

# Corporate Presentation

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## Our Company

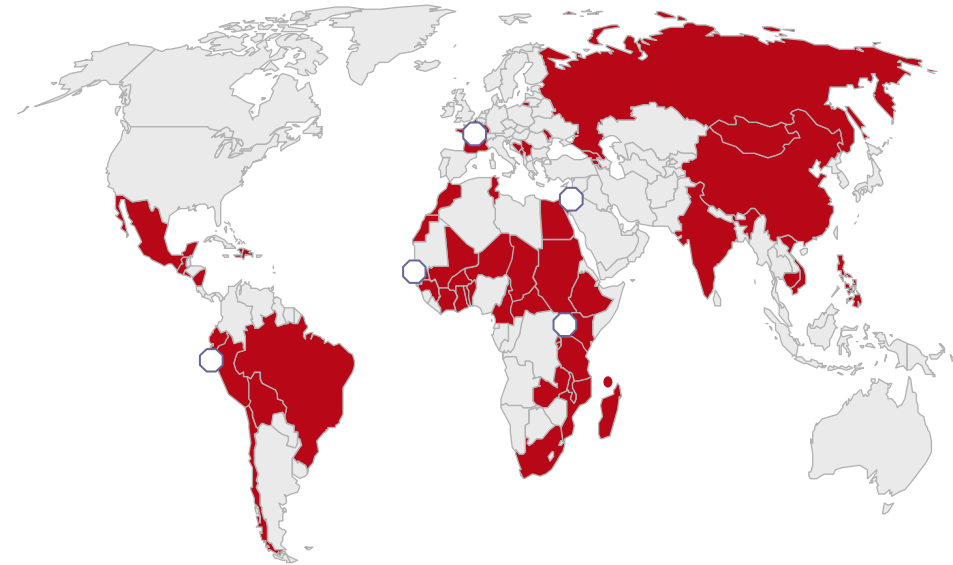
# Planet Rating: The Global Microfinance Rating Agency



Created in 1999 and became a private independent rating firm in June 2005

Planet Rating has the most extensive global coverage:

- Paris HQ: covering Eastern Europe & Asia
- Lima Office: covering Latin America & the Caribbean
- Dakar Office: covering West & Central Africa
- Kampala Office: covering East & Southern Africa
- Beirut Office: covering North Africa & Middle East



Most diversified rating team in the industry:

- Multicultural: American, Canadian, Colombian, Dutch, French, Lebanese, Senegalese, Ugandan, Peruvian, Vietnamese citizens
- Multilingual: Arabic, Dutch, English, French, Lugandan, Spanish, Portuguese, Vietnamese, Wolof speakers

Qualified & experienced team:

- Each senior analyst has conducted at least 12 rating missions on 3 different continents
- Analyst backgrounds: investment banking, management consulting, non-profit, microfinance

## In 2008, Planet Rating is ranked...

- # 1 microfinance rating agency in Middle East & North Africa
- # 1 microfinance rating agency in Africa
- # 2 microfinance rating agency in Eastern and Central Europe & NIS
- # 2 microfinance rating agency in Latin America and # 1 in Brazil
- # 3 microfinance rating agency in Asia-Pacific

## ... and holds a strong rating experience of various types of microfinance organizations

- Our rating team has developed its expertise through missions within:
  - Mature **regulated** MFIs, such as Mikrofin (Bosnia Herzegovina)
  - Smaller **unregulated** MFIs, such as Ugafode (Uganda)
  - **Deposit-taking** institutions and cooperatives, such as Kafo Jiginew (Mali)
  - **Banking** institutions, such as Socremo Bank (Mozambique), XacBank (Mongolia), Banco de Desarrollo (Chile) and Ecofuturo (Bolivia)
- International organizations and donors have trusted us to evaluate their partner MFIs:
  - USAID in Mali & Egypt
  - EU/SUFFICE and DFID/FDSU in Uganda
  - Luxemburg cooperation agency in Senegal
  - Islamic Development Bank in Palestine

# Knowledgeable & Committed Shareholders

## Planet Rating is backed by solid shareholders

### PlaNet Finance ([www.planetfinance.org](http://www.planetfinance.org))



- A leading French NGO that aims to alleviate poverty worldwide through the development of microfinance
- Paris-based with 539 employees in 38 countries; 2006 resources of 7.2 million EUR

### COFACE Group ([www.coface.com](http://www.coface.com))



- COFACE provides 4 product lines: credit information and corporate ratings, receivables management, credit/guarantee insurance, export guarantees and factoring. FitchRatings (AA+), S&P (AA), Moody's (Aa3).
- Paris-based with 1,641 employees in 60 countries; 2006 revenues of 1.34 billion EUR

### CDC Group ([www.caissedesdepots.fr](http://www.caissedesdepots.fr))



- CDC Group is the leading French manager of public savings deposits and pension funds. It is also a leading investor in social housing and regional/local development projects throughout France. FitchRatings (AAA)
- Paris-based with 5000 employees; 2006 assets of 200 billion EUR and net income of 2.1 billion EUR

