

**Monthly Client Memo**

22 December 2021

Dear Clients and Partners,

Your Monthly Client Memo for Q4 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 the festivities fast approaching, all of us at Symbiotics would like to take this opportunity to thank all our clients and partners for your trust and support this past, challenging year. We wish you a happy and peaceful holiday season spent with your loved ones and all the success and prosperity in the New Year 2022.

With the high inflationary environment continuing, rate hikes are gradually becoming a reality. The effects of this were particularly prominent in December when the Federal Reserve accelerated its tapering and projected three rate hikes in 2022, on the back of optimistic US employment data. Whilst Emerging Markets currencies are expected to remain vulnerable in the run-up to the new year, we're seeing growth picking up in the markets we are invested in and amongst our investees.

- **Microfinance institutions' portfolio quality:** Despite some currency volatility in Emerging Markets, portfolio and borrower growth across the Middle East, North Africa, Afghanistan, and Pakistan (MENAP) region have been trending up since October. Share of moratorium loans (as % of Gross Legal Product) declined except in Latin America (LATAM) where, together with Portfolio At Risk (PAR) levels, it remained stable. PAR declined in Sub-Saharan Africa whilst slightly increasing in remaining regions. Forbearance measures remained in place in some countries as a result of the ongoing Covid-19 pandemic. Return on Equity (ROE) levels continued to increase in all regions, except in Asia. In East Asia, the negative impact of Covid on the economies has been decreasing, whereas Myanmar remained in a deep economic and political crisis.
- **Currencies & interest rates:** In November, certain countries including India and Kazakhstan kept their interest rates unchanged whilst the following countries began a gradual tightening: Georgia (50 bps), Moldova (100 bps), Peru (50 bps), Brazil (150 bps). Sri Lanka's forex reserves have fallen by 30% - to the lowest level since May 2009 raising fears of a default. On the upside, Zambia and Niger are set to receive funding from the IMF support program. Countries such as Kazakhstan, China, Bangladesh and Ecuador are implementing measures to relieve economic shortfalls. Whilst Jordan and Costa Rica's ratings have been revised up to 'stable'.
- **Liquidity & solvency cases:** Liquidity and solvency remained stable in most regions. In October, Sub-Saharan Africa registered an increase in liquidity levels Month-on-Month (MoM). Across the MENAP countries, liquidity decreased MoM – nevertheless having posted the highest level of liquidity vs. other regions.
- **Demand:** Symbiotics disbursed USD 89.5 million to 22 institutions in November 2021, bringing the total for 2021 to USD 978.6 million, compared to USD 737.6 million in 2020. We witnessed the strongest origination in Latin America (37% of all loans), Europe and Central Asia (30%), followed by Asia (24%) and Africa (8%).
- **Fundraising:** In November, we received subscriptions in excess of USD 30 million.

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

Sincerely,  
Symbiotics