



**BOSNIA AND HERZEGOVINA
FEDERATION OF BOSNIA AND HERZEGOVINA
BANKING AGENCY OF FEDERATION OF BOSNIA AND HERZEGOVINA**

**INFORMATION
ON THE MICRO-CREDIT SYSTEM
OF THE FEDERATION OF BOSNIA AND HERZEGOVINA
AS OF 30.06.2010.**

Sarajevo, August 2010

Table of Contents

1. INTRODUCTION	3
1.1. Performance trend of MCOs in the Federation in the first six months of 2010	3
1.2. Measures necessary on the level of MCOs sector to eradicate the adverse effects of business operations	Error! Bookmark not defined.
1.3. Agency's regulations regarding business operations of MCOs.....	4
2. STRUCTURE OF MICRO-CREDIT ORGANIZATIONS.....	5
2.1. Employees	6
3. FINANCIAL INDICATORS OF MCOs PERFORMANCE	7
3.1. Balance sheet	7
3.2. Capital.....	9
3.3. Credit portfolio quality	10
3.4. Risk weighted nominal and effective interest rates for micro-credits	13
3.5. Income statement.....	16
4. CONCLUSION.....	17

ATTACHMENTS:

- Attachment 1. Basic data on MCOs
- Attachment 2. Balance sheet MCFs
- Attachment 3. Balance sheet MCCs
- Attachment 4. Income Statement MCFs
- Attachment 5. Income Statement MCCs

GRAPHS:

- Graph 1. Amount of MCOs' assets as of 30.06.2010 in 000 KM.
- Graph 2. Amount of gross portfolio as of 30.06.2010. in 000 KM
- Graph 3. Amount of MCOs' capital as of 30.06.2010.
- Graph 4. Income surplus/deficit over the expenses of MCFs, that is net profit/loss of MCCs as of 30.06.2010. in 000 KM
- Graph 5. Number of MCOs' employees as of 30.06.2010.
- Graph 6. Average risk-weighted EIR on short term loans of MCOs in the 2nd quarter of 2010
- Graph 7. Average risk-weighted EIR on long term loans of MCOs in the 2nd quarter of 2010

1. INTRODUCTION

The Law on micro-credit organizations („Official Gazette of the Federation of BiH“, number: 59/06) (Law on MCOs) regulates the establishment, registration, activities, form of organization, business operations, manner of management, termination of operations and supervision of micro-credit organization performance (MCO), that is micro credit foundation (MCF) and micro-credit companies (MCC) in the Federation of BiH. The authorities of the Banking Agency of the Federation of BiH (Agency) over these activities are regulated by the Law on the Banking Agency of Federation of Bosnia and Herzegovina („Official Gazette of the Federation of BiH“, number: 9/96, 27/98, 20/00, 45/00, 58/02, 13/03, 19/03, 47/06, 59/06 and 48/08) and internal acts of the Agency, furthermore all the listed activities are performed within the Department for supervision of micro-credit organizations.

1.1. Performance trend of MCOs in the Federation in the first six months of 2010

There is a continuation of decline of the gross portfolio of MCOs during the second quarter of 2010, due to incapability of completing the loan payment plans and significant write off of loans. The surplus of expenses over income, that is the loss on the level of the sector during the first six months was 14,4 million KM, which along with the realized loss during 2009, in the amount of 39,5 million KM significantly impacts the net assets/ capital of MCOs. Interest income, as a most significant income of MCOs, was realized in a significantly lower amount in the first six months of 2010 in comparison to the first six months of the previous year. Interest expenses and similar expenses are significantly lower in comparison to the same period last year, mainly due to the decreased loan liabilities, while the operating expenses are at approximately the same level. The trend of loan provisioning in comparison to gross portfolio significantly deteriorated in comparison to the same period last year. During the first six months, MCOs wrote off 45 million KM, which presents a significant amount as the total receivables from written off loans as of 30.06.2010., are 113,4 million KM. Consequences of bad performance trend during this period are result of inadequate internal control systems, inadequate lending policies and strategy of aggressive growth of most of the MCOs in the previous periods, and current economic environment and general atmosphere of the public towards the sector in general. The MCOs realize significant losses, and it is estimated that the loss trend will continue in the coming period, until the reconstructing of the MCOs sector.

1.2. Measures necessary on the level of MCO sector to eradicate the adverse effects of business operations

The Banking Agency of the Federation of BiH is considering, as an urgent measure for eradicating the adverse effects of the business operations and protection of the donated funds, the changes of Law on Micro-Credit Organizations with purpose of eliminating imprecision of applicable regulations, improvement of sub-legislation as result of changes in the law, defining of all applicable aspects of the MCOs' performance, improvement of the management and governance segment, limitation of transactions with related entities, etc. In addition, new legal framework would allow the setting up of legislative prerequisite for introducing the appointment of an advisor with special authority in case of more significant performance irregularities and losses of the MCO. The consolidation on the level of micro-credit organizations is an imperative for recovery of the sector in the forthcoming period, which would stabilize the micro-credit sector, decrease the consequences of the excessive

competition, increase the MCOs management board, management, and other employees' competence, strengthen the capital base of a smaller number of stronger and more sound MCOs, as well as implement significant savings in business operation expenses, which in turn would influence the decrease of the micro-credit interest rates.

The Agency will insist on the following: the full application and implementation of the law and regulations of the Agency, improving the transparency of performance of MCOs, overcoming the problems that occurred in the quality of the loan portfolio, obliged exchange of information on the level of the sector and the Central credit registry of CBBiH, improvement of the institutional capacity and internal controls in MCOs, as well as the responsible lending and implementation of the mission and aims of micro-credit sector, and that implies performing the microcredit activities with an aim to improve material position of the users of micro credits, increase of the employment and providing support for the development of the entrepreneurship.

Additionally, the Agency will insist that in the microcredit granting process the MCOs primarily focus on determining the financial viability of the prime debtor, and not the guarantor, as well as on establishing boards for objections and complaints in terms of the MCOs that will take care of complying the operations of the MCOs with the Article 2 of the Law on MCOs, in order to consistently implement the aims of micro crediting and overcome and prevent the actual problems of over-indebtedness created through inadequate evaluation of the financial viability of the main debtor.

1.3. Agency's regulations regarding business operations of MCOs

The business operations of MCOs are more closely regulated by the Agency's regulations, namely the decisions adopted by the Management Board of the Agency, published in the „Official Gazette of the Federation of BiH“ number: 27/07 and instructions for business operations of MCOs adopted by the Director of the Agency.

Agency's decisions regarding the business operations of MCOs

- 1. Decision on conditions and procedure for issuing the business operation license to micro-credit foundation established through the change of micro-credit organization form;*
- 2. Decision on conditions and procedure for issuing and revoking the business operation license and other approvals to micro-credit organizations;*
- 3. Decision on conditions and procedure for issuing the business operation license and approval for acquisition of ownership participation through investments and transfer of property of the micro-credit foundation;*
- 4. Decision on supervision of the business operations of the micro-credit organizations;*
- 5. Decision on the form and content of reports that the micro-credit organizations submit to the Banking Agency of Federation of Bosnia and Herzegovina and the reporting deadlines;*
- 6. Decision on the amount and manner for allocating and maintaining reserves for covering the loan losses of micro-credit organizations;*
- 7. Decision on unified manner of accrual and recording of effective interest rates on loans and deposits,*
- 8. Decision on other general conditions for business operations of the macro-credit organizations and*
- 9. Decision on fees that the micro-credit organizations pay to the Banking Agency of the Federation of BiH.*

Agency's instructions for the business operations of MCOs

- 1. Instructions for implementation of the Decision on unified manner of accrual and recording of effective interest rates on loans and deposits;*
- 2. Instruction for accrual of the risk weighed nominal and effective interest rates;*
- 3. Instruction for accrual of the adjusted return on assets;*
- 4. Instruction for accrual of the operational efficiency indicators and*
- 5. Instruction for development of the micro-credit organization reports.*

2. THE STRUCTURE OF MICRO-CREDIT ORGANIZATIONS

As of 30.06.2010., there are 18 MCOs (licenses have been issued to 19 MCOs) in the Federation of Bosnia and Herzegovina, of that 17 MCFs (18 MCFs were granted licenses) as nonprofit organizations and 1 MCC as a profit organization, as well as 40 MCCs' organization units which head offices are in the Republic Srpska. All MCFs that received the Agency's operating license performed the re-registration in compliance with the Law on MCOs, that is they were created through the change of MCOs form established in accordance with the Law on micro-credit organizations („Official Gazette of the Federation of BiH, number: 24/00) (Law on MCOs enacted in 2000.). Therefore, all the MCFs are legal successors of the assets, rights and obligations of MCOs established in accordance with the Law on MCOs from 2000. In the Attachment 1, there are basic data on MCFs and MCCs to which the Agency issued the operating license for operations regarding the micro-lending.

