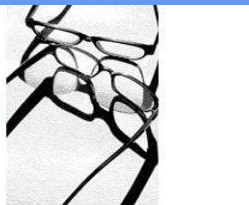


MICROFIX

Local currency hedging for developing markets

corporate connect

independent finance + strategy + common sense consultancy



PLANIS
PLANET INVESTMENT SERVICES

Corporate Connect

Profile

- International financial advisory firm
- Strong focus on emerging markets
- Strong network within DFI and commercial markets

Services

- Investment advisor
- Private Placement agent

Recent Project TCX

- Investment advisor to FMO (until 1st close Sept 2007)
- Currently working on the 2nd closing for TCX



Background

Market status-quo

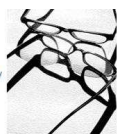
- International Micro Finance Organization (MFO) are unable to assume long-term currency or interest rate risks
- Long-term hedging products not available
- Local financiers unable to provide long-term debt

Mismatch

- Micro Finance Institutions (MFI) are faced with currency mismatch
- Reduced sustainability and higher credit risk

The Micro Finance Local Currency Fund solution

- Create a currency risk mitigation vehicle: that can absorb the local currency risks in a cost efficient, centric solution



MICROFIX

MICROFIX

- Will build on initiatives already present in the market

First activity

- to implement this risk mitigating strategy is an investment in TCX

Alternative solutions

- Once operational with investment in TCX, the Fund will develop alternative solutions

Benefits for Investors/MFO

- Higher Efficiency
- Larger transaction volume and recurring activity (improved terms)
- Specialized skills in MICROFIX mgmt team
- MICROFIX is eligible counterparty for hedging



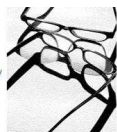
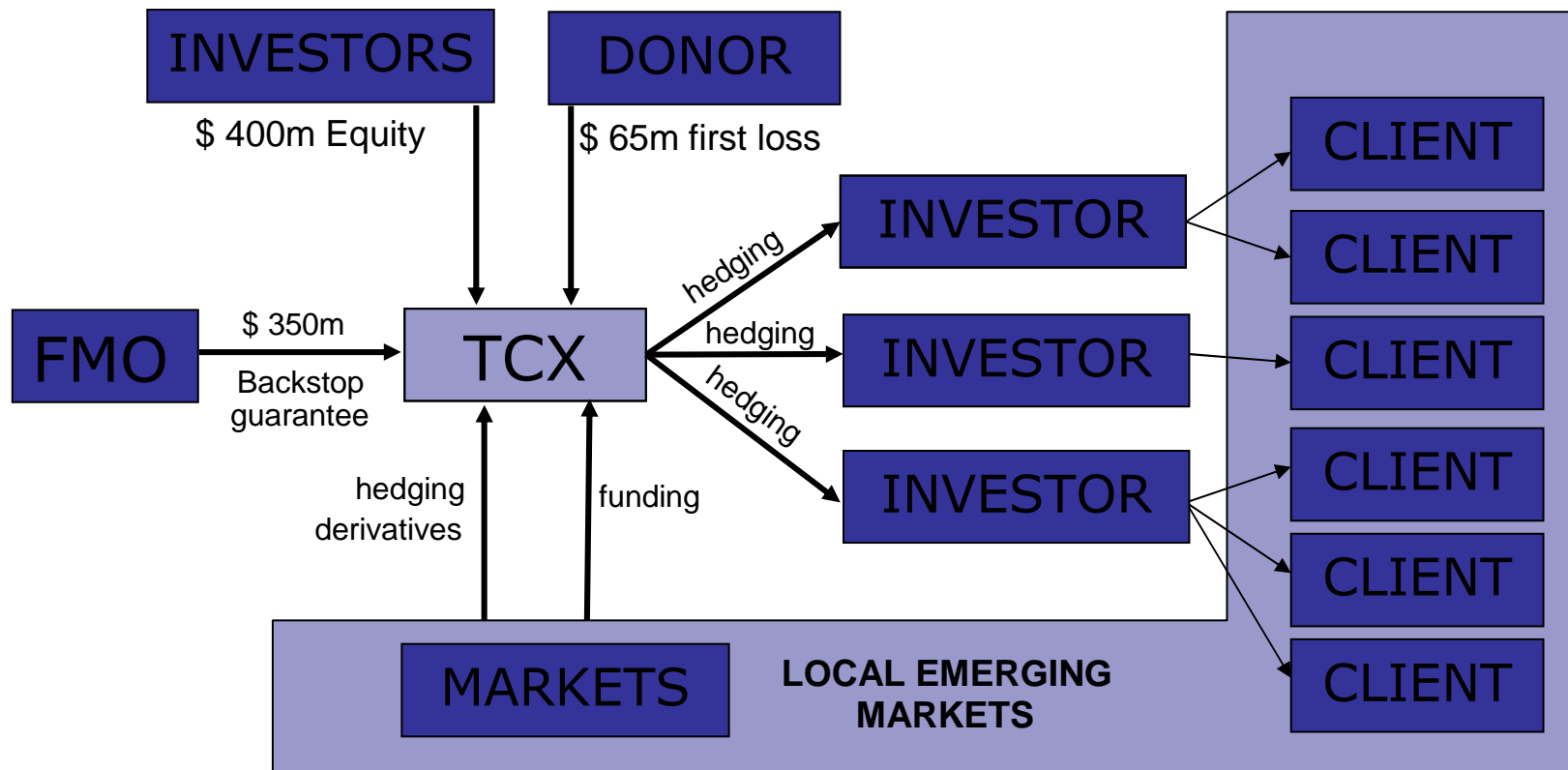
MICROFIX- First investment

