



CYRANO Management

FUND MANAGEMENT & FINANCIAL ADVISORY

JANUARY 2002

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Summary

Legal Name:	Cyrano Management S.A.
Country of Incorporation:	Panama
Legal Status:	Sociedad Anonima (S.A.)
Date of Inscription:	October 2000
Target Clientele:	Social investors, Banks and Credit Institutions, Bilateral and Multilateral Organizations, Governments and Development Institutions.
Bank:	Multicredit Bank, Panama

External Auditor:	Deloitte & Touche
External Accountants:	Bureau, S.A., Lima
Legal Counsel Panama:	Tapia, Linares y Alfaro, Panamá
Legal Counsel Peru:	Estudio Alfredo Solf , Francisco Belaunde
Human Resources Counsel:	M&M Soluciones Integrales

Managing Director:	Fernando Lucano Urioste
Managing Director's Assistant:	Marco Gonzales
Risk Analysts:	Gustavo Santivañez
Administrator:	Lourdes San Martin
Associated Consultants:	Socorro Acuña – Micro-finance Specialist Raul Dabusti – Project Specialist

Cyrano is a corporation specialized in financial institutions and investment funds that service small businesses. Cyrano works with an international and multidisciplinary team of experts that has a solid academic background in finance, economic and business administration. Further-more, Cyrano's staff has a broad experience in banking for micro and small enterprises, investment funds related to small and medium size enterprises and in non financial services for small and micro-businesses.

1. QUALITY SERVICE

Cyrano employs international business standards and generates high quality financial information, which has allowed **Cyrano** to provide structured services to its clients.

2. PRODUCTS

Cyrano focuses on the 6 following areas:

- Fund Manager
- Investor Representation
- Risk Assessment
- Training Seminars
- Consultancies
- Market information

2.1 FUND MANAGER

Cyrano's duties as a fund manager:

a) In the pre-operative stage:

- Identifying investment opportunities
- Designing the financial, legal and operational structure of the fund
- Designing business plans
- Locating sponsors and investors

b) In the operative stage:

- Defining and implementing the fund's strategy and financial structure
- Generating, identifying and analyzing business opportunities.
- Structuring, evaluating, negotiating and closing transactions and agreements with clients
- Managing credit or investment committees
- Monitoring portfolio risk
- Raising new funds
- Organizing investor meetings
- Elaborating accounting and periodic activity reports

How does Cyrano reduce its fiduciary risk:

- By its cumulative experience as a Fund Manager
- Adhering to conventional management procedures
- Gathering and managing financial information that is on par with international standards
- Adhering to a prudent and realistic investment strategy appropriate for emerging markets

Cyrano is the fund manager of the **Latin American Challenge Investment Fund - LACIF** -; which provides credit enhancement products to Small Business Banks (SBBs) and Micro Finance Institutions (MFIs).

Cyrano has also designed two additional funds:

- **Fincoop**, designed for credit unions in Peru
- **Solidus**, an equity investment fund for MFIs and SBBs in Latin America

Cyrano's staff has participated in several assemblies and board meetings of Latin American and Mediterranean funds.

2.2 INVESTOR REPRESENTATION

Representation of shareholders or investors entails actively participating at different junctures in the decision making process of a fund, financial institutions and/or a company. This includes participating in:

- Evaluations and pre-investment Committees
- Credit and investment Committees
- Executive Committees
- Board meetings
- General assemblies meetings
- Advisory councils
- Creditor assemblies

Cyrano's representation services can include legal assessment and periodic risk monitoring

Examples of the investors representation include:

- **MIF – IDB:** as the official representative of the first venture risk fund established in Peru.
- **CORDAID (Holland) and SIDI (France):** as member of the board of director of a financial institution in Peru.
- **Cyrano's** staff has represented investors and participated as a board member of many financial institutions and investment funds:
 - Banco Solidario - Bolivia
 - Indes - Chile
 - Serfindes - Colombia
 - Profund – Panama
 - Fape - Peru
 - Saindesur - Uruguay
 - Madi – Marroco
 - Fidi – Ivory Coast

2.3 RISK ASSESTMENT

Cyrano has designed a methodology to identify, measure and analyze the risk of a financial institution, along both its quantitative and qualitative aspects.

