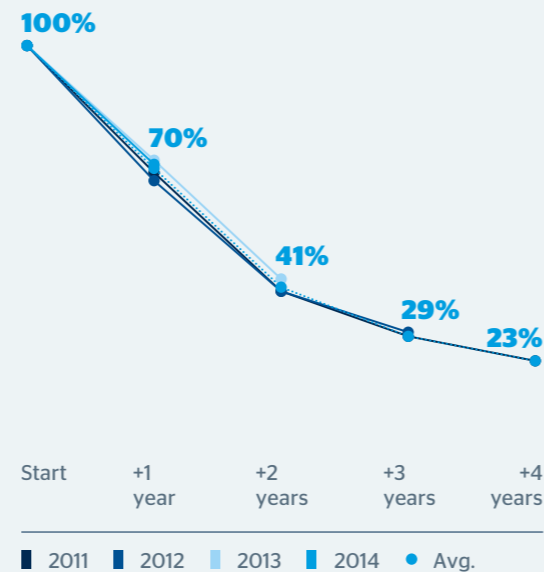
<sup>10</sup>Calculations based on those clients reporting expenditures.

# Our clients' development

After two years, 14% of clients registered as poor when they started their relationship with the institution have surpluses over the poverty line.

- The client retention rate has performed similarly over the last 4 cohorts analyzed. After two years, on average, 59% of clients leave.
- In the last two years, over 200 clients have overcome poverty, 20% of those who were classed as poor when they started with the bank.

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



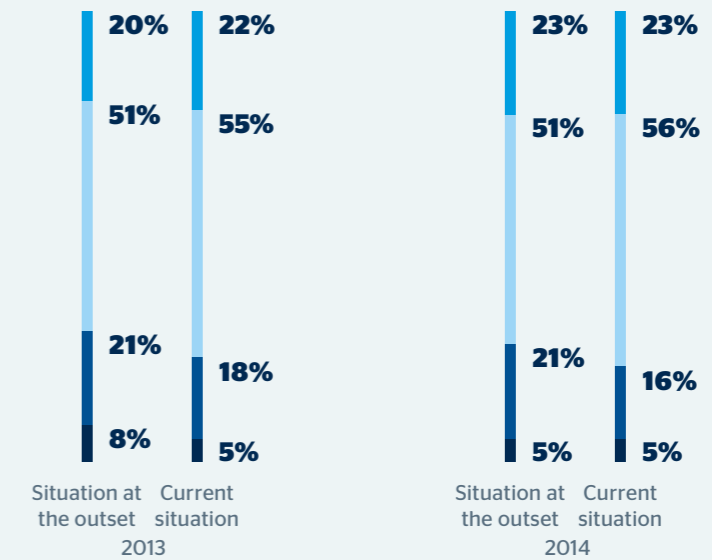
Source: Microserfin. BBVAMF calculations.

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

12\_Shows the situation at the outset and the current situation as of December 31, 2015 of clients in each cohort current at that time.

13\_Clients participating in the sample are current clients and have had their data updated in the last 12 months.

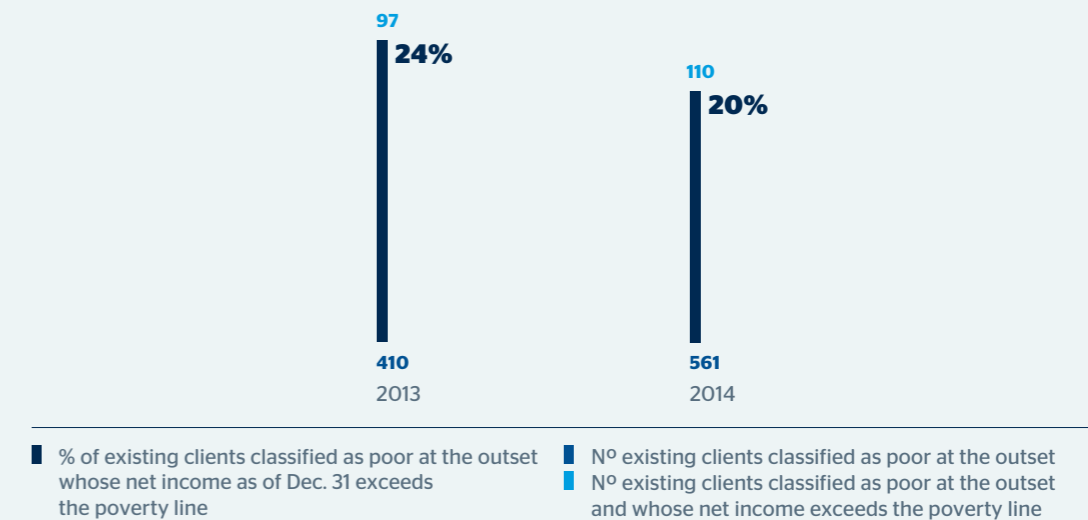
## Client economic vulnerability (by cohort)<sup>12,13</sup>



