

**BOLD 2006-1**

**Blue Orchard Loans  
for Development**



**[\$106]MM Equivalent Microfinance CLO**

**February 2006**

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**BOLD 2006-1**

**Section 1**

# Transaction Summary

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# Transaction Summary

- **Microfinance loans are a relatively untapped and uncorrelated asset class**
- **BOLD provides opportunities for market returns and a “double bottom line” effect of significant positive social impact**
- **The transaction is groundbreaking in its objective to increase capital markets funding for the microfinance industry, including in local currencies**
- BlueOrchard Loans for Development (“BOLD”) is a CLO of unsecured loans made to 22 Microfinance Institutions (MFIs) based in 13 different developing countries
- MFIs are organizations that offer a variety of financial services to people not typically served by commercial banks
  - The proceeds from this transaction will allow the MFIs to extend loans to local populations to finance small businesses
  - These loans allow access to credit which would otherwise not exist in these markets, thus promoting sustainable economic activity among some of the poorest people in the world
- The portfolio will be originated and managed by BlueOrchard S.A., a leading microfinance investment manager and adviser
  - BlueOrchard is one of the top names in the microfinance industry with strong equity backing and an experienced management team
  - BlueOrchard has never experienced a default on its managed MFI loan portfolios since inception (over 4 years)
  - BlueOrchard is specifically devoted to bridging established, high quality MFIs with the capital markets
  - This will be BlueOrchard’s 2<sup>nd</sup> CLO and the first one expected to see significant placement in the mainstream capital markets
- Microfinance is a relatively new asset class which offers exciting possibilities both because of its economic potential and its socially beneficial aspects
  - The Notes will offer a competitive return with performance unlikely to be correlated to traditional fixed income investments
  - New commercial entrants to the market have already demonstrated interest in this nascent industry among large financial institutions (for example, Deutsche Bank through a sponsored fund and Citigroup through direct lending)
  - The United Nations dubbed 2005 the “Year of MicroCredit” as more commercial solutions have become necessary for sustained 3<sup>rd</sup> world economic development
  - The Economist November 2005 edition devoted a special section to Microfinance

**BOLD 2006-1****Transaction Summary****Proposed Capital Structure**

- Interest and Principal payments are fully sequential
- The senior notes will benefit from \$30MM (28%) of subordination
- A Reserve Fund built from cash flow senior to the Class B Notes will provide an additional 2% of subordination
- It is expected that the Class B Notes will be fully subscribed by a government development agency which has experience in funding MFIs

Capital Structure						
Class	%	Amount (\$)	Payment Frequency	Average Life (yrs)	Benchmark	Spread
A	72%	[76,100,000]	Quarterly	4.7	USD 5-Yr Swap	TBD
B	28%	[30,000,000]	Quarterly	5.0	USD 5-Yr Swap	TBD
<b>Total</b>	<b>100%</b>	<b>[106,100,200]</b>				

**Key Structural Features**

- The structure is a simple two tranche CLO with sequential payment of Principal and Interest
  - Should an underlying loan default, all cash will be diverted from payments to the class B and be used to pay down Class A principal up to the par value of the defaulted loan
- Some initial Class B available funds will be used to build a 2.0% Reserve Fund
  - Should the Reserve Fund be drawn or as soon as there are any defaults, all Class B Interest payments will be subordinate to Reserve Fund “top-up”
- Neither class of Notes will be rated by the Rating Agencies
- The SPV is not listed and the transaction is private placement
- The Class A Notes can be offered in fixed rate or floating rate format in either US Dollars or Euro
- Sponsor BlueOrchard has agreed to purchase 10bps of the aggregate principal amount of the Notes in form of Class B Notes on an annual basis, building an “equity” interest of \$500,000 during the transaction

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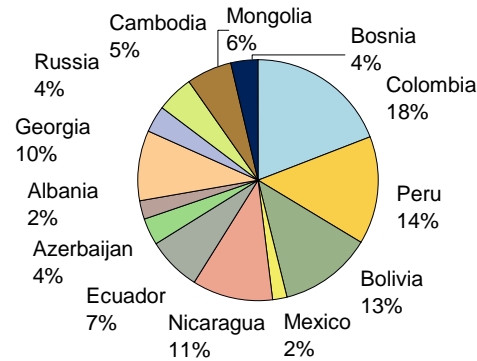
**Transaction Summary**

**Proposed Portfolio Snapshot**

**By Loan Amount**

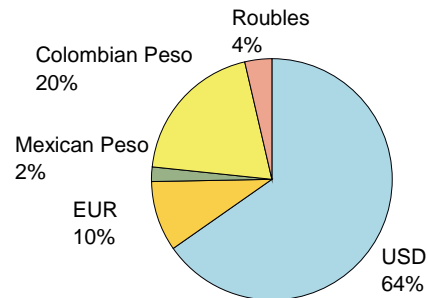
- The portfolio consists of 22 MFIs in 13 countries
- All loan agreements will follow a common template and will be drawn up under English law
- All but two loans are 5 year bullet maturities
  - These two loans amortise in a straight line during the final year
- The overall portfolio statistics are as follows:
  - WA \$ interest rate [8.7]%
  - WA Maturity 4.96 Years
  - WA Loan Size \$ 4.7 MM
  - Largest loan \$ 10 MM (2)

**Country**  
Total Portfolio Amount \$[103.6] MM



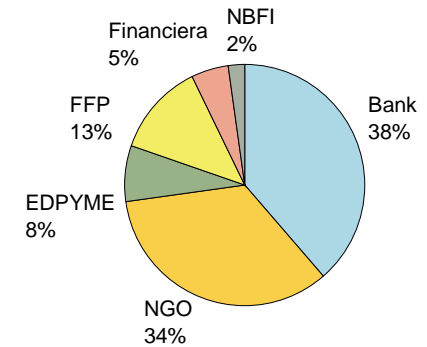
Source BlueOrchard

**Currency**



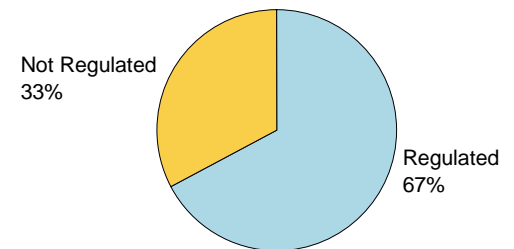
Source BlueOrchard

**Legal Type**



Source BlueOrchard

**Regulated**



Source BlueOrchard

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**Section 2**

**Microfinance Overview**

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## Microfinance Overview

# What is Microfinance?



- The microfinance industry aims to provide banking services for small-scale entrepreneurs in developing countries who otherwise would not have access to a banking system. Services include deposits, insurance and remittances as well as loans
- The present microfinance industry has its roots in Bolivia, Brazil and Bangladesh in the 1970s and has since expanded throughout Latin America, the Indian sub-continent, Eastern Europe and Central Asia
- The basic working units of the industry are the Microfinance Institutions (“MFIs”). These organizations offer a variety of locally based financial services to low income populations. Today there are an estimated 10,000 MFIs worldwide, most of them very small and local
- MFI clients are typically self-employed, often women and often operating household-based enterprises
  - In rural areas they can be small farmers or engaged in small-scale, income-generating activities, such as food processing and market trade
  - In urban areas microfinance clients are more diverse and include shopkeepers, service providers and artisans

### Microfinance in Action...

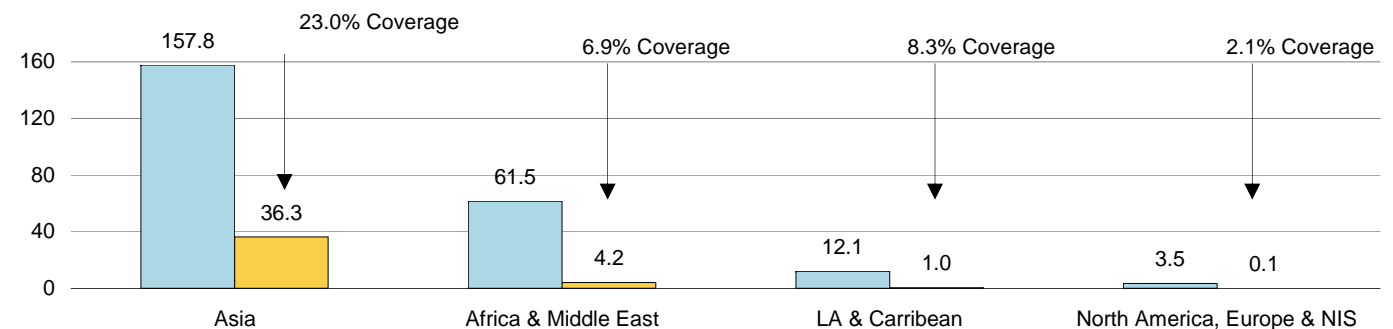
- Victoria Apasa’s loan financed a workshop near her farm in rural Bolivia where she makes ponchos, scarves and other textiles for sale to shops in La Paz. She also used funds to build a greenhouse and cultivate vegetables that would not normally grow at 4,000 metres
- After the tsunami in December 2004, Mrs. Jalanwani’s home was completely destroyed. She lost all members of her family except an infant granddaughter, whom she must now raise herself. With a loan from a local microfinance provider, she bought baking equipment and a stove and now makes cakes and other foods for laborers working near her village. As a result of the loan she is now able to support herself and her granddaughter
- Luis Vincente Olaya, a Peruvian baker, used his first loan to buy an oven and second loan to expand his business. He now plans to buy the space next to his bakery and will open a rotisserie shop to sell chickens and other fresh products

Source BlueOrchard

# Microfinance Borrowers

- **Over 240MM families, consisting of approximately 1.2bn people, live on less than \$1 a day**
  - **Poor and often living in rural areas, these people have little access to the cash capital necessary to finance the creation of small businesses**
    - **MFI loans enable them to fund essential investments for start up and growth**
  - **Though MFIs are making inroads into these markets, penetration rates are still low, suggesting continued growth potential for these institutions**
- Microfinance clients live outside of the traditional banking system and suffer a chronic lack of personal liquidity and access to any form of credit. Microfinance provides the means for these people to expand their businesses and thus to finance their families' basic needs
  - These previously un-bankable people have potentially significant entrepreneurial interests
    - Industry analyses estimate that there are 500MM economically active poor worldwide
    - If the average financing need is \$ 500 per year, this would imply a potential market demand of \$ 250bn
  - It is estimated that MFIs serve more than 80MM people in developing countries with over \$ 7bn in outstanding microcredit loans
    - The market is segmented and includes micro-enterprises, small farmers, low-income salaried employees, day labourers, pensioners and poor households
    - The average size of loans made by the MFIs in this transaction is ~\$1,200; generally loan sizes are smaller in Asia and larger in Eastern Europe and Latin America
    - The average loan term is 6 months with the longest about 3 years

## Market Penetration Households < \$ 1/day PPP



**BOLD 2006-1****Microfinance Overview****Microfinance Institutions**

- **The universe of MFIs is very diverse, with participants typically segmented by size, age and funding sources**
  - **Top tier MFIs are typically older, profitable and have access to diverse sources of private and public funding**
  - **Tier two is generally comprised of younger, more growth oriented institutions**
  - **The bottom tiers are made up of several thousand small institutions almost entirely financed from donations**

**“Typical” Microfinance Portfolio Characteristics**

Average Terms 2003 from a sample of 124 MFIs including all MFI sizes

Loan Size	\$ 689
Portfolio at Risk >30 days	5.2%
Write-Offs	3.0%
Maturity	Max. 2-3 Years

Source mix – Microfinance Information exchange

- Most MFIs start out as Non Governmental Organizations (NGOs), often donor-supported, non-profit entities
  - In general, as MFIs mature they become larger, profitable and less dependent on grants for their financing needs
- The industry has evolved in the past 15 years, with some participants becoming more formal financial institutions offering a full range of products and services including working capital loans, consumer credit, savings, insurance and money transfers
- In general, the MFI universe can be broken into 3 distinct groups:
  - 20 to 40 MFIs with balance sheets over \$100MM; typically profitable and regulated
  - A few hundred microfinance organisations with balance sheets over \$5MM, commercially sustainable and with higher growth rates (>30% on average)
  - A few thousand MicroCredit programs with balance sheets of less than \$5MM, largely donor driven
- To date, the vast majority of funding for MFIs has been in the form of debt or grant aid from investment arms of multi-/bilateral development agencies, with relatively little investment by private sources
  - Access to such private sources of capital will be vital to the continued growth of the industry; this is a major driver of the present transaction
- Many MFIs are affiliates of U.S. or European NGO networks (i.e. Acción, Finca, Opportunity International) which provide not only technical assistance and financial support but provide an additional layer of supervision and contact points for the investors
  - Many MFIs have evolved from NGOs to fully regulated institutions, offering greater transparency on their activities and the benefits of official surveillance
- For both regulated and unregulated institutions, specialist ratings are available on performance, though generally not on credit quality as yet

# The Microcredit Lending Model

- **Some risk management techniques frequently employed by MFIs include:**
  - **Small amounts**
  - **Large client pools**
  - **Group lending**
  - **Compulsory savings**
  - **Frequent repayments**
  - **Frequent contact**
  - **Business planning**
  - **Short maturity**
  - **Participation in credit bureaus**
  - **Use of management information systems**
  - **Internal audit**
  - **Tracking Portfolio at Risk**
  - **Maintenance of relatively large loan loss reserve**
- The performance of the top MFIs is the result of a lending/operating model which is different to traditional lending models and results in low defaults
  - Delinquency rates for top tier MFIs are typically 2-3%, with low losses given default and high loss coverage from operating margins
- The reasons for low defaults are typically cited as
  - Good origination and close monitoring (often on a weekly basis)
  - Lack of access by the ultimate borrowers to other forms of credit
  - Lending arrangements (e.g. group lending) which often leverage “peer pressure” on individual borrowers
- MFIs are typically community based and have a very close relationship with their clients due to regular visits to their premises. This enables them to monitor the business closely and detect and react quickly to upcoming problems
- Loans are made following appropriate due diligence on MFIs’ business plans, cashflows and collateral valuations where appropriate
- Most MFIs are primarily devoted to lending, but some of them also offer other banking products, including:
  - Deposits
  - Insurance
  - Remittances

# MFI Performance Under Economic Stress

- **Despite lending to the weakest of economic entities, MFI loans often have a negative correlation with local country risk**
  - **MFI loans generally take place far outside the theatre of international finance and therefore should not be expected to show high correlation to corporate or foreign exchange risks**
- **MFI loans are also supported by the fact that they are used to finance some of the most basic necessities of life and industry and often are the only avenue to credit**

- The table shows returns on assets for commercial banks and MFIs in a number of countries which have recently suffered periods of severe economic stress
- This data, provided by UN's CGAP microfinance information centre, indicates that in most cases MFIs outperformed the local commercial banks and were able to maintain positive returns
  - Outperformance is likely due to the fact that MFIs lend outside the typical consumer universe and are therefore insulated to some degree from macro-economic events affecting other types of lenders
  - Another reason for the outperformance is that MFIs' funds are mostly used for basic needs, which will always be fulfilled first
  - In the countries where there are MFIs participating in the proposed transaction (Bolivia, Columbia, Nicaragua and Peru) out-performance was especially noteworthy

Historic Data					
Country	Year	GNI <sup>(1)</sup> per capita growth	Number of Commercial Banks	Commercial Banks ROA	MFI ROA (Mean)
Bangladesh	2001	-5.1%	34	0.6%	7.5%
Benin	2001	-2.6%	5	2.3%	8.5%
Bolivia	2001-2003	-2.8%	12	-0.1%	3.0%
Colombia	2000-2002	-5.5%	25	0.9%	8.9%
Dominican R.	2003	-10.1%	26	1.9%	0.3%
Egypt	2002-2003	-4.7%	29	0.5%	0.6%
Kenya	2001	-2.8%	27	2.1%	2.4%
Morocco	2000-2002	-1.8%	10	0.6%	9.0%
Nicaragua	2001	-1.4%	10	0.2%	3.2%
Paraguay	2001-2003	-9.7%	20	1.7%	4.7%
Peru	2000-2001	-3.5%	15	0.4%	3.7%
Philippines	2000-2002	-1.0%	31	0.8%	3.5%
Senegal	2000-2002	-3.1%	6	1.5%	7.5%
Uganda	2000-2002	-5.8%	15	3.9%	2.9%

Source CGAP (UN)

**Note**

1. GNI – Gross National Income

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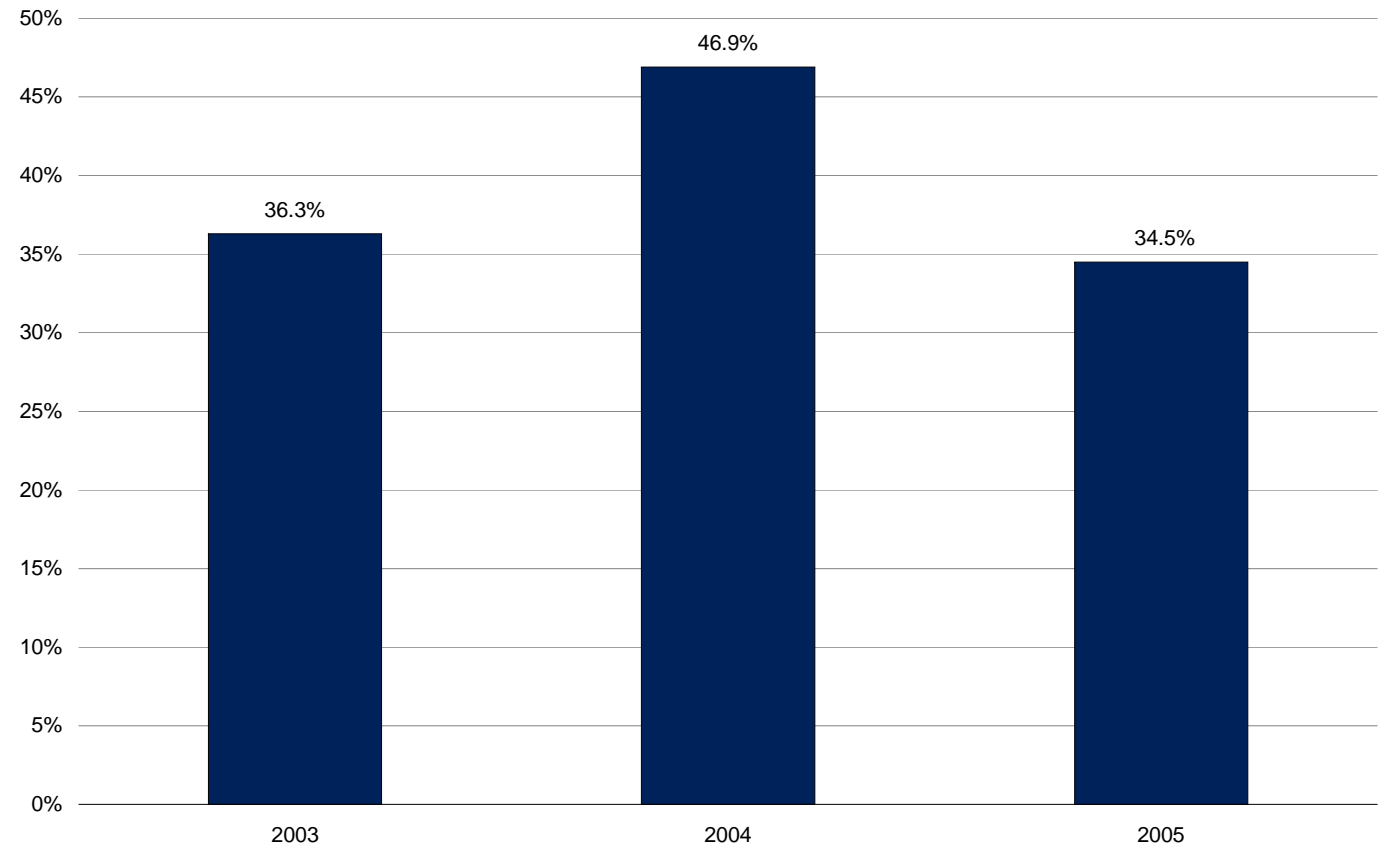
**Microfinance Overview**

# Growth

## Average Total Asset Growth BOLD 2006-1 participants

- Growth rates of the MFIs in the BOLD portfolio have been greater than 30% per annum over the last 3 years

**MFI Total Asset Growth**  
BOLD 2006-1 Participants



Source BlueOrchard Database

**BOLD 2006-1**

**Microfinance Overview**

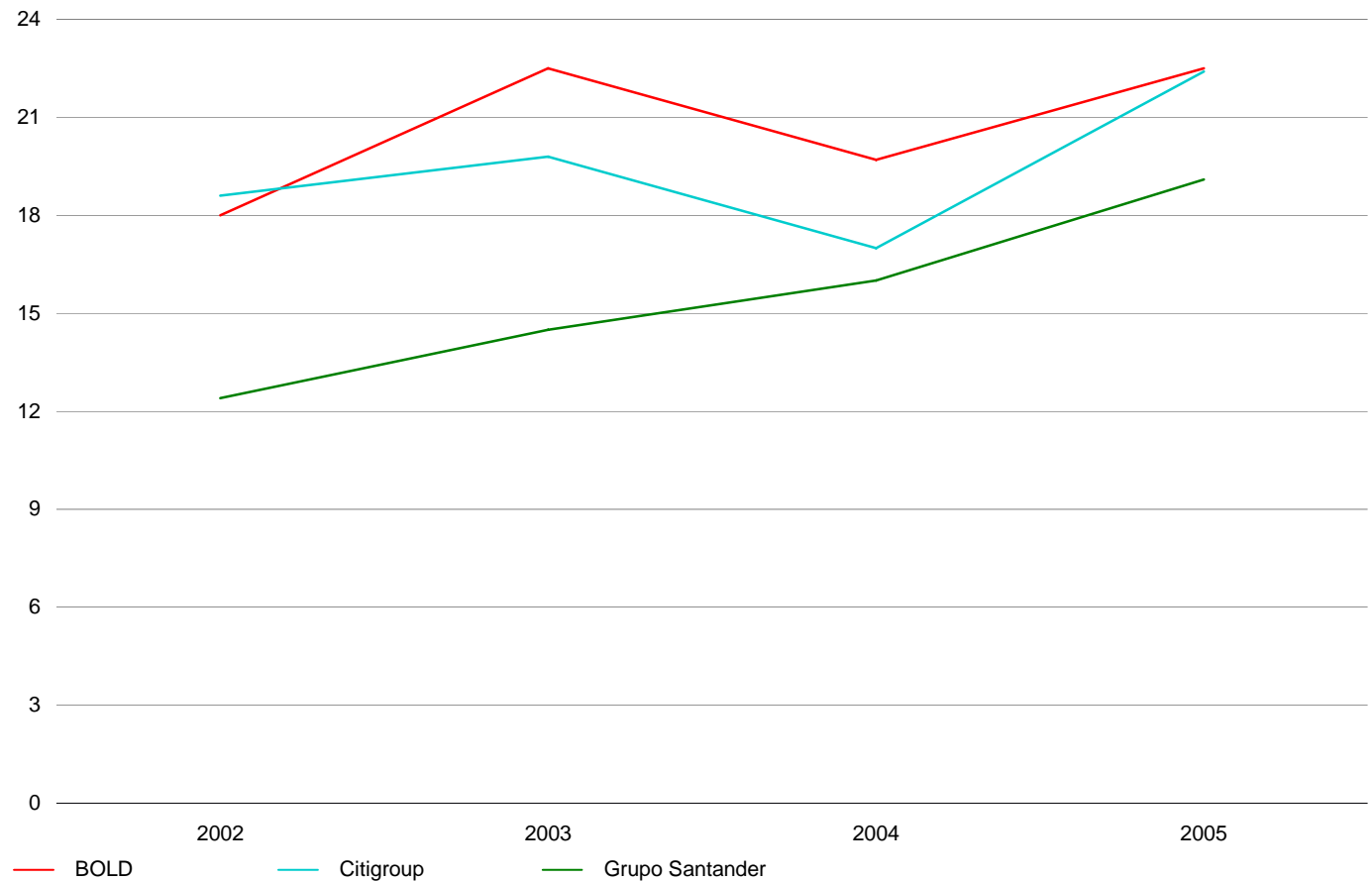
**Profitability**

**Average BOLD 2006-1 vs. Citigroup and Grupo Santander**

- MFIs, particularly those further along the lifecycle, have begun to show performance metrics similar to those of “normal” banks

**Comparison of ROE**

**Average of BOLD 2006-1 participants vs. Citigroup and Grupo Santander**

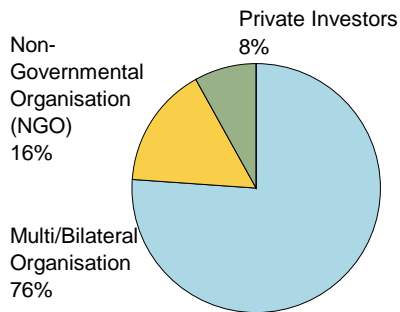


Source Grupo Santander Annual Report 2004, Citigroup 10-K 2004, BlueOrchard

**BOLD 2006-1**

- Access to new capital is imperative for further growth as traditional sources have limited capacity
  - Capital supply from these sources is estimated to be approximately 10% to 15% of potential demand
- Such traditional sources (governments, NGOs etc) also have limited mandates, typically targeted at assisting startups, equity participation etc, rather than funding for established institutions
- As individual companies and the industry grow and mature, commercial funding options become more important

**Capitalisation by Type of Organisation**



Source CGAP, World Bank 2

**Microfinance Overview**

**Participants in Microfinance Funding**

**MFI Funding comes from an increasingly diverse investor base**

- The universe of MFI funding sources has become increasingly diverse with major commercial banks, investment banks, insurance companies and fund managers all looking to enter the market
- Some 60 investment funds are believed to have stakes in microfinance funds or entities, often targetted at bringing forward “Tier 2” institutions as defined earlier

**Private Financial Institutions**

- AXA (fund sponsor)
- Barclays (direct participant / MFI partnerships)
- Citibank (direct MF participant, arranger of bond issues etc. for MFIs)
- Credit Suisse (fund sponsor)
- Deutsche Bank (donor and sponsor of equity/debt fund)
- Dexia (fund sponsor)
- HSBC (direct participant / MFI partnerships)
- Rothschilds (fund sponsor)
- ING, JPM, Abn-Amro, Standard Chartered, Bank of America and AIG all have involvements

**Supranationals and Government Agencies**

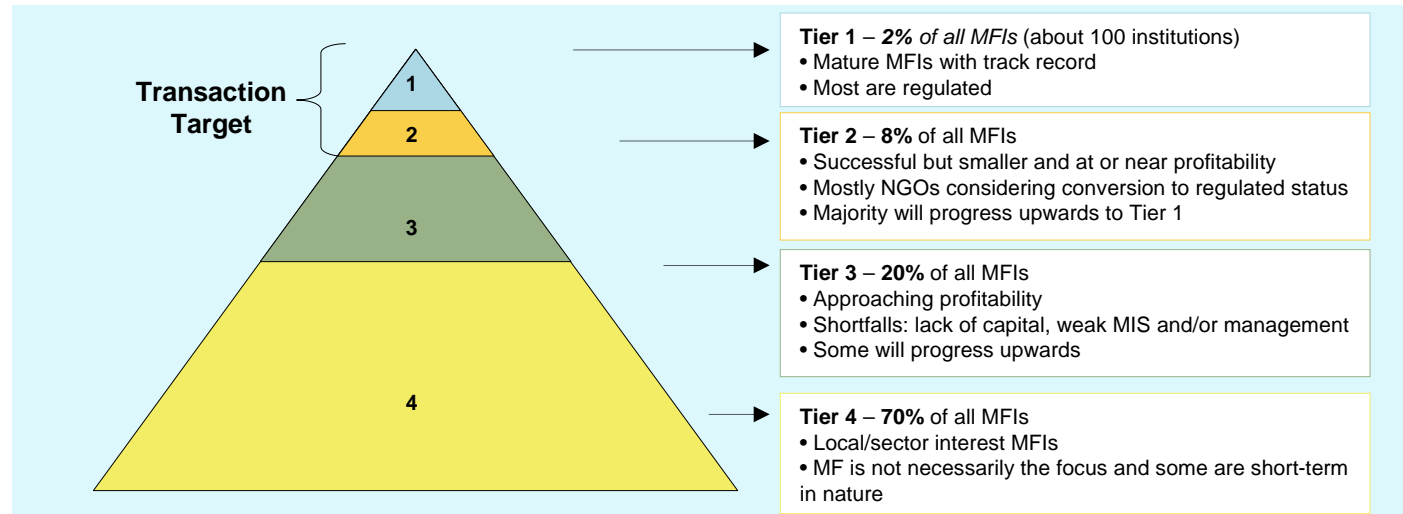
- **Supranationals**
  - ADB
  - EBRD
  - EIF
  - IADB
  - IFC
- **Government Agencies**
  - AFD (France)
  - DFID (UK)
  - FMO (Holland) – and their equivalents in most developed countries
  - OPIC (US Overseas Private Investment Corp)
  - USAID

**US Foundations and MFI Networks**

- **US Foundations**
  - Calvert
  - Dell
  - Ford
  - Omidyar (\$100MM fund recently announced)
  - Soros (Open Society)
- **MFI Networks**
  - Accion
  - Women’s World Banking
  - Etc.

