Microfinance: a way to reduce poverty?

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Vincent van Assem
ABN AMRO Holding N.V.
Content

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ABN AMRO: who we are

- Since 1824; originated in the Netherlands

- Strategy:
  creating value for our clients by offering high-quality financial solutions which meet best their current needs and long-term goals (WCS, C&CC, PC/NGM)

- Some numbers (end of 2004):
  - net profit: EUR 4,109m
  - balance sheet total: EUR 608.6bn
  - over 105,000 employees (in fte’s)
  - active in almost 60 countries (Netherlands, Brazil, US)
### Corporate Values and Business Principles

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<tr>
<th>Corporate Values:</th>
<th>Integrity, Professionalism, Teamwork, Respect</th>
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| Business Principles: | 1. We are the heart of our organisation  
2. We pursue excellence |
| ABN AMRO employees | 3. We aim to maximise long-term shareholder value  
4. We manage risk prudently and professionally |
| Our shareholders | 5. We strive to provide excellent service  
6. We build our business on confidentiality |
| Our clients | 7. We assess business partners on their standards |
| Our business partners | 8. We are a responsible institution and a good corporate citizen  
9. We respect human rights and the environment |
| Society | 10. We are accountable for our actions and open about them |
| Compliance |                           |
Our approach on sustainability

- PPP = starting point
- Role of the private sector
- “Direct and indirect foot print”
- Co-operation and partnerships
- Millennium Development Goals & UN Global Compact
Microfinance and other options

The Pyramid

- WCS
- Financial sector
- Small & medium-sized companies
- “Bottom of the Pyramid”

ABN AMRO

- Business with emerging markets: nr. 3 international bank
- Technical assistance to banks in developing countries
- Stability of the financial sector

Indirect impact

Direct impact
ABN AMRO microfinance in daily practice

Key features:

• Direct impact on poverty
• Microfinance integrated in business lines
• …. and consequently: no charity

Our current activities:

• Brazil: direct microfinance through RealMicrocrédito
• India: wholesale microfinance

• Global: - Shorecap (around 10% stake)
  - FMO (17% stake)
Direct microfinance:

• Joint-venture between ABN AMRO (80%) and Accion (20%)

• Started in 2002
• First commercial bank involved in microfinance
• Current loan portfolio: Euro 1.8m
• Current number of clients: approx. 5,000
• Target: 18,000 by the end of 2005

• Default rate is declining and currently around 4%
• Around 50% of the client base is female
Microfinance in India

ABN AMRO India
- Started in September 2003
- 11 local MFI partners
- Current loan portfolio: Euro 4.1m
- Current number of clients: approx. 70,000
- Target: 1 million women in 2008
- Capacity building

MFI
- Cost reduction
- Institutional sustainability
- Access to mainstream financial sector

Increased social outreach
Financial stability
Final remarks and conclusion

Looking for new opportunities in several other countries:
- local ABN AMRO presence
- potentially strong (local) partners
- wholesale model

We believe microfinance is a way out of poverty for some groups of people, but it is not the single way… and therefore we continue to develop both microfinance activities and other opportunities.