



*Empowering people. Changing lives.
Innovating for the world's poor.*



Capital Management & Advisory Center

Harness the resources of the financial markets to support rapid expansion in outreach to poor families by leading, poverty-focused MFIs

Link microfinance institutions to the capital markets through:

- GF-branded financial instruments

Growth Guarantees
Equity (in process)

- Education of both microfinance management and commercial funding sources in order to establish the sector as a viable and attractive investment opportunity

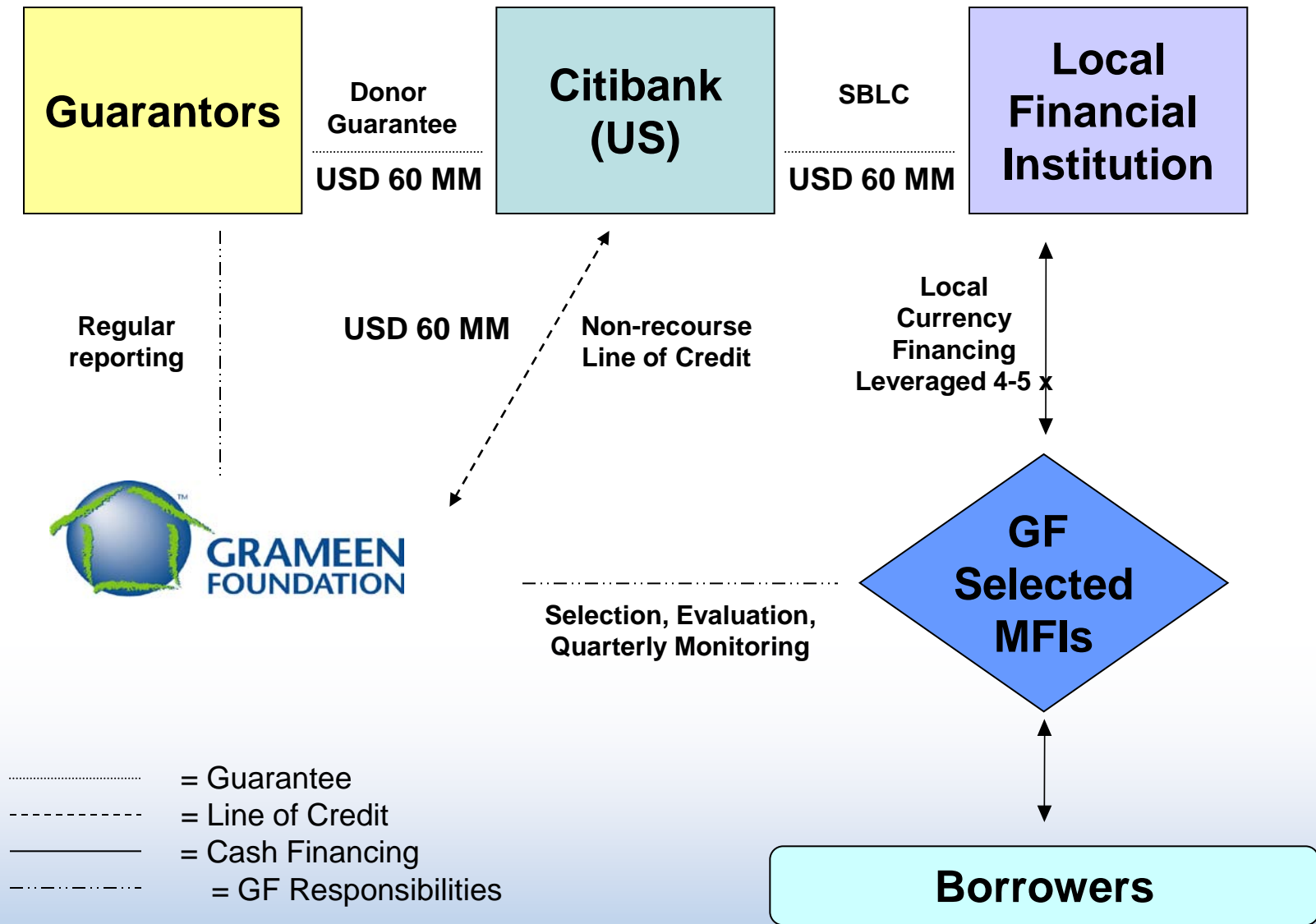
Capital markets related advisory services

Growth Guarantee Overview



- Closed transactions
 - \$104 million in local currency financing generated for MFIs through placement of \$17 million in guarantees
 - 19 transactions closed for 15 MFIs
- For each transaction supported by a guarantee, GF seeks to educate and drive local markets forward by accomplishing one or more of the following for the MFI:
 - Longer Tenor
 - More competitive pricing
 - Larger financing amounts
 - Less onerous security requirements
 - Innovative or first time structures

Growth Guarantees Structure



- SKS, India

- \$44 million asset assignment facility supported by a \$2 million Growth Guarantee, arranged by Citibank India
- Off-balance sheet structure allowing MFI to build portfolio up to \$44 million; assets are assigned to Citibank on a monthly basis
- Assignment of loans to Citibank is an outright sale with limited recourse to MFI
- Risk of end borrower default shared between Citibank, SKS, and Grameen
- Competitive all-in pricing to MFI
- Allows MFI to match funding to portfolio growth, efficiently managing cost of funds
- Off-balance sheet nature helps MFI to manage capital adequacy

- Kashf, Pakistan

- \$8 million syndicated credit facility supported by a \$2 million Growth Guarantee
- Syndicate Banks: Habib Bank Ltd, MCB, ABN Amro
- Arranged by: Citibank Pakistan
- Advantages to MFI:
 - Larger financing amounts via one credit agreement
 - One negotiation process
 - Establish relationships and credit histories with multiple lenders
- Disadvantages to MFI:
 - Lengthier structuring process (4 banks' credit committee approvals required)
 - Lengthier and more complex documentation and negotiation process

- **Investment Readiness**
- **Optimizing the Balance Sheet**
- **Structuring, Negotiating & Managing Debt Financing**
- **Structuring, Negotiating & Managing Equity Financing**