### Viel & Co. Finance ([www.viel.com](http://www.viel.com))



- VIEL & Cie is one of the world's top three brokers in financial (money markets, bonds, interest rate, currency/credit derivatives, equities, equity derivatives, interest rate & index futures) and commodity-related products.
- Paris-based and Euronext-listed, VIEL operates in 18 countries; 2007 revenues of 676 million EUR

## Our Products & Services

## A common approach to rating ...

- Analysts conduct a **participatory on-site mission** of 3 to 7 business days or more depending on the context
- All evaluations are based on the **proven CGAP-accredited GIRAFE methodology**
- Analysts provide a **comprehensive debriefing session** at the end of the on-site mission
- All **reports** are meant to be a **marketing tool** for your MFI and are made investor-friendly for public distribution
- **Dissemination of the reports** is always offered to our clients, on a voluntary basis
- Analysts can **discuss the rating report** with investors, donors and/or regulators on request
- Analysts can provide a **personalized bullet-point summary** of institutional strengths and weaknesses on request

## ...with outputs adapted to your specific goals

- Prepare a business planning exercise
- Document performances before/after a major transition
- Support a funding request for a donor
- Facilitate or increase your access to fund providers (donors, funds, investors...etc.)
- Enhance your international visibility and credibility
- Provide a comprehensive information to your stakeholders
- Reduce reputation risks
- Improve your social performance



