



BOLD - one step further in the direction of mainstream capital markets

We are very pleased to announce that BlueOrchard successfully closed its latest Collateralized Loan Obligation (CLO), “BlueOrchard Loans for Development 2006-1”, or BOLD, on 20 April 2006. The total amount raised was USD 99.1 million, and loans disbursed to 21 MFIs, in 13 different countries, and 5 different currencies.

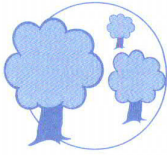
Although the financial structure of a CLO is not particularly complex, the completion of a CLO is a daunting task. All parts and all parties must be in place such that on one single day, the closing date, a special purpose vehicle can issue bonds to pre-identified investors at pre-negotiated conditions and subsequently fund a portfolio of loans to a diversified group of microfinance institutions (MFI) at pre-negotiated conditions.

As the receipt of funds from investors and disbursement to the MFIs takes place nearly simultaneously (there is a 2 day delay between settlement and closing), this type of transaction requires significant work and coordination:

- Our team proposed the transaction to over 30 microfinance institutions in more than 15 countries. In addition to the negotiation of funding terms, BlueOrchard was responsible for the collection of due diligence material and legal documentation from the MFIs. This process was particularly complex for those institutions that borrowed in local currency and needed to receive additional regulatory approvals.
- The legal documentation involved was substantial. BOLD final documentation involved no less than 52 very detailed legal documents which were drafted, reviewed and negotiated amongst many partners.
- The distribution of the CLO to investors was managed by the investment bank, Morgan Stanley, with BlueOrchard also participating in all meetings with investors.

With this CLO, we were able to achieve several milestones in the microfinance industry:

- **Historical deal size:** BOLD represents the largest single commercial investment transaction in the history of microfinance (\$99.1 million) offering fixed-rate 5-year funding to 21 microfinance institutions in 13 countries.
- **Local currency component:** Approximately 20% of the BOLD portfolio was in local currency (all other loans were in USD and EURO) with local rates fixed for a period of five years. The currencies involved were: Mexican peso, Colombian peso and Russian rouble. Foreign exchange risks have been completely hedged for investors through the use of currency swaps.



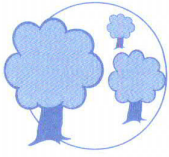
- **Global investment banking partner:** This deal marked the first involvement by Morgan Stanley in bringing its know-how in structuring an investment product to the microfinance industry.
- **Development bank partner:** By underwriting the entire subordinated note class, the Dutch development bank FMO accepted to take the “first loss” position of the structure thereby playing a catalyzing role in attracting private investors to the deal. We hope that FMO’s participation will demonstrate to other international and national development banks their potential role in future capital markets deals.
- **New mainstream investors:** The BOLD senior notes were sold to mainstream institutional investors, including large European commercial banks, many of which did not have previous experience with microfinance investments. Participation by these more conventional investors represents a notable broadening of the traditional microfinance investor base of individuals, foundations and socially-responsible investors. Notes were denominated in USD, EUR and British Sterling, and offered in fixed and floating rate tranches. The Class A Notes are also listed in the Dublin stock exchange.

BlueOrchard will continue to develop structured financial products such as Collateralized Loan Obligations for the microfinance industry since they have many advantages:

