

Mikro  Kapital



Back to the real economy

No correlation with other asset classes
No exposure to volatility

An introduction: Microfinance

Mikro Kapital
Microcredit, great future

Mikro Kapital with the EBRD
For worldwide investors

Mikro Fund
For investing in Russian-connected countries

Financial highlights
Key informations: press and mass-media

Microfinance

From the past, to the future

- Jonathan Swift :

Charitable loans

He started the Irish Loan Funds in the early 1700s to provide credit – without collateral – to the poor of Dublin. These loan funds started on a **charitable basis** but continued to grow and played a positive role in alleviating Irish poverty throughout the nineteenth century.

- Amadeo Giannini :

Bank for the “little fellows”

Before founding the Bank of America, Giannini established the Bank of Italy in 1904. The bank was an institution for the **“little fellows”**, the hardworking immigrants that other banks would not serve. He offered those ignored customers savings accounts and loans, judging them not by their wealth, but by their character.

- Muhammad Yunus

Micro loans

Bangladeshi social entrepreneur, banker, economist, and civil society leader who was awarded the Nobel Peace Prize for founding the Grameen Bank in 1983 and for pioneering the concepts of microcredit and microfinance up until the present day. He developed the concept of **social or individual micro loans**.

- Renaud Laplanche

Consumer credit

French -American entrepreneur , founder and for a decade the CEO of Lending Club , an American **peer-to-peer lending** company that has transformed the banking system to make credit more affordable and investing more rewarding. Lending Club is the world’s largest online marketplace connecting borrowers and investors.

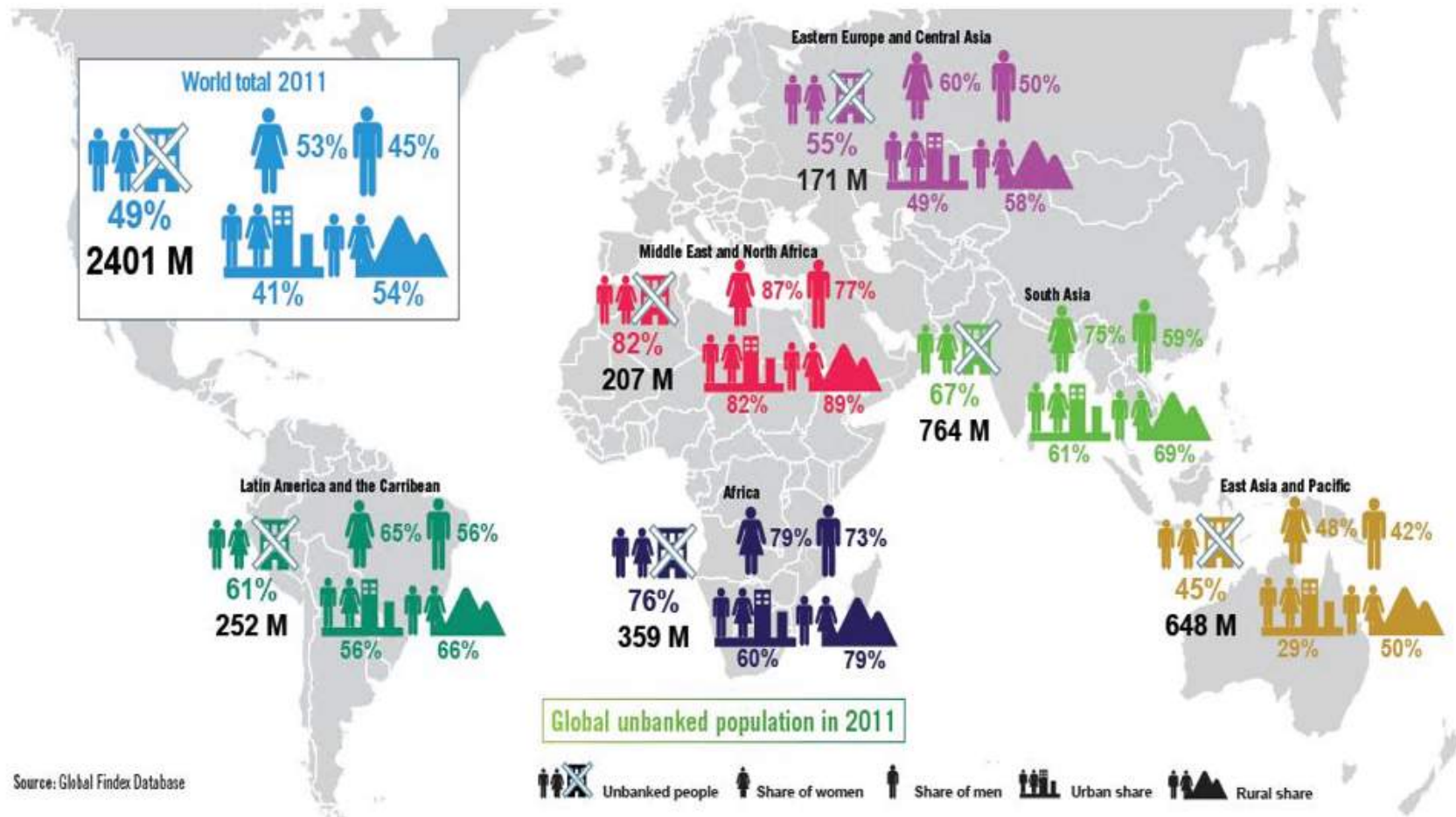
2008

Microcredit to MSMEs

Based in Russia since 2000, Vincenzo Trani has developed key Russian microfinance programmes for eight years at the EBRD. In 2008, he founded Mikro Kapital, a microfinance fund focused only on **microcredit to MSMEs**, in the conviction that small businesses are the most dynamic part of the economy.