### **GIRAFE Mini-Rating**

**Main focus**  
Evaluate your institutional performance



### **GIRAFE Institutional Rating**

**Main focus**  
Conduct an in-depth analysis of your risk profile

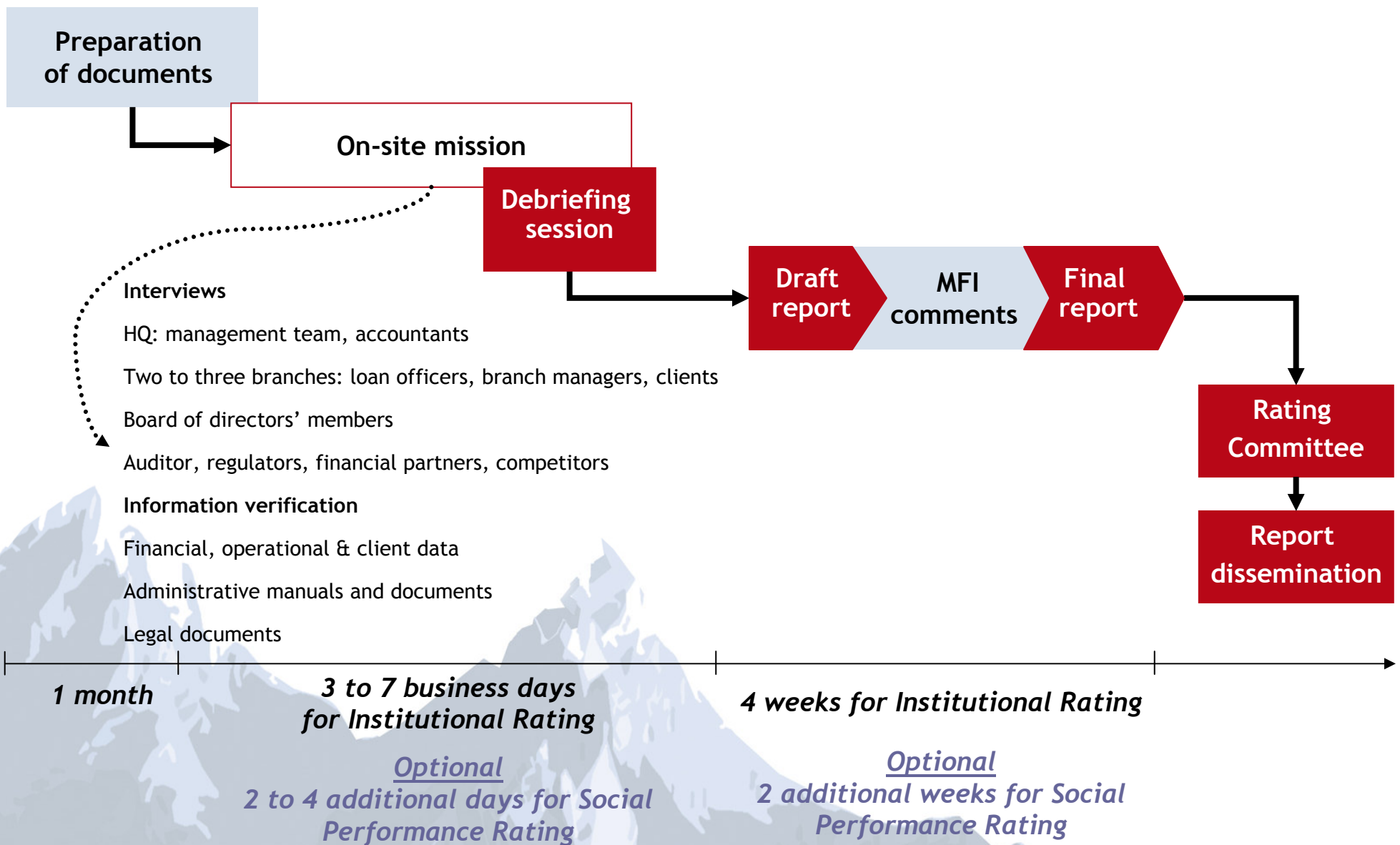


### **Social Performance Rating** *Complementary Report*

**Main focus**  
Conduct an in-depth analysis of your social performance

# GIRAFE Rating Timeline

**A rating can be completed within one month from on-site mission**



## Highlights

- Created in 1999, it is the most **comprehensive and transparent** rating methodology
- Certified and **accredited** by CGAP and the Rating Fund
- Widely **recognized** worldwide by investors, donors, regulators and microfinance consultants
- Specifically designed and adapted to microfinance, **relevant** to suit all types, sizes and stages of development of MFIs
- Proven and stable methodology already employed for more than **300 ratings** in over **60 countries**
- An **enhanced GIRAFE methodology** was finalized in January 2008 in order to anticipate future microfinance rating risks and challenges



### Rating Domains

- G**overnance
- I**nformation
- R**isk
- A**ctivities
- F**unding and liquidity
- E**fficiency and profitability

### Weightings

- 24%
- 10%
- 10%
- 20%
- 14%
- 22%

Qualitative domains

Quantitative domains

## GIRAFE is a comprehensive rating methodology

### Governance and Decision Making

24%

The evaluation of governance is used to analyze the effectiveness of the “ownership” structure, the relevance of the MFI’s strategy, and the coherence between the strategic vision and operations. We also assess the skills of the management team and the entire staff, including an evaluation of the human resource management system. To evaluate this critical area, we interview members of the Board of Directors and management as well as review statues and meeting minutes for all governing bodies. Meetings with other local actors regarding the regulatory environment and the state of the local microfinance sector are included in this analysis.

4 rating factors: Decision making; Planning; Management team; Human Resource management

### Information and Systems

10%

Adequate information is critical to the success of any organization. MFIs typically have two key information systems: an accounting system and a loan/savings tracking system. In this area we evaluate the availability and accuracy of information as well as system security and appropriateness. We analyze the information flow to asses the quality of the information and perform a mini-audit of the portfolio. We complement our analysis by interviewing the external auditor regarding the methods used and the findings.

2 rating factors: Information System Design & Data Quality

### GIRAFE is a comprehensive rating methodology

#### **Risks** **10%**

In this area we evaluate the quality of risk management within the MFI to determine whether the directors, internal auditor, and all other key personnel have adequately identified the risks related to their work. Furthermore, we assess whether there are controls in place to cover these risks. We review the internal procedures, the internal audit process, and the overall approach to risk management via interviews with staff, the IA and field visits.

2 rating factors: Procedures and internal controls; Internal audit

#### **Activities** **20%**

MFIs disburse loans and potentially mobilize savings. We evaluate the quality of the management of these services as well as the health of the loan portfolio. This analysis includes a review of credit procedures as well as the application of those procedures in the field via client file reviews and interviews with loan officers and clients.

3 rating factors: Financial services management (credit, deposit taking, money transfer, insurance); Credit risk; Risk coverage

### GIRAFE is a comprehensive rating methodology

#### Financing and Liquidity

14%

This area includes an analysis of an MFI's capital structure, financing strategy, and the appropriateness of the asset liability management given its risk exposure (interest rate, currency, and maturity). Special attention is placed on liquidity management, including the security of cash, the management of short-term investments and cash flow projections.

3 rating factors: Market risks and Asset and Liability Management; Liquidity risk; Capital adequacy and Funding strategy

#### Efficiency and Profitability

22%

The analysis determines whether the MFI is sustainable in the long term without subsidies. An evaluation of this area is necessary whether or not the MFI seeks to be profitable, as an MFI's efficiency determines its capacity for outreach and the quality of its services. Standard adjustments are performed to account for various types of subsidies and hidden costs.

4 rating factors: ROA; Revenue quality; Operational Efficiency; Asset optimization

## GIRAFE is a comprehensive rating methodology

### Microfinance Sector

The existence of efficient supervision and regulation is necessary to guarantee a stable level of performance of the MFIs of a country. This will be taken into account in the final grade for a given institution. Institutions operating in countries where systems are not effective are rewarded for efforts made towards self-regulation or “informal regulation” through national microfinance associations or international networks.

### Rating Committee

Following the evaluation mission in the field, the institutions that provided sufficient information will be rated using the system described on the next page. The rating is assigned by a committee composed of both the mission’s analysts and other Planet Rating analysts. They have no relationship, material or otherwise, with the microfinance institutions being rated.

### Two tiered rating system

The rating system has two levels. It includes 6 rating areas which are scored on a range from “e” (lowest) to “a” (highest). The scores of each area are weighted and combined to calculate the global rating.

### Outlook

The Rating Committee rates an MFI based on current performance and assigns a trend evaluation based on the future prospects as positive, stable, or negative. An uncertain trend will be assigned if there are sufficient uncertainties regarding performance over the next year.

