

Credit Rating Report (1st Surveillance) AMBALA FOUNDATION

Analysts:

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Rating:

Long Term : A₁

Short Term : ST-3

Outlook : Stable

Date of Rating : 05 March 2025

Valid Till : 05 March 2026

Methodology: CRAB's MFIs Rating Methodology (www.crab.com.bd)

RATING BASED ON: Audited financial statements as on 30 June 2024, and other relevant quantitative as well as qualitative information up to the date of rating declaration.

External Auditor: Hussain Farhad & Co., Chartered Accountants.

Profile:

Name : Ambala Foundation
Legal Status : Non-Government, Non-Profit Voluntary Organization
Year of Incorporation : February 1994
Registered with : Microcredit Regulatory Authority (MRA), NGO Affairs Bureau, Directorate of Social Welfare and Directorate of Youth Development.
Nature of Business : Microfinance Institution
Branches : 241
Manpower : 1,576
Number of Members : 90,668
Number of Borrowers : 75,082
Beneficiary : 3,62,672 (Approximate)
Others/Development Programs : Microenterprise Financing and Credit Enhancement (MFCE) Project supported by Asian Development Bank (ADB), Bangladesh Rural Water, Sanitation and Hygiene for Human Capital Development project funded by World Bank and PKSF, Shwapnojatra- A need based education support program for poor meritorious students, Radio Bikrampur 99.2 FM- the only community radio of Dhaka division; it has been playing an incredible role in developing the community through disseminating information, culture, knowledge, and broadcasting entertainment, awareness raising, and health-related programs.

FINANCIAL HIGHLIGHTS

	30/06/2024	30/06/2023	30/06/2022
Loan Outstanding (BDT Million)	9,436.8	7,609.7	6,069.5
Members Savings (BDT Million)	5,315.7	4,013.7	2,832.1
PAR (BDT Million)	685.1	378.2	604.6
PAR > 180 days (%)	5.0	4.1	6.3
Return on Asset (%)	2.2	1.9	2.4
Yield on Loan Portfolio (%)	20.4	20.3	18.7

Operating Expense Ratio (%)	9.0	8.6	10.7
Capital Adequacy Ratio (%)	14.2	13.5	14.2
Borrowed Fund to Equity (X)	2.5	2.5	3.1

Strength and Challenges Analysis:

STRENGTH	CHALLENGES
Recovering the micro credit operation thus reflected in the bottom line profit	Upward trend of PAR over the last couple of years.
Stable and improved net surplus after tax	The members' savings fund needed to be developed further.
Required Loan loss provision maintained in FYE 24	

RATIONALE

Credit Rating Agency of Bangladesh Limited (CRAB) has reaffirmed "A₁" (pronounced single A one) rating in the long term and ST-3 rating in the Short Term to Ambala Foundation. CRAB performed the rating based on audited financial statements of the Micro Finance Program up to 30 June 2024 and other relevant quantitative and qualitative information. The ratings consider the Organization's operational performance in micro-credit programs and social development programs. However, the ratings are constrained by the portfolio at risk.

Ambala Foundation launched its micro-credit activities in 1994. Ambala Foundation's outstanding loan grew by 24.0% in FYE 2024 to 75,082 borrowers. Jagoron loans shared 52.0% in FYE 2024 of the total portfolio. Member savings increased by 32.4% to BDT 5,315.7 million in FYE 2024. Ambala Foundation's total PAR was 7.3% of the loan portfolio in FYE 24 and required loan loss provision according to MRA circular no. 71 was BDT 565.2 million. In FYE 2024, the risk coverage ratio was 82.5% (PY:98.7%).

Ambala Foundation's micro-credit program was mainly funded by members' savings and capital fund in FYE 2024. Capital fund shared 12.6% of the total fund mix followed by member savings (shared 48.2% of total fund mix) in FYE 2024. There were externally borrowed funds from PKSF and commercial banks (shared by 31.2% of the total fund mix). Fund liabilities shared 6.5% of the total fund mix in the same duration. During FYE 2024, the borrowed funds of the organization soared by 20.3%, especially from PKSF. Capital Fund grew 21.4% backed by internal capital generation in FYE 2024. The capital adequacy ratio was 14.2% in FYE 2024 whereas the average capital adequacy ratio was 16.5% in the last 5 years. Debt - The equity ratio of the organization was 2.6 times (PY: 2.6 times).

Around 99.2% of the total operating income of Ambala Foundation came from net interest income in FY 2024. Net interest income grew by 20.3% resulting from improved fund-based income reflected in the yield on loan in FYE 2024. The operating expenses ratio of Ambala Foundation deteriorated by 4.8 percentage points to 9.0% in FYE 2024. Around 70.9% of total operating expenses are shared by personnel expenses. Provision expenses was BDT 198.1 million in FYE 2024 where net surplus improved to BDT 243.9 million in FYE 2024.

