



## ***TO OUR FRIENDS AND SUPPORTERS:***

One year has passed, as a regional autonomous network, and we would like to express our appreciation for your significant support in helping us fulfill our strategic goals and, thus, accompanying our institution in the strengthening and development of the microfinance sector in Central America.

In order to inform and make you aware of the impact and usefulness of the funds entrusted by you to Katalysis Network, following is a summary of our main achievements in the past twelve months:

### **FINANCIAL ADMINISTRATION**

- ☞ Member institutions contributed \$81,000 for the Network equity base.
- ☞ 80% of income was generated by services provided to the Network members, Katalysis Bootstrap Fund and third party entities.
- ☞ As of August 30, the Network has \$215,000 of Non Restricted Assets
- ☞ Liquidity funds for \$ 230,000 are invested in short term periods to provide additional income to the network.

### **TRAINING**

- ☞ Two regional forums were held: "Advancing Microfinance through Information Technology", and Governance Board Members Role". These events were attended by more than 240 participants
- ☞ "Risk Management" Seminars were held in Honduras and Nicaragua
- ☞ Ten short term courses were held in MFI headquarters related to Credit Lending, Financial Math, Funds Mobilization with an attendance of more than 450 participants.
- ☞ Lectures were provided to different groups related with Remittances, Regulatory Frameworks, Transformation and Merge of MFIs.

### **TECHNICAL ASSISTANCE**

- ☞ Comprehensive due diligence reviews were completed for the 14 Network members. Final documents are in Spanish and English.
- ☞ More than 100 days of short term technical assistance were provided, including issues as Evaluation of MFIs, Development of Internal Controls, Treasury and Savings Mobilization manuals, Investigation about the Use of a Debit Card.
- ☞ Quarterly reports of consolidated and individual financial and economic performance were distributed to each Network members.

## REPRESENTATION

- ☞ Active presence of the Network in different local, regional and international forums where discussions were held on the services and activities of the microfinance industry.
- ☞ The Katalysis Network was accepted as member of the Latin American Rural Forum (FOROLAC) where rural microfinance networks participate to exchange experiences with financial services to the rural poor.
- ☞ An agreement of cooperation and technical exchange among 22 Microfinance Latin American Networks including Katalysis Network was signed at the IDB-Inter American Development Bank Forum held in Bolivia.
- ☞ Network Board President participated in quarterly Board meetings of Katalysis Bootstrap Fund.
- ☞ The Network President and Executive Director met during the year, with various donor agencies to explore funding prospects.

## SAVINGS AND REMITTANCES PROGRAMS

- ☞ The Savings Mobilization Project, funded by the IDB and developed by the Katalysis Network, closely supported three member institutions in Honduras to become the first regulated financial institutions and provide savings products to their clients.
- ☞ More than \$250,000 had been disbursed for: 1) Investigation and feasibility studies of the Savings Programs; 2) Support Training Programs; 3) Provide technological tools like the Printing for Savings Books; 4) Marketing of Savings Products.
- ☞ Combined Time and Term deposits for more than \$ US 300,000 have been mobilized from clients during the first 9 months of implementation of the program.
- ☞ Three member organizations have implemented a remittance program and more than \$ 1.5 million had been received from family members in the US.

## IMPACT INFORMATION AS OF JUNE 30<sup>th</sup>, 2005

- ☞ Network clients: 143,600
- ☞ No. of new clients during year: 35,054
- ☞ Women clients: 66%
- ☞ Network loan average: \$440
- ☞ Network total assets: \$72,484,328
- ☞ Network profitability: 23.2%
- ☞ # of branches: 122

## LOAN SERVICE THROUGH KATALYSIS BOOTSTRAP FUND (KBF)

- |  |              |
|--|--------------|
| ☞ Number of Network entities with KBF loans :  | 10           |
| ☞ Number of credit requests during the period: | 18           |
| ☞ Amount of funds disbursed:                   | \$ 1,633,000 |
| ☞ Accumulated disbursement since inception:    | \$ 4,063,980 |
| ☞ Outstanding loan portfolio as of Sept. 05:   | \$ 1,339,186 |

## 2006 CHALLENGES

- ☞ To strengthen the technical capacity of the Network members to offer new Financial Products especially to finance new medium term credit loans.
- ☞ To bring customized technical assistance to the new regulated member institutions.
- ☞ To develop tailored financial products for lending in rural areas.
- ☞ To offer new financial products for youth entrepreneurs
- ☞ To strengthen the IT capacity of all Microfinance Organizations

Tegucigalpa, October 18, 2005