Microfinance and financial exclusion

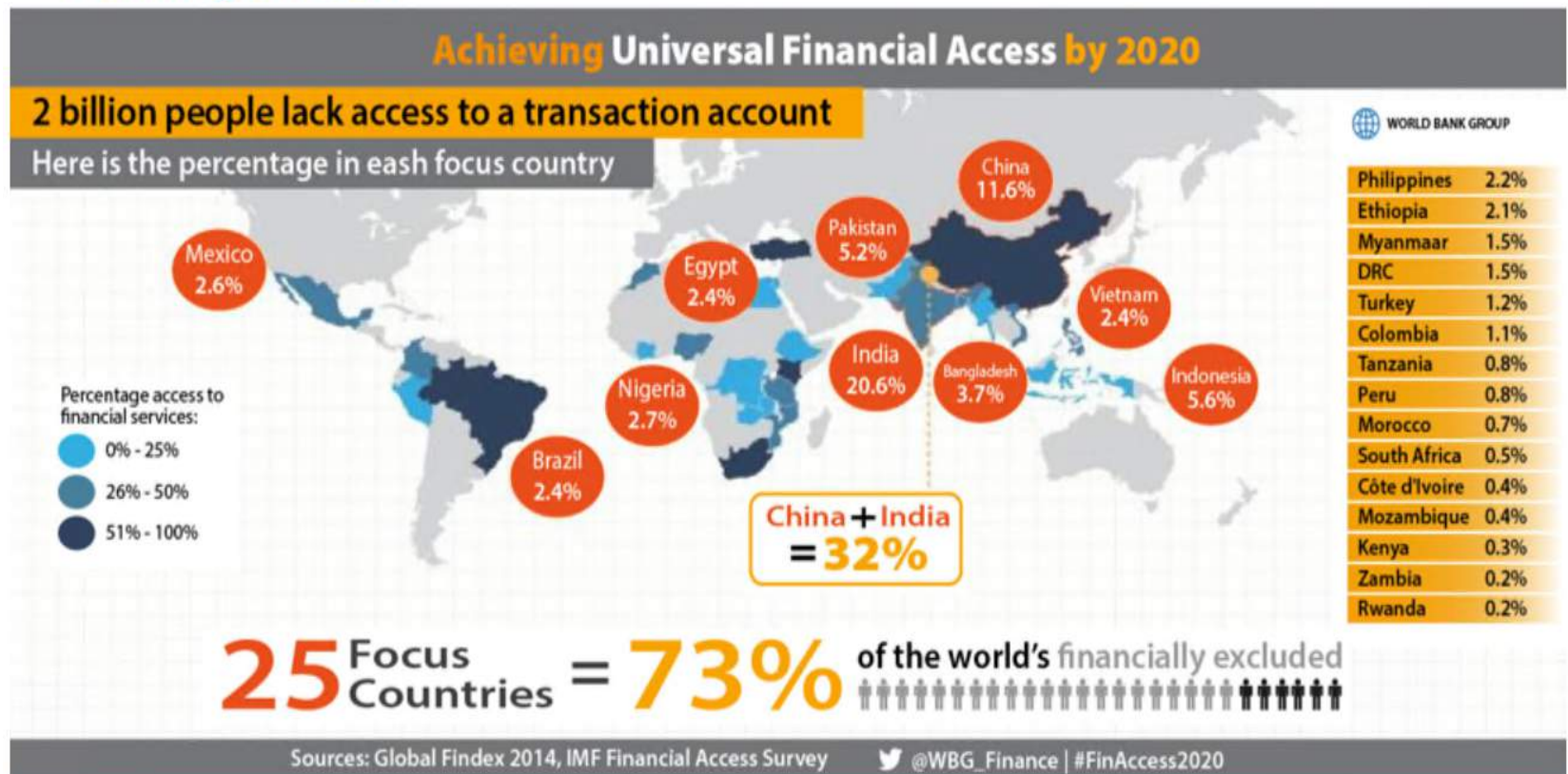
Financial Exclusion in the world



Taken from: Microfinance Barometer 2014

Microfinance and financial exclusion

A global report from world bank estimates 2 billion people with no banking access



Microfinance main objectives

In particular, the activity of microfinance firms allows to reach three objectives, not (always) achievable by traditional financing instruments

