

| Microfinance Institutions |

# Building a Sustainable Business

Increasing Access to Financial Services



# Building a Sustainable Business

Standard Chartered's engagement with the development agenda is core to our focus on building a sustainable business. We believe that our long-term financial performance is dependent on having the right social and environmental conditions for growth in our markets. Across our footprint in Asia, Africa and the Middle East, our role is to create wealth through practices that are environmentally responsible and socially inclusive.



## Increasing Access to Financial Services

When Standard Chartered talks about increasing access to financial services, we are talking about reaching the unbanked. Improving access to finance will not only aid development and reduce poverty but will also open up new markets and opportunities as more people become financially independent. Microfinance is a commercial opportunity, which has the potential to make a real contribution to broadening social inclusion. Enough empirical evidence now suggests that inclusive financial sectors are vital for broad-based growth and poverty reduction.

Improved access to finance gives clients the opportunity to grow their enterprises, increase income, pay for emergencies and invest in the health, housing and education of their families. It empowers them to aspire to a better life and brighter future.

## Our Approach

Microfinance institutions (MFIs) are evolving into sophisticated financial intermediaries, providing a variety of financial services, including credit, savings, insurance and remittances to the poor and unbanked.

Adopting a Wholesale Microfinance approach, we provide the full range of banking products and services to microfinance institutions across Asia, Africa and the Middle East, supporting them to multiply their outreach and impact. Leveraging our capabilities in the Americas and Europe, we work with Development Organisations and Social Investors to increase the flow of funds to the microfinance sector. Across our markets, we invest in technical assistance initiatives to build the capacity of MFIs and influence regulatory policy for the sector.

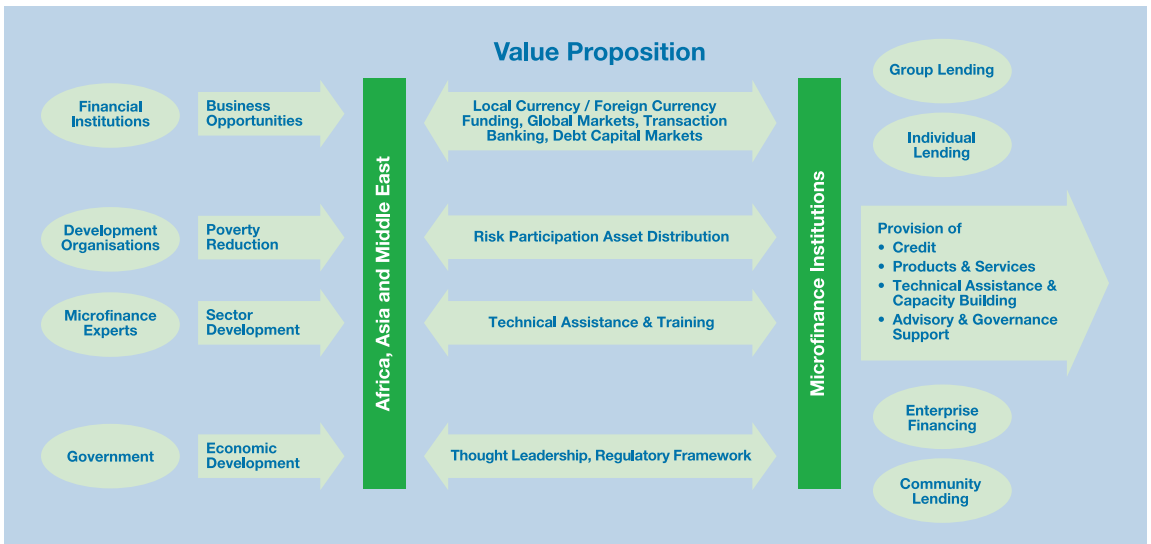
## Building a Sustainable Business Strategy

Through stakeholder engagement, we have identified seven key areas to make the greatest contribution and respond to the rapidly changing world and global challenges:

- Sustainable Lending
- Access to Financial Services
- Environment
- Great Place to Work
- Community
- Responsible Selling & Marketing
- Tackling Financial Crime

## Microfinance Participation Strategy

Standard Chartered supports a range of MFIs, registered under various legal forms (banks, non-bank finance companies, non-governmental organisations, not-for-profit companies, societies and trusts) who adopt a variety of business models (group lending, individual lending, micro and small enterprises). The objective is to provide access to finance to those who are either unserved or under-served by the mainstream financial sector.