■ Extremely poor ■ Poor ■ Vulnerable ■ Others

Source: Microserfin. BBVAMF calculations.

## Clients overcoming poverty (by cohort)<sup>13</sup>



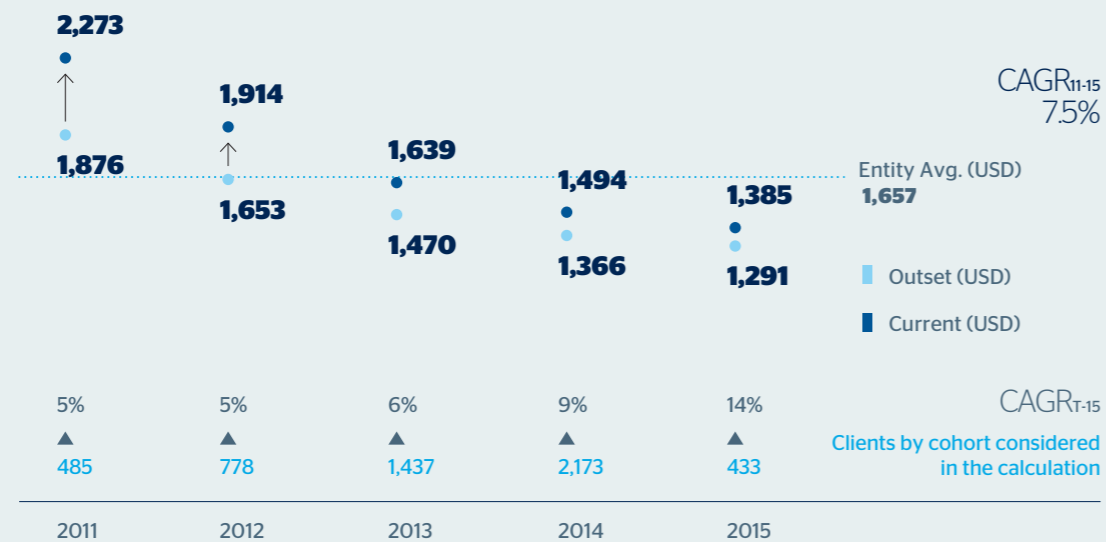
Source: Microserfin. BBVAMF calculations.

The increase in sales always shows positive and faster accumulated growth rates in the first two years; the net income per capita, on the other hand, maintains steady growth.

- The direct correlation between the increase in enterprise assets and the duration of the relationship with Microserfin can be seen: performance

