



FINCA
Small Loans-Big Changes

FINCA International
Navigating MIVs – a Network Perspective

November 2008

European Microfinance Week, Luxembourg



- One of the largest Microfinance networks (Q 2, 2008 Total Assets \$451 mil, LP - \$319 mil)
- Sole owner and manager of all its programs (in 22 countries)
- Strong outreach and impact (725,000)
- 6,000 employees across the globe
- Solid record of success for over 20 years
- Internationally recognized brand

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



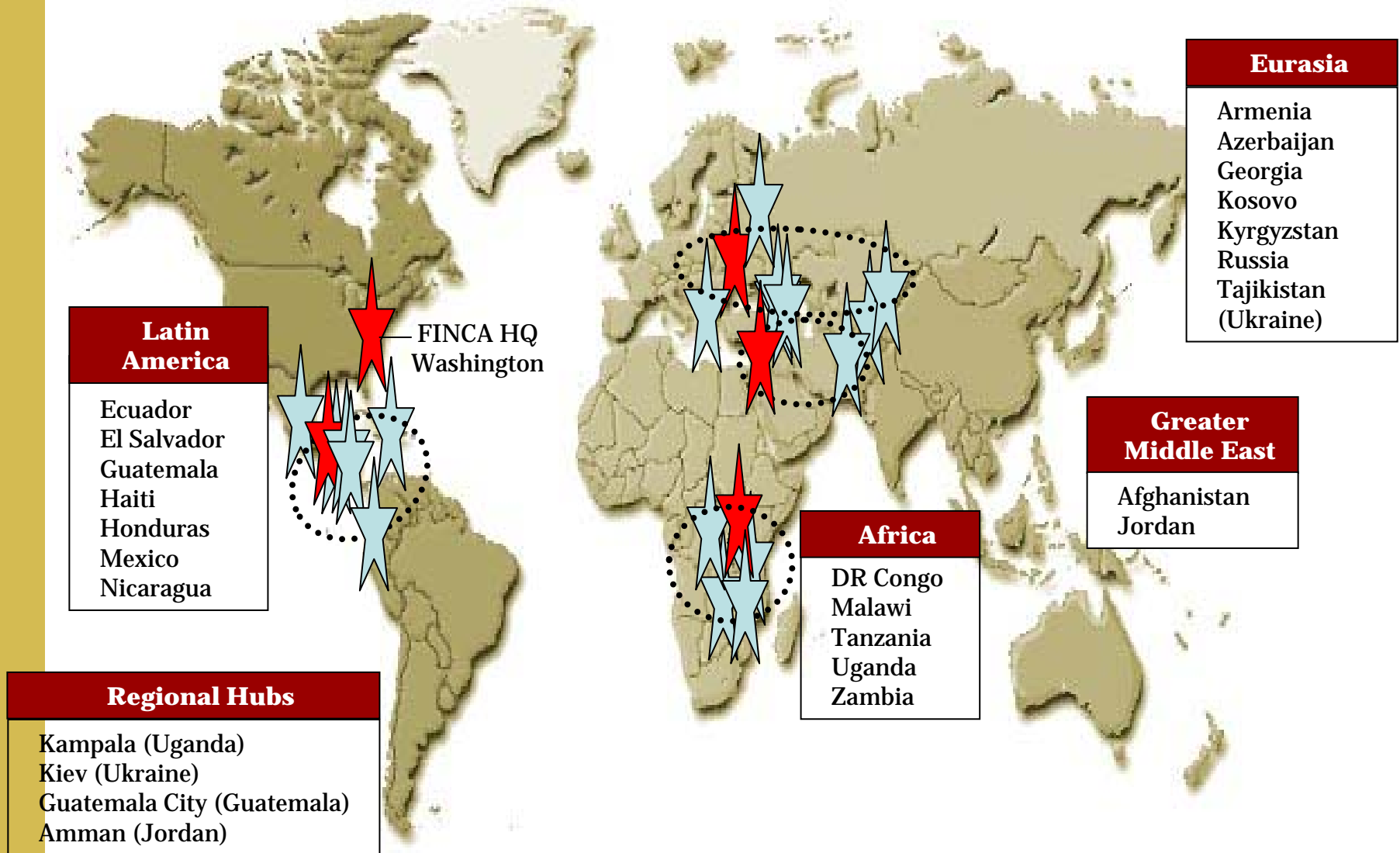
FINCA's Vision



To be a global
Microfinance network
collectively serving more
poor entrepreneurs than any
other MFI while operating
on commercial principles of
performance and
sustainability.