## Our Global Business

Standard Chartered is well on its way to meeting its commitment of providing USD500 million of credit and funding instruments over five years made at the Clinton Global Initiative in September 2006. Up to December 2008, we have provided USD385 million of funding to 52 MFI partners across 14 countries in Asia, Africa and the Middle East (Bangladesh, Botswana, China, Ghana, India, Jordan, Kenya, Nepal, Nigeria, Sierra Leone, South Africa, Tanzania, Uganda and Zambia.)

In another eight geographies – Afghanistan, Europe, Gambia, Indonesia, Pakistan, Philippines, Sri Lanka, and the US, we support microfinance institutions and socially responsible investors by providing our banking services and products.

*“The commitment is the establishment of a \$500 million Microfinance Facility (over a five - year period). Standard Chartered will provide Development Organisations and fund managers with \$500 million of credit and financial instruments as well as technical assistance to finance MFIs in Asia and Africa. It is estimated that this facility will benefit four million people who are currently excluded from participation in the financial sector. ”*

- Standard Chartered Pledge  
Clinton Global Initiative  
New York  
21 September, 2006

# Our Global Microfinance Business

## Our Offering to the Microfinance Sector

Across Africa, the Americas, Asia-Pacific, Europe, the Middle East and South Asia, we provide access to world-class products and a full range of banking services to microfinance institutions, microfinance investors i.e. development organisations, multilaterals and bilaterals, and microfinance investment vehicles.

## Serving Microfinance Institutions

- Up-to-date and relevant knowledge of local markets, regulations, products and business practices.
- Dedicated support in providing access to local currency and cross-border financing.
- Efficient transaction banking solutions - collections, payments, liquidity management etc.
- Key financial markets products such as foreign exchange and interest rate risk management tools, and sound advisory services.
- Access to local capital markets through a wide spectrum of debt capital market products.

## Adding Value to Microfinance Investors

- Expertise in exchange control regulations across a wide range of currencies.
- Effective management of forex and interest rate exposures in the most challenging regions in the world.
- Efficient management of domestic and international cash requirements through our tailored global and regional disbursement solutions.
- Rapid and secure funds transfer across our global network.
- Innovative risk participation and asset distribution structures helping development organisations and socially responsible investors access microfinance as an asset class in Asia and Africa.

## Some of Our Successes

### Banking the unbanked

Standard Chartered's leading role in the field of microfinance was recognised by *The Banker* in 2008. The highly influential publication awarded Standard Chartered Bank the best bank for "Banking the Unbanked" as part of its Corporate Social Responsibility awards. It recognised Standard Chartered Bank's role in microfinance as part of its core business and its continuing commitment to the sector.

### Regulatory Roundtable

Standard Chartered Bank hosted a Regulatory Roundtable in India, which included Central Bank representatives from seven markets across Asia and Africa. The aim of the event was to create a platform for sharing experiences and discussing important regulatory trends in the industry.



**The Banker**  
**CSR AWARDS**  
**2008**  
Banking  
the Unbanked  
**Standard**  
**Chartered**

### **First international bank to provide loan facility to a microfinance institution in China**

In 2008, at a ceremony at the Great Hall of the People in Beijing, attended by our Group CEO Peter Sands, Chinese Premier Wen Jiabao and British Prime Minister Gordon Brown, Standard Chartered made history by providing CNY20 million in credit facilities to the China Foundation for Poverty and Alleviation.

### **Sharing risks while managing growth**

Standard Chartered collaborated with the International Finance Corporation (IFC), a member of the World Bank Group, to launch the first issuance of notes backed by microfinance institutions in Asia and Africa. This distribution transaction was unique and had a number of firsts when compared to the previous secondary markets deals in the microfinance sector.

- a) Underlying loans are in local currency in Asia and Africa unlike the more typical hard currency (USD/EURO) loans made in Latin America and Eastern Europe/Central Asia.
- b) The portfolio is replenished with multiple loan types, as opposed to fixed tenure, bullet repayment loans.
- c) Importantly, the deal is not rated: IFC, as the anchor investor, conducted due diligence to establish confidence in our credit and risk processes and relies on the bank as originator and servicer.
- d) The structure is flexible enough to allow other qualified investors to participate in the future.

A new product, this transaction provides investors with access to microfinance as an asset class in Asia and Africa. This is particularly important given the political and regulatory environments of participating directly in these geographies. It enables Standard Chartered to increase its lending to the microfinance sector.

### **Migrating best practices**

As an international bank we remain well-positioned to migrate regional best practices from one country to another. We opened conversations between our MFI partners in India and China, and organised exposure visits for African micro-credit providers to India to understand the enterprise lending model.