# Target MFIs for BOLD 2006-1

- To date, the top tier of the industry has been the main recipient of funds
  - The majority of the BOLD portfolio will belong to this group
- Networks, government development agencies and equity / venture capitalists are typical investors in the second tier of MFIs
  - The BOLD portfolio will include a select number of maturing members of this group
- The adjacent table shows the results of a recent study of key MFI characteristics



Source Grameen Foundation, USA, 2005

Average Size of MFIs (n=124) 2004 (Africa, Asia, ECA, MENA, Latin America)					
	Total Assets (\$ mm)	Offices	Personnel	Number of Active Borrowers	Gross Loan Portfolio (\$ mm)
Large (35 MFIs)	35.0	26	312	38,439	25.6
Medium (65 MFIs)	5.2	17	93	12,246	3.4
Small (24 MFIs)	1.4	17	49	5,344	0.7
<b>Industry Average</b>	<b>7.9</b>	<b>19</b>	<b>120</b>	<b>15,553</b>	<b>5.3</b>

Source Mix (MBB 9 Benchmark Study, 2005)

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**BOLD 2006-1**

**Section 3**

**BlueOrchard Finance S.A.**

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# BlueOrchard Finance S.A.

## Overview

### BlueOrchard Mission Statement:

*“To promote sustainable social and economic development through microfinance by facilitating access to the capital markets”*

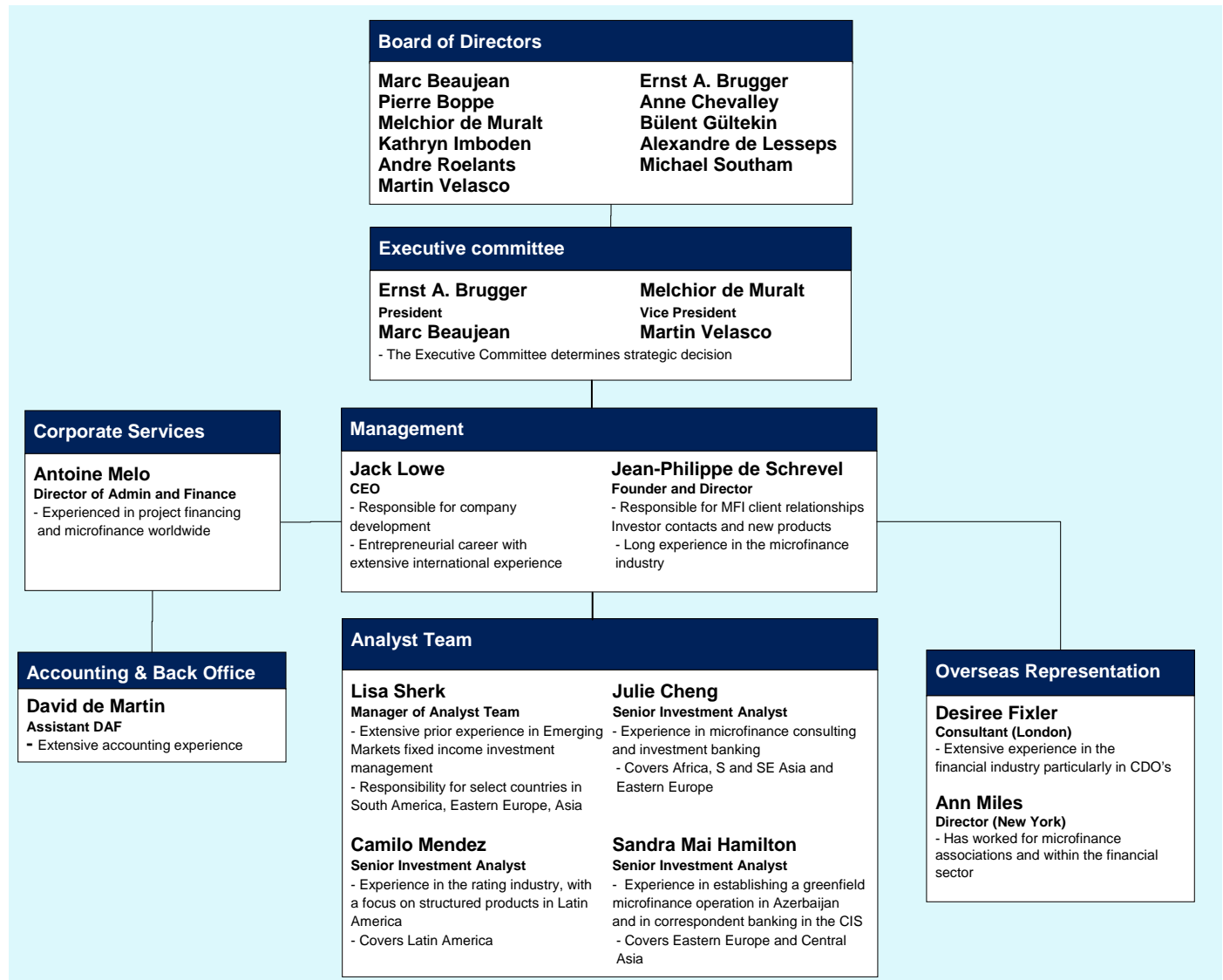
- **BlueOrchard Finance is a Swiss company specialized in the management of microfinance investment funds**
- **Current assets under management amount to \$160MM across 3 funds and one \$87MM CLO**
  - **Zero-defaults to date**
  - **100% growth in assets under management in the last 3 years**

- A for-profit asset manager created in 2001 (but with key personnel having experience of microfinance since 1998) to provide financial services to the microfinance industry
  - BlueOrchard’s board of directors and management team include some well known players in microfinance as well as high profile professionals from venture capital, asset management and entrepreneurial backgrounds
  - BlueOrchard is especially focussed on bridging the gap between MFIs and the international capital markets
  - Diversification and expansion of funding options into the capital markets will allow for both increased and sustainable growth for MFIs, which could otherwise face a significant funding gap
- A leader in the microfinance space, BlueOrchard is uniquely qualified to source, underwrite, monitor and service MFI loans
  - Experienced and high-calibre professional team
  - Advanced analytical framework and strict investment guidelines allow the effective sourcing and monitoring of large pools of MFI loans
  - Extensive relationships with multi-lateral / bi-lateral development agencies, leading NGOs, and donor organisations
- BlueOrchard currently manages or co-manages 3 funds and 1 CLO of MFIs
  - \$160MM assets under management, 100% average growth rate year-on-year in assets under management over the last 3 years
  - Zero-default track record in managing over \$225MM across 300 MFI loans since BlueOrchard’s inception
  - Over 500 clients in database with 100 MFIs actively monitored and 64 current borrowing clients

# BlueOrchard Finance S.A.

## Management Team

- The 10-person management team exclusively focuses on microfinance
- The team combines first-hand field experience in microfinance with mainstream financial sector expertise
  - Regionally focused Senior Investment Analysts have extensive microfinance experience as well as fund management, rating agency, and investment banking backgrounds
- Professional team grew by 2 in 2005 and is planned to increase by another 4 in 2006



Source BlueOrchard

# BlueOrchard Microfinance Portfolio

## Micro-Credit Funds

- **BlueOrchard currently manages or co-manages 3 Micro-Credit Funds**
  - **Dexia Micro-Credit Fund focuses on short term USD loans to MFIs worldwide and has been managed by BlueOrchard since March 2001**
  - **responsAbility Global Microfinance Fund is a Luxembourg based mutual fund dedicated to the microfinance and fair trade fields**
  - **Saint-Honore Microfinance Fund is a fund of funds which focuses on lower tier/smaller MFIs. Goal is to identify potential growth success candidates early on**

### **Dexia Micro-Credit Fund**, co-managed with Dexia Asset Management

- \$69MM microfinance loan portfolio, total net assets \$78MM as of YE 2005
- Portfolio of 56 MFIs in 23 countries
- Average loan size per micro-bank : \$1,125,000
- Average loan maturity : ~20 months (maximum 3 years)
- Average annual return in \$ since inception in 1998 is 5.33%
- 285 loans issued, no defaults since inception

### **responsAbility Global Microfinance Fund**, fund adviser for one debt segment

- Microfinance and other investment areas with different debt and equity segments
- Total assets : \$42MM sponsored by Credit Suisse Bank
- About 10% of portfolio invested in Dexia Micro-Credit Fund
- Direct debt portfolio under BlueOrchard advisory (up to 25% of total portfolio)
  - \$ 8.3MM total in 21 MFIs across 13 countries

### **Saint-Honoré Microfinance Fund**, fund co-manager with EDRAM

- Sponsor: La compagnie Financière Edmond de Rothschild Banque – France
- AUM at launch €5MM expected to grow to €20MM long term
- Fund of local – regional microfinance funds
- Investment funds, investment companies, cooperatives networks, MFI networks
- Strengthening of domestic - regional investment structures
- Indirect targeting of smaller MFIs

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**BlueOrchard Finance S.A.**

## **BlueOrchard Microfinance CLO 2004/05**

**BlueOrchard Microfinance Securities I, LLC**

- **BlueOrchard completed the 1<sup>st</sup> ever MFI securitisation with BlueOrchard Microfinance Securities, LLC (“BOMS I”)**
- **To date, the portfolio has had no defaults or delinquencies**
- **BlueOrchard plans to continue to use CDOs as an efficient funding tool going forward**
- Total portfolio of \$87MM
  - 14 MFIs, 7 countries
  - All US\$ loans
- Targeting top-tier MFIs worldwide with 7-year fixed rate debt
  - Some overlap to BOLD 2006-1 portfolio
- 1<sup>st</sup> closing July 2004 with additional “2<sup>nd</sup> Funding” completed April 2005
- Senior notes wrapped by OPIC (US Government agency)
- Private placement of “Mezzanine” paper to commercial investors
- Other parties include:
  - OPIC, Senior Note Investor
  - JPMorgan Securities, Senior Placement Agent

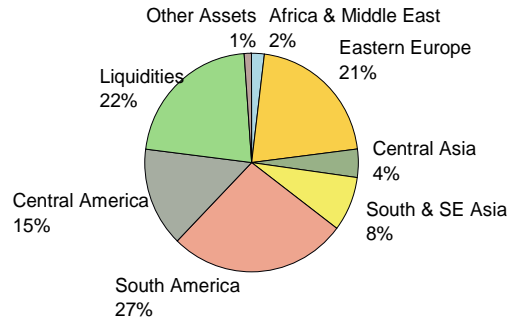
**BOLD 2006-1**

**BlueOrchard Finance S.A.**

# BlueOrchard Funds under Management

## Dexia Performance

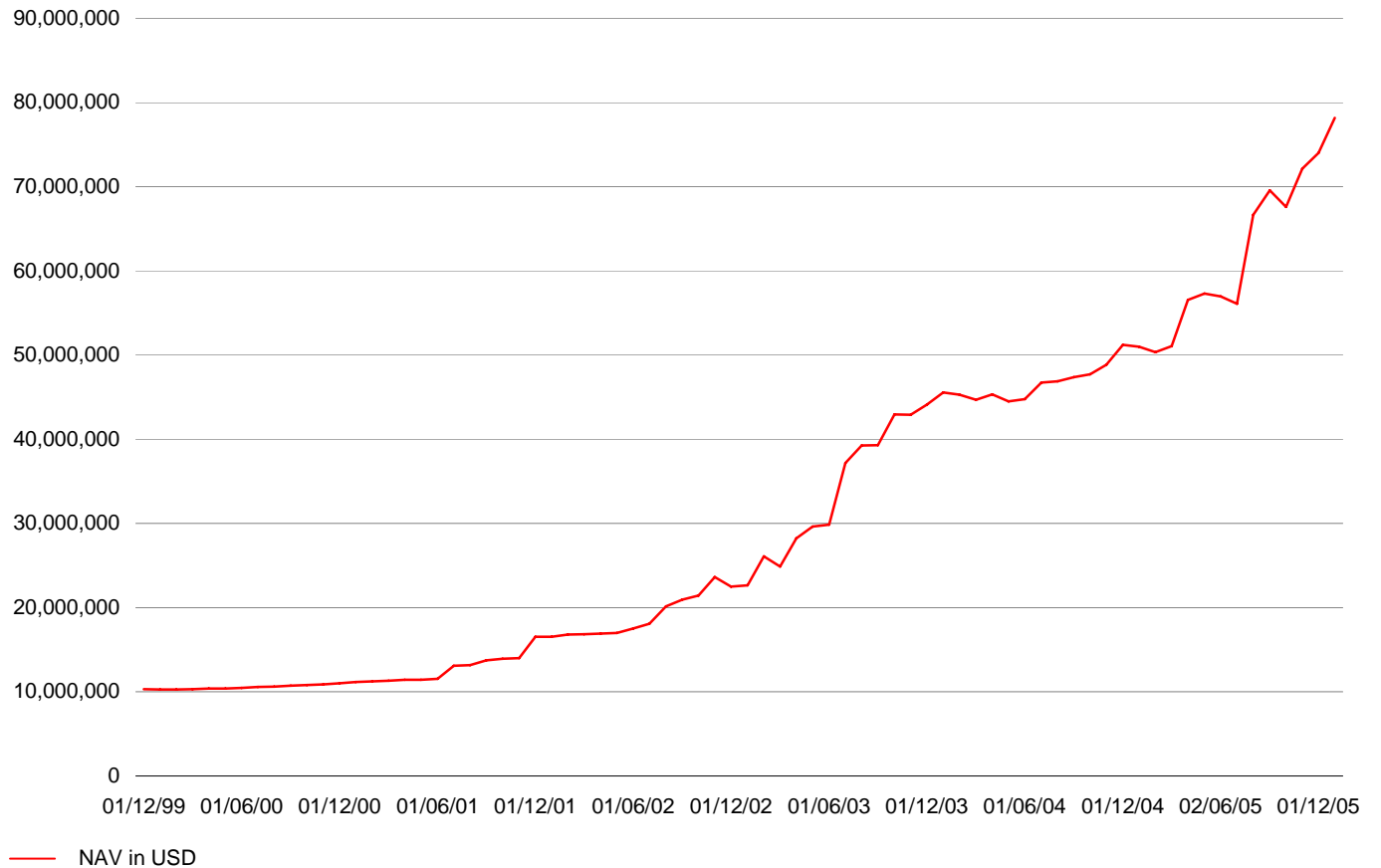
**Dexia Fund Portfolio Composition  
By Country**



Source Dexia Newsletter as of June 05

**Net Asset Value Development**

Dexia Fund 1999-2006



Source Dexia Newsletter as of June 05

**BOLD 2006-1**

**BlueOrchard Finance S.A.**

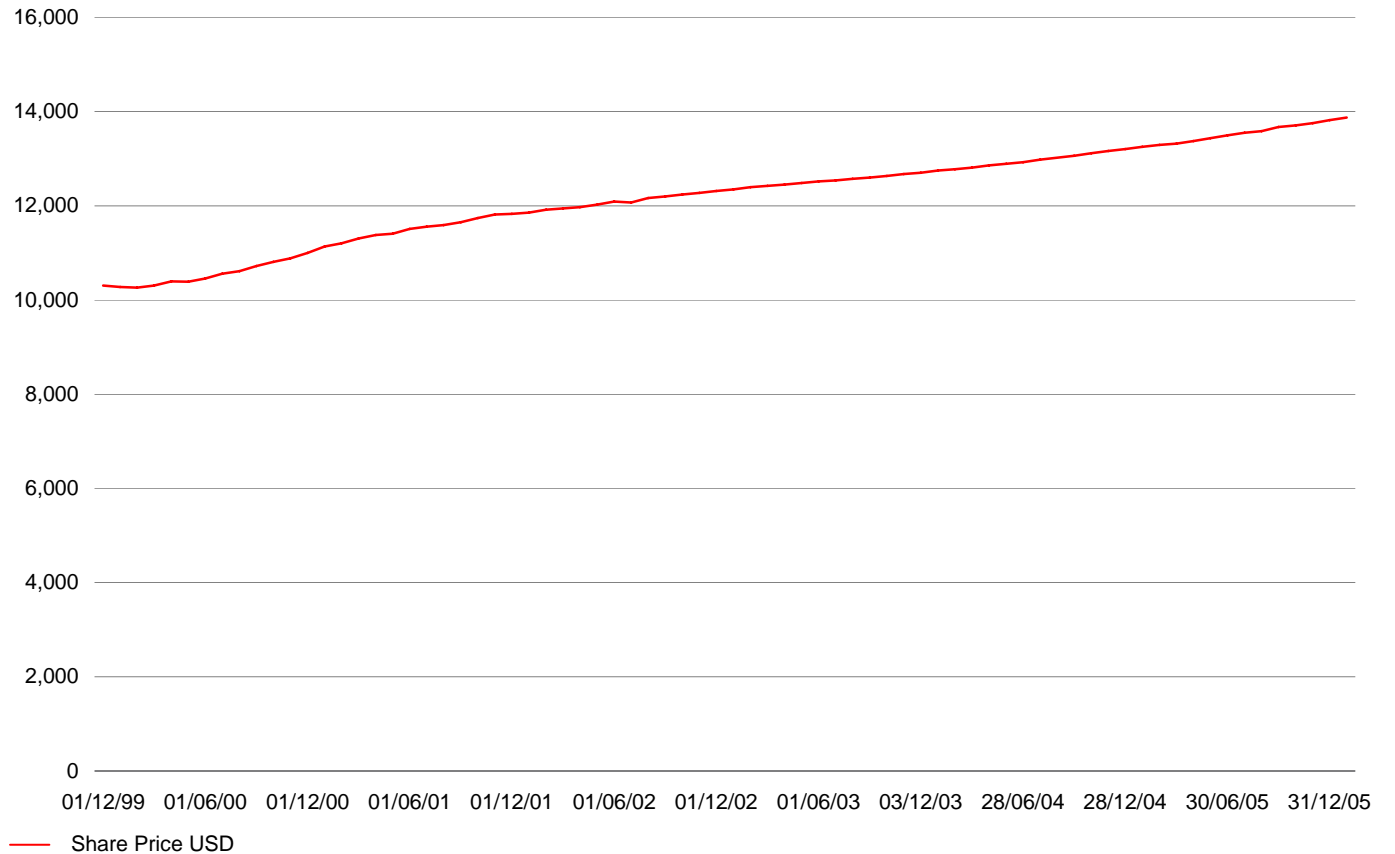
# BlueOrchard Funds under Management

**Dexia Performance**

- **Shares of the Dexia fund (managed by BlueOrchard) have risen approximately 40% since inception**

## Share Price Development

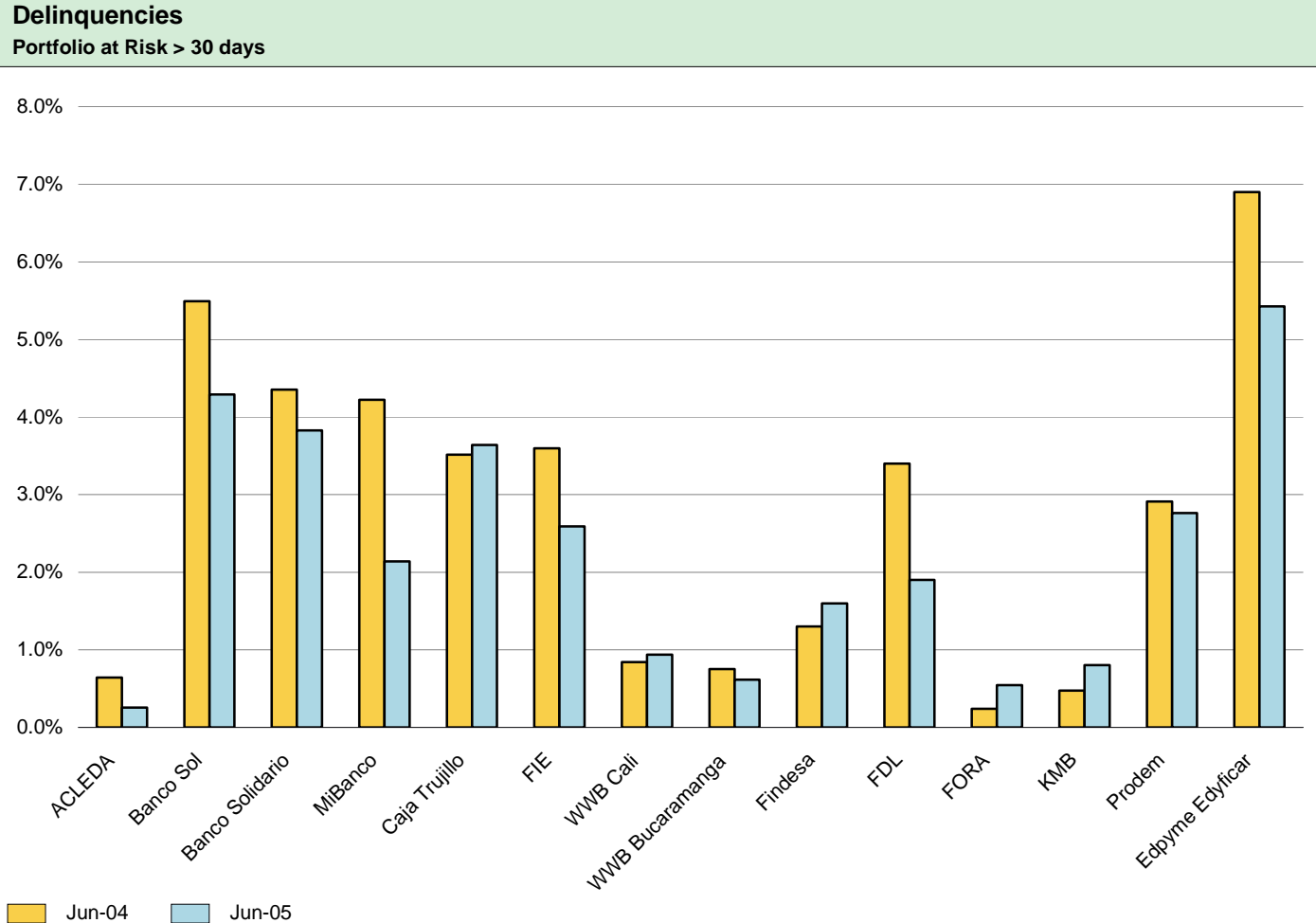
Dexia Fund 1999-2006



Source Dexia Newsletter as of June 05

# BOMS I Performance

- Average delinquencies experienced by MFIs on their loans to micro-entrepreneurs decreased from 2.76% to 2.24% in the first year
- No interest or principal defaults
- With three exceptions the MFIs who received funds in BOMS all participate in BOLD



Source BOMS I Investor Newsletter as of June 05

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**BOLD 2006-1**

**Section 4**

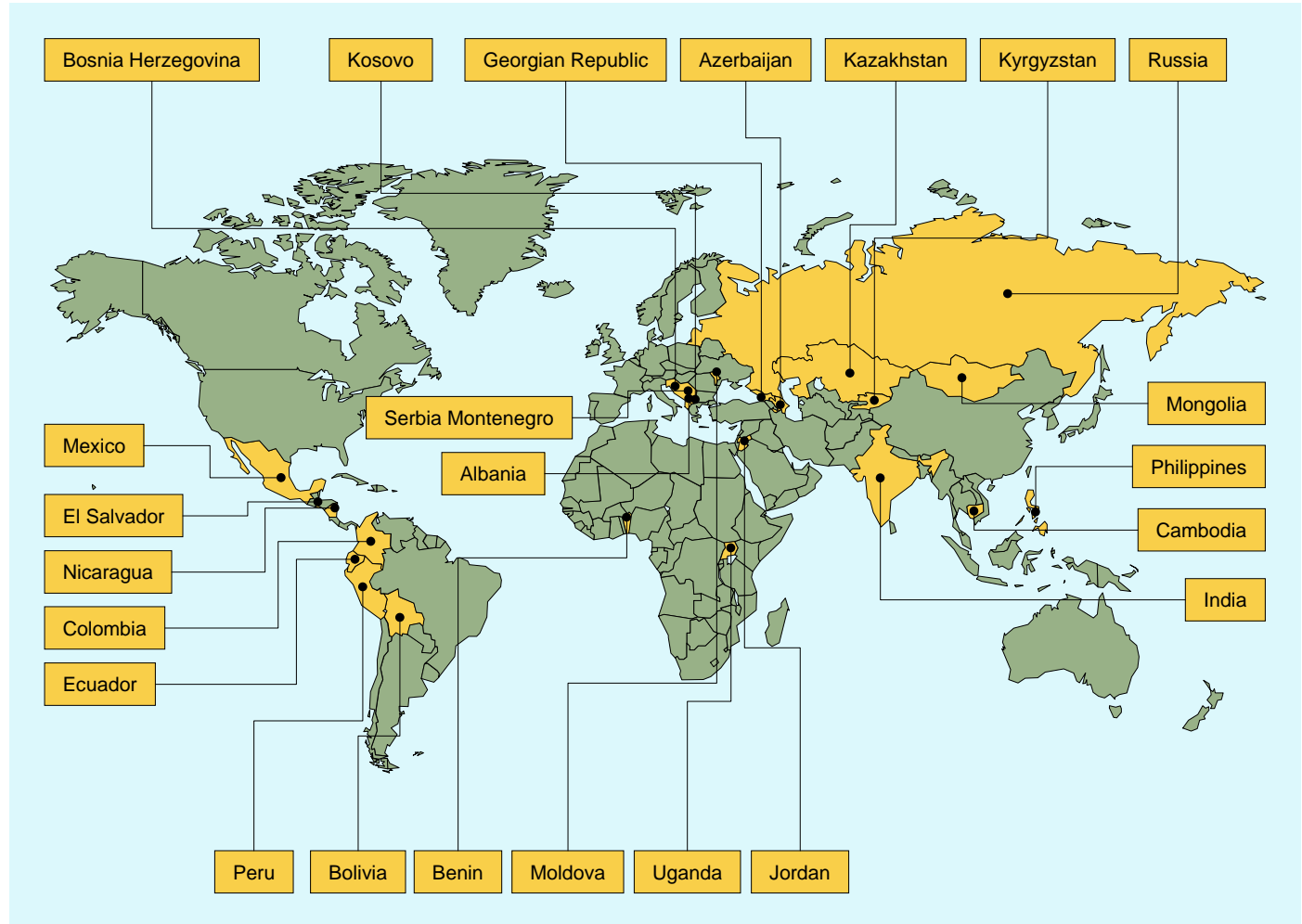
**Blue Orchard Origination and Servicing Processes**

