



FINCA International

Effects of the Financial Crisis from a Microfinance Network Perspective

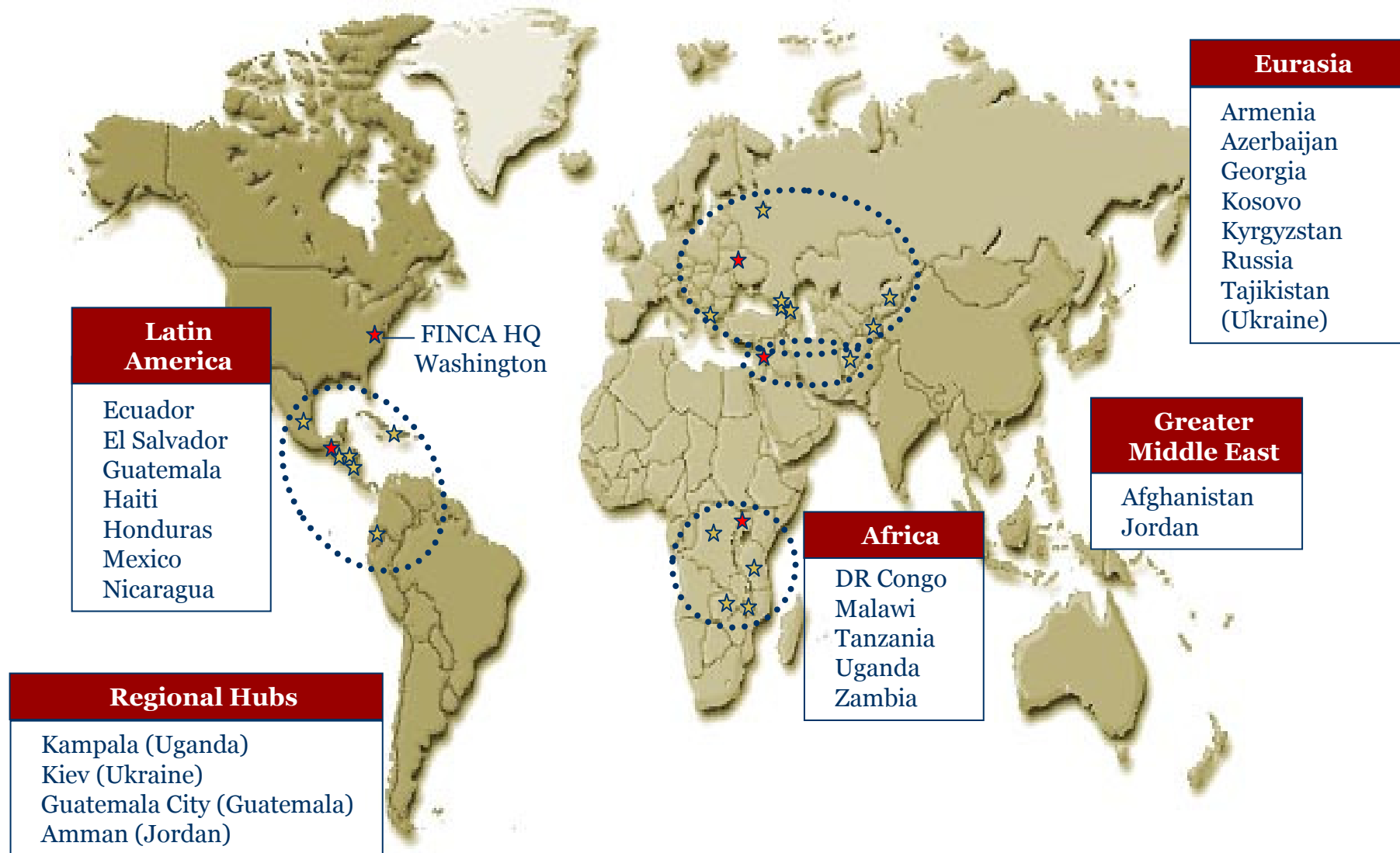
Andre Kravchenko, Capital Markets Group,
FINCA International

27 May, 2009, Novi Sad



Transparent & Effective...