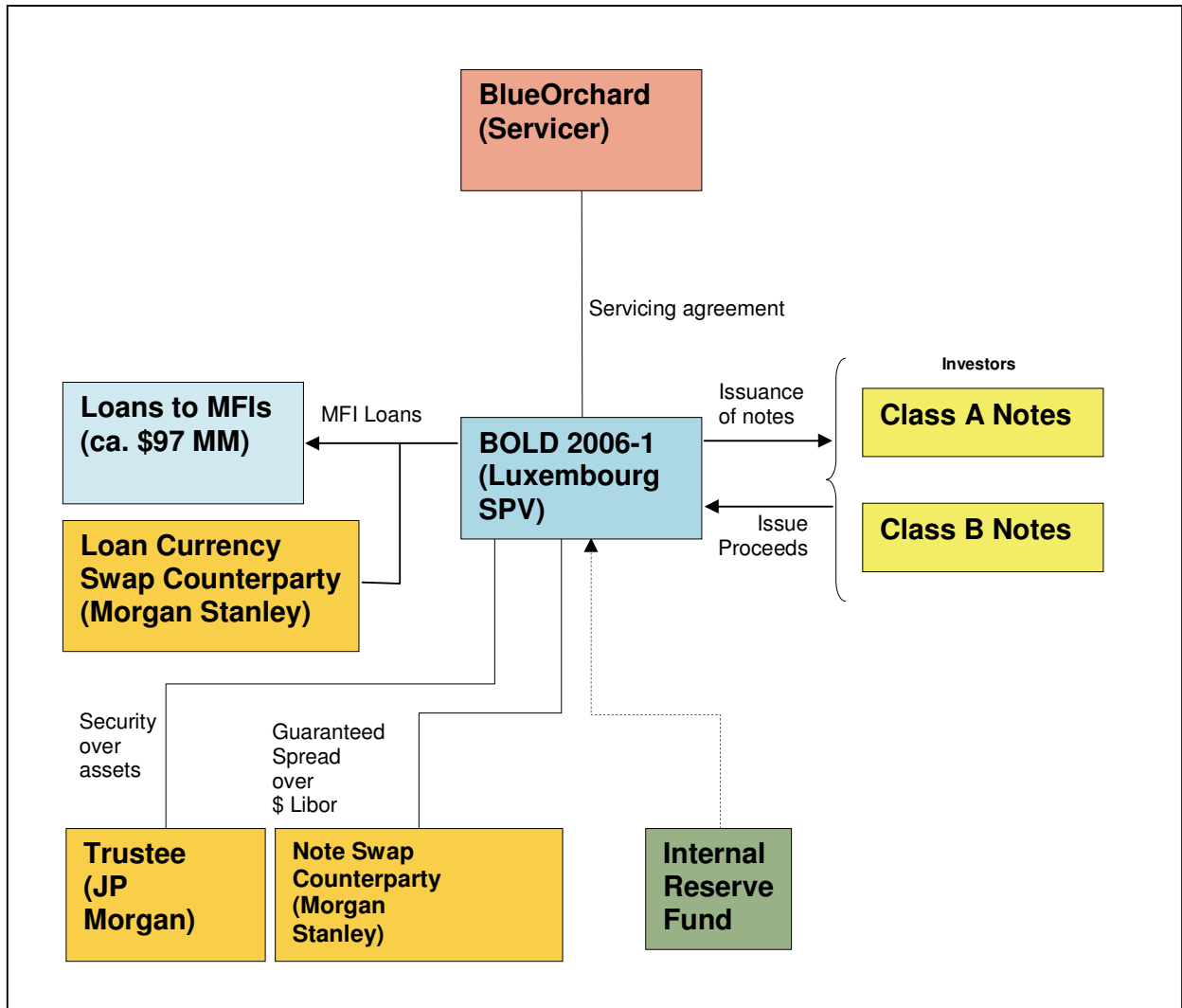
- **Tailored to different investors:** Because CLOs are structured as different note classes with different risk and return profiles, they can be equally attractive to investors with different “risk-return” profiles, including traditional institutional investors, private foundations, private banking clients, and public development finance institutions.
- **Diversified Portfolio of MFIs:** CLOs pool a large number of microfinance institutions and countries into one diversified portfolio, enabling economies of scale in the transaction while offering sizeable funding to each individual institution and diversifying the risks to investors.

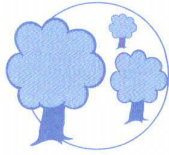
In the future, BlueOrchard will seek to include additional high quality microfinance institutions in its transactions as well as increase the local currency component. We will also continue our marketing efforts with mainstream capital markets investors.