Ambala Foundation has social developments program too having objective on children's and adult education, health improvement, gender equality, water sanitation, employment generation etc. The Organization's ability to develop operational efficiency along with the reducing portfolio at risk may have positive impact on future rating consideration, or vice versa.

ORGANIZATION PROFILE

Ambala Foundation was registered with the NGO Affairs Bureau of Bangladesh in 1994 and with the Micro credit Regulatory Authority (MRA) in 2008. The vision of the organization is poverty elimination through establishing social unity and integrated development. As a National Socio-Economic Development Organization, Ambala Foundation has been working in the field of Micro credit, Microfinance program, Community mobilization for the development of health & nutrition, education, children and woman, water sanitation, tobacco control and adaptation, training & capacity building, safe water, policy advocacy on tobacco control and human rights issues and other livelihood sectors. With the increasing demand and effectiveness, Micro Finance Ambala Foundation increased concentration on Micro Finance and launched the program on July, 2002, which become a major program of the organization in terms

of revenue, employee and assets composition. Ambala Foundation works all over the country with 241 branches. As of 30 June 2024, loan portfolio of the Organization under the Micro credit program reached at BDT 9,436.8 million to its 75,082 borrowers in FYE 2024. Average loan size was BDT 1,25,686 per borrower.

Table 1

Name of the Organization	Ambala Foundation
Registration with Social Welfare	: Reg. No. Dha-03066
NGO Affairs Bureau	: Reg. No. 952
Micro Credit Regulatory Authority	: MRA-00350-01308-00086
Directorate of Youth Development	: Jouoao/Munshigonj Sadar-60/Munshi-160
Statutory Audit up to	: June 30, 2024
Name of the External Auditor	: Hussain Farhad & Co.

MAJOR OBJECTIVES:

- Eradicate inequality through establishing human rights and social harmony.
- Ensure women empowerment and child rights.
- Create scope to education for poor and disadvantaged community.
- Strengthen adaptability to climate change and environmental risk.
- Ensure good governance, transparency and social accountability.
- Ensure improvement of public health and making awareness.
- Ensure accessibility to financial institution and income for better livelihood.
- Social development through proper use of media and information technology.
- Socio-economic development through research and publication.
- Technology Based Management Information System.

■ MICRO FINANCE OPERATION (MFO)
OPERATIONAL MODEL

Microfinance has been the most effective and flexible strategy against global poverty. Ambala Foundation has been providing basic financial services such as loans, savings, money transfers and micro-insurance to clients as it started MFP to serve the poor, disadvantaged and landless people in July 2002. Later, the organization achieved a good number of recognitions in the community and became a Plli Karma Sahayak Foundation (PKSF) enlisted microfinance institute in 2004. Under the MFP, the organization provide sloans for the cultivation of various crops, creates entrepreneurship in distressed women communities and credit facilities for various income-generating activities like handcrafts, katha's accessories, Cow, Hen, Duck and Fish Fry etc.

PROGRAM EVOLUTION

Ambala Foundation's loan portfolio grew by 24.0% to BDT 9,436.8 million in FYE 24. The Organization' Micro credit program covers 21 districts of Bangladesh. Ambala Foundation offered 9 categories of Micro Credit (1) Buniyad (2) Jagoron (3) Agrosor (4) Sufolon (5) Shufolon Loan (6) Shahosh (7) Housing Loan. Before giving a loan, a member has to go through loan approval process which usually takes 1-2 months. The organization's member has access to all terms and conditions of the loan. The organization discourages loan disbursement in such sectors which are averse to the environment (especially Brickfield).

Table 2

Year	Number of Branches	Years of Operation	Total Members	Samity	Number of Borrowers	Full-time Staff	Average Loan Size (in BDT)
FY2024	241	30	90,668	7,279	75,082	1,576	1,25,686
FY2023	175	29	63,499	5,346	48,258	1,304	157,684
FY2022	143	28	51,218	3,998	40,603	1,085	149,462
FY2021	121	27	51,797	4,425	30,355	917	183,574
FY2020	116	26	44,989	4,589	25,403	893	181,076

Loan Portfolio Analysis

Ambala Foundation's loan outstanding in FYE 2024 showed that the majority of the loans were Jagoron loans, which shared 52.0% of the total. The Agrosor loan shared 44.5% of the total, followed by the Grihayan loan, which shared 1.3% of the total, Sufolon loan, which shared 0.8% of the total, and other types of loans. Other types of loans consist of HHSL and miscellaneous.

