

Microfinance Building Bridges



Question: **How does a premier financial institution help fight poverty?**

Answer: **We focus our resources on carefully defined areas where we can have meaningful and measurable impact.**

Building Bridges

In 2008 Credit Suisse made a commitment to support the microfinance sector above and beyond our business interests. After a comprehensive needs assessment we found that the significant capital inflows into the sector are not having as great an impact as they might due to a lack of human resource capacity.

In response, Credit Suisse is providing support through charitable contributions and engaging its staff to build up the human capacity of the sector. We believe the work of our partners to cultivate the staff of microfinance institutions (MFIs) around the world will greatly expand the reach of microfinance to those poor entrepreneurs who are ready to reach their full potential.

What is Microfinance?

Microfinance started as an amazingly simple concept: to provide working capital loans as small as USD 100 or less to the poor – who have little or no collateral – in groups, so that members guarantee repayments. Over time, the services have expanded from these group loans to individual lending, and from loans to insurance, savings and fund transfers, enabling an estimated 100 million of the world's entrepreneurial poor to build businesses and gain livelihoods.

Microfinance is now seen by many as a global movement to help poor households work their way out of poverty. The World Bank estimates that 2.7 billion people – 40 percent of the world's population – still live in extreme poverty, on less than USD 2 per day. It is estimated that approximately a third of these individuals – as many as 1 billion – would become employed through self-created small businesses if provided with financial services.

Microfinance

Microfinance provides both social and financial returns to the investor and to the borrower it can provide

- increased income, social stability and economic participation
- access to financial services and funding for entrepreneurs who are otherwise 'unbankable'
- improved standard of living
- empowerment, often for women

Credit Suisse and Microfinance

Credit Suisse has been involved in promoting microfinance since 2001, when it played a leading role in co-founding responsAbility Social Investments AG. responsAbility funds currently invest in more than 200 MFIs in 50 countries, serving more than 400,000 microentrepreneurs.

Credit Suisse has also successfully engaged the sector by providing a variety of advisory services including the landmark IPO for Banco Compartamos in April 2007. This was the first IPO in the Latin American microfinance industry.

Since 2005, Credit Suisse has also sponsored various conferences and symposia in the area of microfinance.

Credit Suisse Corporate Citizenship

As a global bank that is active in over 50 countries, we believe that the assumption of our corporate responsibility towards our stakeholders, the environment and society is a key factor determining the long-term success of Credit Suisse.

In 2007 Credit Suisse established four global initiatives under the motto "Innovate, Educate, Participate." These initiatives make investments in the areas of education, microfinance, humanitarian aid and the environment. Global initiatives allow for increased investments in areas where Credit Suisse has experience and represent opportunities to further practice our corporate values.



Um Khaled Um Khaled lives in the Al Talbiya Refugee Camp and has a small agricultural business. With a loan of Dinars 300 (USD 425) from FINCA Jordan, Um Khaled purchased a number of young goats that she will raise and sell, helping boost her profits and enabling her to build a better future for her seven children.



Sudha A client of ACCION partner Swadhaar FinAccess, Sudha works from her one-room home in the Kherwadi district of Mumbai designing wedding jewelry. Once employed in a chemical plant, which required time-consuming and costly commuting, Sudha gave it up last year for self-employment when she learned of Swadhaar's microloans. She is now on her third loan, for 8,000 rupees (USD 200), which she uses to buy semi-precious stones and gems for her custom-made pieces, all sold by word of mouth.



Mobile banks For Opportunity International clients living in rural areas, a trip to a bank's main branch can mean hours of travel and lost revenues. Opportunity's mobile banks stop at more than 25 rural locations weekly providing access to financial services for the poorest and most isolated entrepreneurs.

“Microfinance is an instrument that can dramatically improve the living standards of people trapped in the lower strata of the wealth pyramid and thus benefit society as a whole. In addition to our business-based activities, we support microfinance institutions through innovative programs aimed at promoting the sustainability of this sector.”

