



Alterfin cvba

Cooperative Society with Limited Liability

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The Origin

At the end of 1994, Alterfin was established in Belgium as a co-operative society with limited liability. The initial shareholders consisted of an umbrella-organisation of NGO's (11.11.11), 8 NGO's and 2 banks. Today, Alterfin has more than 1.200 shareholders, including 106 institutional shareholders and with the remainder private shareholders.

Mission and Objectives

Alterfin's mission is to contribute to the development of local financial networks in the South, working with disadvantaged or oppressed groups in society.

Alterfin's focus is providing finance - mainly through credit, but also through guarantees and temporary share participation. In addition, Alterfin also provides and mobilises technical support.

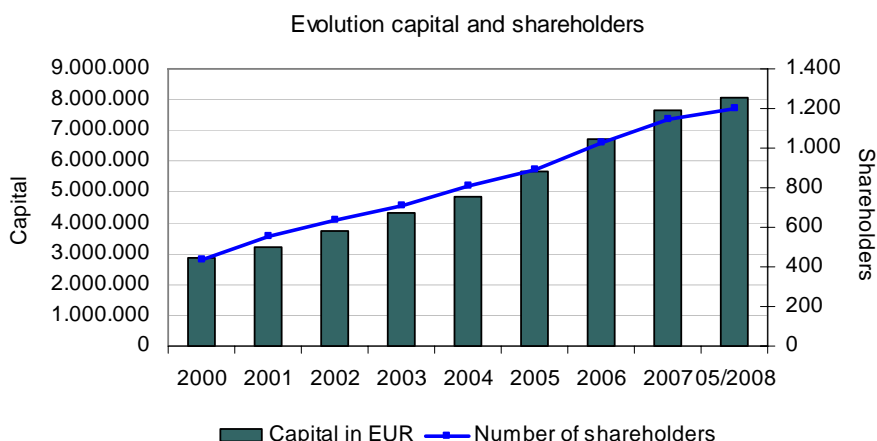
In Belgium Alterfin is promoting a new, more ethical, way of dealing with both money and capital. Alterfin develops financial products offered to both private and institutional investors that consider the ethical aspects of their investments. With these financial products we mobilise resources used to finance our investment activities in the South.

The financial means of Alterfin are first constituted by its capital of shares that is brought by co-operators or shareholders.

Equity Capital and Shareholders

The most important source of financial resources is Alterfin's equity capital. Individuals can subscribe to shares of EUR 62,50. Associations and companies can subscribe to shares of EUR 250,00.

As it can be seen from the chart below equity capital has experienced remarkable growth. Another striking development is the gradual growth of individual shareholders. They have increased over time to currently provide more than 70% of the share-capital. At the end of May 2008, Alterfin's equity capital amounted to EUR 8,1 million brought by more than 1.200 shareholders.

