

Microfinance Industry Proactively Develops Best Practices

Morgan Stanley sponsors the International Association of Microfinance Investors' development of guidelines for debt defaults by microfinance institutions

NEW YORK, October 29, 2009 – The International Association of Microfinance Investors (IAMFI) today announced the creation of a Microfinance Lenders Working Group to develop best practices for a uniform response by investors to defaults by microfinance institutions (MFIs), sponsored by Morgan Stanley. Despite the global financial crisis, loans to microfinance institutions have performed well, continuing the industry's track record of a low incidence of loan defaults. IAMFI's assessment of industry default rates, published earlier this year, estimates the commercial default rate by MFIs at two percent. However, the increased volume of loans and investors has prompted the industry to proactively create standard best practices.

“The creation of the Microfinance Lenders Working Group is in keeping with IAMFI's goal of helping microfinance investors achieve their financial and social objectives by developing universal standards and best practices,” explained Joan Trant, IAMFI Executive Director. “The Working Group is comprised of industry experts who will produce action-oriented tools that investors can use to address issues arising from the increased commercialization of microfinance.”

A few of the tools the group expects to develop include: a checklist of loan non-repayment early warning signs, guidelines for inter-creditor agreements, standardized loan agreement clauses and an annotated guide that will clarify new clauses for MFIs.

“The creation of the IAMFI Microfinance Lenders Working Group marks an important step in the development of the microfinance industry,” commented Audrey Choi, IAMFI Board Member and Managing Director and Head of Morgan Stanley's Environment, Social Finance & Community Reinvestment Group. “Morgan Stanley is pleased to sponsor IAMFI's initiative and believes the results of this effort will facilitate a stronger investment climate for microfinance going forward – driving greater social impact.”

Working Group members represent a wide range of global stakeholders, including microfinance investment vehicles, financial institutions, limited partner investors, development finance institutions and law firms active in microfinance. The University of Michigan Law School's International Transaction Clinic, under the director of Deborah

Burand, Esq., will support the Working Group with research. Results from the IAMFI Microfinance Lenders Working Group are expected to be published in late May, 2010.

About IAMFI

The International Association of Microfinance Investors (IAMFI) is a global membership organization dedicated to serving current and potential microfinance investors. Microfinance provides low-income households and enterprises access to capital and other financial services. IAMFI is committed to helping commercially oriented microfinance investors, especially those who invest in funds and other vehicles, achieve their goals by offering credible, objective industry information, conducting research, facilitating dialogue and working to improve the global environment for microfinance. The association helps investors leverage their capital more effectively while increasing access to financial services for the unbanked poor.

About Morgan Stanley's Environment, Social Finance & Community Reinvestment Group

The Environment, Social Finance & Community Reinvestment Group provides strategic, integrated focus to the Firm's commitment to the environment, social finance, and community development. The group proactively partners with other Business Units across the Firm to identify, analyze, and execute business opportunities in these key areas that provide multiple bottom line returns to the Firm and to the broader community. The Environment, Social Finance and Community Reinvestment Group also fosters awareness throughout the Firm by mobilizing employees to give back to the community in ways that uniquely leverage the talents and passions of Morgan Stanley's current and future leaders.

For more information, contact:

Geralyn Lederman

+1-212-297-2118

glederman@kellencompany.com

Or visit www.iamfi.com

Carissa Ramirez

+1-212-762-6834

Carissa.ramirez@morganstanley.com