

**Monthly Client Memo**

28 September 2021

Dear Clients and Partners,

Your Monthly Client Memo for August 2021 is available below. If you have missed any of the previous Memos, you can access them via this link: [symbioticsgroup.com/covid-19/](https://symbioticsgroup.com/covid-19/)

With inflation measures hitting multi-year highs, Latin American policymakers, with the notable exception of Argentina, have rushed to increase their interest rates and cool down their economies. In South and Southeast Asia, the state of economies paints a more varied picture. After the second COVID wave in Q2 2021, the Indian government has announced an additional USD 84 billion stimulus and introduced a credit guarantee scheme for loans provided to MSMEs in June. In Myanmar, however, a sharp increase of COVID cases led to a nationwide lockdown in July, which was extended into September. This time, MFIs have not been granted an exemption resulting in closure of branches and, consequently, a decline in collections and disbursements. The closure of the Central Bank of Myanmar and local banks further disrupted the sourcing of hard currency for debt payments. Sri Lankan authorities reimposed a nationwide lockdown until the end of September. The country faces a steep decline in FX reserves following large sovereign debt repayments in July 2021. The country will likely need to seek support from the IMF before its next large repayments in January 2022.

- **Microfinance institutions' portfolio quality:** Portfolio growth trends are positive in Africa and Europe and Central Asia, Latin America and the rest of Asia, however, exhibit negative trends. Moratorium levels are continuously decreasing and so is the PAR across all regions, except for MENA.
- **Currencies & interest rates:** Emerging markets currencies plunged at the end of August but were able to recover their gains against the dollar in early September (YTD 1.11% as of September 13<sup>th</sup>).
- **Liquidity & solvency cases:** While liquidity levels are decreasing in all regions, most significantly in Africa, solvency levels remain stable across most regions, with the exception of Asia, where we observe a slightly declining trend in solvency levels. The number of COVID-19-related active cases remained stable at eight, as of 16 September 2021. Currently, all active cases refer to workouts and represent 2.4% of total assets. At the beginning of the year, there were 19 cases representing 4.8% of total assets. In August, one new workout case was opened, however, it was not caused by the COVID crisis but a consequence of the ongoing political crisis in Myanmar, which led to reduced availability of hard currency and limited investees' capacity to repay international lenders.
- **Demand:** Symbiotics disbursed USD 91.7 million to 32 institutions in August 2021, amounting to USD 693 million YTD (in 2020: USD 466.8 million). We witnessed the strongest origination in Europe and Central Asia (USD 26.9 million or 29% of all loans), closely followed by Latin America (26% of all loans). Our forecasted disbursement for September 2021 is USD 112.7 million.
- **Fundraising:** In August, we received subscriptions of about USD 25 million from Austrian and Swiss clients.

Should you have any questions, please contact your relationship manager.

Sincerely,  
Symbiotics