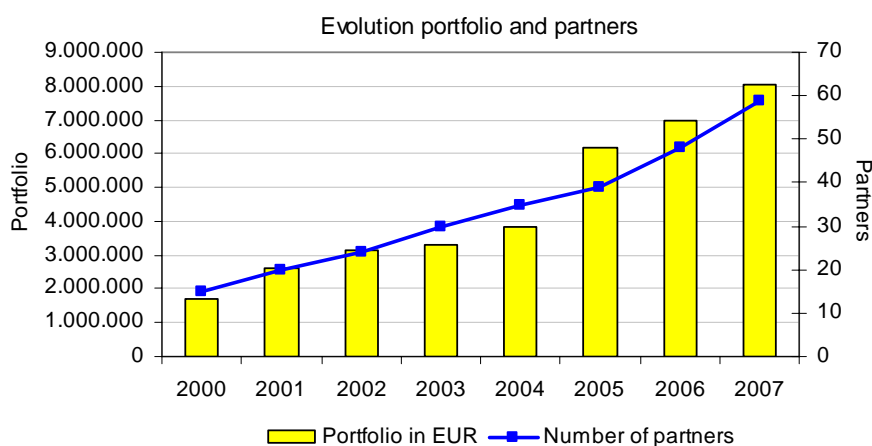


Credit Activities

With the financial resources we are mobilising, we finance initiatives in the South. As mentioned above, Alterfin's aim is to contribute to the development of local financial networks in the South oriented towards opportunity-poor or oppressed groups in society. Therefore, our primary target-group is micro-finance institutions (MFI's) with a clear social vision. At this time, about 68% of our financing portfolio consists of credits towards MFI's (see annex 1). The other 32% consists of credits towards producers (or their associations) associated with the fair trade movement in Europe. These are Small or Medium Enterprises (SMEs), often cooperatives, involved in the production and/or processing of agricultural products or manufactured goods.

MFI funding requests are screened according to the following: social relevance, savings and credit-policy, management, portfolio-indicators and financial performance. If the MFI fits in the Alterfin's target-group, a credit-offer is given. This offer takes into account a risk-analysis and the appropriate guarantees. Interest rates typically range between 6% and 10% (on USD or EUR).

Per 31st December 2007, Alterfin was managing a financing portfolio worth around EUR 8 million, spread over 58 partners in 18 countries (see annex 1).

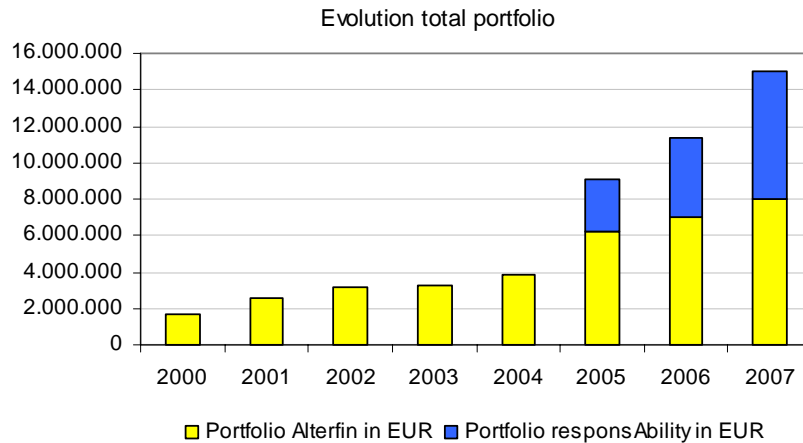


The division of the portfolio is as follows (31 December 2007):

- The portfolio is divided over 58 partner organisations in the South, 46 of which are from Latin America, 9 from Africa and 2 from Asia. Geographically speaking, Alterfin is mainly active in Latin America (83% of the portfolio volume). Peru leads with 26% of the portfolio, followed by Nicaragua (17%), Ecuador (12%), Honduras (9%) and Bolivia (8%). Although merely 10% of the portfolio is invested in Africa, 15% of Alterfin's partners are in that continent.
- 68% of the portfolio is invested in MFI's. The rest (32%) is channelled to farmers' cooperatives that trade products through the fair trade circuit in Europe (coffee being the main product, with 20% of the portfolio).
- Financing partner organisations in the South mainly takes place through credits (91%); at the end of the year, the participation in partners' capital amounted to EUR 319,576 which is a mere 4% of the portfolio. The remainder (5%) are guarantees: the MFI's then obtain local financing on the basis of our guarantee.

Portfolio management

Since March 2005, Alterfin manages a portfolio under the authority of the Swiss investment fund responsAbility. This activity is part of Alterfin's growth strategy. In 2007, the responsAbility portfolio grew from USD 5,780,000 to USD 10,376,159 (or EUR 7,044,953). ResponsAbility's resources are used in 4 countries (Peru, Nicaragua, Honduras and El Salvador) to finance 13 of Alterfin's existing partners. Over 80% of that portfolio is invested in the microcredit sector. The remainder is used in the fair trade sector.



