



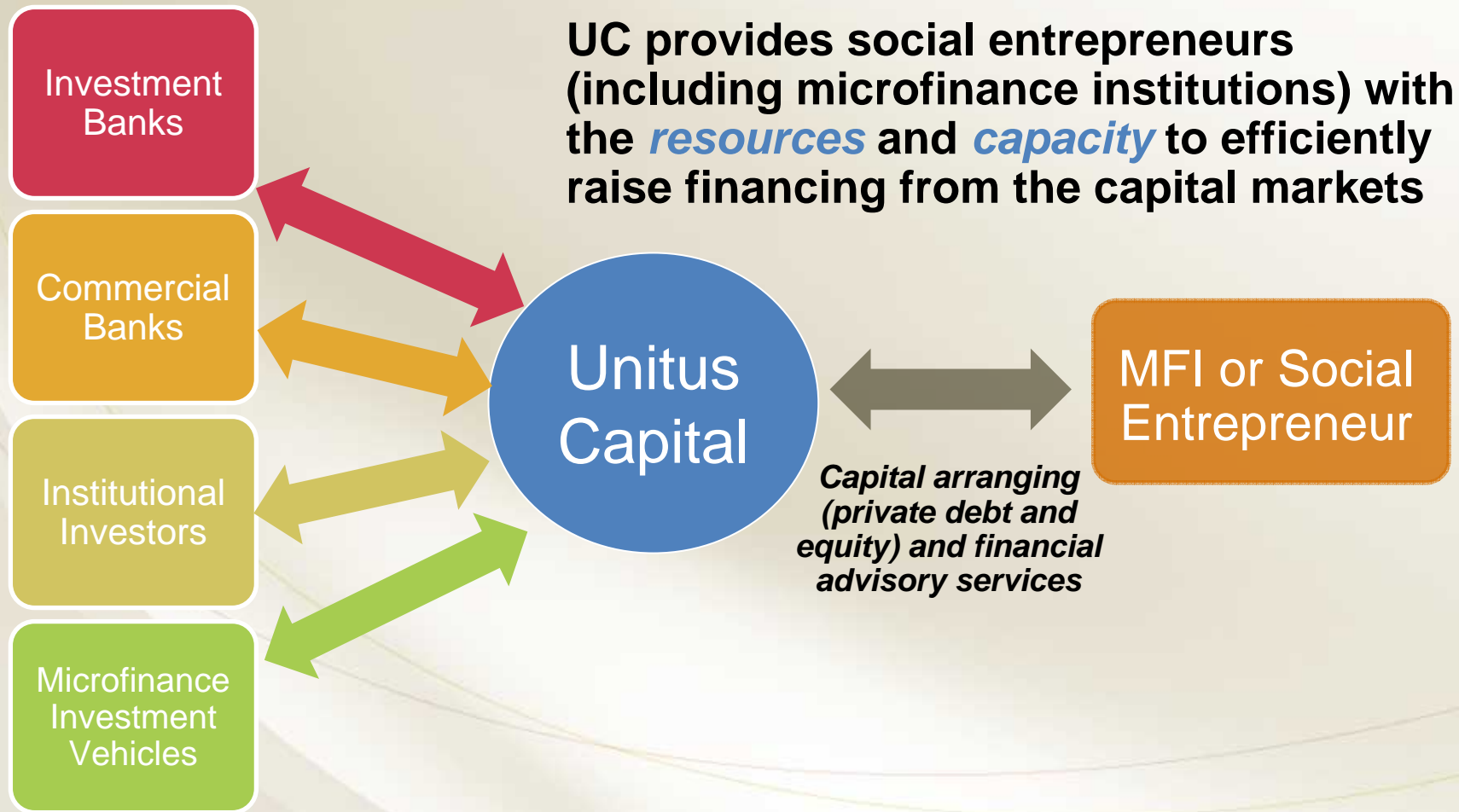
Global Meltdown and Microfinance

Eric Savage, Managing Director

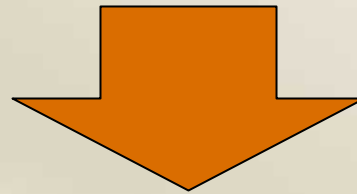
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UC Strategy - A Dynamic Intermediary

