

***CREDIT RATING REPORT***  
***ON***  
**ENVIRONMENT COUNCIL BANGLADESH**

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Ratings are based on Audited Financial Statement up to June 30, 2014 along with the other relevant Quantitative as well as Qualitative information up to the Date of Rating Declaration.

Followed Micro Financing Institution Rating Methodology (MFI) of NCR published in our website.

Website: [www.ncrbd.com](http://www.ncrbd.com)

### ENVIRONMENT COUNCIL BANGLADESH

SURVEILLANCE ENTITY RATING		
Date of Rating Declaration	Long Term	Short Term
26.11.2014	BBB+ (Triple B Plus)	ST-3
Outlook	Stable	
INITIAL ENTITY RATING		
Date of Rating Declaration	Long Term	Short Term
10.09.2013	BBB+ (Triple B Plus)	ST-3
Outlook	Developing	

The ratings are valid for one year from date of rating declaration.

#### RATINGS RATIONALE

The above rating reflects satisfactory past performance of Environment Council Bangladesh epitomized by experienced Executive Committee and management team and good control mechanism. The use of sophisticated software for record keeping purpose within the organization also added value to the rating. The ratings are favorably influenced by the moderate financial performance marked by increase in total asset base, microfinance, net operating surplus and deposit, fully maintained loan loss provision, improvement in operating self-sufficiency, and healthy cumulative and on time recovery rate.

The ratings are, however, constrained by fall in capital adequacy ratio, decline ROA and return on capital, decline profitability indicators like return on performing assets, spread, portfolio yield, deterioration in financial self sufficiency, moderate liquidity position and inadequate coverage ratios. Considering the organization's long presence in the industry, the small coverage area and moderate number of members also unfavorably influenced the ratings. The outlook is considered to be stable because the underlying fundamentals may persist to current level in near future.

#### FINANCIAL DATA (TK in Millions)

	FY 2013-14	FY 2012-13
Total Assets	471.44	278.95
Capital	42.16	41.51
Net Revenue	48.61	39.84
Loan Loss Provision	5.93	5.23
Outstanding Micro Finance	303.97	181.19
Deposit	130.27	66.59
Portfolio at Risk (>=365 Days) (%)	1.05	2.09
Operating Self Sufficiency (OSS) (%)	72.36	63.35
Financial Self Sufficiency (FSS) (%)	57.23	58.37
Return on Performing Assets (%)	15.43	22.18
Portfolio Yield (%)	18.85	25.81
Capital Adequacy Ratio (%)	10.94	18.42
Current Ratio (X)	1.32	1.34
DSCR (X)	0.47	(1.03)
Cumulative Recovery Ratio (%)	99.78	99.63

#### ANALYSTS

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#### ASSESSMENT

- The capital adequacy ratio deteriorated to 10.94% in FY 2013-14 from 18.42% in FY 2012-13, indicating impairment in risk absorption capacity of the organization. The return on performing assets witnessed a fall to 15.43% in FY 2013-14 from 22.18% FY 2012-13. The portfolio yield declined to 18.85% in FY 2013-14 from 25.81% in the previous year.

- The required Loan Loss Provision against the outstanding loan and non-performing loan stood at TK 5.39 million as on June 30, 2014 and Environment Council Bangladesh maintained the full provision for the year. However, the organization had a net loan written off balance of TK 6.05 million in FY 2013-14 after recovering TK 0.002 million in FY 2013-14. The cumulative recovery rate increased to 99.78% in FY 2013-14 from 99.63% in FY 2012-13.

- The portfolio at risk (for ≥ 360 days) improved and stood to 1.05% in FY 2013-14 against 2.09% in FY 2012-13. The Debt Service Coverage Ratio was inadequate and stood at 0.47 times in FY 2013-14 against (1.03) times in FY 2012-13. The current ratio decreased slightly to 1.32 times in FY 2013-14 from 1.34 times in FY 2012-13

- The operational self-sufficiency (OSS) improved and stood to 72.36% in FY 2013-14 against 63.35% in FY 2012-13. The financial self-sufficiency (FSS) decreased to 57.23% in FY 2013-14 from 58.37% in the preceding year.

- The main source of funding was borrowings (41.42%), followed by the member's savings deposit (27.63%), the other liabilities (22.00%) and the organization's fund (8.94%). The debt capital ratio increased to 89.92% in FY 2013-14 from 83.07% in FY 2012-13. The deposit has increased to TK 130.27 million in FY 2013-14 from TK 66.59 million in FY 2012-13.

#### PROFILE

- Environment Council Bangladesh (hereinafter referred as 'EC Bangladesh' or The Organization), a non-profit and non-political voluntary organization, established on February 28, 1994 to provide micro credits, initiate disadvantaged people to protect the environment and to empower people to meet their basic needs. The Organization was registered with Directorate of Social Services on February 28, 1994, NGO Affairs Bureau on June 28, 1995, Microcredit Regulatory Authority on January 01, 2008 and Directorate of Youth Development on July 07, 2009. EC Bangladesh is also registered with EuropeAid PADOR on June 16, 2012.

- The Registered Office of EC Bangladesh is located at House-67, Block-KA, Piculture Housing Society, Shyamoli, Dhaka-1207. The organization operates its programs through 36 (thirty six) Branch Offices. Currently the organization is running 7 (seven) major Micro-financing programs.

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# National Credit Ratings Limited

## 1.0 RATINGS

Ratings are based on Audited Financial Statement up to June 30, 2014 along with the other relevant Quantitative as well as Qualitative information provided by the Client & Bank up to the Date of Rating Declaration.

Followed Micro Financing Institution Rating Methodology (MFI) of NCR published in our website

Website: [www.ncrbd.com](http://www.ncrbd.com)

## 1.0 PROFILE

- A Non-Govt. Organization operating in Bangladesh
- Engaged in microcredit programs and other development activities.

SURVEILLANCE ENTITY RATING		
Date of Rating Declaration	Long Term	Short Term
26.11.2014	BBB+ (Triple B Plus)	ST-3
Outlook	Stable	
INITIAL ENTITY RATING		
Date of Rating Declaration	Long Term	Short Term
10.09.2013	BBB+ (Triple B Plus)	ST-3
Outlook	Developing	

**2.1** Environment Council Bangladesh (hereinafter referred as 'EC Bangladesh' or The Organization), a non-profit and non-political voluntary organization, established on February 28, 1994 to provide micro credits, initiate disadvantaged people to protect the environment and to empower people to meet their basic needs.