Table 3

Sector-Wise Loan Outstanding Amount In BDT Mill	30/06/2024			30/06/2023	
	Amount	Total (%)	Growth (%)	Amount	Total (%)
Jagoron	4,906.9	52.0	34.3	3,715.6	48.8
Agrosor	4,199.9	44.5	19.3	3,519.8	46.3
Sufolon	71.8	0.8	122.1	32.3	0.4
Grihayan	124.4	1.3	(61.7)	324.8	4.3
HHWL	32.7	0.3	230.7	9.9	0.1
HHSL	18.7	0.2	159.4	7.2	0.1
MFCE	82.4	0.9	-	-	-
Total	9,436.8	100.0	24.0	7,609.7	100.0

LOAN PORTFOLIO QUALITY

Micro credits are typically not backed by bankable collateral; thus, the loan portfolio's quality is crucial. The most widely used measure of loan portfolio quality in the microfinance industry is Portfolio at Risk (PAR), which measures the portion of the loan portfolio "contaminated" by arrears as a percentage of the total loan portfolio.

Table 4

Loan & Portfolio at Risk	30/06/2024	30/06/2023	30/06/2022
Loan Outstanding (BDT in Mil)	9,436.8	7,609.7	6,069.5
PAR (BDT in Mil)	685.1	378.2	604.6
Loan Portfolio Growth (%)	24.0	25.4	16.6

PAR (in absolute amount) of Ambala Foundation deteriorated in FYE2024 after a significant improvement in FYE2023 on the back of normalization of economic activities, and loan outstanding increased along with regular weekly/monthly recovery.

Table 5

Aging of Loan O/S (BDT Mill)	30/06/2024		30/06/2023		30/06/2022	
	Loan O/S	% in Total	Loan O/S	% in Total	Loan O/S	% in Total
Total Loan	9,436.8		7,609.7		6,069.5	
Regular loan	8,751.7	92.7	7,231.5	95.0	5,464.9	90.0
Watchful (1 and 30 days)	3.0	0.0	0.1	0.0	37.6	0.6
Sub-Standard (31 and 180 days)	206.5	2.2	66.0	0.9	182.8	3.0
Doubtful (181 and 365 days)	198.5	2.1	110.0	1.4	331.4	5.5
Bad Loan (above 365 days)	277.0	2.9	202.1	2.7	52.9	0.9
Total PAR	685.1	7.3	378.2	5.0	604.6	9.9

In FYE 2024 PAR as % of loan portfolio deteriorated to 7.3%. During FYE 2024, Ambala Foundation's PAR absolute amount increased to BDT 685.1 million in FYE 2024 from BDT 378.2 million. The required loan loss provision according to MRA regulation circular no. 71 was BDT 565.2 million in FYE 2024. The organization-maintained BDT 565.2 million as a loan loss provision in FYE 2024. (Details given in Annexure-1).

Table 6

Provision and Risk Coverage					
(%)	30/06/2024	30/06/2023	30/06/2022	30/06/2021	30/06/2020
Provision Expense Ratio	2.1	3.4	0.1	1.2	0.5
Provision Reserve Ratio	6.0	4.9	1.9	2.7	1.8
Risk Coverage Ratio	82.5	98.8	19.3	22.8	4.7

As of 30 June 2024, the loan loss provision was 2.1% of the outstanding loan. Moreover, 82.5% of the portfolio at risk (PAR) was covered by its maintained loan loss provision of Ambala Foundation (FYE 2023: 98.8%). The provision expense ratio indicates the expense incurred by Ambala Foundation to anticipate future loan losses. In FYE2024, the provision expense ratio indicates that 2.1% of the total outstanding loan of the organization can be written off without charging anything in the equity.

CAPITALIZATION & FUNDING STRATEGY

In FYE 2024, Ambala Foundation's micro-credit program was mainly funded by members' savings and capital funds. Capital fund (shared 12.6% of total fund mix) where members' savings shared 48.2% of total fund mix and fund liabilities (shared 6.5% in the total fund mix). There is an external borrowed fund from PKSf (shared by a combined 31.2% of the total fund mix). During FYE 2024, borrowed funds from PKSf and commercial borrowing increased by 26.7% during the surveillance period.

Table7

Fund Mix BDT Million	30/06/2024			30/06/2023		
	Amount	Total (%)	Growth (%)	Amount	Total (%)	Growth (%)
Capital Fund	1,391.2	12.6	21.4	1,192.5	13.3	16.5
Members' Savings	5,315.7	48.2	32.4	4,013.7	44.7	41.7
Fund Liabilities	717.8	6.5	42.5	772.4	8.6	83.9
Loan from BB/ Commercial Bank /FI	3,437.2	31.2	26.7	2,714.6	30.2	(6.7)
Loan from EM/Others	171.0	1.5	(40.4)	288.9	3.2	18.2
Total	11,032.8	100.0	27.3	8,982.1	100.0	20.9

Initially, the microfinance program of the Ambala Foundation was supported by PKSF. Later, commercial bank loans were infused to finance, along with PKSF. Debt - The equity ratio of the organization was stable at 2.6 times in both FYE 2024 and FYE 2023. The capital adequacy ratio was more or less stable at 14.2% in FYE 2024, whereas the average capital adequacy ratio was 14.7% during the last 4 years.