## GIRAFE rating grid

A++	<b>Optimal</b> institutional, operational and financial performances. No downside risk in the short-term. Well-designed medium and long-term plans. Excellent execution capacity and goals very likely to be achieved. Minimal and/or well managed short and medium term risks. Well monitored and anticipated LT risks. High resilience to external crisis.	Investment grade
A+ A A-	<b>Excellent</b> institutional, operational and financial performances. Well-designed medium and long-term plans, excellent execution capacity and goals very likely to be achieved. Well monitored and anticipated LT risks. Minimal and/or well managed short and medium term risks. Limited impact of external crisis given the MFI ability to quickly adjust its strategies and/or take corrective actions.	
B++ B+ B	<b>Satisfactory</b> institutional, operational and financial performances. Adequately designed medium and long-term plans, good execution capacity and goals likely to be achieved. Low and/or well managed short and medium term risks. Areas for improvements identified and being addressed. Moderate impact of external crisis.	
B-	<b>Close</b> to industry standards institutional, operational and financial performances. Moderate but not fully addressed short and medium term risks. Most areas for improvements have been identified, but medium and long term plans miss one or several critical elements. Uneven execution capacity and some goals unlikely to be achieved. Vulnerable to external crisis.	Speculative Investment
C++ C+ C C-	<b>Limited</b> Institutional, operational and financial performances when compared to industry standards. Moderate/high and not fully addressed short and medium term risks. Most areas for improvements have been identified, but medium and long term plans miss one or several critical elements. Weak execution capacity and many goals unlikely to be achieved. Very vulnerable to external crisis.	
D	<b>High risk:</b> Important weaknesses in operational and financial areas result in high institutional vulnerability and potential risk of default. Performance is very poor in several important evaluation areas.	Technical Assistance Required
E	<b>Immediate risk of default:</b> Existing operational and/or financial and/or strategic weaknesses create an outstanding risk of default. Performance is very poor in most evaluation areas.	

## Clear and straightforward rating reports

### Circle graph

The scores for the 6 factors are represented in a circle graph, as illustrated below. The grey area represents the maximum score and the dark red area represents the factor scores for the MFI. The darker the graph, the stronger the MFI's performance.

### Reading a rating

The first page of our reports provides the rating results at a glance on different levels

**GIRAFE Rating:**  
 - Grade  
 - Trend  
 - Date

**Circle graph**

#### MFI, Country

Sunrise started to provide microcredit services in Sarajevo on April 1997 and it was officially registered as an MFI on September 2000. Following the adoption of the new microcredit law, Sunrise will first transform into a Foundation before becoming a for-profit microfinance Company by July 2007. The Foundation will become a shareholder in the Company, but other shareholders including top management are also expected to subscribe to its capital. As of May 31, 2007, Sunrise's 145 staff serves 19,531 clients through a network of 46 branches and satellite offices in both BiH entities. The institution had a loan portfolio of 48 M BAM (24.5 M EUR) and offers seven individual loan products directed to production, trade, services, agriculture and housing improvements.

**Description of the institution**

#### GIRAFE Rating

**Rating**  
A

#### Rating highlights

- Sunrise is highly profitable (ROA=8.0%, ROE=29.8% in 2006), this excellent performance is fuelled by a big drop in operational expenses and increased leverage.
- Sunrise has succeeded in growing fast (averaged 43.5% per year for the past 5 years) and is maintaining good portfolio quality (PAR30=1.3% in 2006, although this level remains higher than the industry average of 0.8%).
- Sunrise enhanced its prudent portfolio management practices with a new client and guarantor rating tool while making its products more flexible and competitive.
- Operating cost expense ratio dropped steadily over the years to 16.7% in 2006. Decentralized lending operations, efficient IT systems, good staff productivity and good asset deployment all contributed to better efficiency. This improved cost level remains however higher than the BiH average of 14.5%.
- The upcoming transformation to a for-profit Company status is expected to provide clearer ownership and governance rules. The main challenge is whether Sunrise can/will remain independent in the long run, and if so, how it will effectively compete and gain market share in a market dominated by the top 3 MFIs.

**Rating highlights**

**Outlook**  
Stable

#### Outlook

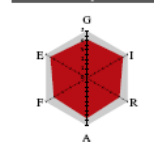
- The "Stable" trend is underpinned by Planet Rating's expectations that the lending operations will continue to be well-managed, that the portfolio quality will remain at the current level and that Sunrise will handle smoothly the challenges associated with the upcoming legal and ownership changes aided by ongoing preparations.