Brady W. Dougan, CEO, Credit Suisse

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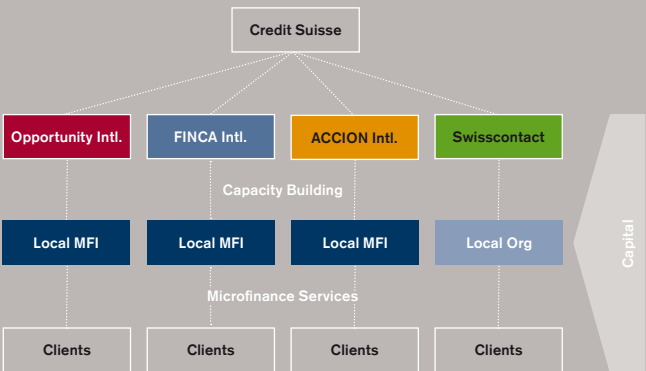
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Microfinance Capacity Building Initiative

The microfinance sector has seen exponential growth in recent years. Unfortunately, despite the access to billions of dollars in capital and a continued demand for services, there have not been enough trained people to keep up with the growth of this sector.

To help fill this gap and to complement our business and thought leadership, Credit Suisse has established the Microfinance Capacity Building Initiative, which aims to contribute to the quality training of thousands of microfinance staff around the world and to facilitate access to financial services for the base of the pyramid.

Credit Suisse also looks to our four partners to foster research, innovation and constructive dialogue, to spread best practices and to develop new solutions for financial inclusion.



Our Partners

ACCION International

ACCION International is one of the oldest non-profit organizations operating in the area of microfinance, and is counted among the leaders in this field. Founded in 1961, it has been running microfinance programs since 1973. The aim of these programs is to give people the tools they need to work their way out of poverty. Alongside financial services, this involves providing regular business advice and training, and often investment.

ACCION is receiving support from Credit Suisse to help set up two innovative and targeted programs. Credit Suisse is a founding sponsor of the Center for Financial Inclusion, an action research and microfinance leadership center that serves as a bridge to leverage private-sector engagement in microfinance and bring expertise to solve industry problems. Credit Suisse is also supporting the establishment of training centers in India and China to provide training in credit methodology, program management, and best practices to staff at all levels. www.accion.org

FINCA International

FINCA International delivers its financial services through 21 subsidiaries worldwide, and collectively serves nearly 740,000 clients through a loan portfolio in excess of \$345M with annual loan disbursements that topped \$800M in 2008. FINCA's clients have a repayment rate of 97.2%. To meet demand, FINCA plans to augment the skills of high-potential, current employees, allowing them to take on increased responsibilities, and preparing the organization for the hiring of additional employees who will support the aggressive expansion of FINCA's network.

In response to these challenges, and with support from Credit Suisse, FINCA will implement its Global Leadership and Development Initiative. This initiative will evaluate training needs, identify best practices, set uniform standards for ensuring that top quality staff are sourced and retained, and assist the monitoring and evaluation of training. www.villagebanking.org

Opportunity International

With more than 400,000 voluntary savings clients, 1 million loan clients and 3.5 million microinsurance clients, Opportunity International remains one of the largest microfinance organizations in the world. Opportunity stands apart in its capacity to build, own and operate regulated commercial banking institutions dedicated to serving the world's most poor. This unique structure allows Opportunity to offer a full suite of client-centric financial products and training.

Credit Suisse has become a premier partner in the launch of Opportunity's Electronic Wallet Program. Utilizing a unique mix of delivery channels such as mobile banks, ATMs, smartcards and point of sale devices, the electronic wallet brings the bank to the client, eliminating hours of travel that would normally pull an entrepreneur away from doing business. Opportunity's innovative use of biometric technologies coupled with the electronic wallet provides first-time access for many entrepreneurs lacking formal identification. www.opportunity.org

Swisscontact

Swisscontact is the leading Swiss organization for private sector development. It supports small and medium enterprises (SMEs) in over 20 developing countries through advisory services and continuing education. Swisscontact develops the capacity of financial intermediaries to provide financial services that support the growth of SMEs.

Credit Suisse is sponsoring two programs to build capacity in the Ukraine and South Africa. The Training in Financial Management Program in the Ukraine will provide workshops by senior Swiss banking experts for staff from Ukrainian banking institutions and SMEs. The Access to Finance for Small Business Program in South Africa improves the economic performance of small business through a mentoring program and awareness campaigns. www.swisscontact.ch



Lungiswa After many years of informal employment, Lungiswa found a permanent job in one of the companies Swisscontact works with. The company has received advice on how to grow and expand its business in the Gauteng province of South Africa. Even in these difficult times, the company sticks to its business plan to secure the jobs created.