- 1 Disintermediation** — The traditional intermediation barriers are overtaken allowing a **direct relationship** between beneficiary and lender
- 2 Financial Decorrelation** — Microcredit instruments are typically decorrelated to financial market, so favoring a process of **portfolio diversification**
- 3 Social impact** — Microfinance, even though distinguished by an economic return, has a strong **social weight**, making projects that would not be made otherwise

Microfinance economic performances

- Average returns: microfinance products over 2010-2014 period has recorded a simple average return of **8%**
- Default rate: there is not unanimous consensus on % of default rates, but some estimates refer about a default rate **< 1%**
- Volatility: it is present, although < compared to commercial banks, because the MFI funds suffer < of macroeconomic shocks in target countries

Source: 2015 Symbiotics MIV Survey

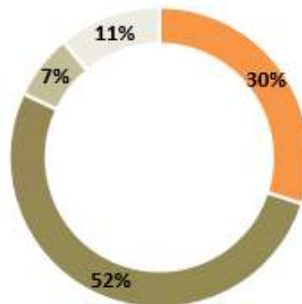
Microfinance: subjects involved

Subjects involved



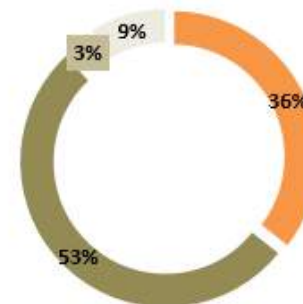
Microfinance Investors

All funds



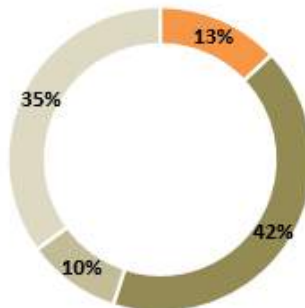
- Public donors
- Institutional investors
- Private wealthy people
- Retail investors

Fixed-income funds



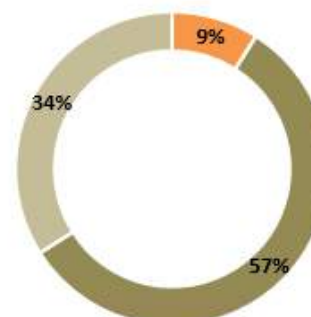
- Public donors
- Institutional investors
- Private wealthy people
- Retail investors

Mixed funds



- Public donors
- Institutional investors
- Private wealthy people
- Retail investors

Equity funds



- Public donors
- Institutional investors
- Private wealthy people
- Retail investors

