

# The Impact of the financial crisis on Kompanion and its clients

MicroNed,  
Utrecht, Netherlands  
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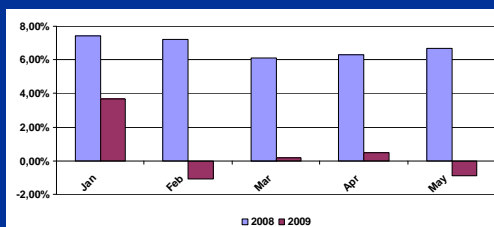
# National economy

The Kyrgyz economy has faced significant shocks from the third quarter of 2008:

- global price changes of food commodities and oil products;
- a sharp widening of the current account deficit;
- severe power shortages due lack of water and climate change;
- the spillover effects of an economic slowdown in Kazakhstan and the Russian Federation.

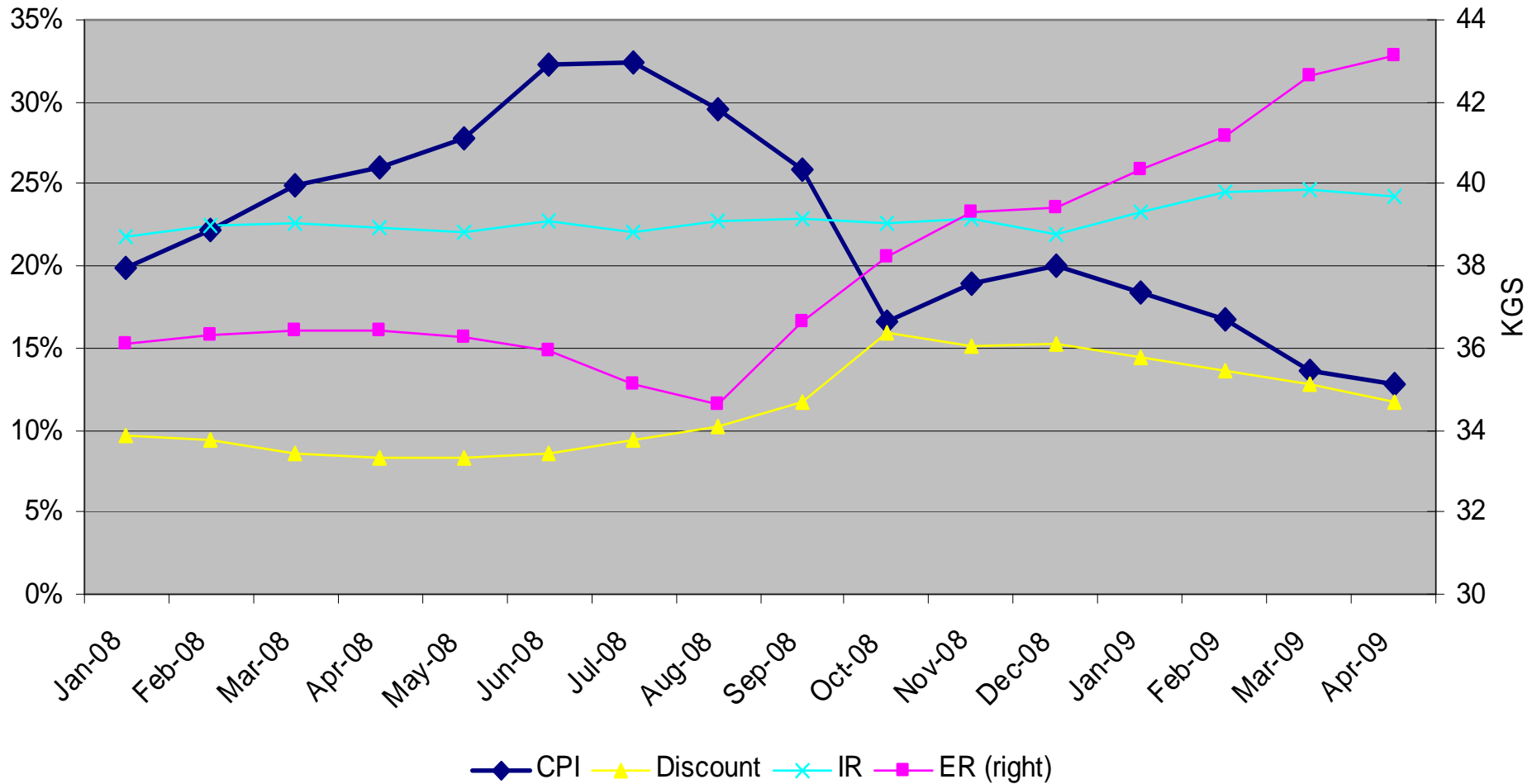
The crisis is affecting the Kyrgyz economy mainly through trade and remittance channels, spilling over to domestic demand and creating revenue shortfalls and larger balance of payments needs.

# Growth of GDP



- In 2008 economic growth of 7.6% was driven by expansion of the services sector and by gold mining.
- In 2009 growth will slow markedly to 0.9% according to IMF as the full impact of the shocks plays out.

