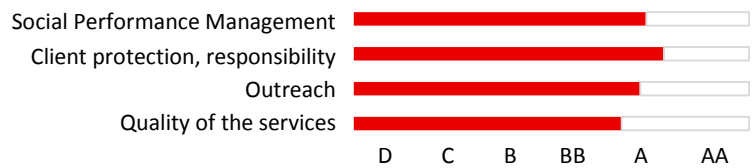


Opportunity Bank, Serbia

SOCIAL RATING ^s **A**

Good social performance management and client protection systems.



Social Rating Committee Jul-18 Previous SR: A, Feb-16

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SOCIAL RATING RATIONALE
SOCIAL PERFORMANCE MANAGEMENT SYSTEM

Good commitment of the BoD to the social mission, with regular monitoring of the bank's social performance via the SPM committee. The mission is clearly translated into social goals in the strategic plan, to ensure adequate alignment of the bank's operations and services. In order to monitor outreach, client data is collected and embedded in the MIS, but with room for improvement in the measurement of expected change in clients' lives.

CLIENT PROTECTION AND SOCIAL RESPONSIBILITY

The overall alignment to client protection practices is excellent. Context risk of over-indebtedness is medium, especially for consumer loans in urban areas. The bank's loan pricing is in line with peer groups. Transparency is overall good with documentation provided to clients ensuring understanding of terms and conditions. The debt collection practice is well defined, including behavioural guidelines. Responsibility towards staff is overall good, and the appraisal and training processes are well developed.

OUTREACH

The breadth of outreach is good, in terms of number of clients and geographical coverage, especially of rural areas. The share of loans for income generating activities is significant and outreach to vulnerable households is evident, due to the decreasing trend of average loan amount and the share of clients with limited assets. Less information is captured for clients with savings.

QUALITY OF THE SERVICES

Variety of loan and saving products is good, besides the limited insurance offer. Loan term and guarantee options are flexible, while repayment frequencies in practice are more standard. Efforts to design saving products catered for target clients are ongoing.

Institutional data		Mar-18	Social indicators		Mar-18
Active borrowers		44,478	Rural coverage, loans		72%
Active savers		23,772	Female clients		41%
Gross portfolio, €		100,521,968	Female staff		52%
Total active savings, €		60,388,743	Female staff in management		40%
Branches		28	Average disbursed loan amount, €		2,748
Total staff		356	Clients at third loan cycle		11%
Legal form	Bank		Loans in > third cycle		12%
Inception	2002		Average loan balance / GNI pc		37%
Network	OI, MFC, GABV		Average saving balance, €		2,540
Area	Rural		Client drop-out ratio		23%
Credit methodology	Individual		PAR30		2.2%
Financial services	Credit, saving, payment		Staff turn-over ratio		26%
Non fin. services	Training		Average annual percentage rate (APR)		27%
Coverage	National		Average transparency index		79%
			Growth in active borrowers		15%

See annex 2 and 4 for more details.

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Annex 5 – Social Rating Scale

Grade	Definition
^sAA	Excellent social performance management and client protection systems. High likelihood of achieving the social mission.
^sA	Good social performance management and client protection systems. Social mission likely to be achieved.
^sBB	Adequate social performance management and client protection systems. Satisfactory alignment to the social mission.
^sB	Moderate social performance management and client protection systems. Partial alignment to the social mission
^sC	Weak social performance management and client protection systems. Medium risk of mission drift
^sD	Poor social performance management and client protection systems. Risk of mission drift.

The modifiers “+” and “-” which can be added to the rating grade indicate small relative differences within each rating category.

Grade	Category	Definition
Excellent		Excellent policies to protect the clients and personnel. Good capacity to balance social and financial objectives.
Good	1	Good policies to protect the clients and personnel. Adequate capacity to balance social and financial objectives.
Adequate		Adequate policies to protect the clients and personnel. Adequate capacity to balance social and financial objectives.
Moderate		Moderate policies to protect the clients and personnel. Moderate capacity to balance social and financial objectives.
Weak	2	Weak policies to protect the clients and personnel. Weak capacity to balance social and financial objectives.
Poor	3	Very weak policies to protect the clients and personnel. Very weak capacity to balance social and financial objectives.

More information: www.microfinanzarating.com

The information used in the social rating has been partly provided by the evaluated institution and partly collected during the meetings with the head executives, the staff and the clients of the institution. The analysis is based on internal MIS data and other official sources. MicroFinanza Rating cannot guarantee the reliability and integrity of the information, as it does not conduct auditing exercises, and therefore does not bear responsibility for any mistake or omission coming from the use of such information. The social rating has to be considered as an external and independent opinion and it has not to be considered as a recommendation to realize investments in a specific institution.