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# Sourcing Capability

64 Active Borrowing Clients in 24 Countries

- BlueOrchard's investments in microfinance are guided by the following principles:
  - To work with the best and most promising microfinance institutions in order to minimise risk and to maximise outreach and sustainability of impact
  - To encourage best practices and insist on high degrees of transparency and quality of reporting
  - To view institutions as long term partners as long as they continue to meet BlueOrchard standards



# BlueOrchard Lending Criteria

## BO's Origination and Lending Guidelines

- **BlueOrchard's origination and credit processes are designed to ensure it only approaches the best MFIs in the industry**
- **By requiring extensive data and disclosures from prospective and existing debtors, BlueOrchard ensures their continued quality and transparency**
  - **Targets only profitable, self-sustaining companies**
  - **Rigorous documentation requirements**
  - **Regular post-loan reporting requirements**

### Financial Eligibility Criteria<sup>(1)</sup>

- Profitability (operational self-sustainability)
- Annual rating reports from specialised rating agencies
- High portfolio quality – typically < 5% PAR 30

### Documentation Criteria<sup>(1)</sup>

- Audited Accounts of the last three years
- Detailed sources of funding and shareholding
- Institutional presentation
- Description of portfolio, products, and lending methodologies
- List of board members and managers with brief biography
- Business Plan for the next three years
- Legal attestation demonstrating the ability to operate

### Regular Reporting Requirements<sup>(1)</sup>

- Monthly Report
- Portfolio Analysis
- Assets & Liabilities Report

#### Note

1. Not all of these documents will in all cases be provided. BlueOrchard can waive the requirement to submit them.

# Due Diligence Process

- **All prospective creditors must undergo an intensive due diligence process**
  - **Quantitative credit scoring using MFI's audited financials**
  - **Qualitative analysis based on site-visits and management interviews**
  - **Evaluation of the local economy and economic environment is also factored in**
- **A comprehensive Credit Score and Credit Report are created before taking prospects before the Credit Committee**
- **At each phase, checks are in place to ensure accurate information is submitted**

<p><u>Stage 1</u> Identification and Sourcing</p>	<ul style="list-style-type: none"> <li>• Analyst conducts research to identify prospective new countries &amp; clients</li> <li>• Research includes examination of political and economic conditions, including: rating reports, lending rates, demographics, poverty level, the nature of local microfinance and local industry</li> <li>• Other information: direct solicitations from MFIs, contacts made in field or at industry conferences, networks</li> </ul>
<p><u>Stage 2</u> Data Collection and Verification</p>	<ul style="list-style-type: none"> <li>• Once an MFI is identified, the analyst collects and reviews required documents for accuracy and acceptability</li> <li>• The analyst enters the income statement and balance sheet from the audited accounts into the BlueOrchard database and opens an account in the BO Internet database for the MFI</li> <li>• The MFIs are responsible for completing additional information reporting online while the analyst monitors both the timeliness and accuracy of the information submitted by cross referencing other sources and research</li> </ul>
<p><u>Stage 3</u> On-Site Due Diligence</p>	<ul style="list-style-type: none"> <li>• Once a prospective client is identified, a BO analyst team conducts an on-site visit with the MFI to interview the management team and credit officers, interview clients and conduct site visits</li> <li>• Discussion covers: governance, vision/strategy, management, corporate culture, staff, liquidity, asset quality &amp; control, liability quality &amp; control, operations, products, internal control, financial performance, and social performance</li> </ul>
<p><u>Stage 4</u> Credit Scoring</p>	<ul style="list-style-type: none"> <li>• With the information collected from field interviews and documents, the analyst completes a comprehensive due diligence report encompassing the economic / political environment of the region as well as MFI specific credit characteristics</li> <li>• An overall credit grade is assigned based on quantitative grades generated by the reports and audited accounts as well as qualitative items highlighted in the analyst's due diligence report</li> </ul>
<p><u>Stage 5</u> Credit Committee Report</p>	<ul style="list-style-type: none"> <li>• Once all the required documents are received (and verified by the Back-office Manager) and the on-line reports are completed, a Credit Committee report is prepared by the analyst</li> </ul>

# Credit Committee

- Once an analyst has completed the Credit Report the case is taken before the Credit Committee
- After the analyst's presentation, the Credit Committee will discuss all aspects of the proposed MFI to identify any potential weaknesses and credit concerns
- Depending on the amount of funds to be extended, approval may need to be approved by a number of managers and/or the CEO

The Committee	<ul style="list-style-type: none"> <li>• The Credit Committee meets weekly with each analyst presenting their proposals to the committee. Additional meetings can be held in exceptional circumstances</li> <li>• At least one manager and two analysts (including the analyst presenting the application), or two managers and the analyst presenting the case must be present</li> </ul>
Criteria	<ul style="list-style-type: none"> <li>• "Snapshot" and "Trend" analysis includes: asset &amp; portfolio growth, quality of the portfolio, operating costs, operating margin, competitive environment &amp; health of market, regulatory environment, country economic conditions, other funding sources, local lending rates, and financial ratio analysis</li> </ul>
Discussion Basis	<ul style="list-style-type: none"> <li>• The loan terms are approved by the Credit Committee after a discussion of the due diligence assessment of the institution, any external rating reports, prevailing and expected interest rate conditions, pricing of funding competition, and country risk</li> </ul>
Decision	<ul style="list-style-type: none"> <li>• Once the terms of the loan have been discussed, the proposal is voted upon with a majority required for approval</li> <li>• If there are outstanding questions or technical issues remaining, a manager can suspend decision on the application until a subsequent Credit Committee meeting</li> </ul>
Authorities	<ul style="list-style-type: none"> <li>• At least one manager must sign every Credit Committee report</li> <li>• Managers include Jean-Philippe de Schrevel and Jack Lowe</li> </ul>

# BlueOrchard Finance S.A.

## Ongoing Reporting

- **BlueOrchard uses a four part strategy to ensure its MFI clients are operating effectively**
  - **Monthly reporting**
  - **Regular dialogue with MFI's management**
  - **Annual on-site due diligence visits**
  - **Use of industry contacts to flag any worrying trends**
- MFI performance is monitored monthly through BlueOrchard's comprehensive database of clients. Important metrics include:
  - Portfolio at Risk > 30 days (i.e. delinquencies)
  - Credit Ratings, Rating Reports
  - Leverage Ratios
  - Operational Self-Sufficiency Ratios
  - Risk Coverage Ratios
  - Return on Equity targets
- Regular management dialogues to ensure:
  - Committed and proactive management
  - Strong internal controls (internal audit functions)
  - Knowledgeable board members
  - Strong shareholding base/network affiliations
  - Effective and flexible MIS
  - Solid methodological framework
  - Sharply defined business plans
- Annual onsite visits with MFIs are conducted to reconfirm their compliance with original lending criteria
  - Details of the specific due-diligence undertaken are provided on the next page
- Strong relationships and constant dialogue with main industry players to give insight into individual MFI performance or macro-industry developments

BOLD 2006-1

## Blue Orchard Origination and Servicing Processes

## Due Diligence List for MFI Annual Visits

- For every due diligence visit there is a minimum set of questions that analysts have to ask
- These questions are standardised in a questionnaire

## Organisation of Meeting

- Travellers from BlueOrchard
- People met at MFI
- Date of Meeting
- Duration of Meeting
- Location of Meeting

## Financials

- Assets
- Savings
- Equity
- D/E Ratio
- Main Sources of Funds
- Expected Funding
- ROE/ROA
- Income/Growth

## Environment and Positioning

- Main competitors
- Credit Bureau
- Association
- Specific regulation/status
- Target population
- Geography
- No of Clients and Branches

## Operations

- Loan products Details
- Other products
- Treasury
- Liquidity
- Efficiency
- Auditing/Control
- Human Resources
- Marketing

## Governance/Vision/Strategy

- Vision-mission
- Status
- Board
- Shareholders
- Networking

## Portfolio

- Portfolio Size
- PAR >30
  - Provisions
  - Rescheduling
  - Write-Offs

# BlueOrchard Servicing

## Delinquencies and Defaults

- **Upon the occurrence of an Event of Default under any MFI Loan, the Servicer shall be authorized to take such action as is called for in the defaulting Participating MFI's Term Loan Agreement, including acceleration of the defaulting Participating MFI's MFI Loan**
- If a deterioration is seen, particularly in Portfolio at Risk, Operational Self-Sufficiency and Liquidity indicators, the analyst would:
  - contact the MFI directly to investigate reasons behind the deterioration
  - convene a credit committee to determine course of action, which depending on the severity of the deterioration could include an on-site visit to the MFI
- Under the terms of the Term Loan Agreement, acceleration of the loan payment is contemplated under the breach of various financial covenants (Capital Adequacy, Open Exposure Ratio, Ratio of Transaction Loan to Total Assets, Material Adverse Change)
- If a Default is seen as a high probability event the following steps would be taken, as deemed necessary:
  - On-site visit to MFI (by a Blue Orchard analyst and Manager) and meetings with Management and Board
  - Immediate contact with MFI's international network (Acción, IPC, Opportunity International, Mercy Corps etc..)
    - Note that 2/3 of the portfolio is to institutions that are affiliates of international networks for financial and/or technical support*
  - Immediate contact with MFI's shareholders for financial support. *Note that shareholders of many institutions include international groups such as, KfW, EBRD, IFC, ShoreBank, Triodos, in addition to networks*
  - Establish contact with Emerging Liquidity Fund, a fund created by IADB to support institutions in Latin America / Caribbean with liquidity problems
  - If Default actually occurs despite preventative measures, the following steps would be taken, as appropriate:
    - Formation of a creditor group: *Note that other Senior unsecured lenders to Participating MFIs include high profile international institutions such as EBRD, KfW, IFC, IADB, DeutscheBank, Triodos Funds etc*
    - Conduct intensive due diligence of MFI to determine payment capacity, business plan, realistic timeframe for work-out
    - Maintain close dialogue with international network and shareholders for financial support and/ or restructuring talks
    - Pursue all legal remedies available under Luxembourg/ English law, including attaching assets held abroad
    - Engage local counsel in country of MFI's jurisdiction to pursue all remedies available

# MFI Loan Documentation

## Events of Default and Covenants as defined in the MFI Term Loan Agreements

**MFI Loan documentation includes standard covenants, events of default, conditions precedent, representations and warranties, reporting requirements and indemnities**

**MFI Events of Default shall include, inter alia:**

- Failure of the Participating MFI to make any payment when due for more than seven Business Days after the date when due;
- The Participating MFI's making of any representation or warranty which proves to have been incorrect, false or misleading in any material respect when made or deemed made;
- Failure of the Participating MFI to comply with any other agreement, term, covenant or condition of its Term Loan Agreement for a period of seven Business Days;
- The occurrence and continuation of a Material Adverse Change (as defined in the Participating MFI's Term Loan Agreement);
- The entrance against the Participating MFI of one or more final judgments or orders involving the payment of money in an aggregate amount greater than 20% of the Participating MFI's total net assets
- The occurrence of a default or event of default under the terms of any other agreement involving borrowed money or the extension of credit or any other indebtedness under which the Participating MFI may be obligated as a borrower or guarantor where the amount of such indebtedness exceeds the lesser of \$1,000,000 or 10% of the Participating MFI's net assets

**Key Covenants include:**

- Maintenance of a capital adequacy ratio of 12% (unless otherwise agreed by the Servicer)
- Maintenance of an MFI Loan to total assets ratio not greater than 25%
- Maintenance of a debt rating from a Rating Agency (on the terms set forth in the relevant Term Loan Agreement)

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**BOLD 2006-1**

**Section 5**

**Portfolio Details**

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## BOLD 2006-1

## Portfolio Details

## Summary of Indicative Portfolio Details

- All loans will be 5 year bullets with 2 exceptions
  - Loans to EKI and XacBank will amortise in quarterly instalments over the course of year 5
- Most loans will be granted in \$ but there are also loans granted in € or local currency
  - Non-USD loans will be hedged via currency swaps
- All loan agreements will follow a common template and will be drawn up under English law
- The overall portfolio statistics are as follows:
  - WA Coupon [8.7]%
  - WA Maturity 4.96 Years
  - Average Loan Size \$ 4.7MM
  - WA Delinquencies 1.3% (of underlying micro loans)

Loan Portfolio						
Originator	Country	Size (USD MM)	Legal Type	Regulated	Original Currency	% of Portfolio
ACLEDA	Cambodia	5.00	Bank	Yes	US Dollar	4.8%
Banco Solidario	Ecuador	7.50	Bank	Yes	US Dollar	7.2%
Confianza	Peru	2.00	EDPYME <sup>(1)</sup>	Yes	US Dollar	1.9%
Crear Arequipa	Peru	2.00	EDPYME	Yes	US Dollar	1.9%
EDYFICAR	Peru	4.00	EDPYME	Yes	US Dollar	3.9%
EKI	Bosnia	3.60	NGO <sup>(2)</sup>	Yes	Euro	3.5%
Fama	Nicaragua	3.00	NGO	No	US Dollar	2.9%
FDL	Nicaragua	3.00	NGO	No	US Dollar	2.9%
Fie	Bolivia	3.00	FFP <sup>(3)</sup>	Yes	US Dollar	2.9%
Finca	Mexico	2.00	NGO	No	Mexican Peso	1.9%
Findesa	Nicaragua	5.00	Financiera <sup>(4)</sup>	Yes	US Dollar	4.8%
Fora	Russia	3.60	NGO	No	Russian Roubles	3.5%
MFBA	Azerbaijan	4.00	Bank	Yes	US Dollar	3.9%
Mibanco	Peru	7.00	Bank	Yes	US Dollar	6.8%
ProCredit	Georgia	10.00	Bank	Yes	US Dollar	9.6%
Prodem	Bolivia	10.00	FFP	Yes	US Dollar	9.6%
PSHM	Albania	2.40	NBFI <sup>(5)</sup>	No	Euro	2.4%
WWB Bogota	Colombia	4.00	NGO	No	Colombian Peso	3.9%
WWB Bucaramanga	Colombia	6.00	NGO	No	Colombian Peso	5.8%
WWB Cali	Colombia	3.00	NGO	No	Colombian Peso	2.9%
WWB Popayan	Colombia	7.00	NGO	No	Colombian Peso	6.8%
Xac	Mongolia	6.50	Bank	Yes	US Dollar	6.3%
<b>Total</b>		<b>103.6</b>				<b>100%</b>

Source BlueOrchard

## Notes

1. Empresa de desarrollo de la pequeña y micro empresa, a non-bank financial institution
2. Non Governmental Organisation
3. Financiero Privado, a private financial fund, a form of non-bank financial institution
4. Non-bank financial intermediary, entitled to take savings and deposits as well as to lend
5. Non-bank financial institution

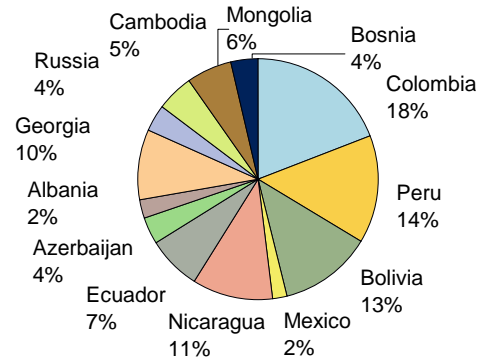
Portfolio Details

# Portfolio Composition

By Loan Amount

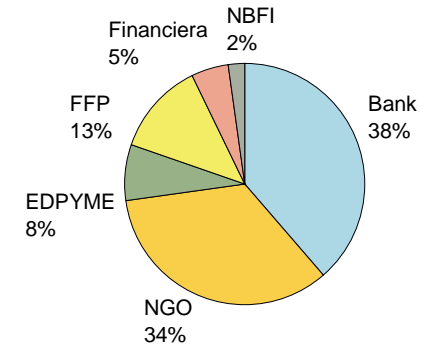
- In line with the strength of the microfinance industry in Latin America, the highest country concentrations are in Colombia, Bolivia and Peru
- Almost half of the MFIs are banks and 67% are regulated by the respective financial authorities in their countries

**Country**  
Total Portfolio Amount \$[103.6] MM



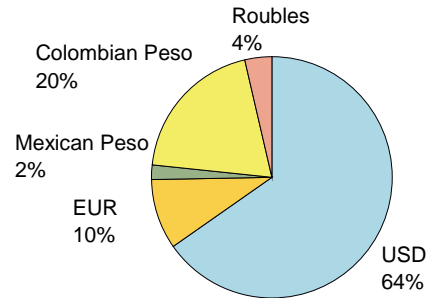
Source BlueOrchard

**Legal Type**



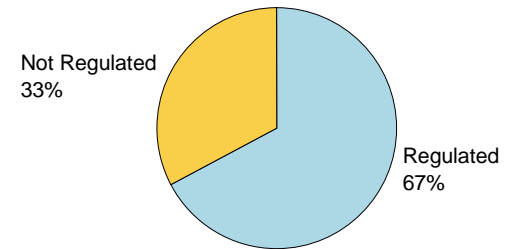
Source BlueOrchard

**Currency**



Source BlueOrchard

**Regulated**



Source BlueOrchard

# Portfolio Overview

## Explanation of Data Categories in this section and MFI Profiles

- **The BOLD portfolio has certain characteristics that will differentiate it from a simple “cross-section” of the MFI universe**
- **As BOLD will only focus on the top tier of MFIs, their loans will likely have the following characteristics when compared to the MFI universe**
  - **More urban focused, less agricultural concentration**
  - **Developed, further along the MFI life cycle**
  - **More likely to lend to individual entrepreneurs rather than familial “syndicates”**

### Locations

- Most of the MFIs in the portfolio have an urban focus, which can be explained by the fact that the portfolio only includes the most profitable and developed MFIs.
- If all MFIs were taken as the sample, the proportion of rural borrowers would be much higher

### Gender

- Many MFIs focus on lending to women because they are largely precluded from the formal lending sector
- Historically women have exhibited strong credit-worthiness in their relations to MFIs; this is probably a result of the strength of their roots in the community

### Sectors

- Most MFIs engage in the sectors that do not require high set-up costs like trade and services. A small shop to sell food, clothes etc. or to provide a special service (e.g. hairdresser) can be described as a typical MFI borrower
- MFIs lending in more rural areas have a higher rate of borrowers engaged in agriculture
- The category “other” includes, for example, mortgage, household, staff or commercial loans and salary backed loans (non-business related loans)

### Lending Types

- MFI lending is most often to groups of borrowers from a family or community who secure each other’s loans either implicitly or explicitly through peer pressure
- More mature markets (such as Latin America) are increasingly lending to individuals or private entities

BOLD 2006-1

## Portfolio Details

## Portfolio Stratifications

## Key Financials

- Definitions of various ratios are provided on pg 44

Audited Financials as of 31/12/2004							
MFIs	Total Assets (\$ mm)	Net Income (\$ mm)	Debt/Equity Ratio	ROA (%)	ROE (%)	Portfolio Yield (%)	Operational Self- Sufficiency (%)
ACLEDA	84.1	2.1	3.9	3.1	12.4	30.2	117.3
Banco Solidario	256.6	3.6	11.5	1.6	18.9	24.9	111.2
EDPYME Confianza	17.0	0.2	4.7	1.3	7.4	35.5	110.1
EDPYME Crear Arequipa	12.5	0.5	5.0	5.6	32.6	40.5	129.3
EDPYME Edyficar	49.7	0.8	4.9	2.1	11.8	36.9	114.2
EKI	28.2	2.0	3.1	8.0	34.8	23.7	143.7
FAMA	17.9	1.1	1.4	7.5	15.8	25.5	135.0
FDL Nitlapan	24.4	1.0	3.5	4.5	19.2	26.3	118.4
FIE FFP SA	61.0	1.6	4.0	3.0	23.4	21.4	125.0
Finca de México	6.8	1.0	1.0	19.3	35.5	76.7	150.6
Findesa	46.8	1.6	7.8	4.5	33.8	30.4	125.9
FORA	16.8	1.2	0.3	9.1	10.9	42.6	142.6
MFBA	8.9	0.0	0.4	0.1	0.2	24.0	101.7
MiBanco	158.1	7.8	3.3	5.8	24.4	40.7	129.8
ProCredit Bank	104.4	0.8	4.6	1.4	8.0	38.9	107.8
Prodem FFP	107.8	1.4	11.6	1.5	18.1	21.9	108.0
PSHM	10.6	1.0	0.4	11.0	14.5	28.7	110.8
WWB Bogotá	15.7	0.7	3.0	5.6	22.3	39.0	117.9
WWB Bucaramanga	23.5	1.2	3.9	6.3	29.0	40.8	128.2
WWB Cali	71.2	4.6	2.4	8.1	27.0	32.7	147.8
WWB Popayán	33.6	2.7	0.9	9.9	17.6	35.5	153.4
XacBank	26.1	0.6	5.5	3.1	19.1	38.1	119.8
<b>Average</b>	<b>53.7</b>	<b>1.8</b>	<b>4.0</b>	<b>5.6</b>	<b>19.9</b>	<b>34.3</b>	<b>124.9</b>
<b>Weighted Average<sup>(1)</sup></b>	<b>71.7</b>	<b>1.9</b>	<b>4.8</b>	<b>4.7</b>	<b>19.0</b>	<b>33.3</b>	<b>122.9</b>

Source BlueOrchard Database

## Notes

1. Weighted by Size of given Loan

BOLD 2006-1

## Portfolio Details

## Portfolio Stratifications

## MFI Characteristics

- Definitions for ratios are provided on pg 44

Portfolio Characteristics as of 31/12/2005							
MFI	Outstanding Portfolio (\$ MM)	Number of Borrowers	Average Credit per Client (\$)	PAR >30 (%)	YTD Write Off Ratio (%)	Risk Coverage Ratio (%)	Number of Active Savers/Depositors
ACLEDA	100.0	140,920	710	0.3	0.2	591.6	92,413
Banco Solidario	207.0	153,452	1,349	4.2	0.5	116.1	119,487
EDPYME Confianza	22.1	24,132	915	3.5	1.9	133.6	n/a
EDPYME Crear Arequipa	19.7	16,349	962	4.0	0.7	122.5	n/a
EDPYME Edyficar	54.8	65,202	841	3.9	1.5	121.6	n/a
EKI	31.5	22,619	1,394	0.4	0.4	585.4	n/a
FAMA	21.2	38,586	549	1.7	1.3	116.0	n/a
FDL Nittapan	34.5	48,261	714	1.1	0.4	240.3	n/a
FIE FFP SA	73.8	51,973	1,308	1.6	1.0	220.3	60,538
Finca de México	9.9	41,142	241	2.5	0	90.7	n/a
Findesa	54.1	29,540	1,833	1.5	0	140.5	14,406
FORA	24.3	15,309	1,590	0.4	0.8	76.5	n/a
MFBA	17.8	5,455	3,272	2.4	0	181.4	1,219
MiBanco	200.4	147,066	1,363	1.9	0.4	155.7	60,188
ProCredit Bank	133.9	37,045	3,614	1.4	0.9	228.4	49,190
Prodem FFP	108.9	68,356	1,594	2.0	0.7	101.8	187,911
PSHM	14.3	7,345	1,944	2.3	1.6	110.4	n/a
WWB Bogotá	22.2	47,196	470	1.8	1.7	100	n/a
WWB Bucaramanga	36.6	67.6	540	0.6	0.1	31.1	n/a
WWB Cali	100.2	116,725	859	0.9	0.7	297.8	n/a
WWB Popayán	44.2	93,244	475	1.0	0	100.0	n/a
XacBank	31.0	50,101	618	0.5	0	71.6	65,056
<b>Average</b>	<b>61.9</b>	<b>55,458</b>	<b>1,234</b>	<b>1.8</b>	<b>0.7</b>	<b>178.8</b>	<b>72,268</b>
<b>Weighted Average</b>	<b>79.9</b>	<b>63,822</b>	<b>1,383</b>	<b>1.7</b>	<b>0.6</b>	<b>172.6</b>	<b>46,550</b>

Source BlueOrchard Database

## BOLD 2006-1

## Portfolio Details

## Portfolio Stratifications

- The BOLD portfolio has a relatively strong focus on:
  - Urban entrepreneurs
  - Trade and services as sectors
  - Individual borrowing

MFIs	Gender		Location			Sector					Lending Type		
	Male (%)	Female (%)	Urban (%)	Semi-Urban (%)	Rural (%)	Agriculture (%)	Manufacture (%)	Trade (%)	Services (%)	Other (%)	Individual (%)	Small Group (%)	Large Group (%)
	ACLEDA	47	53	8	0	92	4	3	75	17	1	82	18
Banco Solidario	44	56	100	0	0	5	27	25	14	29	97	3	0
EDPYME Confianza	59	41	80	20	0	20	3	48	0	29	100	0	0
EDPYME Crear Arequipa	47	53	100	0	0	0	11	60	29	0	100	0	0
EDPYME Edyficar	53	47	100	0	0	4	9	30	57	0	98	2	0
EKI	68	32	21	37	42	63	4	17	14	2	98	0	2
FAMA	33	67	100	0	0	0	5	83	12	0	97	3	0
FDL Nitlapan	67	33	30	0	70	58	2	20	5	15	99	1	0
FIE FFP SA	62	38	100	0	0	0	21	35	35	9	100	0	0
Finca de México	5	95	47	0	53	2	0	63	1	34	0	0	100
Findesa	59	41	51	21	28	17	18	37	28	0	100	0	0
FOR A	23	77	59	35	6	0	0	98	2	0	26	74	0
MFBA	13	87	100	0	0	0	13	77	8	2	100	0	0
MiBanco	53	47	100	0	0	0	11	61	22	6	99	1	0
ProCredit Bank	83	17	73	21	6	10	4	51	19	16	100	0	0
Prodem FFP	66	33	63	0	37	9	17	33	25	16	99	1	0
PSHM	73	27	40	25	35	27	29	0	44	0	100	0	0
WWB Bogotá	23	77	98	0	2	2	21	53	24	0	No info	-	-
WWB Bucaramanga	29	71	99	1	0	1	19	55	23	2	100	0	0
WWB Cali	33	67	100	0	0	0	22	53	25	0	100	0	0
WWB Popayán	33	67	91	0	9	0	15	60	25	0	100	0	0
XacBank	51	49	36	0	64	3	9	47	8	33	100	0	0
<b>Average</b>	<b>46.5</b>	<b>53.4</b>	<b>72.4</b>	<b>7.6</b>	<b>19.9</b>	<b>10.2</b>	<b>12.0</b>	<b>49.1</b>	<b>19.9</b>	<b>8.8</b>	<b>86.1</b>	<b>4.7</b>	<b>4.6</b>
<b>Weighted Average</b>	<b>49.4</b>	<b>50.4</b>	<b>72.9</b>	<b>6.6</b>	<b>19.7</b>	<b>8.7</b>	<b>12.6</b>	<b>48.7</b>	<b>20.2</b>	<b>9.9</b>	<b>90.1</b>	<b>4.1</b>	<b>2.0</b>

Source BlueOrchard Database

BOLD 2006-1

## Portfolio Details

## Portfolio Stratifications

## Delinquencies 2002-2005

- Delinquencies are defined as Portfolio at Risk > 30 days (outstanding balance loans overdue > 30 days/ gross loan portfolio)
- WA delinquencies of the portfolio have decreased substantially over the last four years

