



MicroCred and the Role of Banks and Private Investors

Dubai Microfinance Forum

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A. MicroCred Group

I. Mission and Objectives

MicroCred's mission is to provide financial services to microentrepreneurs excluded from the traditional financial sector by building a group of leading microfinance banks and finance companies in at least 15 countries over the next 5 years.

II. Founding Shareholders



10%



20%



35%



35%

**Committed Equity until end of 2006: EUR 20 million
(with AFD and EIB entering)**

A. MicroCred Group

III. Products

Standardization of products and Processes

- **Micro loan**
- **SME loan**
- **Savings**
- **Micro Insurance**
- **Remittances**
- ...

Individual loan methodology

Flexible loan

Fast loan granting process

Excellent service

A. MicroCred Group

IV. Existing Institutions

MICROCRED MEXICO (2006)

Context:

- Greenfield institution started in Veracruz on February 8, 2006.
- One of the largest country in Latin America with a high market potential:
 1. 75% of the 106 million inhabitants do not have access to financial services
 2. Veracruz State with a population of 7 million people is underserved by MFIs

Shareholders:



50,3%



14,8%



9,4%



9,4%



3,5%



12,5%

Achievements:

After eight months of operations:

- Four branches (two more in preparation) in three cities in the state of Veracruz
- 55 loans officers
- 1,833 outstanding loans worth EUR 770,000
- 56,000 outstanding loans projected after 5 years of operations

A. MicroCred Group

IV. Existing Institutions

MICROCRED MADAGASCAR (2006)

Context :

Greenfield institution.

1. 68% of micro-entrepreneurs surveyed are in need of microfinance services.
2. Only 7% of the population have access to financial services.

Shareholders :



40%



15%



25%



10%



10%

Achievements:

- License as Finance Company approved
- 25 loan officers are being trained
- Start of operations foreseen for November 13th

A. MicroCred Group

V. Expansion Plans

Existing Institutions

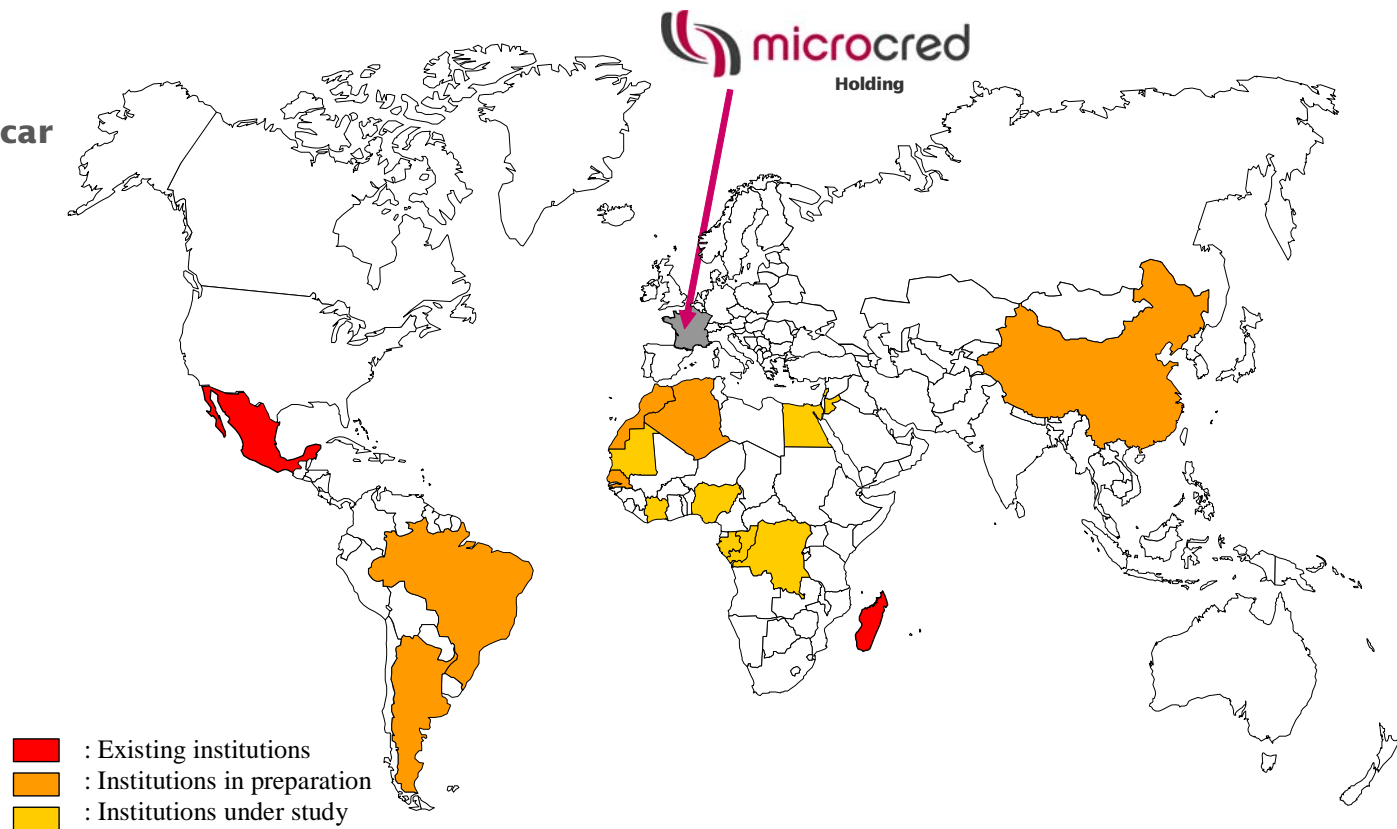
- MicroCred Mexico
- MicroCred Madagascar

In preparation

- Nanchong / China
- Algeria
- Morocco
- Senegal
- Argentina
- Brazil

To be studied

- Nigeria
- RD Congo
- Egypt
- Ivory Coast
- Mauritania
- Jordan
- Lebanon
- Gabon
- Congo



B. Role of Banks and Private Investors

I. Advantages for MFIs

- **Local knowledge and contacts**
- **Access to funding in local currency**
- **Investor of reference in front of local authorities**
- **Commercial benchmarks**
- **Realization of synergy effects: cost reduction by common use of resources**

II. Advantages for Banks / Private Investors

- **Access to new market segment**
- **Attractive returns on investment**
- **Additional revenues from services**
- **Positive image effect**

B. Role of Banks and Private Investors

III. Case Study in Madagascar: Collaboration between MicroCred and Bank of Africa



- BoA holds 25% of equity (EUR 800,000) of MicroCred
- Up to EUR 4 million debt in local currency
- All accounts of MicroCred with BoA
- Short term investment of liquidity surplus
- Cash supply for branches of MicroCred
- Clients of MC can pay their loan instalment in any branch of BoA
- In remote areas the whole cash function can be handled by BoA
- Exchange of information about bad clients (in the future)
- Common stand at a handicraft fair in Antananarivo (Sept. 2007)

B. Role of Banks and Private Investors

IV. Potential Partners of MicroCred

- **Banks:**
 - **Société Générale subsidiaries**
 - **Bank of Africa subsidiaries**
 - **BNP-Paribas subsidiaries**

- **Investment Funds:**
 - **AfricInvest**
 - **AfriCap**

- **Other Private Investors are welcome!**

Contact

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au capital de 4.000.000 Euros