



BlueOrchard Finance s.a.
Microfinance Investment Advisers

Alternative SRI investments Micro-Finance investment funds

ASrIA Annual International Conference
15-16 July 2004, Singapore



Microfinance

BlueOrchard Finance Philosophy

- Not charity but provision of financial services
- Lasting social impact through profitability
- Greater outreach through commercialisation
- Acceleration of growth through K markets access





Microfinance

Definition - Investment target

- informal rural & urban areas
- micro and small enterprises
- strong link to family economics





Microfinance

Economically active poor – a huge need

- c. 2 billion people living under poverty threshold
- c. 100 million micro-enterprises
- c. USD 500 need per micro-enterprise per year





Microfinance Investment impact

- stimulating grassroots entrepreneurship
- raising family living standards
- reinforcing self-esteem
- community & financial infrastructures development





Microfinance Micro-banks / local capital providers

- thousands of microfinance institutions
- c. 250 sustainable/commercial micro-banks
- efficient financial intermediation
- < 10% of demand is met



Manuel Montoya – ex-CEO MiBanco, Peru



Microfinance Micro-banks / local capital providers

December 2003	SHARE India	TSKI Philippines	ACLEDA Cambodia	EMT Cambodia
Assets	M\$19.09	M\$7.42	M\$48.24	M\$7.47
Portfolio	M\$16.67	M\$4.16	M\$40.57	M\$5.60
Clients	183,215	69,154	98,905	93,276
Average credit	\$91	\$60	\$410	\$61
Portfolio Risk	0.00%	3.46%	0.75%	0.07%



Microfinance debt

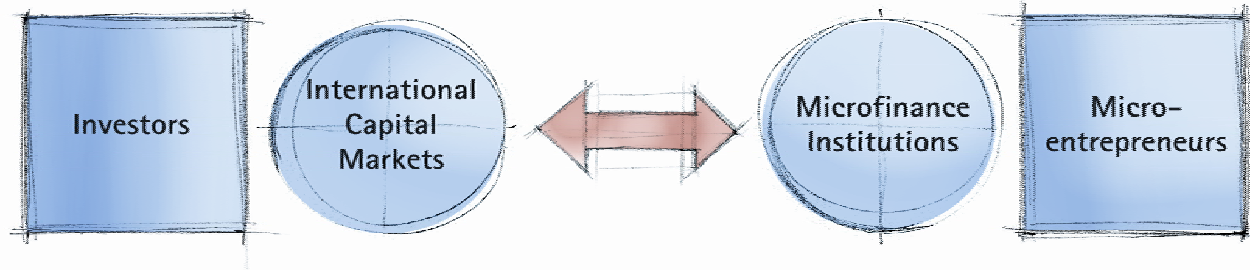
The birth of a new asset class

- appealing risk – return profile
- limited credit risk
- attractive fast growing industry
- low correlation with other asset classes in portfolio
- low volatility of financial returns
- double returns : social and financial
- very high social impact
- universal access to capital / entrepreneurship promotion



Microfinance

BlueOrchard Finance as a niche player



Promoting social development through Microfinance
by facilitating access to capital markets



Microfinance

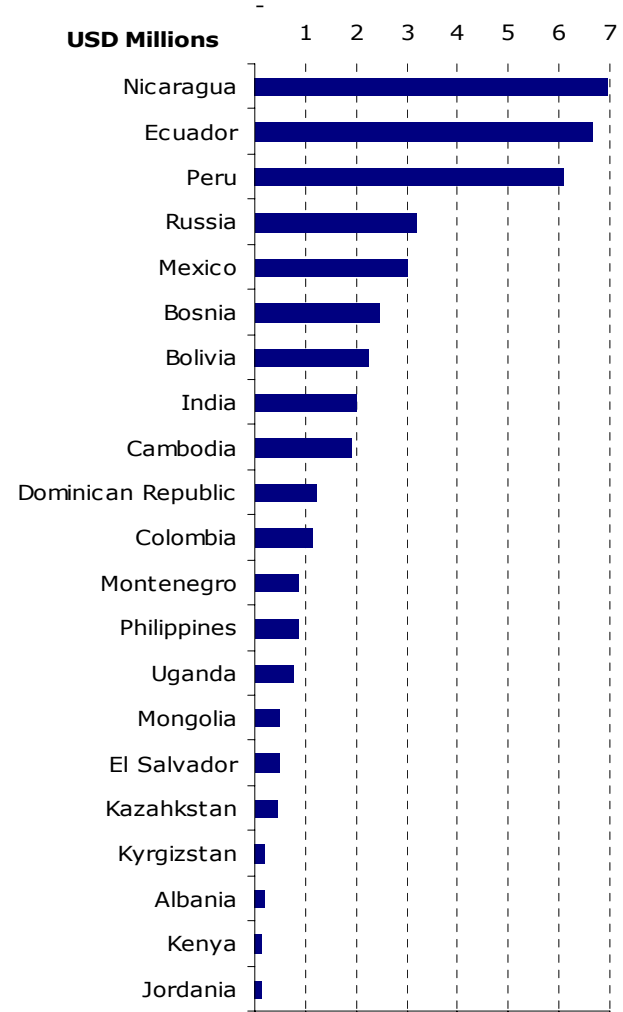
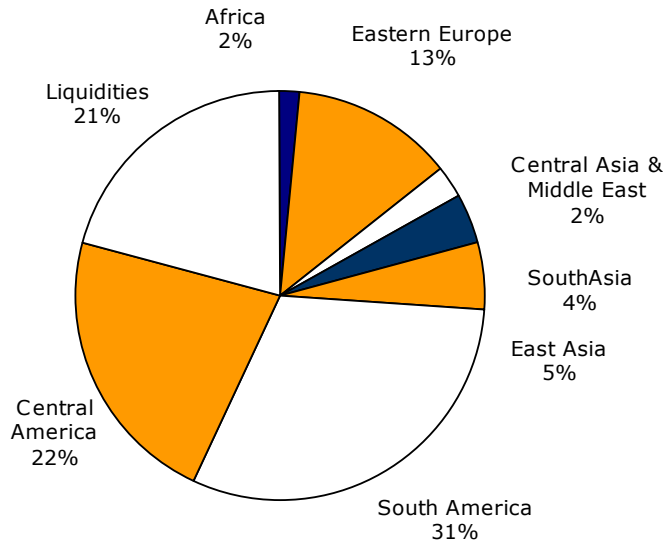
Dexia Micro-Credit Fund – Key data