The Currency Exchange Fund

- TCX established in September 2007, initiated by FMO
- TCX is a separate hedging vehicle providing long term local currency and interest rate derivatives in emerging market currencies
- However, TCX services can currently not be used by most MFO's for following reasons:
 - services exclusively accessible for TCX investors
 - minimum investment amount of TCX is USD 5 mln
 - minimum investment grade rating requirement
 - complex collateral management framework

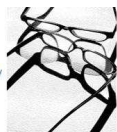
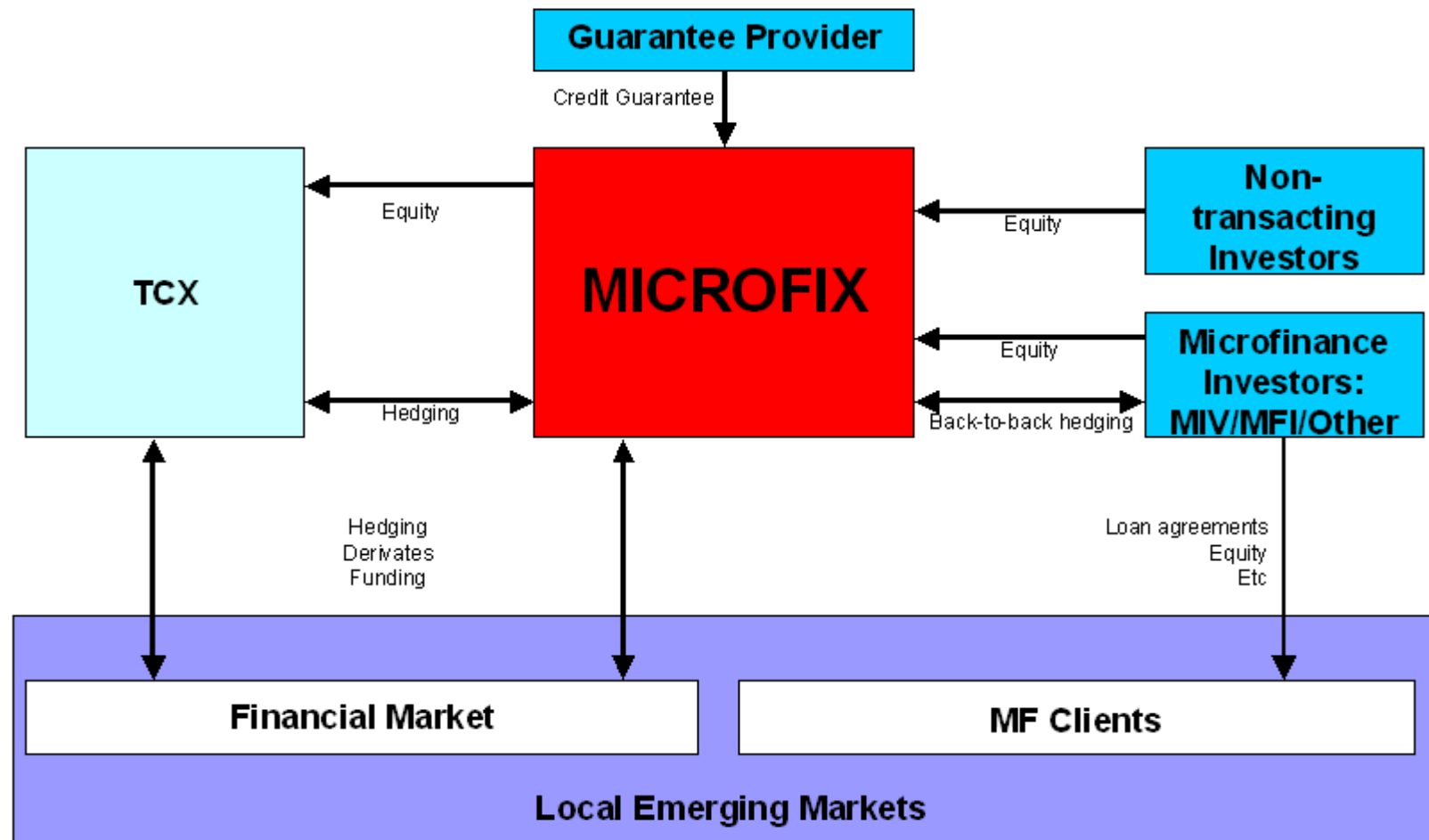