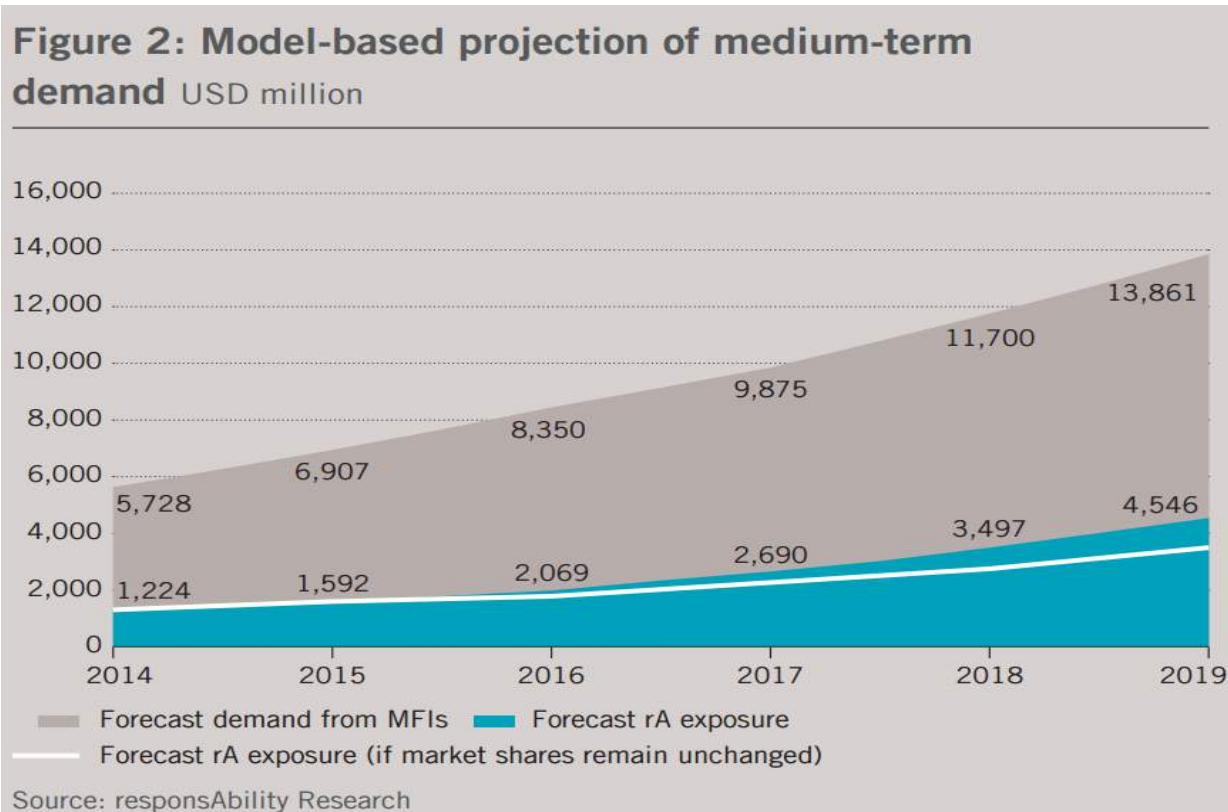
Source : 2015 Symbiotics MIV Survey

Microfinance: subjects involved



Microfinance Investors

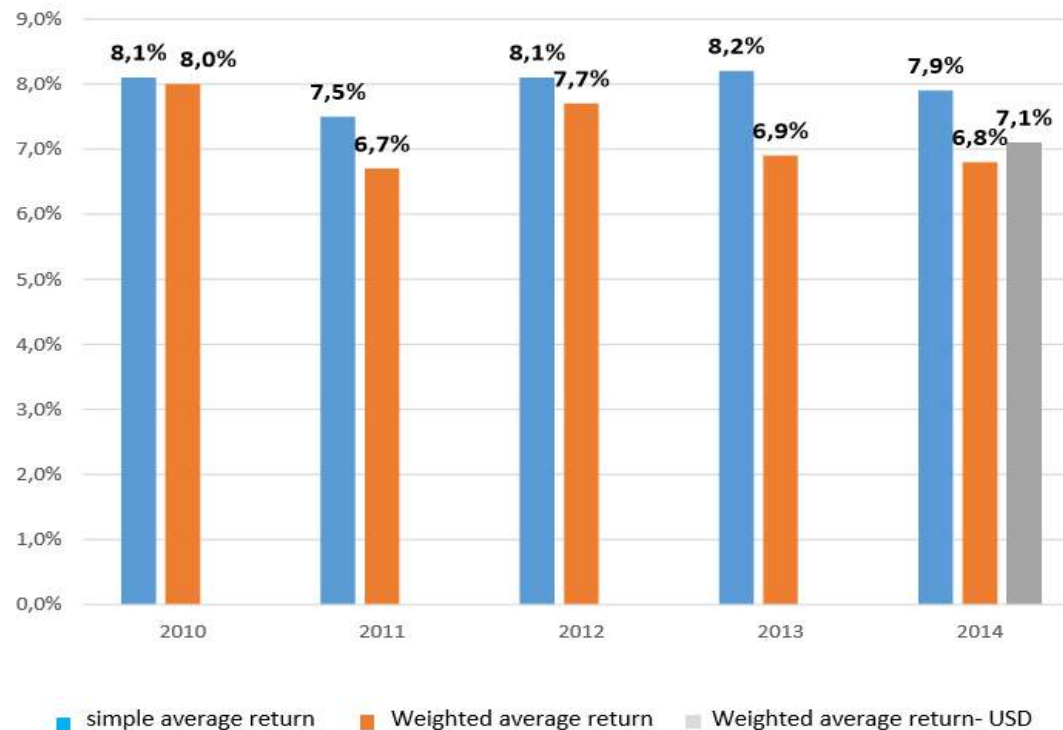
Expected demand of microfinance Investments