As of 30.06.2010., MCFs with head office in the Federation of BiH have a total of 390 organizational units, of which in the Federation of BiH 253, the Republic Srpska 134 and District Brčko 3. A total of 219 organizational units of MCFs with head offices in the Federation of BiH have authorization to grant micro-credits, and as such are registered in the Registry of micro-credit foundations in the Federation of BiH at the Federal Ministry of Justice. There are 9 MCFs that have organizational units outside of the Federation of BiH. The trend of closing of the organizational units, especially those that are registered in the registry continued in the second quarter of 2010, due to poor performing results of the micro-credit sector.

The Agency issued a license to organizational units of a MCC with a head office in the Republic Srpska, which operates in Federation of BiH through 40 business units and field offices.

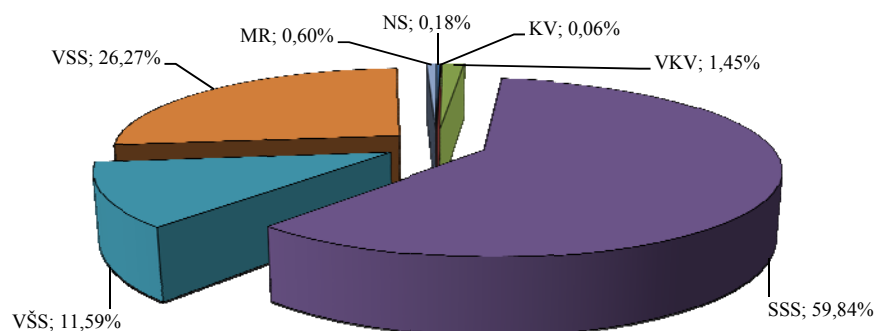
2.1. Employees

Table 1. Qualification structure of employees

No.	Qualification ¹	31.12.2009.		Total	Participation	30.06.2010.		Total	Participation	Index
		MCF	MCC			MCF	MCC			
1	2	3	4	5=(3+4)	6	7	8	9=(7+8)	10	11=9/5
1.	NS	4	0	4	0	3	0	3	0	75
2.	KV	2	0	2	0	1	0	1	0	50
3.	VKV	23	0	23	1	24	0	24	1	104
4.	SSS	1137	3	1140	64	988	3	991	60	87
5.	VŠS	214	0	214	12	192	0	192	12	90
6.	VSS	394	3	397	22	432	3	435	26	110
7.	MR	10	0	10	1	10	0	10	1	100
TOTAL		1784	6	1790	100	1650	6	1656	100	93

As of 30.06.2010., micro-credit sector employed a total of 1.656 employees, which is by 156 employees or 9% lower than as of 30.06.2009. That is a decrease in comparison to the end of 2009 by 134 employee, or 7%. MCFs employ 1.650 employees or 99,6%, and MCCs 6 employees or 0,4%. In the structure of employees the largest participation is of SSS of 60%, VSS of 26% and VŠS of 12%. Evident is an increase in strengthening the qualification structure through employment of individuals with higher education, that is increase of number of employees with VSS and MR (17 %), and decrease of number of employees with NS, KV, VKV and SSS (decrease by 16 %) in comparison to 30.06.2009.

Qualification structure of employees as of 30.6.2010.



¹ NS – elementary education level, KV – vocational qualifications, VKV- higher vocational qualifications, SSS – high school degree, VŠS – two year college degree, VSS – University degree, MR – Master of Arts.

3. ANALYSIS OF FINANCIAL CONDITION AND SUCCESS OF THE MCO's PERFORMANCE

Function of the MCOs' supervision is conducted by the Agency through on-site examinations and analysis is performing the function of supervision and the examination of the financial condition of MCOs through on-site supervision and off-site (based on the reports that MCOs submit to the Agency), in compliance with the Law on MCOs and regulations of the Agency. The reporting base is composed of quarterly reports on balance sheet, capital, loans, reserves for loan losses, performance results and other reports on individual operation segments, as well as the monthly report on interest rates.

3.1. Balance sheet

Table 2. Balance sheet MCOs

in 000 KM

DESCRIPTION	31.12.2009.					30.06.2010.					Index
	Balance for MCFs	%	Balance for MCCs	%	TOTAL	Balance for MCFs	%	Balance for MCCs	%	TOTAL	
1	2	3	4	5	6=(2+4)	7	8	9	10	11=(7+9)	12
ASSETS											
1. Cash	64.748	8	13	1	64.761	52.682	8	193	13	52.875	82
2. Placements to banks	41.084	5	0	-	41.084	27.772	4	0	-	27.772	68
3. Loans	640.886		1.080		641.966	517.377		1.248		518.625	81
4. Less: reserves for loan losses	50.924		75		50.999	45.967		73		46.040	90
5. Net loans	589.962	77	1.005	90	590.967	471.410	76	1.175	80	472.585	80
6. Business premises and other fixed assets	51.927	7	91	8	52.018	50.323	8	97	7	50.420	97
7. Long term investments	2.000	-	0	-	2.000	3.500	1	0	-	3.500	175
8. Other assets	20.446	3	14	1	20.460	19.023	3	7	-	19.030	93
9. Less: reserves for other assets, except loans	1.610	-	0	-	1.610	1.498		0	-	1.498	93
TOTAL ASSETS	768.557	100	1.123	100	769.680	623.212	100	1.472	100	624.684	81
LIABILITIES											
10. Liabilities for loans taken	590.749	77	433	39	591.181	465.277	75	720	49	465.997	79
11. Other liabilities	24.142	3	44	4	24.186	19.497	3	52	4	19.549	81
12. Capital	153.666	20	646	57	154.312	138.438	22	700	47	139.138	90
TOTAL LIABILITIES	768.557	100	1.123	100	769.680	623.212	100	1.472	100	624.684	81
Off-balance sheet records	79.269		34		79.303	113.370		56		113.426	143

As of 30.06.2010., the MCOs balance sheet amount is 624,7 million KM and it decreased by 26% in relation to the amount as of 30.06.2009., and in comparison to the end of 2009, the balance sheet level declined by 19%. The balance sheet growth, in comparison to the end of 2009, is recorded by 1 MCF and 1 MCC, and the decline was recorded by 15 MCFs. The decline of the balance sheet level higher than 10% in relation to the end of 2009 is recorded by 10 MCFs. The highest participation in the total MCOs balance sheet is recorded by six MCFs with assets in the amount of 578,9 million KM or 93%.

In the asset structure of MCOs, the cash funds are 52,9 million KM or 8% with the growth rate of 10% in comparison to 30.06.2009., that is the declining rate of 18% in comparison to 31.12.2009. and mainly relate to the cash funds of MCFs. Some MCFs could face liquidity

risk, and the investors are generally showing a higher degree of caution due to expressed business results that is the trend shown by the sector, which limit the access that the foundations might have to new loans that could cover for the short term liabilities, and that along with the poor collection of loans can lead to insolvency.

Net loans, that is, the gross loans deducted for the loan loss reserves, are 472,6 million KM or 76% of the total assets and are 33% in decline in comparison to the same period of last year that is they are lower by 20% in comparison to the end of prior year. The decline of the net loans higher than 10% is recorded by 11 MCOs (of which even 4 MCOs have a decline higher than 30%), and only 2 MCOs have the same or higher level of net loans in comparison to the end of last year.

The business premises and other fixed assets are 50,4 million KM or 8% of total assets. Five MCFs have a percentage of fixed assets in the total assets higher than the prescribed amount. Due to the expected trend of decline of the portfolio and the decrease of assets, as well as the stagnation of the real estate market, percentage of fixed assets in total assets could have the increasing trend in the forthcoming period.

The other assets are 19,0 million KM or 3%, and are composed of accrued interest, advance payments, active time reconciliation and other.

In the liability structure of MCOs, the liabilities on loans taken are the basic source of funds and amount to 466,0 million KM or 75% of total liabilities and decreased for 27% in comparison to 30.06.2009 or 21% in comparison to the end of 2009.

