



# Report

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**National Credit Ratings Ltd.**

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

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Ratings are based on Audited Financial Statement up to June 30, 2015 along with the other relevant Quantitative as well as Qualitative information provided by the Client and Bank up to the Date of Rating Declaration.

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

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

**ENVIRONMENT COUNCIL BANGLADESH**
**SURVEILLANCE ENTITY RATING – 2016**

Date of Rating Declaration	Long Term	Short Term
12.01.2016	BBB+ (Triple B Plus)	ST-3
<b>Outlook</b>	<b>Stable</b>	
<b>Validity</b>	11.01.2017	11.07.2016

SURVEILLANCE ENTITY RATING – 2014		
Date of Rating Declaration	Long Term	Short Term
26.11.2014	BBB+ (Triple B Plus)	ST-3

**RATING RATIONALE**

The above ratings reflect modest past performance of Environment Council Bangladesh epitomized by experienced Executive Committee and management team, and increase in beneficiaries and borrowers. The ratings are favorably influenced by satisfactory financial performance marked by growth in micro finance and asset base, increase in net service charge based income and net surplus, improvement in operating self sufficiency and portfolio at risk, good recovery rates and proper maintenance of loan loss provision. The ratings are, however, constrained by depletion of capital adequacy ratio and financial self sufficiency, decline in rate of returns and spread, inadequate liquidity position and coverage indicators and increase in financial leverage. The ratings also take into consideration small coverage area. The outlook is considered to be stable as NCR deems that the organization is likely to maintain the current fundamentals in near future.

**ASSESSMENT**

- The equity base was composed of retained surplus (90.35%), development program fund (4.46%) and disaster management fund (5.19%). The equity base decreased to TK 56.76 million in FY 2014-15 from TK 64.99 million in FY 2013-14. The Capital Adequacy was drastically declined and stood to 6.64% in FY 2014-15 from 16.87% in FY 2013-14.
- Total asset base increased significantly to TK 1,023.38 million in FY 2014-15 from TK 471.46 million in FY 2013-14. The micro finance increased to TK 727.32 million in FY 2014-15 from TK 303.97 million in FY 2013-14. The return on performing assets went down to 11.03% in FY 2014-15 from 14.94% FY 2013-14.
- The Non-Performing Micro-Finance (NPMF) was TK 3.62 million in FY 2014-15 against TK 3.67 million in FY 2013-14. The required Loan Loss Provision against the outstanding loan stood at TK 10.02 million as on June 30, 2015 and EC Bangladesh maintained full amount in FY 2014-15.
- The cumulative recovery rate slightly increased to 99.85% in FY 2014-15 from 99.38% in FY 2013-14. The on time recovery rate also went up subtly to 99.55% in FY 2014-15 from 99.19% in FY 2013-14. The Debt Service Coverage Ratio was inadequate and stood at 0.51 times in FY 2014-15 against 0.45 times in FY 2013-14. The portfolio at risk (>= 365 days) decreased to 0.44% in FY 2014-15 from 1.05% in FY 2013-14.
- The Net Service Charge-Based Income increased to TK 119.50 million in FY 2014-15 from TK 60.43 million in FY 2013-14. Although the organization incurred net operating deficit of TK 0.31 million in FY 2013-14, the organization recovered and generated net operating surplus of TK 6.37 million in FY 2014-15. The operational self-sufficiency (OSS) improved to 77.49% in FY 2014-15 from 70.17% in FY 2013-14. The financial self sufficiency (FSS) impaired and stood to 57.94% in FY 2014-15 from 65.96% in the previous year.
- The portfolio yield went down to 13.47% in FY 2014-15 from 18.25% in the preceding year. The interest rate spread narrowed down to 1.21% in FY 2014-15 from 8.60% in the previous year. ROA went up subtly to 0.51% in FY 2014-15 from negative figure of 0.05% in FY 2013-14. The current ratio of EC Bangladesh was found moderate but slightly deteriorated to 1.08 times in FY 2014-15 from 1.69 times in FY 2013-14.
- The main sources of funding were organization's fund (5.55%) and external fund (94.45%) which was composed of borrowing (72.14%), the member savings (22.08%) and the other liabilities (5.78%). The members' deposit increased to TK 213.45 million in FY 2014-15 from TK 130.27 million in FY 2013-14. The Debt Capital Ratio went up to 94.13% in FY 2014-15 from 85.27% in the previous year.

**PROFILE**

- Environment Council Bangladesh (hereinafter referred as 'EC Bangladesh' or The Organization) was incorporated as a non-profit and non-government voluntary organization on February 28, 1994 by having registration with Directorate of Social Services. The Organization was registered with NGO Affairs Bureau on June 28, 1995, with Microcredit Regulatory Authority on January 01, 2008 and with Directorate of Youth Development on July 07, 2009. EC Bangladesh is engaged in providing micro finance, an initiation aiming towards the disadvantaged people to protect the environment and to empower people to meet their basic needs.
- The Registered Office of EC Bangladesh is located at House no. 67, Block no. KA, Piculture Housing Society, Shyamoli, Dhaka-1207. The organization operates its programs through 36 Branch Offices, 07 Area Offices, 01 Head Office and 02 Training Centers. The organization covers 06 districts and has 357 numbers of employees including volunteers. Total number of beneficiaries and borrowers of EC Bangladesh were 31,049 and 21,692 in FY 2014-15 respectively.

**FINANCIAL DATA**

(TK in Millions)

Particulars	FY 2014-15	FY 2013-14
Total Assets	1,023.38	471.46
Capital	56.76	64.99
Members' Deposit	213.45	130.27
Net Service Based Income	68.61	42.72
Net Surplus	6.37	(0.31)
Disbursement	1,202.08	553.83
Outstanding Micro Finance	727.32	303.97
Non-Performing Micro Finance	3.62	3.67
Loan Loss Provision Maintained	10.02	5.93
Capital Adequacy Ratio (%)	6.64	16.87
Portfolio at Risk (>= 365 days)(%)	0.44	1.05
Operating Self Sufficiency (%)	77.49	70.17
Financial Self Sufficiency (%)	57.94	65.96
Return on Performing Assets (%)	11.03	14.94
Rate Return on Capital (%)	0.85	(0.08)
ROA (%)	0.51	(0.05)
Cumulative Recovery Ratio (%)	99.85	99.38
On Time Recovery Rate (%)	99.55	99.19
Portfolio Yield (%)	13.47	18.25
Spread (%)	1.21	8.60
Current Ratio (X)	1.08	1.69
DSCR (X)	0.51	0.45
Debt Capital Ratio (%)	94.13	85.27

**ANALYSTS:**

**Labiba Mahjabin**  
+88-02-9359878  
labiba@ncrbd.com

**Rehenatul Ferdous**  
+88-02-9359878  
rekena@ncrbd.com

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Tel: + 88-02-9359878 Fax: +88-02-9332769 website: [www.ncrbd.com](http://www.ncrbd.com)

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## 1.0 RATINGS

Ratings are based on Audited Financial Statement up to June 30, 2015 along with the other relevant Quantitative as well as Qualitative information provided by the Bank and Client up to the Date of Rating Declaration.