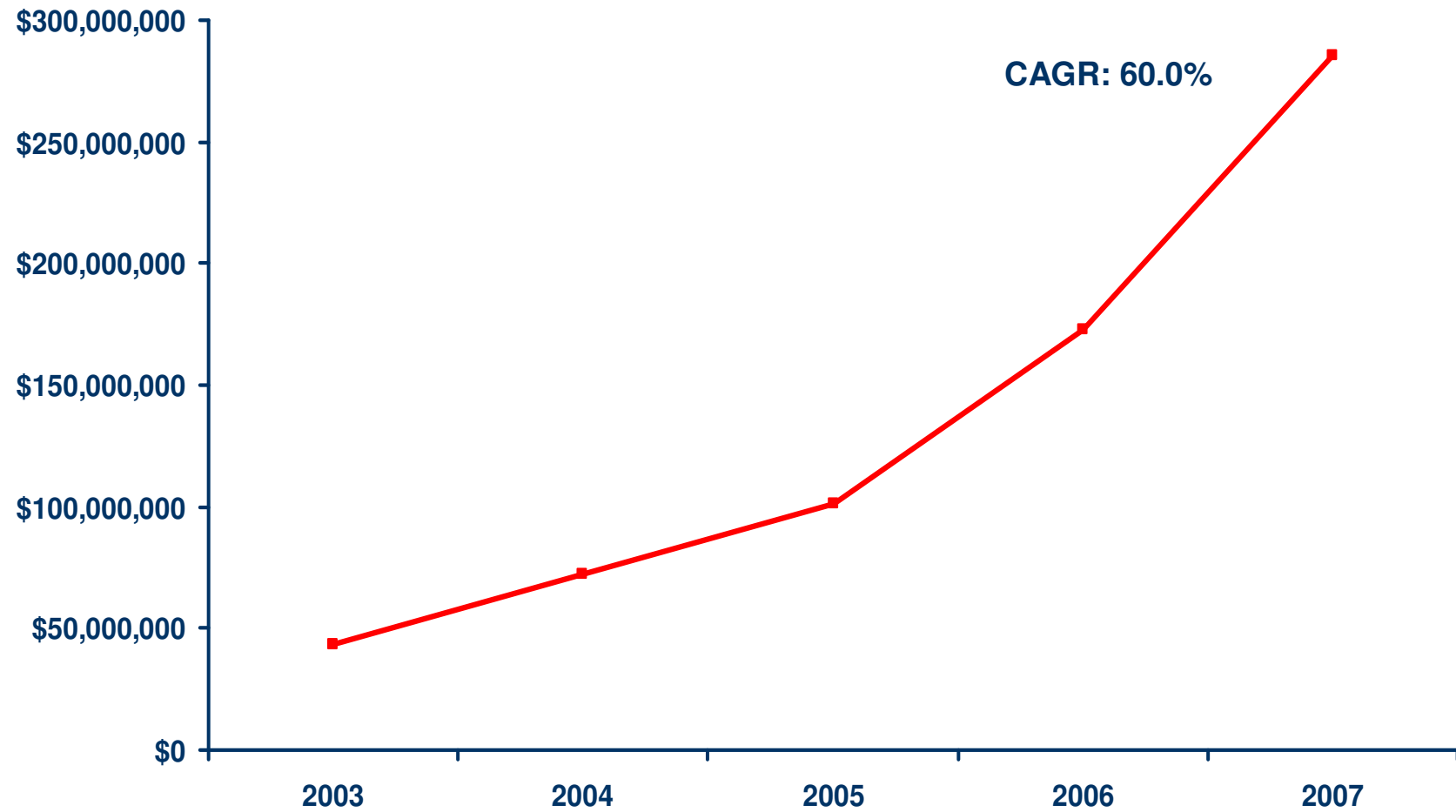
FINCA International's Global Presence



Strong Historic Loan Growth



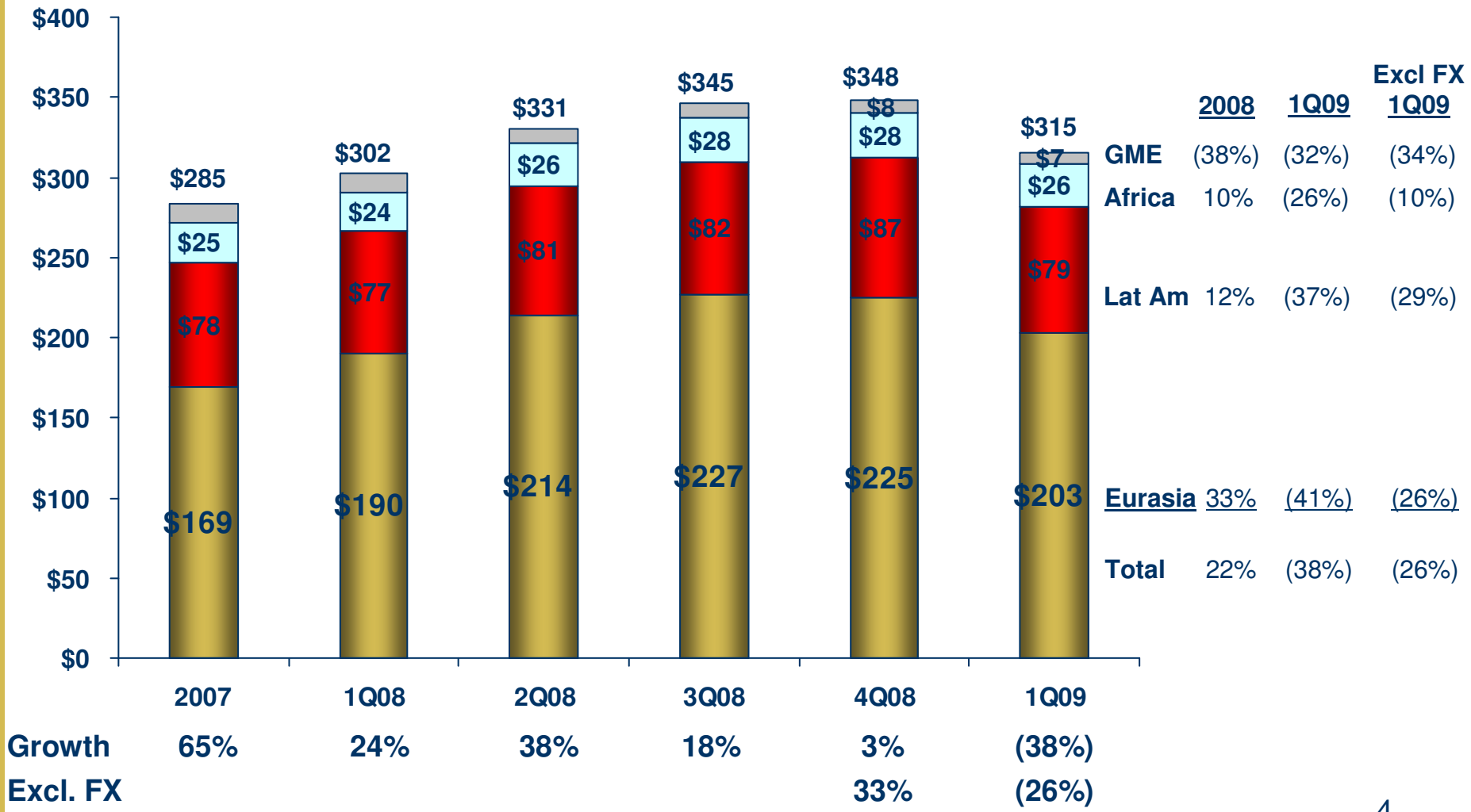
Consolidated FINCA Loan Growth



Affiliate loan growth, excluding the impact of FX, was 33% in 4Q08 and (26%) in 1Q09



Ending Loans by Region (\$MM)