Table 3. Maturity structure of the loans taken

in 000 KM

DESCRIPTION	31.12.2009.				30.06.2010.				Index
	MCFs	MCCs	TOTAL	%	MCFs	MCCs	TOTAL	%	
1	2	3	4=(2+3)	5	6	7	8=(6+7)	9	10=8/4
1. Liabilities on short term loans taken	124.041	433	124.474	21	93.514	420	93.934	20	75
2. Liabilities on long term loans taken	466.708	0	466.708	79	371.763	300	372.063	80	80
TOTAL	590.749	433	591.181	100	465.277	720	465.997	100	79

Of total liabilities on loans taken 372,1 million KM or 80% are long term loans, with a decline rate of 27% in relation to the same period of the last year that is a decline rate of 20% in relation to the end of last year. Of total liabilities on loans taken 93,9 million KM or 20% are short term loans, with a decline rate of 26% in comparison to the same period of last year, and 25% decline rate in comparison to the end of the last year. The taken loans of MCFs amount to 465,3 million KM or 99,8% of total loans.

The most significant MCOs creditors are:

1.) EFSE – European fund for Southeast Europe, Luxemburg (54,2 million KM); **2.)** EBRD – European bank for reconstruction and development, Great Britain (48,9 million KM); **3.)** AECI – Agency for international cooperation of Kingdom of Spain (47,9 million KM); **4.)** DWM – Developing World Markets, USA (32,3 million KM); **5.)** Blue Orchard Finance S.A., Switzerland (37,4 million KM); **6.)** ICO – Instituto di Credito Oficial, Spain (23,5 million

KM); **7.)** Development Bank of Federation of BiH² (22,7 million KM); **8)** Triple Jump, Netherlands (14,7 million KM); **9.)** Dexia Micro-credit, Switzerland (13,9 million KM); **10.)** Triodos-Doen, Netherlands(12,7 million KM); **11)** Oikokredit Netherlands (12,2 million KM); Symbiotics Switzerland (9,6 million KM) and other.

Other liabilities are 19,5 million KM or 3% of the total liabilities, and are made of liabilities towards employees, suppliers, passive time reconcilements and other.

Net assets/capital of MCOs as of 30.06.2010., is 139,1 million KM or 22% of total liabilities and declined for 24% in relation to the same period of last year, and is by 10% less than the end of the last year.

The off-balance sheet items are 113,4 million KM, and they are almost 4 times higher than as of 30.06.2010. In relation to the end of last year, the off balance sheet is by 43% higher. Such significant increase in the amount of the off-balance sheet records in the first six months of 2010 is a result of the increased write-off in loans and a more comprehensive reporting according to the Decision on amount and manner for establishing and allocating reserves for loan losses of the majority of micro credit organizations based on which all receivables due but not collected over 180 days, are litigated and written off from balance sheet to off balance sheet until their collection or permanent write off.

3.2. Net assets / capital

The total net assets / capital of MCOs as of 30.06.2010., is 139,1 million KM, of which amount the net assets / capital of MCFs is 138,4 million MCF or 99,5%, and the capital of one MCC is 0,7 million KM or 0,5%.

Table 4. Net assets / capital structure of MCOs

in 000 KM

DESCRIPTION	31.12.2009.					30.06.2010.					Index
	Balance for MCFs	%	Balance for MCCs	%	TOTAL	Balance for MCFs	%	Balance for MCCs	%	TOTAL	
1	2	3	4	5	6=2+4	7	8	9	10	11=7+9	12=11/6
Donated capital	43.212	28	0	0	43.212	43.277	31	0	0	43.277	100
Core Capital	5.770	4	600	93	6.370	10.188	8	600	86	10.788	169
Surplus/deficit of income over expenses	98.843	64	0	0	98.843	80.598	58	0	0	80.598	82
Issue premium	0	0	0	0	0	0	0	0	0	0	0
Undistributed income	0	0	46	7	46	0	0	2	0	2	4
Regulatory provisions	0	0	0	0	0	0	0	98	14	98	0
Other reserves	5.841	4	0	0	5.841	4.375	3	0	0	4.375	75
TOTAL CAPITAL	153.666	100	646	100	154.312	138.438	100	700	100	139.138	90

² The funds are allocated within the framework of the Local initiatives project LIP and LIP II, which management has been transferred, by a Decision of the Government of F BiH, („Official Gazette of FBiH, number: 78/06 and 34/07), to Development Bank of Federation of BiH.

In the structure of net assets, the most significant is the surplus of income over expenses which is 80,6 million KM, and constitutes 58% of total net assets of MCFs, and is in decline for 38% in comparison to the end of the same period of last year, it is by 18% in decline in relation to the end of previous year. The deficit of income over expenses in the current year is realized by 12 MCFs, and surplus of income over expenses only by 4 MCFs, while only the MCC realized a net profit. Undivided profit and reserves of one MCC amount to 100 thousand KM or 14% of total capital of MCC.

The significant source of capital of MCFs is the donated capital which is 43,3 million KM or 31% of the total capital, whereas one MCC does not have donated capital. Other reserves are 4,4 million KM and refer to 4 MCFs.

3.3. Credit portfolio

The core activity of MCOs is the micro-crediting that refers to the amount of 518,6 million. The level of the total loans of sectors depends on the condition of loans of MCFs referring to 517,4 million KM or 99,8% of total loans, whereas MCCs relate to 1,2 million KM or 0,2% of total loans. Net loans, total loans minus the reserves for loan losses, are presented in Table 5.

Table 5. Net loans

in 000 KM

Ord. No.	DESCRIPTION	31.12.2009.			30.06.2010.			Index
		MCF	MCC	Total	MCF	MCC	Total	
1	2	3	4	5=(3+4)	6	7	8=(6+7)	9=8/5
1.	Loans	640.886	1.080	641.966	517.377	1.248	518.625	81
2.	Loan loss reserves	50.924	75	50.999	45.967	73	46.040	90
3.	Net loans (1.-2.)	589.962	1.005	590.967	471.410	1.175	472.585	80

Net loans amount to 472,6 million KM and decreased by 33% in comparison to the same period of the previous year, that is, they decreased by 20% in comparison to the end of previous year, while the loans on gross basis decreased by 31% in relation to the same period of the previous year, that is by 19% in relation to the end of the previous year. Loan loss reserves amount to 46,0 million KM and have increased by 4% in relation to the same period of the previous year, that is, by 10% in relation to the end of the previous year.

Table 6. Sectorial and maturity structure of micro-credit MCOs as of 30.06.2010.

in 000 KM

Ord. No.	Micro-credits	Short term loans	Long term loans	Past due claims	TOTAL	%
1	2	3	4	5	6=(3+4+5)	7
1.	Legal entities					
a.)	Service industry	461	2.551	99	3.111	39
b.)	Trade	556	2.278	101	2.935	37
c.)	Agriculture	38	182	5	225	3
d.)	Production	213	904	45	1.162	14
e.)	Other	70	434	31	535	7
	TOTAL 1:	1.338	6.349	281	7.968	100
2.	Individuals					
a.)	Service industry	9.570	98.542	3.044	111.156	22
b.)	Trade	7.852	69.826	2.526	80.204	16
c.)	Agriculture	9.164	159.450	3.606	172.220	34
d.)	Production	3.216	29.404	753	33.373	6
e.)	Housing needs	1.633	52.292	1.095	55.020	11
f.)	Other	12.190	45.229	1.265	58.684	11
	TOTAL 2:	43.625	454.743	12.289	510.657	100
	TOTAL (1+2):	44.963	461.092	12.570	518.625	

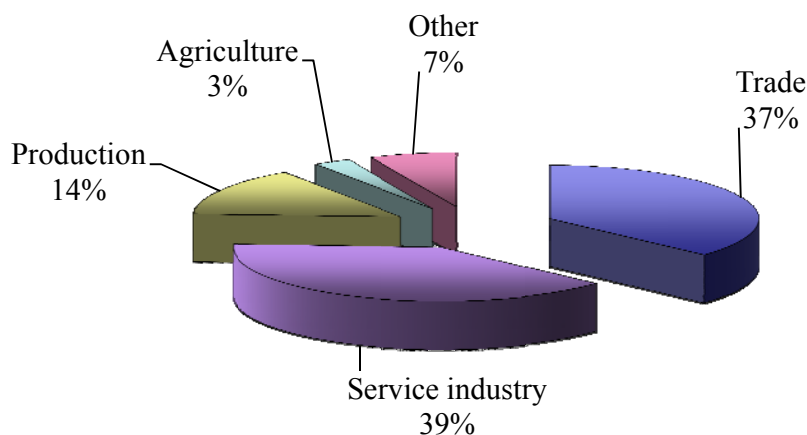
According to the sectorial structure of the micro-credits, 510,7 million KM or 98% of total loans are granted to the individuals, and 7,9 million or 2% to legal entities.