In summary, we will keep fulfilling our mission: to bridge the gap between the capital markets and the microfinance industry.



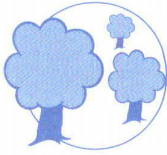
BOLD 2006-1 Structure:





BOLD 2006-1 Partners:

Issuer:	BlueOrchard Loans for Development 2006-1 S.A.
Sponsor:	BlueOrchard Finance S.A.
Servicer:	BlueOrchard Finance S.A.
Trustee:	J.P.Morgan Corporate Trustee Services Limited
Principal Paying Agent:	JPMorgan Chase Bank N.A.
Paying Agent:	J.P. Morgan Bank Luxembourg S.A.
Arranger and Class A Notes Placement Agent:	Morgan Stanley & Co. International Limited
Class B Notes Co-Arranger and Underwriter:	The Netherlands Development Finance Company
Swap Counterparty:	Morgan Stanley Capital Services Inc.
Issuer Currency Exchange Provider:	OOO Morgan Stanley Bank (Moscow)
Corporate Services Provider:	Structured Finance Management (Luxembourg) S.A.
Account Bank:	JPMorgan Chase Bank N.A.
Euro Account Bank:	JPMorgan Chase Bank N.A.
Sterling Account Bank:	JPMorgan Chase Bank N.A.
Registrar:	J.P.Morgan Bank Luxembourg S.A.
Cash Manager:	JPMorgan Chase Bank N.A.
Counsel to the Placement Agent:	Allen & Overy LLP

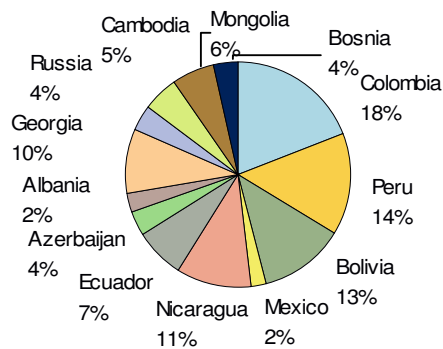


BOLD 2006-1 MFIs

As of December 2005 (based on unaudited management accounts), the 21 participating MFIs represented:

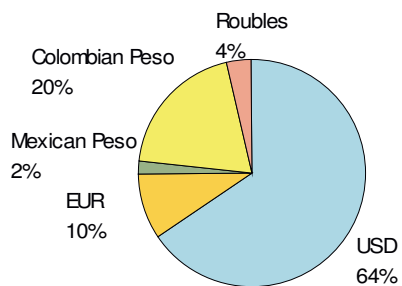
- 13 countries

Country Diversification

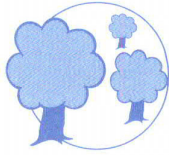


- 5 currencies (USD, EURO, COP, MXP, RUB)

Currency



- Total assets : USD 1.7 billion
- Total microfinance portfolio: USD 1.3 billion
- Total active clients: 1.2 million
- Average PAR >30: 1.8%



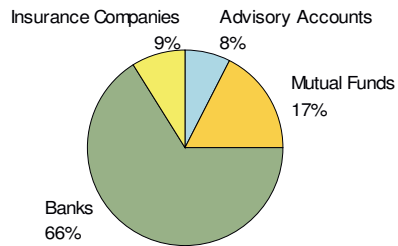
BOLD 2006-1 Investors

The structuring of BOLD was as follows:

Capital Structure			
Class	Amount	% of Notes	Credit Enhancement
A1	€32,900,000	40%	28%
A2	£14,000,000	25%	28%
A3	\$7,000,000	7%	28%
B	\$28,000,000	28%	n/a
Total	\$99,142,531 (eq.)	100%	

The investors included 11 institutions from 8 countries:

Distribution By Account Type



Distribution By Country