**Outlook**

**Date of the rating**  
Date

Valid until April 2008

**Performance composition**



**Performance indicators**

Planet Rating Contact	2002	2003	2004	2005	2006
Minh-Hoy Liu	48.9%	26.9%	33.3%	36.4%	66.8%
mlu@planetrating.com	5 161 022	6 993 978	9 474 818	13 086 458	20 873 055
+351 49 21 26 30	49.1%	34.7%	36.3%	38.1%	92.9%
	4.5%	7.2%	10.2%	12.3%	17.2%
	92	165	197	121	
	30.2%	26.1%	18.2%	19.4%	20.9%
	6.3%	7.4%	6.6%	6.3%	8.0%
	1.9%	1.6%	1.9%	2.3%	3.0%
	38.9%	36.9%	31.9%	31.8%	33.6%
	23.2%	22.6%	21.5%	18.0%	16.7%
	1.9%	1.9%	1.1%	1.1%	1.3%
	0.0%	0.0%	0.0%	0.0%	0.0%
	1.4%	1.6%	1.1%	1.1%	1.9%

**We value what we measure: measure your social performance!**

To boost your relationships with donors and investors, further increase your visibility and credibility

To improve your social performance along with your institutional performance

To reduce all kind of risks (including reputation risks) and create opportunities



**A global evaluation of your institution**

=

**GIRAFE Rating  
(institutional or mini)**

+

**Social Performance Rating  
(+ optional training)**

- For most MFIs, **institutional sustainability is only a means to an end**: achieving their social goals.
- Transparency on financial performance, with the existence of clear financial performance standards, regular reporting, external evaluations and ratings, has played a significant role in the development of strong microfinance institutions. In order to further strengthen the sector, increase transparency and accountability on the capacity of MFIs to achieve their social goals is needed.
- Social Performance Ratings are now available for MFI that wish to complement their institutional and financial rating and provide a comprehensive information to their stakeholders for an optimal decision-making.
- The Social Performance Rating can be conducted
  - at the **same time** as the GIRAFE rating
  - OR the following week / within the 6 following months
- Combining both processes provides **efficiency gains that are reflected in the prices**

## Highlights

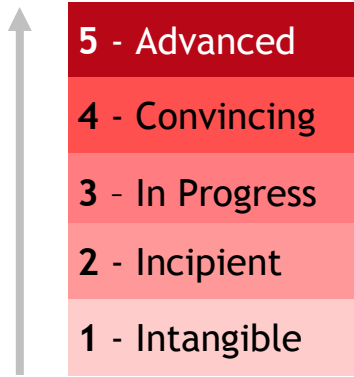
- The Social Performance Rating methodology has been rigorously designed, thanks to our strong experience in the internationally recognized GIRAFE Rating Methodology
- Refined through on-site testing and collection of feedback from actors of the sector during 2005 and 2006
- Draft methodology used for the social performance evaluations of 6 MFIs in Mali in 2006
- Final methodology already used for five Social Performance Ratings (4 in Ethiopia in July 2007 and 1 in Peru in January 2008)

### Rating Domains

- Institutionalization of the Social Mission
- Targeting and Service Offering
- Social Responsibility

More information upon request and at  
[www.planetrating.com](http://www.planetrating.com)

### Social Performance Rating scale

- 
- A vertical scale with five levels, each in a red box. An upward-pointing arrow is to the left of the boxes. The levels are: 5 - Advanced, 4 - Convincing, 3 - In Progress, 2 - Incipient, 1 - Intangible.
- 5 - Advanced
  - 4 - Convincing
  - 3 - In Progress
  - 2 - Incipient
  - 1 - Intangible

## Highlights

- The GIRAFE Training Session is a course designed to help microfinance / financial professionals gain a **better understanding of MFI risk profile** and build analytical and risk assessment skills
- This course blends lecture, discussion, exercises and case studies to make sure your team has a **rich learning experience** and can gain a thorough understanding of Planet Rating's methodology and criteria
- A GIRAFE training session offers participants
  - A thorough understanding of the GIRAFE methodology, a powerful methodological framework to evaluate microfinance institutions institutional sustainability
  - The ability to acquire the necessary skills to conduct their own assessment of MFI risks
  - Working knowledge of performance ratios and indicators commonly used in microfinance and related industry benchmarks
  - Valuable insight into key current issues for microfinance institutions

## Global Training Experience

- More than **25 training sessions** have been conducted in more than 19 countries in Africa, Asia, Latin America, MENA, and Europe
- Planet Rating has trained **BNP Paribas, HSBC and Blue Orchard** staff on the GIRAFE