- c. USD 41,5 million Microfinance loan portfolio
- 48 clients (micro-banks) in 21 countries
- serving about 1,5 million micro-enterprises
- 6-year track record, 167 loans, no defaults
- average loan size per micro-bank : USD 850,000
- average loan maturity : ~20 months
- total net USD cumulated return since creation : ~29,1%
- interest rate charged : USD Libor 6M + 5-8%
- 3 share classes : USD, CHF, EUR
- monthly liquidity



Dexia Micro-Credit Fund (02/06/04)

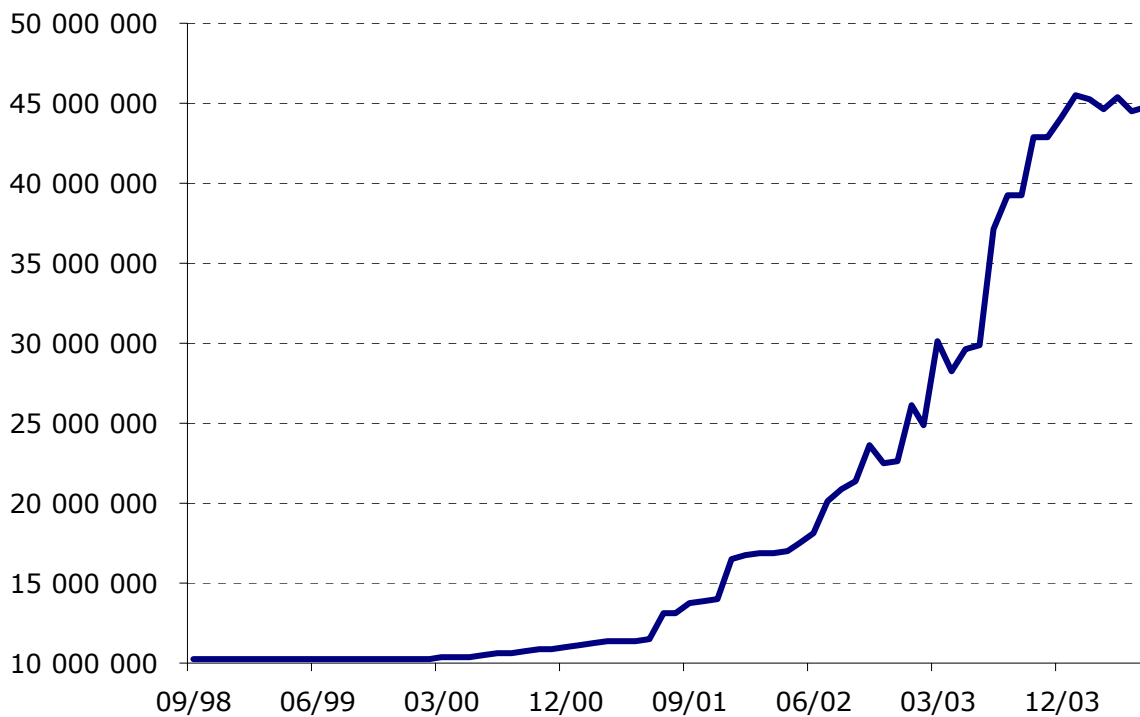
Geographic diversification of portfolio





Dexia Micro-Credit Fund (02/06/04)