Table 8

Financial Structure	30/06/2024	30/06/2023	30/06/2022	30/06/2021
Capital/Asset Ratio (%)	12.6	13.2	13.8	16.4
Debt to Equity Ratio (X)	2.6	2.6	3.1	2.3
Members Savings to Loan Outstanding (%)	56.3	52.7	46.6	51.0
Capital Adequacy Ratio (%)	14.2	13.5	14.2	17.0
Members Savings to Assets (%)	48.2	46.3	38.1	40.1
Loan Outstanding to Assets (%)	85.5	87.8	81.7	78.7
Liquid Asset to Members Savings (%)	24.4	20.3	26.5	25.2

The Organization obtained a commercial bank's loan to expand its micro-credit program. At the end of Jun'24, the Liquid Asset to Members' saving ratio increased to 24.4% due to increased cash in hand & bank balance. The cost of savings of Ambala Foundation was 8.1% and the cost of borrowing was 7.2% at the end of June 2024.

EARNING PERFORMANCE

Net interest income has been the major source of income of the Ambala Foundation since its inception. Around 99.2% of total operating income came from net interest income. During FYE 24, the net interest income of the Organization grew by 20.3% due to the effect of interest income on loans.

Table 9

Segregation of Revenue	30/06/2024	Growth	30/06/2023	Growth
Interest Income	1,971.8	25.5	1,570.6	37.4
<i>Interest income on loan</i>	1,923.5	24.5	1,544.4	40.8
<i>Interest income on bank deposit</i>	48.2	84.6	26.1	(43.9)
Interest Expense	691.1	36.5	506.3	28.7
<i>On Borrowings</i>	260.7	22.7	212.5	10.7
<i>On Deposits</i>	430.5	46.5	293.8	45.9
Net Interest Income	1,280.7	20.3	1,064.3	41.9
Other Operating Income	10.9	58.4	6.9	#DIV/0!
Total Operating Income	1,291.6	20.6	1,071.1	42.8
Total Operating Expense	849.6	29.9	653.9	16.8
<i>Personnel Expenses</i>	602.0	25.8	478.6	26.2
<i>Administrative & Other Expenses</i>	247.6	41.2	175.3	(3.1)
Profit Before Provision	441.9	5.9	417.3	119.6
Loan Loss Provision	198.1	(23.6)	259.3	2,787.1
Net Surplus after provision	243.9	54.4	158.0	(12.7)

Total operating expense of Ambala Foundation includes personnel expense along with administrative and other expenses. Around 70.9% of the total operating expenses of Ambala Foundation comprised of personnel expenses. Administrative and other expenses consist of 89.1% of operating expenses at the end of FY2024. Operating expenses of Ambala Foundation deteriorated by 4.8 percentage points to 9.0% in FYE 2024 from the previous year. Net Surplus improved during the period, which is mainly for the overall impact of high operating income and low provision. The

yield on a loan from Ambala Foundation increased by 20.4 percentage points, mainly resulting from regular installment payments in FYE 2024 from the micro-credit program. CRR ratio was 98.9% in FYE 2024.

Table 10

Profitability & Efficiency	30/06/2024	30/06/2023	30/06/2022	30/06/2021
Yield on Loan (%)	20.4	20.3	21.7	23.3
Return on Assets (ROA) (%)	2.2	1.8	2.4	1.9
Operating Expense Ratio (%)	9.0	8.6	10.7	11.1
Net Surplus to Loan Outstanding (%)	2.6	2.1	3.0	2.4

MEMBERS SAVINGS

Ambala Foundation has 4 types of savings products: Regular Savings, Voluntary Savings–Monthly, Samraddi and OTS. Weekly savings take savings from its members at 6.0% per annum. The organization accumulated BDT 5,315.7 million in members savings in FYE 2024. Every member is required to save every week before availing loan and has to continue.

Table 11

Member Savings	Frequency	Amount Saved	Interest	Other Features
Weekly Savings	Weekly	BDT 50	6%	Regular
Monthly Savings	Monthly		8%	05 Years and 10 Years
Somriddhy Savings	One Time		16.7% and 20%	06 years and 10 years
One Time Savings	One Time		12%, 12.6%, 13.2%	1, 3, 6, 12 Months

■ OTHER PROJECTS OF AMBALA FOUNDATION

Ambala Foundation has been running some development programs as well, which it facilitated besides the Microfinance program as a voluntary organization. There is one ongoing project, which is running, namely "Bangladesh Rural Water Sanitation and Hygiene for Human Capital Development project". The donors are The World Bank, Asian Infrastructure Investment Bank (AIB) & Government of Bangladesh (GOB) and PKSf. The total grand amount is BDT 25.0 million, which has been furthered to 1,000 beneficiaries. Some of the major social programs of the Ambala Foundation are:

HOUSING LOAN: Housing Loan (Microfinance program for House Construction) has been developed to finance low-income people for housing, which is an everlasting challenge in every developing country in both urban and rural areas. Housing loan is a growing demand among low-income people and Ambala Foundation has been offering financing for the renewal or expansion of an existing home, construction of a new home and development of basic infrastructure.