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

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

## 2.0 PROFILE

- A nonprofit and nongovernment organization operating in Bangladesh
- Engaged in micro finance program in six districts

SURVEILLANCE ENTITY RATING – 2016		
Date of Rating Declaration	Long Term	Short Term
12.01.2016	BBB+ (Triple B Plus)	ST-3
<b>Outlook</b>	<b>Stable</b>	
<b>Validity</b>	11.01.2017	11.07.2016
SURVEILLANCE ENTITY RATING – 2014		
Date of Rating Declaration	Long Term	Short Term
26.11.2014	BBB+ (Triple B Plus)	ST-3

**2.1** Environment Council Bangladesh (hereinafter referred as ‘EC Bangladesh’ or The Organization) was incorporated as a non-profit and non-government voluntary organization on February 28, 1994 by having registration with Directorate of Social Services. The Organization was registered with NGO Affairs Bureau on June 28, 1995, with Microcredit Regulatory Authority on January 01, 2008 and with Directorate of Youth Development on July 07, 2009. EC Bangladesh was registered with EuropeAid PADOR on June 16, 2012. In addition, the organization was registered with System of Award System (SAM), an e-procurement system of the U.S. federal government, on May 19, 2015. EC Bangladesh is engaged in providing micro finance, an initiation aiming towards the disadvantaged people to protect the environment and to empower people to meet their basic needs.

**2.2** The Registered Office of EC Bangladesh is located at House no. 67, Block no. KA, Piculture Housing Society, Shyamoli, Dhaka-1207. The organization operates its programs through 36 Branch Offices, 07 Area Offices, 01 Head Office and 02 Training Centers. The organization covers 06 districts and has 357 numbers of employees including volunteers. Total number of beneficiaries of EC Bangladesh was 31,049 in FY 2014-15. The prime goal of EC Bangladesh is to achieve a social and economic environment where everyone can thrive for sustainable development. Major objectives of EC Bangladesh are:

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

### 2.3 Major Programs:

#### 2.3.1 Micro Finance Programs:

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 05 numbers of Micro-financing programs. To be eligible for any program under Micro-finance programs, every person has to be a member of the organization. The details of the programs are provided in the following table:

(TK in Millions)

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Name of Program	Funding Source	Description	Disbursement in FY 2014-15	Outstanding as on 30.06.2015
Jagoron (Microfinance Program for Urban and Rural People)	PKSF, Different Banks, Own Fund and Member Savings	Group formation in the rural area, training, awareness building, providing credit for income generating activities	410.73	193.25
Buniyad (Microfinance Program for Ultra and Extreme Poor)	PKSF, Different Banks, Own Fund and Member Savings	Group formation in slams, Landless people, Beggars and disadvantaged / vulnerable community, training, awareness building, providing credit for income generating activities	15.19	5.73
Agroshor (Microfinance Program for Entrepreneurs)	PKSF, Different Banks, Own Fund and Member Savings	Group formation by micro entrepreneur, training, providing credit support to expand their existing enterprise as well as to create new opportunity	746.72	499.27
SUFOLON (Microfinance Program for Agriculture)	PKSF, Different Banks, Own Fund and Member Savings	Group formation in the rural and urban area, training, awareness building, providing credit for seasonal income generating activities	29.43	29.07
Housing Loan (Microfinance Program for House Construction)	Bangladesh Bank	Providing credit to create tin shed house	-	-

### 2.3.2 Development Programs:

The organization is focused to amalgamate the ultra poor people who are neglected, landless and powerless and to improve their life status. EC Bangladesh aims to save the environment from pollution and to maintain ecological balance. The organization has so far completed 27 numbers of development and awareness programs. Currently the organization is running 06 numbers of development programs. The features of the programs are presented below:

Name of Program	Funding Source	Description
Advocacy with national level stakeholders to strengthen and implementation of TAPS ban in Bangladesh through institutional directives and strategic litigations	Campaign for Tobacco Free Kids & Bloomberg Philanthropies	Advocacy and social mobilization, develop communication materials, campaign, workshops, discussion etc.
Classroom Library for Government and Registered Primary School	Room to Read, USA	Mobilization and advocacy for enhancing reading habits, training For teacher, launching reading rooms at different districts etc.
Enhancing Governance and Capacity of Service Providers and Civil Society in Water Supply and Sanitation Sector Project	European Union, NGO Forum for Public Health	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.
Promoting the rights of marginalized fishing community and improving livelihood through increased excess towards resources and facilities.	DFID through Manuser Jonno Foundation	Awareness raising on fishery rights, Promote Alternative Livelihood etc.
Radio Bikrampur 99.2 fm for Social Transformation.	The European Union, BNNRC, Free Press Unlimited, EC Bangladesh etc.	Social mobilization through radio program broadcasting, radio program development etc.
Vulnerable Group Development	Ministry of	To improve the quality of life and enhance the

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for Ultra Poor (VGDUP) project.	Women's and Children Affairs/ Department of Women Affairs	productive income generating opportunities of Vulnerable Group development (VGD card holder) of women
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## 3.0 GOVERNANCE

- Four types of committees
- Experienced members in all committees

**3.1** The governance structure of EC Bangladesh promotes transparency and accountability. Four types of Committees have been formed to run the organization smoothly. They are General Committee, Executive Committee, Advisory Committee and Management Committee. They are discussed below:

### 3.1.1 General Committee:

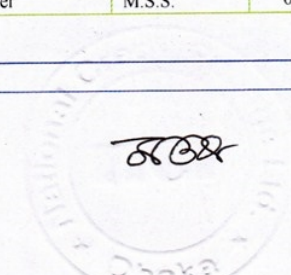
The General Committee of EC Bangladesh is comprised of twenty members. The committee members are responsible to overview the performance of the organization and supervise the Executive committee. It is the supreme authority to frame policies and guidelines to run the organization. Brief profile of committee members is given below:

SL.	Name of General Committee Member	Designation	Education	Experience
01.	Mr. M. Azizur Rahman	Chairperson	M.A.	25 Years
02.	Mr. Md. Shajahan Gazi	Vice Chairperson	B.A.	11 Years
03.	Mr. S. M. Mehedi Hasan	Secretary General	M.S.S.	12 Years
04.	Mr. Md. Nur-E-Alam	Secretary (Finance)	B.A.	25 Years
05.	Mr. Syed Tarikul Islam	Member	M.S.S.	09 Years
06.	Ms. Selina Akter	Member	M.A.	07 Years
07.	Ms. Selina Iqbal	Member	M.A.	07 Years
08.	Mr. Md. Mahbobol Islam	Member	B.A.	08 Years
09.	Mr. Nazmul Ahasan Khan	Member	B.A.	10 Years
10.	Mr. Dewan Toufika Hossain	Member	B.A.	06 Years
11.	Mr. Asraful Alam Masum	Member	M.S.S.	06 Years
12.	Ms. Nazmunnesa	Member	B.B.A.	06 Years
13.	Mr. Md. Shah Alam	Member	M.Com.	06 Years
14.	Mr. Md. Rakibul Hasan Talukder	Member	M.A.	10 Years
15.	Ms. Laika Tabassum	Member	M.A.	06 Years
16.	Dr. Iqbal Hossain	Member	B.H.M.S.	16 Years
17.	Mr. Ahamed Mostak	Member	M.Com.	06 Years
18.	Mr. Ahsan Ullah Shamim	Member	B.A.	10 Years
19.	Mr. A.K.M Showkat Hossain (Parvez)	Member	B.Com.	10 Years
20.	Mr. Samim Khandakar	Member	B.A.	08 Years

### 3.1.2 Executive Committee:

Executive Committee of EC Bangladesh is comprised of seven members. The Executive Director, appointed by the Executive Body, plays the role of Chief Executive of the Executive Body in accordance with the recognized rights and responsibilities of the designation. The committee is responsible for policy formulation and implementation & 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. Brief profile of committee members is given below:

SL	Name of Executive Committee Member	Designation	Education	Experience
1.	Mr. M. Azizur Rahman	Chairperson	M.A.	25 Years
2.	Mr. Md. Shajahan Gazi	Vice Chairperson	B.A.	11 Years
3.	Mr. S. M. Mehedi Hasan	Secretary General	M.S.S.	12 Years
4.	Mr. Md. Nur-E-Alam	Secretary (Finance)	B.A.	25 Years
5.	Mr. Syed Tarikul Islam	Member	M.S.S.	09 Years



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6.	Ms. Selina Akter	Member	M.A.	07 Years
7.	Ms. Selina Iqbal	Member	M.A.	07 Years

### 3.1.3 Advisory Committee:

Advisory Committee is comprised of five members who are a group of highly qualified and experienced professionals and dignitaries of the society. The brief profile of the Advisory Committee is provided below:

SL.	Name of Advisory Committee Member	Designation	Education	Experience
1.	Mr. Md. Ataharul Islam	Advisor	M.A.	35 Years
2.	A.K.M Mostafizur Rahman	Advisor	M.Com.	28 Years
3.	Dr. A. S. M. Atikur Rahman	Advisor	M.A.	27 Years
4.	Dr. Anisul Awal	Advisor	M.B.B.S.	30 Years
5.	Mr. Md. Abdul Awal	Advisor	M.A.	32 Years

### 3.1.4 Management Committee:

Management Committee is comprised of 08 members. The brief profile of the Management Committee is discussed in the Management Section 4.1 later on.

**3.2** Mr. M. Azizur Rahman, Chairman, represents the Executive Committee in General Committee Meeting and presents all the proposals for reviews. During the FY 2014-15, 15 (fifteen) General Committee Meetings were held. In the meeting, business activities were reviewed and annual report & budget were discussed and approved. Board meetings are also held annually basis.

**3.3** The Executive Committee Meetings are held on bimonthly basis. During the meetings, proper record keeping process is being followed. During the FY 2014-15, 07 (seven) Executive Committee Meetings were held. 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.

**3.4** In addition, Staff Meetings are also held regularly on monthly basis in the head office and branches. In the Staff Meetings, monthly plan, different field problems and solutions are discussed and reported.

**4.1** Mr. Arif Sikder, Executive Director of EC Bangladesh, is the head of the management team. He has 21 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	MA, M.B.A.	21 Years
<i>Management Team of Head Office</i>			
Mr. Shahadat Kamal	Program Director	M.S.S.	14 Years
Mr. Md. Mostafizar Rahman	Program Director (MFP)	M.Com.	14 Years
Mr. Sujit Kumar Acharja	Asst. Program Coordinator	B.S.S.	16 Years
Ms. Farhana Haque Ovi	Project Coordinator	M.S.S.	03 Years
Ms. Ripa Khatun	MIS Officer	M.S.S.	10 Years
Mr. Md. Showkat Ali	IT Officer	B.S.S.	14 Years
Mr. Md. Ashaduzzaman	Audit Officer	M.Com.	09 Years

## 4.0 MANAGEMENT

- Management team is headed by the Executive Director

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There are 07 Area Managers in respective Area Offices and 36 Branch Managers in respective Branch Offices. They are responsible to conduct operational activities of the organization and to report to the management. Brief profile of the management in area and branch offices are illustrated in the following table:

<i>Head of Different Branches</i>				
Head of Management	Designation	Branch	Qualification	Experience
Mr. Md. Ariful Islam Khan	Area Manager	Munshigonj Sadar	B.S.C.	15 Years
Mr. Md.Saiful Islam	Area Manager	Bashail Area	M.A.	08 Years
Mr. Palash Chakroborty	Area Manager	Sonargoan Sadar	B.Com.	09 Years
Mr. Rabindra Nath Roy	Area Manager	Konabari Area	M.Com	18 Years
Mr. Md. Enamul Haque Mina	Area Manager	Dhamrai Area	M.A.	12 Years
Mr. Md. Abdur Razzak	Area Manager	Maouna Area	M.S.S	13 Years
Mr. Md. Asaduzzaman	Area Manager	Dohar Area	M.A.	15 Years
Mr. Md. Rezaul Karim	Branch Manager	Konabari	B. A.	08 Years
Mr. Shapon Kumar Ray	Branch Manager	Bhaberchar	M.Com.	17 Years
Mr. Tauhidul Islam	Branch Manager	Munsirhat	B.S.C.	10 Years
Mr. Ojit Kumer Dotto	Branch Manager	Sirajdikhan	M.A.	06 Years
Mr. Parimol Chandra Sutra Dhar	Branch Manager	Deghirpar	M.A.	08 Years
Mr. Probir Kumar Sarker	Branch Manager	Degholi Bazar	B.Com.	15 Years
Mr. Alamgir Mohammad Adil	Branch Manager	Gazaria	B.A.	15 Years
Mr. Md. Chan Miah	Branch Manager	Basail	B.S.S.	11 Years
Mr. Md. Kabul Hossain	Branch Manager	Dhalagaon	M.A.	10 Years
Mr. Md. Saifur Rahman	Branch Manager	Devvhog	B.A	09 Years
Mr. Md. Mamunur Rashid	Branch Manager	Hasara	M.Com.	05 Years
Mr. Ashim Kumar Sarkar	Branch Manager	Baligaon	M.Com.	05 Years
Mr. Md.Motakabber Sarkar	Branch Manager	Sonargaon	B.Com.	09 Years
Mr. Abdul Malek	Branch Manager	Barodi	B.A.	08 Years
Mr. Md. Jahurul Haque Joarder	Branch Manager	Norosinghapur	B.Com.	08 Years
Mr. Md. Bellel Hossen	Branch Manager	Mouchak	B.Com.	08 Years
Mr. Md. Mazedur Rahaman	Branch Manager	Gazipur Chowrastha	M.A.	09 Years
Mr. Md. Siddikor Rahman	Branch Manager	Zirani	M.Sc.	05 Years
Mr. Md. Rafiqul Islam	Branch Manager	Madanpur	B.A.	09 Years
Mr. Md. Abdur Rahim	Branch Manager	Bhagyakul	B.A.	11 Years
Mr. Binoy Chandra Roy	Branch Manager	Dohar	M.B.S	05 Years
Mr. Md. Mofizul Islam	Branch Manager	Daudkandi	B.A.	13 Years
Mr. Ajit Sutra Dhar	Branch Manager	Kaliakoir	B.A.	06 Years
Mr. Md Anawar Hossain	Branch Manager	Meghula	B.A.	21 Years
Mr. Titu Chakroborty	Branch Manager	Maowna	B.S.S.	08 Years
Mr. Md. Delower Hossain	Branch Manager	Bagher Bazar	B.S.S.	12 Years
Mr. Md. Akram Ullah	Branch Manager	Tongi Bazar	B.S.S.	13 Years
Mr. Mohammad Kamruzzaman Mrida	Branch Manager	Board Bazar	M.A.	09 Years
Mr. Md. Sha Alam	Branch Manager	Nayarhat	M.S.S	05 Years
Mr. Md. Delwar Hosain Shah	Branch Manager	Dhamrai	M.A.	09 Years
Mr. Md. Sohrab Hossain	Branch Manager	Kalampur	M.S.S.	15 Years
Mr. Md. Dulal Sikder	Branch Manager	Sreepur	B.A.	08 Years
Mr. Md. Belal Hosain	Branch Manager	Zoina Bazar	B.A.	13 Years
Mr. Md. Jamal Uddin	Branch Manager	Monipur	B.S.S.	05 Years
Mr. Md. Akter Hossain	Branch Manager	Rohitpur	B.A.	07 Years
Mr. Gourango Basak	Branch Manager	Shollah	B.A.	15 Years