In the maturity structure of the micro-credits, short term loans, which include the past due claims, are 57,5 million KM or 11%, and long term loans are 461,1 million KM or 89%.

The total past due claims are 12,6 million KM or 2% of the total loans.

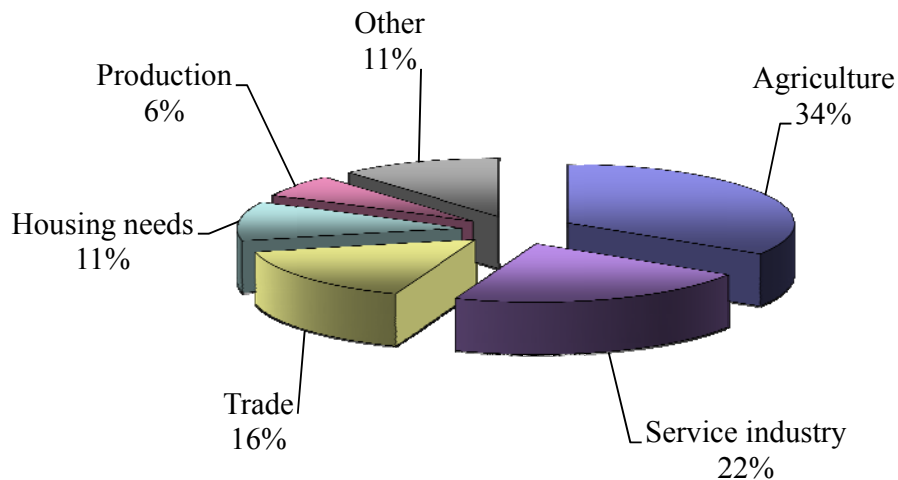
According to the sector structure the largest amount of total amount of micro-credits to **legal entities** has been allocated in the trade and service sector -trade 2,9 million or 37%, and service industry 3,1 million KM or 39%. A 1,2 million KM has been allocated for production, which is 14% of total micro-loans to legal entities, then 0,2 million KM for agriculture or 3%, and 0,5 million or 7% for other purposes.

Sectorial structure of micro-loans originated to legal entities



In regard to loans to **individuals**, 172,2 million KM or 34% was granted to agriculture, then 111,2 million KM or 22% for service industry, whereas 80,2 million KM or 16% was granted to the sector of trade, for housing needs 55,0 million KM or 11%, and for production 33,4 million KM or 6%, and for other 58,7 million KM or 11%.

Sectorial structure of micro-loans originated to individuals



Based on the analyses of the sectorial structure it is concluded that the micro-credit lending is in most part directed to lending to agriculture, trade and service industry (71%) and mainly relates to long term loans to individuals.

According to the Decision on the amount and manner for allocating and maintaining the loan loss reserves of MCOs („Official Gazette of the Federation of BiH“, number: 27/07), MCOs are obliged to allocate all loan funds and other claims in certain groups by applying the days of default criteria in such a manner that each group is assigned reserves for loan and other losses on the charge of operation expenses.

The base for accrual of the amount of the reserves is the amount of unpaid loan, matured interest and fees and all other items where MCO is exposed to risk of payment default, which is business failure.

The following table shows the amounts of claims distributed through the given groups and calculated provisions in those groups as of 30.06.2010.:

Table 7. Report on amount and manner of establishing the reserves for loan losses as of 30.06.2010.

in 000 KM

No.	Delinquency days	Provisioning rate	Loan amount	Matured interest		Amount of other assets items	Provisioning			Total provisioning
				Provisioning rate	Amount of interest		For loans	For matured interest	For other items of assets	
							$8=(4 \times 3)/100$	$9=(5 \times 6)/100$	$10=(7 \times 3)/100$	$11=(8+9+10)$
1.	1 - 15	2%	16.851	2%	353	631	338	7	12	357
2.	16 - 30	15%	19.729	100%	298	0	2.958	298	0	3.256
3.	31 - 60	50%	14.926	100%	461	0	7.465	462	0	7.927
4.	61 - 90	80%	10.139	100%	454	0	8.111	454	0	8.565
5.	91 - 180	100%	25.314	100%	1.990	0	25.314	1.990	0	27.304
6.	over 180	write-off	20.077		3.068	0	111	18	0	129
TOTAL			107.036		6.624	631	44.297	3.229	12	47.538

Default in payment of longer than one day have loans in the amount of 87,0 million KM or 16,8% of total active loans. This leads to conclude that the loan collection rate has significantly deteriorated in relation to the same period of last year when it was 11,7%, that is, at the end of prior year it was 14,9%.

The total amount of matured interest on active loans that are delinquent in payment of longer than one day is 3,6 million KM, while the amount of other asset items on which provisioning rate is calculated is 0,6 million and it refers exclusively to one MCF.

Total amount of calculated reserves on all bases is 47,5 million KM.

3.4. Risk weighted nominal and effective interest rates for micro-credits

Effective interest rate on micro-credit loans is the actual market price of those loans, and is accrued and recorded in compliance with the Decision on the unified manner of accrual and recording of the effective interest rate on loans and deposits („Official Gazette of the Federation of BiH“, number: 27/07). The accrual of the effective interest rate includes the data on the amount of the nominal interest rate on loans, the amount of reimbursements and

fees that MCOs calculate for the client in the loan approval process and the amount of reimbursements and fees known on the day of the calculation, that MCOs calculate for the client during the implementation of the loan agreement

Risk-weighted nominal and effective interest rates are calculated on the newly approved loans in the reporting month.

Table 8. Average nominal and effective interest rates for microcredit loans

No.	DESCRIPTION	Risk-weighted nominal interest rate (average)	Risk-weighted effective interest rate (average)
1.	Short term micro-loans for:		
1.1.	Service industry	26,23%	36,10%
1.2.	Trade	23,94%	34,99%
1.3.	Agriculture	23,17%	32,45%
1.4.	Production	25,44%	33,84%
1.5.	Housing needs	23,54%	28,66%
1.6.	General purpose – basic needs	35,51%	43,66%
1.7.	Other	24,59%	35,55%
2.	Long term micro-loans for:		
2.1.	Service industry	23,93%	28,41%
2.2.	Trade	24,49%	29,14%
2.3.	Agriculture	21,42%	25,54%
2.4.	Production	23,36%	26,98%
2.5.	Housing needs	22,28%	25,98%
2.6.	General purpose - basic needs	27,86%	33,08%
2.7.	Other	24,81%	30,64%

For short term loans, average nominal interest rates are in the range between 23,17% for agriculture to 35,51% for general purpose loans, and for the effective interest rate in the range of 28,66% for housing needs to 43,66% for general purpose loans.

For long term loans, the average nominal interest rates are in the range between 21,42% for agriculture to 27,86% for general purpose loans, and effective interest rate in the range of 25,54% for agriculture to 33,08% for general purpose loans.

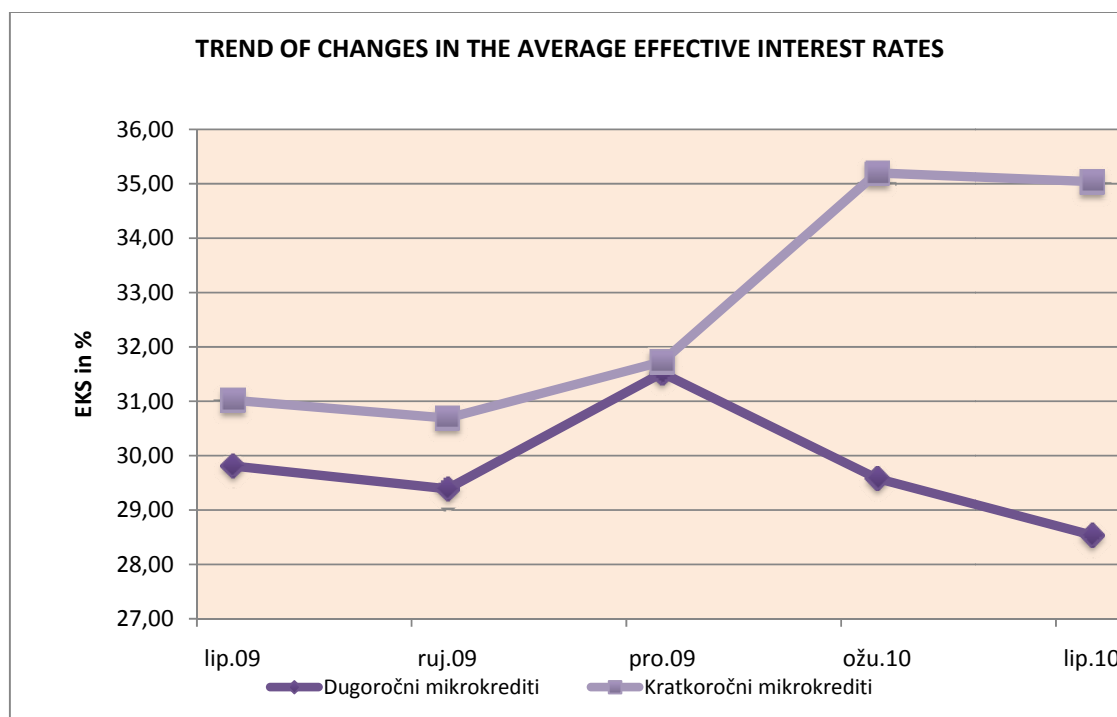
The largest risk-weighted monthly effective interest rate reported in the second quarter of one MCF is 62,59% for service industry loans. The lowest risk-weighted monthly effective interest rate reported in the second quarter of one MCF is 9,41% and it refers to general purpose loans.