FINCA International's Global Presence

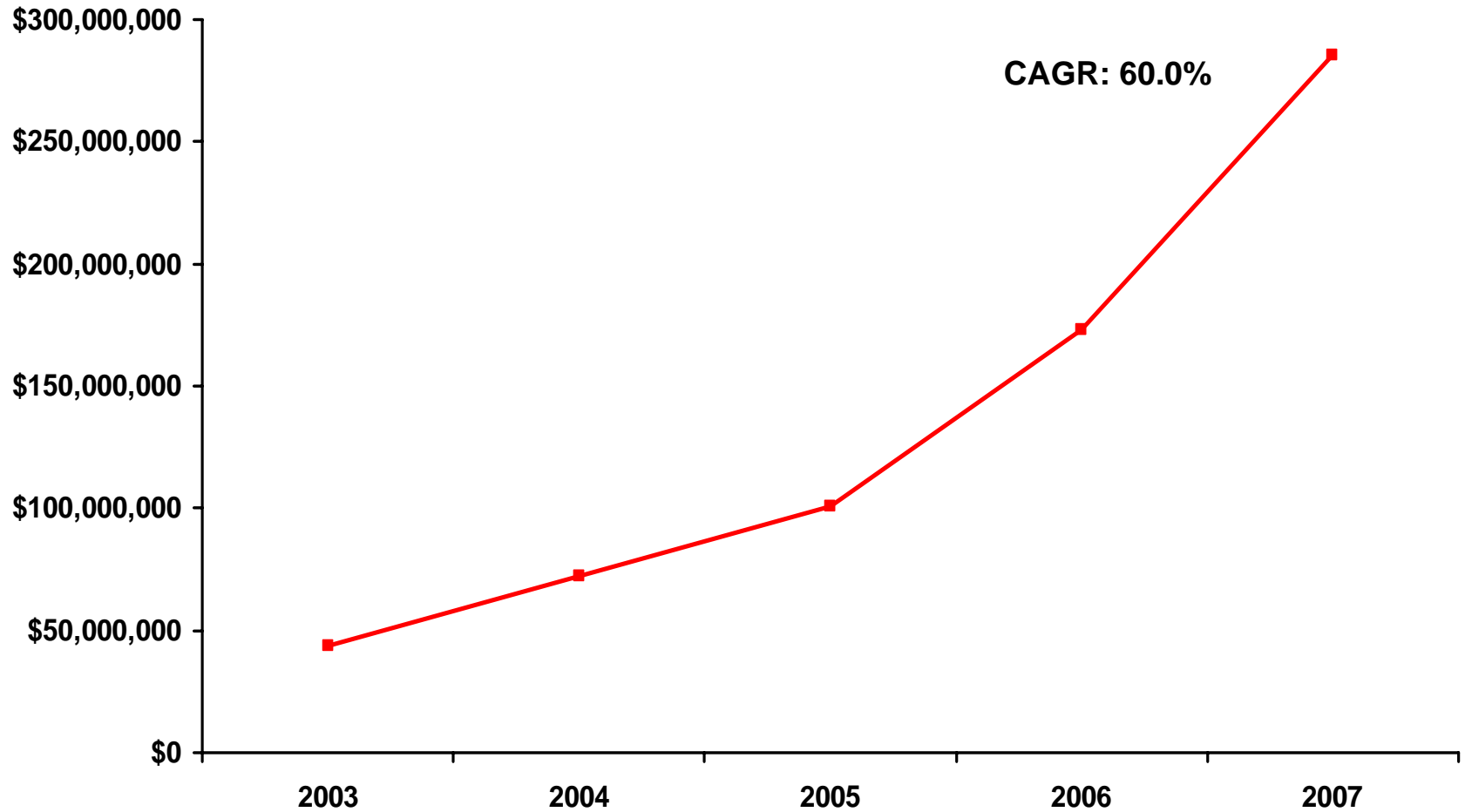


Focus on FINCA: Operational Self-Sustainability

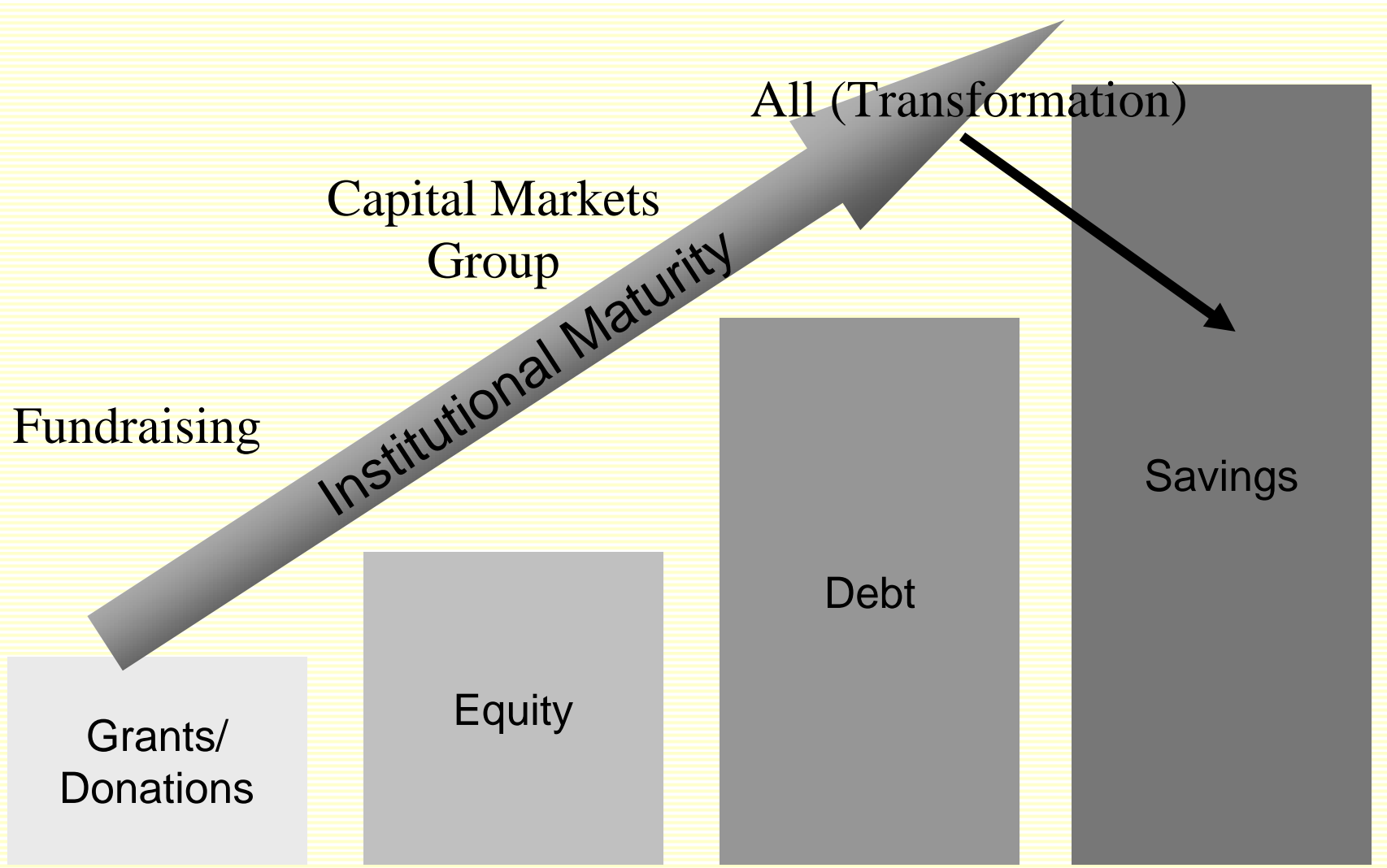


* Investable form of transformation in process

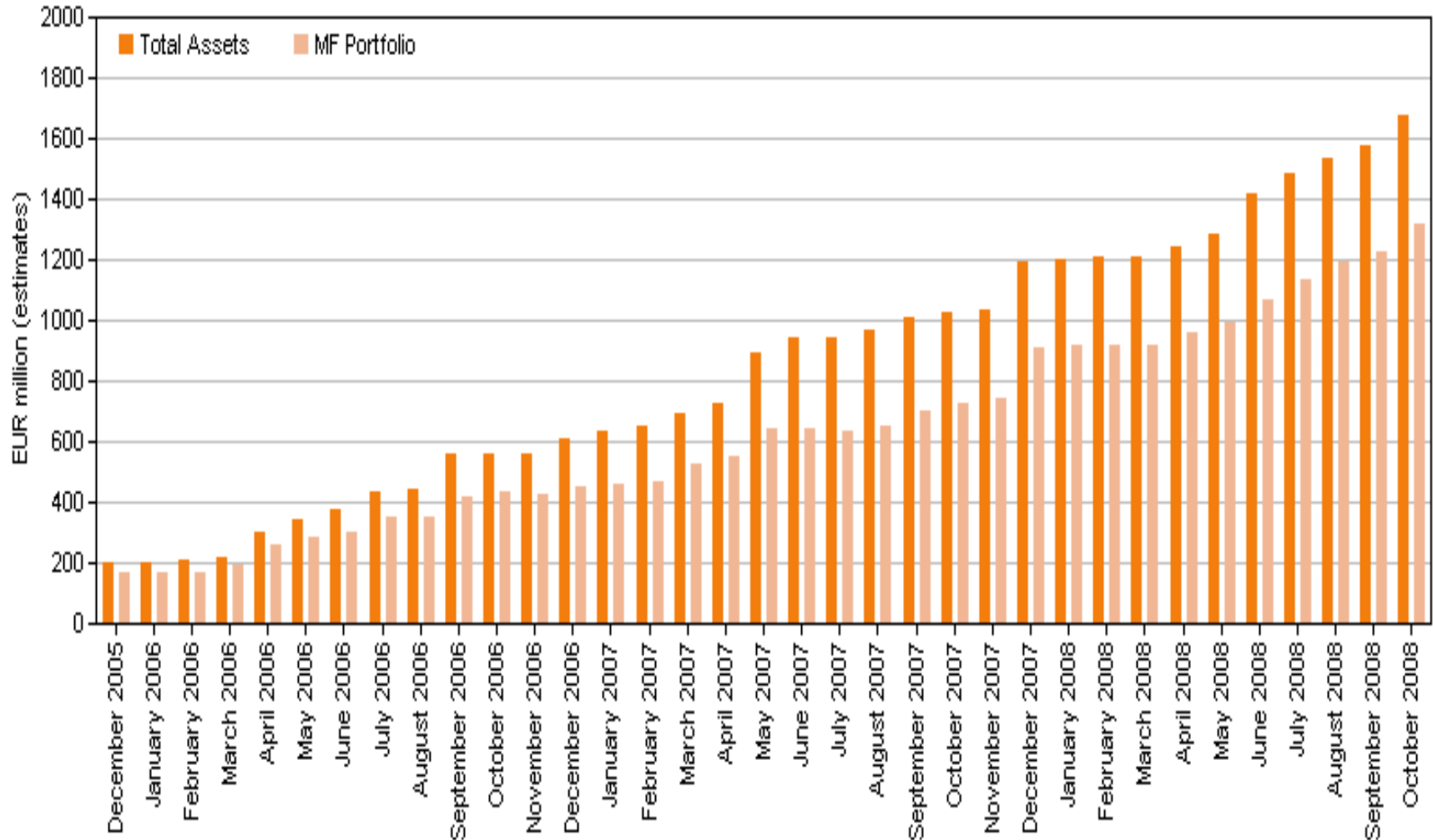
Consolidated FINCA Loan Growth



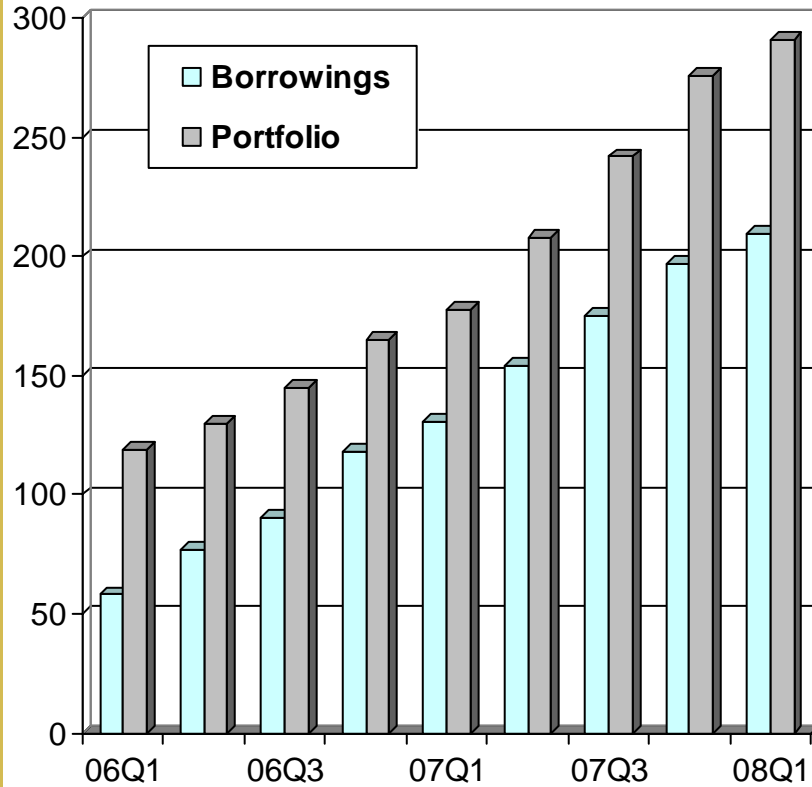
Evolution of FINCA's Funding



Upward Trend – Luxembourg based MIVs



How FINCA benefited from the Growth in MIVs



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

- Investor Relations