Microfinance: economic performances

Economic performances

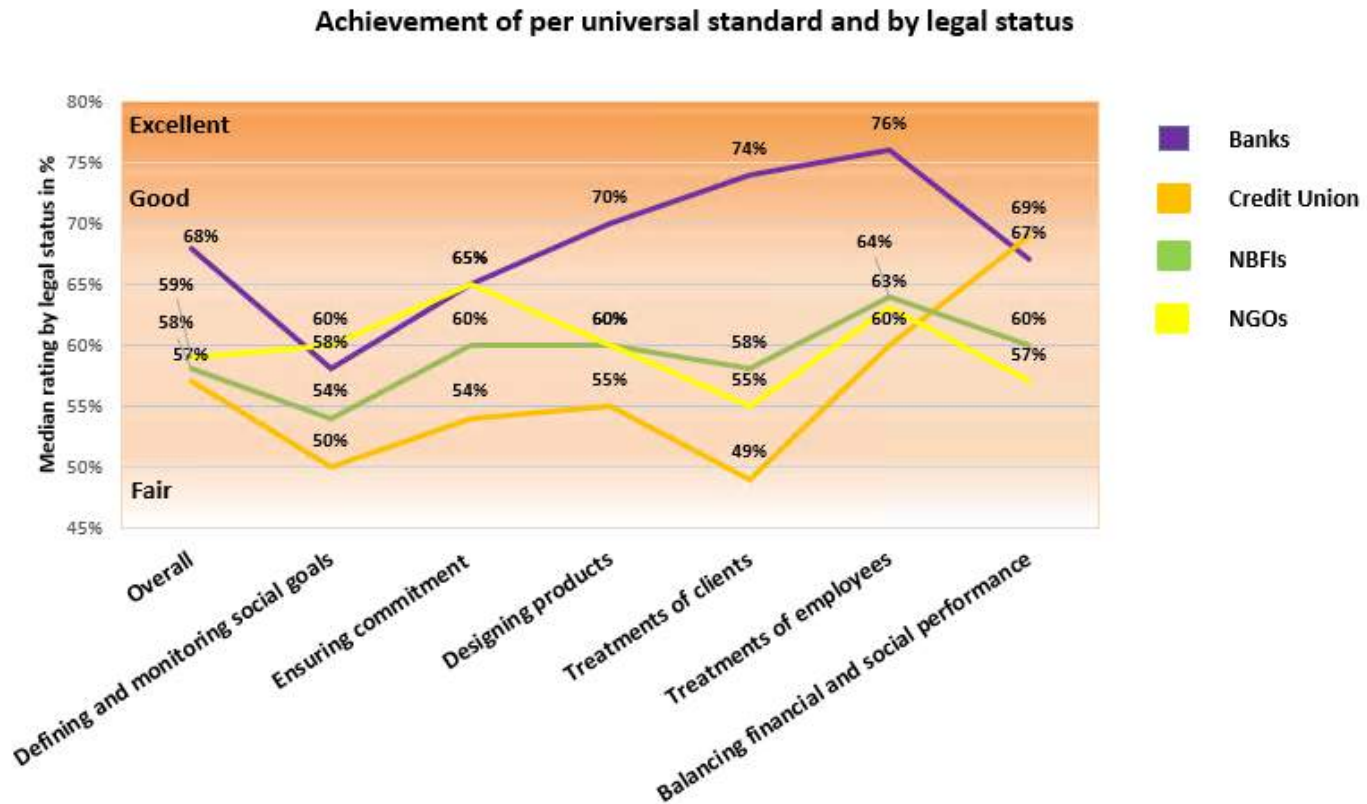
Return for investors of MFI products



Source: 2015 Symbiotics MIV Survey

Microfinance: performance "sociali"

Results of social performances: Achievement of social goals as for typology of financier 2008-2014



3 NBFIs (Non-Bank Financial Institutions)

Source: Microfinance Barometer 2014

Microfinance

A new asset class in high growth economies

10-15%

Growth forecast of MSMEs sector

Global growth for the MSMEs finance sector is expected to be 10-15% in 2017 (responsAbility). More than 2.3 bn people in the world are unbanked: in response to this unmet demand, an ever-increasing number of microfinance institutions are serving the needs of broad sections of the population.

90%

Of the total number of formal firms worldwide are MSMEs

According to the World Bank, MSMEs account for more than 90% of the total number of formal firms worldwide, thus representing the backbone of the global economy. Two out of three full-time jobs in developing economies are provided by MSMEs.