The average effective interest rates on short term and long term micro-credits in the Federation of BiH through quarters are presented in the following Table:

Table 9. Trend of average effective interest rates (EIR) on micro-credit through quarters

AVERAGE EIR in %	06/2009	09/2009	12/2009	03/2010	06/2010
Short term micro-credits	31,02	30,69	31,73	35,20	35,04
Long term micro-credits	29,81	29,39	31,52	29,58	28,54

Graphic illustration of the average effective interest rates for short term and long term loans through quarters.



The forming of the interest rates for micro-credits is determined on the basis of the high capital expenses that MCOs use for funding the portfolio, high administration expenses, expenses of provisioning for loan losses that are in constant incline since 2007, as well as the expense of the capitalization. The price of capital and provisioning are proportional to the granted loans, while the administrative expenses are not proportional to the loan and present the highest item on each given loan. Higher interest rates on micro-credits in relation to bank loans are calculated so that the organizations could cover for mentioned expenses, and reach the financial sustainability level as the guarantee of a MCO endurance. MCF that has the lowest EIR is not operationally and financially sustainable, so the operating expenses are financed from donations.

MCF that had significant pay outs (19,1%) during the second quarter, in relation to other MCOs, has, with a high rate of short term loans (over 50%), significantly impacted the average effective interest rates for the short term loans in the entire sector.

3.5. Income statement

The structure of the income statement of the micro-credit sector in the Federation of BiH is presented in the Table 10.

Table 10. Income Statement MCOs for the period from 01.01. to 31.06.2010.

Ord. No	DESCRIPTION	For the period 01.01. - 30.06.2009.				For the period 01.01. - 30.06.2010.				Index
		MCF	MCC	Total	%	MCF	MCC	Total	%	
1	2	1	2	3=(1+2)	4	5	6	7=(5+6)	8	9=(7/3)
1.	INTEREST INCOME AND SIMILAR TYPES OF INCOME									
1.1.	Interest income and similar types of income	88.634	99	88.733	96	62.317	146	62.463	95	70
1.2.	Operating income	4.161	19	4.180	4	3.403	22	3.425	5	82
2.	TOTAL INCOME (1.1.+1.2.)	92.795	118	92.913	100	65.720	168	65.888	100	71
3.	EXPENSES									
3.1.	Income expenses and similar expenses	24.301	7	24.307	24	18.252	26	18.278	22	75
3.2.	Operating expenses	36.696	91	36.786	36	35.314	121	35.435	43	96
3.3.	Expenses for reserves for loan and other losses	40.972	17	40.989	40	28.906	19	28.925	35	71
4.	TOTAL EXPENSES (3.1.+3.2.+3.3.)	101.969	114	102.083	100	82.472	166	82.638	100	81
5.	EXTRAORDINARY INCOME	1.682	1	1.683		3.120	0	3.120		185
6.	EXTRAORDINARY EXPENSES	589	0	589		806	0	806		137
7.	TOTAL INCOME -EXPENSES (2+5-4-6)	-8.080	4	-8.076		-14.438	2	-14.436		
8.	SURPLUS/DEFICIT OF INCOME OVER EXPENSES	-8.080				-14.438		-14.438		
9.	INCOME BEFORE TAXES		4				2	2		
10.	TAXES		0				0	0		
11.	NET INCOME/LOSS		4				2	2		
12.	TOTAL FINANCIAL RESULT			-8.076				-14.436		

The total income of MCOs for the period of 01.01. - 30.06.2010., is 65,9 million KM, of which 65,7 million KM or 99,7% refers to income of MCFs, and 0,2 million KM or 0,3% on income of one MCC. In comparison to the same period of last year, total income is in decline by 27,0 million KM or 29%.

Most part of income refers to interest income and it is 62,5 million KM or 94,8% of total income and in relation to the same period of last year the interest income is in decline by 26,3 million or 29,6%.

The total expenses are 82,6 million KM, of which 82,4 million KM or 99,8% relates to expenses of MCF, and 0,2 million KM or 0,2% to expenses of one MCC. In relation to the same period of last year the total expenses have declined by 19,4 million KM or 19,1%.

In the structure of expenses, 18,3 million KM or 22,1% of total expenses are interest expenses for loans taken and other similar expenses and in relation to the same period of last year they declined by 6,0 million or 24,8%. Operating expenses are 35,4 million KM or 42,9% of total expenses and in relation to the same period of last year they declines by 1,4 million KM or 3,7%. The operating expenses comprise of salary expenses and contributions in the amount of 18,7 million KM (1.01.-30.06.2009.: 20,8 million KM), business premises expenses, other fixed assets and overheads in the amount of 8,4 million KM (1.01.-30.06.2009.: 8,3 million KM), and other operating expenses in the amount of 8,3 million KM (1.01.-30.06.2009.: 7,6 million KM). Provisions for loan and other losses amount to 28,9 million KM or 35,0% of total expenses and in relation to the same period of last year they declined by 12,1 million KM or 29,4%.

For the period of 01.01.-30.06.2010., the net income of one MCC was 2 thousand KM (01.01. – 30.06.2009.: 4 thousand KM). In the same period MCF realized a deficit of income over expenses in a total amount of 14,4 million KM, while in the same period of last year the MCF realized a deficit of income over expenses in total amount of 8,1 million KM. For the period of 01.01.-30.06.2010., of total 17 MCFs, a deficit of income over expenses was reported by 12 MCFs in total amount of 14,5 million KM, and a surplus of income over expenses was reported by 4 MCFs in the amount of 0,1 million KM (one MCF did not submit its data to the Agency). In relation to the same period of last year, there is an obvious deterioration of the results, since in the same period of last year 10 MCFs had a deficit of income over expenses in total amount of 9,4 million KM, and 8 MCFs realized a surplus of income over expenses in total amount of 1,3 million KM. On the level of the microcredit sector in the Federation of BiH, there is realized a negative financial result in the amount of 14,4 million KM and in relation to the same period of the last year the income deficit over the expenses has increased by 6,3 million KM.

4. CONCLUSION

Analyzing the reports of MCOs as of 30.06.2010., we can conclude the following:

- Aggregate balance sheet of MCOs as of 30.06.2010. is 624,7 million KM, of which 623,2 million KM refers to MCFs or 99,8%, and 1,5 million KM to MCCs or 0,2% of the total balance sheet of MCOs;
- At the end of the first six months, the aggregate balance sheet of MCOs decreased by 220,6 million KM or 26% in comparison to the same period of the last year, that is it decreased by 145,0 million KM or 19% in comparison to the end of last year;
- The total gross loans of MCOs as of 30.06.2010. are 518,6 million KM, and net loans are 472,6 million KM and they represent 76% of the total assets of MCOs;
- The basic source of funds for MCOs are liabilities on loans taken that, as of 30.06.2010., are 466,0 million KM or 75% of total liabilities of MCOs;
- Total net assets/capital of MCOs, as of 30.06.2010., is 139,1 million KM, of which the capital of MCF is 138,4 million KM, and MCC 700 thousand KM. The most significant items of capital of MCFs are the surplus of income over expenses in the amount of 80,6 million KM, which constitutes 58% of the total capital of MCF. Undivided profit and reserves of one MCC amount to 0,1 million KM or 7% of total MCCs' capital, while the core capital is 0,6 million KM or 93% of total capital of MCCs.