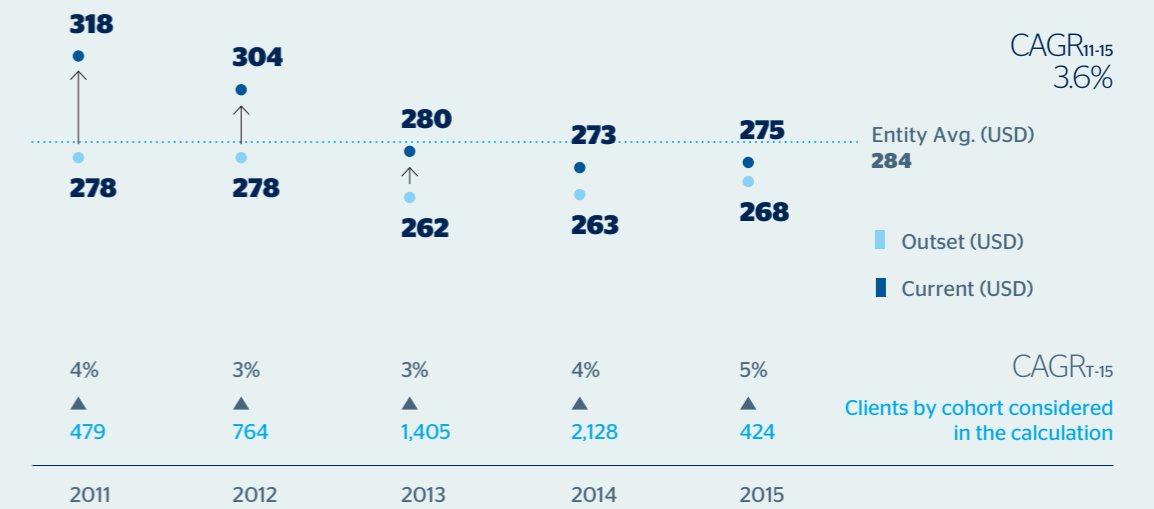
improves with the passage of time, i.e. the longer a client stays with the institution, the better the “asset investment ratio”.

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



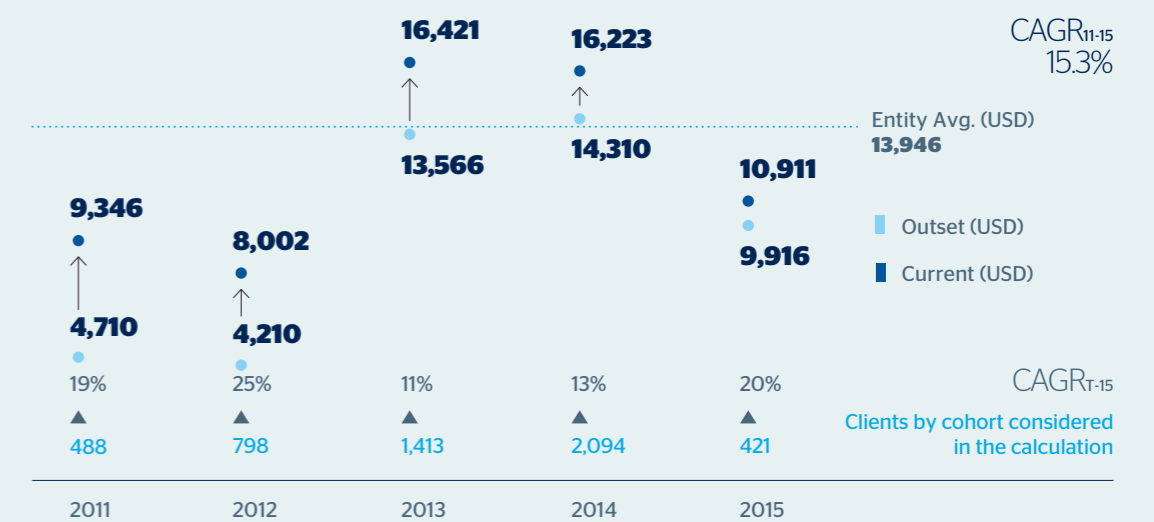
Source: Microserfin. BBVAMF calculations.

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



Source: Microserfin. BBVAMF calculations.

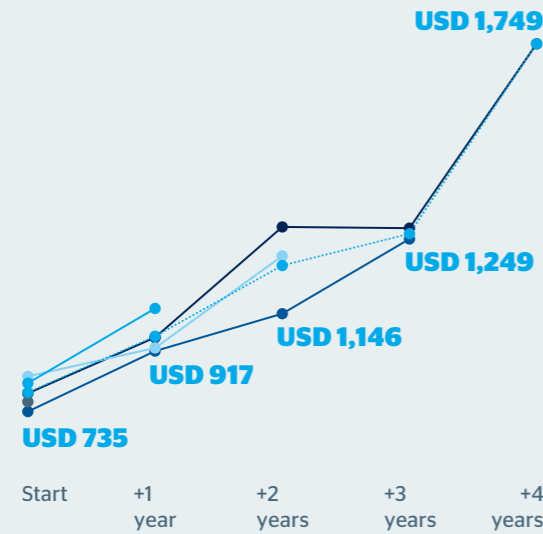
**Average assets (by cohort) (USD)<sup>14</sup>**



Source: Microserfin. BBVAMF calculations.