Delinquencies 2002-2005				
MFI	31/12/2002	31/12/2003	31/12/2004	31/12/2005
ACLEDA	1.71%	0.75%	0.39%	0.30%
Banco Solidario	5.06%	4.54%	3.96%	4.17%
EDPYME Confianza	4.00%	3.29%	4.54%	3.46%
EDPYME Crear Arequipa	4.93%	4.81%	3.90%	3.83% (Nov)
EDPYME Edyficar	8.84%	5.02%	4.79%	3.87%
EKI	0.24%	0.30%	0.38%	0.38%
FAMA	3.53%	0.99%	1.39%	1.73%
FDL Nitlapan	2.47%	2.36%	1.87%	1.07%
FIE FFP SA	5.86%	3.09%	2.62%	1.59%
Finca de México	3.27%	1.30%	1.01%	2.74% (Nov)
Findesa	1.32%	0.83%	1.11%	1.55% (Nov)
FOR A	0.64%	0.45%	0.28%	0.40% (Nov)
MFBA	n/a	2.11%	8.56%	2.37%
MiBanco	2.97%	3.60%	3.80%	1.94% (Nov)
ProCredit Bank Georgia	2.84%	1.67%	1.81%	1.44%
Prodem FFP	5.33%	3.42%	2.14%	2.05%
PSHM	2.96%	1.25%	3.79%	2.30%
WWB Bogotá	1.74%	1.60%	1.65%	1.79%
WWB Bucaramanga	0.88%	0.68%	0.59%	0.64% (Nov)
WWB Cali	0.99%	0.78%	0.80%	0.91%
WWB Popayán	0.88%	0.82%	1.06%	0.96% (Nov)
XacBank	0.61%	1.92%	0.40%	0.47%
<b>Average</b>	<b>2.8%</b>	<b>2.1%</b>	<b>2.3%</b>	<b>1.8%</b>
<b>Weighted Average</b>	<b>2.9%</b>	<b>2.2%</b>	<b>2.3%</b>	<b>1.3%</b>

Source BlueOrchard Database

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**BOLD 2006-1**

**Section 6**

**Transaction Structure**

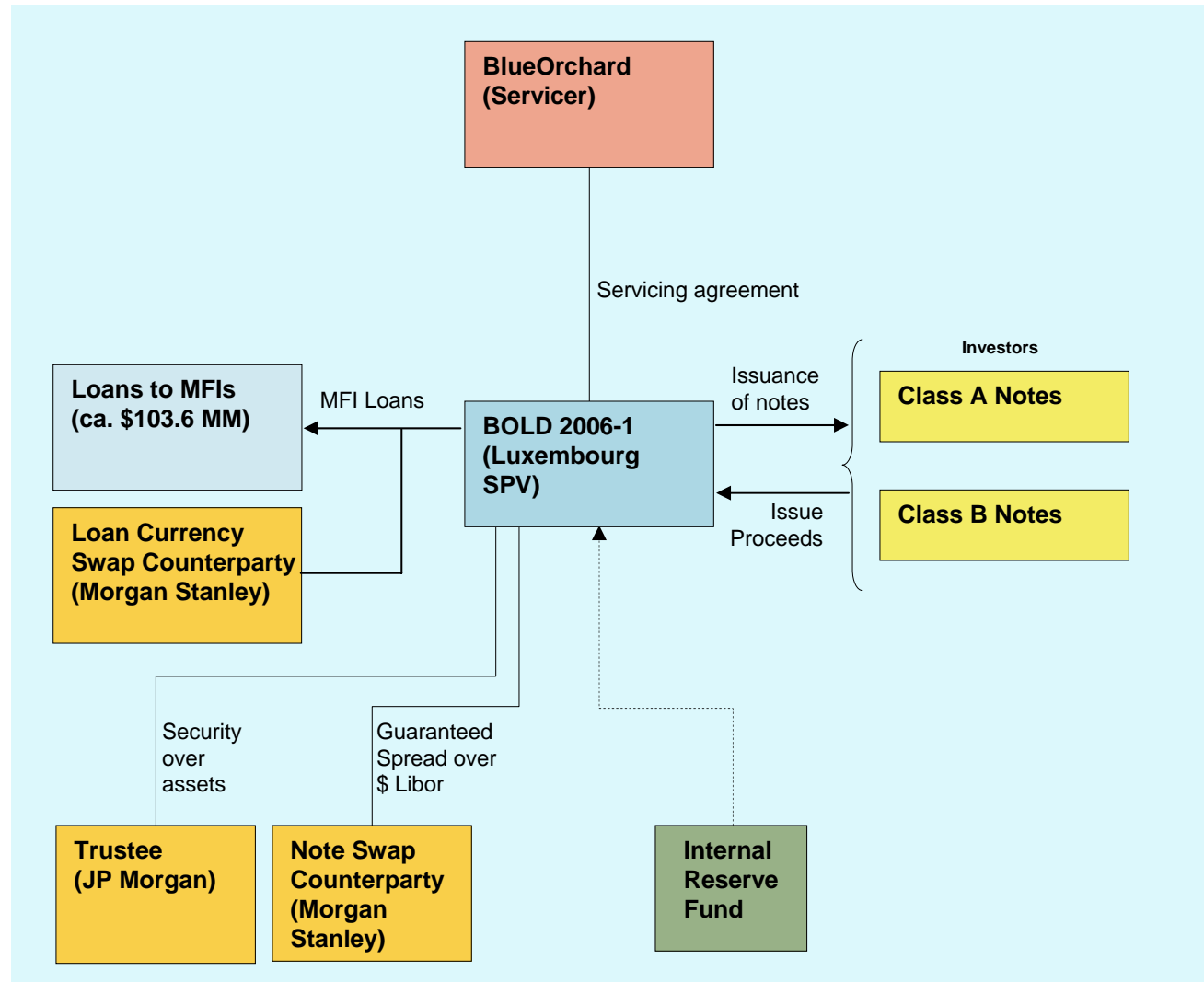
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**BOLD 2006-1**

**Transaction Structure**

**BOLD Structure**

- **Note Features**
  - Class A potentially offered in fixed and floating rate notes denominated in \$ and €
  - Class B Note holders receive all available funds after payments to Class A Note holders and the Reserve Fund
- **Key Structural Features**
  - Reserve Fund will receive 0.33% per period senior to the Class B until fully funded at 2.0%
  - Should the Reserve Fund be drawn following a loan default, Class B Interest will be fully subordinated to top-up payments
  - Class A notes feature 28% (30% if reserve fund is topped up) credit enhancement and can withstand all defaults from largest country concentration (Colombia)
- **Currency swaps will hedge local currency exposure**

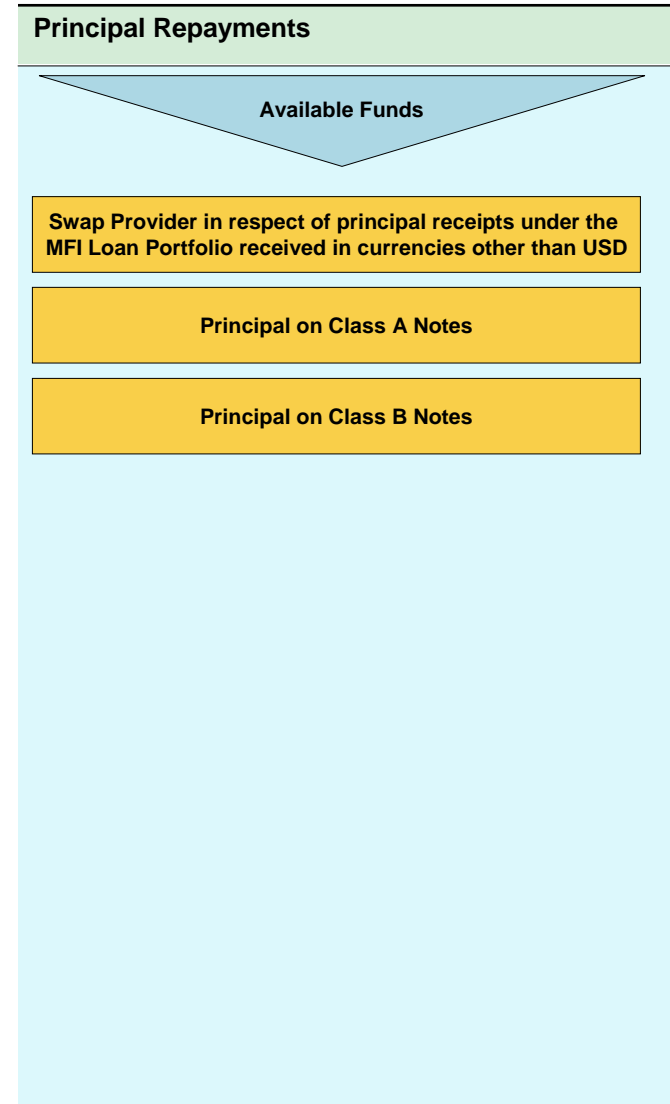
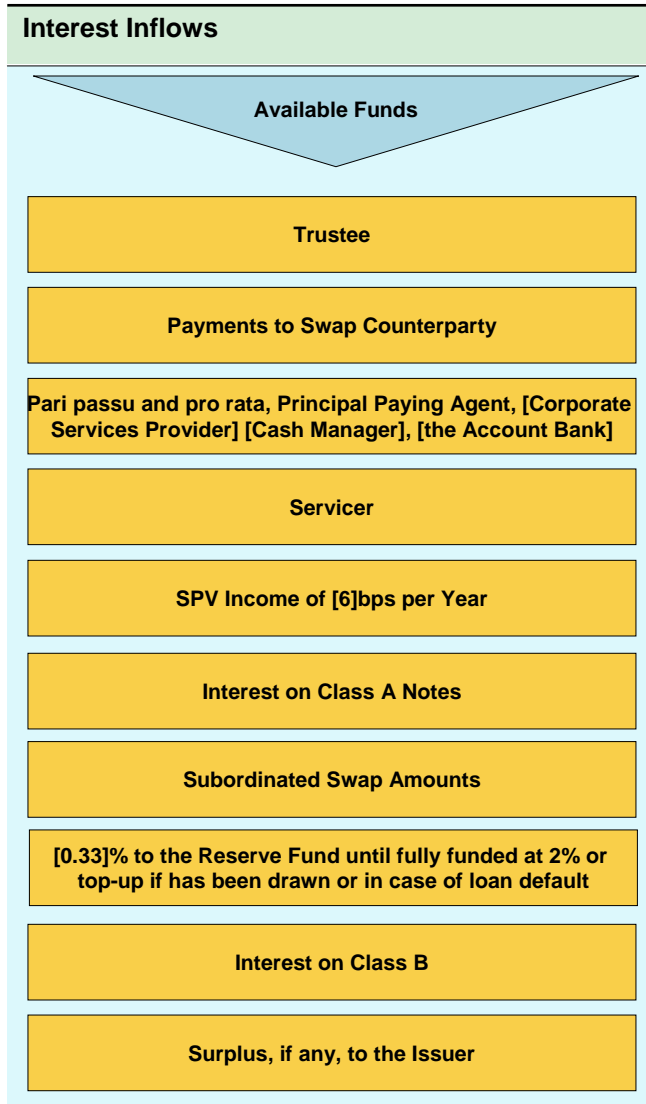


**BOLD 2006-1**

**Transaction Structure**

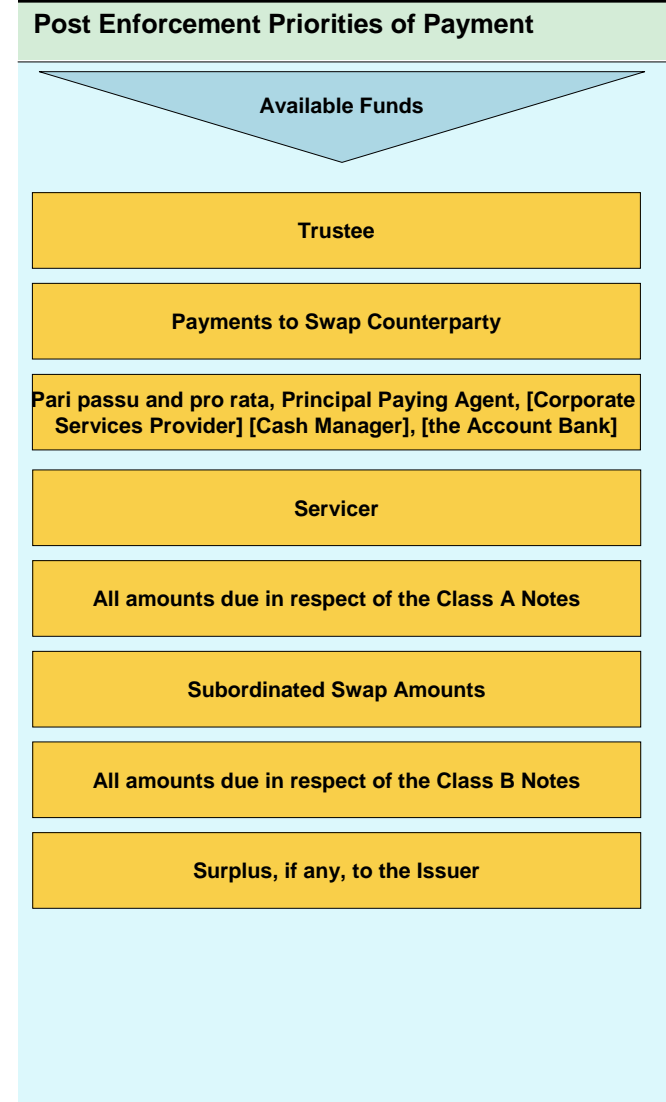
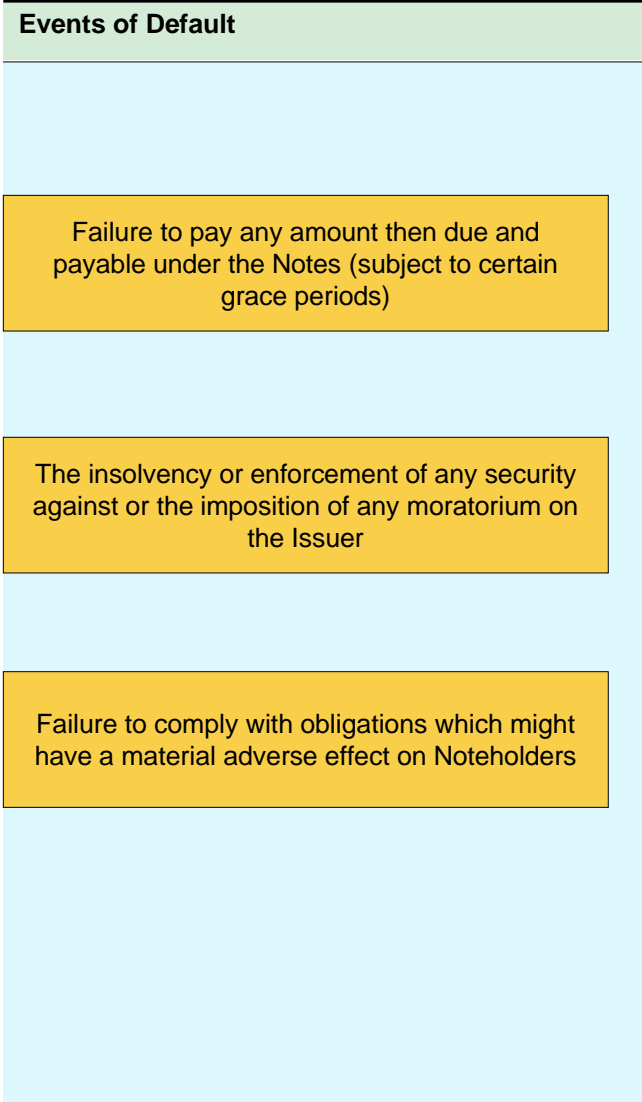
# Priority of Payments

- Sequential payment waterfalls for Interest and Principal cash flows
- Class B payments are fully subordinated to Class A and Reserve Fund obligations
- Should a loan default
  - CF to Class B is diverted to the RF up to the par amount of the loan in default
  - Once the loan is worked out, any recoveries constitute principal available funds and are used to pay down the Class A
- The amount trapped in the Reserve Fund is also applied to repay the Class A Notes up to the net losses
- Any shortfall leads to the trapping mechanism staying in place
- Any excess is released to the Class B
- The overall effect is that an amount of excess spread equal to the nominal amount of the loan is used to redeem the Class A Notes



# Events of Default

- A Note Event of Default would trigger complete sequential payments through the waterfall



**BOLD 2006-1**

**Transaction Structure**

# Local Currency Loans

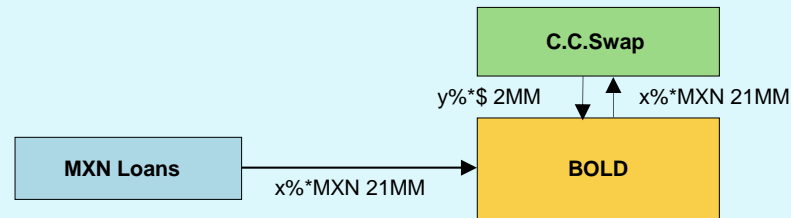
## Currency Swap Mechanisms

- The following currencies will require currency swaps into US \$
  - Euro
  - Mexican Peso
  - Colombian Peso
  - Russian Rouble
- The Euro and Mexican Peso are deliverable currencies; Colombian Peso and Russian Roubles are non-deliverable
- The swap payments will rank senior to all other obligations, except the trustee (except for termination payments caused by a default of the counterparty)

**Deliverable Swap Example: \$/MXN Hedge**

Notional of the transaction : MXN 2MM – Maturity 5 years – \$/MXN spot rate = 10.5<sup>(1)</sup>

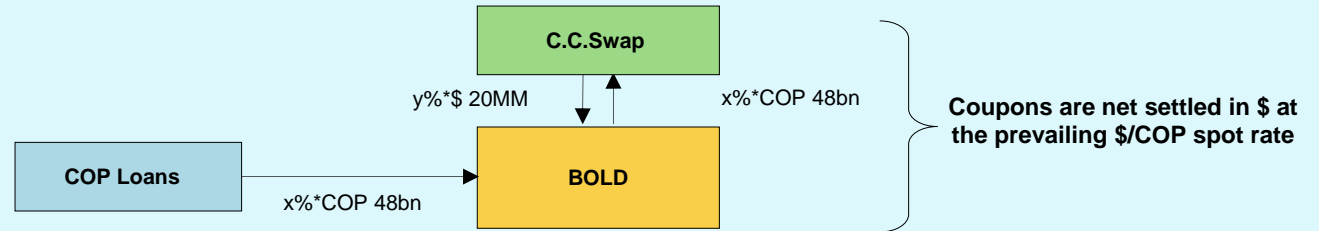
There is an initial exchange in the Cross Currency Swap (C.C.Swap) whereby the SPV pays \$ 2MM and receives MXN 21MM (\$/MXN rate of 10.5)



Initial exchange, final exchange and coupon rates are fixed at closing

**Non-deliverable Swap Example: \$/COP Fixed/Fixed Cross Currency Swap**

Notional of the transaction : COP 48bn – Maturity 5 years – \$/COP spot rate = 2,389<sup>(1)</sup>



Initial exchange of principal is made at market exchange rate at closing

On the loan level, ongoing coupons and final principal exchange are converted from COP to USD at prevailing market rates

On the swap level, ongoing coupons and final principal are net settled with the swap counterparty in USD and thus offsetting FX variation at the loan level

**BOLD 2006-1**

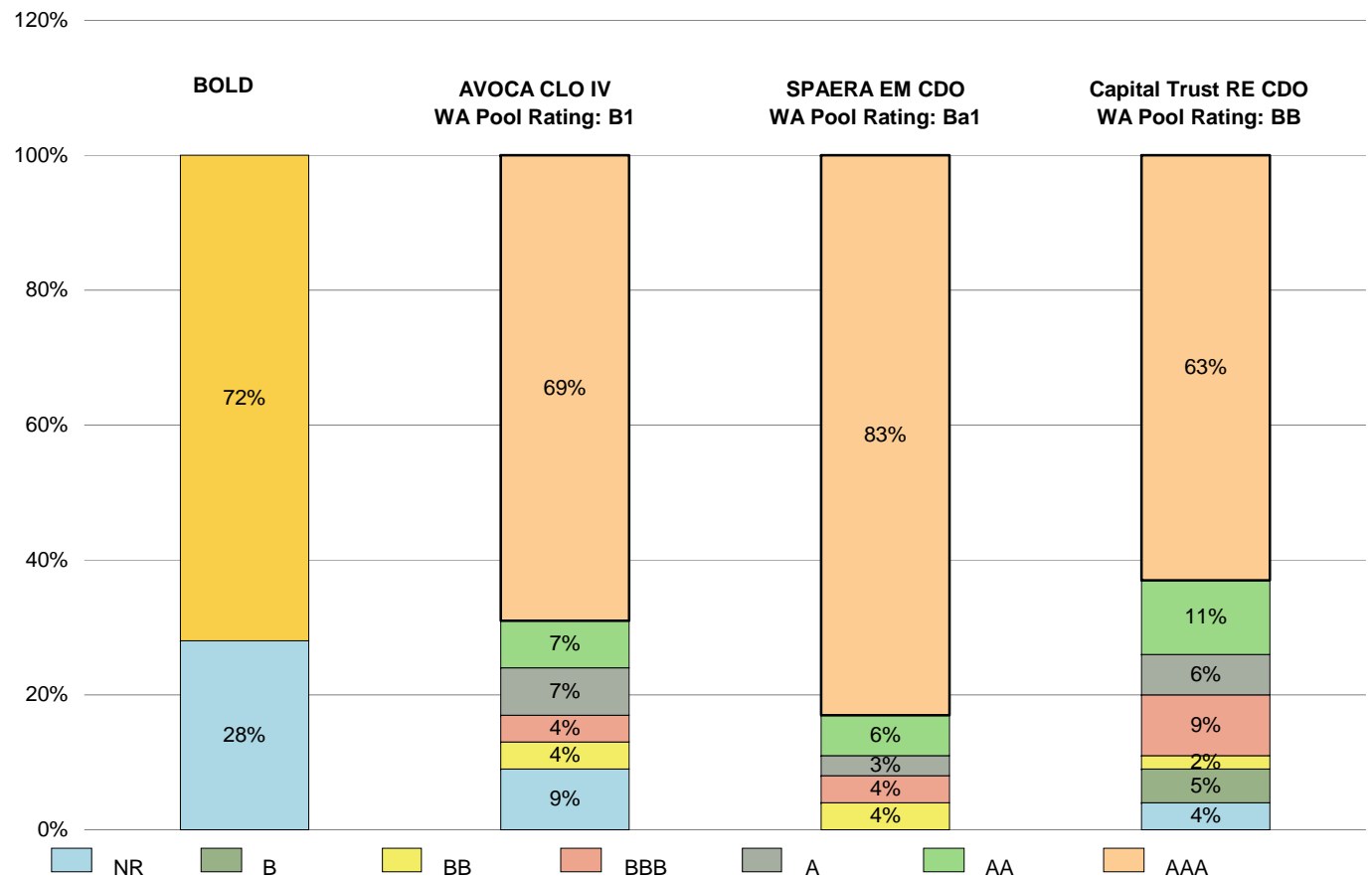
**Transaction Structure**

**Other CDO Structures**

**Comparison**

- This page attempts to put the Class A Note subordination into context with more generic CLOs
- As the BOLD pool is not rated by any major rating agencies, a straight comparison is difficult

**Comparison of CDO Structures<sup>(1)</sup>**



Source: Moodys, Fitch

Note  
1. BOLD Class A Notes are not rated

**BOLD 2006-1**

**Transaction Structure**

**Default Scenarios**

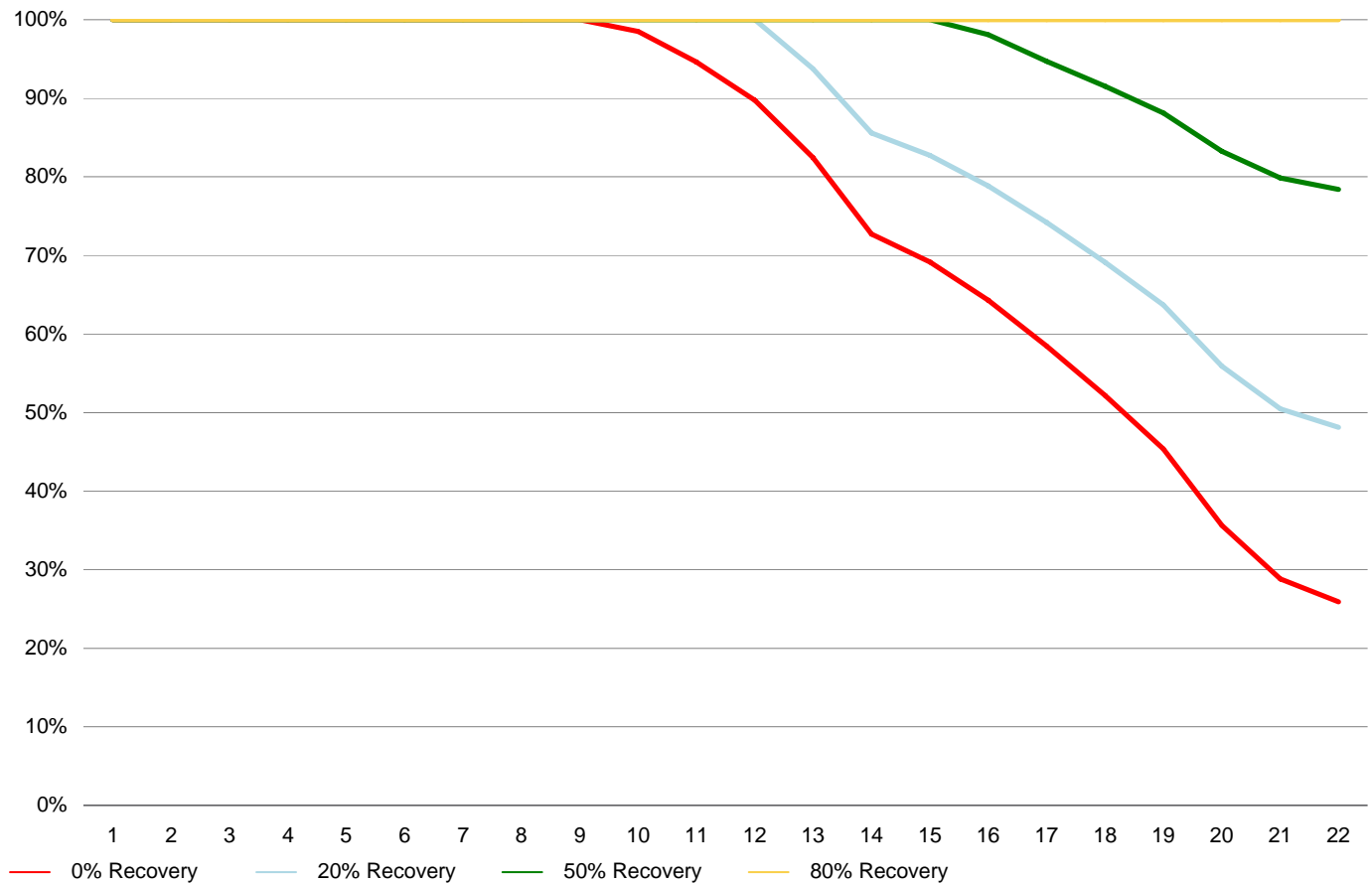
**Bond Value Development**

- If the loans are ranked from weakest to strongest by BO's internal risk measure the Class A will receive full principal and interest up to the following number of defaults (see table)

