

**World Microfinance
Forum Geneva**

Promoting Inclusive Financial Markets



Consolidation as Driver of Scale International Roll-out of ASA International

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Catalyst Microfinance Investors*

August 27, 2008

- **USD 125 million microfinance equity fund**
 - Final closing February 2008
 - Managed in JV by ASA of Bangladesh and Sequoia of the Netherlands
 - Type of Investors: pension funds (28%), investment funds (39%), private investors (18%), investment manager (15%)
 - Target commercial financial returns
- **Majority-owned investment in ASA International**
 - International roll-out of ASA Model of Microfinance
 - Establishment and fast growth of 'Greenfield' MFIs in many of the largest markets in Asia and Africa
 - Ambition to build one of the largest, international microfinance banks with over 5m clients within six years
- **Strategic equity investments in other emerging, promising MFIs**
 - Foster adoption of 'best practice' methodology and operating procedures
 - Help achieve rapid growth and optimal efficiency
 - Focus on 30-plus % shareholding of investments in existing MFIs
 - Strategic fit and possible long-term integration with ASA International

ASA of Bangladesh

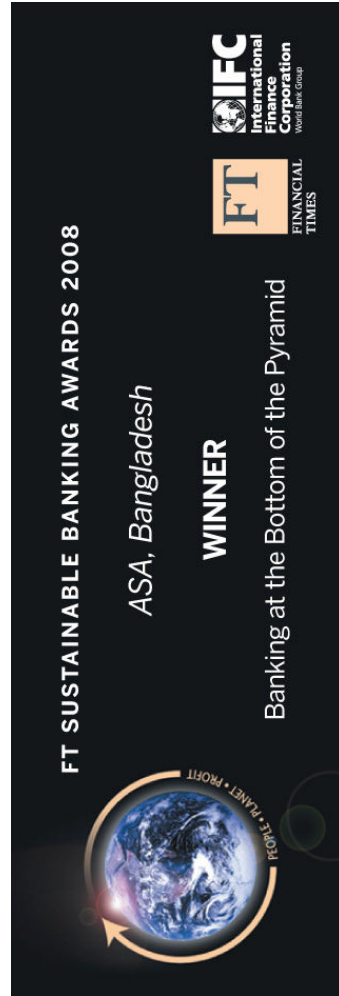
Widely recognized as the world's Number One MFI



January 2008

Rank	Name	Country	Scale	Efficiency	Risk	Returns
1	ASA	Bangladesh	14	83	56	40
2	Bandhan (Society and NBFC)	India	108	49	42	1
3	Banco do Nordeste	Brazil	46	27	213	25
4	Fundación Mundial de la Mujer Bucaramanga	Colombia	58	72	193	1
5	FONDEP Micro-Crédit	Morocco	119	26	196	1
6	Amhara Credit and Savings Institution	Ethiopia	56	126	118	42
7	Banco Compartamos, S.A., Institución de Banca Múltiple	Mexico	15	24	295	11
8	Association Al Amana for the Promotion of Micro-Enterprises Morocco	Morocco	17	212	133	1
9	Fundación Mundo Mujer Popayán	Colombia	53	181	141	1
10	Fundación WWB Colombia - Cali	Colombia	27	206	155	4