**2.2** The Organization was registered with Directorate of Social Services on February 28, 1994, NGO Affairs Bureau on June 28, 1995, Microcredit Regulatory Authority on January 01, 2008 and Directorate of Youth Development on July 07, 2009. EC Bangladesh is also registered with EuropeAid PADOR on June 16, 2012.

**2.3** The Registered Office of EC Bangladesh is located at House-67, Block-KA, Piciculture Housing Society, Shyamoli, Dhaka-1207. The organization operates its programs through 36 (thirty six) Branch Offices. The prime goal of EC Bangladesh is to achieve a social and economic environment where everyone can thrive for sustainable development. Major Objectives are:

- Increased livelihood capabilities and opportunities.
- Increased access to education.
- Increased health related awareness and services.
- Increased awareness on human rights.

### 2.3.1 Micro-finance Program:

EC Bangladesh operates Micro-financing activities for the overall development of the ultra poor and landless people by providing them loan facilities through collection of savings. Currently the organization is running 7 (seven) major Micro-financing programs. To be eligible for any program under Micro-finance programs, every person has to be a member of the organization. The list of the programs is presented below:



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SL.	Name of Program	Program Activities	Funding Sources
1.	Rural Micro Credit Program	Group formation in the rural area, training, awareness building, providing credit for income generating activities.	PKSF, Different Bank, ASA, Own Fund and Member savings.
2.	Urban Micro Credit Program	Group formation in the urban area, training, awareness building, providing credit for income generating activities.	PKSF, Different Bank, ASA, Own Fund and Member savings.
3.	Ultra Poor Micro Credit Program	Group formation in slams, Landless people, Beggars and disadvantaged/vulnerable community, training, awareness building, providing credit for income generating activities.	PKSF, Different Bank, ASA, Own Fund and Member savings.
4.	Micro Enterprise	Group formation by micro entrepreneur, training, providing credit support to expand their existing enterprise as well as to create new opportunity,	PKSF, Different Bank, ASA, Own Fund and Member savings.
5.	Agricultural Micro Credit	Group formation by marginal farmer/house wife, training, providing credit support to increase productivity.	PKSF, Different Bank, ASA, Own Fund and Member savings.
6.	Seasonal Micro Credit	Group formation in the rural and urban area, training, awareness building, providing credit for seasonal income generating activities.	PKSF, Different Bank, ASA, Own Fund and Member savings.
7.	Housing Project	Providing credit to create tin shed house.	Bangladesh Bank

### 2.3.2 Development Program

The organization is focused to amalgamate the ultra poor people who are neglected, landless and powerless and to improve their life status. EC aims to save the environment from pollution and to maintain ecological balance. Currently the organization is running different development programs. The features of the programs are presented below:

Sl.	Name Of Program	Program Activities	Funding Sources
1	Advocating for and supporting a comprehensive Tobacco Advertising Promotion & Sponsorship ban in Bangladesh	Advocacy and social mobilization, develop communication materials, campaign, workshops, discussion etc.	Bloomberg Philanthropies, Campaign Tobacco Free Kids.
2	Community Radio for Social Transformation	Social mobilization through radio program broadcasting, radio program development etc.	Japan Embassy & Own Fund
3	Room to Read Project	Mobilization and advocacy for enhancing reading habits, training For teacher, launching reading rooms at different districts etc.	Room to Read
4	Promotion the Rights of Marginalized Fishing Community and Improving Livelihood through Increased	Awareness raising on fishery rights, Promote Alternative Livelihood etc.	DFID through Manuser Jonno Foundation
5	INCLUDED Project	Early child hood Development (ECD) Program, After School Program (ASP) and Family Education (FE) Program in the aforesaid community.	INCLUDED
6	Health Education Sessions in Primary Schools and Strengthen Efforts of School Health Program	Review Primary health curriculum, Promote essential school components, anti-smoking campaigning etc.	Bureau of Health Education Directorate of Health Service under The Ministry of Health and Family Welfare. Bangladesh Government.
7	Create Awareness in STI/HIV-Aids.	Providing awareness education to brothel based sex workers, training to the local personnel on STI/HIV-Aids.	UNOPS & Own Fund.
8	VGD-NNP Implementation Collaboration Program	IGA training, monitoring and follow up technical support etc.	Ministry of Health and Family Welfare. Bangladesh Government.
9	Prevention and Risk Reduction of Injecting Drug users.	Provide training to the target beneficiaries, social mobilization, awareness on drug uses etc.	World Bank through Padakhep Manabik Unnayan Kendra



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10	Post Literacy and Continuing Education for Human Development	Provide post literacy and continuing education to adult people who are dropped out from Government and non Government primary school, IGA training.	Bureau of Non Formal Education(BNF), Ministry of Primary and Mass Education
11	Ensuring Education for Outreach Children	Providing health education, supplementary food, education materials, meeting with teachers, guardians and local people.	Own Fund
12	Capacity Building of Different IGA Groups	Training on poultry, beef fattening, tailoring, basic training on health and nutrition etc.	PKSF, Own Fund
13	Rights of Aged Community Project	Conducting survey, selection of target area, formation of steering committee, developing awareness to elderly people etc.	Own Fund
14	Enhancing Governance and Capacity of Service Providers and Civil Society in Water	Training of UP Chairman, Members on Pro-Poor WatSan Service Delivery, Orientation for Ward WatSan Committee, Union WatSan Committee, Teachers & School Management Committee as well as Religious Leader Orientation, Promotion of Hygiene Following PHAST, Mass Campaign through Popular Theater on WASH, Promotion of School WatSan Program etc.	European Union, NGO Forum

**2.3.2.1** The list of awareness programs previously systematized by the organization is presented below:

SL.	Program	SL.	Program
1.	Community Based Nutrition Component Under BINP, Pahse-4	11	Post Literacy & Continuing Education for Human Development Project
2.	Nutrition For Disadvantaged Children	12	Strengthening Electoral Process promoting voter education to the people of Gazaria and Munshiganj Sadar
3.	AIDS prevention project	13	Non Formal Education Project Phase-5
4.	Create awareness on STI/HIV-AIDS Emergency Post Flood Water & Sanitation	14	Eradication of Hazardous Child Labor in Bangladesh (2 <sup>nd</sup> Phase) Project
5.	Non-formal primary Education (NFPE) Program	15	Parent Stock Plantation in ESCB campus Project
6.	Tree Plantation Project on Beside Roads	16	Gift Box Distribution Program
7.	Community Managed Watson Project	17	A Study Report on Atta (Nutritious Flower) Fortification Project
8.	Relief Support for Flood Hit Victim etc.	18	
9	NGO's Arsenic Information & Support Unit (NAISU) Project	19	A Study Report on Coastal Belt Community
10	IEC Activities for social Mobilization under BINP, Phase 2-4	20	Emergency Post Flood Water & Sanitation Project

