

FORUS Bank – Russia

Final Report

BB+

Outlook: Stable

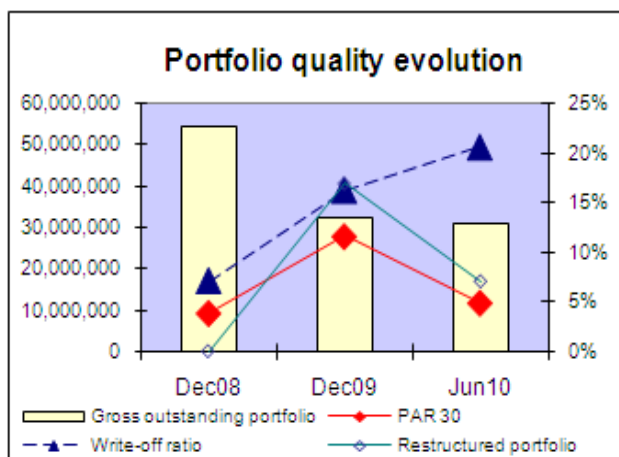
3rd rating

Validity: 1 year if no relevant changes in operations or within the operational context will happen.
The final rating grade does not consider the political and economic context.

Previous Rating: BBB- (April 2009) Outlook: Negative

FORUS Bank was registered in June 2005 and has been owned since then by its sole founder, FORA Fund. In March 2008 FORUS obtained the license to attract deposits from individuals. By the end of 2010 a majority share (85%) will be sold to CEE Microfinance Holding, an investment fund specialized in microfinance that will re-capitalize the bank. Since the beginning of 2009 the bank started a centralization process to pursue better efficiency, especially in loan assessment. During the financial crisis in 2009 the assets of the bank reduced sharply and loan quality deteriorated. Some signals of improvement are noticed in the first half of 2010 but the recovery of lending will be crucial to improve profitability. The bank managed to increase noticeably the collection of deposits during the first half of 2010 and to reduce the amount of liabilities in foreign currency.

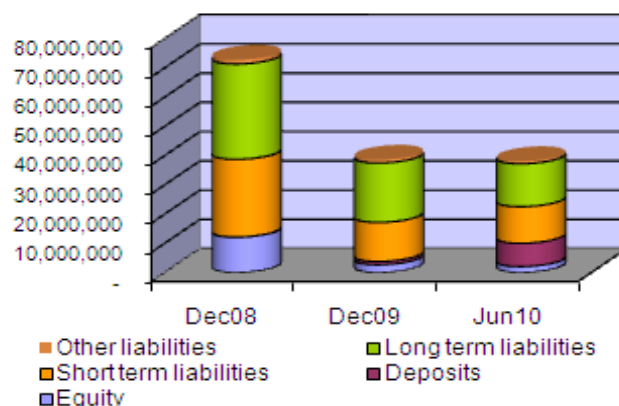
Legal Form	Commercial bank
Network of reference	Opportunity International
Inception year	2005
Area of intervention	Urban, semi urban
Credit methodology	Individual/Group lending



US\$	Jun10
Average disbursed loan size	3,809
Gross outstanding portfolio	31,099,553
Time deposits	7,943,735
Total assets	38,508,594

Number	Dec08	Dec09	Jun10
Active borrowers	13,428	9,995	9,299
Active loans	15,753	11,288	10,517
Branches (hubs)	6	6	6
Satellites (MCCOs)	35	35	34
Total staff	410	339	305
Loan officers	118	99	104

Liabilities and equity (USD)



Financial Indicators	Dec08	Dec09	Jun10
PAR 30	3.9%	11.6%	4.9%
Write-off ratio	7.1%	16.3%	20.6%
Restructured loans	0.0%	17.0%	7.1%
ROE	-10.9%	-82.1%	-67.1%
AROE	-23.3%	-129.0%	-123.3%
Oper. Self-sufficiency (OSS)	94.1%	68.7%	74.8%
Fin. Self-sufficiency (FSS)	87.6%	62.7%	71.5%
Staff productivity (borrow.)	33	29	30
LO productivity (borrow.)	114	101	89
Operating expense ratio	17.0%	18.0%	20.9%
Funding expense ratio	9.7%	14.9%	11.6%
Provision expense ratio	6.9%	18.7%	13.7%
Portfolio yield - cash	30.8%	31.2%	32.8%
Portfolio yield - accrual	30.8%	32.6%	33.8%
Risk coverage ratio	101.0%	88.1%	99.9%
Cost of funds ratio	9.7%	14.2%	11.0%
Debt/Equity ratio	5.1	13.5	17.5
Debt/Equity ratio*	5.1	6.3	7.3

* Includes US\$ 2.56m sub-debt as equity (see chapter 5)

CONTACTS

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