



FinReg S.A. de C.V. SOFOM E.N.R.

Corporate Presentation



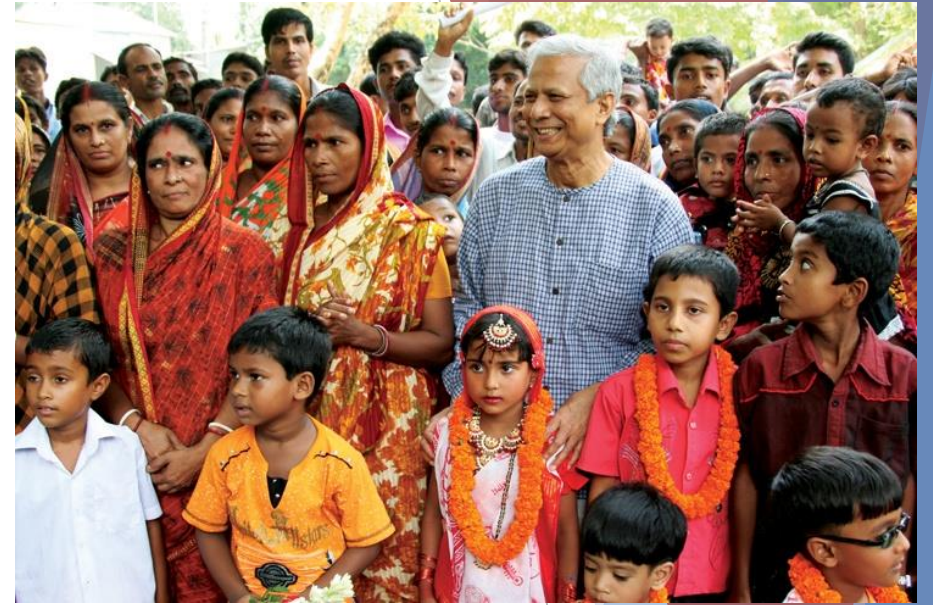
Background

- ▶ FINREG S.A. DE C.V. SOFOM E.N.R. was born on June 26, 2007 in the city of Ciudad Obregón, Sonora, Mexico.
- ▶ Its main objective is to provide support through microcredit to population niches not being served by the traditional banking system.

The modern concept of Microcredit was developed by Dr. Muhammad Yunus (2006 Nobel Peace Prize) while studying the lives of poor entrepreneurs in his native Bangladesh during the famine of 1974.



- ▶ He began by loaning to groups of women, and his program soon proved that small loans could not only quickly improve lives but were paid back with interest and on time.
- ▶ Since his Grameen Bank was founded, it has paid out more than \$5.7 billion dollars in loans, with a recovery rate of approximately 98.9%.
- ▶ It has made more than 950,000 loans and has 6.7 million members, around 96% of whom are women.





About FinReg

Company Information



Our Mission

To contribute to the economic and social development of vulnerable families in Mexico.