**3.1** The General Committee of EC Bangladesh is comprised of twenty-one members. The committee members are responsible to overview the performance of the organization and supervise the Executive committee. Brief profile of committee members is given below:

SL	Name of General Committee Member	Designation	Experience
1.	Mr. M. Azizur Rahman	Chairperson	23 Years
2.	Dr. Alamgir Moti	Member	08 Years
3.	Mr. Noor-E-Alam	Member	08 Years
4.	Mr. Md. Shahajahan Gazi	Member	09 Years
5.	Ms. Selina Akter (Apo)	Member	05 Years



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6.	Mr. Ahamed Mostak	Member	04 Years
7.	Ms. Boshra Hossain	Member	04 Years
8.	Mr. Md. Mahbobol Alam	Member	06 Years
9.	Mr. Asraful Alam Masum	Member	04 Years
10.	Mr. Dewan Toufika Hossain	Member	04 Years
11.	Mr. Tarikol Alam	Member	06 Years
12.	Ms. Mahmuda Nasrin Setu	Member	04 Years
13.	Ms. Nazmunnesa	Member	04 Years
14.	Mr. Samim Khandakar	Member	06 Years
15.	Mr. Md. Rakibul Hasan	Member	08 Years
16.	Ms. Laika Tabassum	Member	04 Years
17.	Dr. Iqbal Hossain	Member	14 Years
18.	Mr. Ahan Ullah Shamim	Member	08 Years
19.	Mr. Md. Shah Alam	Member	04 Years
20.	Mr. Nazmul Ahasan Khan	Member	08 Years
21.	Mr. A.K.M Showkat Hossain (Parvez)	Member	08 Years

3.2 There is also an advisory board comprising of four members. The members in the advisory board are presented below:

SL	Name of the Advisory Board Members
1.	Mr. Md. Ataharul Islam, Former Secretary
2.	Dr. A. S. M. Atikur Rahman
3.	Dr. Anisul Awwal, Ph. D
4.	Mr. Md. Abdul Awal, Executive Director of CDF

3.3 Executive Committee of EC Bangladesh is comprised of eight members. The committee is responsible for policy formulation, implementation and supervision of the management performance. The Executive Committee is also responsible to report to the General Committee and it is not fully independent from the management. The Executive Committee has recently been reformed and three old members were replaced by the new members. Brief profile of the committee members is given below:

SL	Name of Executive Committee Member	Designation	Experience
1.	Mr. M. Azizur Rahman	Chairperson	23 Years
2.	Mr. Md. Shajahan Gazi	Vice Chairperson	09 Years
3.	Mr. S. M. Mehedi Hasan	Secretary General	10 Years
4.	Mr. Md. Nur A Alam	Secretary (Finance)	23 Years
5.	Mr. Syed Tarikul Islam	Executive Member	07 Years
6.	Ms. Selina Akter	Executive Member	05 Years
7.	Ms. Selina Iqbal	Executive Member	05 Years

3.4 The Executive Committee Meetings are held on regular basis and proper record keeping process is being followed. During the FY 2012-13 and FY 2013-14, 05 numbers and 06 numbers of Executive Committee Meetings were held respectively. Mr. Arif Sikder, Executive Director of EC Bangladesh and the head of the management team reports to the Governing Body time to time. In EC Meetings all the problem issues are discussed, performance is evaluated and decisions about different changes are made.



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## 4.0 MANAGEMENT

Experienced Executive Committee

4.1 Mr. Arif Sikder, Executive Director of EC Bangladesh is the head of the management team. He has 15 years of experience in related field. The synopsis of the management team is given below:

Head of Management	Designation	Qualification	Experience	
Mr. Arif Sikder	Executive Director	M. B. A.	15 Years	
<b>Management Team of Head Office</b>				
Name	Designation	Qualification	Experience	
Mr. Md. Humayun Kabir	Dept. Head-Finance & Accounts	M. Com.	14 Years	
Mr. Shahadat Kamal	Program Director	M. S. S.	12 Years	
Mr. Md. Mostafizar Rahman	Program Coordinator	M. Com.	12 Years	
Mr. Md. Emdadul Haque Bouiyun	Project Coordinator	M. Phil.	18 Years	
Ms. Masuma Sultana	HR & Admin Officer	M. Sc.	07 Years	
Ms. Ripa Khatun	MIS Officer	M. S. S.	08 Years	
Mr. Md. Showkat Ali	IT Officer	B. S. S.	12 Years	
Mr. Md. Ashaduzzaman	Audit Officer	M. Com.	07 Years	
<b>Heads of Branches</b>				
Name	Designation	Branch	Qualification	Experience
Mr. Kishore Kumar Singha	Branch Manager	Konabari	M. Com.	03.5 Years
Mr. Sopon Kumar Sarkar	Branch Manager	Bhaberchar	M. Com.	15 Years
Mr. Md. Kolim Uddin	Branch Manager	Munsirhat	M. A.	07 Years
Mr. Azit Kumar Datta	Branch Manager	Sirajdikhan	M. A.	04 Years
Mr. Alamgir Mohammed Adil	Branch Manager	Deghirpar	B. A.	06 Years
Mr. Probir Kumar Sorkar	Branch Manager	Degholi Bazar	B. Com.	09 Years
Mr. Md. Tauhidul Islam	Branch Manager	Gazaria	B. Sc.	09 Years
Mr. Noresh Chandra Ray	Branch Manager	Basail	B. S. S.	10 Years
Mr. Md. Kabul Hossain	Branch Manager	Dhalagaon	M. A.	08 Years
Mr. Subhashis Goswami	Branch Manager	Dewvhog	B. Sc.	10.5 Years
Mr. Md. Tupu Hasan	Branch Manager	Hasara	M. S. S.	13 Years
Mr. Md. Bellal Hossain	Branch Manager	Baligaon	H. S. C.	06 Years
Mr. Md. Mamunur Rashid	Branch Manager	Sonargaon	M. Com.	03 Years
Mr. Abdul Malek	Branch Manager	Barodi	B. A.	07.5 Years
Mr. Md. Anowarul Islam	Branch Manager	Norosinghapur	M. A.	07 Years
Mr. Md. Abdul Awal Dewan	Branch Manager	Mouchak	B. S. S.	14 Years
Mr. Muhammad Mazedur Rahman	Branch Manager	Gazipur Chowrasta	M. A.	07.5 Years
Mr. Md. Siddikor Rahman	Branch Manager	Zirani	M. Sc.	03 Years
Mr. Md. Anwar Hossain	Branch Manager	Madanpur	B. A.	07.5 Years
Mr. Md. Abdul Rahim	Branch Manager	Bhagyakul	B. A.	09 Years
Mr. Saifur Rahaman	Branch Manager	Dohar	B. A.	09 Years
Mr. Md. Mofizul Islam	Branch Manager	Daudkandi	B. A.	11 Years
Mr. Ajit Sutra Dhar	Branch Manager	Kaliakoir	B. A.	04 Years
Mr. Md. Rafiqul Islam	Branch Manager	Meghula	B. A.	19 Years
<b>Branches Opened in FY 2014-2015</b>				
Mr. Titu Chakraborty	Branch Manager	Maowna	B. S. S.	06 Years
Mr. Md. Delower Hossain	Branch Manager	Bagher Bazar	B. S. S.	10 Years
Mr. Md. Akram Ullah	Branch Manager	Tongi Bazar	B. S. S.	11.5 Years
Mr. Mohammad Kamruzzaman Mrida	Branch Manager	Board Bazar	M. A.	07.5 Years
Mr. Brogendro Kumar Mondol	Branch Manager	Nayarhat	M. Com.	08 Years
Mr. Nazmul Hasan	Branch Manager	Dhamrai	B. Com.	08.5 Years
Mr. Md. Sohrab Hossain	Branch Manager	Kalampur	M. S. S.	13 Years
Mr. Md. Rohidul Islam	Branch Manager	Sreepur	M. Sc.	07 Years
Mr. Asadullah	Branch Manager	Zoina Bazar	M. A.	11.5 Years
Mr. Md. Abdul Hai	Branch Manager	Monipur	B. S. S.	04.5 Years
Mr. Suman Kumar Das	Branch Manager	Rohitpur	M. S. S.	12 Years
Mr. Gourango Basak	Branch Manager	Shollah	B. A.	13 Years