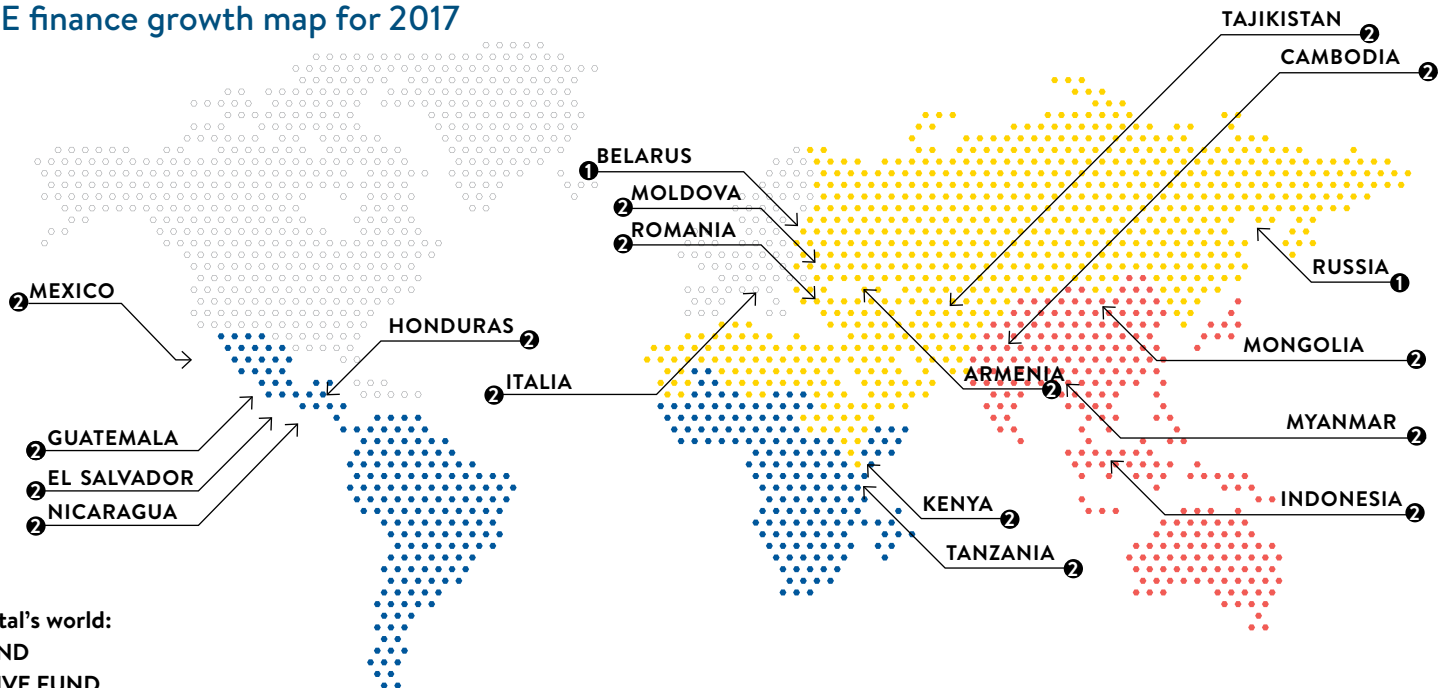
200-250

Billion \$ in 2016

This is the total outstanding microfinance loan portfolio, according to the World Bank and Deutsche Bank: 45% of these resources will be sourced from local capital markets, 40% from MFIs' own savings activities and 15% from multilateral/private funds and specialised investment companies.

The MSME finance growth map for 2017

- 5%-10%
- 10%-15%
- 25%-30%



Mikro Kapital's world:

- ① MIKRO FUND
- ② ALTERNATIVE FUND

Mikro Kapital

Microcredit, great future



A fixed income solution

Launched in 2008, Mikro Kapital is an asset management company specialised in the use of microfinance techniques for investing in **small businesses** across emerging areas of the world, especially in Russia and Russian-connected countries, Central and East Asia, and Latin America. Mikro Kapital operates through two investment funds: Mikro Fund and Alternative Fund. The idea behind Mikro Kapital is to finance small businesses in emerging areas of the world at the current rates, gathering funds from **European institutional and qualified private investors**, through the issue of bonds (EMTNs) in Luxembourg, with an appealing and competitive yield and a maturity of 24, 36 or 120 months.

Business model

INVESTORS • European institutional and qualified private investors.

FINANCIAL VEHICLE • Euro Medium-Term Notes (EMTNs): medium-term, flexible debt instruments (bonds) that require fixed payments and which are issued directly to the market and have maturities equal to or less than 3 years.

BORROWERS • Mikro Fund provides loans to micro, small and medium-sized enterprises in Russian-connected countries directly through its own local agencies. **Alternative Fund** is a provider of funds to invest in the loan and credit portfolios of local operators and distributors.

Mikro Kapital structure

54

Total number of Mikro Kapital agencies worldwide.

17

Number of countries where Mikro Kapital operates (see map p. 4).

8

Number of countries where Mikro Kapital agencies are located.

€255 mln

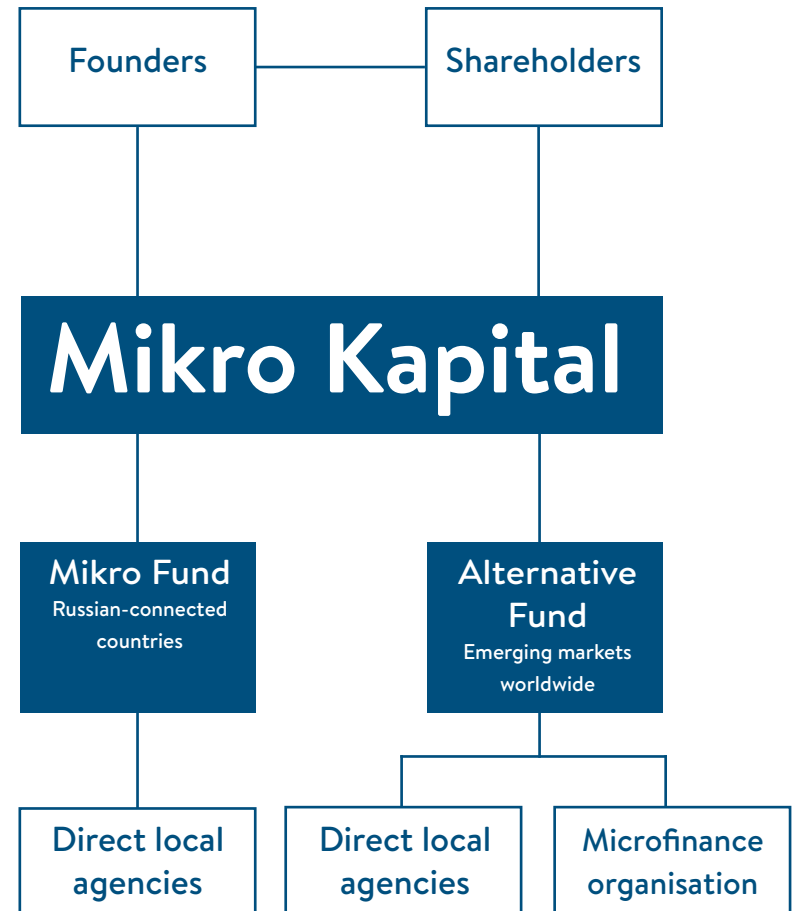
Mikro Kapital AuM (March 2017).