**4.2** A total of number of employees and volunteers currently working at EC Bangladesh is 357. Among them, 279 permanent staff, 31 project staff, 16 part time staff and 31 volunteers are currently working for the organization. EC Bangladesh provides moderate compensation package to its employees.

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# National Credit Ratings Limited

## 5.0 OPERATIONAL RISK

- Use of ERP software
- 36 branches in 06 districts
- Number of beneficiaries are 31,049

**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 Credit Policy

**5.2.1** To develop socio-economic condition, EC Bangladesh provides services to the target client characterized by deprived women, people with disabilities, farmers, hazardous child laborers, informal laborers, drug users, disaster affected people, legal aid deprived people, floating sex workers, trafficked people, and deprived human rights and democracy etc.

**5.2.2** EC Bangladesh follows a systematic strategy for disbursing loan amount. EC Bangladesh provides loans to the members only. To avail the loan, a person must become a member of the organization and has to deposit a minimum 10% percentage of total loans. To be eligible for membership, a person has to meet some criteria. These criteria are:

- Reference of existing member
- Age must be within 18 years to 60 years
- He/she should have own house along with maximum 0.50 acre of land
- Average monthly income has to be below TK 10,000 for rural and slum residents
- The members must have ability and desire to save TK 100 per week.
- Source of income of the guardian
- Permanent resident of the operational area

**5.2.3** With 10 members (maximum 40), a group is formed. A member will only be eligible to apply for loan when she is enrolled in a group and attends consecutively 4 weekly meeting held by the group. The members get to join any of the saving programs from the week she gets elected as a member. The members have to apply for loan through the group by filling a form duly authorized by the head of the group. The members must follow the rules and regulations of the organization and attend the meetings arranged by the EC Bangladesh.

**5.2.4** To implement the microfinance programs, EC Bangladesh needs to raise funds from its clients other than the Donor Organizations. The organization offers four saving products to its clients. Members' deposits are collected by two ways, one in a regular weekly deposits and other in volunteer monthly deposits. There are 31,049 members provided with the saving schemes totaling TK 213.45 million in FY 2014-15. The details of saving products are presented below:

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Name of the Saving Programs	Nature of Program	Interest Rate	Deposit (TK in Millions)	
			FY 2014-15	FY 2013-14
Regular Saving	Compulsory/Mandatory and Weekly Basis	6.00%	166.25	72.61
Monthly Voluntary Savings	Voluntary and Monthly Basis	8.00%	28.95	42.11
Samridi	Term Deposit	12.00%	14.62	-
OTS	One Time Savings	14.60%	3.62	-

**5.2.5** Before providing microfinance, EC Bangladesh considers the sustainability and effectiveness of the project and encourages those projects which will increase beneficiary's wealth. The policy of the organization is to disburse small amount of credit in 05 different micro credits. The disbursement amount of loan increases phase by phase but subject to the approval of respective authority. Under the micro credit program, EC Bangladesh disbursed a total of TK 1,202.08 million against which the outstanding was TK 727.32 million in FY 2014-15. A brief of the micro credit procedures is illustrated below:

Sl.	Phases	Loan Size	Repayment System
01.	Jagoron (Microfinance Program for Urban and Rural People)	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
02.	Agroshor (Microfinance Program for Entrepreneurs)	Minimum TK 50,000 Maximum TK 1,000,000 1 <sup>st</sup> Step: 50,000-100,000 2 <sup>nd</sup> Step: 100,001-250,000 3 <sup>rd</sup> Step: 250,001-500,000 4 <sup>th</sup> Step: 500,001-1,000,000	46 installments in a year with service charge / 12 installments in year with service charge
03.	Buniyad (Microfinance Program for Ultra and Extreme Poor)	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
04.	SUFOLON (Microfinance Program for Agriculture)	Maximum TK 30,000	One fixed installment at the end of the season with 2% interest rate
05.	Housing Loan (Microfinance Program for House Construction)	Maximum TK 50,000	138 installments in 3 years with service charge

**5.2.6** To minimize risk EC Bangladesh maintains a diversified portfolio and disburses small amount of loan. Disbursed loan is to be recovered with in 46/1 Weekly installments with interest and service charge. EC Bangladesh has a systematic recovery policy and loans which are not paid within one year will be considered as bad loan.

