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CONTACT:

David Satterthwaite
617-648-0043
david@prismamicrofinance.com

PRISMA ANNOUNCES CLOSE OF CONVERTIBLE DEBT FINANCING

BOSTON, MA, October 15, 2003 – Prisma Microfinance, Inc., a leading microenterprise financial services firm, today announced the successful close of a \$600,000 round of convertible debt financing. This financing, raised from existing investors, will be used to establish and grow the company's new Honduran operations, and to continue operations in Nicaragua.

Nicaragua has an active, developed microfinance market with as many as 300 institutions serving over 300,000 clients. Many microfinance institutions in the market, however, have been unable to adapt their operations to increased competition in the region. Due to operational inefficiency and grant dependence, the majority are unlikely to be viable in the medium term. There is a strong opportunity in the Nicaraguan market for an efficient, scalable institution such as Prisma.

The market in Honduras is much less developed than that in Nicaragua, and with only thirty microfinance institutions currently in operation, there is a significant unmet appetite for credit. There is only one dominant source of microfinance funding, so the growth of the industry and the performance of many individual institutions are highly dependent on that one source. This creates an opportunity for microfinance institutions, such as Prisma, which have efficient operations and independent capitalizations.

Indeed, the microfinance markets all across Central America are severely underserved; by some estimates, only 10% of potential microfinance clients across the region have access to microfinancing. Prisma's management team is eager to employ its new funding to capitalize on opportunities throughout these markets.

About Prisma Microfinance, Inc.

Prisma MicroFinance, Inc. is a leading microenterprise financial services firm with US headquarters in Boston and operations in Nicaragua and Honduras. Prisma's mission is to become a leading provider worldwide of commercial microfinance services, linking unbanked entrepreneurs in developing countries with the developed world's financial resources. The Company has a loan portfolio of \$1 million and is currently offering financial services to over 1,000 individual entrepreneurs and small businesses. Prisma's portfolio represents private investor capital on which Prisma offers both compelling social returns and competitive financial returns. For more information visit the Prisma website at www.prismamicrofinance.com.

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