Source: Unaudited Affiliate Financial Reports

Impact of the Financial Crisis



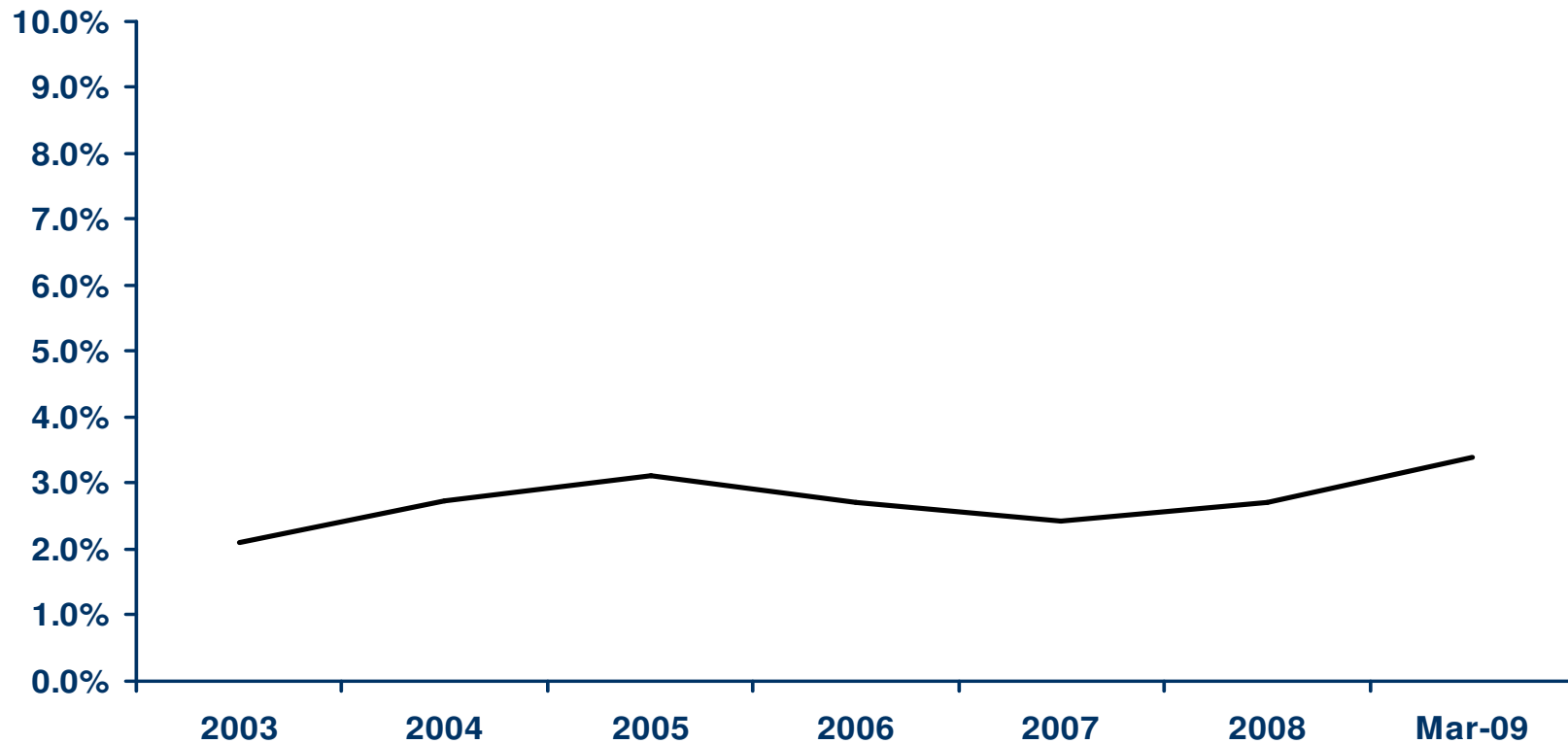
Key Challenges:

- Increased Liquidity and Refinancing risks in late 2008, largely abated in 2009
- Increased Credit Risk due to deterioration in economic environment
- Increased difficulty in asset-liability management, particularly hedging foreign currency borrowings and equity
- Cost of funds up sharply, squeezing margins