# Economy indicators



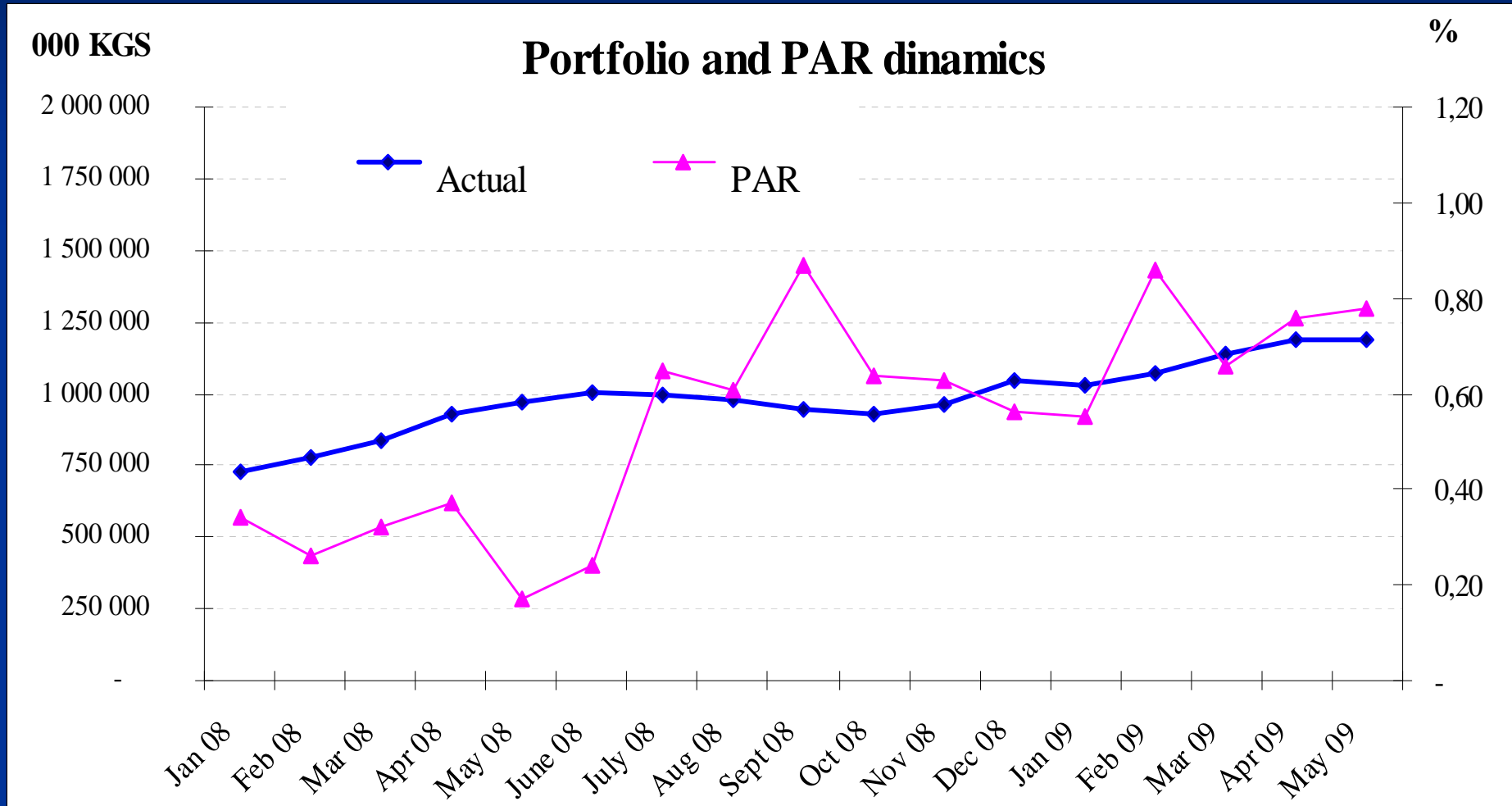
# Performance of Kompanion

<b>PORTFOLIO PROFILE</b> as of April 30, 2009	<b>Group Loans</b>	<b>SME Loans</b>	<b>Total</b>
<b>Loans outstanding:</b>	\$27.6 mln.	\$1.4 mln.	\$29.0 mln.
<b>Number of active clients:</b>	86, 483	550	87,033
<b>Average Loan Size:</b>	\$319	\$2 545	\$333
<b>Portfolio at Risk (30 day):</b>	0.3%	2.5%	0.4%
<b>Number of Employees:</b>			864
<b>Number of Offices:</b>			81