**5.3** The number of beneficiaries as well as the number of borrowers had been increasing for last three years. The number of beneficiaries of the organization increased to 31,049 members in FY 2014-15 from 25,093 members in FY 2013-14. The number of borrowers also increased to 21,692 in FY 2014-15 from 17,557 in FY 2013-14. The beneficiaries to employee ratios stood at 233 in FY 2014-15 against 282 in FY 2013-14. The total number of beneficiaries and borrowers geographical coverage wise and total number of personnel handling the members are shown below:

*[Handwritten Signature]*

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Description	FY 2014-15	FY 2013-14	FY 2012-13
No. of Members	Total: 31,049 Male: 1,026 Female: 30,023	Total: 25,093 Male: 471 Female: 24,622	Total: 16,868 Male: 166 Female: 16,702
No. of Groups	Total: 2,226 Male: 108 Female: 2,146	Total: 1,583 Male: 43 Female: 1,547	Total: 1,132 Male: 12 Female: 1,120
No. of Borrowers	Total: 21,692 Male: 629 Female: 21,063	Total: 17,557 Male: 305 Female: 17,452	Total: 12,499 Male: 125 Female: 12,374
No. of Field Personnel	133	89	65
Beneficiaries to Personnel Ratio	233	282	260
No of Districts Covered	6	5	5

5.4 EC Bangladesh operates micro credit program in 06 districts (namely, Comilla, Dhaka, Gazipur, Munshiganj and Narayanganj) via 36 branches. List of branches as well as numbers of members and borrowers branch wise in FY 2014-15 are illustrated below:

Sl.	Name of Branch	Address	Numbers of Members	Number of Borrowers
01.	Konabari	Kasimpur (Near Kasimpur Post Office), Gazipur Sadar, Gazipur	Total: 1,039 Male: 20 Female: 1,019	Total: 566 Male: 8 Female: 558
02.	Bhaberchar	College Road, Bhaberchar, Gazaria, Munshiganj	Total: 1,535 Male: 21 Female: 1,514	Total: 1,079 Male: 10 Female: 1,069
03.	Munsirhat	Agrani Bank Building (2 <sup>nd</sup> floor), Munshirhat, Munshiganj Sadar, Munshiganj	Total: 1,469 Male: 4 Female: 1,465	Total: 850 Male: 2 Female: 848
04.	Sirajdikhan	Molla Vila, Rajdia, Sirajdikhan, Munshiganj	Total: 1,162 Male: 146 Female: 1,016	Total: 989 Male: 123 Female: 866
05.	Deghirpar	Amena Molla Hospital (2 <sup>nd</sup> floor), Dighirpar, Tongibari, Munshiganj	Total: 1,664 Male: 22 Female: 1,642	Total: 978 Male: 10 Female: 968
06.	Degholi Bazar	Digolbazar (Beside Sonali Bank), Louhajong, Munshiganj	Total: 1,426 Male: 5 Female: 1,421	Total: 1,090 Male: 0 Female: 1,090
07.	Gazaria	Sonali Market, Gazaria, Munshiganj	Total: 1,447 Male: 3 Female: 1,444	Total: 1,127 Male: 2 Female: 1,125
08.	Basail	Char Biswanath Imamganj Bazar Tole, Basail, Sirajdikhan Munshiganj	Total: 1,096 Male: 33 Female: 1,063	Total: 693 Male: 11 Female: 682
09.	Dhalagaon	Dhalagaon Bazar, Backward of Ovi Cinema Hall, Dhalagaon, Munshiganj Sadar, Munshiganj	Total: 1,203 Male: 0 Female: 1,203	Total: 916 Male: 0 Female: 916
10.	Dewvhog	East Dewbogh, Munshiganj Sadar, Munshiganj	Total: 1,102 Male: 25 Female: 1,077	Total: 825 Male: 24 Female: 801
11.	Hasara	Hasara (Beside Pollice Fari), Sreenagar, Munshiganj	Total: 1,196 Male: 46 Female: 1,150	Total: 770 Male: 29 Female: 741
12.	Baligaon	Beparibari, Baligaon, Tongibari, Munshiganj	Total: 798 Male: 34 Female: 764	Total: 584 Male: 32 Female: 552
13.	Sonargaon	Shahapur, Sonargaon, Narayanganj	Total: 1,224 Male: 22 Female: 1,202	Total: 872 Male: 13 Female: 859
14.	Barodi	Daspara, Barodi Bazar, Sonargaon,	Total: 1,457	Total: 1,170

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			Male: 6 Female: 1,451	Male: 0 Female: 1,170
15.	Norosinghapur	House no. 118, N-N2, Nishcintapur Burimara, Norosinghapur, Savar, Dhaka	Total: 980 Male: 139 Female: 841	Total: 514 Male: 77 Female: 437
16.	Mouchak	House no. 106, Ground Floor, Mouchak Bazar, Kaliakoir, Gazipur	Total: 528 Male: 32 Female: 496	Total: 366 Male: 8 Female: 358
17.	Gazipur Chowrastha	Nolzani, Bosir Uddin Road, Chandana, Gazipur Sadar, Gazipur	Total: 827 Male: 6 Female: 821	Total: 489 Male: 0 Female: 489
18.	Zirani	Konapara, Beltala, Zirani BKSP, Savar, Dhaka	Total: 515 Male: 69 Female: 446	Total: 256 Male: 50 Female: 206
19.	Madanpur	Master Bari, College Road, Madanpur Bandar, Narayanganj	Total: 1,173 Male: 13 Female: 1,160	Total: 945 Male: 7 Female: 938
20.	Bhagyakul	Balasar Bou Bazar, Bhaggakul, Sreenagor, Munshiganj	Total: 834 Male: 6 Female: 828	Total: 685 Male: 6 Female: 679
21.	Dohar	Boro Ikrashi, Palamganj, Dohar, Dhaka	Total: 731 Male: 39 Female: 692	Total: 313 Male: 29 Female: 284
22.	Daudkandi	Tujarbanga, Daudkandi, Comilla	Total: 799 Male: 73 Female: 726	Total: 642 Male: 55 Female: 587
23.	Kaliakoir	Shaheb Bazar, College Road, Kaliakoir, Gazipur	Total: 556 Male: 40 Female: 516	Total: 428 Male: 19 Female: 409
24.	Meghula	Uttar Shimulia, Meghula Bazar, Dohar Dhaka	Total: 651 Male: 53 Female: 598	Total: 527 Male: 39 Female: 488
25.	Maowna	Cokpara, Maowna Bazar Road, Maowna Sreepur, Gazipur	Total: 579 Male: 0 Female: 579	Total: 518 Male: 0 Female: 518
26.	Bagher Bazar	Shirircala, Vabanipur, Joydebpur, Gazipur Sadar, Gazipur	Total: 717 Male: 11 Female: 706	Total: 598 Male: 3 Female: 595
27.	Tongi Bazar	Uttar Aricpur, Modhomita Road, Tongi, Gazipur	Total: 272 Male: 9 Female: 263	Total: 200 Male: 1 Female: 199
28.	Board Bazar	Khailkur, Botthola Road, Board Bazar, Gazipur Sadar, Gazipur	Total: 457 Male: 63 Female: 394	Total: 299 Male: 30 Female: 269
29.	Nayarhat	Chakol Gram, Nayarhat, Ashulia, Savar, Dhaka	Total: 416 Male: 16 Female: 400	Total: 319 Male: 13 Female: 306
30.	Dhamrai	House-F-24, Uttarpata, Dhamrai, Dhaka	Total: 424 Male: 20 Female: 404	Total: 304 Male: 11 Female: 293
31.	Kalampur	Kalampur Bazar Road (East Side), Dhamrai, Dhaka	Total: 394 Male: 25 Female: 369	Total: 264 Male: 15 Female: 249
32.	Sreepur	Tangra Road, Sreepur, Gazipur	Total: 424 Male: 4 Female: 420	Total: 331 Male: 0 Female: 331
33.	Zoina Bazar	College Road, Zoina Bazaar, Sreepur, Gazipur	Total: 445 Male: 5 Female: 440	Total: 278 Male: 0 Female: 278
34.	Monipur	Joinatoli Road, Monipur Bazar, Gazipur Sadar, Gazipur	Total: 535 Male: 0 Female: 535	Total: 453 Male: 0 Female: 453