<sup>14</sup>Data on clients current as of December 31, 2015, and that have had a data update 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. The outset is the moment that the first loan was granted.

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



Legend: 2011 (dark blue), 2012 (medium blue), 2013 (light blue), 2014 (very light blue), 2015 (darkest blue). Avg. (red dot).

Source: Microserfin. BBVAMF calculations.

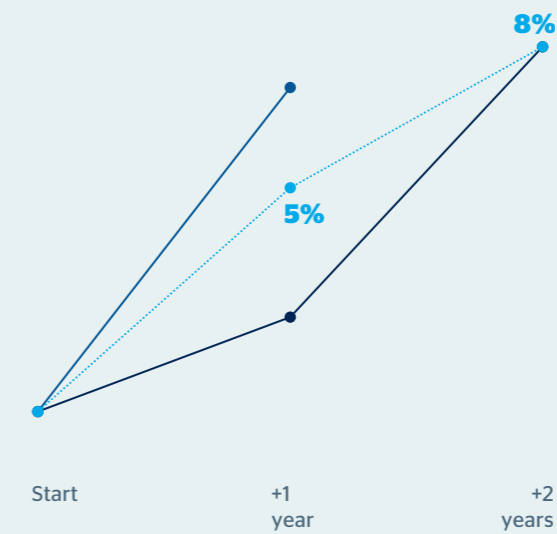
**Average monthly sales by employee**<sup>17</sup>



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

Source: Microserfin. BBVAMF calculations.

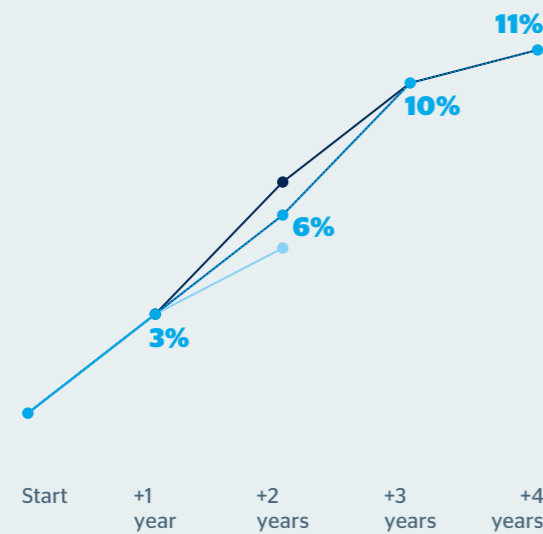
**Client improvement in housing** (by cohort)<sup>18</sup>



Legend: 2013 (dark blue), 2014 (medium blue). Avg. (red dot).

Source: Microserfin. BBVAMF calculations.

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



Legend: 2011 (dark blue), 2012 (medium blue), 2013 (light blue), 2014 (very light blue). Avg. (red dot).

Source: Microserfin. BBVAMF calculations.

- Sustained increase in the credit sums given to clients, accompanying them as they grow. These have grown by an average of 55% after two years.
- 10% of businesses served by Microserfin create at least one new job position in the first 3 years.
- Productivity (measured as sales per employee) is higher among clients who have been with the MFI for longer.

- In the first two years, 8% of clients served are in a position to enlarge or improve their home.

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 enterprises, of those still current in each cohort, that have increased their payroll.

17\_Only clients who have at least one employee on the payroll are included.

18\_Proportion of clients still current in each cohort who have moved into their own home, have made home improvements or who have increased the number of rooms in their home from when they registered at the outset.

# Activity

## data

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### Summary of activity<sup>19</sup>

	<b>Total</b>
Gross loan portfolio (USD)	23,441,244
Total disbursed in 2015 (USD)	19,476,00
Nº transactions in 2015	13,993
Average disbursement in 2015 (USD)	1,392
Deposits & other (USD)	NA
Nº Employees	224
Nº Offices	11
Clients receiving financial education	2,700

<sup>19</sup>Data as of  
December 31, 2015.

Source: Microserfin. BBVAMF calculations.