The TCX business concept



The MICROFIX business concept

The MICROFIX Concept



MICROFIX- TCX risk concept

TCX assumes currency risks without hedging

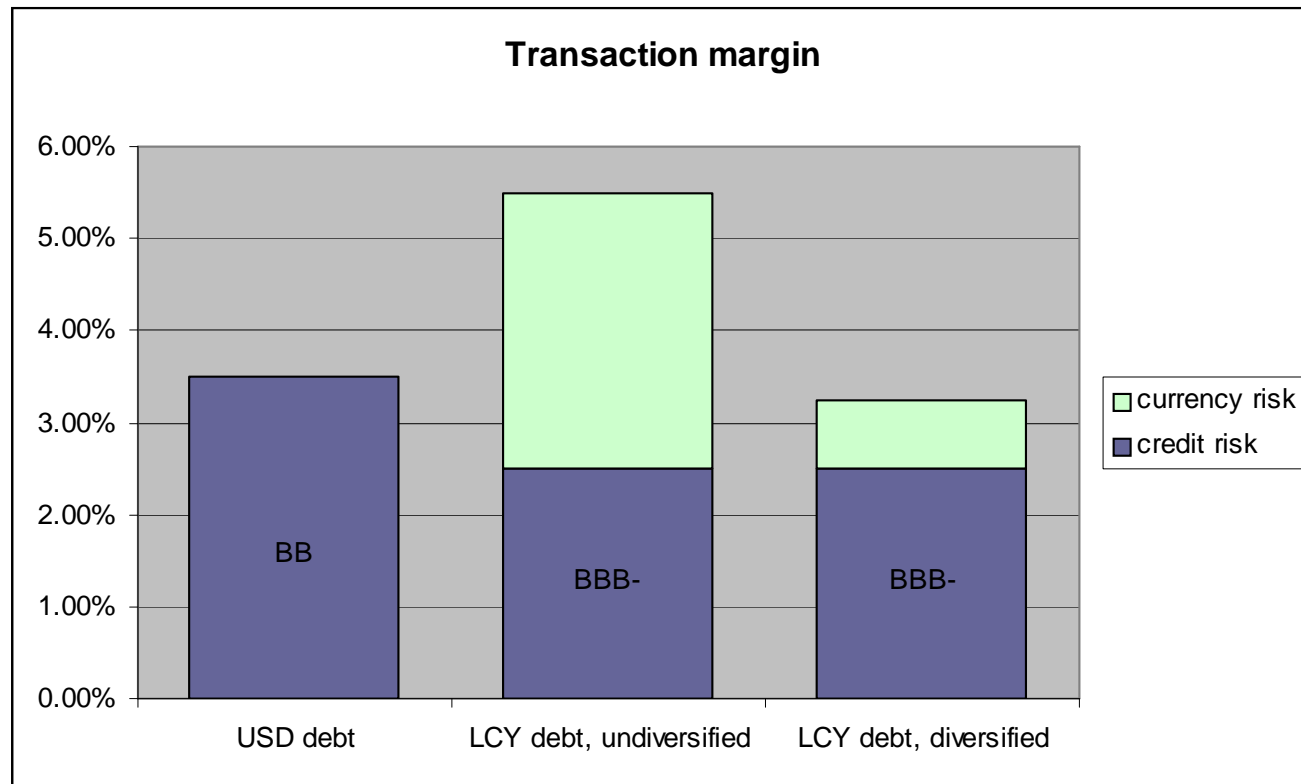
- TCX takes open currency risks
- TCX concept based on diversification principle
- Capital raised to assume a portfolio of currency risks

