



FINCA International, Inc.



A Commercially Viable Approach
to Poverty Alleviation

FINCA

FINCA profile

MISSION:

The mission of FINCA International is to provide financial services to the world's lowest-income entrepreneurs so they can create jobs, build assets, and improve their standard of living



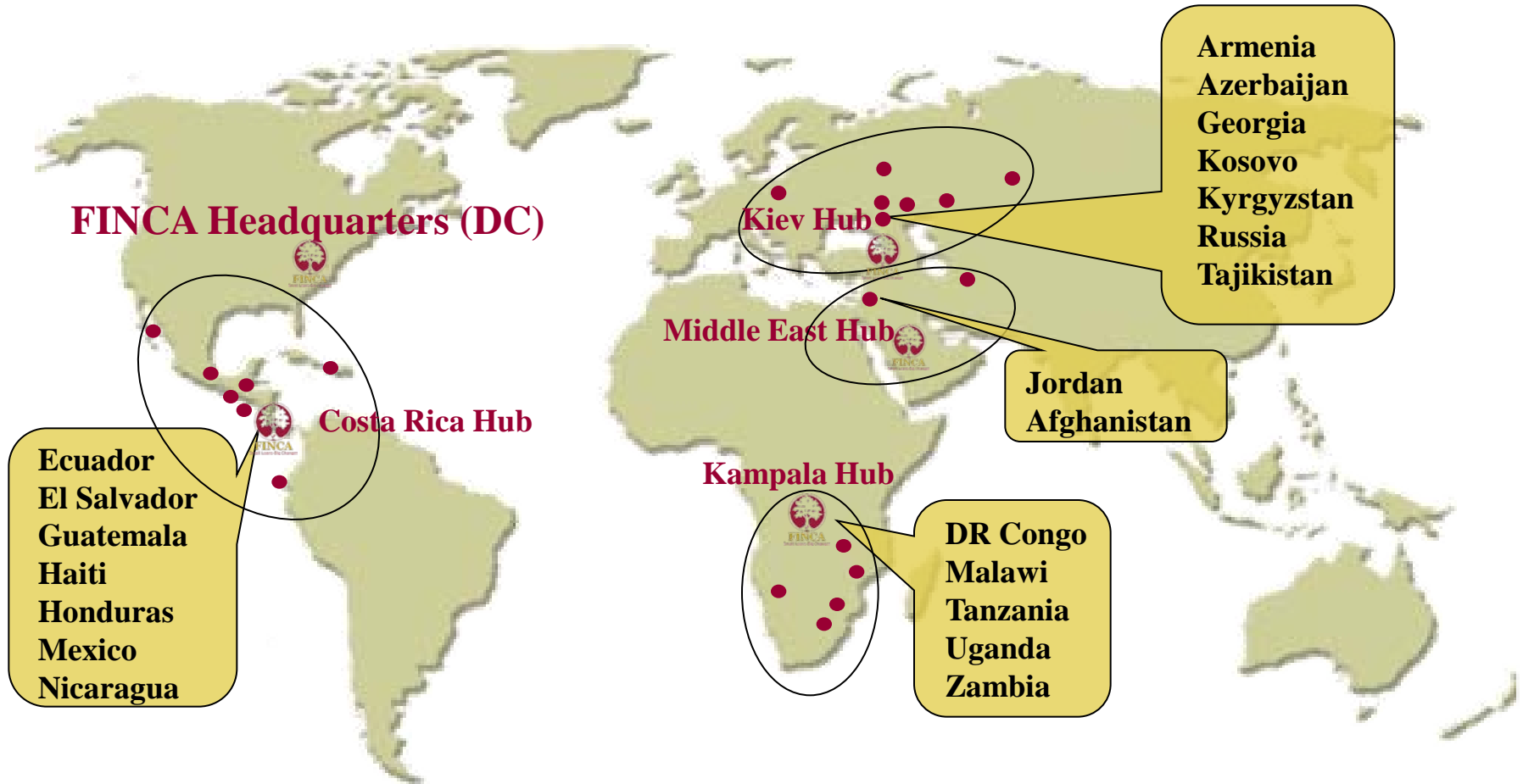
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Today's Agenda

