

## MI-BOSPO, Bosnia and Herzegovina

After starting its microcredit activities in 1996, the local NGO BOSPO founded MI-BOSPO in December 2000. MI-BOSPO has been part of the World Bank (WB) Local Initiatives Project (LIP) for several years and an affiliate of Women's World Banking (WWB) since 1999. In 2008, it became a Microcredit Foundation (MCF), and now awaits its license as a Microcredit Company (MCC). Headquartered in Tuzla, MI-BOSPO offers both individual and group loans in the Federation of Bosnia and Herzegovina (FBH) and in Republika Srpska (RS) through a network of 27 branches and sub-branches. As of December 2008, it had a portfolio of 74 M BAM (37.8 M EUR), serving 36,248 women of all ethnic origins.

### GIRAFE Rating

#### Rating

**A-**

#### Outlook

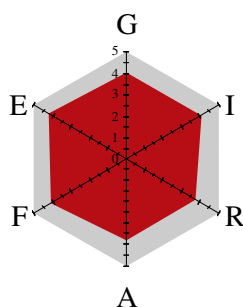
**Stable**

#### Date of the rating

**February 2009**

Valid until January 2010

#### Rating per evaluation area



Governance – Information – Risk –  
Activities – Funding – Efficiency

#### Planet Rating Contact

Nadine Chehade  
nchehade@planetrating.com  
+ 33 1 49 21 26 30

#### MFI Contact

Ms. Nejjira Nalić  
Bosne srebrene bb 75 000 Tuzla  
Bosnia and Herzegovina  
+ 387 25 270 283  
nnalic@mi-bospo.org

#### Rating highlights

- Following a voluntary decrease of its interest rates, MI-BOSPO's profitability has trended downward in 2008 (ROA=5.2%, ROE =22.1%).
- Credit risk has increased throughout the country, thus leading to a higher and still rising PAR 30 (1.39% as of Dec. 2008, 2.96% as of Mar. 2009).
- MI-BOSPO has quickly adopted the needed measures to restore its historical portfolio quality, by addressing its internal controls weaknesses, adapting its delinquency management, and further improving the loan approval process.
- Thanks to a strong management team, in place for several years, it maintains a solid position as a medium-sized player, operating on the lower end of the market.
- MI-BOSPO enjoys a diversified funding base made up of both local and international funders. Anticipating fresh capital needs following its transformation, it has already engaged talks with potential equity investors.
- Upcoming challenges include actually transiting to the MCC status, refining the product development process as well as the profitability analysis by product to maintain competitiveness, and proving the efficiency of undertaken actions, notably more effective and increased checks, to stabilize then reduce the PAR.

#### Outlook

The grade is assigned with a "Stable" outlook based on expectation that MI-BOSPO will sustain its overall efficiency level, if not its exact cost structure, while keeping its credit risk within the internationally and regionally acceptable limits.

#### Performance indicators

EUR	Dec. 2003	Dec. 2004	Dec. 2005	Dec. 2006	Dec. 2007	Dec. 2008
Assets	6,732,101	8,398,179	14,647,265	20,327,738	30,885,460	40,950,540
<i>Evolution</i>	32.2%	24.7%	74.4%	38.8%	51.9%	32.6%
Loan portfolio	5,636,174	6,924,002	13,153,620	18,534,399	28,932,634	37,813,316
<i>Evolution</i>	34.7%	22.8%	90.0%	40.9%	56.1%	30.7%
Active borrowers	7,161	9,318	14,272	19,412	30,565	36,248
Average outst. loan / client	787	743	922	955	947	1,043
Staff	39	41	57	111	121	148
ROE	23.4%	16.3%	24.0%	26.3%	28.3%	22.1%
ROA	9.2%	6.2%	7.8%	7.5%	7.3%	5.2%
Liabilities / Equity	1.59x	1.64x	2.39x	2.61x	3.12x	3.38x
Portfolio Yield	32.6%	30.9%	29.5%	28.5%	26.2%	22.6%
Operating expense ratio	16.5%	18.2%	14.7%	14.0%	11.6%	10.7%
PAR 31-180	0.2%	0.4%	0.2%	0.3%	0.3%	1.4%
PAR > 180	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Write-off ratio	0.8%	1.2%	0.8%	0.7%	0.7%	0.8%

REF: NC / 210409