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35.	Rohitpur	House no. 62, Block no. B, Road no. 06, Boding Market Road, Rohitpur, Keranigonj, Dhaka	Total: 353 Male: 4 Female: 349	Total: 219 Male: 0 Female: 219
36.	Shollah	Shingjor Bazar, Shollah, Nababgonj, Dhaka	Total: 621 Male: 12 Female: 609	Total: 235 Male: 2 Female: 233
			<b>Total: 31,049</b> <b>Male: 1,026</b> <b>Female: 30,023</b>	<b>Total: 21,692</b> <b>Male: 629</b> <b>Female: 21,063</b>

## 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 is 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 in the following 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

**6.3** Total outstanding loan of this sector (only licensed MFIs) has increased by 20.0 percent form 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 year 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

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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 in the following 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
Small	6,001-10,000	46	364848	2987.90	1.72	469938	1128.09	1.78
	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
Total		576	20649290	173797.60	100.00	26014948	63304.44	100.00

**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 TK183.6 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

- Decline in capital adequacy ratio
- Delicate rate of return on capital

**7.1** The equity base of EC Bangladesh was composed of retained surplus (90.35%), development program fund (4.46%) and disaster management fund (5.19%). The equity base decreased to TK 56.76 million in FY 2014-15 from TK 64.99 million in FY 2013-14. The Capital Adequacy was drastically declined and stood to 6.64% in FY 2014-15 from 16.87% in FY 2013-14, indicating a decline in risk absorption capacity. The capital adequacy ratio of 6.64% did not meet the requirement of maintaining capital adequacy ratio of 10% to 15% set by Micro Credit Regulatory Authority. The rate of return on capital slightly improved to 0.85% in FY 2014-15 from negative figure of 0.08% in FY 2013-14.

## 8.0 ASSET QUALITY

- Increase in micro finance
- Decline in nonperforming loan
- Properly maintained loan loss provision
- Inadequate coverage ratios
- Improvement in portfolio at risk

**8.1** Total asset base of EC Bangladesh increased significantly to TK 1,023.38 million in FY 2014-15 from TK 471.46 million in FY 2013-14, registering a growth of 117.07%. The micro finance of the organization increased to TK 727.32 million in FY 2014-15 from TK 303.97 million in FY 2013-14, registering a growth of 139.27%. The return on performing assets went down to 11.03% in FY 2014-15 from 14.94% FY 2013-14. The table below presents Disbursement, Loan Recoverable, Loan Recovered, Outstanding Loan and Non-performing Loan for the last four years.

Year	Disbursement		Recoverable for the Year	Recovery		Outstanding for the Year	Non-performing Loan
	Cumulative	For the Year		Cumulative	For the Year		
FY 2011-12	880.07	204.79	184.53	763.06	183.28	117.20	8.02
FY 2012-13	1,200.87	320.69	234.13	1,020.19	230.35	181.19	3.91
FY 2013-14	1,754.69	553.83	392.60	553.83	389.41	303.97	3.67
FY 2014-15	2,956.77	1,202.08	698.39	2,229.45	695.22	727.32	3.62

(TK in Millions)

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**8.2** The Non-Performing Micro-Finance (NPMF) was TK 3.62 million in FY 2014-15 against TK 3.67 million in FY 2013-14. The required Loan Loss Provision against the outstanding loan stood at TK 10.02 million as on June 30, 2015 and EC Bangladesh maintained full amount in FY 2014-15.

**8.3** The cumulative recovery rate slightly increased to 99.85% in FY 2014-15 from 99.38% in FY 2013-14. The on time recovery rate also went up subtly to 99.55% in FY 2014-15 from 99.19% in FY 2013-14. The Debt Service Coverage Ratio was inadequate and stood at 0.51 times in FY 2014-15 against 0.45 times in FY 2013-14. The portfolio at risk ( $\geq$  365 days) decreased to 0.44% in FY 2014-15 from 1.05% in FY 2013-14.

Year	Cumulative Recovery Rate (CRR)	On Time Recovery Rate (OTR)	Debt Service Coverage Ratio (DSCR)	Portfolio at Risk ( $\geq$ 365 days)
FY 2011-12	98.77%	99.42%	1.14 times	8.12%
FY 2012-13	99.62%	98.38%	(1.03) times	2.09%
FY 2013-14	99.38%	99.19%	0.45 times	1.05%
FY 2014-15	99.85%	99.55%	0.51 times	0.44%

**9.1** The Net Service Charge-Based Income increased to TK 119.50 million in FY 2014-15 from TK 60.43 million in FY 2013-14, showing a rise of 97.75%. The Net Revenue went up to TK 90.75 million in FY 2014-15 from TK 58.93 million in FY 2013-14. Although the organization incurred net operating deficit of TK 0.31 million in FY 2013-14, the organization recovered and generated net operating surplus of TK 6.37 million in FY 2014-15. The total operating cost for loan outstanding decreased to 28.52% in FY 2014-15 from 34.82% in FY 2013-14. The operational self-sufficiency (OSS) improved to 77.49% in FY 2014-15 from 70.17% in FY 2013-14. However, the financial self-sufficiency (FSS) impaired and stood to 57.94% in FY 2014-15 from 65.96% in the previous year.

Year	Financing Cost	Portfolio Yield	Interest Rate Spread	OSS	FSS	ROA
FY 2011-12	5.33%	32.26%	26.93%	56.76%	98.86%	2.98%
FY 2012-13	4.00%	25.81%	21.82%	63.35%	58.37%	(5.43)%
FY 2013-14	9.64%	18.25%	8.60%	70.17%	65.96%	(0.05)%
FY 2014-15	12.26%	13.47%	1.21%	77.49%	57.94%	0.51%

**9.2** The saving cost ratio decreased subtly to 2.39% in FY 2014-15 from 2.34% in FY 2013-14. The borrowing cost ratio increased to 9.87% in FY 2014-15 from 7.30% in FY 2013-14. The financial cost ratio also increased to 12.26% in FY 2014-15 from 9.64% in FY 2013-14. The portfolio yield went down to 13.47% in FY 2014-15 from 18.25% in the preceding year. The interest rate spread narrowed down to 1.21% in FY 2014-15 from 8.60% in the previous year. ROA went up subtly to 0.51% in FY 2014-15 from negative figure of 0.05% in FY 2013-14.