Defaults until Class A is affected	
Prepayment Rate	No of Defaults
0%	9 loans
20%	12 loans
50%	13 loans
80%	All (22) loans

**Bond Value Development under Defaults**

Defaulting Loans from Weakest to Strongest



**Note**  
 1. Assumes all defaults occur in period 9 (after year 2)  
 2. Recovery lag assumed at 1y from default

**BOLD 2006-1**

**Transaction Structure**

**Default Scenarios**

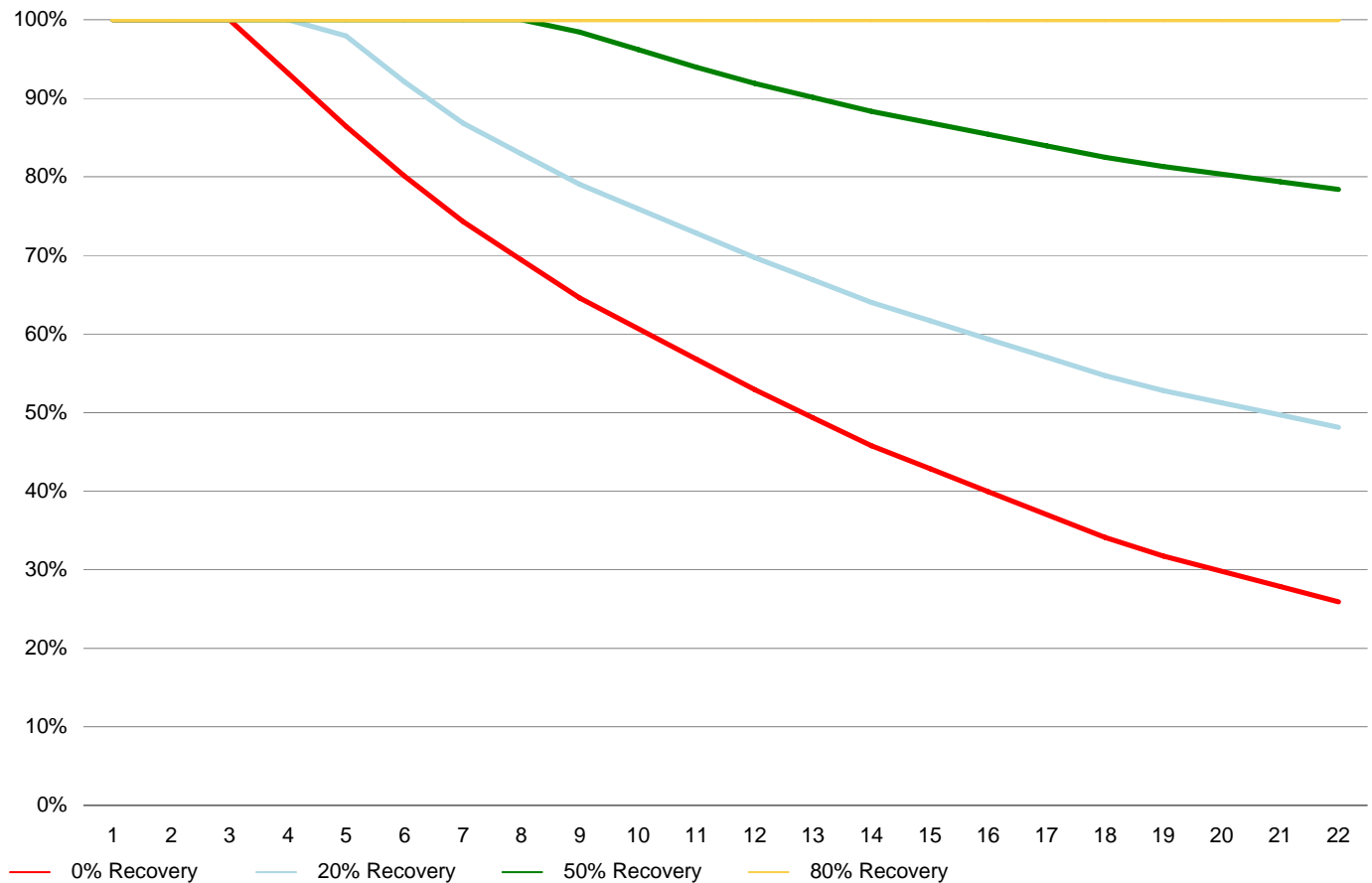
**Bond Value Development**

- If the loans are ranked from largest to smallest the Class A will receive full P&I up to the following number of defaults

Prepayment Rate	No of Defaults
0%	3 loans
20%	4 loans
50%	8 loans
80%	All (22) loans

**Bond Value Development under Defaults**

Defaulting Loans from Largest to Smallest



**Note**  
 1. Assumes all defaults occur in period 9 (after year 2)  
 2. Recovery lag assumed at 1y from default

# Factors Affecting Note Performance

- The return analyses outline hypothetical returns on the Note based on certain assumptions, including those contained herein and in any footnotes to the Default Scenarios
- There are many factors that could affect the actual performance of the Notes, only some of which are explored here
- Changes to the assumptions and/or consideration of different or additional factors could have a material adverse impact on the results indicated. Accordingly, there can be no assurance that the assumptions will prove to be correct, or that returns on the Notes will be consistent with those set forth in the Default Scenarios. The Default Scenarios are based on certain assumptions as to future events and conditions that are inherently uncertain and unpredictable, and are subject to change. Actual results will vary and may vary materially from the Default Scenarios. Additionally, other factors not considered in the Default Scenarios may adversely affect the return on the Notes. **Investors should read the information in the Private Placement Memorandum relating to the Notes in its entirety, including the description of risk factors/investment considerations contained in the Private Placement Memorandum which information will supersede the information contained herein in its entirety prior to making a decision to invest in the Notes. Any offer of Notes will only be made pursuant to a definitive Private Placement Memorandum**
- Although the Default Scenarios may not show a negative return on the Notes, the Notes are not principal protected and, in certain circumstances investors in the Notes may suffer a complete or partial loss on their investment. The market value of the Notes will vary over time and may be significantly less than par in certain circumstances. There is currently no market for the Notes and there can be no assurance that such a market will develop
- The assumptions on which the Default Scenarios are based are necessarily arbitrary, do not necessarily reflect historical experience and do not constitute a prediction as to future events. Because of the uncertainties and subjective judgments inherent in selecting the assumptions on which the Default Scenarios are based and because future events and circumstances cannot be predicted, there can be no assurance that the results described in the Default Scenarios will be realised or that the actual recovery rates will not be different from, or less than, the recovery rates set out therein. Prospective purchasers of Notes should be aware that they may lose their entire investment in such Notes
- The scenario analysis provided on the previous pages assumes, along with factors noted, a 5y USD mid swap rate of 5.05%, 1m\$ Libor flat and a return of L-0.20% on all deposits

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**BOLD 2006-1**

**Appendix A**

# MFI Profiles

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**BOLD 2006-1****MFI Profiles****Glossary**

- **Key terms used in the Profiles are explained opposite**
- **Further information on shareholders and networks mentioned in the profiles can be found in Appendix D**

**Glossary of Terms**

<b>Term</b>	<b>Explanation</b>
Portfolio Yield	Adjusted Financial Revenue from Loan Portfolio/ Adjusted Average Gross Loan Portfolio
Operational Self-Sufficiency	Financial Revenue/ (Financial Expense + Net Loan Loss Provision Expense + Operating Expense)
PAR > 30	Outstanding balance, loans overdue > 30 Days/ Adjusted Gross Loan Portfolio
YTD Write Off Ratio	Value of loans written-off/ Adjusted Average Gross Loan Portfolio
Risk Coverage Ratio	Adjusted Loan Loss Reserve/ PAR > 30 Days
National Rating	Rating that only compares a company to its national peers, not comparable internationally
Local Currency Rating	Company's ability to pay back its local currency debt
EDPYME	Empresa de desarrollo de la pequeña y micro empresa, a non-bank financial institution
Fondo Financiero Privado	Private Financial Fund

**Source** mix, Micro Banking Bulletin

**BOLD 2006-1****MFI Profiles****ACLEDA Bank****Cambodia**

- **Leading microfinance provider and largest bank network in Cambodia, with excellent portfolio quality**
- **Only Cambodian institution with an international rating**
- **Licensed bank, offering full range of banking services**
- **Total Asset Growth 03/04 was 74.5%**
- **The loan amount given amounts to \$5 MM**

**Overview**

- Founded in 1993 as Aceda NGO, and established as a commercial bank in 1998
- Main Shareholders: Aceda NGO 45.61%, DEG 12.25%, FMO 12.25%, Triodos 12.25%, IFC 12.25%
- Rating: **B2**, International LT Foreign Currency, outlook stable (Moody's, May 2005)
- 707 loan officers in 137 branches

Source BlueOrchard

**Portfolio Characteristics**

As of 31/12/2005

Outstanding Portfolio (\$ MM)	100.0
Number of Borrowers	140,920
Average Credit per Client (\$)	710
PAR >30 (%)	0.3
YTD Write Off Ratio (%)	0.2
Risk Coverage Ratio (%)	591.6
Number of Active Savers/Depositors	92,413

Source BlueOrchard Database

**Financials**

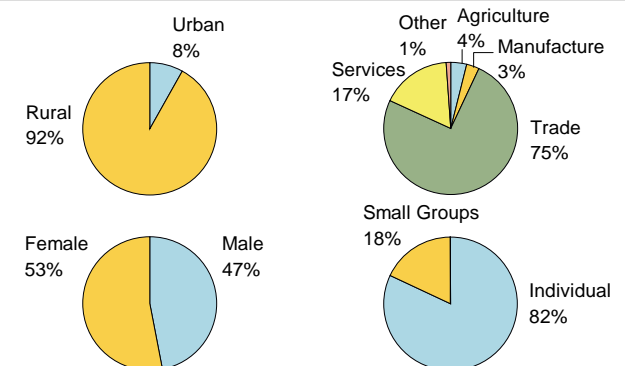
As of 31/12/2004

Total Assets (\$ MM)	84.1
Net Income (\$ MM)	2.1
Debt/Equity Ratio	3.89
ROA (%)	3.1
ROE (%)	12.4
Portfolio Yield (%)	30.2
Operational Self-Sufficiency (%)	117.3

Source Audited Financials

**Portfolio Ratios**

Location, Sector, Gender, Lending Type



Source BlueOrchard Database

## BOLD 2006-1

## MFI Profiles

## Banco Solidario

Ecuador

- Largest specialized microfinance bank in Ecuador, with nation-wide coverage and strong network affiliation
- Licensed bank, offering full range of banking services
- Total Asset Growth 03/04 was 41.3%
- The loan amount given amounts to \$7.5 MM

## Overview

- Founded in 1985 as Estrategia Financiera S.A. (ESFISA), and granted a banking license in 1996
- Principal Shareholders: Enclace Inmobiliara S.A., (24.01%), Acción Investments (19.82%), Profund Investments (9.16%)
- Network Affiliation: Acción Internacional
- Rating: **A** (Pacific Credit Rating, Sep 05)
- 273 loan officers in 39 branches

Source BlueOrchard

## Portfolio Characteristics

As of 31/12/2005

Outstanding Portfolio (\$ MM)	207.0
Number of Borrowers	153,452
Average Credit per Client (\$)	1,349
PAR >30 (%)	4.2
YTD Write Off Ratio (%)	0.5
Risk Coverage Ratio (%)	116.1
Number of Active Savers/Depositors	119,487

Source BlueOrchard Database

## Financials

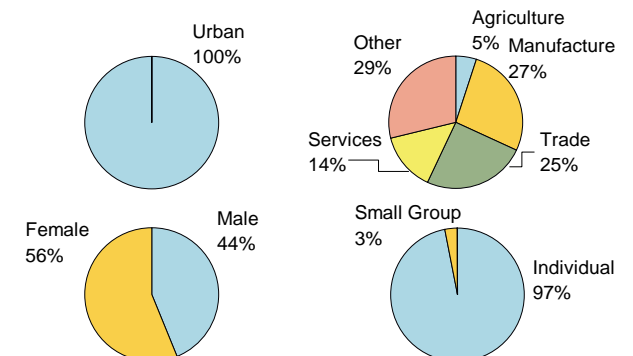
As of 31/12/2004

Total Assets (\$ MM)	256.6
Net Income (\$ MM)	3.6
Debt/Equity Ratio	11.49
ROA (%)	1.6
ROE (%)	18.9
Portfolio Yield (%)	24.9
Operational Self-Sufficiency (%)	111.2

Source Audited Financials

## Portfolio Ratios

Location, Sector, Gender, Lending Type



Source BlueOrchard Database

## BOLD 2006-1

## MFI Profiles

## EDPYME Confianza

Peru

- Headquartered in the central sierra of Peru, has recently successfully expanded into the Lima market
- 3rd largest EDPYME (of 14), 4th best in portfolio quality
- Total Asset Growth 03/04 was 49.1%
- The loan amount given amounts to \$2 MM

## Overview

- Founded in 1993 by the local NGO “SEPAR,” and transformed into an EDPYME in 1997
- Principal Shareholders: SEPAR (53%), Fundación Gilles (8%), Volksvermogen (8%), Oikocredit (7%)
- Network Affiliation: COPEME
- Rating: **Beta** (Microrate, February 2005)
- 56 loan officers in 10 branches

Source BlueOrchard

## Portfolio Characteristics

As of 31/12/2005

Outstanding Portfolio (\$ MM)	22.1
Number of Borrowers	24,132
Average Credit per Client (\$)	915
PAR >30 (%)	3.5
YTD Write Off Ratio (%)	1.9
Risk Coverage Ratio (%)	133.6
Number of Active Savers/Depositors	n/a

Source BlueOrchard Database

## Financials

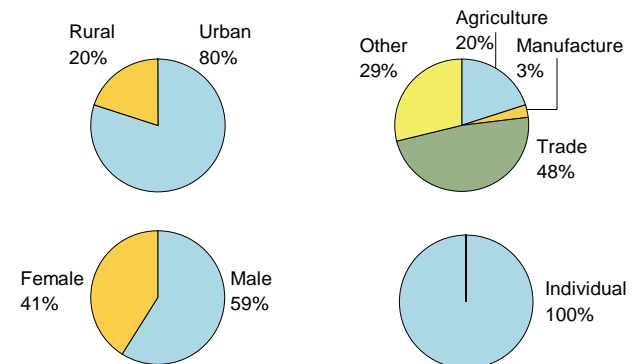
As of 31/12/2004

Total Assets (\$ MM)	17.0
Net Income (\$ MM)	0.2
Debt/Equity Ratio	4.65
ROA (%)	1.3
ROE (%)	7.4
Portfolio Yield (%)	35.5
Operational Self-Sufficiency (%)	110.1

Source Audited Financials

## Portfolio Ratios

Location, Sector, Gender, Lending Type



Source BlueOrchard Database

## BOLD 2006-1

## MFI Profiles

## EDPYME Crear Arequipa

Peru

- Headquartered in the south of Peru, has recently successfully expanded into the Lima market
- 4th largest EDPYME (of 14), ranking 2nd in profitability
- Regulated non-bank financial institution
- Total Asset Growth 03/04 was 52.4%
- The loan amount given is \$2 MM

## Overview

- Founded in 1992 by the local NGO "Habitat," and transformed into an EDPYME in 1998
- Principal Shareholders: Habitat (23.45%) with the remainder held among 9 Arequipa businesspeople (3 of whom hold between 20.53-23.44% each)
- Network Affiliation: COPEME
- Rating: **Beta+** (Microrate, February 2005)
- 67 loan officers in 6 branches

Source BlueOrchard

## Portfolio Characteristics

As of 30/11/2005

Outstanding Portfolio (\$ MM)	19.7
Number of Borrowers	16,349
Average Credit per Client (\$)	962
PAR >30 (%)	4.0
YTD Write Off Ratio (%)	0.7
Risk Coverage Ratio (%)	122.5
Number of Active Savers/Depositors	n/a

Source BlueOrchard Database

## Financials

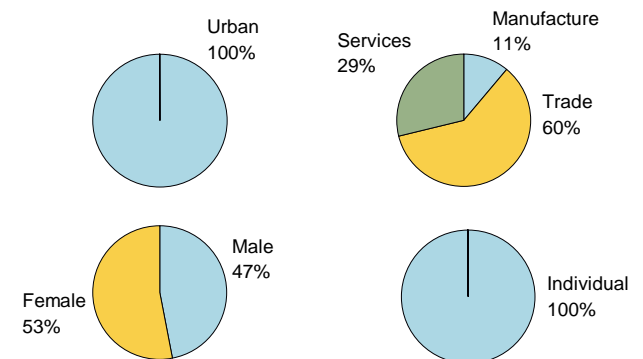
As of 31/12/2004

Total Assets (\$ MM)	12.5
Net Income (\$ MM)	0.5
Debt/Equity Ratio	5.0
ROA (%)	5.6
ROE (%)	32.6
Portfolio Yield (%)	40.5
Operational Self-Sufficiency (%)	129.3

Source Audited Financials

## Portfolio Ratios

Location, Sector, Gender, Lending Type



Source BlueOrchard Database

## BOLD 2006-1

## MFI Profiles

## EDPYME EDYFICAR

Peru

- Largest EDPYME in Peru, with extensive national coverage
- Regulated by the Superintendence of Banks
- Regulated non-bank financial institution
- Total Asset Growth 03/04 was 38.1%
- The loan amount given is \$4 MM

## Overview

- Founded in 1985 as CARE Peru, and later transformed to an EDPYME in 1997
- Principal Shareholders: CARE (83%) Microvest 1, LLP (8%)
- Network Affiliation: COPEME
- Rating: **Beta +**, (Microrate, September 2005)
- 177 loan officers in 15 branches

Source BlueOrchard

## Portfolio Characteristics

As of 31/12/2005

Outstanding Portfolio (\$ MM)	54.8
Number of Borrowers	65,202
Average Credit per Client (\$)	841
PAR >30 (%)	3.9
YTD Write Off Ratio (%)	1.5
Risk Coverage Ratio (%)	121.6
Number of Active Savers/Depositors	n/a

Source BlueOrchard Database

## Financials

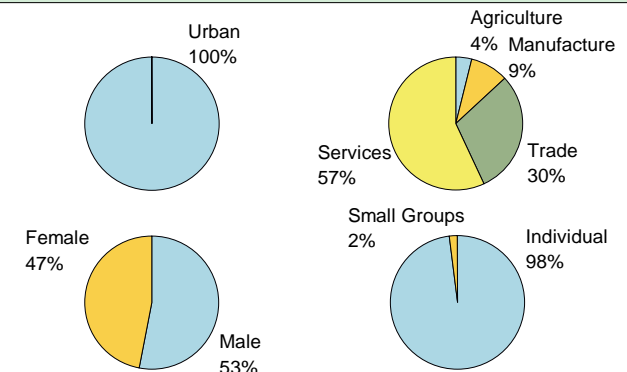
As of 31/12/2004

Total Assets (\$ MM)	49.7
Net Income (\$ MM)	0.8
Debt/Equity Ratio	4.94
ROA (%)	2.1
ROE (%)	11.8
Portfolio Yield (%)	36.9
Operational Self-Sufficiency (%)	114.2

Source Audited Financials

## Portfolio Ratios

Location, Sector, Gender, Lending Type



Source BlueOrchard Database

**BOLD 2006-1**

**MFI Profiles**

**EKI**

**Bosnia**

- Among the three largest MFIs in Bosnia, with extensive national network of agencies
- Total Asset Growth 03/04 was 33.6%
- The loan amount given amounts to €3 MM

**Overview**

- Founded in 1996 by World Vision International
- Shareholders: N/A (legal status is NGO)
- Network Affiliation: World Vision International
- Rating: **A-** (Planet, September 2004)
- Number of loan officers: 146
- Number of branches: 9

Source BlueOrchard

**Portfolio Characteristics**

As of 31/12/2005

Outstanding Portfolio (\$ MM)	31.5
Number of Borrowers	22,619
Average Credit per Client (\$)	1,394
PAR >30 (%)	0.4
YTD Write Off Ratio (%)	0.4
Risk Coverage Ratio (%)	585.4
Number of Active Savers/Depositors	n/a

Source BlueOrchard Database

**Financials**

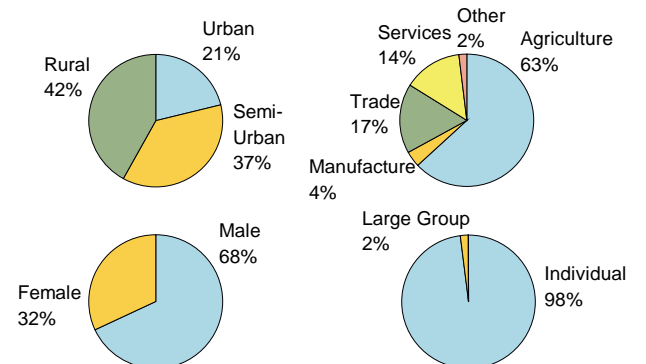
As of 31/12/2004

Total Assets (\$ MM)	28.2
Net Income (\$ MM)	2.0
Debt/Equity Ratio	3.13
ROA (%)	8.0
ROE (%)	34.8
Portfolio Yield (%)	23.7
Operational Self-Sufficiency (%)	143.7

Source Audited Financials

**Portfolio Ratios**

Location, Sector, Gender, Lending Type



Source BlueOrchard Database

**MFI Profiles**

**FAMA (Fundación para el Apoyo a la Microempresa)**

**Nicaragua**

- **Fourth largest MFI in Nicaragua and in the process of transforming to a regulated financial institution, high portfolio quality. Strong international network affiliation**
- **Total Asset Growth 03/04 was 45.5%**
- **The loan amount given is \$3 MM**

**Overview**

- Founded in 1991 as an Acción Internacional affiliate
- Shareholders: N/A (NGO)
- Network Affiliation: Acción Internacional
- Rating: **CAMEL** rating by Acción (Feb 2004)
- Number of loan officers: 86
- Number of branches: 23

Source BlueOrchard

**Portfolio Characteristics**

As of 31/12/2005

Outstanding Portfolio (\$ MM)	21.2
Number of Borrowers	38,586
Average Credit per Client (\$)	549
PAR >30 (%)	1.7
YTD Write Off Ratio (%)	1.3
Risk Coverage Ratio (%)	116.0
Number of Active Savers/Depositors	n/a

Source BlueOrchard Database

**Financials**

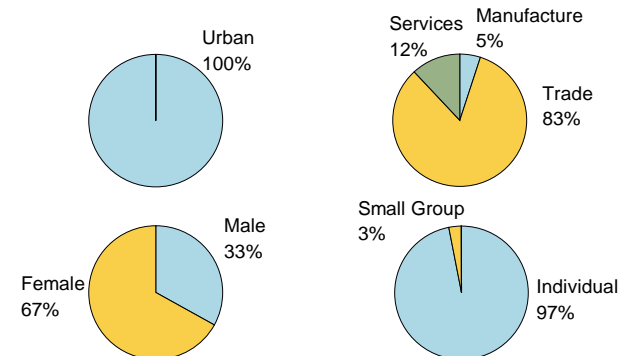
As of 31/12/2004

Total Assets (\$ MM)	17.9
Net Income (\$ MM)	1.1
Debt/Equity Ratio	1.37
ROA (%)	7.5
ROE (%)	15.8
Portfolio Yield (%)	25.5
Operational Self-Sufficiency (%)	135.0

Source Audited Financials

**Portfolio Ratios**

Location, Sector, Gender, Lending Type



Source BlueOrchard Database

**BOLD 2006-1****MFI Profiles****FDL Nitlapan****Nicaragua**

- **Third largest MFI in Nicaragua, with market niche in agricultural lending and high portfolio quality**
- **Pioneer in rural microfinance lending methodologies**
- **Total Asset Growth 03/04 was 31.2%**
- **The loan amount given is \$3 MM**

**Overview**

- Founded in 1997 by the Central American University Nitlapan of Managua
- Shareholders: N/A -- NGO
- Network Affiliation: ASOMIF (Asociación Nicaragüense de Instituciones de Microfinanzas)
- Rating: **A +** (Microfinanza, February 2005)
- 154 loan officers in 30 branches

Source BlueOrchard

**Portfolio Characteristics**

As of 31/12/2005

Outstanding Portfolio (\$ MM)	34.5
Number of Borrowers	48,261
Average Credit per Client (\$)	714
PAR >30 (%)	1.1
YTD Write Off Ratio (%)	0.4
Risk Coverage Ratio (%)	240.3
Number of Active Savers/Depositors	n/a

Source BlueOrchard Database

**Financials**

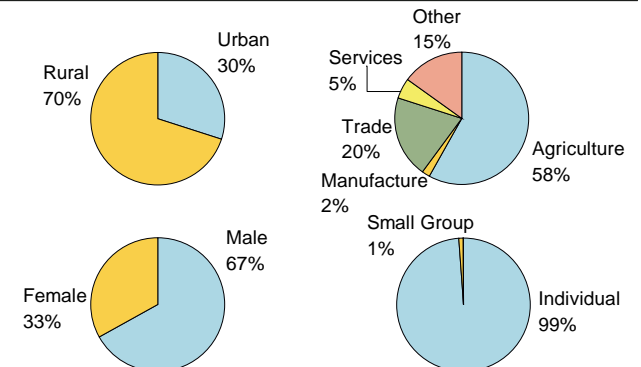
As of 31/12/2004

Total Assets (\$ MM)	24.4
Net Income (\$ MM)	1.0
Debt/Equity Ratio	3.51
ROA (%)	4.5
ROE (%)	19.2
Portfolio Yield (%)	26.3
Operational Self-Sufficiency (%)	118.4

Source Audited Financials

**Portfolio Ratios**

Location, Sector, Gender, Lending Type



Source BlueOrchard Database

**BOLD 2006-1****MFI Profiles****FIE FFP S.A.****Bolivia**

- **Leading microfinance provider based in La Paz, with focus on the lower end of individual, urban microfinance**
- **Deposit-taking institution, regulated by the Bolivian banking authorities**
- **Total Asset Growth 03/04 was 32.6%**
- **The loan amount given is \$3 MM**

**Overview**

- Founded in 1997 by the NGO FIE, as a spin-off of the NGO's microfinance activities
- Registered as a "Private Financial Fund"
- Shareholders: FIE (the NGO) (49%), Triodos Hivos Fund (12.5%), Triodos Doen (12.5%) and others
- Rating: **A**, outlook stable (National, Long-term) (Fitch, March 2005)
- 191 loan officers in 80 branches

Source BlueOrchard

**Portfolio Characteristics**

As of 31/12/2005

Outstanding Portfolio (\$ MM)	73.8
Number of Borrowers	51,973
Average Credit per Client (\$)	1,308
PAR >30 (%)	1.6
YTD Write Off Ratio (%)	1.0
Risk Coverage Ratio (%)	220.3
Number of Active Savers/Depositors	60,538

Source BlueOrchard Database

**Financials**

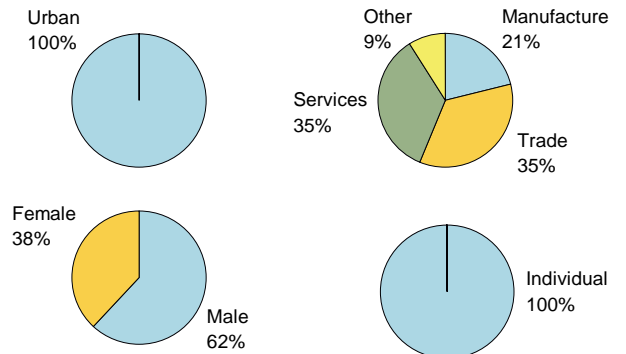
As of 31/12/2004

Total Assets (\$ MM)	61.0
Net Income (\$ MM)	1.6
Debt/Equity Ratio	7.11
ROA (%)	3.0
ROE (%)	23.4
Portfolio Yield (%)	21.4
Operational Self-Sufficiency (%)	125.0