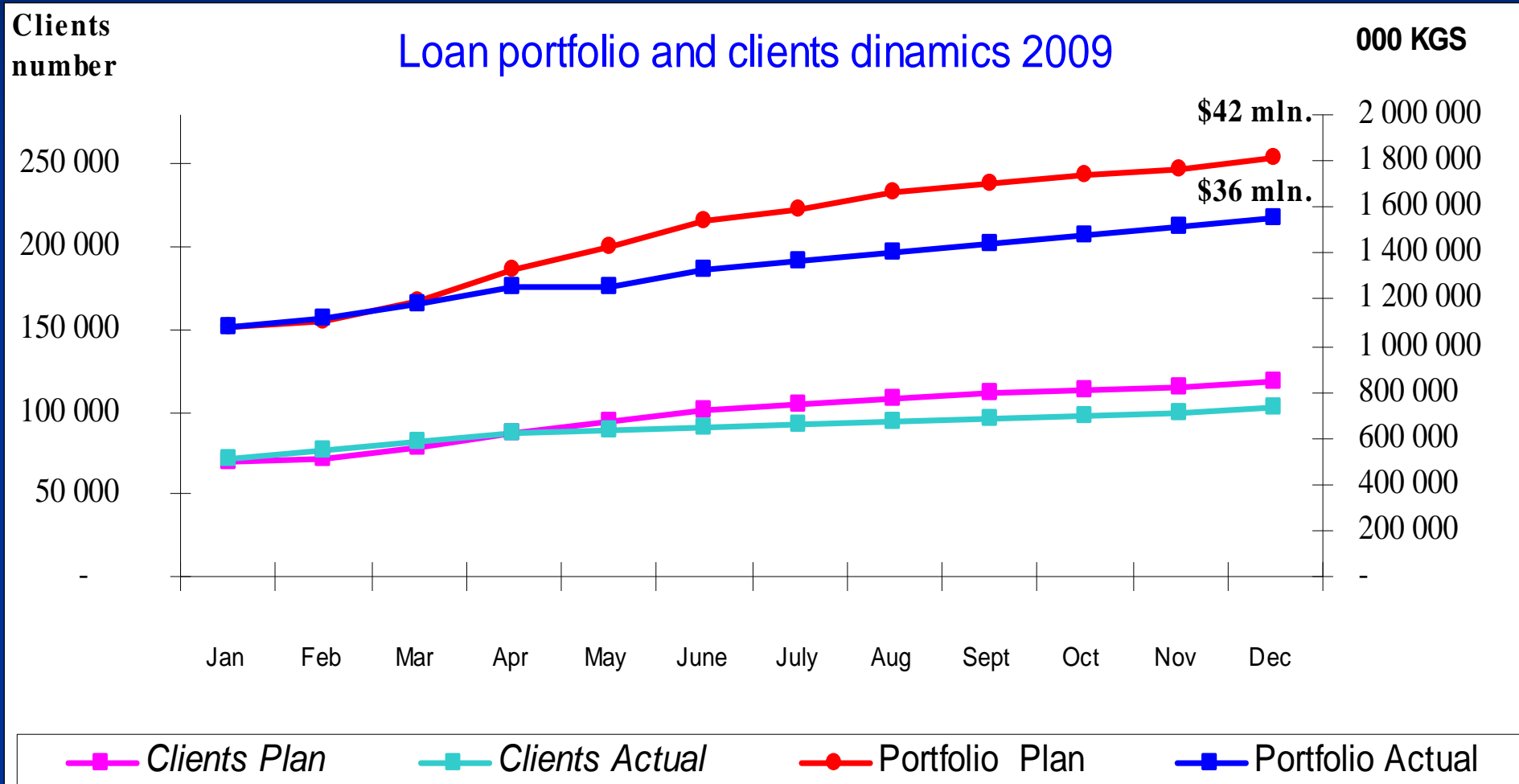
## Impact on clients

- Households suffered from the substantial jump in food prices. Inflation surged to over 30% by mid-year (highest among CIS countries) before falling to nearly 20% at year-end.
- According to survey of National statistical committee more than 50% of sellers have specified reduction of sale volumes of food and nonfood items. Growth rates in retail (business of many our clients) decreased from 5.9% in 2008 to 2.4% in April, 2009.
- The economic slowdown in Kazakhstan and Russian Federation results in decline of remittances (40%, WB).

# Clients & Portfolio



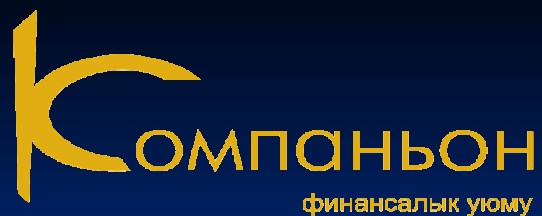
# Clients & Portfolio



# Actions taken

## What we do to minimize the impact the global financial crisis:

- Sustain confidence of our clients –be in touch with the various needs of clients; be opportunity for them (creation of TSU)
- Crisis preparedness trainings;
- Improve operating discipline (risk management systems, internal controls, management capabilities) to meet the demands of future expansion;
- Focus on portfolio quality and strength loans approval process;
- Increase reserves and equity;
- Introduce deposits;
- Decrease Hedging cost with local banks or raise local currency debt;



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