

## Nor Horizon UCO LLC, Armenia

The origins of Nor Horizon date from an Oxfam GB Armenia microcredit program that was launched in 1995 in Yerevan. In October 2002 the program was transformed into a local non-profit named Horizon Fund. In March 2006, in accordance with the Law on Credit Organizations, Nor Horizon was created as a licensed Universal Credit Organization (UCO) with the status of Limited Liability Company. Horizon Fund became the 100% shareholder of the institution and stopped all microcredit activities. As of December 2007 Nor Horizon had a loan portfolio of 1.4 M EUR for 1,747 borrowers, served through four branches and two sub-branches (called representations). It offers business, consumer, agriculture and housing loans.

### GIRAFE Mini Rating

#### Mini-Rating

**C+**

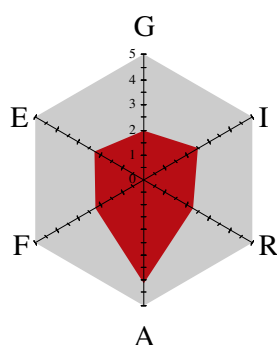
The GIRAFE methodology has been revised as of January 2008. The changes do not affect the signification of the grades. For more info see: [www.planetrating.com](http://www.planetrating.com)

#### Date of the rating

**May 2008**

Valid until April 2009

#### Rating per evaluation area



Governance – Information – Risk –  
Activities – Funding – Efficiency

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#### Rating highlights

- With a positive ROA from 2006, Nor Horizon reached profitability in less than one year of operations, taking advantage of the experience and client base of Horizon Fund. Portfolio quality is excellent, based on excellent portfolio management.
- The management team has the relevant skills for operational management, but still lacks risk and financial management capabilities.
- Nor Horizon has completed its registration into a regulated institution and established the relevant governance structure. Yet, the Chairman is too involved in day-to-day decisions, which reduces his independence from operations.
- Nor Horizon has diversified its funding structure, although exposure to foreign exchange risks is high and funding needs for the current year are not yet fully covered.
- The market position among former clients of Horizon Fund is good and has allowed for quick portfolio growth during the first years of operations, but is being challenged by larger institutions with more aggressive marketing policies and disbursement capacities.

#### Areas for improvement

- Strengthen the independence of the Chairman from operations.
- Build financial and risk management capacities of management team.
- Improve strategic human resource management.
- Secure sufficient funding for 2008 and 2009 to reach growth projections, while improving negotiation skills and cost-benefit analysis.

#### Performance indicators

EUR	Dec. 2006	Dec. 2007
Assets	782,944	1,789,167
Growth	NA	113.2%
Loan portfolio	595,185	1,406,325
Growth	NA	120.5%
Active borrowers	747	1,747
Staff	14	29
ROE	0.3%	1.1%
ROA	0.2%	0.4%
Liabilities / Equity	0.79x	2.78x
Portfolio Yield	32.7%	29.6%
Operating expense ratio	23.5%	21.1%
PAR 31-365	0.0%	0.0%
PAR > 365	0.0%	0.0%
Write-off ratio	0.0%	0.1%

Note: Nor Horizon operated for 9 months in 2006. The ratios for that year have been annualized