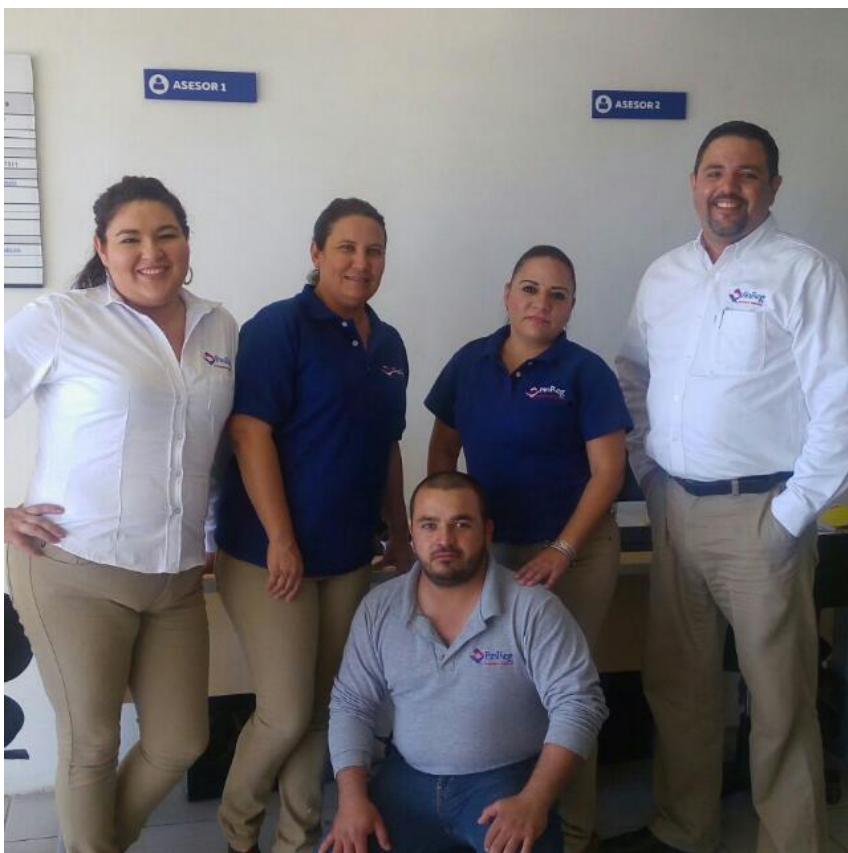


Vision

To become the microfinance institution with the largest presence in northern Mexico, recognized for our social impact and business model.



FinReg Values



- Honesty
- Loyalty
- Ethics
- Commitment



How do we work?

- ▶ FinReg works through *credit promoters* who find the borrowers and help them to organize small groups based on trust.
- ▶ The average size of the group is 4 to 6 members.
- ▶ Each borrower asks for her own loan but the group collectively pledges to repay the total loan and cover the amount of any one in the group that gets behind.

Characteristics of loans:

- ▶ Focused on profitable economic activities.
- ▶ Average credit: MX\$6,000.00 (aproximately US\$300.00 per loan)
- ▶ 90% of borrowers are women.
- ▶ 70% of borrowers live in rural areas.

Socio-economic levels in Mexico

21%

79%

C+ Level: People have good quality of life but they cannot generate savings.