- **FINCA profile**
- **Role of CMG**
- **Funding (R)Evolution and how it has Changed FINCA**
- **Steps to Prepare for the Future**

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FINCA profile - Geographic Coverage 2007



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Creation of Capital Markets Group

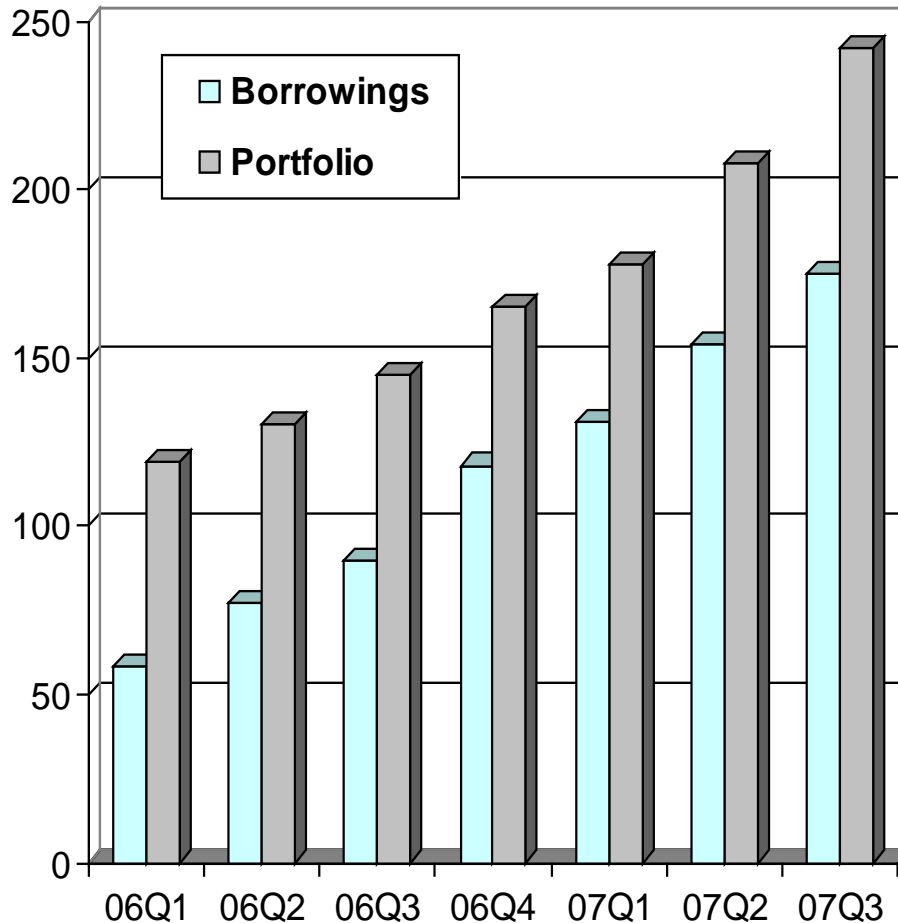
- Funding sources not located in the local markets
- Use of Financial expertise at the FINCA HQ level
- Leverage the value of the FINCA network

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Role of Capital Markets Group

- Oversee the funding projection process
- Structure and negotiate direct loans to affiliates
- Structure and negotiate large and sophisticated facilities for network
- Review all loan documentation
- Assist with the determination of the liability structure of each affiliates
- Maintain investor relations
- “One stop” contacts for investors
- Help design investment fund ideas for broader regional/network funding
- Help design alternative financing instruments (bonds, forex hedging, etc.)
- Help manage relationships with rating agencies
- Equity and transformations

FINCA- how has FINCA benefited from the growth in investment funds?