Technical Support

Since 1994 Alterfin has been offering technical support to MFI's and other development organisations in the South. This technical assistance concerns:

- organization, management and assessment of saving and credit programs
- sustainable financing of the development
- financial management
- impact studies

Bodies of Alterfin

Body	Composition	Meeting frequency	Decisions
Secretariat	7 permanent employees + temporary support from NGO's and Financial Institutions	Daily	Daily management of commercial and credit activities.
Credit committee	6 members coming from: <ul style="list-style-type: none"> - shareholder NGOs - shareholder financial institutions - + independent experts 	Monthly	Analysis (and decision) of applications for loans or investments.
Board of directors	10 members coming from: <ul style="list-style-type: none"> - shareholder NGOs - shareholder financial institutions - + independent experts 	Bimonthly	Strategic decisions on lines of action, activities and management at medium- and short-term.
Shareholders' General Meeting	All shareholders of Alterfin cvba	Annual	Approval and modification of articles, of annual reports and accounts. Strategic decisions on lines of action and activities at long-term.

Annex 1: Portfolio information per 31st December 2007

PARTNER	COUNTRY	REGION	SECTOR	TYPE
KOKARI	Niger	Sub Sahara Africa	Microcredit	Participation
FORTALEGER	Peru	Latin America	Microcredit	Participation
FONDS COOPERATIF	Laos	Asia	Microcredit	Participation
FOLADE	Costa Rica	Latin America	Microcredit	Participation
CONSOLIDAR	Colombia	Latin America	Microcredit	Participation
SIDI	France	Western Europe	Microcredit	Participation
CONFIANZA	Peru	Latin America	Microcredit	Participation
OMIPA	Uganda	Sub Sahara Africa	Microcredit	Guarantee
TIMPAC	Togo	Sub Sahara Africa	Microcredit	Guarantee
TAANADI	Niger	Sub Sahara Africa	Microcredit	Guarantee
AMSSF	Morocco	Maghreb	Microcredit	Guarantee
FOLADE	Costa Rica	Latin America	Microcredit	Credit
CAPIRONA	Peru	Latin America	Microcredit	Credit
KOKARI	Niger	Sub Sahara Africa	Microcredit	Credit
MICROFUND	Togo	Sub Sahara Africa	Microcredit	Credit
TOCACHE	Peru	Latin America	Microcredit	Credit
AMSSF	Morocco	Maghreb	Microcredit	Credit
CEPESIU	Ecuador	Latin America	Microcredit	Credit
EDAPROSPRO	Peru	Latin America	Microcredit	Credit
SALINAS	Ecuador	Latin America	Microcredit	Credit
AMC	El Salvador	Latin America	Microcredit	Credit
EMPRENDER	Bolivia	Latin America	Microcredit	Credit
UCMECS	Togo	Sub Sahara Africa	Microcredit	Credit
INMAA	Morocco	Maghreb	Microcredit	Credit
RONDESA	Peru	Latin America	Microcredit	Credit
FUNDACION ALTERNATIVA	Ecuador	Latin America	Microcredit	Credit
CRECER	Bolivia	Latin America	Microcredit	Credit
FONDESURCO	Peru	Latin America	Microcredit	Credit
CONFIANZA	Peru	Latin America	Microcredit	Credit
FONDECO	Bolivia	Latin America	Microcredit	Credit
FONDEP	Morocco	Maghreb	Microcredit	Credit
ENLACE	El Salvador	Latin America	Microcredit	Credit
CREDISOL	Honduras	Latin America	Microcredit	Credit
SAN MARTIN DE PORRES	Peru	Latin America	Microcredit	Credit
CREDINKA	Peru	Latin America	Microcredit	Credit
FUNDACION CAMPO	El Salvador	Latin America	Microcredit	Credit
ESPOIR	Ecuador	Latin America	Microcredit	Credit
JOSE NIEBOROWSKI	Nicaragua	Latin America	Microcredit	Credit
FDL	Nicaragua	Latin America	Microcredit	Credit
FADES	Bolivia	Latin America	Microcredit	Credit
PRESTANIC	Nicaragua	Latin America	Microcredit	Credit
COMIXMUL	Honduras	Latin America	Microcredit	Credit
HATTHA KAKSEKAR	Cambodia	Asia	Microcredit	Credit
UROCAL	Ecuador	Latin America	Banana	Credit
MCCH	Ecuador	Latin America	Cocoa	Credit
EL QUINACHO	Peru	Latin America	Cocoa	Credit
ACOPAGRO	Peru	Latin America	Cocoa	Credit
RIO APURIMAC	Peru	Latin America	Cocoa	Credit
CASIL	Peru	Latin America	Coffee	Credit
FAPECAFES	Ecuador	Latin America	Coffee	Credit
FECAFEM	Ecuador	Latin America	Coffee	Credit
ORO VERDE	Peru	Latin America	Coffee	Credit
UNICAFEC	Peru	Latin America	Coffee	Credit
APECAFE	El Salvador	Latin America	Coffee	Credit
CORPORACION CAFE PERU	Peru	Latin America	Coffee	Credit
SAN JUAN DEL ORO	Peru	Latin America	Coffee	Credit
FRONTERA	Peru	Latin America	Coffee	Credit
LA CENTRAL S.A.	Honduras	Latin America	Coffee	Credit
CECOCAFEN	Nicaragua	Latin America	Coffee	Credit
DEL CAMPO	Nicaragua	Latin America	Sesame	Credit
CONSORCIO VINICOLA	Chile	Latin America	Wine	Credit
SAGRADA FAMILIA	Chile	Latin America	Wine	Credit
TOTAL ALTERFIN				8.015.195,85 EURO