These evaluations include a five-day visit to each client and a permanent performance and risk evaluation of the market and counterpart. MFIs, progress reports are elaborated on a monthly basis.

Thus far **Cyrano** has evaluated 30 MFIs in 12 Latin American countries.

Cyrano is not a risk rating agency. Instead, the financial analysis it conducts on MFIs is done from the perspective of an investor interested in managing his risk. For example in the micro-finance field, **Cyrano** searches for information provided by rating agencies or specialized institutions like Micro Rate

The risks evaluated and monitored are:

➤ **Market Risk**

- Country risk
- Market environment
- Interest rate and investment policies
- Regulatory and supervisory norms
- Performance of the banking sector and the micro finance industry

➤ **Counterpart - Quantitative Risk**

- Matching of currencies and maturities
- Liquidity
- Quality of the portfolio and assets
- Profitability and margins
- Capital adequacy
- Capital structure
- Operating efficiency
- Repayment capacity

➤ **Counterpart - Qualitative Risk**

- Quality information and transparency
- Strategic plan
- Market position
- Shareholder solvency
- Institutional vision and management capacity
- Organization
- Human capital
- Audit and internal control processes

2.4 TRAINING SEMINARS

Cyrano's goal is to share its know-how and fund management and financial advisory technology with an even broadening set of investors and micro-finance practitioners.

Topics:

- Gathering and tracking market information
- Risk evaluation methods
- Financial analysis and structuring
- Evaluation of financial institutions

Training seminars are designed for executives and directors of:

- Financial institutions
- Regulatory agencies
- Second tier banks and fund managers
- Universities and training centers
- Government agencies and bi-multilateral organizations

Examples of seminars that have been held are:

- **Performance trends of MFIs**
Organized by **COLCAMI** - Anahuac University (Mexico), Brazil, Guatemala, Mexico.
- **Risk analysis Methods**
Organized by **USAID/IBEE** - Bolivia
- **Performance and risk analysis of Peruvian MFIs**
Organized by **COFIDE** – Peru in Huancayo and Chiclayo
- **Market risks and counterpart risk**
For executives of **Proempresa** – Peru

2.5 CONSULTANCIES

Cyrano provides consulting services that make full use of its expertise and management tools.

Areas covered:

- Design of the financial structure
- Financial and entrepreneurial development
- Projects evaluation

Examples of consultancies made:

- **Instituto de Financiamiento Industrial y IDB - Colombia**
Subject: Determining the optimal interest rate of Colombian MFIs
- **Caja Municipal del Arequipa - Peru**
Subject: Revising the institution's strategic plan
- **Swedish Cooperation and IDB - Nicaragua**
Subject: Strategic plan for the development of financial and business development centers on the Atlantic coast of Nicaragua.

Considering its current obligations as a fund manager, **Cyrano** does not offer any operational or technical assistance to MFIs in order to avoid any conflict of interest.

2.6 GENERATION OF MARKET INFORMATION

Cyrano strongly believes that free access to high quality information is fundamental for the development of sound financial markets.

For example, **Cyrano** has developed standard reports or a "mapping" of the micro finance industry in 9 countries: Argentina, Bolivia, Brazil, Colombia, El Salvador, Nicaragua, Paraguay, Peru and the Dominican Republic.

The mapping country reports contain information on MIFs and on the market conditions which facilitate the evaluation of the regulatory frame, government policies as well as the assets growth and other main indicators of the MFI's performance. This information has been provided at the request of many organizations such as the University of Aurach del Sur (Mexico), Novib (Holland) and Foncap (Argentina). **Cyrano** has also created a data-base of macroeconomic data of Latin American countries.

3. VALUES

CYRANO is a socially responsible business that upholds ethical and ecological values which bring it into harmony with its position in the market.