# National Credit Ratings Limited

## 5.0 OPERATIONAL RISK

- Uses Microfin360 and Troyee for MIS reporting and record keeping
- Uses ERP software namely Nava erp365
- Operates through 36 branches
- The number of beneficiary of the organization is 25,093members

**5.1** EC Bangladesh uses Microfin360 and Troyee for MIS reporting and record keeping. Besides, EC Bangladesh has recently installed updated web based ERP (Enterprise Resource Planning) software namely Nava erp365, a complete integrated software. Using this software, the organization is able to maintain the entire donor funded project, financial project activities including inventory, HR, Fixed Assets & Procurement etc. All the operational activities are recorded at all the branches and sent to the Head Office. Head Office then summarizes all the information and prepares reports.

**5.2** EC Bangladesh operates the Micro Credit Programs in Munshiganj and Gazipur district through 36 (thirty-six) branch offices. The details of the branches are outlined below:

SL	Branch Name	Location
1.	Konabari	Zarun Bazar, Konabari Gazipur Sadar, Gazipur.
2.	Bhabarchar	Anandamela Cenamela Market, Bhabarchar, Gazaria, Munshiganj.
3.	Munshirhat	Agrani Bank Building, Munshirhat, Munshiganj Sadar, munshiganj.
4.	Sirajdikhan	Molla Vila, Rajdia, Sirjodikhan, Munshiganj
5.	Digirpar	Dhegirpar, Tanggibari, Munshiganj.
6.	Dighali Bazar	Hosan Manson, College Road, Barono Para, Louhjong, Munshiganj.
7.	Gazaria	Sonali Market, Gazaria Sadar, Gazaria, Munshiganj
8.	Bashail	Bashail Bazar, Bashail, Shirajdikhan, Munshiganj.
9.	Dhalgaon	EC Bangladesh, Dhalgaon, Munshigonj, Sadar, Munshiganj.
10.	Dewbhog	Dewbhog, Munshigonj, Sadar, Munshiganj.
11.	Hashara	Rokeya Market, Hashara Bazar, Hashara Srinagar, Munshiganj
12.	Baligoan	Baligoan, Tongi Bari, Munshigonj
13.	Sonargaon	Sonargoan Sadar, Sonargoan, Narayangonj
14.	Barodi	Barodi, Sonargoan, Narayangonj
15.	Norosinghapur	Norshinghapur, Gazipur Sardar, Gazipur
16.	Mouchak	Mouchak, Bonor, Narayangonj
17.	Gazipur Chowrasta	Gazipur Chowrasta, Gazipur Sadar, Gazipur
18.	Zirani	Zirani, Gazipur Sadar, Gazipur
19.	Madanpur	Madanpur, Bondar, Narayangonj
20.	Bhagyakul	Bhagyakul, Srinagor, Munshigonj
21.	Dohar	Dohar, Dhaka
22.	Daudkandi	Daudkandi, Comilla
23.	Kaliakoir	Kaliakoir, Gazipur
24.	Meghula	Meghula, Dohar, Dhaka
25.	Maowna	Maowna Bazar Road, Maowna, Sripur, Gazipur
26.	Bagher Bazar	Kaiapara Madrasha Road, Bagher Bazar, Gazipur Sadar, Gazipur
27.	Tongi Bazar	Modhumita, Tongi, Gazipur
28.	Board Bazar	Board Bazar, Gazipur Sardar, Gazipur
29.	Nayarhat	Nayarhut, Ashulia, Savar, Dhaka
30.	Dhamrai	Thana Road, Dhamrai, Dhaka
31.	Kalampur	Kalampur Bazar, Dhamrai, Dhaka



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32.	Sreepur Branch	Tangra Road, Sripur, Gazipur
33.	Zoina Bazar Branch	College Road, Zoina Bazar, Sripur, Gazipur
34.	Monipur Branch	Monipur Bazar, Gazipur Sadar, Gazipur
35.	Rohitpur	Boarding Road, Rohitpur Bazar, keranigonj
36.	Shollah	Shingjor Bazar, Shollah, Nababgonj, Dhaka

## 5.3 Credit Policy

**5.3.1** EC Bangladesh provides loans to the members only. The members have to be the permanent resident of the operational area. For availing any credit facility the members have to deposit a minimum 10% percentage of total loans. Members' deposits are collected by two ways, one in a regular weekly deposits and other in volunteer weekly deposits.

**5.3.2** To formulate a group, minimum 10 members and maximum 40 members are required. Members' age must be within 18-50 years. EC Bangladesh generally selects the members according to their geographical location, financial situation etc. EC Bangladesh's target groups are ultra poor people, destitute women, beggars, disabled persons etc. The members must follow the rules and regulations of the organization and attend the meetings arranged by the EC Bangladesh.