- For the first six months of 2010, MCFs realized a surplus in income over expenses in the amount of 0,1 million KM, while the deficit of income over expenses was 14,5 million KM, which means that MCFs for the first six months operated with deficit in income over expenses in the total amount of 14,4 million KM. For the first six months of 2010, MCCs realized a net profit in the amount of 2 thousand KM.

In the following period, the MCOs need to intensely work on:

- Applying and implementing the law and regulations of the Agency;
- Improving the internal control systems, efficiency and optimization of resources of MCOs;
- Responsible lending and implementing the mission and aims of the micro-credit sector;
- Overcoming the problems that occurred in the credit portfolio quality;
- Exchange of information on the level of department and the Central credit registry;
- Improving the institutional capacity and adjusting the systems of loan payout and collection;
- Preserving the donated funds; and
- Finding possibilities for the consolidation of MCOs within the departments in order to provide for the strengthening of the departments, stabilization of the market conditions and use of the potential for further development and preserving the sector sustainability.

ATTACHMENTS

- Attachment 1. Basic Data on MCOs
- Attachment 2. Balance Sheet MCFs
- Attachment 3. Balance Sheet MCCs
- Attachment 4. Income Statement MCFs
- Attachment 5. Income Statement MCCs

Attachment 1

BASIC DATA ON MCOs

No.	Micro-credit organization name	Address and main office	Director	Tel/Fax	E-mail and Web	31.03.2009.	
						Amount of assets in 000 KM	Number of employees
1.	MKD "ADRIA mikro" d.o.o. Mostar	Kneza Višeslava 14 88 000 MOSTAR	Duška Begović	036/ 348-891, 348-890 fax	adria.mikro@tel.net.ba	1.472	6
2.	MKF "BOSANSKO SELO" Srebrenik	21. Srebreničke brigade bb 75 350 SREBRENİK	Zijad Smajić	035/ 644-898 tel/fax	mobossel@bih.net.ba	647	5
3.	MKF "EKI" Sarajevo	Džemala Bijedića bb 71 000 SARAJEVO	Sadina Bina	033/ 754-370, 754-388 fax	sbina@mkoeki.com www.mkoeki.com	137.003	278
4.	MKF "KARTAGINA" Sarajevo	Ferde Hauptmana 7 71 000 SARAJEVO	Davor Pozojević	033/ 523-395, 613-334 fax	mkokartagina@gmail.com	-	-
5.	MKF "LIDER" Sarajevo	Skenderija 68 71 000 SARAJEVO	Zijad Hasović	033/ 250-580, 250-581 fax	zijadh@lider.ba www.lider.ba	10.983	44
6.	"LOK MKF" Sarajevo	Skenderija 13 71 000 SARAJEVO	Nusret Čaušević	033/ 564-200, 564-201 fax	central.office@lok.ba www.lok.ba	91.688	278
7.	MKF "MELAHA" Sarajevo	Hamdije Kreševljakovića 59 71 000 SARAJEVO	Iso Abinun	033/ 205-737 tel/fax	iso@melaha.ba	893	3
8.	MKF "MIBA" Tuzla	Đorđa Mihajlovića 4/III 75 000 TUZLA	Mirsad Bahić	035/ 363-601, 277-455 fax	miba@vesta.ba www.miba.ba	753	5
9.	MKF "MI-BOSPO" Tuzla	Bosne srebrene bb 75 000 TUZLA	Nejira Nalić	035/ 270-283, 252-448 fax	mi-bospo@mi-bospo.org www.mi-bospo.org	51.260	131
10.	MKF "MIKRA" Sarajevo	Marka Marulića 2/VI 71 000 SARAJEVO	Sanin Čampara	033/ 616-162, 717-141 fax	mikra@mikra.ba www.mikra.ba	14.276	93
11.	MKF "MIKRO ALDI" Goražde	Panorama bb 73 000 GORAŽDE	Ferida Softić	038/ 226-456, 221-004 fax	mka.aldi@bih.net.ba www.mikroaldi.org	4.661	24
12.	"PARTNER MKF" Tuzla	15. maja bb 75 000 TUZLA	Senad Sinanović	035/ 300-250, 300-269 fax	partner@partner.ba www.partner.ba	140.089	268
13.	MKF "PRIZMA" Sarajevo	Bistrik Medresa 43 71 000 SARAJEVO	Kenan Crnkčić	033/ 573-320, 446-583 fax	hq@prizma.ba www.prizma.ba	92.192	243
14.	"PRVA ISLAMSKA MKF" Sarajevo	Jukićeva 75 71 000 SARAJEVO	Samir Bajraktarević	033/ 666-224, 268-350 fax	info@islamic-relief.ba	1.571	10
15.	MKF "SANI" Zenica	Mehmedalije Tarabara 10 72 000 ZENICA	Sulejman Haračić	032/ 405-606 tel/fax	mikrosanizenica@yahoo.com	634	3
16.	MKF "SUNRISE" Sarajevo	Hamdije Kreševljakovića 51 71 000 SARAJEVO	Zoran Dučić	033/ 278-020, 278-032 fax	sunrise@microsunrise.ba www.microsunrise.ba	66.623	200
17.	MKF "VORTT-INVEST" Sarajevo	Azize Šaćirbegović 128 71 000 SARAJEVO	Mustafa Kapić	033/720-949, 720-941 fax	vorttdoo@yahoo.com	645	1
18.	MKF "ŽENE ZA ŽENE International" Sarajevo	Džemala Bijedića 130 71 000 SARAJEVO	Seida Sarić	033/ 770-010, 770-012 fax	general@zenezazene.ba www.womenforwomen.org	9.294	64
TOTAL						624.684	1.656

Attachment 2

BALANCE SHEET MCF

in 000 KM

No.	DESCRIPTION	31.12.2009.	%	30.06.2010.	%	Index
1	2	3	4	5	6	7=5/3
ASSETS						
1.	Cash (1a+1b)	64.748	8	52.682	8	81
1a)	Cash and noninterest –bearing deposit accounts	17.274	2	16.206	2	94
1b)	Interest-bearing deposit accounts	47.474	6	36.476	6	77
2.	Placement to banks	41.084	5	27.772	4	68
3.	Loans	640.886		517.377		81
3a)	Reserves for loan losses	50.924		45.967		90
3b)	Net loans (3-3a)	589.962	77	471.410	76	80
4.	Premises and other fixed assets	51.927	7	50.323	8	97
5.	Long term investments	2.000	0	3.500	1	175
6.	Other assets	20.446	3	19.023	3	93
7.	Less: reserves for other items of the assets, except loans	1.610		1.498		93
8.	TOTAL ASSETS	768.557	100	623.212	100	81
LIABILITIES						
9.	Liabilities on taken short term loans	124.041	16	93.514	15	75
10.	Liabilities on taken long term loans	466.708	61	371.763	60	80
11.	Other liabilities	24.142	3	19.497	3	81
12.	TOTAL LIABILITIES	614.891	80	484.774	78	79
13.	Donated capital	43.212		43.277		100
14.	Core capital	5.770		10.188		177
15.	Surplus of income over expenses	140.934		109.759		78
15a)	For previous years	139.202		109.642		79
15b)	For current year	1.733		117		7
16.	Deficit of income over expenses	42.091		29.161		69
16a)	For previous years	905		14.654		0
16b)	For current year	41.186		14.507		35
17.	Other reserves	5.841		4.375		75
18.	TOTAL CAPITAL	153.666	20	138.438	22	90
19.	TOTAL LIABILITIES	768.557	100	623.212	100	81
OFF-BALANCE SHEET ITEMS						
	- loans written off	62.703		97.144		155
	- commission contracts	16.566		16.226		98