Debt

Portfolio growth exceeded 103 % since 2006

Borrowings have increased 3x since 2006 (10x since 2004)

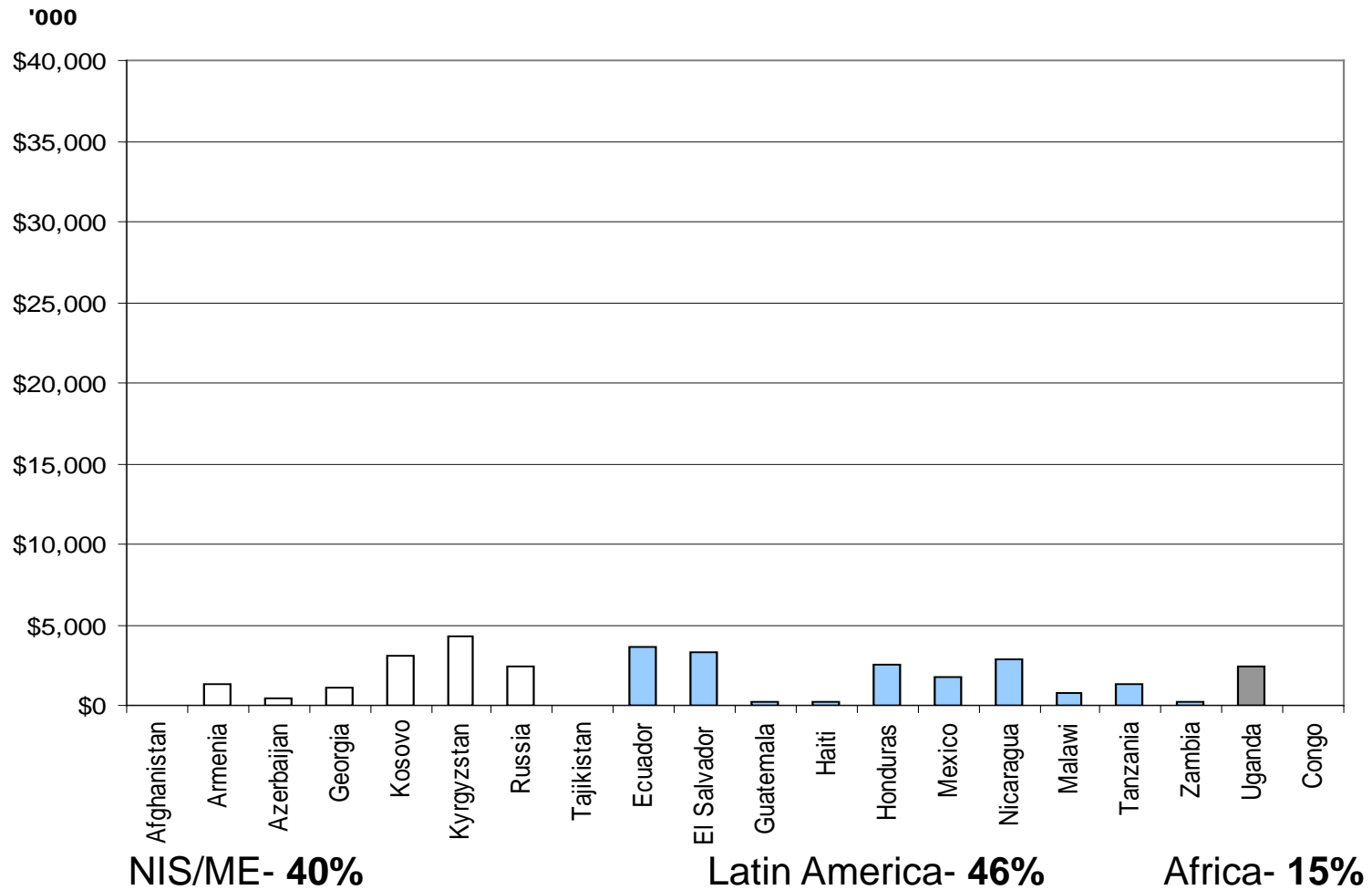
Interest margins have been reduced by an average of 25%