**5.3.3** EC Bangladesh provides micro finance in different forms. A brief of the micro credit procedures is illustrated below:

SL	Name of the Micro Credit	Loan Size	Repayment System
1.	Rural Micro Credit (RMC)	Minimum TK 20,000 Maximum TK 50,000 1 <sup>st</sup> Step- 10,000-20,000 2 <sup>nd</sup> Step -21,000-30,000 3 <sup>rd</sup> Step- 31,000-40,000 4 <sup>th</sup> Step 41,000-50,000	46 installments in a Year
2.	Urban Micro Credit (UMC)	Minimum TK 20,000 Maximum TK 1,00,000 1 <sup>st</sup> Step- 20,000-30,000 2 <sup>nd</sup> Step -31,000-50,000 3 <sup>rd</sup> Step- 51,000-70,000 4 <sup>th</sup> Step 71,000-1,00,000	46 installments in a Year
3.	Micro Enterprise (ME)	Minimum TK 50,000 Maximum TK 10,00,000 1 <sup>st</sup> Step- 50,000-1,00,000 2 <sup>nd</sup> Step -1,00,001-2,50,000 3 <sup>rd</sup> Step- 2,50,001-5,00,000 4 <sup>th</sup> Step- 5,00,001-10,00,000	46 installments in a Year with service charge/12 installment in a year with service charge
4.	Ultra Poor Micro Credit (UP)	Minimum TK 4,000 Maximum TK 15,000 1 <sup>st</sup> Step- 4,000-10,000 2 <sup>nd</sup> Step -10,000-15,000	46 installments in a Year with service charge
5.	Seasonal Micro Credit	Maximum TK 30,000	One fixed installment at the end of the season with 2% interest rate

**5.4** The number of beneficiaries of the organization in FY 2013-14 stood to 25,093 number of beneficiaries compared to 16,868 number of beneficiaries in FY 2012-13, registering a growth of 67.22%. The details of total beneficiaries of EC Bangladesh are provided below:

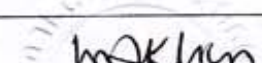


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SL	Description	FY 2013-14	FY 2012-13	FY 2011-12	FY 2010-11
1	No. of Members	Total: 25,093 Male: 471 Female: 24,622	Total: 16,868 Male: 166 Female: 16,702	Total: 11,864 Male: 151 Female: 11,713	Total: 11,822 Male: 149 Female: 11,673
2	No. of groups	Total: 1,583 Male: 43 Female: 1,547	Total: 1,132 Male: 12 Female: 1,120	Total: 623 Male: 11 Female: 612	Total: 624 Male: 10 Female: 614
3	No. of Borrowers	Total: 17,557 Male: 305 Female: 17,452	Total: 12,499 Male: 125 Female: 12,374	Total: 10,110 Male: 124 Female: 9,986	Total: 10,302 Male: 141 Female: 10,161
4	No of districts covered	5	5	4	4

The details of the beneficiaries and members of different branches for the FY 2013-14 are presented below:

SL	Branch-MFP	Members	Borrowers
1	Konabari	Total: 1,313 Male: 10 Female: 1,303	Total: 746 Male: 4 Female: 742
2	Bhaberchar	Total: 1,505 Male: 12 Female: 1,493	Total: 1,028 Male: 10 Female: 1,018
3	Munsirhat	Total: 1,859 Male: 6 Female: 1,853	Total: 1,136 Male: 4 Female: 1,132
4	Sirajdikhan	Total: 1,065 Male: 134 Female: 931	Total: 856 Male: 104 Female: 752
5	Deghirpar	Total: 1,772 Male: 7 Female: 1,765	Total: 1,140 Male: 7 Female: 1,133
6	Degholi Bazar	Total: 1,290 Male: Female: 1,290	Total: 1,082 Male: Female: 1,082
7	Gazaria	Total: 1,424 Male: Female: 1,424	Total: 1,055 Male: Female: 1,055
8	Basail	Total: 1,032 Male: 8 Female: 1,024	Total: 812 Male: 7 Female: 805
9	Dhalagaon	Total: 1,116 Male: Female: 1,116	Total: 905 Male: Female: 905
10	Dewvhog	Total: 969 Male: 21 Female: 948	Total: 742 Male: 16 Female: 726
11	Hasara	Total: 1,184 Male: 17 Female: 1,167	Total: 776 Male: 7 Female: 769
12	Baligaon	Total: 958 Male: 20 Female: 938	Total: 634 Male: 20 Female: 614
13	Sonargaon	Total: 1,136 Male: 22 Female: 1,114	Total: 913 Male: 18 Female: 895
14	Barodi	Total: 1,265 Male: Female: 1,265	Total: 943 Male: Female: 943
15	Norosinghapur	Total: 1,201 Male: 65 Female: 1,136	Total: 669 Male: 27 Female: 642
16	Mouchak	Total: 886 Male: 25 Female: 861	Total: 666 Male: 8 Female: 658





# National Credit Ratings Limited

17	Gazipur Chowrastha	Total: 933 Male: Female: 933	Total: 658 Male: Female: 658
18	Zirani	Total: 538 Male: 22 Female: 516	Total: 316 Male: 14 Female: 302
19	Madanpur	Total: 1,019 Male: 2 Female: 1,017	Total: 837 Male: 1 Female: 836
20	Bhagyakul	Total: 850 Male: 5 Female: 845	Total: 730 Male: 5 Female: 725
21	Dohar	Total: 492 Male: 19 Female: 473	Total: 210 Male: 10 Female: 200
22	Daudkandi	Total: 623 Male: 27 Female: 596	Total: 469 Male: 14 Female: 455
23	Kaliakoir	Total: 390 Male: 11 Female: 379	Total: 246 Male: 3 Female: 243
24	Meghula	Total: 273 Male: 38 Female: 235	Total: 188 Male: 26 Female: 162
	Total	Total: 25,093 Male: 471 Female: 24,622	Total: 17,757 Male: 305 Female: 14,452

## 6.0 INDUSTRY RISK ANALYSIS

- The government of Bangladesh enacted the "Microcredit Regulatory Authority Act, 2006" on July 16, 2006 with effect from August 27, 2006

**6.1** Microcredit institutions have been providing various social and financial services to the poor to alleviate poverty within the society for the last three decades. However, they remained outside any central supervisory system. To bring the microcredit sector under a regulatory framework, the government of Bangladesh enacted the "Microcredit Regulatory Authority Act, 2006" on July 16, 2006 with effect from August 27, 2006 through Microcredit Regulatory Authority (MRA) to promote and foster sustainable development of microfinance sector through creating an enabling environment for NGO-MFIs in Bangladesh.