Total Net Asset Value of the Fund

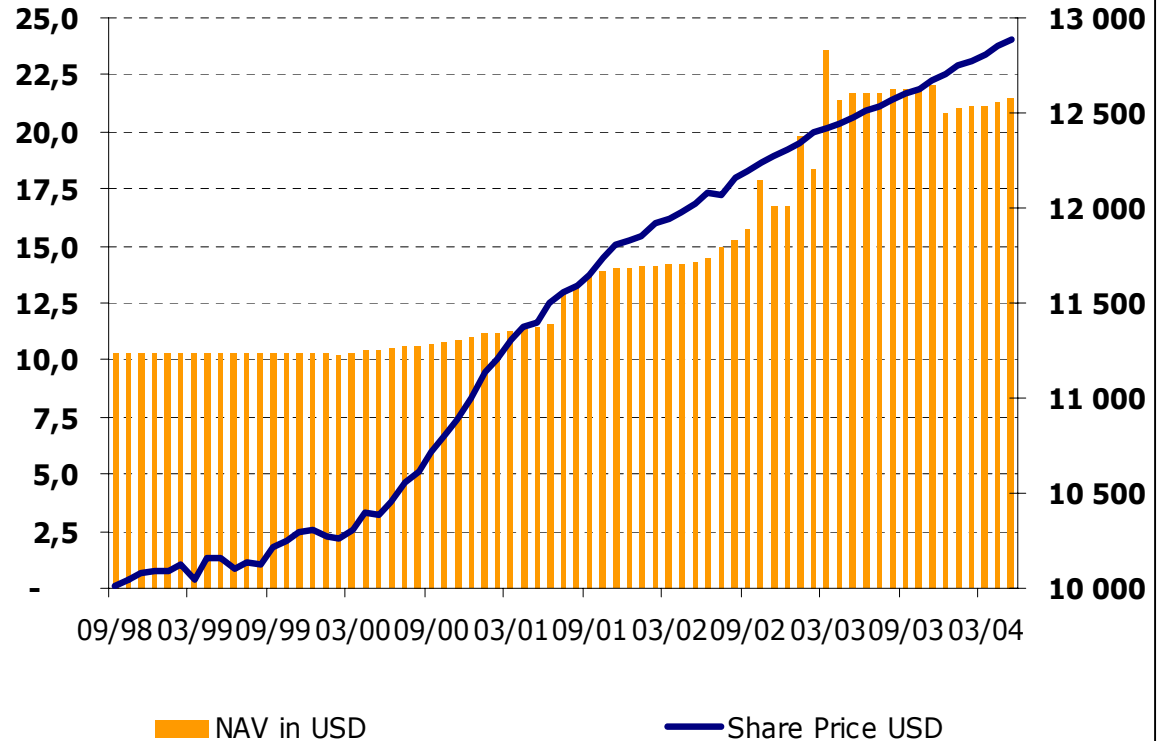




Dexia Micro-Credit Fund (02/06/04)

USD Asset Class

•Net Asset Value	21,054,529
•Share price	12,920
•Creation date	09/1998
•Cumulated return	29.13%
•2000 ROI	7.77%
•2001 ROI	6.78%
•2002 ROI	4.10%
•2003 ROI	3.21%
•2004 ROI YTD	1.37%
•Last month	0.26%





Dexia Micro-Credit Fund Investors' profiles

- both individual (private banking) and institutional
- mid to long-term investment horizon
- interested in unique combination of returns
- trust based on excellent > 5 year track record





BlueOrchard Finance s.a.
Microfinance Investment Advisers

BlueOrchard Finance ResponsAbility Global Microfinance Fund

- Luxembourg based FCP
- Sponsor : Crédit Suisse
- Total AUM : USD 6 millions since December 2003
- Current portfolio: 16 micro-banks in 9 countries





Asset backed securities in Microfinance

- larger loan amounts, longer maturities
- efficient and replicable deals
- public – private partnerships
- direct access to international K markets
- high visibility for micro-banks and industry





BlueOrchard Microfinance securities I

- USD 40 millions, 9 MFI, 7 countries – 1st closing
- 9 loans (7-year maturity, fixed interest rate 8%)
- Senior and subordinated notes through private placement
- OPIC senior guarantee on 75% of deal
- High financial leverage for private investors
- Mainstream financial investors access through JPMorgan
- Outstanding social impact





Key bottlenecks for faster international investments

- Lack of adequate Fx risk hedging instruments
- Penalizing tax levels on interest income
- Prohibitive reserve requirements imposed on MFI
- Lack of adequate supervision and regulation of MFI
- Non systematic availability of external ratings
- Cap on interest rates authorized





BlueOrchard Finance s.a.
Microfinance Investment Advisers

Questions :

Jean-Philippe De Schrevel

BlueOrchard Finance SA

Jean-philippe@blueorchard.ch

+ 41 22 781 6670