*“We have a key role to play in stimulating economic and social development through the services we provide and by being a force of good. The success of our business depends on this.”*

- Peter Sands  
Group Chief Executive  
Standard Chartered Bank

# Our Investments

*“Standard Chartered has been one of our most innovative supporters. They have led a consortium of international lenders to render a term loan facility of USD55 million to us. This unsecured seven-year facility is a landmark deal for the industry and it will help us to extend our operations towards nearly 400,000 borrowers and help change the lives of over two million people in Bangladesh.”*

- S.N. Kairy  
Finance Director  
BRAC  
Bangladesh

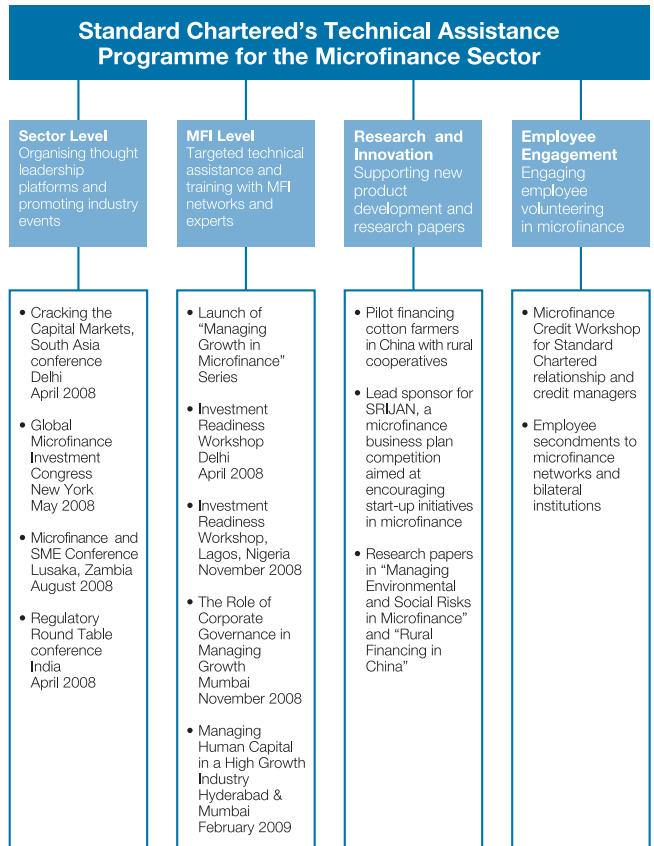
*“To make meaningful impact on poverty, reaching a large number of poor persons with responsive financial services is imperative. Standard Chartered Bank’s current support is assisting LAPO to realise this goal.”*

- Godwin Ehigiamusoe  
Chief Executive Officer  
Lift Above Poverty Organisation  
Nigeria

## Capacity Building and Technical Assistance

Despite the growing presence of MFIs around the world, only few have become sustainable entities. Significant investment to build the capacity of existing and new MFIs is necessary to meet the potential demand for financial services in the sector.

Standard Chartered has established a formal technical assistance strategy for the microfinance sector. This strategy aims to use the Bank’s expertise in governance, risk management and operations, and will help us to introduce best practices to our MFI partners.



# Contact Information

If you are a microfinance institution or a socially responsible investor and would like to find out how Standard Chartered can support you in your mission to increase access to financial services, please contact us or visit the Standard Chartered Sustainability website at [www.standardchartered.com/sustainability](http://www.standardchartered.com/sustainability)

**Vibhuti Sharma**  
**Global Head**  
**Development Organisations**  
Tel: +1 212 667 0365  
[Vibhuti.Sharma@sc.com](mailto:Vibhuti.Sharma@sc.com)

**Conrad de Jesus**  
**Associate**  
**Microfinance**  
Tel: +9714 508 3046  
[Conrad.De-Jesus@sc.com](mailto:Conrad.De-Jesus@sc.com)

**Joseph Silvanus**  
**Regional Head**  
**Development Organisations, South and South-east Asia**  
Tel: +91 22 6637 2362  
[Joseph.Silvanus@sc.com](mailto:Joseph.Silvanus@sc.com)

**Olga Vazquez**  
**Global Account Manager**  
**Development Organisations, Americas**  
Tel: +1 212 667 0110  
[Olga.Vazquez@sc.com](mailto:Olga.Vazquez@sc.com)

**Prashant Thakker**  
**Global Business Head**  
**Microfinance**  
Tel: +9714 508 3792  
[Thakker.Prashant@sc.com](mailto:Thakker.Prashant@sc.com)

**Nathalie Gabala**  
**Regional Head**  
**Development Organisations, Africa**  
Tel: +27 11 217 6750  
[Gabala.Nathalie@sc.com](mailto:Gabala.Nathalie@sc.com)