**6.2** As of 30 June 2011, No. of Licensed NGO-MFIs was 576 carry out microfinance operations under the statutory body MRA. This sector has created direct job opportunities for over 111,800 people; 80 percent of them are male and 20 percent are female. At the end of June 2011, the sector had outstanding loans of BDT 173.8 billion which was disbursed to 20.7 million borrowers. The accumulated savings BDT 63.3 billion was collected from 26.10 million clients. Basic Statistics of NGO-MFIs in Bangladesh (As of 30 June 2011) is presented below in a table:

Particulars	June 2008	June 2009	June 2010	June 2011
No. of Licensed NGO-MFIs	293	419	516	576
No of Branches	15,077	16,851	17,252	18,066
No. of Employees	98,896	107,175	109,597	111,828
No. of Clients (Million)	23.45	24.85	25.28	26.08
Total borrowers (Million)	17.79	18.89	19.21	20.65
Amount of Loan Outstanding (Tk. Million)	134,680.96	143,134.03	145,022.66	1,73,797.60
Amount of Savings (Tk. Million)	47,386.19	50,610.04	51,362.93	63,304.44

Source: MRA-MIS Database-2011



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**6.3** Total outstanding loan of this sector (only licensed MFIs) has increased by 20.0 percent from BDT 145.0 billion in June 2010 to BDT 173.8 billion in June, 2011 disbursed among 20.7 million poor people, helping them to be self-employed and accelerating overall economic development process of the country. The total savings has also increased by 23.25 percent to BDT 63,304.44 million in June 2011 compared to previous Years from 51,362.93 million. The number of clients was 26.08 million in June, 2011, over 93 percent of them are women.

**6.4** The top three MFIs contribute 54 percent of total loan outstanding as well as savings of the microfinance sector in Bangladesh. Two of the largest MFIs, viz., BRAC & ASA, are each serving over five million borrowers. There are a few more developing fast. On the other hand the smallest 428 NGO-MFIs have contributed only 4 percent of total loan outstanding and 5 percent of total savings. Institutional concentration ratio is highly skewed in favor of large MFIs: just 22 institutions are in control of 76 percent of the market share while three largest organizations have control of over 50 percent in terms of both clients and total financial portfolios. Size-Wise Loan Outstanding and Savings Compositions(As of 30 June,2011) is presented below in a table:

Categories	Range of Borrowers	No of MFIs	No of Borrowers	Total Loan Outstanding (TK Million)	% of Total Outstanding	No of Savers	Total Savings (TK Million)	% of Total Savings
Very Small	Up to 1,000	85	63973	492.48	0.28	87660	192.20	0.30
	1,001-2,000	177	244974	1566.68	0.90	351054	741.81	1.17
	2,001-6,000	120	422745	2914.21	1.68	566864	1282.30	2.03
	6,001-10,000	46	364848	2987.90	1.72	469938	1128.09	1.78
Small	10,001-50,000	103	2218532	19946.10	11.48	2861318	6738.03	10.64
Medium	50,001-1,00,000	23	1571226	13805.22	7.94	1875363	4713.86	7.45
Large	1,00,001-10,00,000	19	4600621	39483.64	22.72	5527971	14652.13	23.15
Very Large	10,00,001-Above	3	11162371	92601.36	53.28	14274780	33856.02	53.48
<b>Total</b>		<b>576</b>	<b>20649290</b>	<b>173797.60</b>	<b>100.00</b>	<b>26014948</b>	<b>63304.44</b>	<b>100.00</b>

**6.5** Total fund of NGO-MFIs has increased over time. In 2010, the growth was 10.49 percent, which further increased to 20.6 percent in 2011. Total fund in this sector was Tk. 152.3 billion in 2010 which rose to Tk.183.6 billion in 2011. Palli Karma Shahayak Foundation (PKSF), the micro finance wholesale funding agency, provides a large portion of loan fund of subsidized rate which has increased from Tk. 24.48 billion in 2010 to Tk. 31.76 billion in 2011.

## 7.0 CAPITAL ADEQUACY

- Increase in equity base
- deterioration in capital adequacy ratio

**7.1** The equity base of EC Bangladesh in FY 2013-14 was composed of Capital of TK 3.49 million, Retained Surplus of TK 38.67 million. The capital base increased and stood to TK 42.16 million in FY 2013-14 from TK 41.51 million in FY 2012-13, registering a growth of 1.57%. The capital adequacy ratio deteriorated to 10.94% in FY 2013-14 from 18.42% in FY. 2012-13, indicating impairment in risk absorption capacity of the

*M. Khan*



# National Credit Ratings Limited

organization. The rate of return on capital went up to 0.61% in FY 2013-14 from (8.73%) in FY 2013-14.

**8.1** The micro-finance of EC Bangladesh increased to TK 303.97 million in FY 2013-14 from TK 181.19 million in the FY 2012-13, registering a growth of 67.76%. The table below presents the Disbursement of Loan, Loan Recoverable, Loan Recovered and Non-performing Loan. The table also states the outstanding loan at the end of FY 2011-12, 2012-13 and 2013-14 respectively.

(TK in Million)

Years	Disbursement		Recoverable	Recovery		Outstanding	Non-performing
	Cumulative	For the Years	For the Years	Cumulative	For the Years	For the Years	Loan
FY 2011-12	880.07	204.79	184.53	763.06	183.28	117.20	8.02
FY 2012-13	1200.87	320.80	224.69	1020.19	256.72	181.19	3.91
FY 2013-14	1754.69	553.83	389.68	1451.22	431.03	303.97	3.67

**8.2** The Non-Performing Micro-Finance (NPMF) decreased and stood to TK 3.67 million in FY 2013-14 against TK 3.91 million in FY 2012-13, registering a decline of 6.14%. The regular recovery stood to TK 388.91 million in FY 2013-14 against TK 389.68 million in FY 2012-13. The on time recovery rate increased to 99.80% in FY 2013-14 against 91.49% in FY 2012-13. The cumulative recovery rate increased to 99.78% in FY 2013-14 from 99.63% in FY 2012-13. However, the organization could successfully recover TK 431.03 million in FY 2013-14, composed of regular recovery of TK 388.91 million, advance recovery of TK 40.75 million and recovery against overdue principal of TK 1.37 million. The table below represents the last three years coverage position of the organization:

Years	Cumulative Recovery Rate (CRR)	On Time Recovery Rate (OTR)	Portfolio at Risk (for ≥ 360 days)	Debt Service Coverage Ratio (DSCR)
FY 2011-12	98.77%	99.42%	8.12%	1.14
FY 2012-13	99.63%	91.49%	2.09%	(1.03)
FY 2013-14	99.78%	99.80%	1.05%	0.47

**8.3** The portfolio at risk (for ≥ 360 days) improved and stood to 1.05% in FY 2013-14 against 2.09% in FY 2012-13. The Debt Service Coverage Ratio was inadequate and stood at 0.47 times in FY 2013-14 against (1.03) times in FY 2012-13.