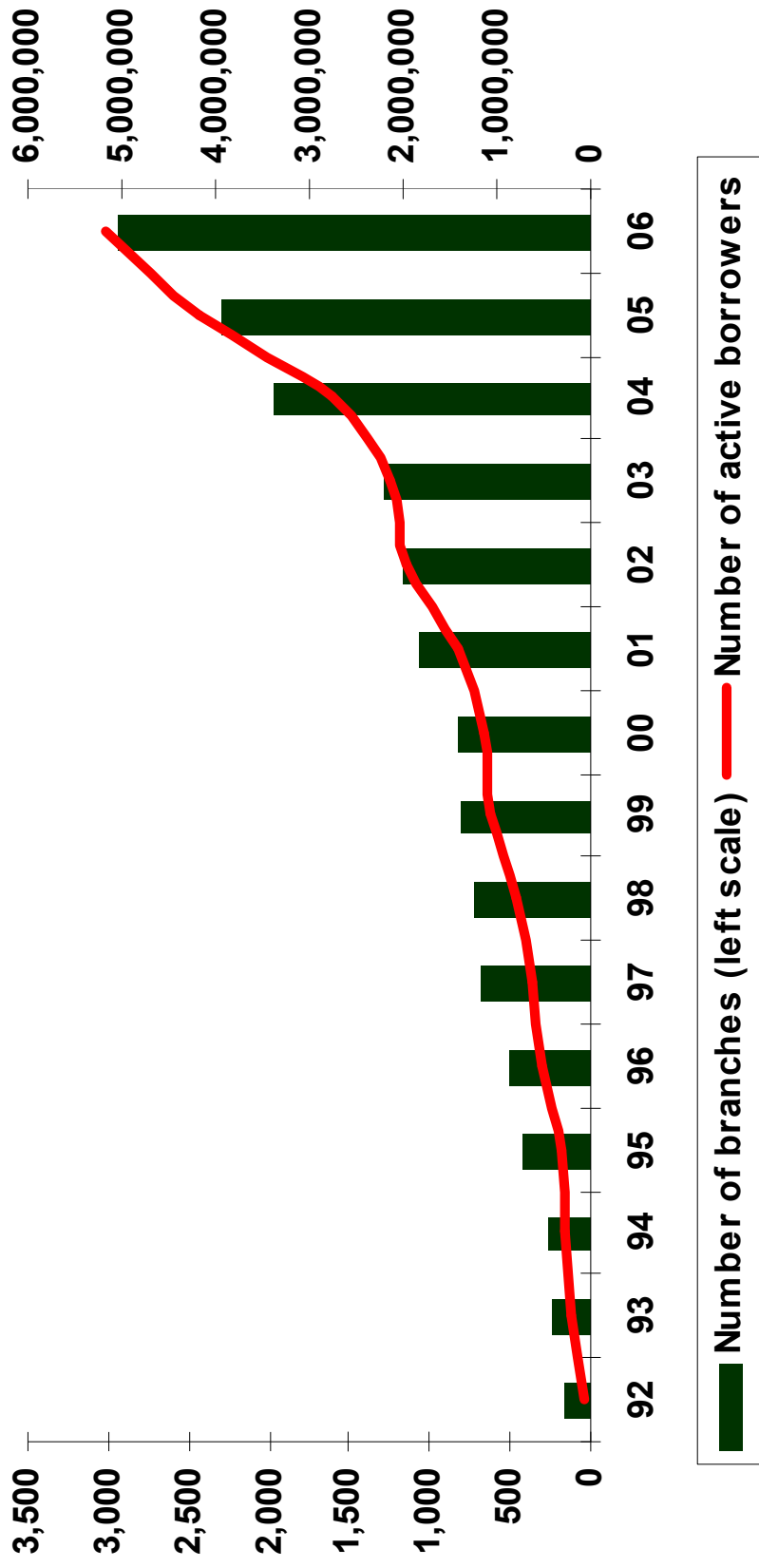
May 2008



ASA of Bangladesh

Average annual growth of 34% last fifteen years

Dec-07: 3,333 branches, 25,125 staff, 5.5 million active borrowers



ASA of Bangladesh

ASA almost twice as efficient as its Bangladeshi peers

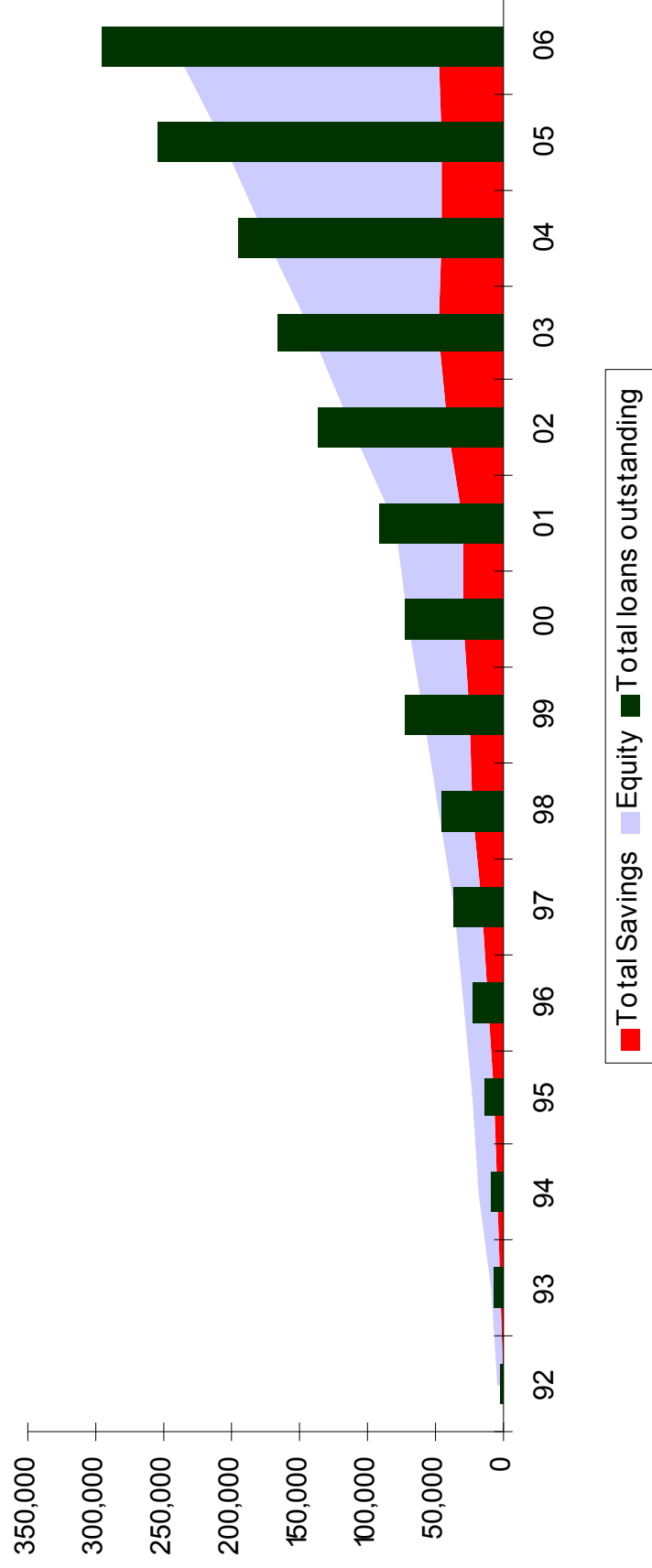
MixMarket 2006 figures	Loan portfolio (USD)	Number of borrowers	Average loan (USD)	Operational Sustainability	Cost per borrower (USD)	Portfolio at Risk 30 Days
Grameen (1983)	482m	6.9m	70	116%	8.4	1.8%
BRAC (1972)	350m	4.6m	77	137%	9.2	3.8%
ASA (1992)	305m	5.2m	59	238%	5.6	1.5%