## Our Coverage



# Planet Rating: the global microfinance rating agency

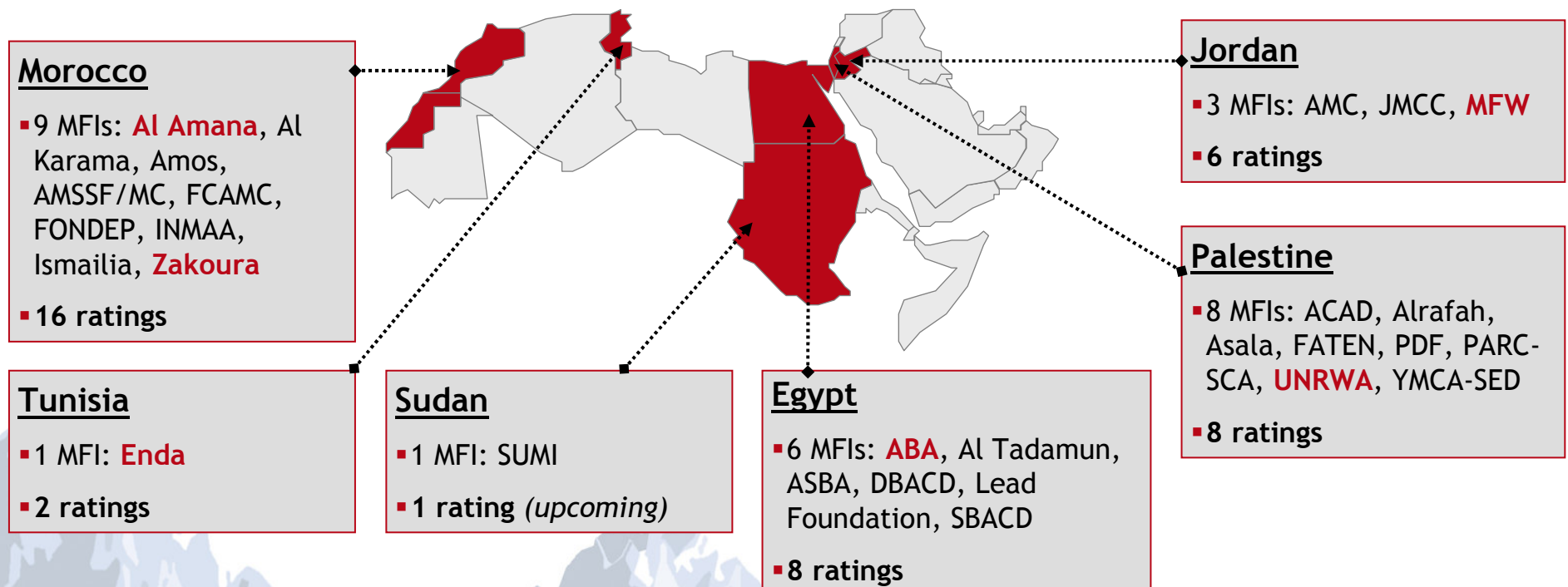
Offices

Missions



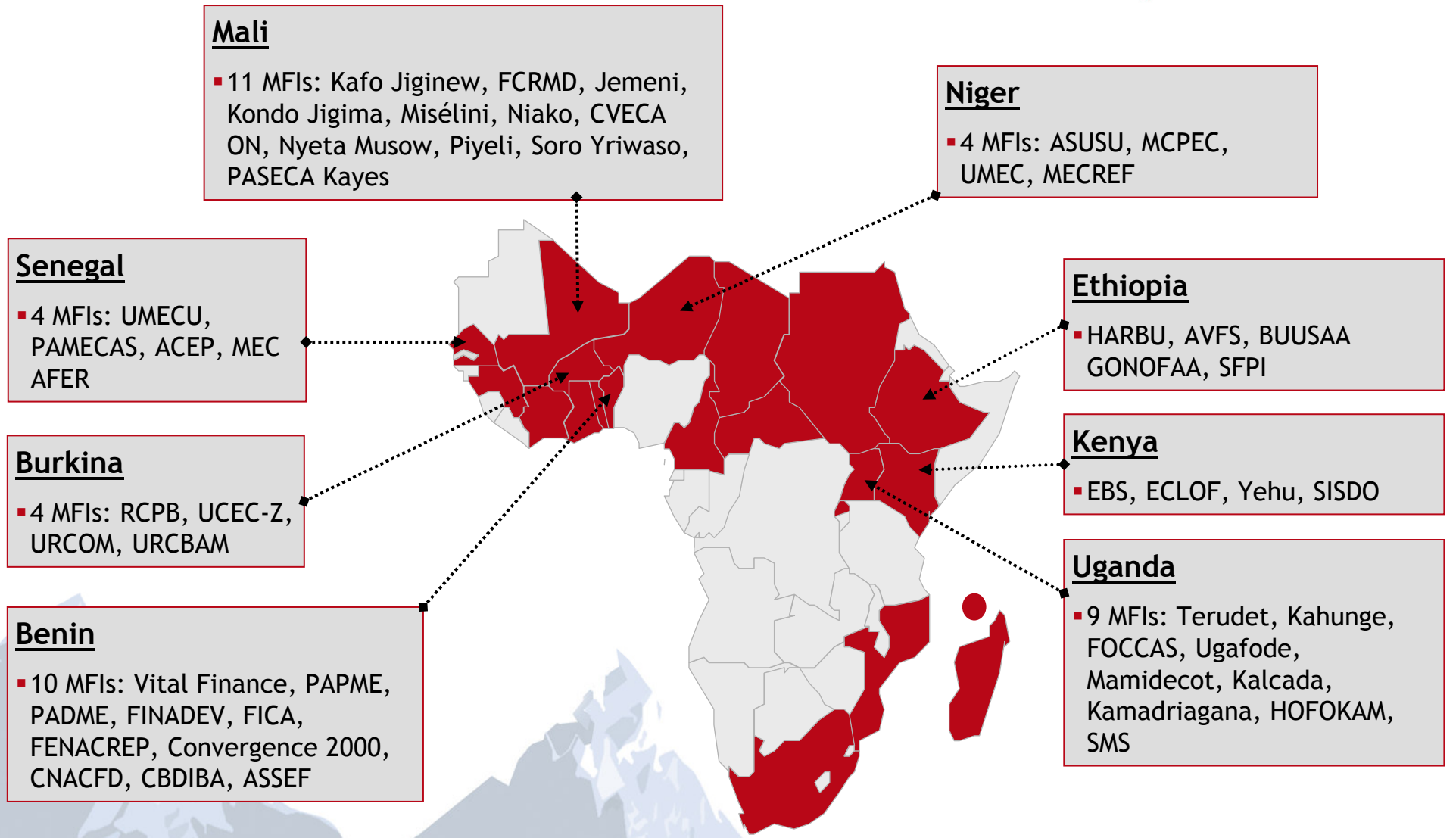
Since 1999, more than 300 ratings in 60 countries