RADIO BIKRAMPUR 99.2 FM: Community Radio Bikrampur 99.2 FM is currently airing 12 hours of programs daily under the flagship of Ambala Foundation, which started its test Transmission on May 1, 2012, and came into regular Transmission on September 15, 2012. It has been playing an important role in the development of the community through disseminating information and broadcasting entertainment programs since its inception. The areas covered by the service are human rights of marginalized people, early marriage, health and nutrition, adolescent reproductive health, agriculture, technology to stop violence against women, promoting local culture, women, children and youth development as well as entertainment. Entire Munshiganj and the adjacent areas like Narayanganj, Cumilla, as well as Chandpur, have been covered by the channel. The targeted groups of the service are Women and Children, Local Farmers, the Fisher Community, Bedy Community, the Dalit Community, Street Children, Adolescents, Day Laborers, People with disability, Senior Citizens, Youth Groups etc.

■ CORPORATE GOVERNANCE

Mr. Late M. Azizur Rahman is the Chairman of the Ambala Foundation. Ms. Rajia Sultana is the Vice Chairperson. There are 2 Management Committees in Ambala Foundation. a) General Committee (GC) consists of 15 members. b) Executive Committee (EC) comprising 05 members.

GENERAL COMMITTEE (GC):

The General Committee is constituted and comprised of 15 members. The General Committee reviews and approves the annual budget and plan of activities. The General Committee is responsible for electing the members of the Executive Committee. As per the laws of the organization, GC members are elected for 3 years. This committee is the policy-making & policy-changing authority of the organization. In the GC meeting, the Program activities, success & failure are discussed. Program approval (Budget) is given by GC, including its finance.

EXECUTIVE COMMITTEE (EC):

An Executive Committee of the Ambala Foundation comprises 5 members. The Executive Committee is constituted by the members of the general committee. This committee is elected by the GC members among themselves for a three-year term. The Executive Committee works under the direction of the General Committee. This committee meeting is held every quarter. It approves the financial budget for the organization regarding the implementation of planned activities of the organization.

HUMAN RESOURCE

Ambala Foundation has been following structured Service Rules and offers a congenial working environment. To ensure the targeted achievement and continue the subsequent process of development and enlarging operation, the right people should be placed in the right place at the right time. In this vital area, the HR & Admin department is doing the job deliberately on behalf of management to establish a gender-sensitive, liberal to all, and employee-friendly workplace for the employees who are the most valuable asset of the organization. For proper management of the office and operation in a complete automated process and all relevant personnel can access all the necessary data, different software has been used from staff joining to staff final settlement. The Advisory Committee consists of 5 members. They advise the EC & Managerial staff of Ambala Foundation as and when necessary. The meetings of the Advisory Committee are held 3-5 times each year. There is an internal auditor team, comprising skilled professionals, which ensures effective internal control of the organization. The audit team works under the Executive Committee, verifies and follows up on the activities of the team as a whole. There are 1,576 staff in the organization, where female staff was 352.

MANAGEMENT INFORMATION SYSTEM

Ambala Foundation has been facilitated with adequate technological infrastructure, having an automated MIS which is a strong technical wing of Ambala Foundation working to manage valuable & consolidated information. The process is a web-based software named Mictofinplus. com that integrates Microfinance program solutions, (Accounts management, HR & Payroll Management, Inventory Management, Procurement management, Fixed Asset Management. On the other hand, branch offices have been operating with "NabaERP365", a web-based software that is a "Real-time Dashboard" and transactions are being executed along with automatic transaction alerts to the respective concern. For smoothening the day-to-day activities, 'App Wise Collection' is one of the new dimensions for the organization, by which all the collection-related tasks like collection sheet, bank book, subsidiary laser book and so on have been done automatically through ERP software since 2017. All the collection-related activities, including collection (savings and loan), member admission and loan application, have also been done through the app. A real-time transaction alert (SMS notification for payment, timely deposit of monthly installment, loan disbursement, savings withdrawal and so on) are sent through automatic SMS services. In addition to the above, the members and borrowers can deposit and make payment through mobile banking like BKash. However, the software has been developed and installed by 'AMBALA IT' which has been developing different types of web-based IT solutions for Micro Credit and financial organizations regularly for long. Besides its regular projects, the organization is capable of maintaining all donor-funded project financial activities. In addition to the above, the organization has been using internally designed Ambala Cheque Printing & Controlling Software (ACPS) which is a cheque & deposit slip printing solution. The organization signed an agreement with MRA by which Ambala Foundation will be able to take excess into the Election Commission site and check the righteousness of the information.

