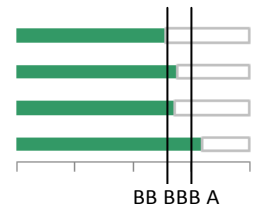


CREDO - Georgia

SOCIAL RATING ^SBBB

Date Rating Committee: 7 / 2 / 2012
Previous Social Rating: first Social Rating

Social Performance Management
Client protection, social responsibility
Outreach
Quality of the services



RATING RATIONALE

CREDO governing body and owners are clearly social committed thus limiting the risk of mission drift. The social performance management is overall good with a clear strategy in place to achieve the social goals, even if the social objectives are not properly spell out. The social performance monitoring is comprehensive but the reporting structure leaves room for further enhancement, especially for the purpose of decision making. Internal audit does not ensure yet the full reliability of the social performance date.

Social responsibility towards staff is good with personnel overall aligned to the mission and several opportunities in place to enjoy to good working environment. Female participation in management positions is moderate. CREDO's social responsibility towards clients is good. Several tools are in place to ensure client protection, despite the principles have not been yet formally disseminated at all organizational level. The code of ethics is in place and staff adherence to the company values is properly monitored. The product design is good and on constant enhancement. Over-indebtedness is a sensitive issue at the country level, but the company implemented some good practices (i.e. good client appraisal, responsible finance initiative, etc.). Transparency of pricing is overall acceptable despite the interest rate could be better disclosed. The cost of the service is just above the market average. Even if partly compensated by a good quality of the service, the company profitability leaves room for reduction of the cost of the service. A more balanced distribution of the value could be achieved by reducing the cost to the clients. The collection system is overall fair. Some shortfalls have been detected in the complaint resolution. A detailed policy to avoid financing activities harmful for the community and the environment is not yet in place.

CREDO has a broad geographic outreach serving almost all the regions of Georgia. The depth of outreach is good and in line with the mission. Despite the rapid growth of the recent years, the company has remained focused on its core activities (i.e. agrolending).

The variety of financial services offered is good and products conditions are often revised to meet the clients' needs. The products are also rather flexible. Weaknesses have been detected in the monitoring of the clients' drop-out.

Legal form	LLC
Target market	Farmers and micro-small entrepreneurs
Year of inception	1997 (Foundation) 2007 (LLC)
Network of reference	Vision Fund
Area of intervention	Urban and rural
Credit methodology	Individual lending
Financial services	Credit, insurance, debt cards
Non financial services	na
Geographical coverage	National coverage

Social indicators	set-11
Rural coverage, clients	72%
Female clients	37%
Average loan balance, US\$	723
Average balance per borrower / GNI pc	30%
Average disbursed loan amount, US\$	908
Average loan disbursed (\$PPP)	1299
Client drop-out ratio	38%
PAR30	0.07%
Clients at third loan cycle	14.05%
Clients at ≥ fourth loan cycle	16.04%
Female staff	40%
Female staff in management	9%
Staff turn-over ratio	2%
Portfolio yield	40%
Real portfolio yield	27%

See annex 1 and 2 for more details.

Institutional data	Sep-11
Active borrowers	58,108
Growth in active borrowers	62%
Gross outstanding portfolio, US\$	47,205,373
Branches	19
Total staff	482

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