Portfolio diversification as self-hedge

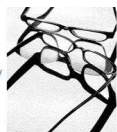
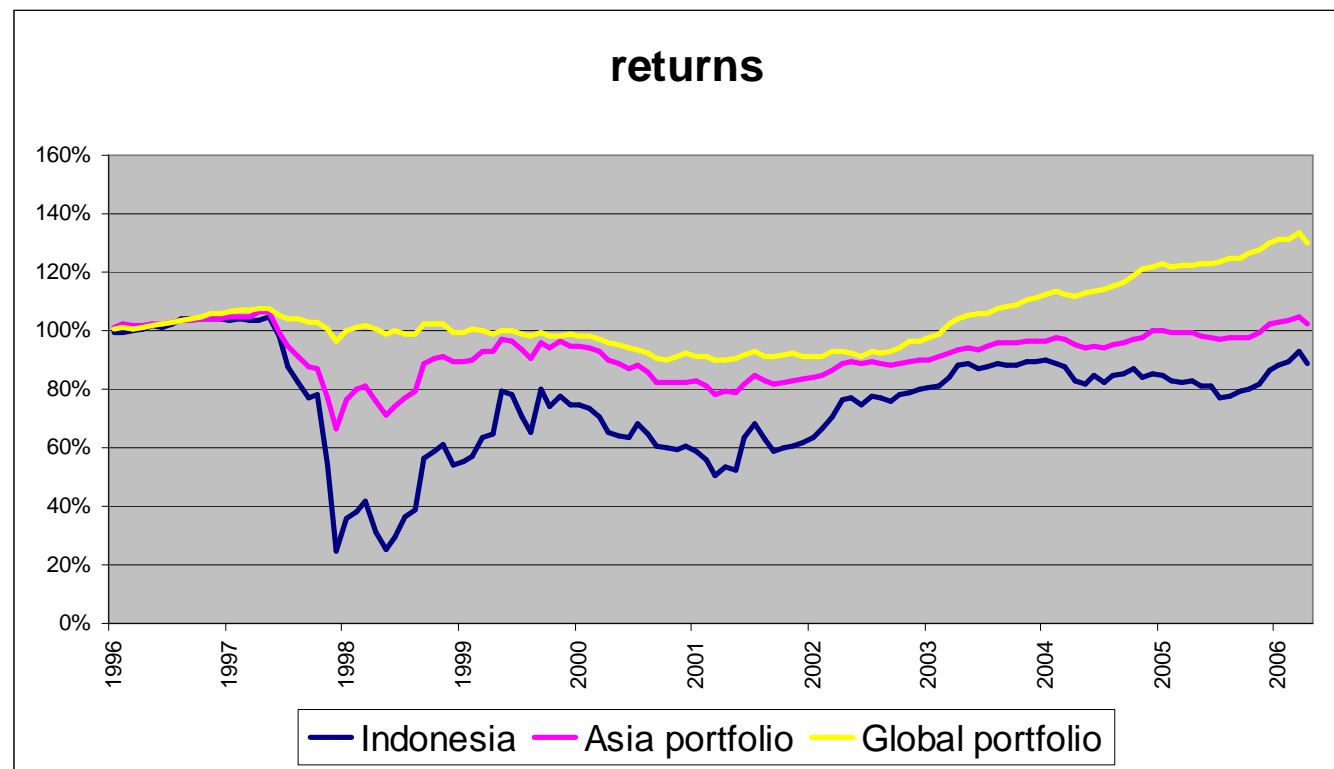
- Volatility of a well-diversified global pool of local currency exposures reduces risk to 25% of average single currency risk
- Reduced credit risk makes local currency product competitive



Risk reduction makes the deal competitive!