**8.4** The required Loan Loss Provision against the outstanding loan and non-performing loan stood at TK 5.39 million as on June 30, 2014 and EC Bangladesh maintained the full provision for the year. However, the organization had a net loan written off balance of TK 6.05 million in FY 2013-14 after recovering TK 0.002 million in FY 2013-14.



**9.0 EARNINGS QUALITY**

- Increase in net service charge based income
- Decline in return on performing assets
- Decrease in spread and portfolio yield

**9.1** The Net Service Charge-Based Income increased to TK 44.17 million in FY 2013-14 from TK 38.81 million in FY 2012-13. The Net Revenue increased to TK 48.61 million in FY 2013-14 from TK 39.84 million in FY 2010-11, registering a growth of 22.01%. EC Bangladesh's total operating cost for loan outstanding decreased to 33.76% in FY 2013-14 from 44.23% in FY 2012-13. The operational self-sufficiency (OSS) improved and stood to 72.36% in FY 2013-14 against 63.35% in FY 2012-13. The financial self-sufficiency (FSS) decreased to 57.23% in FY 2013-14 from 58.37% in the preceding year.

**9.2** The borrowing cost ratio increased to 5.96% in FY 2013-14 from 1.53% in FY 2012-13 and the saving cost ratio decreased slightly to 2.34% in FY 2013-14 from 2.47% in FY 2012-13; therefore, the financial cost ratio increased to 8.31% in FY 2013-14 from 4.00% in FY 2012-13. The portfolio yield declined to 18.85% in FY 2013-14 from 25.81% in the previous year. As a result of declining portfolio yield and increased financial cost ratio, the spread narrowed to 10.54% in FY 2013-14 from 21.82% in FY 2012-13.

**9.3** ROA improved to 0.37% in FY 2013-14 from (5.43%) in FY 2012-13. The return on performing assets witnessed a fall to 15.43% in FY 2013-14 from 22.18% FY 2012-13. The asset based of the organization increased to TK 471.44 million in FY 2013-14 from TK 278.95 million in FY 2012-13, registering a significant growth of 69.01%.

**10.1** The main source of funding was borrowings (41.42%), followed by the member's savings deposit (27.63%), the other liabilities (22.00%) and the organization's fund (8.94%). The deposit has increased to TK 130.27 million in FY 2013-14 from TK 66.59 million in FY 2012-13, registering a growth of 95.63%. The debt capital ratio increased to 89.92% in FY 2013-14 from 83.07% in FY 2012-13.

**10.2** The current ratio of EC Bangladesh decreased slightly to 1.32 times in FY 2013-14 from 1.34 times in FY 2012-13. In addition, the liquidity to saving ratio decreased to 66.12% in FY 2013-14 from 80.45% times in FY 2012-13. The savings to total assets ratio increased to 27.63% in FY 2013-14 from 23.87% in FY 2012-13.

**10.3** The borrowing increased to TK 195.26 million in FY 2013-14 from TK 101.65 million in FY 2012-13, registering a growth of 92.09%. The savings to savings and borrowings ratio increased to 34.63% in FY 2013-14 from 32.69% in the preceding year.

**10.3.1** The Organization is availing loan from Jamuna Bank Limited (Ring Road Branch), BASIC Bank Limited (Mirpur Branch), IFIC Bank Limited (Mirpur Branch), Mutual Trust Bank Limited (Corporate Head Office), Mercantile Bank Limited (Green Road Branch), Standard Bank Limited, (Green Road Branch), NRB Bank Limited



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(Dhanmondi Branch), Shahjalal Islami Bank Limited (College Gate Branch) and PKSF. The detail facility structure is given as follows:

(TK in Millions)

Name of the Bank	Nature of Facility	Limit	Outstanding*	Purpose
Jamuna Bank Limited (Ring Road Branch)	Term loan	44.13	21.54	• To provide agricultural loan to farmers as micro credit.
BASIC Bank Limited (Mirpur Branch)	Term Loan	24.09	13.27	• For on-lend to the selected members/farmers of the NGO for agricultural purpose.
IFIC Bank Limited (Mirpur Branch)	Term Loan	22.60	15.89	• For refinancing in the form of micro credit in agriculture sector.
Mutual Trust Bank Limited (Corporate Head Office)	Micro Finance	53.23	45.58	• For onward lending to its group members engaged in agricultural activities, livestock, poultry, fisheries and poverty alleviation activities
Mercantile Bank Limited (Green Road Branch)	Term Loan	7.60	6.91	• For the expansion of agriculture credit program among 350 members of the organization at Munshigonj
Standard Bank Limited (Green Road Branch)	Term Loan	30.12	30.12	• For disbursement of agriculture and rural credit loan
NRB Commercial Bank Limited (Dhanmondi Branch)	Term Loan	15.00	15.00	• To refinance under Micro Finance programs towards extending micro credit facilities to poor people, marginal and landless farmers covering agricultural sector, poverty alleviation etc.
Shahjalal Islami Bank Limited (College Gate Branch)	Bai-Muajjal	20.40	20.40	• To provide agricultural investment facility to the beneficiaries in Munshiganj
PKSF	Micro Credit Loan	290.70	78.24	• To provide Micro Credit to rural people

\*Outstanding as on 31.08.2014

### 10.3.2 Security & Collateral

The Organization offered security against the entire credit facility, the details are given below:

Name of Bank	Nature of Security	Description
Jamuna Bank Limited	Primary	• 20 % FDR of Loan amount
	Others	• Lien on the company's employee provident fund that is not less than TK 2.5 Million • Personal Guarantee of the governing body members. • One hundred crossed cheque to be obtained covering the facility amount plus interest for entire period. • Eight post dated crossed cheques. • Usual charge documents as per Bank rules.
BASIC Bank Limited	Primary	• Lien of FDR equivalent 20% of sanctioned loan
	Others	• Personal guarantee of all the members of the executive committee of the EC Bangladesh with an asset declaration. • Letter of Arrangement and Corporate Repayment Guarantee signed by the persons responsible for the control and management of EC Bangladesh. • Undated Cheque of operative accounts of the clients in favour of BASIC Bank Limited covering entire loan amount will be taken. • All applicable charge documents including DP Notes from the authorized person of EC Bangladesh.
IFIC Bank Limited	Primary	• 20% FDR of sanction loan amount.
	Others	• D. P. Note. • Personal guarantee of each member of Executive Committee. • 30 (Thirty) post dated cheques in favour of Bank for repayment of monthly

