

Symbiotics structures group debt transaction to support Opportunity International Micro Finance Institutions in Eastern Europe

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On 30th November 2005, Symbiotics S.A. and European Investment Fund (EIF) concluded a highly innovative deal that raises funding through the capital markets for micro-finance institutions (MFIs) in the Balkans. Symbiotics acted as structurer and co-arranger with European Investment Fund, a public-private partnership entity with extensive structured finance experience. The MFIs come from seven Balkans countries and form part of Opportunity International, a worldwide micro-finance sponsor.

Through this asset-backed funding deal, MFIs in Eastern Europe secure long-term funding on flexible terms to support continued growth in their micro-lending activity. Despite the small size of the micro-loans (a few thousand Euro on average), there is a high potential in terms of business productivity gains and job creation supported by this important niche lending activity. It is estimated that the transaction will result in the direct financing of at least some 20,000 new micro-loans.

For the first closing, Symbiotics S.A. and EIF have sourced assets in emerging markets in Albania, Montenegro, Romania and Russia. A second and third closing are scheduled for April and October 2006, which would bring total notes issuance up to approximately EUR 30m and would include assets in Bulgaria, Macedonia and Serbia. All underlying assets are senior unsecured term loans to MFIs.

The transaction was structured under the Luxembourg Securitisation Law of March 2004. The securitisation company, Microfinance Loan Obligations S.A., Luxembourg, was structured to allow Symbiotics S.A. and EIF to carry out simple execution of repeat deals in the micro-finance market.

Junior notes have been subscribed by specialised microfinance investment funds as well as by the Swiss Investment Fund for Emerging Markets (SIFEM). The senior note has been guaranteed by EIF and placed in the capital market.

"We are delighted to be part of this groundbreaking transaction, which allowed us to support the first multi-seller CDO transaction designed for a single network," said, Vincent Dufresne, General Manager of Symbiotics. "The success of this transaction is a further milestone to bring more sophisticated refinancing techniques to the microfinance institutions and a benchmark for our relationship with Opportunity International and the European Investment Fund."

Alessandro Tappi, Head of Guarantees and Securitisation at EIF said "This transaction has been an exciting challenge from the very beginning. It provides MFIs with an efficient means of tapping the asset backed securities market. We are keen to collaborate on more deals of this type over the coming years."

"Opportunity International has been a pioneer and leading provider of financial services to low income small business owners in Eastern Europe, currently serving more than 45,000 poor entrepreneurs with a loan portfolio of more than \$100 million," said Christopher Crane, chief executive officer, Opportunity International. "Symbiotics and the European Investment Fund have not only arranged the first Collateralized Debt Obligation for microfinance institutions within a microfinance network, but in doing so will provide significant and needed additional funds to allow our microfinance institutions in the region to serve thousands of poor entrepreneurs who are not otherwise served by financial institutions in these countries."

About Symbiotics S.A.

Symbiotics is a professional services company offering innovative investment intermediation services to micro-finance investors and fund managers. The team is composed of nine micro-finance experts with over two hundred cumulated micro-finance transactions closed and five years of experience in micro-finance monitoring systems, notably for the World Bank and the United Nations. Symbiotics offers sophisticated investment advisory services for microfinance investment funds, including ongoing investment monitoring services, and acts as transaction arranger.

About European Investment Fund

EIF is a European Union financial institution that is specialised in providing guarantees and venture capital for SMEs. It is an AAA/Aaa/AAA rated institution with a Multilateral Development Bank status. Accordingly, assets guaranteed by EIF are 20% risk-weighted for solvency purposes under the current Basel accord and will enjoy a 0% risk weighting under the proposed Basel II.

EIF provides a wide range of guarantee products, particularly through the wrap of securities backed by SME-related financing, an area in which EIF has achieved a unique position as credit enhancement provider in Europe. EIF's total guarantee portfolio now amounts to about EUR 6.5bn.

About Opportunity International

Opportunity International is committed to solving global poverty. Serving more than 760,000 poor entrepreneurs in 27 developing countries, Opportunity International provides small business loans, training in basic business practices, counseling in personal development and other financial services to women and men living in chronic poverty. Small loans – sometimes as little as \$50 – allow poor entrepreneurs to start or expand a business, develop a steady income, provide for their families and create jobs for their neighbors.