Credit Risk – The Big Question



30+ Portfolio at Risk



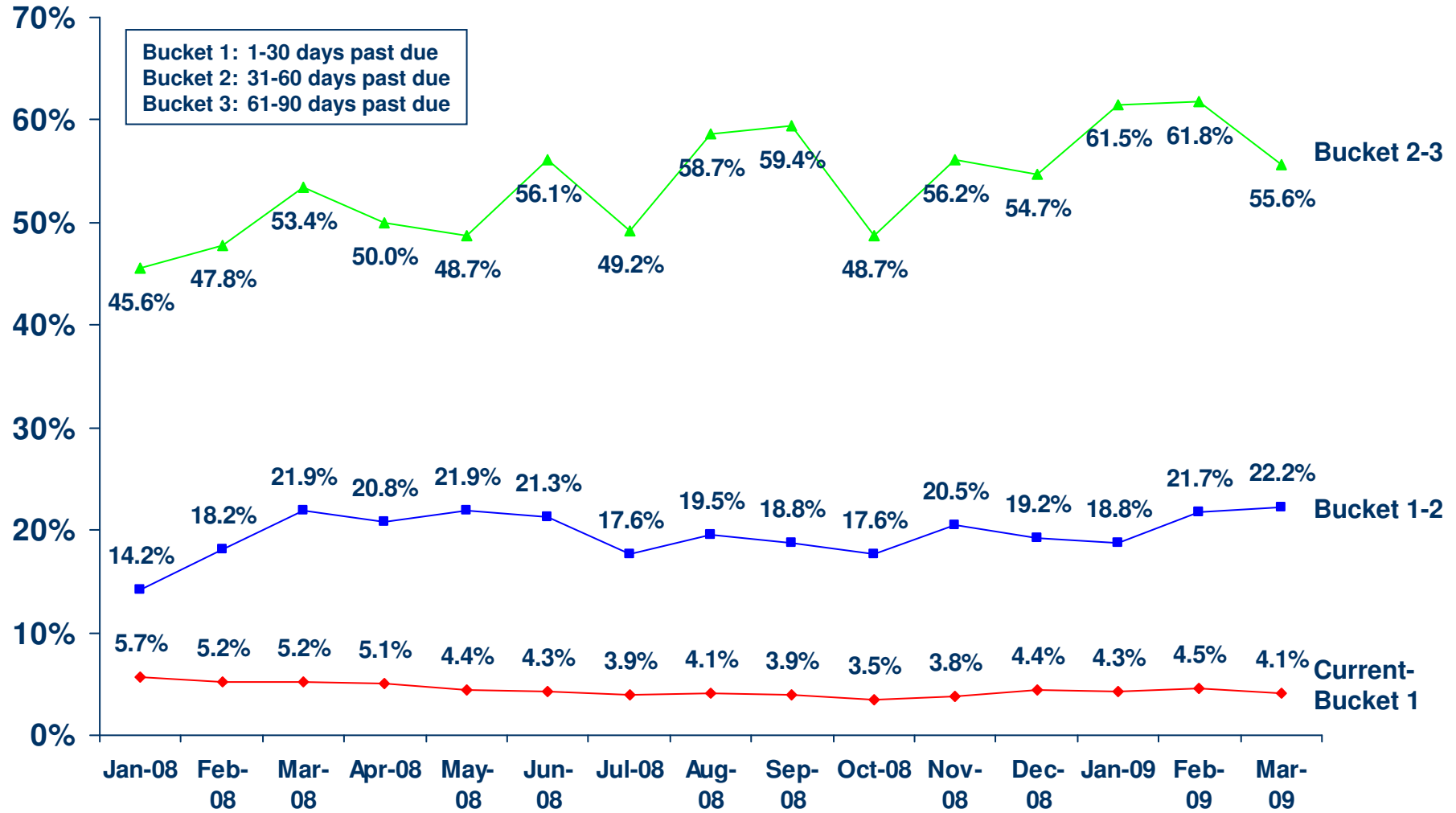
FINCA International Portfolio at Risk

NOTE: Year-end figures.

Early stage roll-rates came down from 2008 peaks and flattened or improved in Mar-09



FINCA Delinquency Roll-Rates



Source: FinStats (Financial reports submitted by affiliates)