Source Audited Financials

**Portfolio Ratios**

Location, Sector, Gender, Lending Type



Source BlueOrchard Database

**Notes**

1. Centro de Fomento a Iniciativas Economicas
2. Agencia Suiza para el Desarrollo y la Cooperacion

## BOLD 2006-1

## MFI Profiles

## Finca de México

## México

- First MFI to offer village banking microfinance services in Mexico
- Strong international network affiliation
- Rapid growth in a relatively untapped market
- Total Asset Growth 03/04 was 88.9%
- The loan amount given is \$2 MM and is paid out in Mexican Pesos

## Overview

- Founded in 1989 as an affiliate of FINCA International
- Shareholders: N/A (NGO)
- Network Affiliation: FINCA International
- Rating: **Beta +** (Microrate, December 2004)
- Number of loan officers: 125
- Number of branches: 6

Source BlueOrchard

## Portfolio Characteristics

As of 31/12/2005

Outstanding Portfolio (\$ MM)	9.9
Number of Borrowers	41,142
Average Credit per Client (\$)	241
PAR >30 (%)	2.5
YTD Write Off Ratio (%)	0
Risk Coverage Ratio (%)	90.7
Number of Active Savers/Depositors	n/a

Source BlueOrchard Database

## Financials

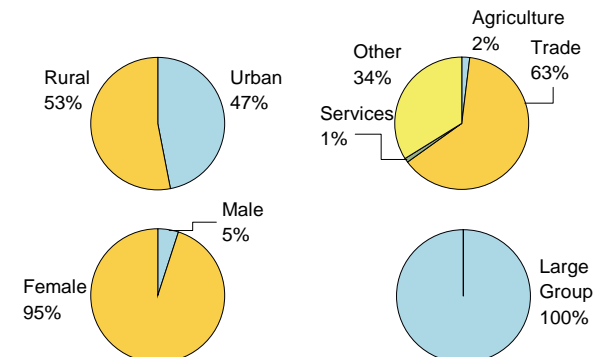
As of 31/12/2004

Total Assets (\$ MM)	6.8
Net Income (\$ MM)	1.0
Debt/Equity Ratio	1.01
ROA (%)	19.3
ROE (%)	35.5
Portfolio Yield (%)	76.7
Operational Self-Sufficiency (%)	150.6

Source Audited Financials

## Portfolio Ratios

Location, Sector, Gender, Lending Type



Source BlueOrchard Database

**BOLD 2006-1****MFI Profiles****Findesa****Nicaragua**

- **Second largest MFI in Nicaragua, with extensive national network of agencies, offers full range of banking services**
- **Licensed bank offering full range of banking services**
- **Total Asset Growth 03/04 was 100%**
- **The loan amount given is \$5 MM**

**Overview**

- Founded in 1993 as a program of the NGO Asociación Fondo del Instituto Nicaragüense de Desarrollo (FINDE), transformed to a commercial bank in 2002
- Shareholders: FINDE (20%), Instituto Nicaragüense de Desarrollo (20%), Chairman of the Board (12%), Caisse Desjardins (10%), Triodos Hivos Fund (10%), Inter-American Development Bank (10%)
- 59 loan officers in 19 branches
- Rating: BBB (Nicaraguan national-scale, long-term) with positive outlook (Fitch, May 2005)

Source BlueOrchard

**Portfolio Characteristics**

As of 30/11/2005

Outstanding Portfolio (\$ MM)	54.1
Number of Borrowers	29,540
Average Credit per Client (\$)	1,833
PAR >30 (%)	1.5
YTD Write Off Ratio (%)	0
Risk Coverage Ratio (%)	140.5
Number of Active Savers/Depositors	14,406

Source BlueOrchard Database

**Financials**

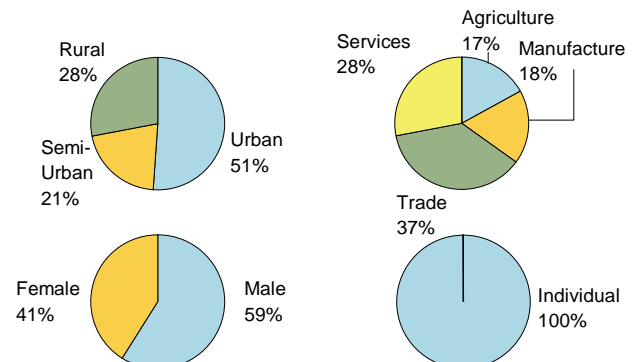
As of 31/12/2004

Total Assets (\$ MM)	46.8
Net Income (\$ MM)	1.6
Debt/Equity Ratio	7.84
ROA (%)	4.5
ROE (%)	33.8
Portfolio Yield (%)	30.4
Operational Self-Sufficiency (%)	125.9

Source Audited Financials

**Portfolio Ratios**

Location, Sector, Gender, Lending Type



Source BlueOrchard Database

# FORA (Fund for Support of Micro Entrepreneurship)

## Russia

- **Leading microfinance institution in Central Russia, recently received banking license and is in the process of transforming to a regulated, deposit-taking institution**
- **Total Asset Growth 03/04 was 73.2%**
- **The loan amount given amounts to the RUR equivalent of €3 MM**

### Overview

- Founded in 2000
- Founder: Opportunity International 100%
- Network Affiliation: Opportunity International
- Rating: **A +** (Microfinanza, April 2005)
- Number of loan officers: 100
- Number of branches: 33

Source BlueOrchard

### Portfolio Characteristics

As of 30/11/2005

Outstanding Portfolio (\$ MM)	24.3
Number of Borrowers	15,309
Average Credit per Client (\$)	1,590
PAR >30 (%)	0.4
YTD Write Off Ratio (%)	0.8
Risk Coverage Ratio (%)	76.5
Number of Active Savers/Depositors	n/a

Source BlueOrchard Database

### Financials

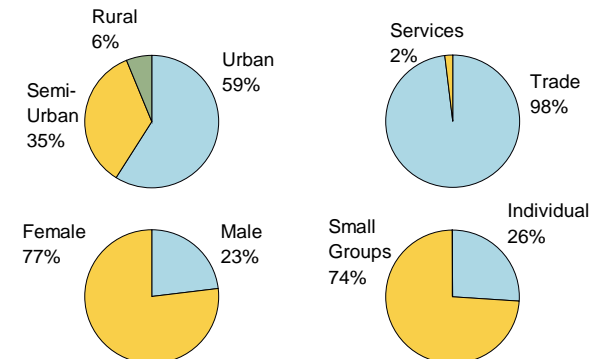
As of 31/12/2004

Total Assets (\$ MM)	16.8
Net Income (\$ MM)	1.2
Debt/Equity Ratio	0.34
ROA (%)	9.1
ROE (%)	10.9
Portfolio Yield (%)	42.6
Operational Self-Sufficiency (%)	142.6

Source Audited Financials

### Portfolio Ratios

Location, Sector, Gender, Lending Type



Source BlueOrchard Database

BOLD 2006-1

## MFI Profiles

## MFBA – Microfinance Bank of Azerbaijan

## Azerbaijan

- Largest microfinance lender in the country
- Licensed bank, offering full range of banking services
- Total Asset Growth 03/04 was 64.8%
- The loan amount given is \$4 MM

## Overview

- Founded in October 2002
- Shareholders: EBRD 18.2%, IFC 25.6%, Black Sea Trade and Development Bank 25.6%, KfW 24.9%, LFS Financial Systems 5.7%.
- Network Affiliation: Azerbaijan Microfinance Network (AMFA), LFS Financial Systems
- Rating: **Alpha** - (MCrI, November 2005)
- 85 loan officers in 6 branches

Source BlueOrchard

## Portfolio Characteristics

As of 31/12/2005

Outstanding Portfolio (\$ MM)	17.8
Number of Borrowers	5,455
Average Credit per Client (\$)	3,272
PAR >30 (%)	2.4
YTD Write Off Ratio (%)	0
Risk Coverage Ratio (%)	181.4
Number of Active Savers/Depositors	1,219

Source BlueOrchard Database

## Financials

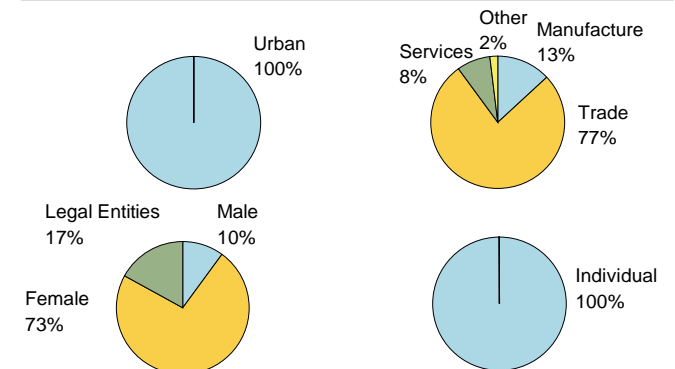
As of 31/12/2004

Total Assets (\$ MM)	8.9
Net Income (\$ MM)	9,180
Debt/Equity Ratio	0.44
ROA (%)	0.1
ROE (%)	0.2
Portfolio Yield (%)	24.0
Operational Self-Sufficiency (%)	101.7

Source Audited Financials

## Portfolio Ratios

Location, Sector, Gender, Lending Type



Source BlueOrchard Database

## BOLD 2006-1

## MFI Profiles

## MiBanco

Peru

- Only specialized microfinance bank in Peru, with national coverage of the country through its large network of agencies.
- Frequent issuer of local-currency denominated bonds in local market
- Licensed bank, offering full range of banking services
- Total Asset Growth 03/04 was 17.7%
- The loan amount given is \$7 MM

## Overview

- Founded in 1998 as a commercial bank by the local NGO Acción Comunitaria Perú (ACP), which had been active in the microfinance sector since 1982
- Principal Shareholders: ACP (63.85%), Acción Investments (8.98%), Acción Intl (6.33%)
- Network Affiliation: Acción Internacional
- Rating: **A** (Sep-05) Pacific Credit Rating
- 722 loan officers in 55 branches

Source BlueOrchard

## Portfolio Characteristics

As of 30/11/2005

Outstanding Portfolio (\$ MM)	200.4
Number of Borrowers	147,066
Average Credit per Client (\$)	1,363
PAR >30 (%)	1.9
YTD Write Off Ratio (%)	0.4
Risk Coverage Ratio (%)	155.7
Number of Active Savers/Depositors	60,188

Source BlueOrchard Database

## Financials

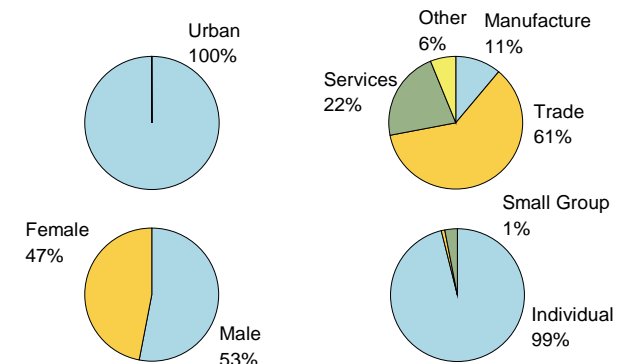
As of 31/12/2004

Total Assets (\$ MM)	158.1
Net Income (\$ MM)	7.8
Debt/Equity Ratio	3.26
ROA (%)	5.8
ROE (%)	24.4
Portfolio Yield (%)	40.7
Operational Self-Sufficiency (%)	129.8

Source Audited Financials

## Portfolio Ratios

Location, Sector, Gender, Lending Type



Source BlueOrchard Database

**MFI Profiles**

# ProCredit Bank

Georgia

- **Largest microfinance and SME lender in the country, excellent network affiliation and strong shareholders**
- **Licensed bank, offering full range of banking services**
- **Total Asset Growth 03/04 was 76.1%**
- **The loan amount given amounts to \$10 MM**

**Overview**

- Founded in May 1999
- Shareholders: ProCredit Holding 49.58%, KfW 10.19%, IFC 12.69%, IPC 10.18%, EBRD 10.00%, German Georgian Fund 5.66%, Commerzbank 1.7%
- Network Affiliation: ProCredit Holding
- Rating: **B**, International Foreign Currency Long Term, Stable Outlook (Fitch, November 2005)
- 177 loan officers in 24 branches

Source BlueOrchard

**Portfolio Characteristics**

As of 31/12/2005

Outstanding Portfolio (\$ MM)	133.9
Number of Borrowers	37,045
Average Credit per Client (\$)	3,614
PAR >30 (%)	1.4
YTD Write Off Ratio (%)	0.9
Risk Coverage Ratio (%)	228.4
Number of Active Savers/Depositors	49,190

Source BlueOrchard Database

**Financials**

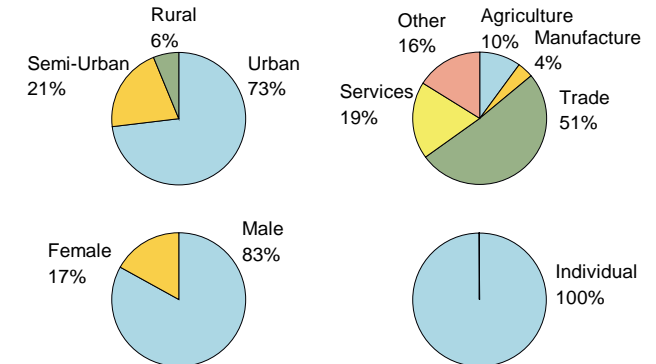
As of 31/12/2004

Total Assets (\$ MM)	104.4
Net Income (\$ MM)	0.8
Debt/Equity Ratio	4.55
ROA (%)	0.9
ROE (%)	5.0
Portfolio Yield (%)	23.8
Operational Self-Sufficiency (%)	107.8

Source Audited Financials

**Portfolio Ratios**

Location, Sector, Gender, Lending Type



Source BlueOrchard Database

# Prodem FFP

## Bolivia

- **Leading microfinance provider, with wide national network of branches (larger than any other Bolivian financial institution). Greater focus on rural regions than other Bolivian MFIs**
- **Deposit-taking institution, regulated by the Bolivian banking authorities**
- **Total Asset Growth 03/04 was 38.6%**
- **The loan amount given is \$10 MM**

### Overview

- Founded in 1986 as the NGO PRODEM, and transformed in 1999 to a Private Financial Fund
- Shareholders: PRODEM (the originating NGO) (79%), with the remainder owned by local corporations and private individuals, including management and staff
- Rating: **A**, outlook stable (National, Long-term): Fitch, December 2004
- 270 loan officers in 82 branches

Source BlueOrchard

### Portfolio Characteristics

As of 31/12/2005

Outstanding Portfolio (\$ MM)	108.9
Number of Borrowers	68,356
Average Credit per Client (\$)	1,594
PAR >30 (%)	2.0
YTD Write Off Ratio (%)	0.7
Risk Coverage Ratio (%)	101.8
Number of Active Savers/Depositors	187,911

Source BlueOrchard Database

### Financials

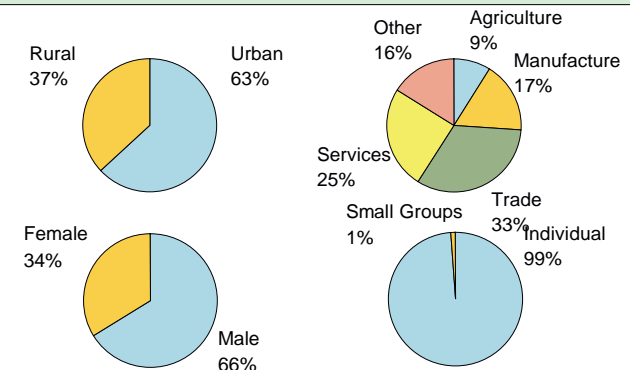
As of 31/12/2004

Total Assets (\$ MM)	107.8
Net Income (\$ MM)	1.4
Debt/Equity Ratio	11.6
ROA (%)	1.5
ROE (%)	18.1
Portfolio Yield (%)	21.9
Operational Self-Sufficiency (%)	108.0

Source Audited Financials

### Portfolio Ratios

Location, Sector, Gender, Lending Type



Source BlueOrchard Database

## BOLD 2006-1

## MFI Profiles

## PSHM (Opportunity)

## Bosnia

- Expects to receive banking license in 2006, to transform to deposit-taking institution. Full national coverage and strong international network affiliation
- Total Asset Growth 03/04 was 60.6%
- The loan amount given is €2 MM

## Overview

- Founded in 1999, and transformed to a joint-stock company in 2001
- Shareholders: Opportunity Transformation Investment (99.5%), Albanian Mennonite Mission Foundation (0.5%)
- Network Affiliation: Opportunity International
- Rating: **A +** (Microfinanza, October 2004)
- 41 loan officers in 15 branches

Source BlueOrchard

## Portfolio Characteristics

As of 31/12/2005

Outstanding Portfolio (\$ MM)	14.3
Number of Borrowers	7,345
Average Credit per Client (\$)	1,944
PAR >30 (%)	2.3
YTD Write Off Ratio (%)	1.6
Risk Coverage Ratio (%)	110.4
Number of Active Savers/Depositors	n/a

Source BlueOrchard Database

## Financials

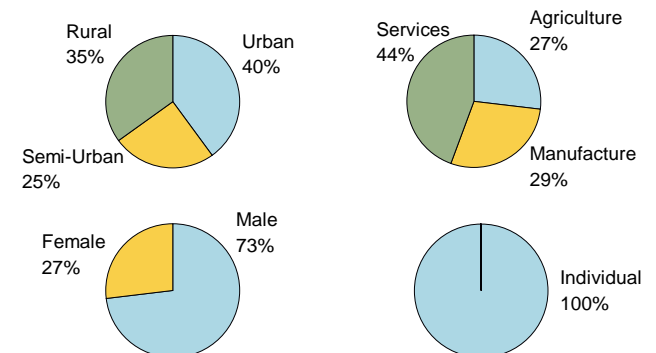
As of 31/12/2004

Total Assets (\$ MM)	10.6
Net Income (\$ MM)	1.0
Debt/Equity Ratio	0.43
ROA (%)	11.0
ROE (%)	14.5
Portfolio Yield (%)	28.7
Operational Self-Sufficiency (%)	110.8

Source Audited Financials

## Portfolio Ratios

Location, Sector, Gender, Lending Type



Source BlueOrchard Database

**MFI Profiles**

# WWB Bogotá

**Colombia**

- **Focused in Bogotá; the largest microfinance market in the country (population 8mm)**
- **Market leader in its zone**
- **Strong network affiliation**
- **Total Asset Growth 03/04 was 60.2%**
- **The loan amount given is \$4 MM and is paid out in Colombian Pesos**

**Overview**

- Founded in 1989 as an affiliate of the Women’s World Banking network
- Shareholders: N/A (NGO)
- Network Affiliation: Women’s World Banking
- Rating: Beta + (Microrate, Dec 2003)
- Number of loan officers: 102
- Number of branches: 21

Source BlueOrchard

**Portfolio Characteristics**

As of 31/12/2005

Outstanding Portfolio (\$ MM)	22.2
Number of Borrowers	47,196
Average Credit per Client (\$)	470
PAR >30 (%)	1.8
YTD Write Off Ratio (%)	1.7
Risk Coverage Ratio (%)	100.0
Number of Active Savers/Depositors	n/a

Source BlueOrchard Database

**Financials**

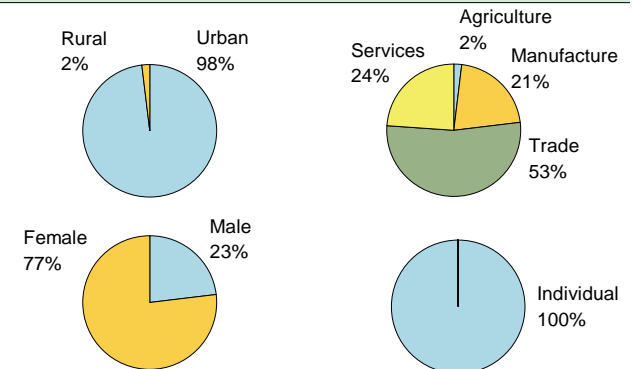
As of 31/12/2004

Total Assets (\$ MM)	15.7
Net Income (\$ MM)	0.7
Debt/Equity Ratio	3.04
ROA (%)	5.6
ROE (%)	22.3
Portfolio Yield (%)	39.0
Operational Self-Sufficiency (%)	117.9

Source Audited Financials

**Portfolio Ratios**

Location, Sector, Gender, Lending Type



Source BlueOrchard Database

## BOLD 2006-1

## MFI Profiles

## WWB Bucaramanga

## Colombia

- Regionally focused in the north-east of Colombia, and market leader in its zone, with excellent portfolio quality
- Total Asset Growth 03/04 was 75.4%
- The loan amount given is \$6 MM and is paid out in Colombian Pesos

## Overview

- Founded in 1986 as an affiliate of the Women's World Banking network
- Shareholders: N/A (NGO)
- Network Affiliation: Women's World Banking
- Rating: **Alpha** – (Microrate, Feb 2005)
- Number of loan officers: 97
- Number of branches: 9

Source BlueOrchard

## Portfolio Characteristics

As of 31/12/2005

Outstanding Portfolio (\$ MM)	36.6
Number of Borrowers	67.6
Average Credit per Client (\$)	540
PAR >30 (%)	0.6
YTD Write Off Ratio (%)	0.1
Risk Coverage Ratio (%)	31.1
Number of Active Savers/Depositors	n/a

Source BlueOrchard Database

## Financials

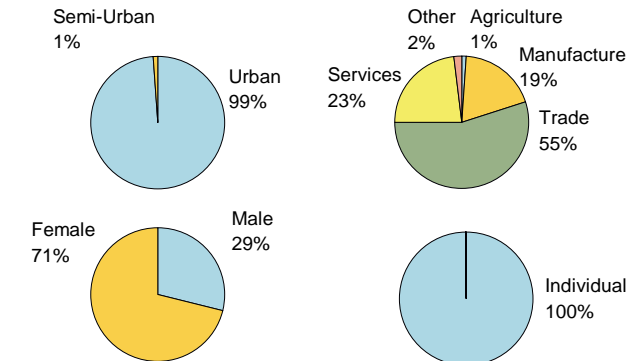
As of 31/12/2004

Total Assets (\$ MM)	23.5
Net Income (\$ MM)	1.2
Debt/Equity Ratio	3.85
ROA (%)	6.3
ROE (%)	29.0
Portfolio Yield (%)	40.8
Operational Self-Sufficiency (%)	128.2

Source Audited Financials

## Portfolio Ratios

Location, Sector, Gender, Lending Type



Source BlueOrchard Database

## BOLD 2006-1

## MFI Profiles

## WWB Cali

## Colombia

- Largest non-bank MFI in Colombia
- Issued \$30 million equivalent in peso-denominated bonds in February 2005
- Total Asset Growth 03/04 was 73.2%
- The loan amount given is \$3 MM and is paid out in Colombian Pesos

## Overview

- Founded in 1982 as an affiliate of the Women's World Banking network
- Shareholders: N/A (NGO)
- Network Affiliation: Women's World Banking
- Rating: **Alpha +** (Microrate, Feb 2005), AA- (Duff & Phelps)
- Number of loan officers: 461
- Number of branches: 30

Source BlueOrchard

## Portfolio Characteristics

As of 31/12/2005

Outstanding Portfolio (\$ MM)	100.2
Number of Borrowers	116,725
Average Credit per Client(\$)	859
PAR >30 (%)	0.9
YTD Write Off Ratio (%)	0.7
Risk Coverage Ratio (%)	297.8
Number of Active Savers/Depositors	n/a

Source BlueOrchard Database

## Financials

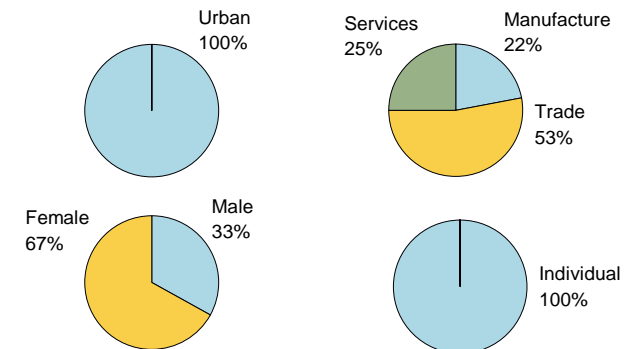
As of 31/12/2004

Total Assets (\$ MM)	71.2
Net Income (\$ MM)	4.6
Debt/Equity Ratio	2.44
ROA (%)	8.1
ROE (%)	27.0
Portfolio Yield (%)	32.7
Operational Self-Sufficiency (%)	147.8

Source Audited Financials

## Portfolio Ratios

Location, Sector, Gender, Lending Type



Source BlueOrchard Database

## BOLD 2006-1

## MFI Profiles

## WWB Popayán

## Colombia

- **Second largest non-bank MFI in Colombia, after WWB Cali. Regionally focused in the west of Colombia, market leader in its zone**
- **Total Asset Growth 03/04 was 61.5%**
- **The loan amount given is \$7 MM and is paid out in Colombian Pesos**

## Overview

- Founded in 1986 an affiliate of the Women's World Banking network
- Shareholders: N/A (NG)
- Network Affiliation: Women's World Banking
- Rating: **Alpha** (Microrate, Feb 2005)
- Number of loan officers: 461
- Number of branches: 30

Source BlueOrchard

## Portfolio Characteristics

As of 30/11/2005

Outstanding Portfolio (\$ MM)	44.2
Number of Borrowers	93,244
Average Credit per Client (\$)	475
PAR >30 (%)	1.0
YTD Write Off Ratio (%)	0
Risk Coverage Ratio (%)	100.0
Number of Active Savers/Depositors	n/a

Source BlueOrchard Database

## Financials

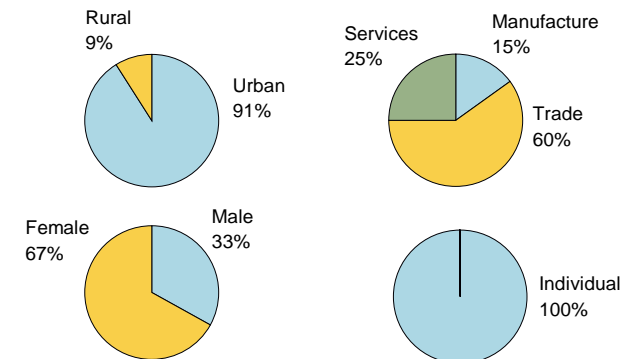
As of 31/12/2004

Total Assets (\$ MM)	33.6
Net Income (\$ MM)	2.7
Debt/Equity Ratio	0.86
ROA (%)	9.9
ROE (%)	17.6
Portfolio Yield (%)	35.5
Operational Self-Sufficiency (%)	153.4

Source Audited Financials

## Portfolio Ratios

Location, Sector, Gender, Lending Type



Source BlueOrchard Database

## BOLD 2006-1

## MFI Profiles

## XacBank

## Mongolia

- **Leading microfinance institution in Mongolia, strong network affiliation and excellent portfolio quality**
- **Licensed bank, offering full range of banking services**
- **Total Asset Growth 03/04 was 64.2%**
- **The loan amount given is \$6.5 MM**

## Overview

- Founded in 1998 as a UNDP microlending programme, established as a bank in October 2001
- Shareholders: XAC GE LLC 99.78% (main shareholder of XAC is MercyCorps 20%, Tuushin LLC 14%, MicroVest 10%, ShoreCap Int. 12%, Triodos Bank 12%)
- Network Affiliation: MercyCorps, Microfinance Network for CEE and NIS
- Rating: **A-** (Planet Rating, June 2004)
- 175 loan officers in 54 branches

Source BlueOrchard

## Portfolio Characteristics

As of 31/12/2005

Outstanding Portfolio (\$ MM)	31.0
Number of Borrowers	50,101
Average Credit per Client (\$)	618
PAR >30 (%)	0.5
YTD Write Off Ratio (%)	0
Risk Coverage Ratio (%)	71.6
Number of Active Savers/Depositors	65,056

Source BlueOrchard Database

## Financials

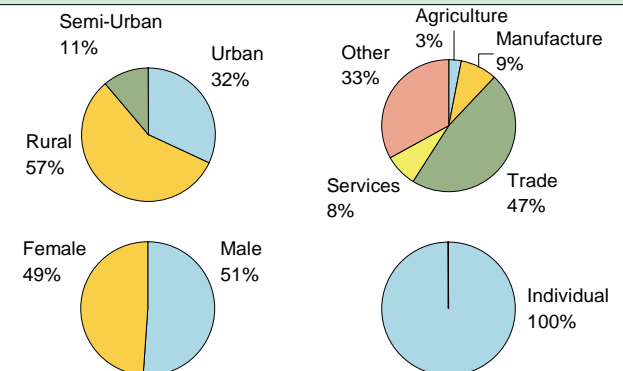
As of 31/12/2004

Total Assets (\$ MM)	26.1
Net Income (\$ MM)	0.6
Debt/Equity Ratio	5.50
ROA (%)	3.1
ROE (%)	19.1
Portfolio Yield (%)	38.1
Operational Self-Sufficiency (%)	119.8

Source Audited Financials

## Portfolio Ratios

Location, Sector, Gender, Lending Type



Source BlueOrchard Database

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**BOLD 2006-1**

**Appendix B**

**BlueOrchard Biographies**

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# BlueOrchard Biographies

## Staff

### **Jack Lowe**

#### *Chief Executive Officer*

Jack Lowe's long entrepreneurial career took him to eight different countries and into a range of businesses. His career began in the Far East, where he opened with Japanese colleagues the McKinsey & Co. office in Tokyo. After coming to Switzerland in 1974, he started several franchising businesses, and in 1986, upon the sale of these businesses, became a partner of Montgomery Securities where he was responsible for developing their international business activities, including venture and private equity funds outside the U.S. Upon the sale of Montgomery to Bank of America in 1997, he acquired several medium-sized businesses he now controls, some of which are outside Europe in emerging markets. Jack Lowe holds an MBA in Finance from Stanford University.