ANNEXURE – 1: ORGANIZATIONAL INFORMATION
Table 1.1

Name	Designation
Mr. Late M. Azizur Rahman	Chairperson
Ms. Rajia Sultana	Vice Chairperson
Mr. Arif Sikder	Secretary General
Mr. Md. Nur-e-Alam	Finance Secretary
Ms. Sheheli Zahan	Executive Member

Table 1.2: Commercial Borrowings:

Lending Banks/ Institutions	Amount Sanctioned	Interest Rate	Loan Tenor	Repayment Frequency	Amount Disbursed	Loan Outstanding As On 31 January 2025	Expiry
Southeast Bank PLC	50.00	13.50%	36 months	Monthly Installment	50.00	35.33	03.01.2027
	130.00	13.50%	37 months	Quarterly Installment	130.00	112.03	30.06.2027
Jamuna Bank PLC	200.00	13.50%	24 months	Quarterly Installment	200.00	142.05	23.06.2026
Pubali Bank PLC	50.00	13.00%	9 months	one time payment	50.00	50.00	15.11.2025
United Commercial Bank PLC	198.00	12.55%	12 months	one time payment	198.00	201.19	04.11.2026
One Bank PLC	120.00	13.00%	9 months	one time payment	120.00	120.24	26.09.2025
NRB Bank PLC	360.00	15.50%	9 months	one time payment	360.00	352.89	08.02.2027
Brac Bank PLC	300.00	13.55%	12 months	one time payment & Quarterly Installment	300.00	276.30	30.06.2025
Trust Bank PLC	150.00	13.00%	24 months	Monthly Installment	150.00	132.69	14.10.2026
Community Bank Bangladesh PLC	250.00	13.50%	36 months	Quarterly Installment	250.00	169.90	02.06.2027
Dhaka Bank PLC	100.00	13.55%	12 months	one time payment	100.00	100.81	03.04.2025
Sonali Bank PLC	200.00	11.90%	36 months	Monthly Installment	200.00	16.86	10.04.2025
Basic Bank PLC	50.00	14.00%	18 months	Monthly Installment	50.00	13.41	23.04.2025
Bangladesh Development Bank PLC	50.00	13.55%	36 months	Quarterly Installment	50.00	34.87	31.10.2026
Global Islami Bank PLC	120.00	14.50%	12 months	one time payment	120.00	124.11	25.01.2026
Mutual Trust Bank PLC	300.00	13.00%	24 months	Quarterly Installment	300.00	196.60	23.05.2026
Midland Bank PLC	100.00	13.50%	36 months	one time payment	100.00	97.40	24.03.2027
City Bank PLC	150.00	12.50%	9 months	one time payment	150.00	150.00	09.03.2025
The UAE-Bangladesh Investment Company Limited	100.00	9.00%	36 months	Quarterly Installment	100.00	5.07	05.04.2025

Lanka Bangla Finance PLC	250.00	14.50%	18 months	Monthly Installment	250.00	165.91	19.07.2025
IPDC Finance PLC	100.00	15.11%	12 months	one time payment	100.00	100.04	21.03.2025
National Finance Ltd.	100.00	16.00%	12 months	Monthly Installment	100.00	43.51	27.06.2025
Palli Karma Shahayak Foundation (PKSF)	819.80	7.50%	36 months	Quarterly Installment	819.80	759.80	
Total	4,247.80				4,247.80	3,401.02	

Note:

- Banker's Feedback: "Satisfactory" relationship with "Timely" repayment nature.

Table 1.3

Segment	Jagoron	Agrosor	Sufolon	Grihayan	Household Water Loan	Household Sanitation Loan	Agrosor MFCE
Loan Term	12, 18, 24 & 36 Months	12, 18, 24 & 36 Months	6 Months	12, 18, 24 & 36 Months	12,15,18 Months	12,15,18 Months	12, 18, 24 & 36 Months
Loan Size in BDT	5,000-300,000	300,001-3,000,000	4,000-1,000,000	300,001-3,000,000	15,000-60,000	15,000-60,000	300,001-3,000,000
Interest Rate (declining balance method)	24%	24%	24%	24%	18%	18%	18%
Repayment Policy	Weekly, Monthly	Monthly	Single Repayment	Monthly	Monthly	Monthly	Monthly

Table 1.4

Other Indicator	30/06/2024	30/06/2023	30/06/2022	30/06/2021
Borrowers per Branch (No.)	311.5	275.8	284.0	250.9
Borrowers per Staff (No.)	47.7	75.2	72.1	60.5
Loan Outstanding per Branch (Mil BDT)	39.2	43.5	11.8	10.3
Loan Outstanding per Staff (Mil BDT)	6.0	11.9	10.8	8.0