**Inci Yalman**  
**Regional Head**  
**Development Organisations, Europe**  
Tel: +44 207 885 6012  
[Inci.Yalman@sc.com](mailto:Inci.Yalman@sc.com)

**Rohit Prasad**  
**Global Account Manager**  
**Development Organisations, Americas**  
Tel: +1 212 667 0337  
[Rohit.Prasad@sc.com](mailto:Rohit.Prasad@sc.com)

## Important Notice

This communication is issued by Standard Chartered Bank ("Standard Chartered" or "we"), a firm authorised and regulated by the United Kingdom's Financial Services Authority. It is only addressed to persons in the European Union ("EU") who come within the exemption of Article 4 of the Prospectus Directive 2003/71/EC and must not be acted on or relied on by other persons in the EU. Outside of the EU, it is directed at persons who have experience in matters relating to investment. It has not been prepared in accordance with legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research. It is for information and discussion purposes only and does not constitute either an offer to sell or the solicitation of an offer to buy any security or any financial instrument or enter into any transaction. The information herein may not be applicable or suitable to the specific investment objectives, financial situation or particular needs of recipients and should not be used in substitution for the exercise of independent judgment.

Information contained herein, which is subject to change at any time without notice, has been obtained from sources believed to be reliable. While all reasonable care has been taken in preparing this communication, no responsibility or liability is accepted for any errors of fact, omission or for any opinion expressed herein. Standard Chartered may not have the necessary licenses to provide services, offer products or distribute research in all countries or such provision of services, offering of products or distribution of research may be subject to the regulatory requirements of each jurisdiction and you should check with your relationship manager or usual contact. You are advised to exercise your own independent judgment (with the advice of your professional advisers as necessary) with respect to the risks and consequences of any matter contained herein. We expressly disclaim any liability and responsibility for any losses arising from any uses to which this communication is put and for any errors or omissions in this communication.

This communication is not for distribution to any person or in any jurisdiction in which its distribution would be prohibited.

© Copyright 2009 Standard Chartered Bank. All rights reserved. All copyrights subsisting and arising out of these materials belong to Standard Chartered Bank and may not be reproduced, distributed, amended, modified, adapted, transmitted in any form, or translated in any way without the prior written consent of Standard Chartered Bank.

# Committing our expertise to power your ambition



Afghanistan  
Argentina  
Australia  
Austria  
Bahamas  
Bahrain  
Bangladesh  
Botswana  
Brazil  
Brunei  
Cambodia  
Cameroon  
Canada

Cayman Islands  
Chile  
Channel Islands  
China  
Colombia  
Cote d'Ivoire  
Egypt  
Falkland Islands  
France  
Gambia  
Germany  
Ghana  
Hong Kong

India  
Indonesia  
Iraq  
Ireland  
Italy  
Japan  
Jordan  
Kazakhstan  
Kenya  
Laos  
Lebanon  
Luxembourg  
Macau

Malaysia  
Mauritius  
Mexico  
Monaco  
Nepal  
Nigeria  
Oman  
Pakistan  
Peru  
Philippines  
Poland  
Qatar  
Romania

Russia  
Sierra Leone  
Singapore  
South Africa  
South Korea  
Spain  
Sri Lanka  
Sweden  
Switzerland  
Taiwan  
Tanzania  
Thailand  
Turkey

Uganda  
Ukraine  
United Arab  
Emirates  
United Kingdom  
United States  
Uruguay  
Venezuela  
Vietnam  
Zambia  
Zimbabwe

## **The right connections in the world's most exciting markets**

With an extensive network that spans over 70 countries, well-positioned in the emerging trade and investment corridors across Asia, Africa and the Middle East, Standard Chartered's Wholesale Banking business combines global capabilities with deep local knowledge to develop innovative products and services to meet the diverse and ever-changing needs of our corporate and institutional clients in some of the world's most exciting and dynamic markets.

## **The right partner for over 150 years**

Building on a rich banking heritage of over 150 years, Standard Chartered is noted for a client relationship-focused approach to business, unmatched on-the-ground expertise and a solid track record of innovative, award-winning financial services solutions, reflecting our continued commitment to power our clients' ambitions.

## **The right balance for sustainable success**

As one of the world's leading international banks, Standard Chartered has over 75,000 employees, representing more than 110 nationalities.

Our success is built on teamwork, partnership and the diversity of our people. With a long-term strategy for building a sustainable business, Standard Chartered leads by example in driving economic growth, protecting the environment and in having a positive impact on the societies in which we live and work.

## **The right capabilities for our clients' needs**

Treasury and Risk Management  
Transaction Banking  
Financial Markets  
Corporate Finance  
Principal Finance  
Electronic Channels and Solutions