 - CMG builds FINCA's brand in the capital markets by pro-actively fostering a wide range of deep investor and rating agency relationships that maximize market opportunities.

- Transaction Execution
 - CMG creates and executes innovative funding and capital transactions that optimize liquidity and cost of funds for individual affiliates and the network.

- Capital Risk Management
 - CMG provides leadership and guidance related to risk governance (ALCO), funding execution, and risk/return optimization techniques.

- Capital Structure
 - CMG proposes ALCO Policies and Financing Strategies that move FINCA to an appropriate capital structure relative to its risk profile and growth targets.

- Transactions Closed YTD - \$125 million

- FX management
- Local currency borrowing and pricing
- Finding transactions of size (\$90 mil closed in 2007, avg. deal size \$2 mil) – 2009 funding needs in access of \$200 mil
- Diversification - MIVs' increasing country and MFI exposure
- Refinancing Risks
- Counterparty Risks

- Market uncertainty is putting deals on hold (CDOs are out)
- Decreasing supply of capital – mixed story in MIVs new fundraising
- Increasing competition among MFIs for funding
- Liquidity, Capital & Risk Planning and Management (PAR!) will be key

- Over 20 investment partners (MIVs, SRIs, Fund Managers & Advisors, IFIs , Commercial Lenders)
- Criteria:
 - Ample and growing liquidity
 - Geographical coverage
 - Product offering (senior, sub, local currency)
 - Innovative capital structures
 - Alignment of mission and value systems – double bottom line

- Equity Raise
- Holding Company funding capabilities (senior, subordinated, mezzanine, equity)
- Pulled Funding Vehicles – asset-backed bond, FINCA MLO
- Increased cooperation with IFIs
- Broadening pool of investors
- Robust Advocacy - FINCA Canada, FINCA UK