Table 1.5: Client Dropout Rate

Particulars	30/06/2024	30/06/2023	30/06/2022	30/06/2021
Total number of clients at the beginning of the period	63,499	51,218	51,797	44,989
Total number of clients at the end of the period	90,668	63,499	51,218	51,797
New clients - all those who joined during the period	27,169	12,281	-579	6,808

Table 1.6: Calculation of Required loan loss provision according to MRA regulation

Particulars	No. of Days Outstanding	Outstanding Loan	Required provision	
			Rate	Amount in BDT Mil
30/06/2024	Amount in BDT Mill			
Loan Outstanding				
Regular	Loans with no overdue installments	8,751.7	1%	87.5
Watchful	Loan default duration between 1 and 30 days	2.97	5%	0.1
Sub-Standard	Loan default duration between 31 and 180 days	206.5	25%	51.6
Doubtful	Loan default duration between 181 and 365 days	198.5	75%	148.9
Bad Loan	Loan default duration above 365 days	277.0	100%	277.0
Required Loan Loss Provision according to MRA regulation				565.2
Loan Loss Provision Maintained				565.2

Table 1.7

Particulars	MRA Criteria	PKSF Standard	Ambala Foundation	
			30/06/2024	30/06/2023
Cumulative Recovery Rate (CRR)	Min 90.00%	Min 95.00%	98.68%	98.95%
On Time Realization (OTR)	Min 92.00%-100%	Min 92.00%-100%	97.06%	98.55%
Liquidity to savings ratio	Min; 10.00%	Min; 10.00%	5.31%	5.11%
Current ratio	Min 2:1	Min 2:1	1.47:1	1.44:1
Capital adequacy ratio	Min 15.00%	Min 10.00%	15.03%	15.68%
Debt service cover ratio	Min 1.25:1	Min 1.25:1	1.09:1	1.07:1
Debt to Capital Ratio	Max 9:01	Max 9:1	6.14	5.77
Rate of Return on Capital	Min 10.00%	Mini 15.00%	19.3%	17.04%
PAR %	Max 10.00%	Max 10.00%	7.26%	4.97%

Source: Ambala Foundation

ANNEXURE - 3: FORMULA OF THE RATIOS USED IN THE REPORT

$$\text{Yield on Loan} = \text{Interest income} / \text{Avg. Loan Outstanding}$$

$$\text{Return on Assets (ROA)} = \text{Net Surplus} / \text{Total Asset}$$

$$\text{Operating Expense Ratio} = \text{Operating Expense} / \text{Avg. Loan Outstanding}$$

$$\text{Net Surplus} / \text{Loan Outstanding}$$

$$\text{Cost of Savings} = \text{Interest Paid on Members' savings} / \text{Avg. Member's savings}$$

$$\text{Borrowed Fund to Equity (times)} = \text{Borrowed Fund} / \text{Capital Fund}$$
(Borrowed fund do not include Member's savings)

$$\text{Capital Adequacy Ratio} = \text{Total Equity} / (\text{Total Assets} - \text{Cash and Bank Balance})(\%)$$

$$\text{Members savings} / \text{Loan Outstanding}$$

$$\text{Capital Adequacy Ratio} = \text{Capital Fund} / (\text{Total Assets} - \text{Cash in hand} - \text{Investment})$$

$$\text{Liquid Assets to Member Savings} = (\text{Cash in Hand} + \text{Investment}) / \text{Members Saving}$$

$$\text{Risk Coverage Ratio} = \text{Loan Loss provision} / \text{Portfolio at Risk}$$

$$\text{Provision Reserve Ratio} = \text{Loan Loss provision} / \text{Loan Outstanding}$$

$$\text{Provision Expenses Ratio} = \text{Provision expenses for loan loss} / \text{Loan Outstanding}$$

$$\text{Operational Self Sufficiency} = (\text{Financial Revenue} + \text{Operating Income}) / (\text{Financial expense} + \text{Operational expense} + \text{Loan loss provision})(\%)$$

LONG-TERM CREDIT RATING:
LONG-TERM CREDIT RATING: MICRO FINANCE INSTITUTIONS (MFIs)

