Expanding Access to Capital

America’s Center Consumer Banking Conference

Florida International University, Miami

March 2009
The ShoreBank Organization

- **SHOREBANK CORP** (Holding Company)
  - ShoreBank Subsidiaries
  - ShoreBank Retail Bank
  - ShoreBank International (Consulting)
    - ShoreBank International UK Ltd
    - ShoreBank International Pakistan
    - SOA Kredit, Azerbaijan (Non-Bank Finance Co)
  - ShoreCap Management Ltd Chicago/LA/Johannesburg (Investment Fund Manager)
    - ShoreCap Exchange (TA Facilitator)
    - ShoreCap International (Investment Fund)
ShoreBank: Snapshot

- Largest community development bank
- Founded in 1973 to maintain banking services and arrest decline in South Chicago’s neighborhoods
- Has grown to $2.4 billion in assets
  - “Triple bottom line” goals: profitability, community development and conservation
  - Achieves returns equal or superior to banks of comparable size
- Core competencies in:
  - Financing residential real estate
  - Small business lending
  - Promoting wealth accumulation for lower-income families
- Expansion to Latino community in 2008
  - Created a permanent Latino Strategy Team
  - Opened a lending office in Latino neighborhood
The ShoreBank Organization

SHOREBANK CORP
(Holding Company)

ShoreBank
Retail Bank

ShoreBank
International
(Consulting)
ShoreBank International: Our Footprint

SHOREBANK’S ACTIVITIES INTERNATIONALLY disseminate and adapt ShoreBank’s unique experience and models in Europe, Asia, Africa, and Latin America

- **1983**: Assisted Grameen in Bangladesh transform itself into a regulated bank
- **1990**: Invited to manage SME lending units at Polish American Enterprise Fund
- **1995**: Expanded to 9 countries in Central and Eastern Europe and FSU in multiple products
- **2002**: Hired to design and manage Fondo Capital Guanajuato, an investment fund created to provide loans to SMEs in the State of Guanajuato that did not have access to loans through commercial banks
ShoreBank International: Strategic Orientation

- Inclusive Finance
- Small Business Finance
- Microfinance
- Housing Finance

**SKILLS TRANSFER**
- Design & implement products & systems focused on scaling inclusive finance market segments

**STRATEGY ADVICE**
- Building profitable access to capital to un(der)served borrower segments

**CAPITAL MOBILIZATION**

**SELECTIVE GREENFIELD MARKET CATALYZATION**

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TA to Mutualista Pichincha: Institution Snapshot

- Largest “Mutualista de Ahorro y Credito” in Ecuador
- Mission is to use deposit base both to offer mortgage loans and construct and sell real estate developments
- Ranked 11th among Ecuadorian financial institutions but 2nd in terms of mortgage loan originations
  - 4,500 mortgage loans per year
  - $100 Million disbursed annually
- RE development business line:
  - Inventory of over 1,300 units for sale
  - Use of environmentally friendly construction techniques
  - Help overcome housing deficit
  - Synergy with housing finance business line
  - Annual sales of approximately $70 Million
- Offers housing loans to Ecuadorian migrants since 1997
TA to Mutualista Pichincha: Finance to Migrants Program

- **Started in 1997 for migrants in the US and expanded to Spain in 2004**

- **Business model:** sell **Houses** financed through a **Mortgage Loan** to be repaid with **Remittances**

- **Partnership with Union Andina that represents them outside of Ecuador**
  - Offices and sales force in the US and Spain
  - Pre qualification of potential borrowers

- **Key elements of success:**
  - Brand and trust
  - Branch network in Ecuador
  - RE inventory in Ecuador
  - “Double” sales force (US/Spain and Ecuador)
TA to Mutualista Pichincha: Loans Disbursed to Migrants

Source: Mutualista Pichincha
TA to Mutualista Pichincha: IDB Involvement

- Compra de propiedades: 4%
- Educación: 2%
- Inversiones en negocios: 8%
- Lujos: 17%
- Gastos Diarios: 61%

Countries:
- Guatemala: 1%
- Honduras: 2%
- El Salvador: 1%
- Mexico: 1%
- Colombia: 3.6%
TA to Mutualista Pichincha: Components and Impact

- **Components:**
  - Optimization of lending and operational procedures
  - Review of existing and development of new underwriting standards

- **Impact:**
  - Grow to 1,500 mortgage loans per year to migrants
  - Expansion to 3 new cities in US, Spain and Italy
  - Replication of the model in the LAC Region
For More Information

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