C- Level: People can supply their housing and sanitary needs

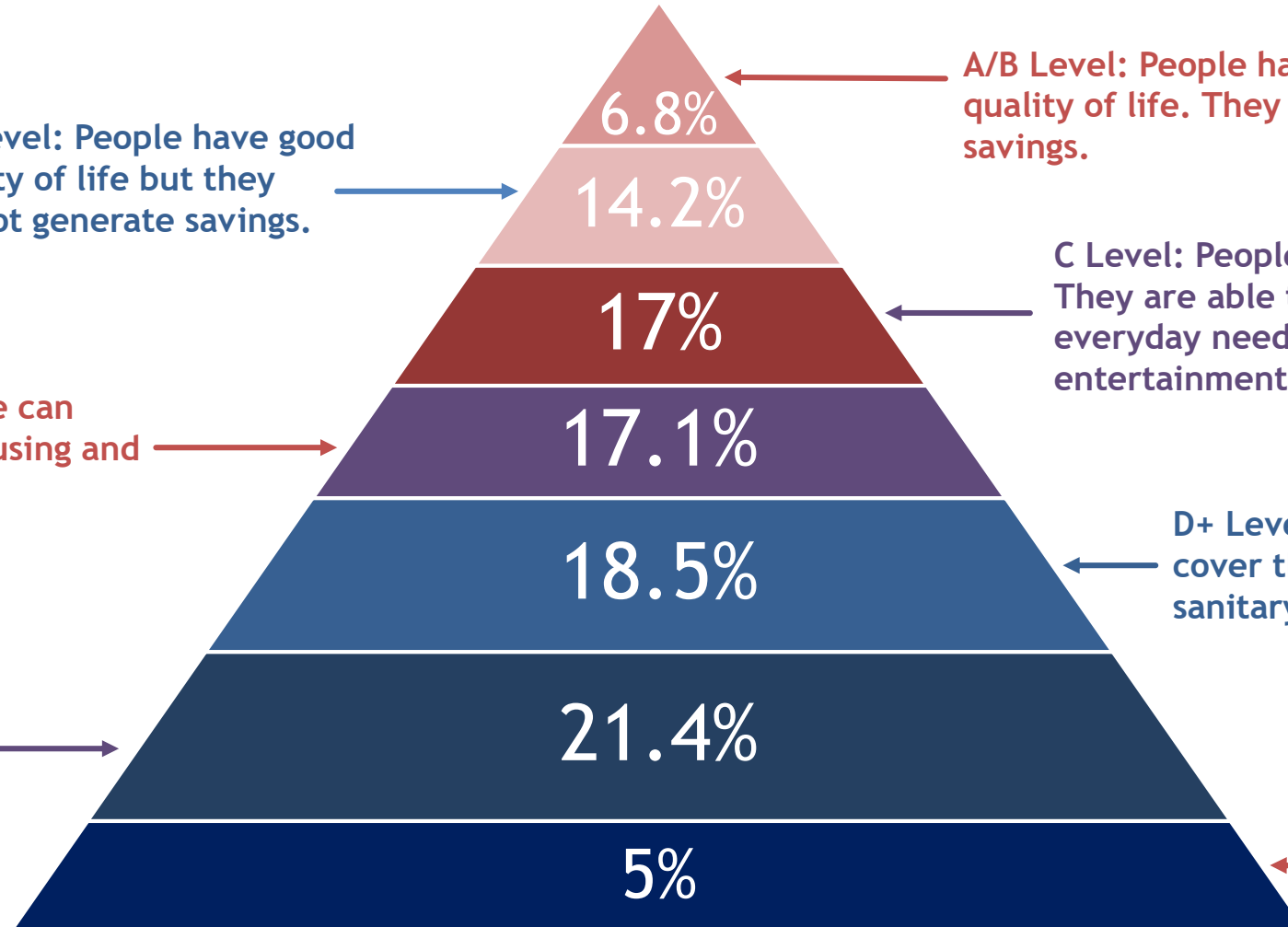
D- Level: People have housing but they lack most services and satisfactors.

A/B Level: People have good quality of life. They generate savings.

C Level: People have housing. They are able to supply their everyday needs and have some entertainment.

D+ Level: People can cover their minimum sanitary infrastructure.

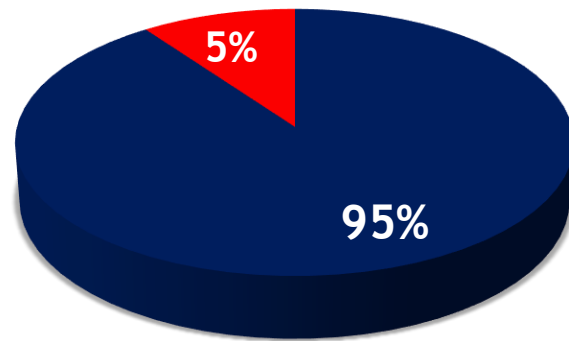
E Level: Extreme Poverty



Our products:

