



XacBank, a MicroVest Client, Receives Mongolia's First Moody's Rating
MicroVest client, XacBank, becomes Mongolia's first bank to receive Moody's rating

Bethesda, MD- January 10, 2006 XacBank, long time partner and client of MicroVest, became the first Mongolian bank to be assigned ratings by Moody's Investors Service. The fact that XacBank's ratings are higher than Mongolia's sovereign ratings sets a high bar for other banks in the country and implies XacBank will continue to be an industry leader in the following years.

XacBank received their ratings on December 5, 2006 including an overall Bank Financial Strength rating of D, Ba2 for local currency deposits, B2 for foreign currency deposits, and Ba2 for both local and foreign currency issuer ratings. All ratings are currently stable. Other banks receiving this same rating include Aceda Bank, Alfa-Bank, Barclays Bank Ireland PLC, and ZAO Raiffeisen Bank Austria.

Mr. May Yan, a Moody's VP/Senior Analyst based in Hong Kong commented that this rating, "reflects the bank's well-managed micro-finance franchise, its strong profitability, solid capital position and superior asset quality." Moody's official press release on the new rating continued to praise XacBank "as a unique commercial bank with a double-bottom line goal of promoting socioeconomic development as well as enhancing shareholder value".

James Torrey, CEO of The Torrey Funds, a global fund of hedge funds family, and a member of the MicroVest Board of Directors, helped MicroVest with its due diligence of XacBank. He remarked, "Ratings like Moody's are an indication that well-run MFIs are becoming an investable asset class."

Upon receiving the news, XacBank CEO Ganhuyag Hutagt spoke on behalf of his bank. "XacBank is pleased to receive this first rating from Moody's. I would like to acknowledge the hard work of hundreds of my colleagues, development partners, shareholders and the Board, and thank them for their efforts to make the Bank stand where it is today. This rating highlights eight years of excellent achievements for the Bank and is also a stimulus to us all to work to improve in the coming years."

MicroVest negotiated a USD 1.5 million convertible loan agreement with XacBank in 2004 and exercised their option to convert 50% into equity in June of 2005. Mongolia is now one of the best serviced microfinance markets in the world with the highest percentage of their population receiving micro-loans. MicroVest is optimistic that the news of this rating will bolster an already prosperous relationship.

About XacBank:

As a full-service bank with a focus on microfinance, approximately 63.3% of XacBank's total loan portfolio is comprised of micro-loans. Its 12 types of loans range in size from USD 27 or USD 150,000, with an average loan size of USD 665. Loan maturities range from 30 days to 36 months, with an average loan maturity of 9 months. The largest



microfinance institution in Mongolia and one of three with nationwide coverage, XacBank has 32 branches across the country's regional centers and 9 branches in the capital city of Ulaanbaatar.

About Moody's:

Moody's Investor Service is one of the world's most highly regarded and widely used sources for institutional credit rating. The Bank Financial Strength Rating (BFSR) represents a bank's safety and soundness in its debt repayment capability independent from external credit support. Such third party assistance is accounted for in the Bank Deposit Rating which reflects the bank's ability to punctually repay its foreign and/or domestic currency deposit obligations. Rates range between A and E for BFSR and Aaa and C for Bank Deposit Ratings.

About MicroVest:

MicroVest I, LP (MicroVest) is a \$25 million private equity fund providing debt and equity capital to microfinance institutions in emerging markets. As the first private microfinance investment fund in the United States, MicroVest's goal is to link capital markets to the entrepreneurial poor by expanding the capacity of profitable MFIs throughout the world. MicroVest is based in Bethesda, Maryland and was founded by CARE, MEDA, and the Seed Capital Development Fund—three non-profit organizations with longstanding credibility and investments in the microfinance industry.