Attachment 3

BALANCE SHEET MCC

in 000 KM

Ord. No.	DESCRIPTION	31.12.2009.	%	30.06.2010.	%	Index
1	2	3	4	5	6	7=5/3
ASSETS						
1.	Cash (1a+1b)	13	1	193	13	1485
1a)	Cash and noninterest –bearing deposit accounts	13	1	193	13	1485
1b)	Interest-bearing deposit accounts	0	0	0	0	0
2.	Placements to banks	0	0	0	0	0
3.	Loans	1.080		1.248		116
3a)	Reserves for loan losses	75		73		97
3b)	Net loans (3-3a)	1.005	90	1.175	80	117
4.	Premises and other fixed assets	91	8	97	7	107
5.	Long term investments	0	0	0	0	0
6.	Other assets	14	1	7	0	0
7.	Less: reserves for other items of the assets, except loans	0		0		0
8.	TOTAL ASSETS	1.123	100	1.472	100	131
LIABILITIES						
9.	Liabilities on taken short term loans	433	38	420	28	97
10.	Liabilities on taken long term loans	0	0	300	20	0
11.	Other liabilities	44	4	52	4	118
12.	TOTAL LIABILITIES	477	42	772	52	162
13.	Donated capital	0		0		0
14.	Core capital	600		600		100
15.	Issue premium	0		0		0
16.	Undistributed profit (16a+16b)	46		2		4
16a)	Previous years	24		0		0
16b)	Current year	23		2		9
17.	Regulatory reserves	0		98		0
18.	Other reserves	0		0		0
19.	TOTAL CAPITAL	646	58	700	48	108
20.	TOTAL LIABILITIES	1.123	100	1.472	100	131
OFF-BALANCE SHEET ITEMS						
	- loans written off	34		56		165
	- commission contracts	0		0		0

Attachment 4

INCOME STATEMENT MCF

in 000 KM

Ord. No.	DESCRIPTION	Period 01.01. to 30.06.2009.	%	Period 01.01. to 31.12.2009.	%	Period 01.01. to 30.06.2010.	%	Index
1	2	3	4	5	6	7	8	9=(7/3)
I	FINANCIAL INCOME AND EXPENSES							
1.	Interest income and similar income							
1.1.	Interest from interest bearing deposit accounts with depository institutions	150	0	687	1	673	1	449
1.2.	Interest from placements to banks	43	0	307	0	368	1	856
1.3.	Loan interest	88.349	100	164.760	99	60.650	97	69
1.4.	Other financial income	192	0	532	0	626	1	326
1.5.	Total interest income and similar income (1.1. to 1.4.)	88.734	100	166.287	100	62.317	100	70
2.	Interest expenses and similar expenses							
2.1.	Interest on borrowings	22.966	95	42.930	94	16.717	92	73
2.2.	Other financial expenses	1.335	5	2.861	6	1.535	8	115
2.3.	Total interest expenses and similar expenses (2.1. to 2.2.)	24.301	100	45.791	100	18.252	100	75
3.	Net financial income (1.5. - 2.3.)	64.433		120.496		44.065		68
II	OPERATING INCOME AND EXPENSES							
4.	Operating income							
4.1.	Fees for completed services	3.674	88	6.794	91	3.142	92	86
4.2.	Other operating income	486	12	647	9	261	8	54
4.3.	Total operating income (4.1. to 4.2.)	4.160	100	7.441	100	3.403	100	82
5.	Operating expenses							
5.1.	Cost of salaries and benefits	20.797	56	41.232	54	18.614	52	90
5.2.	Costs of business premises, other fixed assets and utilities	8.296	23	17.075	23	8.396	24	101
5.3.	Other operating expenses	7.603	21	17.286	23	8.304	24	109
5.4.	Total operating expenses (5.1.to 5.3.)	36.696	100	75.593	100	35.314	100	96
6.	Cost of provisioning for loan and other losses	40.972		98.349		28.906		71
7.	Surplus/deficit of income over expenses from direct business operations (3.+4.3.- 5.4.-6.)	-9.075		-46.005		-16.752		185
8.	Extraordinary income	1.682		10.026		3.120		185
9.	Extraordinary expenses	589		3.474		806		137
10.	Surplus/deficit of income over expenses (7.+8.-9.)	-7.982		-39.453		-14.438		181

Attachment 5.

INCOME STATEMENT MCC

in 000 KM

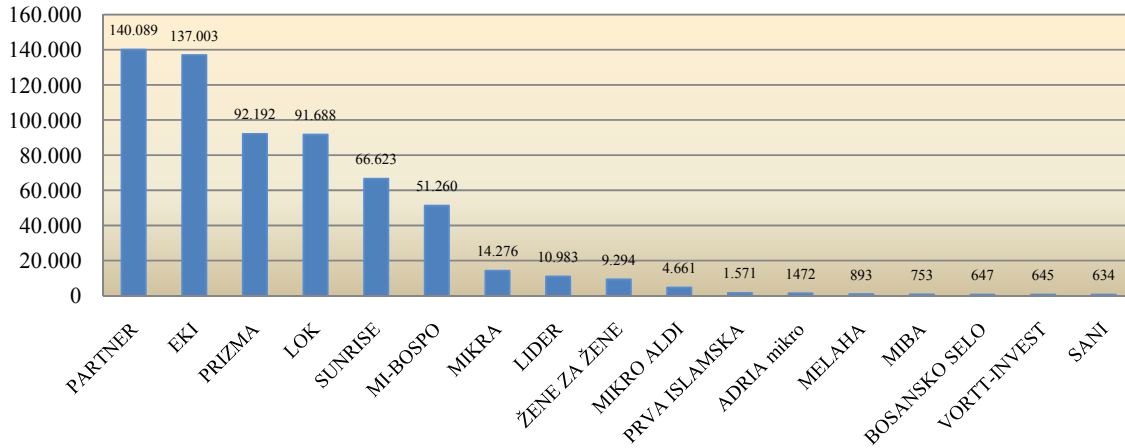
Ord. No.	DESCRIPTION	Period 01.01. to 30.06.2009.	%	Period 01.01. to 31.12.2009.	%	Period 01.01. to 30.06.2010.	%	Index
1	2	3	4	5	6	7	8	9=(7/3)
I	FINANCIJSKI PRIHODI I RASHODI							
1.	Interest income and similar income							
1.1.	Interest from interest bearing deposit accounts with depositary institutions	0	0	0	0	0	0	0
1.2.	Interest from placements to banks	0	0	0	0	0	0	0
1.3.	Interest from loans	99	100	214	99	146	100	147
1.4.	Other financial income	0	0	2	1	0	0	0
1.5.	Total interest income and similar income (1.1. to 1.4.)	99	100	216	100	146	100	147
2.	Interest expenses and similar expenses							
2.1.	Interest on borrowings	5	78	25	100	22	85	440
2.2.	Other financial expenses	2	22	0	0	4	15	200
2.3.	Total interest expenses and similar expenses (2.1. to 2.2.)	7	100	25	100	26	100	371
3.	Net financial income (1.5. - 2.3.)	92		192		120		130
II	OPERATIONAL INCOME AND EXPENSES							
4.	Operating income							
4.1.	Fees for completed services	17	88	36	86	16	73	94
4.2.	Other operating income	2	12	6	14	6	27	300
4.3.	Total operating income (4.1. to 4.2.)	19	100	42	100	22	100	116
5.	Operating expenses							
5.1.	Costs of salaries and benefits	45	50	79	43	49	40	109
5.2.	Costs of business premises, other fixed assets and utilities	18	20	72	38	49	40	272
5.3.	Other operating expenses	28	30	36	19	23	20	82
5.4.	Total operating expenses (5.1. to 5.3.)	91	100	187	100	121	100	133
6.	Cost of provisioning for loan and other losses	17		28		19		112
7.	PROFIT/LOSS FROM DIRECT BUSINESS OPERATIONS (3.+4.3.-5.4.-6.)	3		19		2		67
8.	Extraordinary income	1		3		0		0
9.	Extraordinary expenses	0		0		0		0
10.	INCOME/LOSS BEFORE TAXES	4		23		2		50
11.	TAXES	0		2		0		0
12.	NET PROFIT /LOSS	4		20		2		50

GRAPHS

- Graph 1. Amount of assets of MCOs as of 30.06.2010. in 000 KM
- Graph 2. Amount of gross portfolio as of 30.06.2010. in 000 KM
- Graph 3. Amount of capital of MCOs as of 30.06.2010. in 000 KM
- Graph 4. Surplus/deficit of income over expenses in MCFs,
that is net profit/loss of MCCs as of 30.06.2010. in 000 KM
- Graph 5. Number of employees of MCOs as of 30.06.2010.
- Graph 6. Average risk-weighted EIR on short term loans based on the MCOs reports in the
second quarter of 2010
- Graph 7. Average risk-weighted EIR on long term loans based on the MCOs reports in the
second quarter of 2010

