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FINCA International Launches Socially-Responsible Investment Subsidiary – FINCA Microfinance Holdings, LLC – with IFC and Other Global Microfinance Investment Partners (KfW, FMO, responsAbility, and Triple Jump)

Innovative New Model for Growth Will Enhance and Expand Services for Lowest-Income Clients Worldwide

WASHINGTON, DC [17th June 2011] – FINCA International (FINCA), one of the world’s oldest and largest microfinance organizations with a 25-year proven track record of success, announced today the launch of a subsidiary called FINCA Microfinance Holdings, LLC (FMH).

FMH, a first-of-its-kind, socially-responsible investment partnership for microfinance, was formulated to strike the right balance between attracting capital needed for expansion and protecting the integrity of FINCA’s charitable mission. It is expected to help FINCA nearly double its client base to 1.5 million people across its network of 21 programs in Africa, Latin America, Eurasia and the Greater Middle East, while maintaining its continued focus on financial services for the poor.

In addition to enabling growth, the creation of FMH will allow FINCA to provide new financial and life enhancement services, like savings accounts and insurance products, that clients can use to build safer, more secure livelihoods; and create efficiencies in the FINCA network that will help drive down its costs of doing business.

FMH was created to enable a three-year, \$74 million capital investment from socially-responsible investment institutions that are committed to the microfinance sector and have long-term relationships with FINCA. The International Finance Corporation (IFC), a member of the World Bank Group, will make its largest single equity investment in the microfinance sector through FMH at a total of \$35 million. Other partners include KfWBankengruppe, the German development bank, which is investing \$15 million; FMO, the Netherlands development bank, which is also investing Euros approximating \$14 million; responsAbility Global Microfinance Fund, an investment fund advised by the Zurich-based asset manager responsAbility Social Investments AG, which is investing \$5 million; and Triple Jump, a Netherlands-based microfinance investment manager, which is investing \$5 million through the ASN-Novib Fund.

“This is a natural next step in our evolution as an institution focused on serving the lowest-income women and men in the developing world,” FINCA President and CEO Rupert Scofield said. “FMH strikes the right balance between attracting the capital needed for expansion and protecting the integrity of our charitable mission, and will allow us to strengthen existing



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operations, deliver new and improved products and services, and make much more loan capital available to millions more people in need.”

Jyrki Koskelo, Vice President, Global Industries, IFC said: “Microfinance has proven to be an important tool in tackling poverty and creating opportunity for people to improve their lives, yet it still reaches less than 20 per cent of its potential market among the world’s three billion or more poor. IFC’s \$35 million investment, and partnership with FINCA, is in line with our strategy of extending financial services to the world’s poorest, giving them the opportunity to escape from poverty.”

FMH Structure

FINCA’s organizational structure will change with the launch of FMH. The original 501(c)(3) organization, FINCA International, Inc., will be the majority shareholder of FMH. A new board of directors—comprised of representatives from FINCA International, the partners in FMH, and independent outside members—will be created to oversee FMH. FINCA will keep control of the development mission of FMH.

According to the explicit terms establishing FMH, no employee or Board member of FINCA will be allowed to invest in, or benefit financially from, FMH. In addition, a Social Performance Audit Committee of the Board, the first-of-its-kind in the microfinance industry, will closely monitor FMH’s mission focus and social indicators; measure and analyze the new entity’s activities to ensure transparency; and guide the design and execution of new products and services which enhance the social well being of FINCA clients.

FINCA will continue to raise funds to expand even deeper into un-served rural areas; and drive research and development to enhance and create new products and services for clients.

New Partners Share FINCA’s vision

“The common goal to fight global poverty makes FINCA and KfW natural allies,” said Doris Köhn, Director General KfW Entwicklungsbank. “We are very happy to intensify our longstanding relationship with FINCA through this market-driven transaction, which will greatly benefit poor entrepreneurs throughout FINCA’s network.”

“This partnership has the high level of social impact FMO looks for in its investments,” said FMO’s CEO Nanno Kleiterp. “It will enable FINCA to reach even more low-income people in developing countries with financial services, allowing them to build businesses and livelihoods.”

“We are delighted to elevate our long standing partnership with FINCA to a new level” said Klaus Tischhauser of responsAbility. “We see the establishment of FMH as an important step in financial sector development. This cooperation will facilitate integration into local and



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international financial markets, and thereby significantly improve access to finance and the development prospects for low-income clients around the globe.”