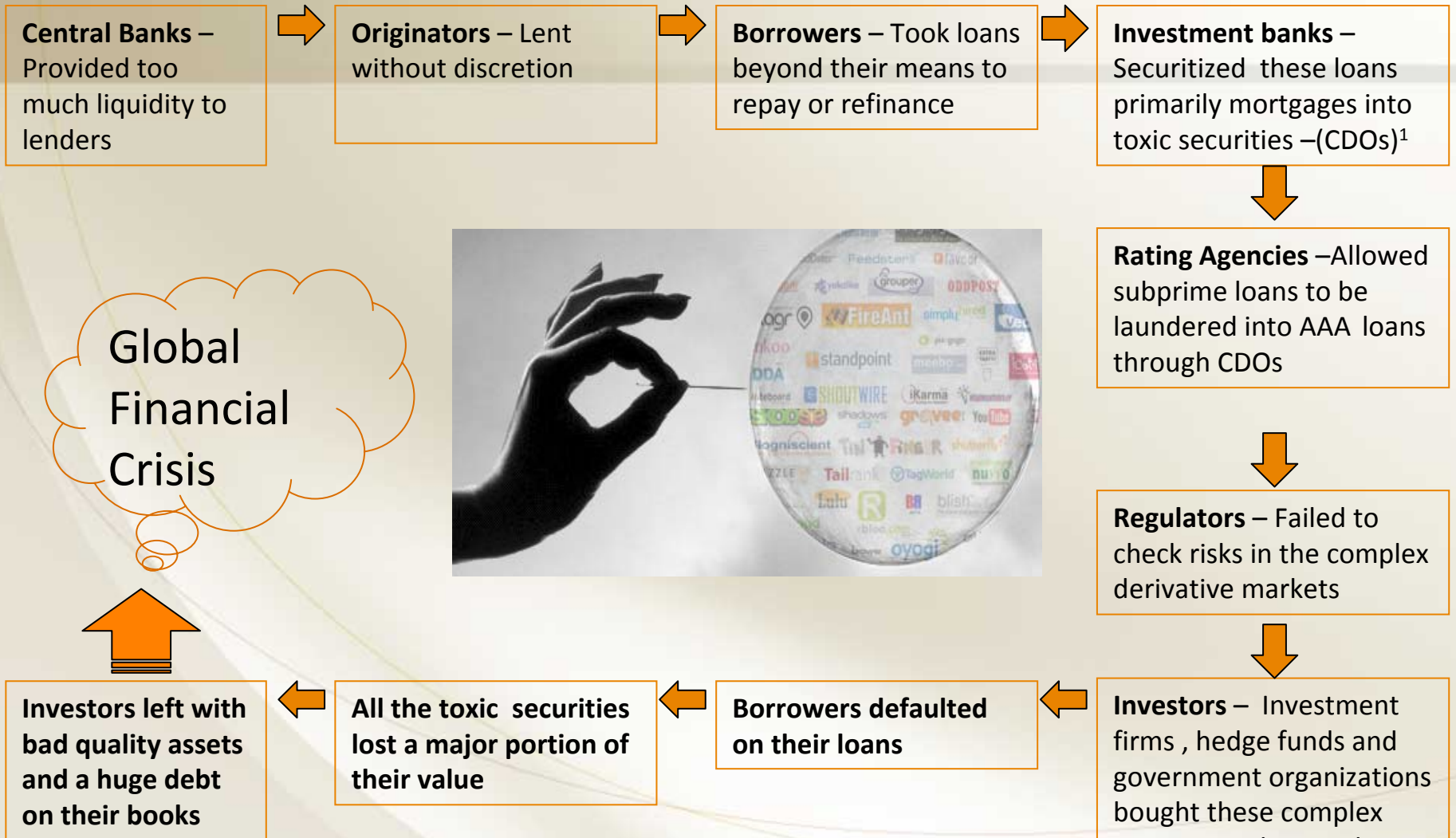


Who is to blame for the crisis?



Everybody...
except probably the poor in India

The Crisis- The Participants



(1) CDO - Collateralized Debt Obligation : An investment-grade security backed by a pool of bonds, loans and other assets. CDOs do not specialize in one type of debt but are often non-mortgage loans or bonds

Impact on MFIs and Microfinance space

- Influx of talent to the MFI space
- MFI concepts being validated:
 - Group vs. individual lending
 - Small loans, frequent repayment
 - High touch lending
 - Strong credit checks vs. blind reliance on collateral
- Possible establishment of credit bureaus
- Opportunity to attract funds looking for uncorrelated returns to other assets

- Higher operating expenses because of inflation and fuel prices
- Increase in cost of borrowing; delayed disbursements
- Banks demanding personal guarantees of CEOs of MFIs
- Poor borrowers also hurt by inflation

Conclusion

Can Microfinance
continue its rapid growth?

**YES WE
CAN!**



Stay close to your
clients

Strive for
innovative
financing options

Maintain a solid
equity base

Spread the word
of insulation and
growth of the MF
sector