# Excellent track record in the MENA region



# Leading agency in West & Central Africa

## New office in Eastern & Southern Africa in 2006



**Madagascar:** Otiv de la Sava, Vola Mahasoia; **Comoros:** Sanduk; **Central Africa Republic:** CMCA; **Ivory Coast:** CICA; **Chad:** UCEC Pala; **Mozambique:** Socremo Bank; **Congo-Brazzaville:** PharmaCredit, **Guinea Conakry:** PRIDE, CRG; **Cameroon:** CDM, ACEP, SAILD, COMECI; **Ghana:** ECLOF, CRAN, SAT, APED, 8 rural banks; **Togo:** WAGES, TIMPAC, SEBADERS

# Large experience in Latin America

**Mexico**

- 11 MFIs: ADMIC, Caja Cresciencio Cruz, CONSERVA, Despeno, Durango, Empredamos Juntos, FOCRECE, PEN, Santa Fe de Guanajuato, Semisol, Unicreih

**Nicaragua**

- 3 MFIs: 20 de Abril, FODEM, FUNDENUSE

**Ecuador**

- 1 MFI: Fundamic

**Peru**

- 11 MFIs: CAC Santa Maria de la Magdalena, COOPAC San Martín de Porres, COOPAC Tochache, Epydme Alternativa, Prisma, Finca, FONDESURCO, GCOD, Arariwa, Caritas Felices
- 15 ratings

**Guatemala**

- FUNDAP

**Dominican Republic**

- ECLOF

**Haiti**

- COD/MEH

**Brazil**

- 17 MFIs: Banco da Familia, BluSol Brésil, Casa do Microcredito, CEADe BRAZIL, CEAPE / MA, CEAPE / PB, CEAPE / PE, CEAPE / PI, CEAPE / RN, CEAPE / SE, CEAPE PI, Credisol, CRESOL, PortoSol, RioCred, SOCIALCRED, VivaCred
- 20 ratings

**Chile**

- 1 Bank: Banco del Desarrollo

**Bolivia**

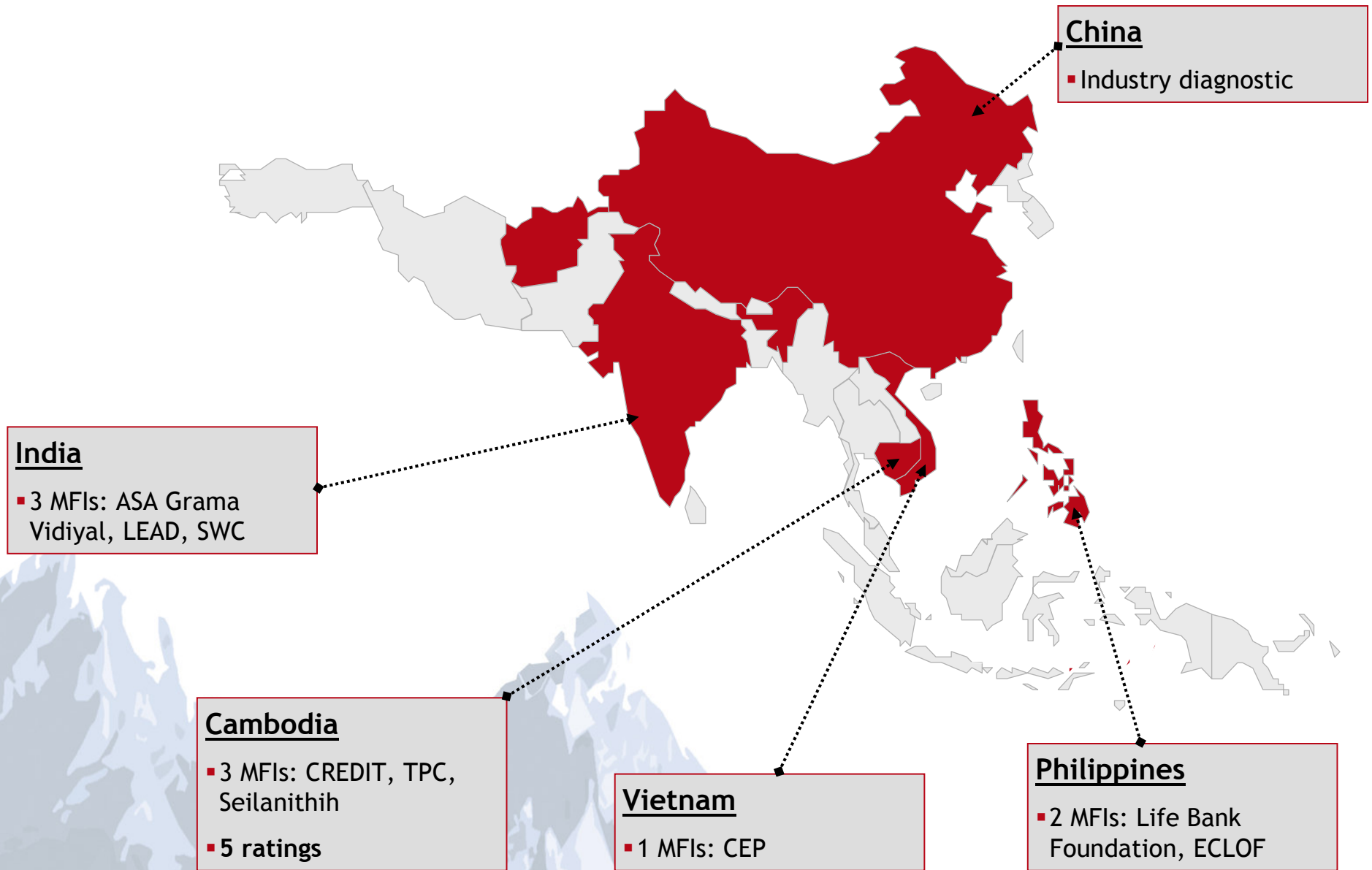
- 10 MFIs: ANED, CIDRE, CRECER, Crédito Amigo, DIACONIA, Eco futuro, FADES, FONDECO, FUBODE, IMPRO
- 14 ratings