**10.1** The main sources of funding were organization's fund (5.55%) and external fund (94.45%) which was composed of borrowing (72.14%), the member savings (22.08%) and the other liabilities (5.78%). The borrowings from banks and PKSF including long term and short term increased to TK 697.30 million in FY 2014-15 from TK 245.87 million in FY 2013-14. The members' deposit increased to TK 213.45 million in FY 2014-15 from TK 130.27 million in FY 2013-14. The Debt Capital Ratio went up to 94.13% in FY 2014-15 from 85.27% in the previous year.

**10.2** The current ratio of EC Bangladesh was found moderate but slightly deteriorated to

## 9.0 EARNINGS QUALITY

- Increase in net revenue
- Improvement in OSS
- Deterioration in FSS
- Decline in interest rate spread

## 10.0 FUND MANAGEMENT

- Borrowings and members' savings were the major funding source
- High financial leverage
- Moderate current ratio

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1.08 times in FY 2014-15 from 1.69 times in FY 2013-14. The liquidity to saving ratio increased to 79.21% in FY 2014-15 from 66.14% in FY 2013-14. The savings to savings and borrowings ratio decreased to 23.44% in FY 2014-15 from 34.63% in FY 2013-14. The savings to total assets ratio also decreased to 20.86% in FY 2014-15 from 27.63% in the previous year.

### 10.3 Credit Facility

The organization is availing loan from BASIC Bank Limited (Mirpur Branch), Export Import Bank of Bangladesh Limited (Mirpur Branch), IFIC Bank Limited (Mirpur Branch), Jamuna Bank Limited (Ring Road Branch), Meghna Bank Limited (Dhanmondi Branch), Mercantile Bank Limited (Green Road Branch), Midland Bank Limited (Gulshan Branch), Mutual Trust Bank Limited (Narayanganj BSCIC Branch), National Credit & Commerce Bank Limited (Dhanmondi Branch), NRB Bank Limited (Corporate Head Office), NRB Commercial Bank Limited (Dhanmondi Branch), One Bank Limited (Mirpur Branch), Shahjalal Islami Bank Limited (College Gate Branch), Southeast Bank Limited (Joypara Branch), Standard Bank Limited (Green Road Branch) and Palli Karma Shahayak Foundation (PKSF). The detailed facility structure is depicted in the following table:

(TK in Millions)

Name of the Banks & NBFI	Nature of Facility	Limit	Outstanding*	Purpose
BASIC Bank Limited	Term Loan	68.00	30.25	• For on-lend to the members/farmers for agricultural purpose
Export Import Bank of Bangladesh Limited	Term Loan	10.00	10.49	• To invest in agricultural sector
Jamuna Bank Limited	Term loan	110.00	53.21	• To provide agricultural loan to farmers as micro credit
Meghna Bank Limited	Term loan	30.00	24.30	• To finance micro credit activities under agriculture development program
Mercantile bank Limited	Term Loan	22.50	13.88	• For the expansion of agriculture credit program among members of the organization
Midland Bank Limited	Term Loan	50.00	46.91	• To extend micro credit among the members for expansion of agricultural activities
Mutual Trust Bank Limited	Term Loan	115.00	59.27	• For onward lending to the group members engaged in income generating activities
National Credit & Commerce Bank Limited	Term Loan	40.00	40.00	• To finance the agricultural sector
	Rev. Time Loan	30.00	30.29	• To finance the agricultural sector
NRB Bank Limited	Term Loan	70.00	70.05	• To finance micro level beneficiaries and expansion of micro credit programs
	SOD (General)	50.00	49.99	• To refinance under micro credit program towards extending micro credit facilities to poor, marginal and landless farmers covering agriculture sector and poverty alleviation etc.
NRB Commercial Bank Limited	Term Loan	50.00	33.63	
		50.00	Not yet disbursed	
One Bank Limited	Rev. Time Loan	30.00	30.57	• To expand micro finance program for agriculture purpose
Shahjalal Islami Bank Limited	Bai-Muajjal	20.00	7.34	• To provide agricultural investment facilities
Southeast Bank Limited	Term Loan	20.00	11.00	• To finance micro credit in agricultural



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		50.00	50.00	sector
Standard Bank Limited	Term Loan (Revolving)	82.90	47.14	<ul style="list-style-type: none"> <li>To disburse agricultural and rural credit loan (60% crops, 40% live stocks &amp; others)</li> </ul>
PKSF	Micro Credit Loan	339.56	51.08	<ul style="list-style-type: none"> <li>To provide Micro Credit to rural people</li> </ul>

\*Outstanding as on 30.11.2015

### 10.3.1 Security & Collateral

The organization has offered security and collateral against the entire credit facility. The details of security and collateral is presented below:

Name of the Banks & NBFIs	Nature of Security	Security & Collateral
BASIC Bank Limited	Primary	<ul style="list-style-type: none"> <li>Lien and pledge of FDR equivalent to 20% of outstanding loan amount</li> </ul>
	Others	<ul style="list-style-type: none"> <li>Repayment guarantee signed by the person responsible for the control and management of the organization</li> <li>Personal guarantee of all the members of the executive committee of the organization</li> <li>Letter of Arrangement and Corporate Repayment Guarantee signed by the persons responsible for the control and management of EC Bangladesh.</li> <li>Demand Promissory Note and all other charge documents</li> </ul>
Export Import Bank of Bangladesh Limited	Primary	<ul style="list-style-type: none"> <li>Hypothecation of agricultural input</li> <li>Lien and Pledge of MTDR not less than 20% of investment disbursed amount</li> </ul>
	Others	<ul style="list-style-type: none"> <li>Corporate guarantee of the organization</li> <li>Board resolution of governing body of the organization</li> </ul>
Jamuna Bank Limited	Primary	<ul style="list-style-type: none"> <li>10% FDR of loan amount</li> </ul>
	Others	<ul style="list-style-type: none"> <li>Personal guarantee of all the members of Executive Committee</li> <li>Post dated cheques covering the loan amount</li> <li>Undated cheque covering principal and interest</li> <li>Usual charge of documents</li> </ul>
Meghna Bank Limited	Primary	<ul style="list-style-type: none"> <li>Lien of FDR equivalent to 20% of loan amount</li> <li>Assignment in the form of charge on the floating assets of receivables in micro credit program of the organization</li> </ul>
	Others	<ul style="list-style-type: none"> <li>Corporate guarantee backed by resolution of the Governing Body of the organization</li> <li>Personal guarantee of all the members of Executive Committee</li> <li>Post dated cheques covering the loan amount</li> <li>Usual charge of documents</li> </ul>
Mercantile Bank Limited	Primary	<ul style="list-style-type: none"> <li>Lien and pledge of FDR equivalent 10% of loan amount</li> </ul>
	Others	<ul style="list-style-type: none"> <li>Personal guarantee of all members of Executive Committee</li> <li>33 cheques, each cheque covering one monthly instalment</li> <li>One cheque covering the entire loan amount</li> </ul>
Midland Bank Limited	Primary	<ul style="list-style-type: none"> <li>Lien and pledge of FDR-MDB equivalent to 10% of loan amount</li> <li>Hypothecation of floating assets of receivables in micro credit program of the organization</li> <li>Notarized IGPA favouring the bank to collect, transfer the hypothecated assets with the court's intervention</li> </ul>
	Others	<ul style="list-style-type: none"> <li>Personal guarantee of all the members of Executive Committee</li> <li>Repayment guarantee supported by resolution of Executive Committee</li> <li>Post dated cheques covering the instalment amount</li> <li>Undated cheques covering the entire loan amount</li> <li>Standard charge documents</li> </ul>
Mutual Trust Bank Limited	Primary	<ul style="list-style-type: none"> <li>Lien and pledge of FDR-MTB Buniad equivalent to 10% of the loan amount</li> <li>Letter of hypothecation and power of attorney to collect, sell or transfer the hypothecated assets and stock to be executed by the organization</li> </ul>