### **Jean-Philippe de Schrevel**

#### *Founder and Director*

Jean-Philippe de Schrevel founded BlueOrchard Finance in 2001 and has been part of its management team since then. He had joined Dexia Asset Management in 2000 as the Dexia Micro-Credit Fund Manager. Prior to that, he was successively Junior team economist in Romania for a EU PHARE technical assistance program, field consultant in microfinance for a Belgian NGO, an Associate with McKinsey & Co, the Operations Director of a private Microfinance Foundation in Argentina, and finally a consultant for the UNCTAD Microfinance Unit in Geneva. Jean-Philippe de Schrevel holds a MA in Economics from Université Notre-dame de la Paix in Namur, Belgium, and a MBA from the Wharton School of the University of Pennsylvania, USA.

### **Antoine Melo**

#### *Director of Administration and Finance*

Prior to joining BlueOrchard, Mr. Melo was at Universal Corporation, a worldwide leader in trading commodities, where he was Finance and Administration Manager from October 2002 to December 2004. From 2000 to 2002, Mr. Melo worked at Reuters where he was a Project and Operations Support Executive. Prior to that, he worked on various engineering missions around the globe. Mr. Melo is leader of a microfinance project for the International Federation of "Terre des Hommes", an organization working to promote children's rights & equitable development. Antoine Melo holds an MA in Engineering from the Swiss Federal School of Technology in Lausanne, Switzerland and an MBA from the HEC of the University of Lausanne, Switzerland.

# BlueOrchard Biographies (cont'd)

## Staff

### **Lisa Sherk**

#### *Head of the Investment Analysts' team*

Prior to working in the field of microfinance, Ms. Sherk spent 14 years working in investment management in emerging markets fixed income. Most recently, she was a managing director at Atlantic Advisors, an independent fund advisory company in New York, and previously held positions at Wasserstein Perella Emerging Markets and Swiss Bank Corporation (now UBS)'s Asset Management Group. Prior to joining BlueOrchard, she conducted various microfinance consulting assignments with Gray Ghost Microfinance LLC, MEDA, and Pro Mujer International. Ms. Sherk holds a Master in International Affairs from Columbia University and a Bachelor of Arts in Economics and History from McGill University.

### **Julie Cheng**

#### *Senior Investment Analyst*

Before joining BlueOrchard, Julie worked as a consultant researching socially responsible investment in emerging markets and working with MFIs in Kenya and Haiti. Previously, she worked in Washington D.C. as a New Initiative Analyst for a USAID program to promote the competitiveness of SMEs in Africa. She returned to the U.S. after working as an independent consultant providing market analysis to SMEs in Zimbabwe. Julie started her career as an investment banker in the debt origination group of Smith Barney in New York before joining a small multimedia research firm as a marketing analyst. Julie Cheng holds a BA in economics from Cornell University and an MBA from the Haas School of Business, University of California, Berkeley.

### **Camilo Mendez**

#### *Senior Investment Analyst*

Prior to joining BlueOrchard, Camilo worked for Moody's rating agency as an Analyst for structured finance transactions in Latin America from 2002 to 2005. He focused primarily on securitisations related to Mexico's low-income housing sector and servicer quality ratings for financial institutions in Latin America. From 2000 to 2002 Camilo was an Associate in PricewaterhouseCoopers Project Finance and Privatization group, which provided financial advisory services to sponsors and lenders of project finance and infrastructure transactions in Latin America. Prior to this Camilo worked for several NGOs in the United States and Argentina which provide legal advice and technical support to low-income communities. Camilo holds a BA in History and Latin American Studies from Oberlin College and a MA in international economics from Johns Hopkins University School of Advanced International Studies.

# BlueOrchard Biographies (cont'd)

## Staff

### **Sandra Mai Hamilton**

#### *Senior Investment Analyst*

Prior to joining BlueOrchard, Sandra worked with LFS Financial Systems, a consultancy specializing in micro and SME lending projects in developing and transition economies. As an LFS consultant, she was assigned to the management team of the greenfield microfinance institution, the MicroFinance Bank of Azerbaijan from 2002 to 2004, where she worked as Head of Credit and then Deputy General Manager responsible for Operations and Administration. From 1999 to 2001, Sandra was an Associate with Deutsche Bank AG London Global Cash Management team responsible for Financial Institutions in the CIS, and from 1997 to 1999 a Client Manager with Bankers Trust Co. London Relationship Management team responsible for Financial Institutions in the CIS. Sandra Mai Hamilton holds a BSc(Hons) from the University of Surrey (UK) in Economics and Russian, and an MA in East European Studies from the University of London School of Slavonic and East European Studies.

### **Ann Miles**

#### *Consultant*

Before joining BlueOrchard, Ann Miles worked at Women's World Banking, New York, a non-profit global network of microfinance institutions (MFIs). Ann managed the Financial Products and Services team which monitored the financial performance of the MFIs and helped them access commercial sources of funding. Prior to Women's World Banking, Ann worked at Citigroup, a global financial institution, where she held positions in Trade Finance, the Financial Institutions Group and the Private Bank. Ann is a founder and steering committee member of the Microfinance Club of New York and recently joined the Board of Women Advancing Microfinance (WAM) International. Ann holds a B.A. in Economics and French Literature from Drew University, Madison, New Jersey, U.S.A.

### **Desiree Fixler**

#### *Consultant*

Before joining BlueOrchard, Desiree was co-head of Credit Derivatives Marketing at JP Morgan from 2001 to 2004. The group was responsible for structuring and marketing flow and standardised credit derivatives products including credit default swaps, index products, and synthetic CDOs throughout Europe. Prior to that, she worked as a derivatives marketer covering Germany, Austria and Switzerland at Deutsche Bank and held a similar role at Merrill Lynch in Frankfurt, where she began her career in 1993. Desiree holds a BSc (Honours) Economics from the London School of Economics.

## BlueOrchard Board of Directors

### Marc Beaujean

Marc Beaujean is an Associate Director of McKinsey & Co, Inc. Based in Brussels since 1993. Marc Beaujean's core field of expertise lies in banking & insurance at European level. Being active in Belgium, Luxembourg, France, Italy, Germany and Poland, Mr. Beaujean carried about 50 missions in this field, with a more specific focus on private banking, retail banking and asset gathering strategies, both on- and off-shore. Mr. Beaujean is a leader of McKinsey's European Insurance & Asset Management Practice, with a specific focus on Employee Benefits & Pensions and Fund Administration. Marc Beaujean holds a B.A. in Applied Economics from ULG, Belgium and a MBA from Columbia University, New York.

### Pierre Boppe

Pierre Boppe holds various senior positions with the tourism and hotel industry. He is currently the President of The Stein Group, a leading pan-European developer and operator of small lifestyle hotels, ([www.thesteingroup.com](http://www.thesteingroup.com)). He is also the Deputy Chairman of Kuoni Travel Holding Ltd, one of the largest travel companies ([www.kuoni.com](http://www.kuoni.com)) and Board member of the Hongkong and Shanghai Hotels Ltd. ( [www.hshgroup.com](http://www.hshgroup.com)). Mr Boppe has also an extensive experience in working in Africa and South East Asia when he was involved, as an executive of SGS, ([www.sgs.com](http://www.sgs.com)) in international trade monitoring programs working with various Central Banks and Ministries of Finance. Mr. Boppe holds a degree in civil engineering from the Swiss Federal Institute of Technology, Lausanne, and a Master degree in civil engineering management from Stanford University, California. In 2002, he received the decoration of Chevalier de la Légion d'Honneur from the French Government.

### Ernst Brugger

Ernst A. Brugger (born 1947) is a founding partner and the President of BHP – Brugger and Partners Ltd, a consulting firm specialised in sustainability strategies for private and public organisations. He is also chairman of Sustainable Performance Group, Switzerland's largest sustainability mutual fund, member of the executive committee of the International Red Cross, Vice-President of the board of Henry Dunant Center for Humanitarian Dialogue, and Professor at Zurich University. In his role as co-founder and CEO of The Sustainability Forum Zurich and in his project work he advocates the implementation of long-term strategy, sustainability and good governance in business and politics. Over the past 20 years he carried out numerous consultancy tasks for various Swiss and international companies and institutions in Europe, Latin America, Africa and Asia. Mr. Brugger holds a Ph.D. and a post-doctoral thesis in Economics from Zurich University, Switzerland. He is currently a Professor at Zurich University and a visiting Professor at Stanford University.

## BlueOrchard Board of Directors (cont'd)

### **Anne Chevalley**

Anne Chevalley joined Wybombe Financial Services SA as a member of the board in October 2004. Until then, she had been consultant to Banco Santander Central hispano (Suisse) SA since 1993. She was Deputy Director of the Holding Parasant SA controlling the international group of Banco Santander Central Hispano. Mrs. Chevalley was in charge of the legal department of the bank. Specific responsibilities included relations with the judiciary authorities as well as control of companies and trusts documentation. From 1981 till 1992, Mrs. Chevalley was Deputy Director of the legal department of JP Morgan (Suisse) SA. Prior to that, she worked as General Manager and Member of the Board of Interconsulter SA, a Saudi Arabia controlled company specialized in oil trading. Mrs. Chevalley has also been a Representative at the Geneva Parliament from 1983 to 1997.

### **Melchior de Muralt**

Melchior de Muralt is a Partner of the Swiss Private Asset Management Company de Pury, Pictet, Turrettini & Co. since April 2001, the main distributor of the Dexia Micro-Credit Fund. Prior to that, Melchior de Muralt joined the private bank "Lombard Odier & Co" in 1988, as a Manager in the institutional asset management department. He was then appointed to the Client Relationship Management position in the Private Family Office Department with the rank of Senior Vice President. M. de Muralt has been a key actor in the creation of both the "Ethos" and "Renaissance PME" Foundations, two well-known institutions leading the Socially Responsible Investment industry in Switzerland. Melchior de Muralt holds a Ph.D. in Political Science from Université de Lausanne, Switzerland.

### **Kathryn Imboden**

Ms. Imboden has worked in the field of economic development since 1973, for the Swiss Agency for Development and Cooperation (SDC) in Chad, the OECD Development Centre, the Club du Sahel and the US Treasury Department. From 1986 to 2001, she was with SDC in Bern, during which time she was responsible for SDC's economic work (macroeconomics and financial sector). Ms. Imboden chaired the Executive Committee of the Consultative Group to assist the Poorest (CGAP) from 1999 to 2001. Ms. Imboden served as Policy Change Manager at Women's World Banking (WWB) from 2001 - 2004, where she led WWB's policy analysis and advocacy work, with a focus on legal, regulatory and supervisory issues. Ms. Imboden joined the UN Capital Development Fund in spring 2004 to lead the policy work program for the 2005 International Year of Microcredit. She is responsible for an innovative multi-stakeholder consultative process culminating in the publication of the "Blue Book on Building Inclusive Financial Sectors for Development" in fall 2005. A citizen of Switzerland and the U.S., she has a B.A. in economics from Mount Holyoke College and a Diploma from the Institut d'études politiques de Paris.

## BlueOrchard Board of Directors (cont'd)

### **Bülent Gültekin**

Bülent Gültekin is Associate Professor of Finance at the Wharton School of the University of Pennsylvania. He is the former Governor of the Central Bank of the Republic of Turkey. In the past, he served as Director General for Research and Planning at the Central Bank of the Republic of Turkey (1987), Chief Advisor to Prime Minister Turgut Özal (1987-89) and Prime Minister Mesut Yilmaz (1991).

Professor Gültekin served as a senior advisor to the World Bank and the European Bank for Reconstruction and Development. He advised the United Nations, the Organization for Economic Cooperation and Development, the International Finance Corporation, and Saudi Arabian Monetary Agency. He served as a consultant for major multinational corporations such as Goldman Sachs, Morgan Stanley & Co., Rothchild & Cie, IBM, Merck and Co., Citicorp, Chemical Bank, Merrill Lynch, Anheuser-Bush, Pennsylvania Bell Telephone Co., American Bankers Institute. He was a director for the Westergaard Fund (1983 - 1986) and for the Bell Atlantic Mutual Funds (1990 - 1992).

He is a director on the boards of the Grossman Currency Fund Ltd., GlobalNetFinancial.com. He received his B.Sc. degree in Mechanical Engineering from Robert College, Istanbul, MBA from Bogazici University, Istanbul, and a Ph.D. in Finance and Statistics from the Wharton School, University of Pennsylvania, Philadelphia. He had previously taught at the University of Chicago, Dartmouth College, Koc University and INSEAD.

### **Martin Velasco**

Martin is an entrepreneur with extensive experience in the electronic communications industry. In the last three years, Mr. Velasco has also developed significant activities in the medical and biotech areas. In the June 2000, Business Week special report "The Stars of Europe", he was selected as on the leaders at the forefront of change in Europe. Mr. Velasco also was dubbed the leading "Business Angel" by the Wall Street Journal European edition in June 1999. On March 2004, Mr. Velasco was elected "Business Angel of the year 2004" by the ASBAN and Bilanz. He serves on the board/advisory board of several high-tech start-ups - including Speedlingua SA ([www.speedlingua.com](http://www.speedlingua.com)) in which he serves as Chairman and CEO and Sumerian Networks ([www.sumeriannetworks.com](http://www.sumeriannetworks.com)). He is also member of the Business Steering Committee of the Global Business Dialog for Electronic Commerce ([www.gbde.org](http://www.gbde.org)) and member of the Executive Committee of the Positive Investment Initiative Association. Mr. Velasco is the Founder and Chairman of the charity Infantia Foundation ([www.infantia.org](http://www.infantia.org)).

## BlueOrchard Board of Directors (cont'd)

### Alexandre de Lesseps

Born in Paris on May 20th 1949, Alexandre de Lesseps is educated in Khartoum and then in France and leaves for the United States in 1973 to join Northwestern University in Chicago. Following his military service in France, where he is enrolled in the Film Department, he becomes a producer of TV films with TelFrance in Paris, InterTel in Munich and Telvetia in Switzerland. In 1984, he is the CEO of Intertel USA Inc. and Tanit Productions in Los Angeles. From 1986 to 1988, he founds a French personal care manufacturer, Les Laboratoires de l'Atlantique, of which he is the President. His interest in emerging markets lead him to manage a private equity fund in Asia as of the late eighties, and an advisor to a Fund Management firm in Hong Kong. Alexandre de Lesseps is President of Coral Capital Limited of London and Pandaw Investment Holdings in Hong Kong, both involved in direct investments in emerging markets. He has been awarded with the Fulbright Humanitarian Award in 2004

### André Roelants

André Roelants is Chairman of Clearstream International, a division of Deutsche Börse. He is the founder and President of the Board of the Dexia Micro-Credit Fund.

Mr. Roelants was previously Chairman of Dexia Asset Management's board of Directors, Chairman of the board of Banque Labouchère, of Dexia Direct Bank and of Dexia Banque Privée France. His banking career goes back to 1966. He worked for a variety of international banks including the Banque Bruxelles Lambert, the Royal Bank of Canada, the Chase Manhattan, Bank of America International and Cregem International Bank. André Roelants holds a BA in commercial and financial sciences from the Catholic university of Mons, Belgium.

### Michael Southam

Michael Southam is a founding partner of Rockcliffe Partners, a Swiss based HNW Asset Brokerage service. Since 1990 he has worked as an independent business development consultant in Geneva's financial community. In this capacity he has consulted to leading Swiss banks and financial institutions in the development of their Family Office programs. During 2003 Michael was retained as Senior Advisor for Business Development by 21i.net Private Wealth Partners, where he was responsible for conceiving and then implementing the Business Exchange program. He started his career in 1980 with Southam Inc., Canada's leading publisher, and moved to Germany in 1987 as International Marketing Director for Vicorp AG. Michael is a founding partner of a number of companies, including Calvin K. Associates S.A. (business development), Rating Capital Partners (an international fiduciary risk rating agency), Bisange S.A. (small cap financing), BlueOrchard S.A. (microbank financing) and CPM S.A. (private HNW wealth advisory). Michael Southam holds a BA in History and Literature from the University of Toronto, Trinity College, Canada

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**BOLD 2006-1**

**Appendix C**

**BlueOrchard Database**

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BOLD 2006-1

BlueOrchard Database

# Sample of BlueOrchard Database

- All clients of BlueOrchard who have received a loan are obliged to provide monthly information for input to BO's database
- The information covers
  - Key financials
  - Portfolio statistics
  - Portfolio development
- A sample of the output of the database is shown in this Appendix



MFI

Country  
Jan/05

## MONTHLY TRACKER

	CURR. MONTH	CURR. MONTH -1	LAST FISCAL Y-E	CURR. MONTH -12
Monthly report in USD	31/10/2005	30/09/2005	31/12/2004	31/10/2004
Exchange rates	28.45	28.53	27.84	28.74
Forex growth since date	-0.3%	2.5%		
	<i>YTD</i>	2.2%	<i>SINCE LAST YEAR</i>	-1.0%
Total Assets (USD)	33,541,203	31,679,670	16,340,758	13,923,563
Assets growth since date	5.9%	93.9%	17.4%	
	<i>YTD</i>	105.3%	<i>SINCE LAST YEAR</i>	140.9%
Outstanding portfolio (USD)	21,159,255	19,312,439	15,234,542	13,312,998
Portfolio growth since date	9.6%	26.8%	14.4%	
	<i>YTD</i>	38.9%	<i>SINCE LAST YEAR</i>	58.9%
Number of Active Clients	14,901	14,740	15,885	15,480
Client growth since date	1.1%	-7.2%	2.6%	
	<i>YTD</i>	-6.2%	<i>SINCE LAST YEAR</i>	-3.7%
Number of loans outstanding	16,485	15,918	16,327	15,480
Loans growth since date	3.6%	-2.5%	5.5%	
	<i>YTD</i>	1.0%	<i>SINCE LAST YEAR</i>	6.5%
Number of active savers/depositors	-	-	-	-
Savers growth since date	n/a	n/a	n/a	n/a
	<i>YTD</i>		<i>SINCE LAST YEAR</i>	#DIV/0!
On Time Portfolio	99.2%	99.2%	99.3%	99.5%
PAR 1-30 days	0.3%	0.3%	0.4%	0.3%
PAR > 30 days	0.5%	0.5%	0.3%	0.2%
PAR > 180 days	0.0%	0.0%	0.0%	0.0%
Write-Offs	0.9%	0.2%	0.6%	0.7%
Reprogrammed Loans	0.1%	0.1%	0.1%	0.1%
Refinanced Loans	0.0%	0.0%	0.0%	0.0%

BOLD 2006-1

BlueOrchard Database

## Sample of BlueOrchard Database (cont'd)



MFI

Country  
Jan/05

## MONTHLY TRACKER

	CURR. MONTH	CURR. MONTH -1	LAST FISCAL Y-E	CURR. MONTH -12
	31/10/2005	30/09/2005	31/12/2004	31/10/2004
Monthly report in USD				
Portfolio at risk Ratio	0.6%	0.5%	0.4%	0.3%
Loan loss reserve ratio	0.3%	0.4%	0.2%	0.2%
Risk Coverage Ratio	74.0%	79.2%	72.0%	83.1%
Number of loan officers	99	95	102	93
Number of employees	231	240	241	229
Number of branches/agencies	34	34	34	31
Average Loan (USD)	1,284	1,213	933	860
Avg Credit per client (USD)	1,420	1,310	959	860
Credit Officer Productivity (USD)	213,730	203,289	149,358	143,151
Credit Officer Productivity (Clients)	151	155	156	166
Net Cash Flow (USD)	1,531,969	1,381,580	2,239,129	2,255,846
Net Income (USD)	1,351,024	1,221,022	2,076,188	1,853,209
Debt/equity ratio	1.52	1.41	0.34	0.19
Liquidity ratio	0.4%	0.4%	1.1%	NA
Savings ratio	-	-	-	NA
Return on Assets	6.5%	6.8%	15.9%	18.8%
Return on Equity	12.7%	12.8%	19.0%	20.9%
Operational Self-Sufficiency	136.6%	135.5%	127.3%	127.0%
Operational Expense ratio	27.8%	30.0%	33.3%	33.2%
Provision expense ratio	1.2%	1.3%	0.6%	0.6%
Portfolio Yield	44.8%	46.2%	44.1%	43.5%

# Sample of BlueOrchard Database (cont'd)



MFI

Country  
January 05

**INTRODUCTION**

Status

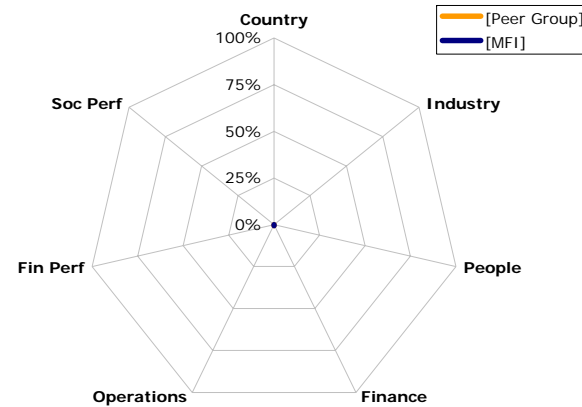
Mission

History

Rating

**INVESTMENT ADVICE SUMMARY**

	[MFI]	[Peer Group]
<b>Overall</b>	[input]	[input]
<b>Systematic risk</b>		
Country	[input]	[input]
Industry	[input]	[input]
<b>Specific risk</b>		
People	[input]	[input]
Finance	[input]	[input]
Operations	[input]	[input]
<b>Performance</b>		
Fin Perf	[input]	[input]
Soc Perf	[input]	[input]
<b>Investment Advice</b>		[GRADE]
<b>Investment Analyst</b>		[ANALYST 1] [ANALYST 2]



The BlueOrchard Investment Advice is based on a due diligence methodology aggregating 66 indicators conceptualized between risk (systematic: country/industry & specific: people/operations/finance) and performance (financial/social) dimensions.