49,000

The number of companies financed so far by Mikro Kapital.

350

Number of employees in the Mikro Kapital world.



Mikro Kapital

An all-round, active approach to microcredit

Mikro Kapital with the EBRD (European Bank for Reconstruction and Development)



“Our tailored solutions share a consistent goal of fostering the transition to market economies, whilst promoting innovation, growth and transparency.”

Sir Suma Chakrabarti, President of the EBRD
(European Bank for Reconstruction and Development)

In July 2016, Mikro Kapital and his fund “Alternative” launched a major project of cooperation with the European Bank for Reconstruction and Development (EBRD).

Founded by the world’s leading industrialized countries as a Supranational Financial Institution with the aim of transforming countries of the former Soviet Union into market economies, the EBRD has always been strongly focused on the development of micro, small, and medium-sized enterprises. In this context, Mikro Kapital has identified regional banks and microfinance companies, with the intention of co-funding these selected counterparties together with the EBRD.

Since 2016, together with EBRD, Alternative Fund has been investing in financial institutions, part of the EBRD program for development of SME. These banks, leasing companies and micro financial organizations are fully implementing the EBRD credit technology.

Raising capital, through the issuance of 36-month EMTNs at a return of 5%, allows Mikro Kapital to fund the most deserving loans with an acceptable credit risk.

Since 2017 Mikro Kapital is officially partner of European Bank for Reconstruction and Development (EBRD) in the Russian Small Business Fund (<http://www.ebrd-rsbf.ru/index.php/about-us/partner-institutions>). In the framework of the partnership established with Russian Small Business Fund, since April 2017 Mikro Kapital has been taking part in several training sessions and final certifications.

Town Money (www.townmoney.ru)

11 time zones

Russia covers 11 groups of different time zones throughout its territory.

71.3%

Is the share of Russia Internet users; 57% of Russian households have access to fixed high-speed broadband, with plans for that number to hit 80% by 2018.

Town Money is a **P2P online platform** that provides unique assistance in organising direct and mutual cooperation between medium-small businesses and private investors in the Russian market. Launched in 2013, this **Internet-marketplace** aims to reach the highest level of openness in terms of relationships between the investors and the borrowers, making it possible to negotiate an agreement on the cost of borrowing and the terms of the loan in real time.

Without limiting the investors and the borrowers to a minimum or maximum amount for investments or loans, the project allows for the implementation of more ambitious ideas (www.townmoney.ru).

Mikro Fund

A success story...

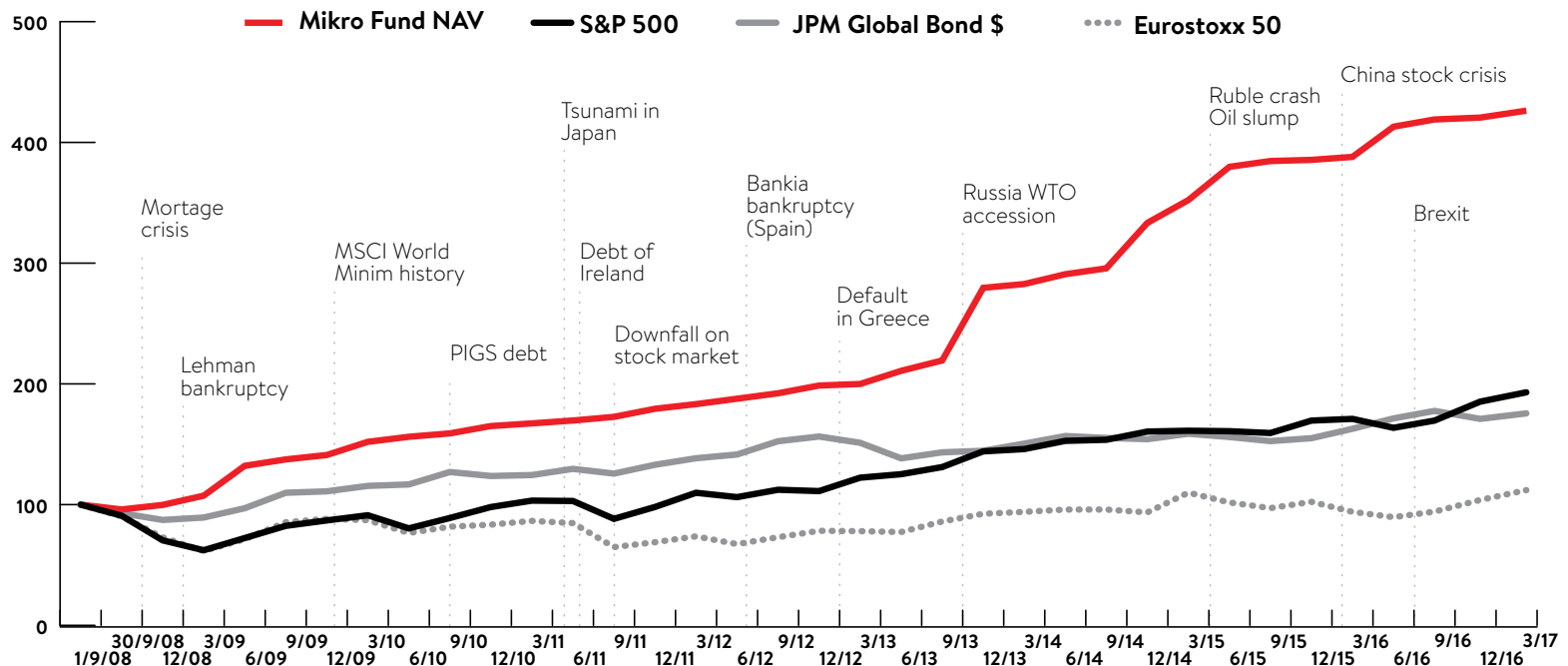
Mikro Fund was **launched in 2008** under the jurisdiction of Luxembourg law. It is governed by EU regulations and monitored by the local authorities. The Fund invests through 24- or 36-month EMTNs (Euro Medium-Term Notes) with coupons on a quarterly basis.