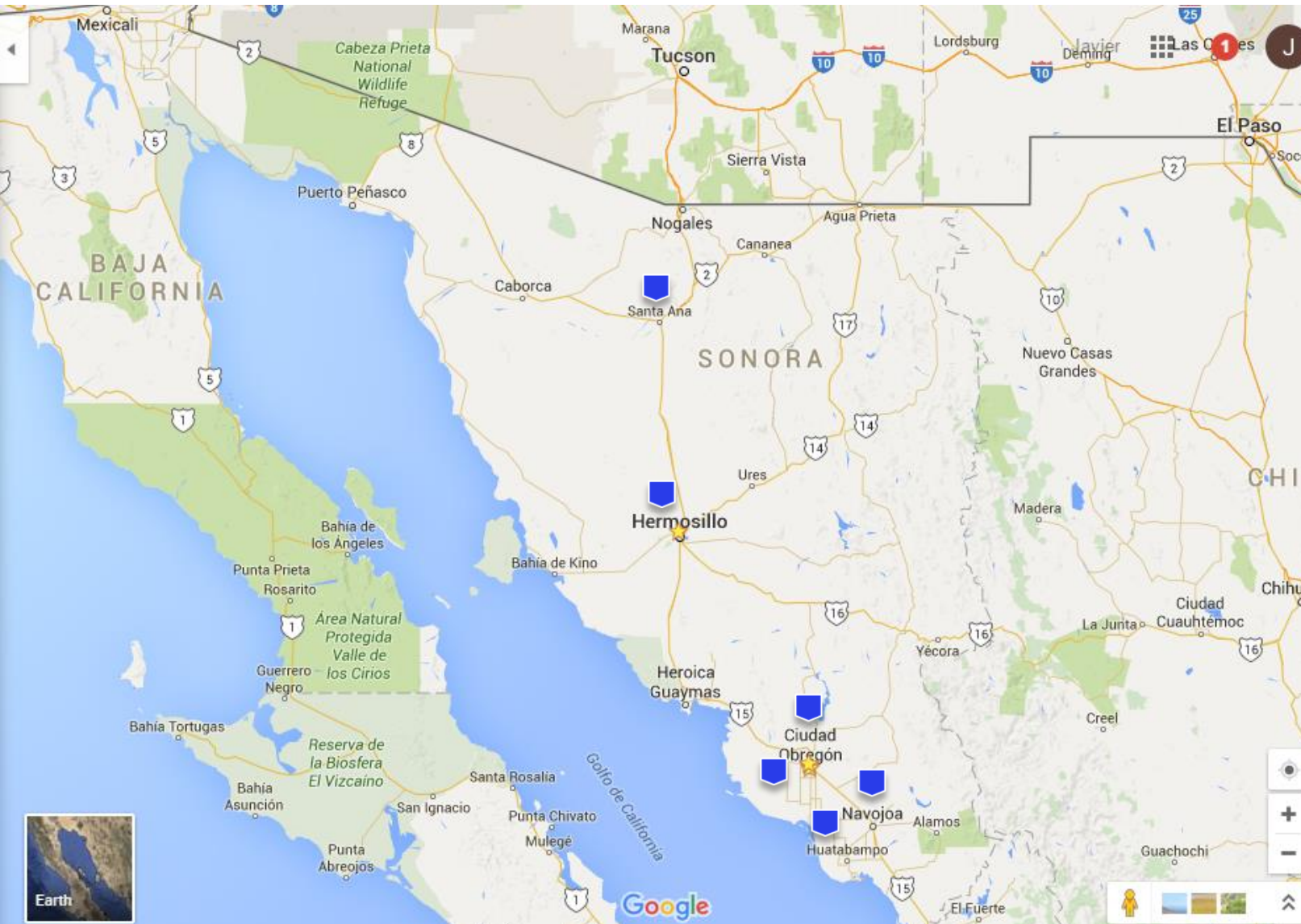


- ▶ Group Microcredit
- ▶ Individual Microcredit



- Group Microcredit
- Individual Microcredit

Current Coverage in Sonora



Six operating offices:

- Cd. Obregon
- San Ignacio Rio Muerto
- Navojoa
- Huatabampo
- Hermosillo
- Santa Ana



Our experience

- ▶ 10 years delivering microcredit in Sonora, Mexico.
- ▶ Total operated amount larger than 200 million pesos (Approximately US\$11 million)
- ▶ More than 25,000 microborrowers served.