# Large and diversified experience in Eastern Europe and Central Asia



# Growing experience in Asia



## Our Credentials



## Planet Rating is a well-known rating agency for microfinance investors

### What Investors said about our rating methodology:

- “Thanks a lot... It has been a great learning experience [about your rating methodology]...”, **Marcelle Ayo**, Senior Risk Analyst, Citigroup Microfinance Group, London, Dec. 2006
- “Planet Rating has developed recognized skills in the rating of microfinance institutions...”, **Abderrahman El Slaoui**, Senior Projects Officer, Islamic Development Bank, Jeddah, Nov. 2006
- “I want to thank you very much for your [GIRAFE methodology] training that was highly appreciated by our team.”, **Jean-Philippe de Schrevel**, CEO, Blue Orchard, Geneva, Oct. 2006
- “Their methodology and the quality of their reports is very good.”, **Aude Flogny-Catrisse**, Microfinance Head, French Development Cooperation Agency, Paris, Oct. 2007

### What Investors said about our rating reports:

- “We appreciate the quality and professionalism of Planet Rating's work and, whenever available, we take into account the findings and conclusions of your rating reports as part of our investment decisions.”, **Guillermo Salcedo**, Manager Microfinance, Oikocredit, Holland, Oct. 2006
- “...Planet Rating is well-known for its rating reports which are very good. When a report is available on one of our targets, we are very interested.”, **Bob Annibale**, Citigroup, Microfinance Group Head, London, UK, Oct. 2007
- “Planet Rating reports are very good and very unbiased.”, **Tom Kennedy**, USAID, Oct. 2007

## Planet Rating has numerous satisfied clients

### What MFIs said about our work:

- “Again I would like to thank you for your work, and I would like to convey to you that I am pleased with the conduct of the rating, the report's written content, and with Planet Rating's professionalism.”, **Van Nguyen Thi Hoang**, CEP, Vietnam, Sept. 2007
- “Thanks. It was a very good exercise for us and I am sure we will want you to come back and do it again next year.”, **J. Peter Morrow**, CEO, Khan Bank, Mongolia, Nov. 2006
- “We greatly appreciate the time and effort you put into your review and analysis. On behalf of LBF Board, I would like to thank you again for a job well done!” **Manuel Perlas**, CEO, Life Bank Foundation, The Philippines, Jun. 2007
- “We thank you for your openness and professionalism during the rating process.” **Roxana Mercado Rodas**, General Director, CRECER, Bolivia, Jun. 2006
- “...I have reviewed these reports and I do believe that you have done an excellent job. I will be recommending having Planet Rating do a full rating exercise next year for these MFIs in order to see how much progress has been done...” **Nabil Abudiab**, Director General, Banks Association of Palestine, Palestinian Territories, Apr. 2006
- “The other important thing that we really proud of it is we are rated by the people who have in depth knowledge of microfinance. We can be a witness for that.”, **Tereza Kebede**, Executive Director, PEACE MFI, Ethiopia, Oct. 2007

# Credentials

Planet Rating has conducted the rating of several large institutions on an international level



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