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	Others	<ul style="list-style-type: none"> <li>• D. P. Note.</li> <li>• Personal guarantee of each member of Executive Committee</li> <li>• Corporate guarantee of the organization</li> <li>• 12 (Twelve) post dated cheques, each cheque covering one quarterly instalment</li> <li>• 01 undated cheque covering the entire loan amount including interest</li> </ul>
National Credit & Commerce Bank Limited	Primary	<ul style="list-style-type: none"> <li>• Assignment in form of charge on floating assets of receivables in micro credit program of the organization</li> <li>• Lien of FDR equivalent to 20% of loan amount</li> </ul>
	Others	<ul style="list-style-type: none"> <li>• Personal guarantee of all the members of Executive Committee</li> <li>• Post dated cheques covering the installment amount</li> <li>• Post dated cheque covering the entire loan amount</li> <li>• Usual charge documents</li> </ul>
NRB Bank Limited	Primary	<ul style="list-style-type: none"> <li>• Simple hypothecation over book debts and receivables covering 115% of outstanding</li> <li>• Notarized Irrevocable Power of Attorney favouring the bank to collect, sell or transfer the hypothecated assets with the court's intervention</li> <li>• Lien of FDR amounting 10% of approved limit</li> </ul>
	Collateral	<ul style="list-style-type: none"> <li>• Registered mortgage of 10.33 decimals of land located at Mouza: Ponchosar, Thana: Munshiganj, District: Munshiganj</li> </ul>
	Others	<ul style="list-style-type: none"> <li>• Personal of all the members of Executive Committee of the organization</li> <li>• Personal guarantee of Mr. Arif Sikder, Executive Director of the organization</li> <li>• An undated cheque covering the entire loan amount</li> <li>• Relevant charge documents</li> </ul>
NRB Commercial Bank Limited	Primary	<ul style="list-style-type: none"> <li>• 20% FDR on loan amount / outstanding loan amount</li> <li>• Floating charge by way of hypothecation of specific micro credit receivables</li> </ul>
	Collateral	<ul style="list-style-type: none"> <li>• Registered mortgage of 9.90 decimals of land located at Mouza: Katasur, P.S. &amp; S.R.O.: Mohammadpur, District: Dhaka, owned by the organization, market value of TK 15.00 million and forced sale value of 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 members of Executive Committee</li> <li>• Deed of agreement</li> <li>• Usual charge documents</li> <li>• 01 cheque covering the entire loan amount</li> </ul>
One Bank Limited	Primary	<ul style="list-style-type: none"> <li>• Specific Hypothecation of pool of agri-finance receivables for an amount of 150% of time loan</li> <li>• Lien of FDR equivalent to 10% of sanction amount</li> <li>• Notarized Irrevocable General Power of Attorney for hypothecated assets</li> </ul>
	Others	<ul style="list-style-type: none"> <li>• Demand Promissory Note</li> <li>• Personal guarantee of the Chairman, the Vice Chairman and the Executive Director of the organization</li> <li>• 01 undated cheque covering the entire loan amount</li> </ul>
Shahjalal Islami Bank Limited	Primary	<ul style="list-style-type: none"> <li>• Lien and pledge of MTDR/FDR for 20% of approved investment amount</li> </ul>
	Others	<ul style="list-style-type: none"> <li>• Personal guarantee of all the members of Executive Committee</li> <li>• Personal guarantee of Mr. Arif Sikder, Executive Director of the organization</li> <li>• Post dated cheques covering the instalment amount</li> <li>• 01 Post dated cheque covering the entire investment amount</li> <li>• Usual charge documents</li> </ul>
Southeast Bank Limited	Primary	<ul style="list-style-type: none"> <li>• Lien on FDR equivalent to 10% of approved loan amount</li> <li>• Letter of hypothecation</li> </ul>
	Others	<ul style="list-style-type: none"> <li>• Personal guarantee of all members of Executive Committee</li> <li>• Post dated cheques covering the instalments</li> <li>• 01 post dated cheque covering the entire limit</li> <li>• Usual charge documents</li> </ul>
Standard Bank Limited	Primary	<ul style="list-style-type: none"> <li>• Hypothecation of fixed and floating assets both present and future including all bills receivable, book debts etc from the total loan portfolio</li> </ul>

*[Handwritten Signature]*



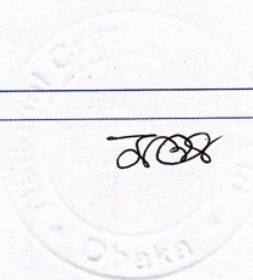
# National Credit Ratings Limited

	<ul style="list-style-type: none"> <li>• Notarized IGPA favouring the bank to sell hypothecated fixed and floating assets of the organization and to collect all the bills receivables, book debts etc</li> <li>• Lien and set off over loan receivables A/C</li> <li>• Lien of FDR for 18% of loan amount</li> </ul>
Others	<ul style="list-style-type: none"> <li>• Personal guarantee of all the members of Executive Committee</li> <li>• Personal guarantee of Mr. Arif Sikder, Executive Director of the organization</li> <li>• Corporate guarantee of the organization</li> <li>• Post dated cheques covering the instalment amount</li> <li>• Usual charge documents</li> </ul>

ANALYSTS	<b>Labiba Mahjabin</b> +88-02-9359878 labiba@ncrbd.com	<b>Rehenatul Ferdous</b> +88-02-9359878 rehana@ncrbd.com
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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 very low credit risk
ST-3	<b>Satisfactory capacity</b> for timely payment of financial commitments and carry 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.