Impact of our activities

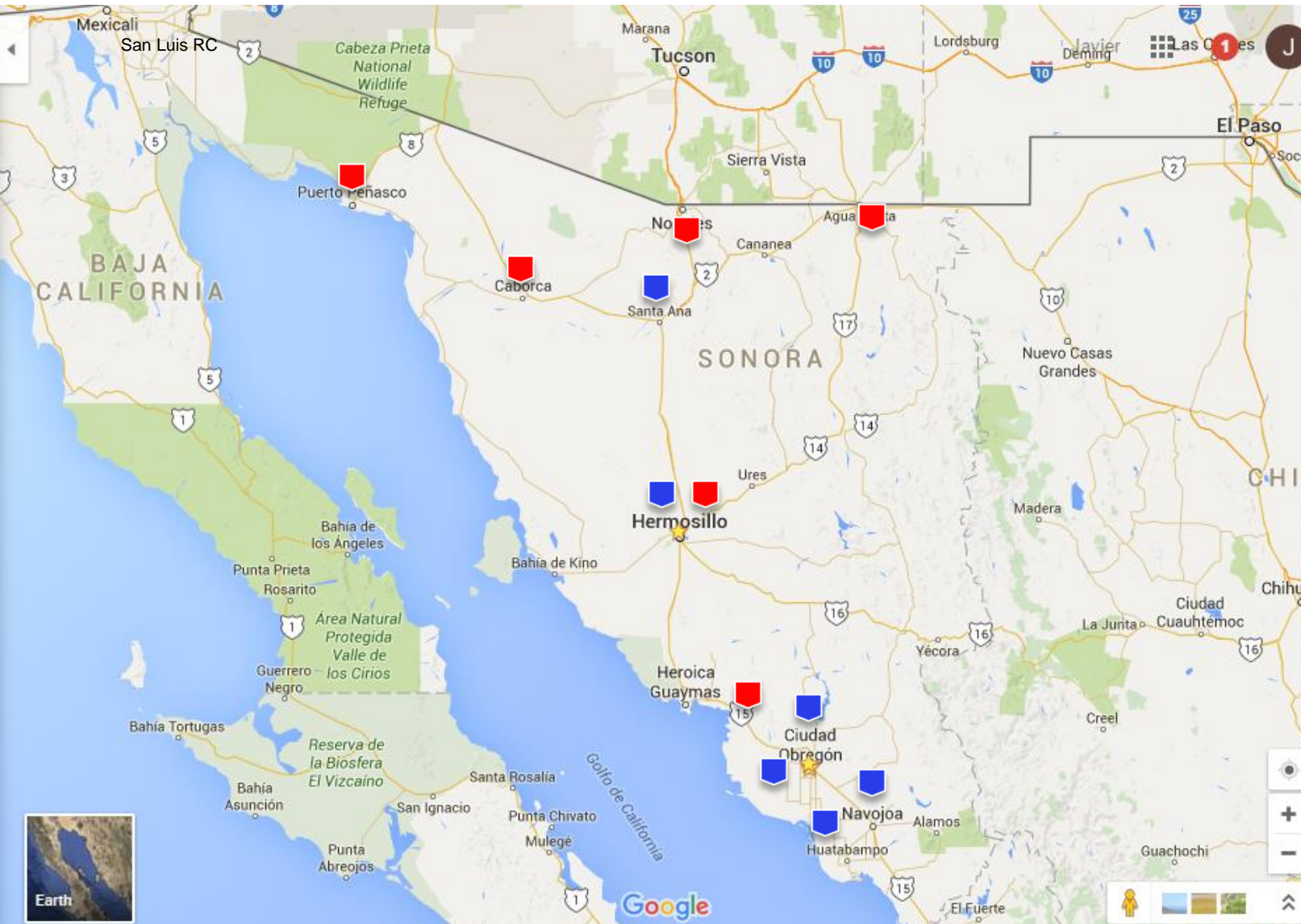
- ▶ We are the first Microcredit option born in Sonora, Mexico.
- ▶ More than 4000 active borrowers, benefitting an equal number of families.
- ▶ 70% of our borrowers renew their loans.
- ▶ Each group renews their loans 5 times on average.





