

Morgan Stanley



For Immediate Release

Launch of BlueOrchard Loans for Development 2007-1 (“BOLD 2”)

Landmark Rated Microfinance CLO

These materials are not an offer of securities for sale in the United States. The securities to which these materials relate have not been registered under the U.S. Securities Act of 1933, as amended (the Securities Act), and may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act. There will be no public offering of the securities in the United States.

LONDON, 3 May 2007 - BlueOrchard Finance S.A. and Morgan Stanley announced today the launch of BlueOrchard Loans for Development 2007-1 (“BOLD 2”). BOLD 2 is a CLO of unsecured loans to 21 Microfinance Institutions (“MFIs”) based in 13 different developing countries (Azerbaijan, Bosnia, Cambodia, Colombia, Georgia, Ghana, Kenya, Mongolia, Montenegro, Nicaragua, Peru, Russia, and Serbia).

The transaction will be rated by Standard & Poor’s. This is the first time a microfinance structured transaction has been rated by a major rating agency, and thus represents a major milestone for the microfinance industry.

BOLD 2 follows a similar but unrated transaction brought to market by BlueOrchard and Morgan Stanley in 2006, which was the first ever to be arranged by an investment bank.

Like its predecessor, BOLD 2 funds unsecured loans to a diverse portfolio of microfinance institutions globally. These funds will be on-lent by the MFIs to approximately 70,000 low-income people in the developing world for entrepreneurial activities. The loans to the MFIs will be denominated in a number of local currencies including Ghanaian Cedi, Mongolian Tugrik, Colombian Peso, Peruvian Sol and Russian Rouble, as well as USD and EUR. Denominating loans in local currency assists MFIs with their risk management and micro-entrepreneurs with their ability to match the currency of their liabilities and revenues. All the currencies will be swapped back to the currencies of the notes, in order to protect investors. The swap provider for all except the Ghanaian loan will be Morgan Stanley and for the Ghanaian loan it is intended to be Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (“FMO”).

The \$108 MM equivalent CLO is expected to include two tranches of rated notes and three tranches of unrated notes. The rated classes will be Class A, USD 42 MM, rated AA and Class B, USD 16MM, rated BBB. The unrated notes will total USD 50 MM. The Class A notes will have an average life of 4.94 years and the other notes an average life of five years. Notes will be offered in different combinations of USD, EUR and GBP and fixed / floating bases.

BlueOrchard Finance S.A. is the sponsor and selects and services the portfolio of loans with Morgan Stanley acting as arranger and placement agent. Allen & Overy LLP is acting as transaction counsel. The notes will be offered and sold outside the United States in reliance on Regulation S under the Securities Act of 1933, as amended (“Securities Act”), and in the United States only to persons who are both “qualified institutional buyers” (as defined and in reliance on Rule 144A of the Securities Act) and “qualified persons” (as defined and in reliance on Section 2(a)(51) of the Investment Company Act of 1940, as amended).

BOLD 2 offers investors the opportunity to invest in a new asset class with the unique combination of attractive financial returns and effective social returns. The aim of microfinance is to provide financial services to poor and low income people, who have been hitherto excluded from traditional commercial banking. Over the past 25 years, microfinance has become an effective way to promote economic and social development by aiming to build inclusive commercial services for the poor.

Jack Lowe, CEO BlueOrchard Finance S.A., said: “This is another ground-breaking transaction, bringing microfinance closer to the mainstream of the international capital markets as a source of medium term money at competitive rates, as well as the provision of large sums in local currency lending. Blue Orchard is also pleased to have played a major role in helping bring a mainstream rating agency into this transaction.”

Ellen Brunsberg, Managing Director and Head of the European Securitised Products Group at Morgan Stanley, said: “Securing a rating for this transaction is another significant development for microfinance, building on our demonstration with BOLD 1 last year that international capital markets can help fund microfinance on a commercial basis and in scale. Morgan Stanley is applying our securitization expertise to innovate and lower the cost of debt while increasing the supply of funds to microfinance clients around the world.”

The transaction is expected to close at the end of May 2007.

For more information, please contact:

Camilo Mendez, BlueOrchard
Tel: + 41 22 339 0896
Email: camilo@blueorchard.com

Carlos Melville, Morgan Stanley
Tel: +44 20 7425 8955
Email: carlos.melville@morganstanley.com

###

Note to Editors:

BlueOrchard is a Swiss company, based in Geneva, specialised in the management of microfinance investment funds. It assists banks and financial intermediaries to access investment opportunities in the microfinance industry by offering a comprehensive range of products and services.

Morgan Stanley is a leading global financial services firm providing a wide range of investment banking, securities, investment management, wealth management and credit services. The firm's employees serve clients worldwide including corporations, governments, institutions and individuals from more than 600 offices in 31 countries. For further information about Morgan Stanley, please visit www.morganstanley.com.