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# National Credit Ratings Limited

		<ul style="list-style-type: none"> <li>instalment, (each) duly signed by the Authorized person of the organization</li> <li>One undated blank cheque duly signed by the Authorized person of the organization</li> <li>Personal guarantee of Mr. Arif Sikder, Executive Director of Environment Council Bangladesh.</li> </ul>
Mutual Trust Bank Limited	Primary	<ul style="list-style-type: none"> <li>Letter of hypothecation to be executed by the borrower</li> <li>Lien and pledgement of FDR equivalent 20% of loan amount</li> </ul>
	Others	<ul style="list-style-type: none"> <li>D. P. Note.</li> <li>Personal guarantee of each member of Executive Committee.</li> <li>12 (Twelve) post dated cheques, each cheque covering one quarterly instalment</li> <li>A master cheque covering the entire loan amount including interest</li> </ul>
Mercantile Bank Limited	Primary	<ul style="list-style-type: none"> <li>Lien and pledgement of FDR equivalent 20% of loan amount</li> </ul>
	Others	<ul style="list-style-type: none"> <li>Personal guarantee of all members of Executive Committee.</li> <li>12 (Twelve) post dated cheques, each cheque covering one monthly instalment</li> <li>One cheque covering the entire loan amount</li> </ul>
Standard Bank Limited	Primary	<ul style="list-style-type: none"> <li>Hypothecation of fixed and floating assets of the organization both present and future including all bills receivables, book debts etc. From the total loan portfolio</li> <li>Irrevocable General Power of Attorney (duly notarized) to be executed by the organization to sell hypothecated fixed and floating assets of the organization and to collect all bills receivables, book debts etc. In case of failure to repay the loan</li> <li>Lien and set off over the loan receivable A/cs</li> <li>Lien of FDR equivalent 20% of loan amount</li> </ul>
	Others	<ul style="list-style-type: none"> <li>Corporate guarantee of the organization</li> <li>Personal guarantee of all members of Executive Committee.</li> <li>post dated cheques, each cheque covering one instalment</li> <li>A master cheque covering the entire loan amount including interest</li> </ul>
NRB Commercial Bank Limited	Primary	<ul style="list-style-type: none"> <li>Lien of FDR equivalent 20% of loan amount</li> <li>Floating charge by way of hypothecation of specific micro credit receivables of the customer</li> </ul>
	Collateral	<ul style="list-style-type: none"> <li>Registered mortgage of 9.90 decimal of land located at District: Dhaka, P.S. &amp; S.R.O. Mohammadpur, Mouza: Katasur, JL no. 66/22, Khatian no. C.S. – 221, S.A. – 251, R.S. – 107, Dhaka City Jarip – 3023, Mutation – 8730, Plot no. C.S. – 483, S.A. – 483, R.S. – 390, Dhaka City Jarip – 4351, owned by the organization, Market value TK 15.00 million and Forced Sale Value TK 12.00 million</li> </ul>
	Others	<ul style="list-style-type: none"> <li>Institutional guarantee of the organization</li> <li>Personal guarantee of all the members of Executive Committee</li> <li>One cheque covering the loan amount</li> </ul>
Shahjalal Islami Bank Limited	Primary	<ul style="list-style-type: none"> <li>Lien and pledge of MTDR/FDR equivalent 20% of loan amount</li> </ul>
	Others	<ul style="list-style-type: none"> <li>Personal guarantee of Mr. Arif Sikder, member and Executive Director of EC Bangladesh</li> <li>Personal guarantee of all members of Executive Committee</li> <li>One post dated master cheque covering Bai-Muajjal investment facility</li> <li>21 post dated cheques covering each monthly instalment</li> </ul>
PKSF	Others	<ul style="list-style-type: none"> <li>Corporate guarantee</li> </ul>

<b>ANALYSTS</b>	<b>Labiba Mahjabin</b> +0088-02-9359878 labiba@ncrbd.com	<b>Rehenatul Ferdous</b> +0088-02-9359878 rehen@ncrbd.com
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# National Credit Ratings Limited

National Credit Ratings- Rating Scales and Definition Long Term Credit Ratings ( Bank/Financial Institutions/ NBFIs/Corporate/Debt Instruments)	
Rating Scale	Definition
<b>INVESTMENT GRADE</b>	
AAA	Excellent quality, offering <b>highest safety</b> for timely servicing of financial obligations. Such institutions carry <b>minimum risk</b>
AA+, AA, AA-	<b>Very strong</b> capacity for timely servicing of financial obligations offering <b>high safety</b> . Such institutions carry <b>very low risk</b> .
A+, A, A-	<b>Strong</b> capacity for timely servicing of financial obligations offering <b>adequate safety</b> . Such institutions carry <b>low credit risk</b> .
BBB+, BBB, BBB-	<b>Adequate capacity</b> for timely servicing of financial obligations offering <b>moderate safety</b> . The rating category denotes a moderate credit risk. However changes in circumstances or economic conditions are more likely to affect the capacity for timely servicing of financial obligations.
<b>NON –INVESTMENT GRADE</b>	
BB+, BB, BB-	<b>Inadequate safety</b> for timely servicing of financial obligations. Such institutions carry <b>high credit risk</b> . The entity remains more vulnerable to adverse economic changes over time.
B+, B, B-	<b>Low safety</b> for timely servicing of financial obligations.
CCC, CC, C	<b>Very high risk</b> for timely servicing of financial obligations.
D	Entities with this rating are of the lowest category. They are either in <b>default</b> or likely to be in default soon.

Short Term Credit Ratings ( Bank/Financial Institutions/ NBFIs/Corporate/Debt Instruments)	
Rating	Definition
ST-1	<b>Strongest capacity</b> for timely payment of financial commitments and carry lowest credit risk.
ST-2	<b>Strong capacity</b> for timely payment of financial commitments and carry lowest credit risk
ST-3	<b>Satisfactory capacity</b> for timely payment of financial commitments and carry very low credit risk.
ST-4	<b>Moderate capacity</b> for timely payment of financial commitments and carry Moderate credit risk
ST-5	<b>Uncertain capacity</b> for timely payment of financial commitments and carry high credit risk.
ST-6	Indicates actual or inherent payment default.