The future of FinReg

Expansion Plan



2018-2020

- **Nogales**
- **Guaymas**
- **Caborca**
- **Hermosillo (2nd office)**
- **Puerto Peñasco**
- **Agua Prieta**



Non-financial programs

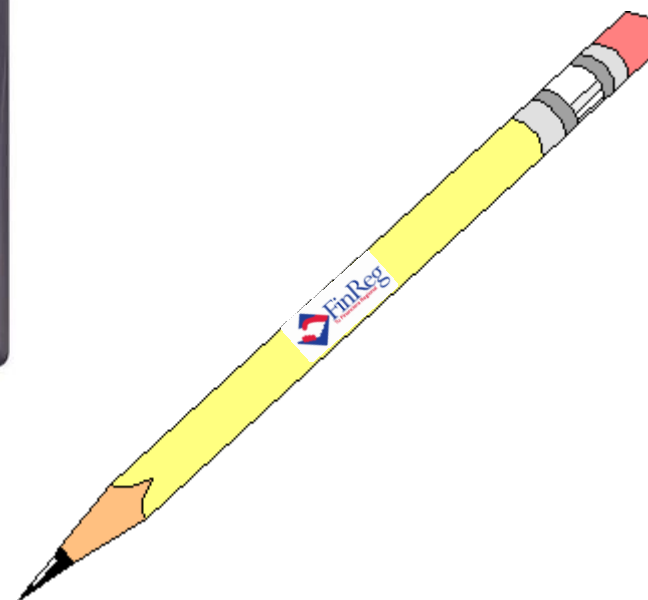
Training and Social Impact development programs

Non-financial programs

- ▶ To fulfill its mission, and give added value to its borrowers FinReg develops non-financial programs :
 - ▶ Micro-borrower Strengthening Program
 - ▶ Social Impact Evaluation Program



Micro-borrower Strengthening Program (Basic Financial Training)



Training topics

- ▶ Financial and accounting management.
- ▶ Accounting basic concepts:
 - ▶ Cost of a product and Price setting
 - ▶ Breakeven point,
 - ▶ Income, spending and profit/loss
- ▶ Budget preparation and evaluation
- ▶ How to choose financial services.









Social Impact Evaluation Program

The nature of our operations and our mission require that we focus in the achievement of social goals for our borrowers:

- ▶ Increase family income
- ▶ Reduce poverty due to social deficiencies
- ▶ Prevention of overindebtedness



Meet our Borrowers

Some stories

Yolanda García Ramírez					
Age: 53 years old					
Name of the group: Las Chulas					
1st Grant					
Business: Sale of quilts and blankets					
Additional occupation: Works in a Furniture Store (Income: MX\$6,000.00 to \$9,000.00)					
Years in business: 5					
Spouse: José Manuel Moreno López.			Occupation: Mechanic.		
Total growth in Family Income: 76.47% (Seven cycles)					
Cycle*	Loan amount in Mexican Pesos (MX)*	Monthly Business profit (MX)	Monthly Family Income (MX) (including spouse's)	Business contribution to Family Income (%)	Total Yolanda's contribution to Family Income
1	\$4,000.00	\$5,000.00	\$17,000.00	29.41%	64.70%
2	\$5,000.00	\$5,500.00	\$17,500.00	31.42%	65.71%
3	\$6,000.00	\$5,500.00	\$21,520.00	25.55%	67.38%
4	\$6,000.00	\$8,000.00	\$25,000.00	32.00%	68.00%
5	\$10,000.00	\$9,000.00	\$26,000.00	34.61%	69.23%
6	\$9,000.00	\$12,000.00	\$29,000.00	41.38%	72.41%
7**	\$8,000.00	\$13,000.00	\$30,000.00	43.33%	73.33%
*Six Months Cycles					
**Seventh Cycle ends in February 2018					