ASA of Bangladesh

Profits & retained earnings fully finance growth

Loan portfolio Dec-07: USD 294m

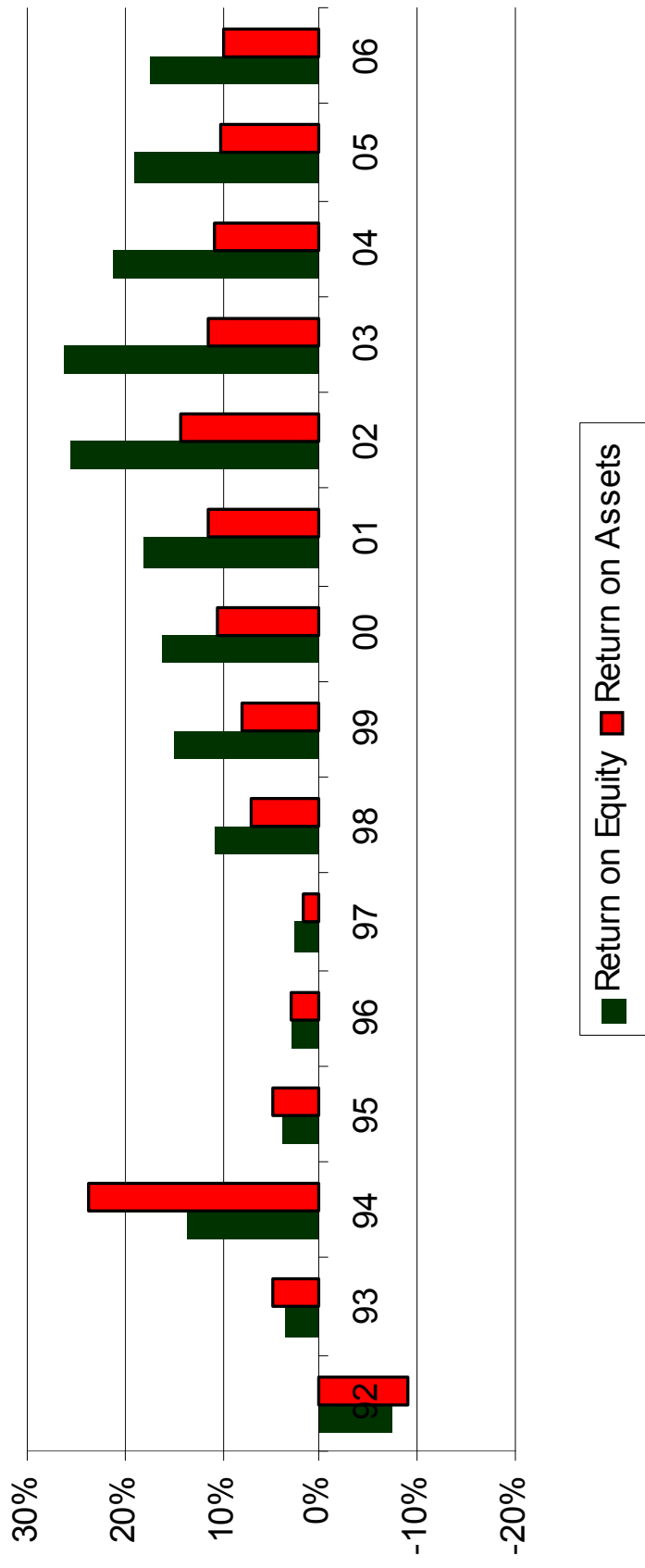
Retained earnings Dec-07: USD 196m



ASA of Bangladesh

CMI

High returns on invested capital



Distinctive model of microfinance

- Selection – individual credit assessment
 - Provide credit for income-generating activities only
 - Loan officer to assess repayment capacity of every individual borrower
 - Group members to assess the willingness to repay
- Discipline
 - No joint liability, but strong social controls
 - Weekly meetings and collection of deposits and installments
 - Immediate visit by loan officer if client fails to pay installment
 - Flexible loan products suited to clients' capacity
- Incentives
 - Long term benefits outweighs attraction of running off with first loan
 - Graduation principle – good credit record provides access to bigger loans
 - Continuous focus on improving products and loan protection through loan, death, and health insurance

ASA International

Greenfield MFIs in many of the largest markets in Asia and Africa

- **Target**
 - Reach 5 million clients and build loan portfolio between US\$ 500-600 million by 2014
 - Build one of the largest and most efficient international microfinance institutions in the world within 6 years

- **Strategy**
 - ASA Model of Microfinance tailored to local market circumstances
 - Leverage off ASA's strong management expertise and extensive human resources pool
 - Focus on major markets with proven track record of ASA success: India, China, Pakistan, Sri Lanka, Indonesia, the Philippines, Nigeria and Ghana
 - Gradually add new markets: Vietnam, Cambodia, South Africa, Tanzania
 - Operating under the 'ASA' banner and brand
 - Majority-owned with no compromises on efficiency and growth
 - Over time transform into regulated microfinance banks with primarily local management and staff

ASA International

Underserved markets make Greenfield investing attractive

	Population Demographics		MF Demographics		
	Total Pop	Est # MF Clients	Currently Served	% Served	
India	1,100,000,000	165,000,000	8,682,000	5.26%	
China	1,305,000,000	182,700,000	25,766	0.01%	
Pakistan	156,000,000	22,568,000	1,024,897	4.54%	
Phillipines	90,000,000	11,400,000	1,649,302	14.47%	
Cambodia	14,000,000	2,249,333	728,549	32.39%	
Ghana	22,000,000	3,080,000	175,111	5.69%	
Nigeria	132,000,000	19,360,000	300,364	1.55%	
Sri Lanka	20,000,000	3,000,000	794,369	26.48%	
Bangla	142,000,000	21,000,000	19,200,000	91.43%	

Operating Performance 2008

- ASAI is expanding its operations rapidly since the beginning of 2008

	<u>Dec 31, 2007</u>	<u>March 31, 2008</u>	<u>June 30, 2008</u>	<u>August 31, 2008</u>	<u>Dec 31, 2008E</u>
Clients	30,240	46,709	79,650	107,969	223,746
Branches	38	58	89	127	208
Loan Officers	120	206	291	473	1,118
Countries	3	4	4	6	8

- Broken down by country

	<u>August 31, 2008</u>		<u>December 31, 2008</u>	
	<u>Clients</u>	<u>Branches</u>	<u>Clients</u>	<u>Branches</u>
Sri Lanka (1/2007)	32,902	39	47,740	39
Nigeria (10/2007)	32,817	22	34,007	27
Philippines (12/2007)	13,630	25	33,130	35
Ghana (1/2008)	15,097	16	31,149	23
India (7/2008)	13,523	25	73,000	75
Pakistan (9/2008)	-	-	3,760	5
Indonesia (10/2008)	-	-	800	2
China (10/2008)	-	-	150	2
Total	107,969	127	223,746	208

Development of Corporate and Institutional Capacity

- **Operational headquarters in Bangladesh**
 - General and Operational Management of all Countries
 - Business Development
 - Administration and Control
 - MIS

- **Financial headquarters in the Netherlands**
 - Central Treasury
 - Legal and Compliance
 - Business Development

- **Fully IFRS compliant financial statements**

- **Development of debt funding strategy**
 - Local and international banks
 - Microfinance debt funds
 - International finance institutions

CMI Europe

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