Annex 2: Examples of Alterfin partners in the South

❖ FONDESURCO / Peru

In the Southern part of Peru, in the region close to Arequipa, peasants do not have access to regular bank-facilities. Nor private, nor governmental banks are accessible for these peasants. However the situation changed in 1994 when 4 Peruvian ONGs created FONDESURCO. FONDESURCO is an MFI that provides small loans to the peasants. Thanks to these loans, peasants could improve their crops and sell their products on the market. Credits are available from USD 100 onwards. To get these small loans, various families organise themselves in groups in which they guarantee the loans of their fellow members in the group. This program is designed mainly for families. Every credit must be approved and accepted by the husband as well as by the wife. Since the beginning of 1999 this program has been widened with the credit of Alterfin, thanks to which about 300 other families have had access to credit each year.

❖ HATTHA KAKSEKAR / Cambodia

Hattha Kaksekar Ltd (HK), in the Khmer language literally translates as "Farmer's Hand", a licensed micro-finance institution regulated by the National Bank of Cambodia since October 2001, operating in 4 provinces of Cambodia with its headquarters in the Pursat province. HK specialises in supporting the economic development of low-income people, mainly women, in rural areas of Cambodia, through cost-efficient credit and savings products. All loans are provided on an individual basis with the borrower being individually responsible for loan repayment. Individual borrowers with small loans below US\$ 100 are required to form groups of maximum five members. No loan processing fees are charged. The client must have a solid reputation as being responsible and honest, verified by interviews. A strong preference - 68% of clients - is given to women entrepreneurs. Loans are for clients who live in areas that have a high concentration of low-income rural households and where there are no other financial services providers. Since the beginning of 2002 Hattha Kaksekar is using a loan from Alterfin to expand its credit activities in the provinces of Banteay Meanchey and Battambang.

❖ COOPERATIVA AGRARIA CAFETALERA SAN JUAN DEL ORO / Peru

The main economic activity of the Co-operative San Juan del Oro is the cultivation and the commercialisation of coffee, mainly for the external market. The co-operative was created in 1961 and is currently composed of 816 associate members. The current area under production reaches 2800 hectares. The total number of families (member and non members) involved in the activity of coffee through the co-operative reaches 900. Most of the work in the plantations is carried out by family members. Since the year 2000 San Juan is using a loan from Alterfin in order to pre-finance its harvest that is used for export to fair-trade importers in Europe and the USA.