Values:

- Integrity
- Transparency
- Respect for the environment

Entrepreneurial standards:

- Quality information
- Client centered approach
- Fiduciary responsibility

4. CLIENTS

The quality of its clients is **Cyrano's** best reference

Social investors:

- **FONCAP** - Argentina
- **FUNDAPRO** - Bolivia
- **ENLACE** - Ecuador
- **SIDI** - France
- **CORDAID** - Holland
- **NOVIB** - Holland
- **SCC** - Sweden
- **ARGIDIUS** - Switzerland
- **FUNDES** - Switzerland
- **CALVERT** - USA
- **CARE** - Ecuador

Banks and Financial Institutions:

- **Los Andes** - Bolivia
- **Fie** - Bolivia
- **Prodem** - Bolivia
- **Finamérica** - Colombia
- **Banco Solidario** - Ecuador
- **FED** - Ecuador
- **FINDE** – Nicaragua
- **ACODEP** – Nicaragua
- **CONFIA** - Nicaragua
- **El Comercio** - Paraguay
- **VISION** - Paraguay
- **Caja Arequipa** - Peru
- **Caja Tacna** - Peru
- **Confianza** - Peru
- **Crear Arequipa** - Peru
- **Crear Tacna** - Peru
- **Mi Banco** - Peru
- **Pro-Empresa** - Peru
- **ADOPEM** - Dominican Republic
- **FONDESA** - Dominican Republic

Bilateral Multilateral Organizations and Governments

- **MIF/IDB** - USA
- **CAF** - Venezuela
- **USAID** - USA
- **IFI** - Colombia
- **AECI** - Spain
- **FINNFUND** - Finland
- **NORFUND** - Norway
- **COFIDE** - Peru
- **SWEDFUND** - Sweden
- **ASDI** - Sweden

5. HUMAN RESOURCES

CYRANO´s team is composed by a permanent staff and a selective group of international consultants.

Fernando Lucano – Financial Specialist

MBA from Sorbone University of France

Expert on financial and risk analysis. Former project coordinator for the IDB and portfolio leader for SIDI (France). Currently he is the fund manager of LA-CIF, an investment fund that specializes in serving MFIs and SBBs.

Marco González – Financial Analyst

MBA from “Universidad del Pacifico” in Peru.

Expert in analysis and financial evaluation of micro-finance organizations, specifically in determining risk factors and evaluating management information systems. Currently he is a risk analyst for LA-CIF’s. He has evaluated institutions in Argentina, Ecuador, Nicaragua, El Salvador and Peru.

Gustavo Santivañez – Risk Officer

Business Administration Degree from the “Universidad Catolica” in Peru

Specialist in the analysis and evaluation of micro finance organizations, specifically in determining risk factors. Current credit analyst for LA-CIF. He has evaluated institutions in Ecuador, Peru and Bolivia.

Lourdes San Martín – Administrator

Business Administration Degree from “Universidad de Lima” in Peru

Responsible for managing the legal, accounting, administrative and treasury aspects of CYRANOS’ s operations as well as those of the funds, and projects that CYRANO administers.

External Consultants

Socorro Acuña – Senior Micro-finance Specialist

MBA from the “Universidad del Pacifico” in Peru.

Significant experience in financial intermediation. Particular expertise in designing and implementing credit technologies for effective delivery of small loans, mobilizing savings of the general public, portfolio management and elaborating of management manuals. She has conducted several consultancies in Latin American (Argentina, Bolivia, Guatemala, Paraguay, Nicaragua, El Salvador) for LA-CIF and IPC (Germany). At present, she is the general manager of the Caja Municipal de Arequipa (Peru).

Raul Dabusti – Senior Project Specialist

MBA from the “Universidad de Buenos Aires” - Argentina

Expert in managing projects for various multilateral and bilateral organizations, such as ONUDI, OIT, European Union, IDB and the Austrian government. Currently he is a international consultant with a particular expertise in Latin American, Middle Eastern and West African countries. Former head of several projects established to to finance and provide business development services to micro and small enterprises.