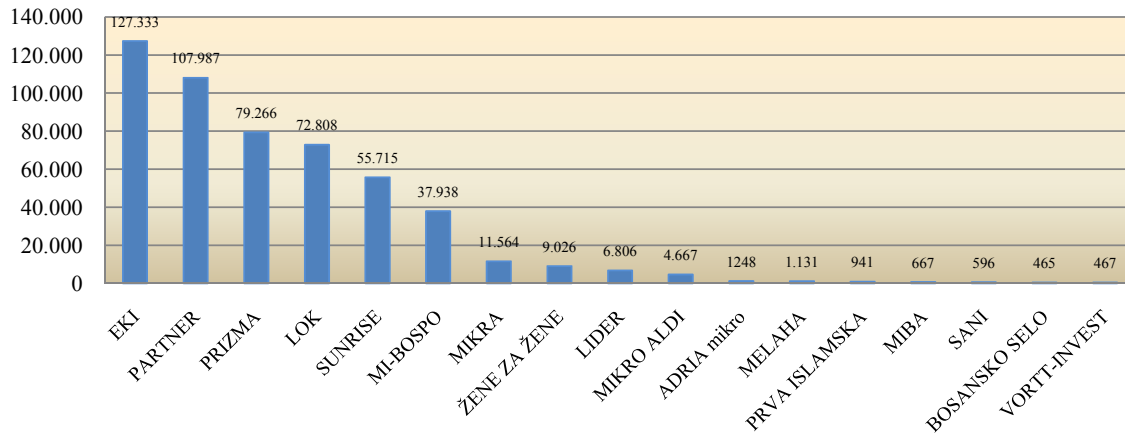
Graph 1

Amount of assets of MCOs as of 30.06.2010. in 000 KM



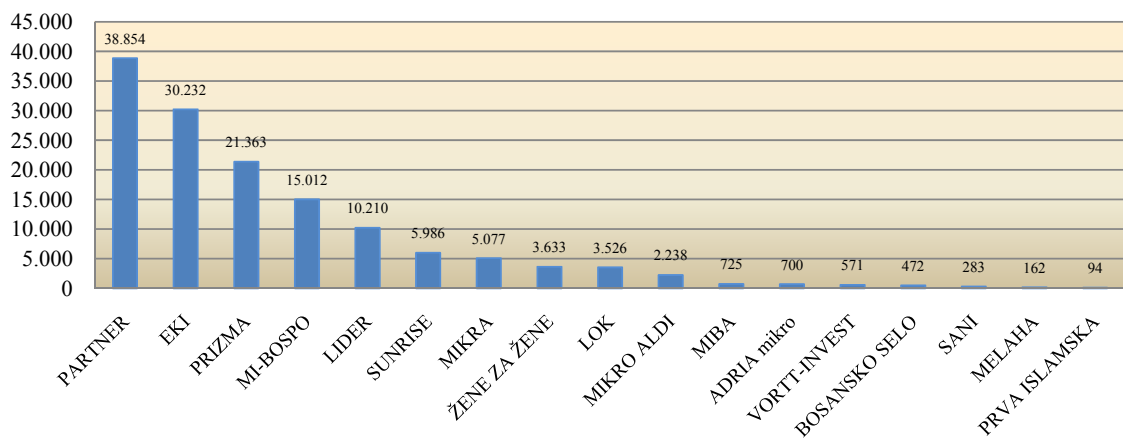
Graph 2

Amount of gross portfolio of MCOs as of 30.06.2010. in 000 KM



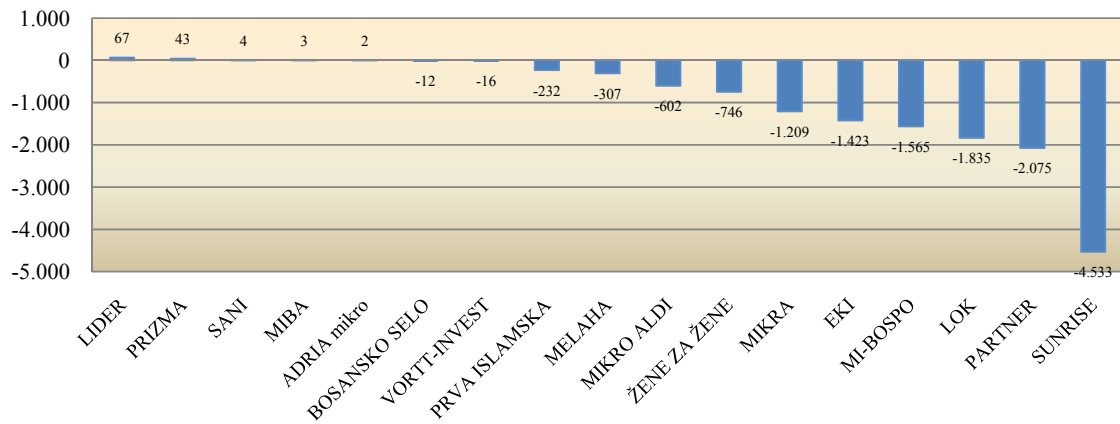
Graph 3

Amount of net assets / capital of MCOs as of 30.06.2010. in 000 KM



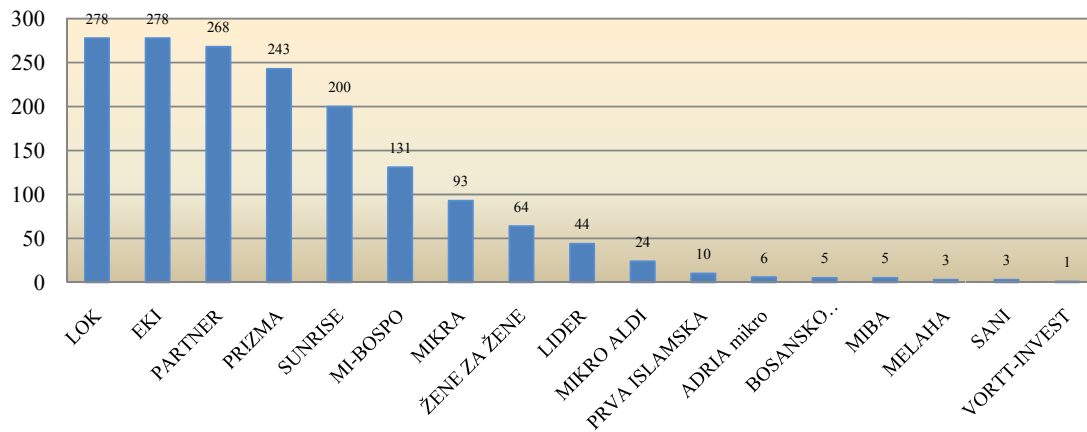
Graph 4

Surplus (deficit) of income over expenses in MCFs, that is net profit (loss) of MCCs for the period 01.01.2010. to 30.06.2010. in 000 KM



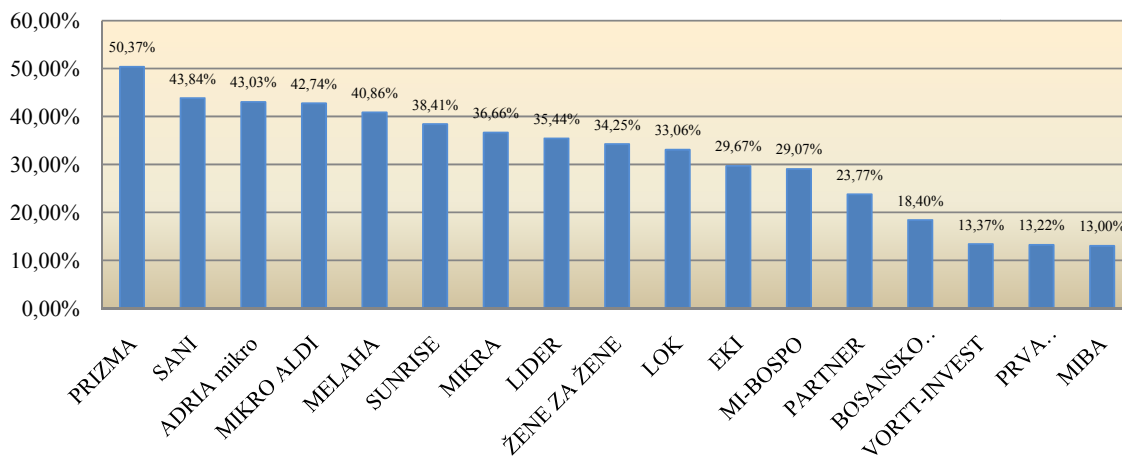
Graph 5

Number of employees as of 30.06.2010.



Graph 6

Average risk-weighted EIR on short term loans based on the MCOs reports in the 2nd quarter of 2010



Graph 7

Average risk-weighted EIR on long term loans based on the MCOs reports in the 2nd quarter of 2010