RATING	BSEC's equivalent Rating Notches	DEFINITION
AAA Triple A	AAA Triple A	Extremely Strong Capacity & Highest Quality. MFIs rated 'AAA' have extremely strong capacity to meet their financial commitments. 'AAA' is the highest issuer credit rating assigned by CRAB. AAA is judged to be of the highest quality, with minimal credit risk.
AA ₁ , AA ₂ , AA ₃ * Double A	AA+, AA, AA- Double A	Very Strong Capacity & Very High Quality. MFIs rated 'AA' have very strong capacity to meet their financial commitments. They differ from the highest-rated MFIs only to a small degree. AA is judged to be of very high quality and is subject to very low credit risk.
A ₁ , A ₂ , A ₃ Single A	A+, A, A- Single A	Strong Capacity & High Quality. MFIs rated 'A' have strong capacity to meet their financial commitments but are somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than MFIs in higher-rated categories. A is judged to be of high quality and are subject to low credit risk.
BBB ₁ , BBB ₂ , BBB ₃ Triple B	BBB+, BBB, BBB- Triple B	Adequate Capacity & Medium Quality. MFIs rated 'BBB' have adequate capacity to meet their financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the MFIs to meet their financial commitments. BBB rated MFIs are subject to moderate credit risk. They are considered medium-grade and as such may possess certain speculative characteristics.
BB ₁ , BB ₂ , BB ₃ Double B	BB+, BB, BB- Double B	Inadequate Capacity & Substantial Credit Risk. MFIs rated 'BB' are less vulnerable in the near term than other lower-rated MFIs. However, they face major ongoing uncertainties and exposure to adverse business, financial, or economic conditions, which might lead to inadequate capacity to meet their financial commitments. BB is judged to have speculative elements and is subject to substantial credit risk.
B ₁ , B ₂ , B ₃ Single B	B+, B, B- Single B	Weak Capacity & High Credit Risk. MFIs rated 'B' are more vulnerable than the MFIs rated 'BB', but the MFIs currently have the capacity to meet their financial commitments. Adverse business, financial, or economic conditions are likely to impair the capacity or willingness to meet their financial commitments. B is considered speculative and weak capacity and is subject to high credit risk.
CCC ₁ , CCC ₂ , CCC ₃ Triple C	-	Very Weak Capacity & Very High Credit Risk. MFIs rated 'CCC' are currently vulnerable, and are dependent upon favorable business, financial, and economic conditions to meet their financial commitments. CCC is judged to be of very weak standing and is subject to very high credit risk.
CC Double C	-	Extremely Weak Capacity & Extremely High Credit Risk. MFIs rated 'CC' are currently highly vulnerable. CC is highly speculative and is likely in, or very near, default, with some prospect of recovery of principal and interest.
C Single C	C Single C	Near to Default. A 'C' rating is assigned to MFIs that are currently highly vulnerable to non-payment, having obligations with payment arrearages allowed by the terms of the documents, or obligations that are subject of a bankruptcy petition or similar action but have not experienced a payment default. C is typically in default, with little prospect for recovery of principal or interest.
D	D (Default)	Default. MFIs rated 'D' are in default. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of a similar action if payments on an obligation are jeopardized.

**Note: CRAB appends numerical modifiers 1, 2, and 3 to each generic rating classification from AA through CCC, which are equivalent to +(positive) sign, without any sign and -(negative) sign respectively as mentioned in the rating notches of BSEC (CRC) Rules, 2022 (Form XI). The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.*

SHORT-TERM CREDIT RATING: MICRO FINANCE INSTITUTIONS (MFIs)

RATING	BSEC's equivalent Rating Notches	DEFINITION
ST-1 Highest Grade	ST1	MFIs rated in this category are considered to have the highest capacity for timely repayment of obligations. MFIs rated in this category are characterized with excellent position in terms of liquidity, internal fund generation, and access to alternative sources of funds.
ST-2 High Grade	ST2	MFIs rated in this category are considered to have strong capacity for timely repayment. MFIs rated in this category are characterized with commendable position in terms of liquidity, internal fund generation, and access to alternative sources of funds.
ST-3 Average Grade	ST3	MFIs rated in this category are considered to average capacity for timely repayment of obligations, although such capacity may impair by adverse changes in business, economic, or financial conditions. MFIs rated in this category are characterized with satisfactory level of liquidity, internal fund generation, and access to alternative sources of funds.
ST-4 Below Average Grade	ST4	MFIs rated in this category are considered to have below average capacity for timely repayment of obligations. Such capacity is highly susceptible to adverse changes in business, economic, or financial conditions than for obligations in higher categories. MFIs rated in this category are characterized with average liquidity, internal fund generation, and access to alternative sources of funds.
ST-5 Inadequate Grade	ST5	MFIs rated in this category are considered to have inadequate capacity for timely repayment of obligations susceptible to adverse changes in business, economic, or financial conditions. MFIs rated in this category are characterized with risky position in terms of liquidity, internal fund generation, and access to alternative sources of funds.
ST-6 Lowest Grade	ST6	MFIs rated in this category are considered to have obligations which have a high risk of default or which are currently in default. MFIs rated in this category are characterized with risky position in terms of liquidity, internal fund generation, and access to alternative sources of funds.

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CREDIT RATING REPORT



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