Belia Mejía Rodríguez					
Age: 60 years old					
Name of the group: Las Chulas					
1st Grant					
Business: Sewing, sales of tortillas and cookies					
Additional occupation: Childcare (Income: MX\$1,200.00 per month)					
Years in business: 28					
Spouse: José Antonio Valencia / Occupation: Diesel Mechanic					
Total growth in Business profit: 49.25% (Seven cycles)					
Total growth in Family Income: 20.3% (Seven cycles)					
Cicle*	Loan amount in Mexican Pesos (MX)*	Monthly Business profit (MX)	Monthly Family Income (MX) (including spouse's)	Business contribution to Family Income (%)	Total Belia's contribution to Family Income
1	\$10,000.00	\$13,400.00	\$26,600.00	50.38%	54.88%
2	\$10,000.00	\$15,000.00	\$28,200.00	53.19%	57.44%
3	\$11,000.00	\$16,500.00	\$29,700.00	55.56%	59.59%
4	\$8,000.00	\$17,000.00	\$30,200.00	56.29%	60.26%
5	\$15,000.00	\$18,000.00	\$31,200.00	57.69%	61.53%
6	\$6,000.00	\$18,000.00	\$30,000.00	60.00%	60.00%
7**	\$10,000.00	\$20,000.00	\$32,000.00	62.50%	62.50%
*Six month cycles					
**Seventh Cycle ends in February 2018					

María del Refugio Alvarado Moreno				
Age: 51 years old				
Name of the group: Chicas Trabajadoras				
1st Grant				
Business: Sale of Tortillas (In her home)				
Years in business: 7				
Spouse: Manuel Coronado Mendoza. Employee at a newspaper. Fixed monthly salary of MX \$9,000.00 (Changes to \$6000.00 in the eighth cycle)				
Total growth in Family Income: 46.66% (Six cycles)/20% (Eight cycles)				
Cycle*	Loan amount in Mexican Pesos (MX)*	Monthly Business profit (MX)	Monthly Family Income (MX) (including spouse's)	Total Maria del Refugio's contribution to Family Income
1	\$10,000.00	\$22,000.00	\$30,000.00	73.33%
2	\$15,000.00	\$22,000.00	\$31,000.00	70.97%
3	\$15,000.00	\$22,000.00	\$31,000.00	70.97%
4	\$15,000.00	\$25,000.00	\$34,000.00	73.53%
5	\$10,000.00	\$30,000.00	\$39,000.00	76.92%
6	\$15,000.00	\$35,000.00	\$44,000.00	79.55%
7	\$15,000.00	\$34,000.00	\$43,000.00	79.07%
8**	\$8,000.00	\$30,000.00	\$36,000.00	83.33%
*Six Months Cycles				
**Eighth Cycle ends in December 2017				

Eneida Zavala Portillo Guasave				
Age: 40 years old				
Name of the group: Emmanuel				
1st Grant				
Business: Beauty Salon: Hair and nails				
Years in business: 16				
Additional Income: \$6,000.00 (Social Security Pension)				
Total growth in Family Income: 105.88% (Seven cycles)/47.05% (Eighth cycle)				
Cycle*	Loan amount in Mexican Pesos (MX)*	Monthly Business profit (MX)	Monthly Family Income (MX) (including pension)	Total business contribution to Family Income
1	\$6,000.00	\$8,000.00	\$13,600.00	58.82%
2	\$7,000.00	\$9,000.00	\$15,000.00	60.00%
3	\$10,000.00	\$10,000.00	\$16,000.00	62.50%
4	\$13,000.00	\$11,000.00	\$17,000.00	64.71%
5	\$15,000.00	\$13,000.00	\$19,000.00	68.42%
6	\$15,000.00	\$17,000.00	\$23,000.00	73.91%
7	\$20,000.00	\$22,000.00	\$28,000.00	78.57%
8	\$20,000.00	\$14,000.00	\$20,000.00	70.00%
*Six Months Cycles				
**Eighth Cycle ends in March 2018				

Rocío Catalina Miranda Cruz

Age: 36 yrs. Old

Group: Real del Carmen

2nd Grant

Business: Keysmith

Tenure: 7 yrs.

Husband: Julian Eduardo Espinoza Quiñones. Variable earnings. Working for the business in the 5th cycle.