“FINCA contributes worldwide to our shared objective to reach out to the lower segments in society and provide the entrepreneurial poor with access to finance,” said Mark van Doesburgh, Managing Director, Triple Jump. “We strongly support FINCA’s focus on women as they tend to be more vulnerable than men. Through this investment in FMH, the ASN-Novib Microcredit Fund aims to contribute to the expansion of FINCA’s activities to reach out to more men and women who are sustaining their families through small businesses.”

Partner Profiles

FINCA International

FINCA is a leading international micro-finance organization that provides financial services to the world's lowest-income entrepreneurs, helping them to create jobs, build assets and improve their standard of living. For 25 years, FINCA has been committed to breaking the cycle of poverty by providing community-based credit and savings opportunities. Currently, FINCA operates with a distinctive, integrated business model that accepts donations and investment dollars, an approach that leverages available capital and promotes greater transparency, sustainability and higher standards of business practices. This has allowed FINCA to achieve balanced financial and social performance unmatched in its industry while opening the path to socio-economic development for the lowest-income citizens of the world. Based in Washington DC, with local operations across 21 countries serving over 815,000 clients (as of 04.30.11), FINCA's outreach is among the broadest and most comprehensive of today's microfinance networks. For more information, please visit www.FINCA.org

International Finance Corporation

IFC, a member of the World Bank Group, is the largest global development institution focused on the private sector in developing countries. IFC creates opportunity for people to escape poverty and improve their lives. They do so by providing financing to help businesses employ more people and supply essential services, by mobilizing capital from others, and by delivering advisory services to ensure sustainable development. In a time of global economic uncertainty, IFC’s new investments climbed to a record \$18 billion in fiscal 2010. For more information, visit www.ifc.org

KfW Bankengruppe

Established in 1948 as a public law institution, KfW Bankengruppe is today owned 80% by the Federal Republic of Germany and 20% by the federal states (“Länder”). With a balance sheet total of more than EUR 440 billion, KfW is one of the world’s leading and most experienced promotional banks. As a bank with no branch network or customer deposits, it refinances its lending business almost exclusively in the international capital markets. In 2010 this was more than EUR 76 billion. KfW has representative offices in more than 70 cities around the world,



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and more than 4,500 men and women are employed with the bank. KfWEntwicklungsbank is part of KfWBankengruppe and a competent and strategic advisor on current development issues. Reducing poverty, securing peace, protecting natural resources and helping to shape globalization are the main priorities of KfWEntwicklungsbank. On behalf of the German Federal Government it finances reforms, infrastructure and financial systems for socially and ecologically compatible economic growth in more than 110 countries. It is a worldwide financing partner, and it also employs funds of its own for development projects.

FMO

The Netherlands Development Finance Company (FMO) is the international entrepreneurial bank of the Netherlands. FMO invests risk capital in companies and financial institutions in developing countries. With an investment portfolio of EUR 5.3 billion, FMO is one of the largest bilateral private sector development banks worldwide. Thanks in part to its relationship with the Dutch government, FMO is able to take risks which commercial financiers are not - or not yet - prepared to take. FMO's mission: to create flourishing enterprises that can serve as engines of sustainable growth in their countries.

responsAbility Social Investments AG

Founded in 2003, responsAbility Social Investments AG is one of the world's leading asset managers for social investments. It specialises in sectors such as microfinance, SME financing, fair trade and independent media. With its products, responsAbility enables people in developing countries and emerging markets to access markets, information and other services crucial for their development. Private and institutional investors can thus professionally contribute to positive social development while at the same time achieving a financial return.

Triple Jump

Triple Jump's mission is to contribute to the sustainable development of emerging market economies by facilitating investment in micro and small enterprises. Triple Jump seeks to support the expansion of viable microfinance institutions in all three stages of their development (emerging, expanding and mature) by providing capital and advisory services. Our objective is to work towards effective social impact in emerging markets by harnessing entrepreneurial spirit. We focus on MFIs which are committed to: Reducing poverty in their society; Reaching low-income and vulnerable groups, particularly women; Respecting society and the environment; and, Achieving maximum efficiency, financial sustainability and outreach.