**BOLD 2006-1**

**BlueOrchard Database**

# Sample of BlueOrchard Database (cont'd)



**MFI**

Country  
January 05

## QUALITATIVE ANALYSIS

**Country: financial situation**

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**Country: political situation**

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**Industry analysis: demand**

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**Industry analysis: supply**

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**Governance**

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**Vision / strategy**

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**Management**

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**Staff & corporate culture**

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**BOLD 2006-1**

**BlueOrchard Database**

# Sample of BlueOrchard Database (cont'd)



**MFI**

Country  
January 05

## QUALITATIVE ANALYSIS

**Treasury & liquidity**

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**Asset quality & control**

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**Liability quality & control**

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**Competition & positioning**

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**Products & operations**

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**Control & information**

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**Financial performance & efficiency**

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**Social Performance & depth**

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BOLD 2006-1

BlueOrchard Database

## Sample of BlueOrchard Database (cont'd)



MFI

Country  
Jan/05

## BALANCE SHEET

	31/12/2004		31/12/2003		31/12/2002		Growth	Growth
	USD		USD		USD		1 Year	2 Years
<b>Assets</b>								
Cash and Cash Equivalents	108,694	0.6%	1,032,835	10.6%	408,301	5.8%	-89.5%	-73.4%
Short Term Investments	499,935	3.0%	-	0.0%	-	0.0%	-	-
<b>Total Liquidities</b>	<b>608,628</b>	<b>3.6%</b>	<b>1,032,835</b>	<b>10.6%</b>	<b>408,301</b>	<b>5.8%</b>	<b>-41.1%</b>	<b>49.1%</b>
Gross loan portfolio Short term	15,809,110	94.2%	8,402,451	86.3%	6,419,065	91.4%	88.1%	146.3%
Loan loss reserve	382,261	2.3%	26,053	0.3%	26,393	0.4%	1367.3%	1348.3%
<b>Net loan portfolio Short term</b>	<b>15,426,850</b>	<b>91.9%</b>	<b>8,376,398</b>	<b>86.0%</b>	<b>6,392,672</b>	<b>91.0%</b>	<b>84.2%</b>	<b>141.3%</b>
Other Current Assets	143,105	0.9%	170,378	1.7%	85,129	1.2%	-16.0%	68.1%
<b>Total Current Assets</b>	<b>16,178,584</b>	<b>96.4%</b>	<b>9,579,611</b>	<b>98.4%</b>	<b>6,886,101</b>	<b>98.1%</b>	<b>68.9%</b>	<b>134.9%</b>
Long term outstanding loans	137,933	0.8%	-	0.0%	-	0.0%	-	-
Property Plant & Equipment Net	282,798	1.7%	159,101	1.6%	136,319	1.9%	77.7%	107.5%
Long term investments	94,254	0.6%	-	0.0%	-	0.0%	-	-
Other long term assets	94,793	0.6%	-	0.0%	-	0.0%	-	-
<b>Total Non-Current Assets</b>	<b>609,778</b>	<b>3.6%</b>	<b>159,101</b>	<b>1.6%</b>	<b>136,319</b>	<b>1.9%</b>	<b>283.3%</b>	<b>347.3%</b>
<b>Total Assets</b>	<b>16,788,361</b>	<b>100.0%</b>	<b>9,738,713</b>	<b>100.0%</b>	<b>7,022,421</b>	<b>100.0%</b>	<b>72.4%</b>	<b>139.1%</b>

BOLD 2006-1

BlueOrchard Database

# Sample of BlueOrchard Database (cont'd)



MFI

Country  
Jan/05**BALANCE SHEET**

	31/12/2004		31/12/2003		31/12/2002		Growth	Growth
	USD		USD		USD		1 Year	2 Years
<b>Liabilities</b>								
Sight deposits	-	0.0%	-	0.0%	-	0.0%	-	-
Term deposits	-	0.0%	-	0.0%	-	0.0%	-	-
<b>Savings &amp; deposits</b>	-	0.0%	-	0.0%	-	0.0%	-	-
Commercial borrowing short term	2,173,878	12.9%	-	0.0%	-	0.0%	-	-
Concesional borrowing short term	506,580	3.0%	-	0.0%	-	0.0%	-	-
Other short term Liabilities	352,196	2.1%	136,378	1.4%	82,030	1.2%	158.3%	329.4%
<b>Total Current Liabilities</b>	<b>3,032,654</b>	<b>18.1%</b>	<b>136,378</b>	<b>1.4%</b>	<b>82,030</b>	<b>1.2%</b>	<b>2123.7%</b>	<b>3597.0%</b>
Long term compulsory savings	-	0.0%	-	0.0%	-	0.0%	-	-
Commercial borrowing long term	1,234,355	7.4%	-	0.0%	-	0.0%	NA	-
Concesional borrowing long term	-	0.0%	-	0.0%	-	0.0%	-	-
Other long term liabilities	-	0.0%	-	0.0%	-	0.0%	-	-
<b>Total Non-Current Liabilities</b>	<b>1,234,355</b>	<b>7.4%</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>	<b>4,267,009</b>	<b>25.4%</b>	<b>136,378</b>	<b>1.4%</b>	<b>82,030</b>	<b>1.2%</b>	<b>3028.8%</b>	<b>5101.8%</b>
Donations	-	0.0%	9,610,419	98.7%	7,738,771	110.2%	-100.0%	-100.0%
Shareholder's equity	12,931	0.1%	-	0.0%	-	0.0%	-	-
Additional paid-in capital	1,618,088	9.6%	-	0.0%	-	0.0%	-	-
Reserves	-	0.0%	-	0.0%	-	0.0%	-	-
Retained earnings	9,683,888	57.7%	-866,159	-8.9%	-1,084,763	-15.4%	-1218.0%	-992.7%
Net income for the period	1,206,445	7.2%	858,074	8.8%	286,383	4.1%	40.6%	321.3%
<b>Total Equity</b>	<b>12,521,353</b>	<b>74.6%</b>	<b>9,602,335</b>	<b>98.6%</b>	<b>6,940,391</b>	<b>98.8%</b>	<b>30.4%</b>	<b>80.4%</b>
<b>Total Equity &amp; Liabilities</b>	<b>16,788,361</b>	<b>100.0%</b>	<b>9,738,713</b>	<b>100.0%</b>	<b>7,022,421</b>	<b>100.0%</b>	<b>72.4%</b>	<b>139.1%</b>

BOLD 2006-1

BlueOrchard Database

## Sample of BlueOrchard Database (cont'd)



MFI

Country  
Jan/05

## INCOME STATEMENT

	31/12/2004		31/12/2003		31/12/2002		Growth	Growth
	USD		USD		USD		1 Year	2 Years
Income from banking	5,184,801	97.6%	3,552,099	91.4%	2,064,860	85.1%	46.0%	151.1%
Income from investments	9,519	0.2%	8,322	0.2%	-	0.0%	14.4%	-
<b>Total Banking Revenue</b>	<b>5,194,319</b>	<b>97.8%</b>	<b>3,560,421</b>	<b>91.6%</b>	<b>2,064,860</b>	<b>85.1%</b>	<b>45.9%</b>	<b>151.6%</b>
Interest and fee expense	100,504	2.4%	-	0.0%	-	0.0%	-	-
Loan loss provision expense	45,403	1.1%	115,046	3.8%	97,684	4.6%	-60.5%	-53.5%
<b>Total Banking Expense</b>	<b>145,907</b>	<b>3.6%</b>	<b>115,046</b>	<b>3.8%</b>	<b>97,684</b>	<b>4.6%</b>	<b>26.8%</b>	<b>49.4%</b>
<b>Gross Margin</b>	<b>5,048,412</b>	<b>95.0%</b>	<b>3,445,375</b>	<b>88.7%</b>	<b>1,967,176</b>	<b>81.1%</b>	<b>46.5%</b>	<b>156.6%</b>
Loan recuperation	-	0.0%	44,667	1.1%	-	0.0%	-100.0%	-
Other operating revenue	6,825	0.1%	2,242	0.1%	138,448	5.7%	204.4%	-95.1%
<b>Total other operating revenue</b>	<b>6,825</b>	<b>0.1%</b>	<b>46,908</b>	<b>1.2%</b>	<b>138,448</b>	<b>5.7%</b>	<b>-85.5%</b>	<b>-95.1%</b>
Personnel expense	1,949,558	47.5%	1,395,908	46.1%	1,032,665	48.3%	39.7%	88.8%
Administrative expense	1,373,581	33.4%	878,624	29.0%	646,030	30.2%	56.3%	112.6%
Depreciation/amortization	71,445	1.7%	63,247	2.1%	24,734	1.2%	13.0%	188.9%
Other operating expense	107,904	2.6%	9,850	0.3%	-	0.0%	995.4%	-
<b>Total operating expense</b>	<b>3,502,487</b>	<b>85.3%</b>	<b>2,347,629</b>	<b>77.6%</b>	<b>1,703,429</b>	<b>79.6%</b>	<b>49.2%</b>	<b>105.6%</b>
<b>Operating Margin</b>	<b>1,552,750</b>	<b>29.2%</b>	<b>1,144,654</b>	<b>29.5%</b>	<b>402,195</b>	<b>16.6%</b>	<b>NA</b>	<b>286.1%</b>

BOLD 2006-1

BlueOrchard Database

## Sample of BlueOrchard Database (cont'd)



MFI

Country  
Jan/05

## INCOME STATEMENT

	31/12/2004		31/12/2003		31/12/2002		Growth	Growth
	USD		USD		USD		1 Year	2 Years
Consulting and training	-	0.0%	-	0.0%	-	0.0%	-	-
Currency gain/deflation	86,100	1.6%	-	0.0%	-	0.0%	-	-
Donations / Grants	26,365	0.5%	277,850	7.2%	104,447	4.3%	-90.5%	-74.8%
Other non-operating revenue	-	0.0%	-	0.0%	118,818	4.9%	-	-100.0%
Extraordinary revenue	-	0.0%	-	0.0%	-	0.0%	-	-
<b>Non-operating revenue</b>	<b>112,466</b>	<b>2.1%</b>	<b>277,850</b>	<b>7.2%</b>	<b>223,264</b>	<b>9.2%</b>	<b>-59.5%</b>	<b>-49.6%</b>
Currency loss/inflation	-	0.0%	-	0.0%	-	0.0%	-	-
Dividends to shareholders	-	0.0%	-	0.0%	-	0.0%	-	-
Other non-operating expense	-	0.0%	210,256	6.9%	234,786	11.0%	-100.0%	-100.0%
Extraordinary expense	-	0.0%	-	0.0%	-	0.0%	-	-
<b>Non-operating expense</b>	<b>-</b>	<b>0.0%</b>	<b>210,256</b>	<b>6.9%</b>	<b>234,786</b>	<b>11.0%</b>	<b>-100.0%</b>	<b>-100.0%</b>
Taxes	458,770	11.2%	354,174	11.7%	104,290	4.9%	29.5%	339.9%
<b>Net Income</b>	<b>1,206,445</b>	<b>22.7%</b>	<b>858,074</b>	<b>22.1%</b>	<b>286,383</b>	<b>11.8%</b>	<b>40.6%</b>	<b>321.3%</b>

# Sample of BlueOrchard Database (cont'd)



MFI

Country  
December 03

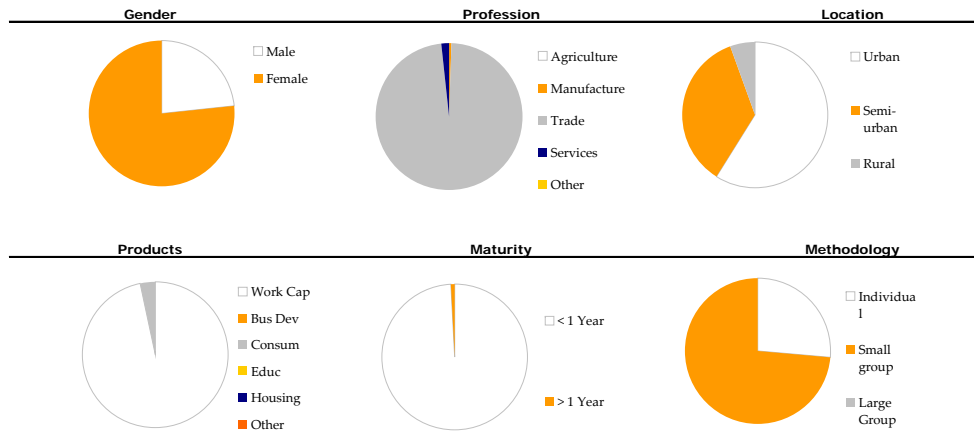
**MFI PROFILE**

**Description**

[Creation, governance, network, funders, history.] [Niche, region, clients, activity, products.] [Prospects, outlook (positive).]

**Status / Network**

<b>Location</b> [Town]	<b>Network</b> [Name/None]	<b>Auditor</b> [Name]
<b>Establishment</b> [year xxxx]	<b>Tech. Assist.</b> [Name/None]	<b>Rating Agency</b> [Name]
<b>Legal status</b> Bank	<b>Equity, main</b> [Name/None]	<b>Rating</b> [Grade]
<b>Since</b> [year xxxx]	<b>Debt, main</b> [Name/None]	<b>Evaluation</b> [xx.xx%]
<b>Supervision</b> [Yes/No]	<b>Client since</b> [xx/xxxx]	<b>Advice</b> Good / very good



**Country**



[country: financial, economic, political - recent = 30% of text] [microfinance industry = 70% of text]

**Market Data [latest annual data available]**

Lending (IMF)	[input]	Population (WB)	[input]
Deposit (IMF)	[input]	Poverty % (WB)	[input]
MMarket (IMF)	[input]	Political Freedom	[input]
Inflation (IMF)	[input]	Human Develop.	[input]
Devaluation (xe)	[input]	GDP / Capita (WB)	[input]
Sovereign (S&P)	[input]	GDP Growth (WB)	[input]

# Sample of BlueOrchard Database (cont'd)



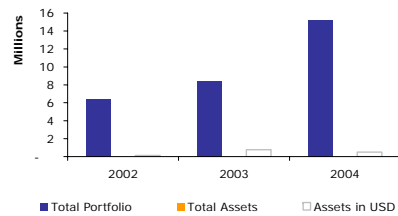
**MFI**

Country  
December 03

**MFI PROFILE**

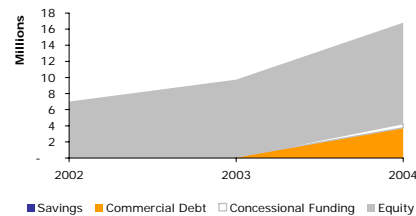
**Assets USD**

Total Portfolio	15,234,542
Total Assets	#REF!
Assets in USD	500,286



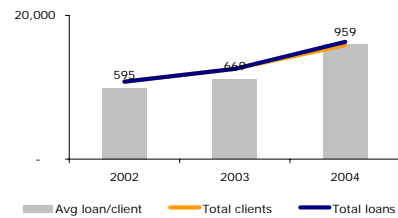
**Liabilities USD**

Liabilities USD	0.34
Savings	-
Commercial Debt	3,760,429
Concessional Funding & Other	506,580
Equity	12,521,353



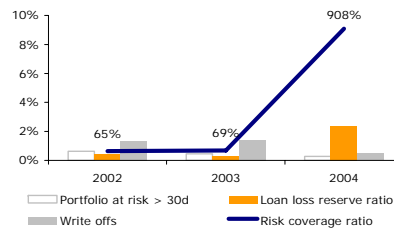
**Portfolio**

Total clients	15,885
Total loans	16,327
Average credits per client	959



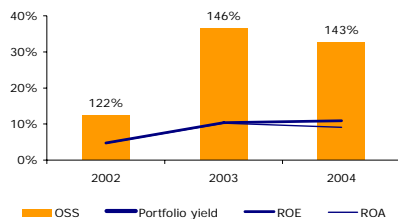
**Portfolio Quality**

Portfolio at risk > 30 days	0.3%
Loan loss reserve ratio	2.4%
Write offs	0.5%
Risk coverage ratio	908.4%



**Profitability**

Portfolio yield	42.6%
Operational self-sufficiency	142.6%
Return on equity	10.9%
Return on assets	9.1%



**Efficiency**

Clients / credit officer	156
Clients / staff	66
Operating expense ratio	28.8%



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**BOLD 2006-1**

**Appendix D**

# Investor Reporting

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**Investor Reporting**

# Investor Reporting

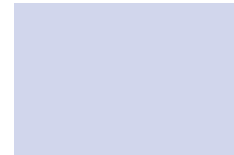
**BOLD  
Quarterly Investors Report**

		Notional Amount	ISIN Code
Class	A	[76,000,000]	
Class	B	30,000,000	

Section	1 Servicer Report
	2 Monitoring Agent
	3 Payment Report
	4 Contacts

**Investor Report Contact Information**

Report prepared by:  
Contact name:  
phone:  
e-mail:  
fax:



BOLD 2006-1

## Investor Reporting

## Investor Reporting (cont'd)

## QUARTERLY SERVICER REPORT

## REFERENCE DATE

## PORTFOLIO COMPOSITION

	Initial	Current
Number of Loans		
Principal Amount Outstanding		
WA Life of the Portfolio (yrs)		
WA Remaining Maturity of the Portfolio (yrs)		
WA USD equivalent Fixed Rate (%)		
Largest Obligor Concentration (%)		
Principal Outstanding to Top Ten Obligors		

## Audited Financials (to be updated with latest audited financials every year)

MFIs	Total Assets (\$mm)	Net Income (\$mm)	Debt/Equity Ratio	ROA (%)	ROE (%)	Portfolio Yield (%)	Operational Self-Sufficiency (%)
ACLEDA	84.1	2.1	3.9	3.1	12.4	30.2	117.3
Banco Solidario	256.6	3.6	11.5	1.6	18.9	24.9	111.2
EDPYME Confianza	17	0.2	4.7	1.3	7.4	35.5	110.1
EDPYME Crear Arequipa	12.5	0.5	5	5.6	32.6	40.5	129.3
EDPYME Edyficar	49.7	0.8	4.9	2.1	11.8	36.9	114.2
EKI	28.2	2	3.1	8	34.8	23.7	143.7
FAMA	17.9	1.1	1.4	7.5	15.8	25.5	135
FDL Nitlapna	24.4	1	3.5	4.5	19.2	26.3	118.4
FIE FFP SA	61	1.6	4	3	23.4	21.4	125
Finca de México	6.8	1	1	19.3	35.5	76.7	150.6
Findesa	46.8	1.6	7.8	4.5	33.8	30.4	125.9
FORA	16.8	1.2	0.3	9.1	10.9	42.6	142.6
MFBA	8.9	0	0.4	0.1	0.2	24	101.7
MiBanco	158.1	7.8	3.3	5.8	24.4	40.7	129.8
ProCredit Bank	104.4	0.8	4.6	1.4	8	38.9	107.8
Prodem FFP	107.8	1.4	11.6	1.5	18.1	21.9	108
PSHM	10.6	1	0.4	11	14.5	28.7	110.8
WWB Bogotá	15.7	0.7	3	5.6	22.3	39	117.9
WWB Bucaramanga	23.5	1.2	3.9	6.3	29	40.8	128.2
WWB Cali	71.2	4.6	2.4	8.1	27	32.7	147.8
WWB Popayán	33.6	2.7	0.9	9.9	17.6	35.5	153.4
XacBank	26.1	0.6	5.5	3.1	19.1	38.1	119.8
Total	1181.7						
Average	53.7	1.8	4.0	5.6	19.9	34.3	124.9
WA	71.7	1.9	4.8	4.7	19.0	33.3	122.9

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## Investor Reporting

## Investor Reporting (cont'd)

## Portfolio Characteristics (to be updated every month)

MFIs	Outstanding Portfolio (\$mm)	Number of Borrowers	Average Credit per Client	PAR>30 (%)	YTD Write-Off Ratio (%)	Risk Coverage	Active Savers/Depositors
ACLEDA	100	140,920	710	0.3	0.2	591.6	92,413
Banco Solidario	207	153,452	1,349	4.2	0.5	116.1	119,487
EDPYME Confianza	22.1	24,132	915	3.5	1.9	133.6	n/a
EDPYME Crear Arequipa	19.7	16,349	962	4	0.7	122.5	n/a
EDPYME Edyficar	54.8	65,202	841	3.9	1.5	121.6	n/a
EKI	31.5	22,619	1,394	0.4	0.4	585.4	n/a
FAMA	21.2	38,586	549	1.7	1.3	116	n/a
FDL Nitlapna	34.5	48,261	714	1.1	0.4	240.3	n/a
FIE FFP SA	73.8	51,973	1,308	1.6	1	220.3	60,538
Finca de México	9.9	41,142	241	2.5	0	90.7	n/a
Findesa	54.1	29,540	1,833	1.5	0	140.5	14,406
FORA	24.3	15,309	1,590	0.4	0.8	76.5	n/a
MFBA	17.8	5,455	3,272	2.4	0	181.4	1,219
MiBanco	200.4	147,066	1,363	1.9	0.4	155.7	60,188
ProCredit Bank	133.9	37,045	3,614	1.4	0.9	228.4	49,190
Prodem FFP	108.9	68,356	1,594	2	0.7	101.8	187,911
PSHM	14.3	7,345	1,944	2.3	1.6	110.4	n/a
WWB Bogotá	22.2	47,196	470	1.8	1.7	100	n/a
WWB Bucaramanga	36.6	68	540	0.6	0.1	31.1	n/a
WWB Cali	100.2	116,725	859	0.9	0.7	297.8	n/a
WWB Popayán	44.2	93,244	475	1	0	100	n/a
XacBank	31	50,101	618	0.5	0	71.6	65,056
Total	1362.4						
Average	61.9	55,458	1,234	1.8	0.7	178.8	72,268
WA	79.9	63,822	1,383	1.7	0.6	172.6	46,550

**Investor Reporting**

# Investor Reporting (cont'd)

**BOLD - Collateralised Loan Obligations  
QUARTERLY CASH MANAGER REPORT**

Produced by:   
Contact details:

**Collection period**  
Start date:   
End Date:

**Portfolio**

<b>Loans</b>	<i>Initial</i> Number	Portfolio Outstanding Amount
<b>Loans</b>	<i>Current</i> Number	Portfolio Outstanding Amount

**Portfolio Performance**

**A) COLLECTIONS**

	Expected	Actual
Total principal collections	<input type="text"/>	
Total interest collections		
Total collections		
Interest earned on Bank Accounts		
Total remittance to Account Bank		
	of which principal	
	of which interest	

**B) Delinquencies and Defaults  
OVERDUE LOANS**

	No. of instalments overdue	Overdue interest amount	No. of principal instalments overdue	Overdue principal amount	Principal outstanding not yet due	Total amount at risk	Defaulted (Y/N)
ACLEDA	<input type="text"/>						
Banco Solidario							
EDPYME Confianza							
EDPYME Crear Arequipa							
EDPYME Edyficar							
EKI							
FAMA							
FDL Nittapan							
FIE FFP S.A.							
Finca de Mexico							
Findesa							
FORA							
MFBA							
MiBanco							
ProCredit Bank							
Prodem FFP							
PSHM							
WWB Bogota							
WWB Bucaramanga							
WWB Cali							
WWB Popayan							
Xacbank							
ZAO Finca							
	Total number of delinquent loans	Total overdue interest amount	Total number of defaulted loans	Total Overdue Principal			

as %-age

Investor Reporting

Investor Reporting (cont'd)

D) RECOVERIES and Net Defaults

	Interest recoveries at start of the period	Principal recoveries at start of the period	Interest recoveries in the period	Principal recoveries in the period	Total recoveries in the period	Cumulative recovered interest	Cumulative recovered principal
ACLEDA							
Banco Solidario							
EDPYME Confianza							
EDPYME Crear Arequipa							
EDPYME Edyficar							
EKI							
FAMA							
FDL Nittapan							
FIE FFP S.A.							
Finca de Mexico							
Findesa							
FORA							
MFBA							
MiBanco							
ProCredit Bank							
Prodem FFP							
PSHM							
WWB Bogota							
WWB Bucaramanga							
WWB Cali							
WWB Popayan							
Xacbank							
ZAO Finca							
	Cumulative recovered amount	Principal outstanding not yet due	Total amount at risk	Net Cumulative Defaults			

# Investor Reporting (cont'd)

**BOLD - Collateralised Loan Obligations  
QUARTERLY CASH MANAGER REPORT**

**Notes payments**

Reference period  
 Start Date  
 End Date  
 Payment Date  
 Accrual Beginning Date  
 Accrual Ending Date  
 Calculation Date  
 Reset Rate Effective Date  
 Calculation Period (for current period)  
 Interest basis

Actual/360
------------

Total Original Balance  
 Total Beginning Balance Prior to Principal Distributions  
 Total Ending Balance Subsequent to Principal Distributions  
 Total Principal Distributions  
 Rate of Interest  
 Total Interest Distributions  
 Beginning Principal Factor  
 Ending Principal Factor  
 Total Principal Distributions  
 Total Interest and Principal Distributions

	Class A	Class B
Total Original Balance		
Total Beginning Balance Prior to Principal Distributions		
Total Ending Balance Subsequent to Principal Distributions		
Total Principal Distributions		
Rate of Interest		
Total Interest Distributions		
Beginning Principal Factor		
Ending Principal Factor		
Total Principal Distributions		
Total Interest and Principal Distributions		

**Issuer available funds**

*Interest available funds*  
*Principal available funds*

--

**Collections**

Total Principal Collections  
 Total Interest Collections

--

**Information on Income from**

**Bank accounts and Investments**

Interest accrued on the Issuer Transaction accounts  
     Commitment Fee Account  
     Reserve Fund Account  
     SPV Income Account  
 Interest Accrued on other Eligible Investments

--

# Investor Reporting (cont'd)

## Amount received/paid from/to Swap Counterparty

Net receipt from Counterparty  
Net Payment to Counterparty

## Pre-Enforcement Interest Priority of Payments:

### Issuer Interest Available Funds

1. Trustee;
2. Swap Provider (in respect of interest receipts and fees);
3. *Pari passu* and *pro rata*, the Principal Paying Agent, the Corporate Services Provider, the Cash Manager, the Registrar, and the Account Bank
4. Servicer
5. Retain a profit of [3] basis point of the Issuer's interest receipts under the MFI Loan Portfolio in the [Issuer Transaction Account];
6. Interest on the Class A Notes
7. Subordinated Swap Amounts (as defined below);
8. Fund/top up the Reserve Fund
9. Interest on the Class B Notes;
10. Surplus, if any, to the Issuer.

## Pre-Enforcement Principal Priority of Payments:

### Issuer Principal Available Funds

1. Swap Provider in respect of principal receipts under the MFI Loan Portfolio received in currencies other than U.S. dollars;
2. Principal on the Class A Notes; and
3. Principal on the Class B Notes

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**BOLD 2006-1**

**Appendix E**

**Industry Participants**

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BOLD 2006-1

## Industry Participants

## Glossary of Names

## Shareholders - Networks - Rating Agencies

- The table opposite lists the main participants cited in this section. Further details are provided at the end of the section

## Shareholders

- CARE
- Acción Investments
- EBRD (European Bank for Reconstruction and Development)
- KfW
- IFC (International Finance Corporation)
- Opportunity Transformation Investment
- ProCredit Holding<sup>(1)</sup>
- FINCA International
- SHARE

## Networks

- COPEME
- Acción International
- Women's World Banking
- FINCA International
- ASOMIF
- AMFA
- World Vision International
- Opportunity International
- MercyCorps

## Rating Agencies

- Microrate
- Pacific Credit Rating
- Acción CAMEL
- Micro-Credit Ratings International (MCriI)
- Planet Rating

# Important Players

## Shareholders

### CARE

- International organisation to reduce poverty; has 12 member countries; founded in 1982; active world wide
- [www.care-international.org](http://www.care-international.org)

### Acción Investments

- Nonprofit that fights poverty through microfinance
- [www.accion.org](http://www.accion.org)

### EBRD (European Bank for Reconstruction and Development)

- Established in 1991 in central and eastern Europe to support the private sector in a democratic environment
- [www.ebrd.com](http://www.ebrd.com)

### KfW

- German Development Bank
- [www.kfw.de](http://www.kfw.de)

### IFC (International Finance Corporation)

- Member of World Bank
- [www.ifc.org](http://www.ifc.org)

### Opportunity Transformation Investment

- NGO that reduces poverty through microfinance; fund of Calvert Social Investment Foundation
- [www.calvertfoundation.org](http://www.calvertfoundation.org)

### ProCredit Holding<sup>(1)</sup>

- Germany-based, world wide operating; consists of 19 banks; founded in 1998
- [www.procredit-holding.com](http://www.procredit-holding.com)

### FINCA International

- Provides financing to poor people world wide through microfinance
- [www.villagebanking.org](http://www.villagebanking.org)

# Important Players

## Networks

### COPEME

- Peruvian network aiming to provide sustainable financial services to micro entrepreneurs
- [www.copeme.org](http://www.copeme.org)

### Acción International

- Nonprofit that fights poverty through microfinance
- [www.accion.org](http://www.accion.org)

### Women's World Banking

- Founded in 1975 by 10 women from different continents; idea is to give credit to poor women, but today also men are borrowers; operates world wide
- [www.swwb.org](http://www.swwb.org)

### FINCA International

- Provides financing to poor people world wide through microfinance
- [www.villagebanking.org](http://www.villagebanking.org)

### ASOMIF

- Nicaraguan network with 21 MFIs, 206 offices in total
- [www.asomif.org](http://www.asomif.org)

### AMFA

- Network in Azerbaijan to strengthen the capacity of MFIs and to promote effective collective action
- [www.azerweb.com/amfa](http://www.azerweb.com/amfa)

### World Vision International

- International partnership of Christians operating world wide; social and economic focus; 43 partners
- [www.worldvision.org](http://www.worldvision.org)

### Opportunity International

- Global network with 41 partners; mission is to provide opportunities for those in chronic poverty to transform their lives
- [www.opportunity.org](http://www.opportunity.org)

### MercyCorps

- US based network operating in 10 countries to help people build secure, productive and just communities
- [www.mercycorps.com](http://www.mercycorps.com)

# Important Players

## Rating Agencies

### Microrate

- First rating agency specializing in the evaluation of MFIs, founded in 1997, has analyzed more than 200 MFIs in Latin America and Africa
- [www.microrate.com](http://www.microrate.com)

### Pacific Credit Rating

- Emerging markets credit rating agency active in Central and South America since 1993
- [www.ratingspcr.com](http://www.ratingspcr.com)

### Acción CAMEL

- Diagnostic and management tool to measure capital adequacy, asset quality, management, earnings and liquidity of MFIs
- <http://www.accion.org/camel.aspMicrofinanza>

### Micro-Credit Ratings International (MCriI)

- Leading microfinance rating agency with over 275 ratings and assessments in 13 countries in Asia
- [www.m-cril.com](http://www.m-cril.com)

### Planet Rating

- Specialised microfinance rating agency, headquartered in Paris. Was created in 1999 and has conducted over 145 ratings in more than 35 countries
- [www.planetrating.com](http://www.planetrating.com)

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**Appendix F**

# Contacts

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# Morgan Stanley Contacts

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