Impact of the Financial Crisis



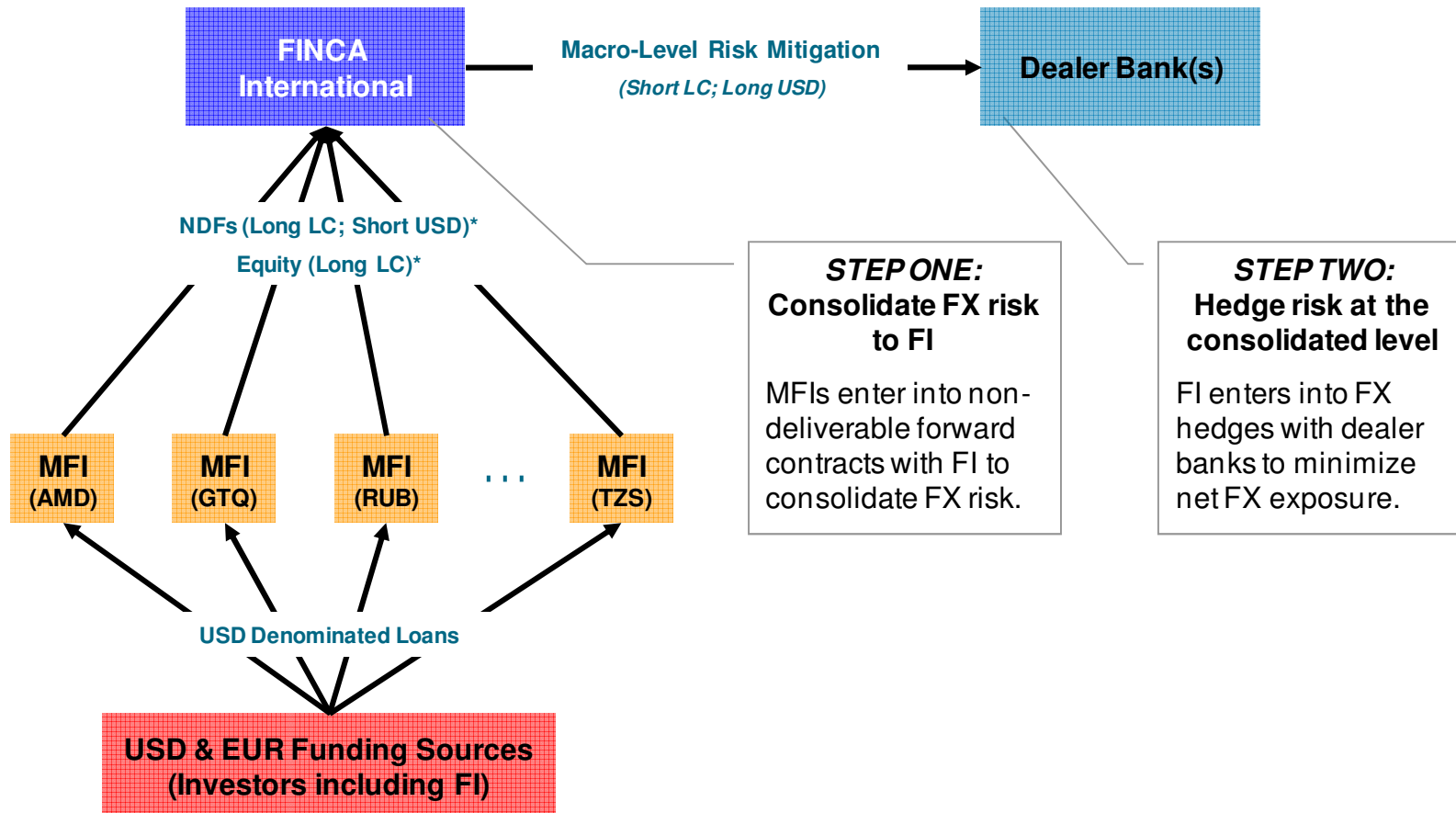
Key Actions:

- PAR country specific turnaround plans
- ALCOs to manage liquidity, FX, interest rate and covenants risks
- Capital plan to strengthen balance sheets
- FX strategy
- Investment in improving FINCA's core platform architecture

FX Strategy



FINCA is exploring consolidation of FX risk from each MFI and hedge the combined risk at a macro-level (with one or more dealer bank counterparties).



*From FI's perspective

Impact of the Financial Crisis



Key Opportunities:

- Use the forced-shift away from growth-focus to seek out ways to improve efficiency and strengthen internal control – “back to basics”
- Use the financial crisis as a learning opportunity. Learn how MFIs perform under stress. Get to know your clients better
- Build human resources strength for the future
- Build client loyalty
- Possibly gain market share