Open foreign exchange position (as % of total assets) has been reduced by 50 %

Ability to leverage existing FINCA equity

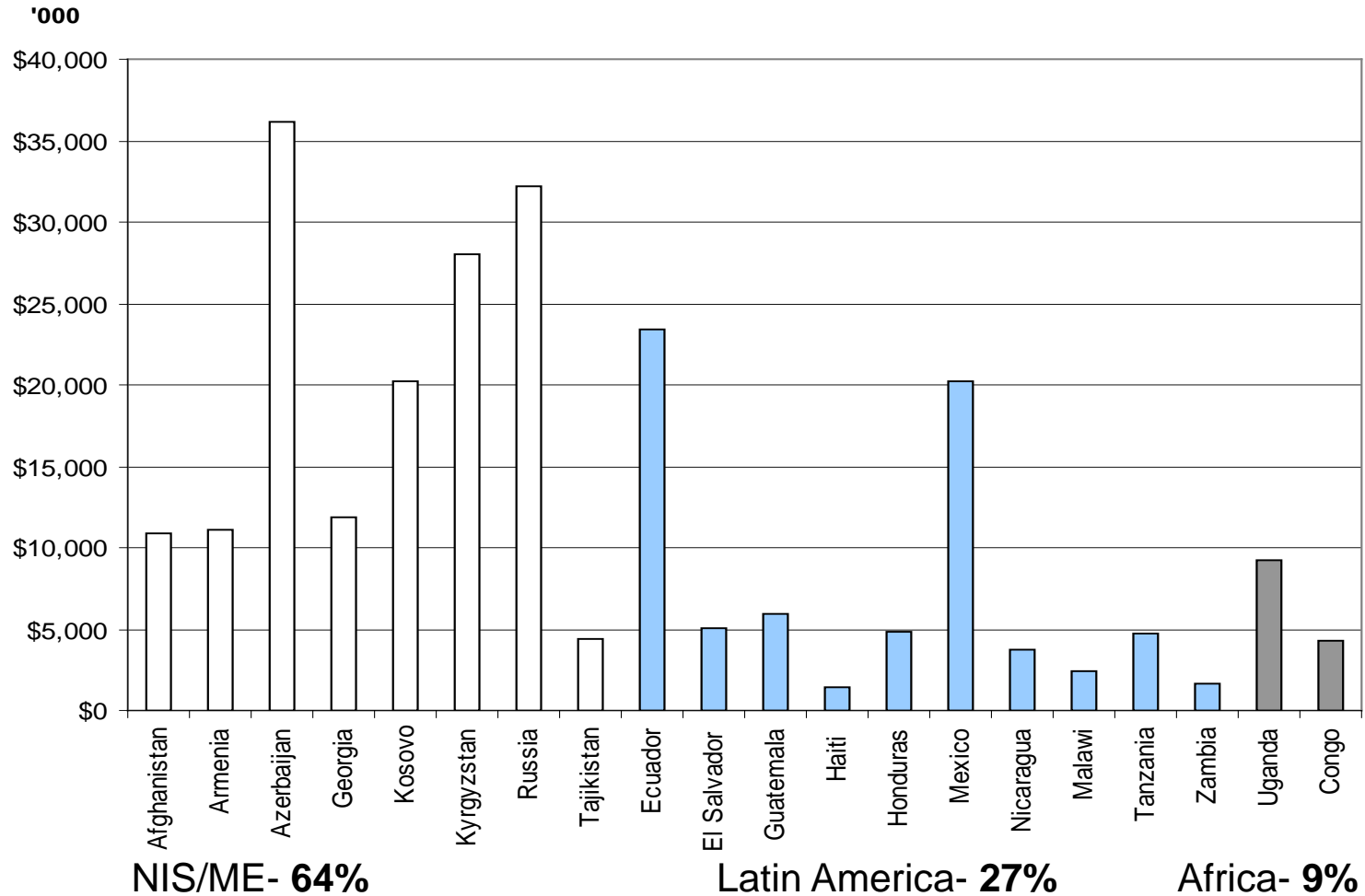
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FINCA profile - portfolio distribution (8/31/02)