Mikro Fund performance

for fixed income investors

The fund invests in bonds with a number of unique characteristics:

- **Stable, ongoing returns** that are clearly defined when the investment is made and easy to monitor on Bloomberg.
- **Great potential for growth** of the core business, due to the reliability of the operations and the network's capacity to expand.
- **Low correlation with the financial markets** and greater resilience to the economic impact of changing scenarios.
- An **investment risk level close to zero**, as shown by the recorded default rates.



Mikro Fund

8 advantages vs traditional funds

1

No correlation

Investing in the real economy, Mikro Fund has very low correlation with other asset classes in the traditional financial markets.

5

Customised duration

Duration of the investment can be set at 24, 36 or 120 months (with a possible redemption).

2

Bottom-up skills

Impressive growth of the Fund thanks to local teams, experience in fund management, and a wide network of contacts.

6

9%-10% Coupon rate

Returns are rapidly tangible with the first coupon payment in 3 months after the subscription date.

3

Diversification

Industry diversification of the investment portfolio allows for the mitigation of investment risk.

7

Guarantee

Mikro Fund's equity is an additional guarantee given to the bondholders' investments.

4

Risk coverage

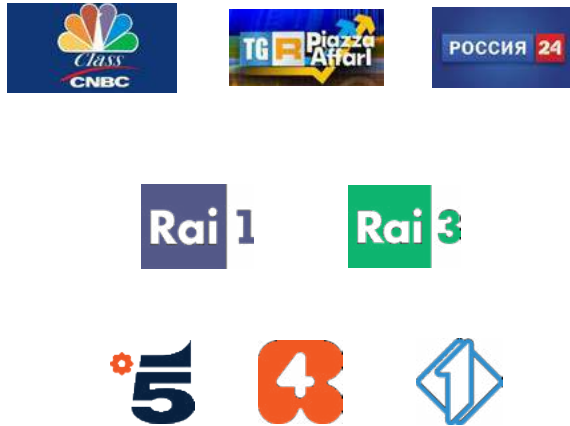
Is ensured by pledged property and personal guarantees provided as collateral by the Fund's borrowers.

8

Self-improving growth

Impressive growth of the Fund thanks to the reliability of the operations and the network's capacity to expand.

They talk about us...



They write about us



www.morningstar.com
ISIN: LU0360956444



www.morningstar.com
ISIN: LU1190710548

Italian and international banks where Mikro Kapital are encoded



Julius Bär



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How to keep track of your investment on Bloomberg

MKKK 9 04/28/19 €Data Unavailable See ALLQ <GO> for Sources			
MKKK 9 04/28/19 Corp		Settings ▾	Page 1/11 Security Description: Bond
		94 Notes	95 Buy 96 Sell
25) Bond Description		26) Issuer Description	
Pages 11) Bond Info 12) Addtl Info 13) Covenants 14) Guarantors 15) Bond Ratings 16) Identifiers 17) Exchanges 18) Inv Parties 19) Fees, Restrict 20) Schedules 21) Coupons Quick Links 32) ALLQ Pricing 33) QRD Quote Recap 34) TDH Trade Hist 35) CAC Corp Action 36) CF Prospectus 37) CN Sec News 38) HDS Holders 39) VPR Underly Info 66) Send Bond	Issuer Information		Identifiers
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	Mkt Iss Euro MTN		Bond Ratings
	Country LU	Currency EUR	Moody's NA
	Rank Sr Unsecured	Series EMTN	S&P NA
	Coupon 9.000000	Type Fixed	Fitch NA
	Cpn Freq Quarterly		DBRS NA
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Australia 61 2 9777 8600 Brazil 5511 2395 9000 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2017 Bloomberg Finance L.P. SN 645482 MSK GMT+3:00 H819-3674-3 28-Apr-2017 18:10:26			

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