Portfolio diversification effect: *It works!*



MICROFIX Commercial Concept

- **Added value**, The market knowledge capacity of TCX combined with the credit analysis capabilities of PlaNIS create an excellent apparatus to deal with and hedge the currency risks currently reluctantly assumed by the MFIs.
- **All Currencies**, from countries on the OECD DAC list. All swaps will be local currency against USD.
- **Products**, currency derivatives both on a deliverable and non deliverable basis. Interest rate swaps floating rate: fixed rate on a case by case basis
- **Underlying transaction required**, no speculation
- **Market-based pricing**, Pricing is referenced to available benchmarks
- **Term**, 10 year
- **Minimum investment amount**, USD 250,000 for MFIs, USD 500,000 for MIV and USD 1 mln for other investors



MICROFIX Business Operations

- **Fund Management, PlaNIS**

Business Unit of PlaNet Finance specialised in Microfinance Investment Services.

PlaNIS team is composed of highly experienced professionals

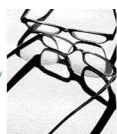
Services include: Advisory and management services to funds, Structured financing in Microfinance, Advisory & Management services to Microfinance private equity

- **Management team:**

will play active role in the transactions between MICROFIX and TCX

will actively advocate its existence in order to promote speedy market acceptance of long term local currency options as a viable alternative.

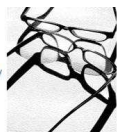
add value to the market by developing additional products and expanding market offering beyond TCX



MICROFIX versus TCX

Added value MICROFIX compared to TCX

- Providing access to TCX for non-investment grade rated MF community
- Providing MFO's with access at a lower minimum investment amount
- Takes care of the complex legal and administrative tasks
- Providing an open (local currency) market window to MFI sector
- Conduct all treasury operations required to interact with the markets



MICROFIX Fund target capitalization

Paid-in equity

\$70 mln paid-in equity in a 2-layer structure:

- \$ 40 mln by the MF Investors

- \$ 30 mln capital/matched funding from non-transacting investor.

Credit enhancement: callable capital or credit guarantee

\$ 46 mln callable capital and/or credit guarantee to guarantee credit quality of MICROFIX when transacting directly with TCX



Proposed business allocation

MF investor equity

For each investor in MICROFIX a minimum transaction capacity of 3 x its equity investment is guaranteed,

In addition to this..

Matched funding from non-transacting investors

- Additional transaction capacity can be available to investors up to 10x equity investment, based on first come first serve principle, plus
- Part of transaction capacity (USD 50 mln) will be allocated to third party (non investors) after two years, creating an open window for MF sector



Investment considerations

MF organizations wishing to

- convert part of business to local currency
- mitigate currency risks in Investee companies
- hedge currency effects on equity portfolio
- offer clients currency swaps
- .extend their product offering

Non-transacting investors wishing to

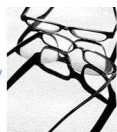
- Provide active support to MF sector
- Facilitate growth in MF sector
- Develop local capital markets wishing to
- Development impact



Timetable

The Micro Finance Local Currency Fund

Contact / discuss MICROFIX with potential investors	Ongoing
Information Memorandum provided to interested parties	Oct. 2008
Final documents approved and signed	March 2009
MICROFIX Operational	Q2 2009



Contacts

Corporate Connect B.V.

Bernadette Blom

M: +31-622695620

Bernadetteblom@corporateconnect.nl

Planis

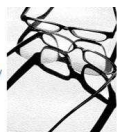
Cyrille Parant

+33 (0) 6 74 01 30 57

parant@planis.org

corporate connect

independent finance + strategy + common sense consultancy



GMIC New York - May 2008



PLANIS
PLANET INVESTMENT SERVICES

ERROR: syntaxerror
OFFENDING COMMAND: --nostringval--

STACK:

```
/Title  
( )  
/Subject (D:20080814111744+02'00' )  
/ModDate  
( )  
/Keywords  
(PDFCreator Version 0.9.5)  
/Creator  
(D:20080814111744+02'00' )  
/CreationDate  
(mjansen)  
/Author  
-mark-
```