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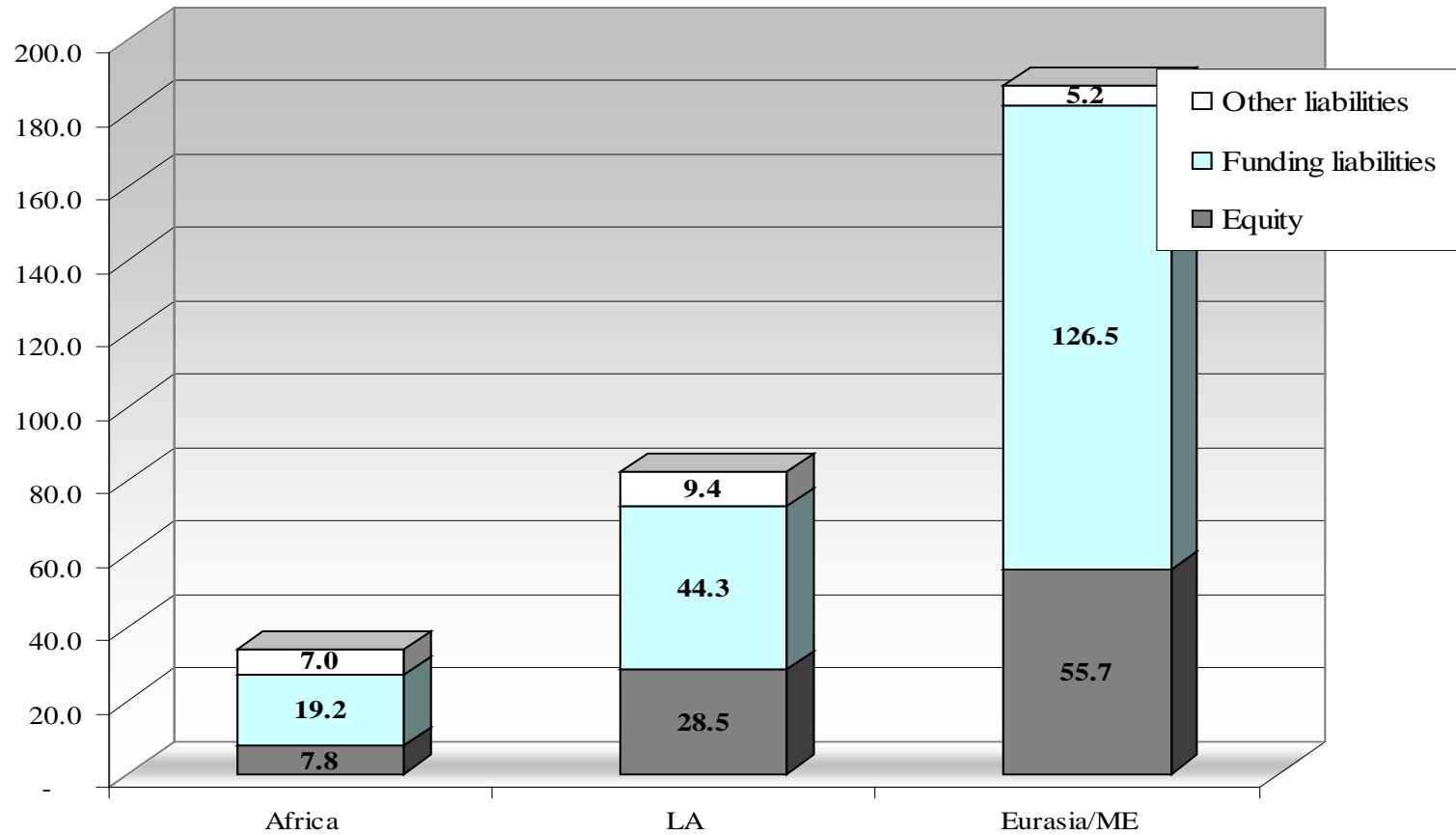
FINCA profile - portfolio distribution (9/30/07)



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Program funding - capital structure (9/30/07)