Total growth in Business Profit: 55.55% (Five cycles)

Cycle*	Loan amount in Mexican Pesos (MX)*	Monthly Business profit (MX)	Monthly Family Income (MX)	Business contribution to Family Income (%)
1	\$2,000.00	\$9,000.00	\$29,000.00	31.03%
2	\$5,000.00	\$7,000.00	\$27,000.00	25.93%
3	\$10,000.00	\$11,000.00	\$26,000.00	42.31%
4	\$12,000.00	\$11,000.00	\$19,000.00	57.89%
5	\$13,000.00	\$18,000.00	\$18,000.00	100.00%
6**	\$13,000.00	\$14,000.00	\$24,000.00	58.33%

*Six Months Cycles

**Drops out of the group after the sixth cycle.

Marcela Guadalupe Ortega Santiesteban

Age: 35 years old

Name of the group: Real del Carmen

2nd Grant

Business: Sale of Clothes and Ribbons (NOTE: Activity changes to sales of Credit Coupons and later to shoe sales)

Years in business: 5

Spouse: Juan Pedro Bracamontes Gracia / Electrician (Until the 6th cycle)

Total growth in Family Income: Negative

Cycle*	Loan amount in Mexican Pesos (MX)*	Monthly Business profit (MX)	Monthly Family Income (MX) (including spouse's)	Business contribution to Family Income (%)
1	\$6,000.00	\$10,000.00	\$30,000.00	33.33%
2	\$9,000.00	\$14,000.00	\$34,000.00	41.18%
3	\$12,000.00	\$12,500.00	\$27,500.00	45.45%
4	\$15,000.00	\$13,000.00	\$21,000.00	61.90%
5	\$18,000.00	\$14,000.00	\$31,000.00	45.16%
6	\$21,000.00	\$12,000.00	\$32,000.00	37.50%
7	\$25,000.00	\$17,500.00	\$17,500.00	100.00%
8**	\$16,000.00	\$4,000.00	\$19,000.00	21.05%

*Six Months Cycles

**Seventh Cycle ends in January 2018

The story of Rotary and FinReg

	GG1419570		GG1528479	
	UDS	MX Pesos	USD	MX Pesos
Initial grant amount	\$105,000.00	\$1,358,287.00	\$83,200.00	\$1,402,600.00
No. of loan cycles	8		5	
Total amount loaned	\$855,636.00	\$11,037,700.00	\$441,154.00	\$7,455,500.00



Juan Francisco Baca Madrid

General Director

Mobile (644) 447 3978

Phone +52 (644) 414 6511

+52 (644) 414 7511

direccion@finreg.com.mx

www.finreg.com.mx

Gertie M. Agraz-Boeneker

Special Projects

Mobile (622) 115 0290

proyectosespeciales@finreg.com.mx

www.finreg.com.mx



FINREG SA DE CV SOFOM ENR
OFFICE OPENING BUDGET

Basic operating infrastructure needs

Item
Furniture
6 Individual waiting chairs
4 chair station (3 units)
2 executive chairs with armrest
3 executive chairs w/o armrest (promoters)
2 Corner Desks (Manager and Administrator)
3 Linear Desks (promoters)
1 Shelf and 1 Locker
4 computers with current regulator
Laptop HP
HP Laserjet Printer M521 DN Duplex
1 Video Surveillance equipment DVR
Headband and speakers
Air conditioner (2 units)
Safe box
MyAir Fan
Safety alarm
Wireless phones
TV Samsung 50" SMART TV
File cabinets (3 units)
Signs
Uniforms
Corporate image
Exterior publicity (Billboard)
Stationary
Cabinet for printer
Fire Extinguishers (3)

OPERATING COSTS
Manager
Promoter 1
Promoter 2
Promoter 3
Administrator
Electricity
Rent
Telephone
Gasoline
Water
Advertising
Souvenirs

TRAVEL EXPENSES (12 MONTHS)

CONCEPT
Gasoline (Two visits per month)
Lodging
Meals
Tolls

Mexican pesos	US Dollars*
\$ 1,451,600.00	\$ 78,465.00

*Cost in dollars considering an exchange rate of MX\$ 18.50 per \$ 1.00 USDollar.