Figures in USD\$ millions



Total assets: **D/E 2.45**
\$34.0 mm

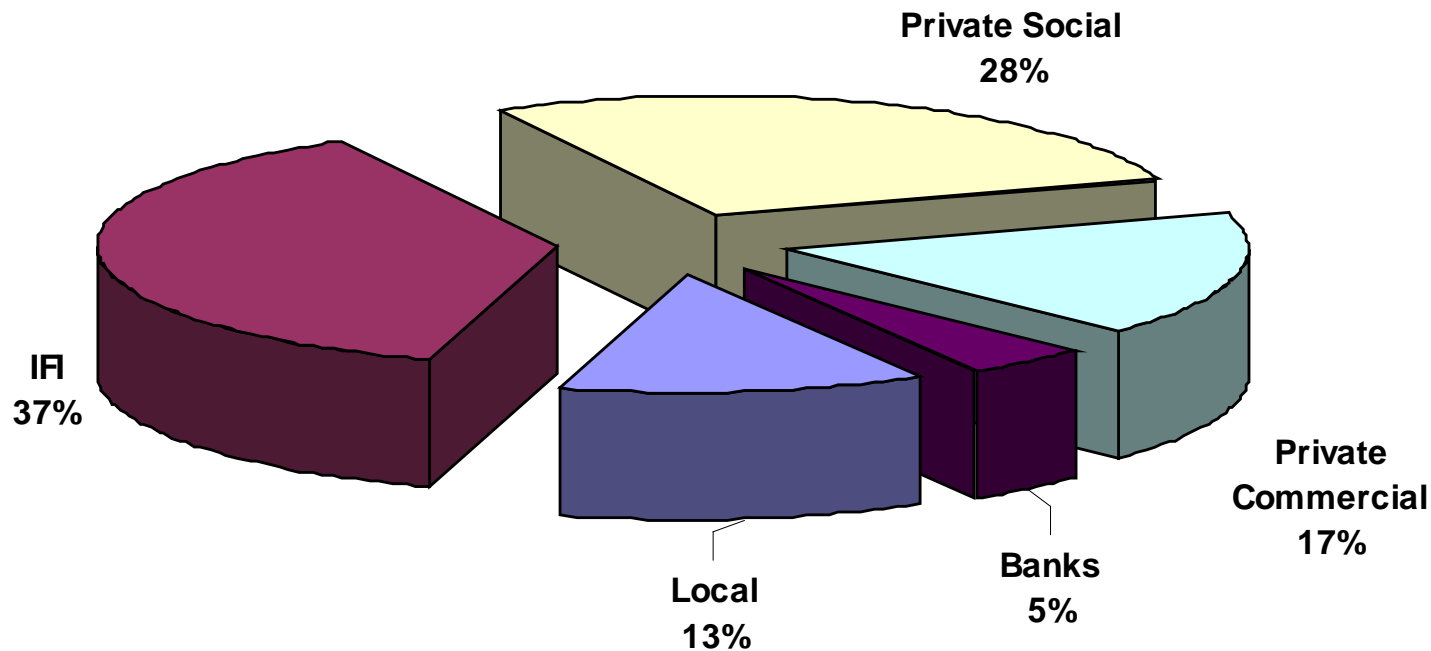
D/E 1.55
\$82.2 mm

D/E 2.48
\$187.4 mm

D/E 2.06

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Borrowing structure- who are the true lenders to MFI's



Local Currencies: 49.5%

Foreign Currencies: 50.5%

FINCA- how is FINCA planning to benefit from the increased interest in equity investments in MFI's?

Equity

FINCA has invited socially-oriented institutions to invest equity in select FINCA programs and investment vehicles, with the aim of broadening and expanding the equity base of FINCA MFIs in order to lay the groundwork for further growth and transformations into full-fledged banks.

Ability to select partners

Leverage the existing FINCA equity

Self directed growth

Value Added from Investment partners

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FINCA profile – Steps to become a new asset class?

- Ability to articulate mission – Microfinance is not a charity nor is it fully profit oriented.
- Ability to access the true risks of microfinance lending
- Transformation into regulated institutions
- Provision of clean, timely commercial bank quality data
- Full financial transparency
- Appropriate vehicles for accepting funding of different investor types
- Governance
- Strong legal support

